Quarterly Financial Review

Second Quarter 2008

July 24, 2008

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- These slides should be read in conjunction with comments from a conference call held on July 24, 2008. The financial statement information included herein is unaudited.

- Statements made during the July 24, 2008, conference call and/or information included in this presentation may contain statements, including earnings projections, that are forward-looking in nature and, accordingly, are subject to risks and uncertainties regarding Snap-on's expected results. Statements made that (i) are in the future tense; (ii) include the words "expects," "plans," "targets," "estimates," "believes," "anticipates," or similar words that reference Snap-on or its management; (iii) are specifically identified as forward-looking; or (iv) describe Snap-on's or management's future outlook, plans, estimates, objectives or goals, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The company's actual results may differ materially from those described or contemplated in the forward-looking statements. Factors that may cause the company's actual results to differ materially from those contained in the forward-looking statements include those found in the company's reports filed with the Securities and Exchange Commission, including the information under the "Safe Harbor" and "Risk Factors" headings in its Annual Report on Form 10-K for the fiscal year ended December 29, 2007, and under "Management's Discussion and Analysis of Financial Condition and Results of Operations – Caution Regarding Forward-Looking Statements" in its Quarterly Report on Form 10-Q for the quarterly period ended March 29, 2008, which are incorporated herein by reference. Snap-on disclaims any responsibility to update any forward-looking statement provided during the July 24, 2008, conference call and/or included in this presentation, except as required by law.

Snap-on Incorporated

Who We Are

OUR MISSION

The most valued productivity solutions in the world

BELIEFS

We deeply believe in:

Non-negotiable Product and Workplace Safety

Uncompromising Quality

Passionate Customer Care

Fearless Innovation

Rapid Continuous Improvement

VALUES

Our behaviors define our success:

We demonstrate Integrity.

We tell the Truth.

We respect the Individual.

We promote Teamwork.

We Listen.

VISION

To be acknowledged as the:

Brands of Choice

Employer of Choice

Franchisor of Choice

Business Partner of Choice

Investment of Choice

Nick Pinchuk

President and Chief Executive Officer

2nd Quarter Operating Performance

- **Sales up 7.6%; EPS growth of 27.8%**
  - Operating margin up 220 basis points from Q2 2007 to 14.2%
  - Execution of strategic initiatives providing growth opportunities and profitability improvement despite economic challenges in the United States
  - 46% of sales outside the U.S. compared to 42% one year ago
  - Sales growth in all major global regions – North America, Europe and Asia/Pacific
  - Growth in emerging markets of 17%

2nd Quarter Operating Performance

- **Business overview**
  - » U.S franchise business faced severe headwinds
    - Struggling U.S. economy
    - Increased fuel prices
  - » Sales in key industrial sectors grew 25% in the United States
  - » Sales in Europe strong in all businesses – diagnostics, hand tools and franchisee channel
  - » Well-positioned globally; diverse customer base
  - » Extensive product and brand offerings

2nd Quarter Operating Performance

- **Innovation**
  - » Stimulates growth in slower economy
  - » Sales growth from new power tools
  - » Introduction of upgraded versions of Modis™ and Solus™
  - » Continued innovations in imaging alignment and wheel service products

- **Rapid Continuous Improvement (RCI)**
  - » RCI continues to deliver improved quality and profitability
  - » Complete and on-time deliveries reached 96%
  - » Pricing and productivity improvements more than offset commodity cost and other inflation

Marty Ellen

Senior Vice President and Chief Financial Officer

July 24, 2008

Consolidated Results – 2nd Quarter

($ in millions, except per share data - unaudited)	2008 $	2008 %	2007 $	2007 %	Change
Net sales	$ 766.1		$ 711.9		7.6 %
Gross profit	$ 346.5	45.2 %	$ 322.4	45.3 %	7.5 %
Operating expenses	245.6	32.1 %	240.1	33.7 %	2.3 %
Financial services revenue	$ 18.3		$ 14.8		23.6 %
Financial services operating earnings	10.8		5.1		111.8 %
Operating earnings	$ 111.7	14.2 %	$ 87.4	12.0 %	27.8 %
Interest expense	$ 8.8		$ 11.7		(24.8)%
Net earnings from continuing operations	$ 66.9		$ 52.8		26.7 %
Diluted EPS, continuing operations	$ 1.15		$ 0.90		27.8 %
Net earnings	$ 66.9		$ 43.8		52.7 %
Diluted EPS	$ 1.15		$ 0.74		55.4 %

- Sales – Total growth 7.6%; currency translation 4.5% ($32.4 million), up 3.1% excluding currency
    - Higher sales of tools and equipment to Commercial and Industrial customers, and increased sales of diagnostics and information products, partially offset by lower OEM sales due to the timing of essential tool and facilitation programs, and lower sales in North American franchise operations
- Gross profit margin of 45.2% held relatively constant
    - Pricing improvements and savings from RCI initiatives offset commodity and other cost inflation
    - Includes lower restructuring of $5.7 million
    - Snap-on Tools Group sales mix negatively affected gross profit margin
- Operating expenses improved from 33.7% to 32.1% of sales
    - Includes $9.0 million of currency translation, $1.7 million of higher freight and other cost increases and $1.2 million of higher year-over-year restructuring costs
    - Increase partially offset by $3.9 million of lower franchisee termination costs and $3.5 million of savings from RCI initiatives

Commercial & Industrial – 2nd Quarter

($ in millions - unaudited)	**2008**	**2007**	**Change**
Segment sales	$ 387.7	$ 331.6	16.9 %
➢ Organic sales	31.1		9.4 %
➢ Currency translation	25.0		7.5 %
Gross profit	$ 146.8	$ 120.4	21.9 %
% of sales	37.9 %	36.3 %	
Operating expenses	$ 97.5	$ 87.9	10.9 %
% of sales	25.2 %	26.5 %	
Operating earnings	$ 49.3	$ 32.5	51.7 %
% of sales	12.7 %	9.8 %	

- Sales increased $56.1 million or 16.9%; 9.4% excluding currency
    - Higher sales of tools, kits and tool storage products to industrial customers, increased sales of power tools, continued strong growth in emerging markets, higher sales of imaging alignment systems, and increased sales of professional tools in Europe
- Gross profit margin improved 160 basis points
    - Benefits from higher sales and pricing, lower restructuring costs of $5.1 million, and $2.9 million from RCI initiatives
    - Improvements partially offset by higher production and material costs of $2.2 million
- Operating expenses increased $9.6 million year over year; improved 130 basis points to 25.2% of sales in 2008
    - Includes $6.6 million of currency translation, $2.2 million of higher volume-related expenses, and inflationary cost increases of $1.5 million
    - RCI initiatives generated $0.8 million of cost reduction

Snap-on Tools – 2nd Quarter

($ in millions - unaudited)	2008	2007	Change
Segment sales	$ 292.8	$ 284.0	3.1 %
➢ Organic sales	3.3		1.2 %
➢ Currency translation	5.5		1.9 %
Gross profit	$ 122.7	$ 125.0	(1.8)%
% of sales	41.9 %	44.0 %	
Operating expenses	$ 87.4	$ 90.3	(3.2)%
% of sales	29.8 %	31.8 %	
Operating earnings	$ 35.3	$ 34.7	1.7 %
% of sales	12.1 %	12.2 %	

- Sales up $8.8 million or 3.1%; currency translation 1.9%
  - Continued higher sales in international franchise operations
  - Lower sales to North American franchisees; sales to U.S. franchisees declined 4.1%
    - Lower U.S. sales due to a more challenging economic environment for sales of higher-priced tool storage and diagnostics products
    - 1.2% decline in year over year U.S. van count; sequentially flat with first quarter 2008
- Gross profit margin down from 44.0% to 41.9%
  - Mix shift negatively affected margin, principally as a result of higher power tool sales and lower tool storage and diagnostic product sales
  - 100 basis points of margin decline represents profit transferred to other segments
  - Pricing and benefits of RCI initiatives were able to cover commodity cost increases
- Operating expenses improved 200 basis points from 31.8% to 29.8%
  - $3.9 million of lower franchisee termination costs
  - $1.6 million of unfavorable currency translation added to expenses

Diagnostics & Information – 2nd Quarter

($ in millions - unaudited)	**2008**	**2007**	**Change**
Segment sales	$ 164.8	$ 165.3	(0.3)%
➢Organic sales	(3.4)		(2.1)%
➢Currency translation	2.9		1.8 %
Gross profit	$ 77.0	$ 77.0	0.0 %
% of sales	46.7 %	46.6 %	
Operating expenses	$ 46.0	$ 47.7	(3.6)%
% of sales	27.9 %	28.9 %	
Operating earnings	$ 31.0	$ 29.3	5.8 %
% of sales	18.8 %	17.7 %	

- Sales down $0.5 million or 0.3%
  - Lower OEM sales of $13.2 million due to the timing of programs
  - Reductions partially offset by higher sales of diagnostics in Europe and Mitchell1™ information products and $2.9 million of currency translation

- Gross profit margin flat with 2007
  - Reflects contributions from a more favorable product mix, offset by higher software development costs and a 30 basis point reduction from currency translation

- Operating expenses down $1.7 million; improved 100 basis points from 2007
  - Savings from efficiency and productivity initiatives
  - Partially offset by unfavorable currency translation of $0.8 million

Financial Services – 2nd Quarter

($ in millions - unaudited)	**2008**	**2007**	**Change**
Segment revenues	$ 18.3	$ 14.8	23.6 %
Operating earnings	$ 10.8	$ 5.1	111.8 %
Originations	$133.3	$140.6	(5.2)%

- Originations down in the United States as a result of lower sales of large-ticket products
- Operating earnings improvement reflects the impact of higher customer yields as a result of lower market discount rates

Balance Sheet

($ in millions - unaudited)	**June 2008**	**December 2007**	**Change**
Accounts Receivable	$ 617.5	$ 586.9	5.2 %
Days Sales Outstanding	74	73	
Inventory	$ 378.1	$ 322.4	17.3 %
Inventory turns	4.6	4.9	
Total debt	$ 523.2	$ 517.9	1.0 %
Cash	$ 140.6	$ 93.0	51.2 %
Net debt	$ 382.6	$ 424.9	(10.0)%
Net debt to capital ratio	21.3 %	24.9 %	

- Accounts receivable up $30.6 million; includes $14.2 million from currency translation
- Inventory up $55.7 million from 2007 year end; includes $12.7 million from currency translation
  - Includes inventory builds to support sales growth in the industrial, Asia/Pacific and international franchise businesses
- Improved earnings and cash flow lowered the net debt to capital ratio from 24.9% to 21.3%

Cash Flow

($ in millions - unaudited)	2nd Quarter 2008	2nd Quarter 2007	Year to Date 2008	Year to Date 2007
Net cash provided by operating activities	$ 80.5	$ 90.2	$ 148.3	$ 117.5
Net cash due to:				
➢ Net earnings	66.9	43.8	123.5	82.8
➢ Depreciation and amortization	18.8	17.3	36.5	33.8
➢ Changes in deferred income taxes	1.1	8.0	16.4	4.8
➢ Changes in operating assets and liabilities	(8.0)	18.6	(30.5)	(8.0)
Capital expenditures	$ (17.9)	$ (14.3)	$ (33.3)	$ (27.6)
Free cash flow	$ 62.6	$ 75.9	$ 115.0	$ 89.9
Acquisitions of businesses	$ (0.4)	$ (4.1)	$ (13.8)	$ (4.1)
Increase (decrease) in debt, net	$ 1.3	$ (42.7)	$ (0.7)	$ (29.7)
Shareholder distributions, net	$ (35.1)	$ (27.2)	$ (62.2)	$ (60.5)
Increase in cash	$ 26.3	$ 10.7	$ 47.6	$ 8.6

- Free cash flow – Net cash provided by operating activities less capital expenditures
- Capital expenditures in 2008 of $33.3 million; up $5.7 million from 2007
- Acquisition of 60% interest in Chinese hand tool manufacturer in 2008 of $13.8 million (net of acquired cash)
- Shareholder distributions, net
    - Repurchased 760,000 shares in the quarter for $45.5 million
    - Cash dividends paid of $17.4 million in the quarter

2008 Outlook

» Continue investments in strategic growth initiatives to expand value to traditional customers, penetrate new market segments and extend presence in emerging markets
» Continue focus on RCI initiatives to improve productivity and further enable growth and profitability
» Expect 2008 restructuring costs to be in the range of $13 million - $16 million
» Expect capital expenditures of $60 million - $65 million
» Full year effective income tax rate on earnings before equity earnings and minority interest in 2008 to approximate 33.3%

Anticipates year-over-year sales and earnings improvements for the balance of 2008