UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark one)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2007

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number 1-7724

Snap-on Incorporated

(Exact name of registrant as specified in its charter)

Delaware	**39-0622040**
(State of incorporation)	(I.R.S. Employer Identification No.)
2801 80th Street, Kenosha, Wisconsin	**53143**
(Address of principal executive offices)	(Zip code)

(262) 656-5200

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.
Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes ☐ No ☒

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date:

Class	Outstanding at April 20, 2007
Common Stock, $1.00 par value	57,974,406 shares

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SNAP-ON INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS
(Amounts in millions, except per share data)
(Unaudited)

	Three Months Ended	
	March 31, 2007	April 1, 2006
Net sales	$ 709.7	$ 593.5
Cost of goods sold	(397.8)	(333.2)
Gross profit	311.9	260.3
Financial services revenue	13.4	11.2
Financial services expenses	(9.7)	(9.2)
Operating income from financial services	3.7	2.0
Operating expenses	(245.9)	(222.9)
Operating earnings	69.7	39.4
Interest expense	(11.3)	(4.4)
Other income (expense) – net	0.2	(1.2)
Earnings before income taxes	58.6	33.8
Income tax expense	(19.6)	(11.7)
Net earnings	$ 39.0	$ 22.1
Earnings per share:		
Basic	$ 0.67	$ 0.38
Diluted	$ 0.66	$ 0.37
Weighted-average shares outstanding:		
Basic	58.2	58.2
Effect of dilutive options	0.8	0.9
Diluted	59.0	59.1
Dividends declared per common share	$ 0.27	$ 0.27

See notes to Condensed Consolidated Financial Statements

SNAP-ON INCORPORATED
CONDENSED CONSOLIDATED BALANCE SHEETS
(Amounts in millions, except share data)
(Unaudited)

	March 31, 2007	December 30, 2006
Assets		
Current assets		
Cash and cash equivalents	$ 61.3	$ 63.4
Accounts receivable – net of allowances	567.9	559.2
Inventories	326.9	323.0
Deferred income tax benefits	71.5	76.0
Prepaid expenses and other assets	100.8	91.6
Total current assets	1,128.4	1,113.2
Property and equipment		
Land	24.6	24.3
Buildings and improvements	238.1	236.7
Machinery and equipment	546.1	540.9
	808.8	801.9
Accumulated depreciation and amortization	(512.0)	(504.8)
Property and equipment – net	296.8	297.1
Deferred income tax benefits	61.9	55.3
Goodwill	781.1	776.1
Other intangibles – net	245.7	257.8
Pension assets	14.1	14.0
Other assets	152.4	141.0
Total assets	$ 2,680.4	$ 2,654.5

See notes to Condensed Consolidated Financial Statements

SNAP-ON INCORPORATED
CONDENSED CONSOLIDATED BALANCE SHEETS
(Amounts in millions, except share data)
(Unaudited)

	March 31, 2007	December 30, 2006
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable	$ 193.3	$ 178.8
Notes payable and current maturities of long-term debt	60.3	43.6
Accrued benefits	45.5	41.4
Accrued compensation	67.7	90.4
Franchisee deposits	46.0	48.5
Deferred subscription revenue	32.1	25.3
Income taxes	23.4	37.8
Other accrued liabilities	218.5	216.2
Total current liabilities	686.8	682.0
Long-term debt	503.9	505.6
Deferred income taxes	82.2	88.9
Retiree health care benefits	68.7	69.6
Pension liabilities	116.7	113.9
Other long-term liabilities	128.9	118.2
Total liabilities	1,587.2	1,578.2
Shareholders' equity		
Preferred stock (authorized 15,000,000 shares of $1 par value; none outstanding)	—	—
Common stock (authorized 250,000,000 shares of $1 par value; issued 67,088,781 and 67,081,801 shares)	67.1	67.1
Additional paid-in capital	122.0	121.9
Retained earnings	1,203.3	1,180.3
Accumulated other comprehensive income (loss)	27.1	21.2
Grantor Stock Trust at fair market value (8,150 and 407,485 shares)	(0.4)	(19.4)
Treasury stock at cost (9,128,482 and 8,503,482 shares)	(325.9)	(294.8)
Total shareholders' equity	1,093.2	1,076.3
Total liabilities and shareholders' equity	$ 2,680.4	$ 2,654.5

See notes to Condensed Consolidated Financial Statements

SNAP-ON INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in millions)
(Unaudited)

	Three Months Ended	
	March 31, 2007	April 1, 2006
Operating activities:		
Net earnings	$ 39.0	$ 22.1
Adjustments to reconcile net earnings to net cash provided (used) by operating activities:		
Depreciation	12.1	12.0
Amortization of other intangibles	4.4	0.5
Stock-based compensation expense	3.9	3.3
Excess tax benefits from stock-based compensation	(2.2)	(3.4)
Deferred income tax benefits	(3.2)	(2.9)
Gain on sale of assets	(0.1)	(0.7)
Loss on mark to market for cash flow hedges	—	0.1
Changes in operating assets and liabilities:		
(Increase) decrease in receivables	(5.5)	(27.0)
(Increase) decrease in inventories	(3.0)	(9.6)
(Increase) decrease in prepaid and other assets	(15.9)	(14.3)
Increase (decrease) in accounts payable	12.5	26.6
Increase (decrease) in accruals and other liabilities	(15.0)	20.8
Net cash provided by operating activities	27.0	27.5
Investing activities:		
Capital expenditures	(13.3)	(10.7)
Proceeds from disposal of property and equipment	1.9	2.5
Net cash used in investing activities	(11.4)	(8.2)
Financing activities:		
Proceeds from issuance of long-term debt	298.5	—
Net increase (decrease) in short-term borrowings	(285.5)	6.0
Purchase of treasury stock	(31.2)	(26.0)
Proceeds from stock purchase and option plans	13.8	25.4
Excess tax benefits from stock-based compensation	2.2	3.4
Cash dividends paid	(15.9)	(15.8)
Net cash used in financing activities	(18.1)	(7.0)
Effect of exchange rate changes on cash and cash equivalents	0.4	0.2
Increase (decrease) in cash and cash equivalents	(2.1)	12.5
Cash and cash equivalents at beginning of year	63.4	170.4
Cash and cash equivalents at end of period	$ 61.3	$ 182.9
Supplemental cash flow disclosures:		
Cash paid for interest	$ (10.3)	$ (7.1)
Net cash refunded (paid) for income taxes	3.4	(4.2)

See notes to Condensed Consolidated Financial Statements

1. Condensed Consolidated Financial Statements

These financial statements should be read in conjunction with, and have been prepared in conformity with, the accounting principles reflected in the consolidated financial statements and related notes included in Snap-on Incorporated's ("Snap-on" or "the company") 2006 Annual Report on Form 10-K for the fiscal year ended December 30, 2006.

The condensed consolidated financial statements include the accounts of Snap-on, its majority-owned subsidiaries and Snap-on Credit LLC ("SOC"), a 50%-owned joint venture with The CIT Group, Inc. ("CIT"). The condensed consolidated financial statements do not include the accounts of the company's independent franchisees. All intercompany accounts and transactions have been eliminated. Certain prior year amounts have been reclassified on the Condensed Consolidated Statements of Cash Flows to conform to the current year presentation.

In the opinion of management, all adjustments (consisting of normal recurring adjustments) necessary for the fair presentation of the statement of financial condition and results of operations for the three month periods ended March 31, 2007, and April 1, 2006, have been made. The interim results of operations are not necessarily indicative of the results to be expected for the full fiscal year.

2. New Accounting Standards

Effective December 30, 2006, the last day of the 2006 fiscal year, Snap-on adopted the recognition provisions of Statement of Financial Accounting Standards ("SFAS") No. 158 (SFAS No. 158), "*Employers' Accounting for Defined Benefit Pension and Postretirement Plans: an amendment of FASB Statements No. 87, 88, 106, and 132(R)*." SFAS No. 158 requires an employer to measure the funded status of a plan as of the date of its year-end statement of financial position, and also requires an employer to initially apply the requirement to measure plan assets and benefit obligations as of the date of the employer's fiscal year-end statement of financial position for fiscal years ending after December 15, 2008. As the company uses the last day of its fiscal year-end as the measurement date for its plans, the adoption of the measurement provisions of SFAS No. 158 will not have a material impact on the company's consolidated financial position and results of operations. Retrospective application of the recognition and fiscal year-end measurement date provisions of SFAS No. 158 is not permitted. See Notes 11 and 12 for information on pension and postretirement plans.

Effective December 31, 2006, the first day of fiscal 2007, Snap-on adopted Financial Accounting Standards Board ("FASB") Interpretation No. 48 ("FIN No. 48"), "*Accounting for Uncertainty in Income Taxes: an Interpretation of FASB Statement No. 109*." See Note 8 for additional information regarding income taxes.

Effective December 31, 2006, the first day of fiscal 2007, Snap-on adopted SFAS No. 156, "*Accounting for Servicing of Financial Assets,"* to simplify accounting for separately recognized servicing assets and servicing liabilities. The adoption of SFAS No. 156 did not have a material impact on the company's consolidated financial position and results of operations.

The FASB released SFAS No. 157, "*Fair Value Measurements,"* to define fair value, establish a framework for measuring fair value in accordance with generally accepted accounting principles, and expand disclosures about fair value measurements. SFAS No. 157 will be effective for Snap-on as of December 30, 2007, the beginning of the company's fiscal-2008 year. The company is currently evaluating the impact of adopting SFAS No. 157 on the company's consolidated financial position and results of operations.

In February 2007, the FASB released SFAS No. 159, "*The Fair Value Option for Financial Assets and Financial Liabilities."* SFAS No. 159 allows companies to choose to elect, at specified dates, to measure eligible financial instruments at fair value. Companies shall report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date, and recognize upfront costs and fees related to those items in earnings as incurred. SFAS No. 159 applies to fiscal years beginning after November 15, 2007, with early adoption permitted for companies that have also elected to apply the provisions of SFAS No. 157, "*Fair Value Measurements.*" Companies are prohibited from retrospectively applying SFAS No. 159 unless they choose to early adopt both SFAS No. 157 and SFAS No. 159. SFAS No. 159 also applies to eligible items existing at November 15, 2007 (or early adoption date). Snap-on is currently evaluating the impact of adopting SFAS No. 159 on the company's consolidated financial position and results of operations.

3. Acquisitions

On November 28, 2006, Snap-on acquired the ProQuest Business Solutions business and certain net assets (collectively, "Snap-on Business Solutions" or "Business Solutions," and formerly ProQuest Business Solutions) from ProQuest Company for a preliminary purchase price of $516 million of cash (including an estimated $8 million of transaction costs) and the assumption of approximately $19 million of debt. The preliminary purchase price allocation is based upon the estimated fair values of the assets and liabilities acquired, and are subject to change upon the finalization of income tax matters and the working capital adjustment that is expected to be finalized in the second quarter of 2007.

The intangible assets consist of $163.6 million of customer-related assets with a 16 year average life and $20.7 million of developed technology with a five year average life.

4. Accounts Receivable

Accounts receivable include trade accounts, installment and other receivables, including the current portion of franchisee- financing receivables. The components of Snap-on's current accounts receivable were as follows:

(Amounts in millions)	March 31, 2007	December 30, 2006
Trade accounts receivable	$ 490.5	$ 477.6
Installment receivables, net of unearned finance charges of $7.3 million in both periods	63.6	62.4
Other accounts receivable	46.0	52.1
Total	600.1	592.1
Allowance for doubtful accounts	(32.2)	(32.9)
Total accounts receivable – net	$ 567.9	$ 559.2

The long-term portion of accounts receivable is classified in "Other assets" on the accompanying Condensed Consolidated Balance Sheets and is comprised of installment and other receivables, including franchisee-financing receivables, with payment terms that are due beyond one year. The components of Snap-on's long-term accounts receivable were as follows:

(Amounts in millions)	March 31, 2007	December 30, 2006
Installment receivables, net of unearned finance charges of $9.1 million and $9.2 million	$ 42.3	$ 42.6
Other long-term accounts receivable	27.9	28.3
Total	$ 70.2	$ 70.9

5. Inventories

Inventories by major classification were as follows:

(Amounts in millions)	March 31, 2007	December 30, 2006
Finished goods	$ 308.4	$ 310.4
Work in progress	37.5	35.2
Raw materials	67.7	64.1
Total FIFO value	413.6	409.7
Excess of current cost over LIFO cost	(86.7)	(86.7)
Total inventories	$ 326.9	$ 323.0

Inventories accounted for using the first-in, first-out ("FIFO") method as of March 31, 2007, and December 30, 2006, approximated 66% and 62% of total inventories. The company accounts for its non-U.S. inventory on the FIFO method. As of March 31, 2007, approximately 37% of the company's U.S. inventory was accounted for using the FIFO basis and 63% was accounted for using the last-in, first-out ("LIFO") method. LIFO inventory liquidations resulted in a reduction of "Cost of goods sold" on the accompanying Condensed Consolidated Statements of Earnings of $1.5 million for the three month period ended April 1, 2006. There were no LIFO inventory liquidations for the three month period ended March 31, 2007.

6. Acquired Intangible Assets

Disclosures related to other intangible assets are as follows:

	March 31, 2007				December 30, 2006			
(Amounts in millions)	Gross Carrying Value		Accumulated Amortization		Gross Carrying Value		Accumulated Amortization	
Amortized other intangible assets:								
Customer relationships	$	164.5	$	(3.4)	$	164.6	$	(0.9)
Developed technology		21.0		(1.7)		28.3		(0.4)
Patents		32.6		(16.3)		32.5		(15.8)
Trademarks		2.7		(0.9)		2.8		(0.9)
Other		0.7		(0.3)		0.7		(0.3)
Total		221.5		(22.6)		228.9		(18.3)
Non-amortized trademarks		46.8		—		47.2		—
Total	$	268.3	$	(22.6)	$	276.1	$	(18.3)

The weighted-average amortization periods related to other intangible assets are as follows:

(In years)	Weighted-average Amortization
Customer relationships	16
Developed technology	5
Patents	16
Trademarks	39
Other	2

The weighted-average amortization period for all amortizable intangibles on a combined basis is 16 years.

Amortization expense was $4.4 million for the three month period ended March 31, 2007, and $0.5 million for the three month period ended April 1, 2006. Total estimated annual amortization expense is expected to be $17.0 million in 2007, and for each of the next five fiscal years, based on current levels of amortized intangible assets.

Goodwill was $781.1 million and $776.1 million at March 31, 2007, and December 30, 2006. The increase in goodwill from year-end 2006 levels primarily resulted from currency translation and $2.9 million of purchase accounting adjustments related to the Business Solutions acquisition.

7. Exit or Disposal Activities

Snap-on recorded costs associated with exit and disposal activities of $8.2 million and $5.1 million during the three month periods ended March 31, 2007, and April 1, 2006.

(Amounts in millions)	Three Months Ended March 31, 2007	Three Months Ended April 1, 2006
Exit and disposal costs:		
Cost of goods sold	$ 5.7	$ 1.9
Operating expenses	2.5	3.1
Financial services expenses	—	0.1
Total exit and disposal costs	$ 8.2	$ 5.1

Of the $8.2 million of costs incurred during the three month period ended March 31, 2007, $4.4 million qualified for accrual treatment. Costs associated with exit and disposal activities in 2007 primarily related to headcount reductions from (i) the closure of a facility in Austria; (ii) the transfer of certain production activities from Sweden to lower-cost regions and emerging markets; (iii) the mid-2007 closure of the Johnson City, Tennessee, hand tool facility; (iv) the consolidation of multiple customer call centers in the United States; and (v) various management realignment actions at other Snap-on facilities.

Snap-on's exit and disposal accrual activity for the quarter ended March 31, 2007, was as follows:

(Amounts in millions)	Balance at December 30, 2006	First Quarter Additions	First Quarter Usage	Balance at March 31, 2007
Severance costs:				
Snap-on Tools	$ 2.3	$ 1.4	$ (0.3)	$ 3.4
Commercial & Industrial	2.4	2.1	(1.4)	3.1
Diagnostics & Information	0.3	0.3	(0.3)	0.3
Corporate	0.3	0.5	(0.2)	0.6
Facility-related costs:				
Snap-on Tools	0.2	—	(0.1)	0.1
Diagnostics & Information	0.3	0.1	—	0.4
Corporate	0.2	—	—	0.2
Total	$ 6.0	$ 4.4	$ (2.3)	$ 8.1

Exit and disposal accrual usage of $2.3 million during the first quarter of 2007 consisted primarily of severance and related payments. Since year-end 2006, Snap-on has reduced headcount by approximately 60 employees as part of its restructuring actions. While the majority of the exit and disposal costs will be utilized in 2007, certain severance and facility-related costs will extend beyond 2007 primarily due to longer-term severance and lease obligations.

Snap-on expects to fund the remaining cash requirements of its exit and disposal activities with cash flows from operations and borrowings under the company's existing credit facilities. The estimated costs for the exit and disposal activities were based on management's best business judgment under prevailing circumstances.

8. Income Taxes

The company adopted FIN No. 48, "*Accounting for Uncertainty in Income Taxes,"* on December 31, 2006, the beginning of the company's 2007 fiscal year. As of December 31, 2006, the company had unrecognized tax benefits of $23.5 million. Snap-on did not record any cumulative effect adjustment to retained earnings as a result of adopting FIN No. 48.

Of the $23.5 million of unrecognized tax benefits, $21.0 million would impact the effective income tax rate if recognized. Interest and penalties, if any, related to unrecognized tax benefits are recorded in income tax expense. As of December 31, 2006, the company had $2.2 million of accrued interest included in the $23.5 million of unrecognized tax benefits.

Snap-on believes it is reasonably possible that, within the next 12 months, $1.8 million of previously unrecognized tax benefits will be recorded primarily as a result of the resolution of tax positions in a non-U.S. jurisdiction.

With few exceptions, Snap-on is no longer subject to U.S. federal, state/local, or non-U.S. income tax examinations by tax authorities for years prior to 2003, 2002 and 1998, respectively.

Snap-on's effective tax rate was 33.4% in the first quarter of 2007, as compared with 34.5% in the first quarter of 2006. The company's effective tax rate in 2007 was favorably impacted by the resolution of previously unrecognized tax benefits in a non-U.S. jurisdiction. Th e company does not believe any additional material adjustments will be made related to unrecognized tax benefits for the remainder of 2007.

9. Short-term and Long-term Debt

Notes payable and long-term debt at March 31, 2007, was $564.2 million, including $40.0 million of commercial pape r. As of December 30, 2006, notes payable and long-term debt was $549.2 million, including $314.9 million of commercial paper. On January 12, 2007, Snap-on sold $300 million in floating and fixed rate notes consisting of $150 million of floating rate notes that mature in their entirety on January 12, 2010, and $150 million of fixed rate notes that mature in their entirety on January 15, 2017. Interest on the floating rate notes accrue at a floating rate equal to the three-month London Interbank offer rate plus 0.13% per year; interest is to be paid quarterly beginning April 12, 2007. Interest on the fixed rate notes accrue at a rate of 5.50% per year; interest is to be paid semi-annually beginning July 15, 2007. Snap-on used the proceeds, net of $1.5 million of transaction costs, from the sale of the notes to repay commercial paper obligations issued to finance the acquisition of Business Solutions. On January 12, 2007, the company also terminated the $250 million bridge credit agreement that Snap-on established prior to its acquisition of Business Solutions.

Long-term debt of $503.9 million as of March 31, 2007, includes $200 million of unsecured 6.25% notes, $150 million of unsecured 5.50% notes, $150 million of unsecured floating rate notes, and $3.9 million of other long-term debt. Notes payable to banks under uncommitted lines of credit were $20.3 million at March 31, 2007, and $28.6 million at December 30, 2006. CIT and Snap-on have agreed to lend funds to support SOC's working capital requirements on a 50/50 basis. As of December 30, 2006, SOC owed both Snap-on and CIT $0.1 million to support SOC's working capital requirements; no amounts were owed by SOC pursuant to the working capital agreement as of March 31, 2007.

At March 31, 2007, Snap-on had a $400 million multi-currency revolving credit facility that terminates on July 27, 2009. The $400 million credit facility's financial covenant requires that Snap-on maintain a ratio of debt to the sum of total debt plus shareholders' equity of not greater than 0.60 to 1.00. As of March 31, 2007, Snap-on was in compliance with all covenants of its revolving credit facility.

At March 31, 2007, Snap-on also had $20 million of unused committed bank lines of credit, of which $10 million expires on July 29, 2007, and $10 million expires on August 31, 2007. At March 31, 2007, Snap-on had approximately $380 million of unused available debt capacity under the terms of its revolving credit facility and its committed bank lines of credit.

10. Financial Instruments

Snap-on uses derivative instruments to manage well-defined interest rate and foreign currency exposures. Snap-on does not use derivative instruments for speculative or trading purposes. The criteria used to determine if hedge accounting treatment is appropriate are (i) the designation of the hedge to an underlying exposure; (ii) whether or not overall risk is being reduced; and (iii) if there is a correlation between the value of the derivative instrument and the underlying obligation. On the date a derivative contract is entered into, Snap-on designates the derivative as a fair value hedge, a cash flow hedge, a hedge of a net investment in a foreign operation, or a natural hedging instrument whose change in fair value is recognized as an economic hedge against changes in the values of the hedged item.

Foreign Currency Derivative Instruments: Snap-on has operations in a number of countries that have transactions outside their functional currencies and, as a result, is exposed to changes in foreign currency exchange rates. Snap-on also has intercompany loans to foreign subsidiaries denominated in foreign currencies. Snap-on manages most of these exposures on a consolidated basis, which allows for netting of certain exposures to take advantage of natural offsets. Forward exchange contracts are used to hedge the net exposures. Gains or losses on net foreign currency hedges are intended to offset losses or gains on the underlying net exposures in an effort to reduce the earnings volatility resulting from fluctuating foreign currency exchange rates.

At March 31, 2007, Snap-on had $116.0 million of net foreign exchange forward buy contracts outstanding comprised of buy contracts of $46.3 million in Swedish kronor, $34.7 million in British pounds, $33.3 million in euros, $11.6 million in Australian dollars, and $4.3 million in other currencies, and sell contracts of $9.0 million in Canadian dollars, $2.0 million in Hungarian forint and $3.2 million in other currencies. At December 30, 2006, Snap-on had $80.1 million of net foreign exchange forward buy contracts outstanding comprised of buy contracts of $31.4 million in Swedish kronor, $23.1 million in euros, $17.8 million in British pounds, $10.9 million in Australian dollars, $2.3 million in Japanese yen, $2.1 million in Norwegian kroner, and $3.4 million in other currencies, and sell contracts of $7.0 million in Canadian dollars and $3.9 million in other currencies.

The majority of Snap-on's forward exchange contracts are not designated as hedges under SFAS No. 133. The fair value changes of these contracts are reported in earnings as foreign exchange gain or loss, which is included in "Other income (expense) – net" on the accompanying Condensed Consolidated Statements of Earnings.

Interest Rate Swap Agreements: Snap-on enters into interest rate swap agreements to manage interest costs and risks associated with changing interest rates. Interest rate swap agreements are accounted for as either cash flow hedges or fair value hedges. The differentials paid or received on interest rate swap agreements are recognized as adjustments to interest expense. For fair value hedges, the effective portion of the change in fair value of the derivative is recorded in "Long-term debt" on the accompanying Condensed Consolidated Balance Sheets, while any ineffective portion is recorded as an adjustment to "Interest Expense" on the accompanying Condensed Consolidated Statements of Earnings. For cash flow hedges, the effective portion of the change in fair value of the derivative is recorded in "Accumulated other comprehensive income (loss)," on the accompanying Condensed Consolidated Balance Sheets, while any ineffective portion is recorded as an adjustment to interest expense. The notional amount of interest rate swaps outstanding and designated as fair value hedges was $50 million at March 31, 2007, and at December 30, 2006.

Changes in the fair value of derivative financial instruments qualifying for hedge accounting are reflected as derivative assets or liabilities with the corresponding gains or losses reflected in earnings in the period of change. An offsetting gain or loss is also reflected in earnings based upon the changes of the fair value of the debt instrument being hedged. For all fair value hedges qualifying for hedge accounting, the net accumulated derivative loss at March 31, 2007, was $1.6 million. At March 31, 2007, the maximum maturity date of any fair value hedge was five years. During the first quarter of 2007, cash flow hedge and fair value hedge ineffectiveness was not material.

11. Pension Plans

Snap-on's net pension expense included the following components:

(Amounts in millions)	Three Months Ended March 31, 2007	Three Months Ended April 1, 2006
Service cost	$ 5.9	$ 6.5
Interest cost	12.4	11.8
Expected return on assets	(16.1)	(15.1)
Actuarial loss	1.8	3.1
Prior service cost	0.3	0.3
Net transition asset	(0.1)	(0.1)
Net pension expense	$ 4.2	$ 6.5

Snap-on expects to make contributions to its foreign pension plans throughout 2007 of approximately $7.5 million. Snap-on is not required to make a contribution to its domestic pension plans in 2007. Depending on market and other conditions, Snap-on may elect to make a discretionary cash contribution to its domestic pension plans in 2007.

12. Retiree Health Care

Snap-on's net postretirement health care benefits expense included the following components:

	Three Months Ended	
(Amounts in millions)	March 31, 2007	April 1, 2006
Service cost	$ 0.1	$ 0.2
Interest cost	1.0	1.2
Unrecognized net gain	(0.1)	(0.1)
Prior service credit	(0.3)	—
Net postretirement expense	$ 0.7	$ 1.3

13. Stock-Based Compensation

The 2001 Incentive Stock and Awards Plan, as Amended ("2001 Plan"), which was approved by shareholders in 2001 and amended and approved by shareholders in 2006, provides for the grant of stock options, performance share awards and restricted stock awards. As of March 31, 2007, the 2001 Plan has 3,146,996 shares available for future grants.

Snap-on recognized $3.9 million and $3.3 million of compensation cost for the three month periods ended March 31, 2007, and April 1, 2006. C ash received from option exercises during the three month periods ended March 31, 2007, and April 1, 2006, totaled $13.8 million and $25.4 million. The tax benefit realized from the exercise of share-based payment arrangements was $2.5 million and $3.5 million for the three month periods ended March 31, 2007, and April 1, 2006.

Stock Options

Stock options are granted with an exercise price equal to the market value of a share of common stock on the date of grant and have a contractual term of ten years. Grants made prior to 2007 vest in two annual increments beginning on the first anniversary following the grant date of the award. Beginning in 2007, all stock option grants vest over a three-year period, beginning on the first anniversary following the grant date of the award, with the exception of the 2007 grant to the company's Chief Executive Officer, which vests in its entirety within one year of grant.

The fair value of each stock option award is estimated on the date of grant using the Black-Scholes valuation model. The company uses historical data regarding stock option exercise behaviors for different participating groups to estimate the expected term of options granted (based on the period of time that options granted are expected to be outstanding). Expected volatility is based on the historical volatility of the company's stock for the length of time corresponding to the expected term of the option. The expected dividend yield is based on the company's historical dividend payments. The risk-free interest rate is based on the U.S. treasury yield curve on the grant date for the expected term of the option. The following weighted-average assumptions were used in calculating the fair value of stock options granted during the three month periods ended March 31, 2007, and April 1, 2006, using the Black-Scholes valuation model:

	Three Months Ended	
	March 31, 2007	April 1, 2006
Expected term of option *(in years)*	6.30	7.19
Expected volatility factor	25.78%	29.19%
Expected dividend yield	3.05%	3.23%
Risk-free interest rate	4.69%	4.59%

A summary of stock option activity as of and for the three month period ended March 31, 2007, is presented below:

	Shares *(in millions)*	Exercise Price Per Share (*)	Remaining Contractual Term (*) *(in years)*	Aggregate Intrinsic Value *(in millions)*
Outstanding at December 30, 2006	2.8	$ 33.39		
Granted	0.7	50.22		
Exercised	(0.4)	33.83		
Forfeited or expired	—	—		
Outstanding at March 31, 2007	3.1	37.02	7.06	$ 34.7
Exercisable at March 31, 2007	2.1	32.52	5.92	32.2

(*) Weighted-average

The weighted-average grant-date fair value of options granted during the three month periods ended March 31, 2007, and April 1, 2006, was $12.14 and $10.57. The intrinsic value of options exercised during the three month periods ended March 31, 2007, and April 1, 2006, was $6.5 million and $7.3 million. The fair value of stock options vested during the three month periods ended March 31, 2007, and April 1, 2006, was $4.2 million and $3.9 million.

As of March 31, 2007, there was $9.8 million of unrecognized compensation cost related to non-vested stock option compensation arrangements granted under the 2001 Plan. That cost is expected to be recognized as a charge to earnings over a weighted-average period of 2.0 years.

Performance Awards

Performance awards granted in 2007 under the 2001 plan are earned and expensed using the fair value of the performance award using the Black-Scholes valuation model over a contractual term of three years based on the company's performance. Vesting of the performance awards will be dependent upon performance relative to pre-defined goals for revenue growth and return on assets for the years 2007 through 2009. Based on Snap-on's performance relative to these goals, the recipient can earn up to 100% of the performance awards. For performance achieved above a certain level, the recipient may earn additional cash units, not to exceed 50% of the number of performance awards initially awarded. Each additional cash unit also represents the right to receive cash of $50.22, which was the fair market value of a share of common stock on the date of grant.

Performance awards granted in 2006 are earned and expensed using the fair value of the performance award using the Black-Scholes valuation model over a contractual term of three years based on the company's performance. Vesting of the performance awards will be dependent upon performance relative to pre-defined goals for revenue growth and return on assets for the years 2006 through 2008. Based on Snap-on's performance relative to these goals, the recipient can earn up to 100% of the performance awards. For performance achieved above a certain level, the recipient may earn additional cash units, not to exceed 50% of the number of performance awards initially awarded. Each additional cash unit also represents the right to receive cash of $39.35, which was the fair market value of a share of common stock on the date of grant.

Performance awards granted in 2005 are earned and expensed using the fair value of the performance award using the Black-Scholes valuation model over a contractual term of three years based on the company's performance. Vesting of the performance awards will be dependent upon performance relative to pre-defined goals for revenue growth and return on assets for the years 2005 through 2007. Based on Snap-on's performance relative to these goals, the recipient can earn up to 100% of the performance awards with an equal number of cash units that represent the right to receive cash of $31.73 per unit. For performance achieved above a certain level, the recipient may earn additional cash units, not to exceed 100% of the number of performance awards initially awarded. Each additional cash unit also represents the right to receive cash of $31.73, which was the fair market value of a share of common stock on the date of grant.

The fair value of each performance award is estimated on the date of grant using the Black-Scholes valuation model. The company uses the vesting period of the performance awards as the expected term of options granted. Expected volatility is based on the historical volatility of the company's stock for the length of time corresponding to the expected term of the performance award. The expected dividend yield is based on the company's historical dividend payments. The risk-free interest rate is based on the U.S. treasury yield curve on the grant date for the length of time corresponding to the expected term of the performance award. The following weighted-average assumptions were used in calculating the fair value of performance awards granted during the three month periods ended March 31, 2007, and April 1, 2006, using the Black-Scholes valuation model.

	Three Months Ended	
	March 31, 2007	April 1, 2006
Expected term of performance award *(in years)*	3.0	3.0
Expected volatility factor	20.52%	20.54%
Expected dividend yield	3.05%	3.23%
Risk-free interest rate	4.73%	4.67%

The weighted-average grant-date fair value of performance awards granted during the three month periods ended March 31, 2007, and April 1, 2006, was $45.86 and $35.74. As performance share awards vest only at the end of the performance-award period, no shares vested or were paid out during the three month period ended March 31, 2007, and 0.1 million shares were paid out during the three month period ended April 1, 2006.

A summary of the status of the company's non-vested performance share awards as of March 31, 2007, and changes during the three month period ended March 31, 2007, are as follows:

	Shares *(in millions)*	Grant-Date Fair Value(*)
Non-vested performance awards at December 30, 2006	0.4	$ 33.52
Granted	0.2	45.86
Vested	—	—
Forfeited or expired	—	—
Non-vested performance awards at March 31, 2007	0.6	38.24

(*) Weighted-average

As of March 31, 2007, there was $13.6 million of unrecognized compensation cost related to non-vested performance share awards granted. That cost is expected to be recognized as a charge to earnings over a weighted-average period of 2.3 years.

Stock Appreciation Rights ("SARs")

The company also issues SARs to certain key non-U.S. employees. SARs are granted with an exercise price equal to the market value of a share of common stock on the date of grant and have a contractual term of ten years and, for SARs granted prior to 2007, vest in two annual increments beginning on the first anniversary following the grant date of the award. SARs granted in 2007 vest over a three-year period beginning on the first anniversary following the grant date of the award. SARs provide for the cash payment of the excess of the fair market value of

Snap-on's common stock price on the date of exercise over the grant price. SARs have no effect on dilutive shares or shares outstanding as any appreciation of Snap-on's common stock value over the grant price is paid in cash and not in common stock.

The fair value of each SAR is remeasured each reporting period using the Black-Scholes valuation model. The company uses historical data regarding SARs exercise behaviors for different participating groups to estimate the expected term of the SARs granted based on the period of time that similar instruments granted are expected to be outstanding. Expected volatility is based on the historical volatility of the company's stock for the length of time corresponding to the expected term of the SAR. The expected dividend yield is based on the company's historical dividend payments. The risk-free interest rate is based on the U.S. treasury yield curve in effect on the grant date for the length of time corresponding to the expected term of the SARs. The following weighted-average assumptions were used in calculating the fair value of SARs granted during the three month periods ended March 31, 2007, and April 1, 2006, using the Black-Scholes valuation model.

	Three Months Ended	
	March 31, 2007	April 1, 2006
Expected term of SARs *(in years)*	5.97	7.28
Expected volatility factor	24.28%	29.25%
Expected dividend yield	3.08%	3.23%
Risk-free interest rate	4.55%	4.59%

The total intrinsic value of SARs exercised during both the three month periods ended March 31, 2007, and April 1, 2006, was $0.5 million. The total fair value of SARs vested during the three month period ended March 31, 2007, and April 1, 2006, was $1.5 million and $0.9 million.

A summary of the status of the company's non-vested SARs as of March 31, 2007, and changes during 2007, are as follows:

	Shares *(in millions)*	Fair Value (*)
Non-vested SARs at December 30, 2006	0.1	$ 13.85
Granted	0.1	10.01
Vested	—	—
Forfeited or expired	—	—
Non-vested SARs at March 31, 2007	0.2	11.43

(*) Weighted-average

As of March 31, 2007, there was $1.7 million of unrecognized compensation cost related to non-vested SARs. That cost is expected to be recognized as a charge to earnings over a weighted-average period of 2.2 years.

14. Earnings Per Share

The shares used in the computation of the company's basic and diluted earnings per common share are as follows:

	Three Months Ended	
	March 31, 2007	April 1, 2006
Weighted-average common shares outstanding	58,202,133	58,200,198
Dilutive effect of employee stock options	811,825	871,284
Weighted-average common shares outstanding, assuming dilution	59,013,958	59,071,482

The dilutive effect of the potential exercise of outstanding options to purchase common shares is calculated using the treasury stock method. Options to purchase 664,265 shares and 895,059 shares of Snap-on common stock were not included in the computation of diluted earnings per share for the three month periods ended March 31, 2007, and April 1, 2006, as the exercise price of the options were greater than the average market price of the common stock for the respective periods and the effect on earnings per share would be anti-dilutive.

15. Comprehensive Income

Total comprehensive income for the three month periods ended March 31, 2007, and April 1, 2006, was as follows:

	Three Months Ended	
(Amounts in millions)	March 31, 2007	April 1, 2006
Net earnings	$ 39.0	$ 22.1
Foreign currency translation	5.8	3.4
Change in fair value of derivative instruments, net of tax	0.1	0.1
Total comprehensive income	$ 44.9	$ 25.6

16. Commitments and Contingencies

Snap-on provides product warranties for specific product lines and accrues for estimated future warranty cost in the period in which the sale is recorded. Snap-on calculates its reserve requirements based on historic warranty loss experience that is periodically adjusted for recent actual experience. The following summarizes Snap-on's product warranty accrual activity for the three month periods ended March 31, 2007, and April 1, 2006:

	Three Months Ended	
(Amounts in millions)	March 31, 2007	April 1, 2006
Warranty reserve:		
Beginning of period	$ 17.3	$ 16.8
Additions	3.8	5.2
Usage	(4.2)	(4.1)
End of period	$ 16.9	$ 17.9

Snap-on has credit risk exposure for certain SOC-originated contracts for franchisee van loans with recourse provisions against Snap-on. At March 31, 2007, and December 30, 2006, $15.4 million and $16.2 million of loans, with terms ranging from six months to ten years, have a primary recourse provision to Snap-on if the loans become more than 90 days past due. The asset value of the collateral underlying these recourse loans would serve to mitigate Snap-on's loss in the event of default. The estimated fair value of the guarantees for all loan originations with recourse as of March 31, 2007, was not material.

On May 16, 2006, Snap-on reached an agreement to settle certain legal matters related to certain then current and former franchisees on a class basis. The court gave its final approval to the class settlement on October 27, 2006. Under the terms of the settlement, Snap-on agreed to make payments to claimants and class counsel, plus incur certain other costs and expenses. Snap-on recorded a $38.0 million pretax charge in the second quarter of 2006 representing its best estimate to settle these legal matters. As of March 31, 2007, the majority of the settlement funds, including payments to the class participants made in the first quarter of 2007, have been disbursed. Snap-on has not admitted any wrongdoing by way of this settlement.

Snap-on is also involved in various other legal matters that are being litigated and/or settled in the ordinary course of business. Although it is not possible to predict the outcome of these other legal matters, management believes that the results will not have a material impact on Snap-on's consolidated financial position or results of operations.

17. Other Income (Expense)

Other income (expense) – net consists of the following:

(Amounts in millions)	March 31, 2007	April 1, 2006
Equity earnings in affiliates	$ 1.2	$ —
Minority interest	(1.1)	(0.8)
Foreign exchange loss	(0.6)	(1.0)
Interest income	1.3	1.1
Other expense	(0.6)	(0.5)
Total other income (expense) – net	$ 0.2	$ (1.2)

18. Segments

Snap-on's business segments are based on the organization structure used by management for making operating and investment decisions and for assessing performance. Snap-on's reportable business segments include: (i) the Snap-on Tools Group; (ii) the Commercial & Industrial Group; (iii) the Diagnostics & Information Group; and (iv) Financial Services. The Snap-on Tools Group consists of the business operations serving the worldwide franchise van channel. The Commercial & Industrial Group consists of the business operations providing tools and equipment products and equipment repair services to a broad range of industrial and commercial customers worldwide through direct, distributor and other non-franchise distribution channels. The Diagnostics & Information Group consists of the business operations providing diagnostics equipment, vehicle service information, business management systems, electronic parts catalogs, and other solutions for vehicle service to customers in the worldwide vehicle service and repair marketplace. Financial Services consists of the business operations of SOC and Snap-on's wholly owned finance subsidiaries in those international markets where Snap-on has franchise operations.

Snap-on evaluates the performance of its operating segments based on segment revenues and operating earnings. For the Snap-on Tools, Commercial & Industrial, and Diagnostics & Information Groups, segment net sales include both external and intersegment net sales. Snap-on accounts for intersegment sales and transfers based primarily on standard costs with reasonable mark-ups established between the segments. Identifiable assets by segment are those assets used in the respective reportable segment's operations. Intersegment amounts are eliminated to arrive at consolidated financial results.

Financial data by segment was as follows:

(Amounts in millions)	Three Months Ended March 31, 2007	Three Months Ended April 1, 2006
Net sales:		
Snap-on Tools Group	$ 288.5	$ 248.7
Commercial & Industrial Group	321.8	287.2
Diagnostics & Information Group	167.8	119.2
Segment net sales	778.1	655.1
Intersegment eliminations	(68.4)	(61.6)
Total net sales	$ 709.7	$ 593.5
Financial Services revenue	13.4	11.2
Total revenues	$ 723.1	$ 604.7
Operating earnings:		
Snap-on Tools Group	$ 29.3	$ 18.2
Commercial & Industrial Group	28.1	23.1
Diagnostics & Information Group	21.6	10.3
Financial Services	3.7	2.0
Segment operating earnings	82.7	53.6
Corporate	(13.0)	(14.2)
Operating earnings	$ 69.7	$ 39.4
Interest expense	(11.3)	(4.4)
Other income (expense) – net	0.2	(1.2)
Earnings before income taxes	$ 58.6	$ 33.8

(Amounts in millions)	March 31, 2007	December 30, 2006
Assets:		
Snap-on Tools Group	$ 433.1	$ 413.4
Commercial & Industrial Group	1,045.4	1,020.9
Diagnostics & Information Group	847.1	863.5
Financial Services	156.8	156.5
Total assets from reportable segments	$ 2,482.4	$ 2,454.3
Corporate	241.8	233.5
Elimination of intersegment receivables	(43.8)	(33.3)
Total assets	$ 2,680.4	$ 2,654.5

Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statement:

Statements in this document that are not historical facts, including statements (i) that include the words "expects," "plans," "targets," "estimates," "believes," "anticipates," or similar words that reference Snap-on Incorporated ("Snap-on" or "the company") or its management; (ii) specifically identified as forward-looking; or (iii) describing 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. Snap-on cautions the reader that any forward-looking statements included in this document that are based upon assumptions and estimates were developed by management in good faith and are subject to risks, uncertainties or other factors that could cause (and in some cases have caused) actual results to differ materially from those described in any such statement. Accordingly, forward-looking statements should not be relied upon as a prediction of actual results or regarded as a representation by the company or its management that the projected results will be achieved. For those forward-looking statements, Snap-on cautions the reader that numerous important factors, such as those listed below, as well as those factors discussed in its Annual Report on Form 10-K for the fiscal year ended December 30, 2006, which are incorporated herein by reference, could affect the company's actual results and could cause its actual consolidated results to differ materially from those expressed in any forward-looking statement made by, or on behalf of, Snap-on.

These risks and uncertainties include, without limitation, uncertainties related to estimates, statements, assumptions and projections generally, and the timing and progress with which Snap-on can attain savings from cost reduction actions, including its ability to implement reductions in workforce, achieve improvements in the company's manufacturing footprint and greater efficiencies in its supply chain, and enhance machine maintenance, plant productivity and manufacturing line set-up and change-over practices, any or all of which could result in production inefficiencies, higher cost and lost revenues. These risks also include uncertainties related to Snap-on's capability to implement future strategies with respect to its existing businesses, its ability to refine its brand and franchise strategies, retain and attract franchisees, further enhance service and value to franchisees and thereby enhance their sales and profitability, introduce successful new products, successfully integrate acquisitions (including the company's November 28, 2006, acquisition of Snap-on Business Solutions), as well as its ability to withstand disruption arising from natural disasters, planned facility closures or other labor interruptions, litigation challenges and external negative factors including significant changes in the current competitive environment, inflation, interest rates and other monetary and market fluctuations; and the impact of legal proceedings, energy and raw material supply and pricing (including steel and gasoline), the amount, rate and growth of Snap-on's general and administrative expenses (e.g. health care and/or pension costs), the impacts of non-strategic business and/or product line rationalizations, and terrorist disruptions on business. I nterim results of operations are not necessarily indicative of the results to be expected for the full fiscal year. Snap-on disclaims any responsibility to update any forward-looking statement provided in this document, except as required by law.

RESULTS OF OPERATIONS

Highlights of Snap-on's results of operations for the first quarters of fiscal 2007 and fiscal 2006 are as follows:

	Three Months Ended					
(Amounts in millions)	March 31, 2007		April 1, 2006		Increase / (Decrease)	
Net sales	$ 709.7	100.0%	$ 593.5	100.0%	$ 116.2	19.6%
Cost of goods sold	397.8	56.1%	333.2	56.1%	64.6	19.4%
Gross profit	311.9	43.9%	260.3	43.9%	51.6	19.8%
Financial services revenue	13.4	100.0%	11.2	100.0%	2.2	19.6%
Financial services expenses	9.7	72.4%	9.2	82.1%	0.5	5.4%
Operating income from financial services	3.7	27.6%	2.0	17.9%	1.7	85.0%
Operating expenses	245.9	34.6%	222.9	37.6%	23.0	10.3%
Operating earnings	69.7	9.6%	39.4	6.5%	30.3	76.9%
Interest expense	11.3	1.6%	4.4	0.7%	6.9	156.8%
Other (income) expense – net	(0.2)	-0.1%	1.2	0.2%	(1.4)	-116.7%
Earnings before income taxes	58.6	8.1%	33.8	5.6%	24.8	73.4%
Income tax expense	19.6	2.7%	11.7	1.9%	7.9	67.5%
Net earnings	$ 39.0	5.4%	$ 22.1	3.7%	$ 16.9	76.5%

Percentage Disclosure: Cost of goods sold, Gross profit and Operating expenses percentages are calculated as a percentage of Net sales. Financial services expenses and Operating income from financial services percentages are calculated as a percentage of Financial services revenue. All other income statement line item percentages are calculated as a percentage of the sum of Net sales and Financial services revenue.

Net sales in the first quarter of 2007 increased $116.2 million, or 19.6%, from 2006 levels, including $17.0 million from currency translation. Sales in the Snap-on Tools Group increased $39.8 million, or 16.0%, from prior-year levels, primarily driven by a 17.1% increase in U.S. sales and continued strong growth in international sales. Sales in the Commercial & Industrial Group also increased year over year, primarily due to higher sales of professional tools in Europe, continued strong sales growth in emerging markets, and higher sales of tools for industrial applications in the United States. In the Diagnostics & Information Group, sales were up $48.6 million from prior-year levels, largely due to $49.3 million of incremental sales from the November 2006 acquisition of Snap-on Business Solutions ("Business Solutions").

Gross profit in the first quarter of 2007 was $311.9 million as compared to $260.3 million in the first quarter of 2006. The $51.6 million improvement in 2007 gross profit primarily reflects benefits from higher sales, currency translation of $6.6 million and savings from efficiency, productivity and cost reduction initiatives of $3.4 million. These increases were partially offset by $4.5 million of increased production and material costs, and $3.8 million of higher restructuring costs.

Operating expenses in the first quarter of 2007 were $245.9 million, as compared to $222.9 million in the first quarter of 2006. As a percentage of net sales, operating expenses improved 300 basis points (100 basis points equals 1.0 percent) to 34.6% in the first quarter of 2007, as compared to 37.6% in the comparable prior-year period. The $23.0 million increase primarily relates the inclusion of operating expenses for Business Solutions, $4.9 million of currency translation, and increased volume-related expenses. These increases were partially offset by $3.1 million of benefits from ongoing efficiency and cost reduction initiatives. The higher level of sales also contributed to the improved operating expense percentage.

Interest expense of $11.3 million in the first quarter of 2007 was up $6.9 million from the first quarter of 2006, primarily due to increased debt levels to finance the Business Solutions acquisition and higher year-over-year interest rates.

Other (income) expense – net was income of $0.2 million in the first quarter of 2007, as compared to expense of $1.2 million in the first quarter of 2006, primarily due to the recognition of income on an equity investment in 2007.

Snap-on's effective tax rate was 33.4% in the first quarter of 2007 as compared with 34.5% in the first quarter of 2006. The company's effective tax rate in 2007 was favorably impacted by the resolution of previously unrecognized tax benefits in a non-U.S. jurisdiction. See Note 8 to the Condensed Consolidated Financial Statements for further information on income taxes.

Exit and Disposal Activities

During the first quarter of 2007, Snap-on recorded costs associated with exit and disposal activities of $8.2 million. Of the $8.2 million costs incurred in the first quarter of 2007, $4.4 million qualified for accrual treatment. Costs associated with exit and disposal activities in 2007 primarily related to headcount reductions from (i) the closure of a facility in Austria; (ii) the transfer of certain production activities from Sweden to lower-cost regions and emerging markets; (iii) the mid-2007 closure of the Johnson City, Tennessee, hand tool facility; (iv) the consolidation of multiple customer call centers in the United States; and (v) various management realignment actions at other Snap-on facilities. Accrual usage of $2.3 million during the first quarter of 2007 for these actions primarily reflects severance and related payments for the separation of approximately 60 employees. While the majority of the exit and disposal costs will be utilized in 2007, certain severance and facility-related costs will extend beyond 2007 primarily due to longer-term severance and lease obligations. Snap-on expects that it will incur approximately $28 million of exit and disposal charges in 2007.

Snap-on is continually evaluating the long-term strategic fit of its various businesses and/or product lines. Additional exit or disposal charges may be incurred in the event the company decides to exit certain non-strategic businesses and/or product lines that no longer fit with the company's core strategies. See Note 7 to the Condensed Consolidated Financial Statements for further information on exit and disposal activities.

Segment Results

Snap-on's business segments are based on the organization structure used by management for making operating and investment decisions and for assessing performance. Snap-on's reportable business segments include: (i) the Snap-on Tools Group; (ii) the Commercial & Industrial Group; (iii) the Diagnostics & Information Group; and (iv) Financial Services. The Snap-on Tools Group consists of the business operations serving the worldwide franchise van channel. The Commercial & Industrial Group consists of the business operations providing tools and equipment products and equipment repair services to a broad range of industrial and commercial customers worldwide through direct, distributor and other non-franchise distribution channels. The Diagnostics & Information Group consists of the business operations providing diagnostics equipment, vehicle service information, business management systems, electronic parts catalogs, and other solutions for vehicle service to customers in the worldwide vehicle service and repair marketplace. Financial Services consists of the business operations of Snap-on Credit ("SOC") and Snap-on's wholly owned finance subsidiaries in those international markets where Snap-on has franchise operations.

Snap-on evaluates the performance of its operating segments based on segment revenues and operating earnings. For the Snap-on Tools, Commercial & Industrial, and Diagnostics & Information Groups, segment net sales include both external and intersegment net sales. Snap-on accounts for intersegment sales and transfers based primarily on standard costs with reasonable mark-ups established between the segments. Identifiable assets by segment are those assets used in the respective reportable segment's operations. Intersegment amounts are eliminated to arrive at consolidated financial results.

Snap-on Tools Group

	Three Months Ended					
(Amounts in millions)	March 31, 2007		April 1, 2006		Increase / (Decrease)	
Segment net sales	$ 288.5	100.0%	$ 248.7	100.0%	$ 39.8	16.0%
Cost of goods sold	163.3	56.6%	137.7	55.4%	25.6	18.6%
Gross profit	125.2	43.4%	111.0	44.6%	14.2	12.8%
Operating expenses	95.9	33.2%	92.8	37.3%	3.1	3.3%
Segment operating earnings	$ 29.3	10.2%	$ 18.2	7.3%	$ 11.1	61.0%

Segment net sales in the first quarter of 2007 increased $39.8 million, or 16.0%, from prior-year levels primarily driven by a 17.1% increase in U.S. sales and $3.1 million of currency translation. Year over year, U.S. sales benefited from a 6% increase in average sales per franchisee, which included higher sales from a new mid-tier product offering and the re-launch of the company's in-house warehouse distribution program. The increase in U.S. sales also reflects the impacts of lower levels of franchisee turnover and product returns. Sales in the company's international franchise operations increased 18.5% year over year, primarily due to continued strong growth in the United Kingdom and Australia. Snap on believes that its strategies to improve the franchise proposition and the effectiveness of its global supply chain contributed to the improvement in first-quarter results.

Segment gross profit of $125.2 million in the first quarter of 2007 was up $14.2 million over 2006 levels primarily due to the higher sales and lower costs, including benefits from rapid continuous improvement actions, partially offset by $1.6 million of higher production and material costs. Operating expenses in the first quarter of 2007 were up $3.1 million from prior-year levels largely due to higher volume-related expenses, partially offset by savings from cost reduction and rapid continuous improvement actions, and $0.9 million of lower spending in 2007 related to the company's strategic supply chain and franchise system initiatives. As a result of these factors, segment operating earnings in the first quarter of 2007 increased $11.1 million from 2006 levels.

Commercial & Industrial Group

	Three Months Ended					
(Amounts in millions)	March 31, 2007		April 1, 2006		Increase / (Decrease)	
External net sales	$ 283.5	88.1%	$ 255.6	89.0%	$ 27.9	10.9%
Intersegment net sales	38.3	11.9%	31.6	11.0%	6.7	21.2%
Segment net sales	321.8	100.0%	287.2	100.0%	34.6	12.0%
Cost of goods sold	208.2	64.7%	181.4	63.2%	26.8	14.8%
Gross profit	113.6	35.3%	105.8	36.8%	7.8	7.4%
Operating expenses	85.5	26.6%	82.7	28.8%	2.8	3.4%
Segment operating earnings	$ 28.1	8.7%	$ 23.1	8.0%	$ 5.0	21.6%

Segment net sales in the first quarter of 2007 increased $34.6 million, or 12.0%, from 2006 levels, including $22.1 million of higher sales and $12.5 million of currency translation. The $22.1 million sales increase primarily reflects higher sales of professional tools in Europe, continued strong sales growth in emerging markets, and higher sales of tools, including power and specialty tools, for industrial applications in the United States.

Segment gross profit of $113.6 million in the first quarter of 2007 was up $7.8 million over 2006 levels. The improvement in gross profit primarily reflects benefits from the higher sales and pricing, $5.1 million of currency translation, and $3.4 million of savings from productivity and efficiency initiatives. These increases were partially offset by increased production and material costs and $4.2 million of higher restructuring costs, primarily related to manufacturing footprint initiatives in Europe. Operating expenses of $85.5 million were up $2.8 million from 2006 levels, but improved 220 basis points as a percentage of segment sales. The increase in operating expenses primarily includes $3.7 million of currency translation, higher volume-related expenses, and increased spending to support the expansion of the company's sales and manufacturing presence in emerging growth markets and lower-cost regions. These increases were partially offset by $1.9 million of savings from efficiency and cost reduction initiatives. As a result of these factors, segment operating earnings in the first quarter of 2007 increased $5.0 million over 2006 levels.

Diagnostics & Information Group

	Three Months Ended					
(Amounts in millions)	March 31, 2007		April 1, 2006		Increase / (Decrease)	
External net sales	$ 137.8	82.1%	$ 89.1	74.7%	$ 48.7	54.7%
Intersegment net sales	30.0	17.9%	30.1	25.3%	(0.1)	-0.3%
Segment net sales	167.8	100.0%	119.2	100.0%	48.6	40.8%
Cost of goods sold	94.7	56.4%	75.7	63.5%	19.0	25.1%
Gross profit	73.1	43.6%	43.5	36.5%	29.6	68.0%
Operating expenses	51.5	30.7%	33.2	27.9%	18.3	55.1%
Segment operating earnings	$ 21.6	12.9%	$ 10.3	8.6%	$ 11.3	109.7%

Diagnostics & Information Group segment sales of $167.8 million were up $48.6 million from prior-year levels primarily due to $49.3 million of sales from the November 2006 acquisition of Business Solutions, higher Equipment Solutions sales, increased sales of handheld diagnostics and related software, and higher sales of information products from Mitchell1(tm). Currency translation contributed $2.2 million to the year-over-year sales increase. These increases were partially offset by the impact of outsourcing certain non-strategic, low-margin equipment products previously manufactured for the Snap-on Tools Group.

Segment gross profit of $73.1 million in the first quarter of 2007 increased $29.6 million from 2006 levels primarily due to the earnings contribution from Business Solutions and an improved sales mix of higher-margin products. As a percentage of segment net sales, the gross profit margin of 43.6% was up 710 basis points from 2006 levels. Operating expenses of $51.5 million were up $18.3 million from 2006 levels primarily due to the inclusion of $18.7 million of operating expenses for Business Solutions, partially offset by savings from efficiency and productivity initiatives. As a result of these factors, segment operating earnings in the first quarter of 2007 increased $11.3 million over 2006 levels.

Financial Services

(Amounts in millions)	Three Months Ended March 31, 2007		April 1, 2006		Increase / (Decrease)	
Financial services revenue	$ 13.4	100.0%	$ 11.2	100.0%	$ 2.2	19.6%
Financial services expenses	9.7	72.4%	9.2	82.1%	0.5	5.4%
Segment operating income	$ 3.7	27.6%	$ 2.0	17.9%	$ 1.7	85.0%

Operating income was $3.7 million on $13.4 million of revenue in the first quarter of 2007, as compared with $2.0 million of operating income on $11.2 million of revenue in 2006. The increase in operating income primarily reflects the impact of higher effective yields. Originations in the first quarter of 2007 were down 1.2% from prior-year levels.

Corporate

Snap-on's general corporate expenses totaled $13.0 million in the first quarter of 2007, down slightly from the $14.2 million incurred in the first quarter of 2006, primarily due to savings from cost reduction initiatives.

FINANCIAL CONDITION

Snap-on's growth has historically been funded by a combination of cash provided by operating activities and debt financing. Snap-on believes that its cash from operations, coupled with its sources of borrowings, are sufficient to fund its anticipated requirements for working capital, capital expenditures, restructuring activities, acquisitions, common stock repurchases and dividend payments. Due to Snap-on's credit rating over the years, external funds have been available at a reasonable cost. As of the date of the filing of this Form 10-Q, Snap-on's long-term debt and commercial paper was rated A3 and P-2 by Moody's Investors Service and A- and A-2 by Standard & Poor's. Snap-on believes that the strength of its balance sheet affords the company the financial flexibility to respond to both internal growth opportunities and those available through acquisitions.

The following discussion focuses on information included in the accompanying Condensed Consolidated Balance Sheets.

Snap-on has been focused on improving asset utilization by making more effective use of its investment in certain working capital items. As of March 31, 2007, working capital (defined as current assets less current liabilities) of $441.6 million was up slightly from $431.2 million as of December 30, 2006. The company assesses operating performance and effectiveness relative to those components of working capital, particularly accounts receivable and inventories, that are more directly impacted by operational decisions. The following represents the company's working capital position as of March 31, 2007, and December 30, 2006.

(Amounts in millions)	March 31, 2007	December 30, 2006
Cash and cash equivalents	$ 61.3	$ 63.4
Accounts receivable – net of allowances	567.9	559.2
Inventories	326.9	323.0
Other current assets	172.3	167.6
Total current assets	1,128.4	1,113.2
Accounts payable	(193.3)	(178.8)
Notes payable and current maturities of long-term debt	(60.3)	(43.6)
Other current liabilities	(433.2)	(459.6)
Total current liabilities	(686.8)	(682.0)
Total working capital	$ 441.6	$ 431.2

Accounts receivable at the end of the first quarter of 2007 was $567.9 million, up $8.7 million from year-end 2006 levels, largely reflecting the impact of higher sales and $3.2 million of currency translation. At the end of the first quarter of 2007, days sales outstanding was 75 days, down slightly from 76 days at December 30, 2006, and improved from 79 days as of the first quarter of 2006.

Inventories were $326.9 million at the end of the first quarter of 2007, up $3.9 million from year-end 2006 levels, including $1.0 million of currency translation. Inventory turns (trailing 12 months of cost of goods sold, divided by the average of the beginning and ending inventory balance for the trailing 12 months) at both March 31, 2007, and December 30, 2006, was 4.6 turns, and was improved from 4.0 turns as of the first quarter of 2006. Inventories accounted for using the first-in, first-out ("FIFO") method as of both March 31, 2007, and December 30, 2006, approximated 66% and 62% of total inventories. All other inventories are generally accounted for using the last-in, first-out ("LIFO") cost method. The company's LIFO reserve was $86.7 million at both March 31, 2007, and year-end 2006.

Notes payable and long-term debt at March 31, 2007, was $564.2 million, including $40.0 million of commercial pape r. As of December 30, 2006, notes payable and long-term debt was $549.2 million, including $314.9 million of commercial paper. On January 12, 2007, Snap-on sold $300 million in floating and fixed rate notes consisting of $150 million of floating rate notes that mature in their entirety on January 12, 2010, and $150 million of fixed rate notes that mature in their entirety on January 15, 2017. Interest on the floating rate notes accrue at the three-month London Interbank offer rate plus 0.13% per year; interest is to be paid quarterly beginning on April 12, 2007. Interest on the fixed rate notes accrue at a rate of 5.50% per year; interest is to be paid semi-annually beginning July 15, 2007. Snap-on used the proceeds, net of $1.5 million of transaction costs, from the sale of the notes to repay commercial paper obligations issued to finance the acquisition of Business Solutions. On January 12, 2007, the company also terminated the $250 million bridge credit agreement that Snap-on established prior to its acquisition of Business Solutions.

Long-term debt of $503.9 million as of March 31, 2007, includes $200 million of unsecured 6.25% notes, $150 million of unsecured 5.50% notes, $150 million of unsecured floating rate notes, and $3.9 million of other long-term debt. Notes payable to banks under uncommitted lines of credit were $20.3 million at March 31, 2007, and $28.6 million at December 30, 2006. The CIT Group, Inc. ("CIT") and Snap-on have agreed to lend funds to support SOC's working capital requirements on a 50/50 basis. As of December 30, 2006, SOC owed both Snap-on and CIT $0.1 million to support SOC's working capital requirements; no amounts were owed by SOC pursuant to the working capital agreement as of March 31, 2007.

At March 31, 2007, Snap-on had a $400 million multi-currency revolving credit facility that terminates on July 27, 2009. The $400 million credit facility's financial covenant requires that Snap-on maintain a ratio of debt to the sum of total debt plus shareholders' equity of not greater than 0.60 to 1.00. As of March 31, 2007, Snap-on was in compliance with all covenants of its revolving credit facility.

At March 31, 2007, Snap-on also had $20 million of unused committed bank lines of credit, of which $10 million expires on July 29, 2007, and $10 million expires on August 31, 2007. At March 31, 2007, Snap-on had approximately $380 million of unused available debt capacity under the terms of its revolving credit facility and its committed bank lines of credit.

Snap-on maintains sufficient committed lines of credit and liquidity facilities to cover its expected funding needs on both a short-term and long-term basis. Snap-on manages its aggregate short-term borrowings so as not to exceed its availability under its revolving credit facilities and committed lines of credit. The company accesses short-term debt markets, predominantly through commercial paper issuances, to fund its short-term requirements and to ensure near-term liquidity. Near-term liquidity requirements for Snap-on in 2007 include the funding of its investments in capital expenditures and restructuring activities, payments for acquisitions, and payments of dividends, interest and share repurchases. Snap-on expects to make contributions to its foreign pension plans in 2007 of $7.5 million; Snap-on is not required to make a contribution to its domestic pension plans in 2007. Depending on market and other conditions, Snap-on may elect to make discretionary cash contributions to its domestic pension plans in 2007.

The following discussion focuses on information included in the accompanying Condensed Consolidated Statements of Cash Flows.

Cash flow provided from operating activities was $27.0 million in the first three months of 2007 as compared to $27.5 million in the first three months of 2006. Capital expenditures were $13.3 million in the first three months of 2007 as compared with $10.7 million in the comparable prior-year period. Capital expenditures in 2007 mainly reflect efficiency and cost-reduction capital investments, including the installation of new production equipment and machine tooling to enhance manufacturing and distribution operations, as well as ongoing replacements of manufacturing and distribution equipment. In addition, the company continues to invest in computer hardware and software to upgrade internal systems and enhance the company's existing global Enterprise Resource

Planning management information system. Snap-on anticipates full-year 2007 capital expenditures to be in a range of $50 million to $60 million, as compared to $50.5 million in 2006. Full-year depreciation and amortization expense is anticipated to be approximately $70 million in 2007, as compared to $51.9 million in 2006.

Snap-on has undertaken stock repurchases from time to time to offset dilution created by shares issued for employee and franchisee stock purchase plans, stock options, and other corporate purposes, as well as to repurchase shares when market conditions are favorable. During the first three months of 2007, Snap-on repurchased 625,000 shares of common stock for $31.2 million under its previously announced share repurchase programs, as compared to repurchases of 673,618 shares of common stock for $26.0 million in the first three months of 2006. As of the end of the first quarter of 2007, Snap-on has remaining availability to repurchase up to an additional $141.9 million in common stock pursuant to the Board of Directors' authorizations. The purchase of Snap-on common stock is at the company's discretion, subject to prevailing financial and market conditions.

Snap-on has paid consecutive quarterly cash dividends, without interruption or reduction, since 1939. Cash dividends paid totaled $15.9 million in the first three months of 2007 and $15.8 million in the first three months of 2006. The first quarter 2007 dividend was payable March 12, 2007, to shareholders of record on February 26, 2007. The company expects the Board of Directors to declare the 2007 second quarter dividend in April 200 7.

Off-Balance Sheet Arrangements

The company had no off-balance sheet arrangements as of March 31, 2007.

Outlook

Snap-on will continue implementing its strategic and rapid continuous improvement initiatives in 2007, including its continued focus on emerging markets, product innovation, strengthening the franchise proposition, leveraging its brands, enhancing customer service, improving manufacturing and process effectiveness, lowering administrative costs, and pursuing growth initiatives. As a result of these initiatives, Snap-on anticipates continued operating and earnings improvement for the remainder of 2007.

Snap-on incurred $8.2 million of exit and disposal costs in the first quarter of 2007 and, as previously communicated, the company expects to incur approximately $28 million of exit and disposal costs in 2007 as part of its ongoing efforts to lower its cost structure and improve process effectiveness. Snap-on anticipates 2007 capital expenditures to be in a range of $50 million to $60 million, and depreciation and amortization expense to approximate $70 million. As a result of higher debt levels, primarily from the Business Solutions acquisition, Snap-on anticipates incurring approximately $24 million of higher year-over-year interest expense in 2007. Snap-on expects that its full-year 2007 effective tax rate will approximate 34.5%.

Item 3: Quantitative and Qualitative Disclosures About Market Risk

Market, Credit and Economic Risks

Market risk is the potential economic loss that may result from adverse changes in the fair value of financial instruments. Snap-on is exposed to market risk from changes in both foreign currency exchange rates and interest rates. Snap-on monitors its exposure to these risks and attempts to manage the underlying economic exposures through the use of financial instruments such as forward exchange contracts and interest rate swap agreements. Snap-on does not use derivative instruments for speculative or trading purposes. Snap-on's broad-based business activities help to reduce the impact that volatility in any particular area or related areas may have on its operating earnings as a whole. Snap-on's management takes an active role in the risk management process and has developed policies and procedures that require specific administrative and business functions to assist in the identification, assessment and control of various risks.

Foreign Currency Risk Management: Snap-on has significant international operations and is subject to certain risks inherent with foreign operations that include currency fluctuations and restrictions on movement of funds. Foreign exchange risk exists to the extent that Snap-on has payment obligations or receipts denominated in currencies other than the functional currency. To manage these exposures, Snap-on identifies naturally offsetting positions and then purchases hedging instruments in an attempt to protect the residual net exposures. Snap-on's financial position and results of operations have not been materially affected by such events to date. See Note 10 to the Condensed Consolidated Financial Statements for information on foreign currency risk management.

Interest Rate Risk Management: Snap-on's interest rate risk management policies are designed to reduce the potential volatility of earnings that could arise from changes in interest rates. Through the use of interest rate swaps, Snap-on aims to stabilize funding costs by managing the exposure created by the differing maturities and interest rate structures of Snap-on's assets and liabilities. See Note 10 to the Condensed Consolidated Financial Statements for information on interest rate risk management.

Snap-on utilizes a Value-at-Risk ("VAR") model to determine the potential one-day loss in the fair value of its interest rate and foreign exchange-sensitive financial instruments from adverse changes in market factors. The VAR model estimates were made assuming normal market conditions and a 95% confidence level. Snap-on's computations are based on the inter-relationships among movements in various currencies and interest rates (variance/co-variance technique). These inter-relationships were determined by observing interest rate and foreign currency market changes over the preceding quarter.

The estimated maximum potential one-day loss in fair value, calculated using the VAR model, at March 31, 2007, was $0.6 million on interest rate-sensitive financial instruments and $0.2 million on foreign currency-sensitive financial instruments. The VAR model is a risk management tool and does not purport to represent actual losses in fair value that will be incurred by Snap-on, nor does it consider the potential effect of favorable changes in market factors.

Credit Risk: Credit risk is the possibility of loss from a customer's failure to make payments according to contract terms. Prior to granting credit, each customer is evaluated, taking into consideration the borrower's financial condition, collateral, debt-servicing capacity, past payment experience, credit bureau information, and other financial and qualitative factors that may affect the borrower's ability to repay. Specific credit reviews and standard industry credit scoring models are used in performing this evaluation. Loans that have been granted are typically monitored through an asset-quality-review process that closely monitors past due accounts and initiates collection actions when appropriate. In addition to its direct credit risk exposure, Snap-on also has credit risk exposure for certain SOC-originated contracts for franchisee van loans with recourse provisions against Snap-on. At March 31, 2007, $15.4 million of loans originated by SOC have a recourse provision to Snap-on if the loans become more than 90 days past due.

Economic Risk: Economic risk is the possibility of loss resulting from economic instability in certain areas of the world. Snap-on continually monitors its exposure in these markets.

As a result of the above market, credit and economic risks, net income and revenues in any particular period may not be representative of full-year results and may vary significantly from year to year and from quarter to quarter. Inflation has not had a significant impact on the company.

Item 4: Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Snap-on maintains a system of disclosure controls and procedures that is designed to provide reasonable assurance that material information relating to the company and its consolidated subsidiaries is timely communicated to the officers who certify Snap-on's financial reports and to other members of senior management and the Board of Directors, as appropriate.

In accordance with Rule 13a-15(b) of the Securities Exchange Act of 1934 (the "Exchange Act"), the company's management evaluated, with the participation of the Chief Executive Officer and Chief Financial Officer, the effectiveness of the design and operation of the company's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of March 31, 2007. Based upon their evaluation of these disclosure controls and procedures, the Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures were effective as of March 31, 2007 to ensure that information required to be disclosed by the company in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time period specified in the Securities and Exchange Commission rules and forms, and to ensure that information required to be disclosed by the company in the reports it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control

There were no changes in internal control over financial reporting that occurred during the quarter ended March 31, 2007, that have materially affected, or are reasonably likely to materially affect, Snap-on's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1: Legal Proceedings

On May 16, 2006, Snap-on reached an agreement to settle certain legal matters related to certain then current and former franchisees on a class basis. The court gave its final approval to the class settlement on October 27, 2006. Under the terms of the settlement, Snap-on agreed to make payments to claimants and class counsel, plus incur certain other costs and expenses. Snap-on recorded a $38.0 million pretax charge in the second quarter of 2006 representing its best estimate to settle these legal matters. As of March 31, 2007, the majority of the settlement funds, including payments to the class participants made in the first quarter of 2007, have been disbursed. Snap-on has not admitted any wrongdoing by way of this settlement.

Snap-on is also involved in various other legal matters that are being litigated and/or settled in the ordinary course of business. Although it is not possible to predict the outcome of these other legal matters, management believes that the results will not have a material impact on Snap-on's consolidated financial position or results of operations.

Item 2: Unregistered Sales of Equity Securities and Use of Proceeds

The following chart discloses information regarding the shares of Snap-on's common stock repurchased by the company during the first quarter of 2007, all of which were purchased pursuant to Board of Directors' authorizations. Snap-on has undertaken stock repurchases from time to time to offset dilution created by shares issued for employee and franchisee stock purchase plans, stock options, and other corporate purposes, as well as to repurchase shares when the company believes market conditions are favorable. The repurchase of Snap-on common stock is at the company's discretion, subject to prevailing financial and market conditions.

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Value of Shares that may be Purchased Under the Plans (1) *(in millions)*
12/31/06 to 01/27/07	—	N/A	—	$ 153.9 million
01/28/07 to 02/24/07	40,000	$ 49.89	40,000	$ 171.6 million
02/25/07 to 03/31/07	585,000	$ 49.94	585,000	$ 141.9 million
Total / Average	625,000	$ 49.93	625,000	N/A

(1) Subject to further adjustment pursuant to the 1996 Authorization described below, as of the end of the first quarter of 2007, the approximate value of shares that may yet be purchased pursuant to the three outstanding Board of Directors' authorizations discussed below is $141.9 million.

- In its Annual Report on Form 10-K for the fiscal year ended December 28, 1996, the company disclosed that the company's Board authorized the company to repurchase shares of the company's common stock from time to time in the open market or in privately negotiated transactions (the "1996 Authorization"). The 1996 Authorization allows the repurchase of up to the number of shares issued or delivered from treasury from time to time under the various plans the company has in place that call for the issuance of the company's common stock. Because the number of shares that are purchased pursuant to the 1996 Authorization will change from time to time as (i) the company issues shares under its various plans and (ii) shares are repurchased pursuant to this authorization, the number of shares authorized to be repurchased will vary from time to time. The 1996 Authorization will expire when terminated by the company's Board. When calculating the approximate value of shares that the company may yet purchase under the 1996 Authorization, the company assumed a price of $47.67, $50.81 and $48.10 per share of common stock as of the end of the 2007 fiscal months ended January 27, February 24 and March 31, respectively.

- By press release dated June 29, 1998, the company announced that the company's Board authorized the repurchase of an aggregate of $100 million of the company's common stock (the "1998 Authorization"). The 1998 Authorization will expire when the aggregate repurchase price limit is met, unless terminated earlier by the company's Board.

- By press release dated February 3, 1999, the company announced that the company's Board authorized the repurchase of an aggregate of $50 million of the company's common stock (the "1999 Authorization"). The 1999 Authorization will expire when the aggregate repurchase price limit is met, unless terminated earlier by the company's Board.

Item 6: Exhibits

Exhibit 4.1	Indenture dated as of January 8, 2007, between Snap-on Incorporated and U.S. Bank National Association as trustee (incorporated by reference to Exhibit (4)(b) to Form S-3 Registration Statement (Registration No. 333-139863 [File No. 1-7724]))
Exhibit 4.2	Officers' Certificate dated January 12, 2007, creating the $150,000,000 Floating Rate Notes due 2010 (incorporated by reference to Exhibit (4.1) to Snap-on's Form 8-K dated January 9, 2007 (Commission File No. 1-7724))
Exhibit 4.3	Officers Certificate dated January 12, 2007, creating the $150,000,000 5.5% Notes due 2017 (incorporated by reference to Exhibit (4.2) to Snap-on's Form 8-K dated January 9, 2007 (Commission File No. 1-7724))
Exhibit 10.1	Form of Non-Qualified Stock Option Agreement (and accompanying Non-Qualified Stock Option Grant Offer Letter). [Includes non-material changes from prior form]
Exhibit 10.2	Form of Share and Performance Award Agreement
Exhibit 31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended.
Exhibit 31.2	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended.
Exhibit 32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
Exhibit 32.2	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, Snap-on Incorporated has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SNAP-ON INCORPORATED

Date: April 24, 2007	/s/ Martin M. Ellen
	Martin M. Ellen, Principal Financial Officer, Senior Vice President – Finance and Chief Financial Officer

EXHIBIT INDEX

Exhibit No.	Exhibit
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10.2	Form of Share and Performance Award Agreement
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32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Exhibit 10.1

SNAP-ON INCORPORATED
NON-QUALIFIED STOCK OPTION AGREEMENT

THIS NON-QUALIFIED STOCK OPTION AGREEMENT, is granted by SNAP-ON INCORPORATED (the "Company") to each individual receiving and accepting the offer contained in the Non-Qualified Stock Option Grant Offer Letter (each such person being known as the "Optionee") pursuant to the Company's 2001 Incentive Stock and Awards Plan (the "Plan").

WHEREAS, the Company believes it to be in the best interests of the Company, its subsidiaries and its stockholders for its officers and other key employees to obtain or increase their stock ownership interest in the Company so that they will have a greater incentive to work for and manage the Company's affairs in such a way that its shares may become more valuable; and

WHEREAS, the Optionee is employed by the Company or one of its subsidiaries as an officer or other key employee and has been selected by the Committee to receive an option;

NOW, THEREFORE, in consideration of the premises and of the services to be performed by the Optionee, the Company and the Optionee hereby agree as follows:

1. OPTION GRANT

Subject to the terms of this Agreement and the Plan, the Company grants to the Optionee an option to purchase the number of shares of Common Stock of the Company as set forth in the Non-Qualified Stock Option Grant Offer Letter (the "Offer") under the column titled "Quantity Granted" and at the price per share set forth in the Offer under the column titled "Grant Price". This option is not intended to qualify as an "incentive stock option" within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

2. TIME OF EXERCISE

Subject to the termination provisions of paragraphs 3, 4 and 5, and provided that the Optionee is an employee of the Company or one of its subsidiaries on such date, the Optionee may purchase the non-qualified option shares pursuant to the schedule set forth in the Offer under the column titled "Vesting Schedule".

If the Optionee terminates employment from the Company and its subsidiaries, only those option shares for which the right to purchase has accrued as of the date of such termination may be purchased after such termination (subject to the provisions of paragraphs 3, 4 and 5). If the Optionee takes an unpaid leave of absence, then the Committee may defer the dates on which the Optionee may first purchase the option shares to take into account such leave of absence.

3. TERMINATION OF OPTION

The Optionee may not exercise this option after, and this portion of the option will terminate without notice to the Optionee on, the earlier of:

(a) Six (6) months after the date of the Optionee's termination of employment from the Company and its subsidiaries for any reason other than for Cause or due to Disability, death or Retirement;

(b) The date the Company or one of its subsidiaries terminates the Optionee's employment for Cause;

(c) Twelve (12) months after the date of termination of the Optionee's employment from the Company and its subsidiaries by reason of death or Disability;

(d) Three (3) years after the Optionee terminates employment from the Company and its subsidiaries on account of Retirement; or

(e) Ten (10) years from the date of this Agreement.

For purposes of this paragraph 3, termination shall occur at 11:59 P.M. (Central Time) on the applicable date described above, except that if the Optionee is terminated for Cause, termination shall occur immediately at the time of such termination.

The Company is under no obligation, whatsoever, to update, remind or notify Optionee of any expiration date prior to the expiration of the options, regardless of whether Company voluntarily provides an update to Optionee or any other Plan Participant.

If the Company divests a subsidiary, division or other business unit, then the Committee will have the discretion to determine whether or not such divestiture of a subsidiary, division or other business unit results in termination of the Optionee's employment from the Company and its subsidiaries for purposes of this Agreement, which discretion the Committee may exercise on a case by case basis.

In addition, if the Optionee takes a military, sick leave or other bona fide leave of absence from the Company and its subsidiaries, the Optionee will be considered to have terminated employment from the Company and its subsidiaries on the later of (i) the 91st day of such leave, or (ii) the last day that the Optionee's right to reemployment following the end of such leave is guaranteed by law or contract with the Company or a subsidiary.

4. TERMINATION FOR CAUSE

If the Company or one of its subsidiaries terminates the Optionee's employment for Cause, then the Committee may determine that any exercises of this option within the six (6) month period prior to such termination will be deemed of no force and effect and the Committee may pursue any remedy or proceeding available to compel the Optionee to return to the Company any profits the Optionee realized (directly or indirectly) from exercising this option during such period.

5. DETRIMENTAL ACTIVITY

(a) If, within one (1) year after the Optionee's termination of employment from the Company and its subsidiaries, the Company becomes aware that the Optionee had engaged in activity prior to his or her termination that would have constituted Cause for termination had the Company known of such activity, then the Committee may re-characterize the Optionee's termination as a termination for Cause and/or may redetermine the date of such termination. In such an event, the Optionee's right to exercise this option will be terminated as of the Optionee's deemed date of termination for Cause.

(b) If, within six (6) months after the Optionee's termination of employment from the Company and its subsidiaries, the Company becomes aware that the Optionee has engaged in Detrimental Activity subsequent to his or her termination, then the Committee may determine that the Optionee's right to exercise this option will be terminated as of the date the Optionee engaged in the Detrimental Activity.

(c) If the Optionee exercised this option during the period beginning six (6) months before the deemed date of termination for Cause in accordance with (a) above, or the date the Optionee engaged in Detrimental Activity in accordance with (b) above, and ending on the date of the Committee's determination, then such exercise will be deemed of no force and effect and the Committee reserves its right to pursue any remedy or proceeding available to compel the Optionee to return to the Company any profits the Optionee realized (directly or indirectly) from exercising this option during such period.

(d) If an allegation of Detrimental Activity by the Optionee is made to the Committee, then the Optionee's ability to exercise this option will be suspended for the period the Committee determines to permit the Committee to investigate the allegation.

(e) Notwithstanding any other provision hereof, the provisions of this Section 5 shall be null and void and of no effect upon the occurrence of a Change of Control (as defined in the Plan).

6. EXERCISE PROCEDURES

(a) The Optionee may exercise this option in whole or in part only with respect to any shares for which the right to exercise shall have accrued pursuant to paragraph 2 and only so long as paragraphs 3 and 5 do not prohibit such exercise.

(b) This option may be exercised in accordance with such procedures as the Company may determine. Currently, the Company has entered into an agreement with The Gallagher Group of Smith Barney to process stock option exercises. Customer service representatives from the Gallagher Group are available from 8 a.m. – 4:30 p.m. CST on all New York Stock Exchange trading days. They can be reached by phone or e-mail as follows:

Toll Free, U.S.	1-888-609-3534
Non-U.S.	312-419-3264
Email	gallaghergroup@smithbarney.com

An Optionee must talk to a Gallagher Group customer service representative in order to exercise any grants. Transactions will not be processed based upon e-mail or voicemail instructions.

(c) The Optionee must deliver a notice of option exercise, accompanied by payment of the purchase price and such additional amount (if any) as necessary to satisfy the Company’s tax withholding obligations, and such other documents or representations as may reasonably be requested to comply with securities, tax or other laws then applicable to the exercise of the option. Delivery may be made in person, by nationally-recognized delivery service that guarantees overnight delivery, by facsimile, or by such other method as may be accepted by The Gallagher Group. A notice of option exercise received after the date of termination (as provided in paragraph 3) shall be null and void.

(d) The Optionee may pay the purchase price in one or more of the following forms:

i. a check for the purchase price of the shares being purchased; or

ii. delivery of shares of Common Stock (including by attestation) that the Optionee has owned for at least six (6) months and that have a Fair Market Value (determined on the date of delivery) equal to the purchase price of the shares being purchased; or

iii. delivery (including by facsimile) of an executed irrevocable option exercise form together with irrevocable instructions, in a form acceptable to the Company or The Gallagher Group, to a broker-dealer to sell or margin a sufficient portion of the shares of Common Stock issuable upon exercise of this option and deliver the sale or margin loan proceeds directly to the Company or The Gallgher Group to pay for the exercise price.

(e) The Optionee may satisfy any tax withholding obligation of the Company arising from the exercise of this option, in whole or in part, by paying such tax obligation in cash or by check, or by electing to have the Company withhold shares of Common Stock having a Fair Market Value on the date of exercise equal to the amount required to be withheld, subject to such rules as the Committee may adopt. In any event, the Company reserves the right to withhold from any compensation otherwise payable to the Optionee such amount as the Company determines is necessary to satisfy the Company's tax withholding obligations arising from the exercise of this option.

(f) Notwithstanding the foregoing, Canadian residents will not be allowed to pay the exercise price or any taxes due by swapping previously owned shares, through physical delivery or attestation.

7. DEFINITIONS

(a) "Cause" means termination of employment as a result of (i) the failure of the Optionee to perform or observe any of the terms or provisions of any written employment agreement between the Optionee and the Company or its subsidiaries or, if no written agreement exists, the gross dereliction of the Optionee's duties with respect to the Company or any of its subsidiaries, as applicable; (ii) the failure of the Optionee to comply fully with the lawful directives of the Board of Directors of the Company or its subsidiaries, as applicable, or the officers or supervisory employees to whom the Optionee is reporting; (iii) the Optionee's dishonesty, misconduct, misappropriation of funds, or disloyalty or disparagement of the Company, any of its subsidiaries, or its management or employees; (iv) engaging in Detrimental Activity prior to termination of employment, or (v) other proper cause determined in good faith by the Committee. Further, if the Optionee is subject to a written agreement with the Company or any of its subsidiaries that contains a definition of "Cause," any action or activity that constitutes "Cause" under that agreement shall constitute "Cause" under this Agreement.

(b) "Detrimental Activity" means activity that the Committee determines in its sole discretion to be detrimental to the interests of the Company or any of its subsidiaries, including but not limited to situations where the Optionee: (i) divulges trade secrets of the Company or its subsidiaries, proprietary data or other confidential information relating to the Company or any subsidiary or to the business of the Company or any subsidiary, (ii) enters into employment with a competitor under circumstances suggesting that such Optionee will be using unique or special knowledge gained as a Company or subsidiary employee to compete with the Company or any subsidiary, (iii) uses information obtained during the course of his or her prior employment for his or her own purposes, such as for the solicitation of business in competition with the Company, (iv) is determined to have engaged (whether or not prior to termination due to Retirement) in either gross misconduct or criminal activity harmful to the Company, or (v) takes any action that harms the business interests, reputation, or goodwill of the Company and/or its subsidiaries.

(c) "Disability" means permanently and totally disabled within the meaning of section 22(e)(3) of the Internal Revenue Code of 1986, as amended.

(d) "Retirement" means termination of employment from the Company and its subsidiaries on or after satisfying the early or normal retirement age and service conditions specified in the retirement policy or retirement plan of the Company or one of its subsidiaries applicable to such Optionee as in effect at the time of such termination.

8. OPTION AS COLLATERAL

The Optionee may not assign or mortgage this option, or pledge this option as any type of security or collateral. Any attempted assignment, mortgage or pledge of this option in violation of this paragraph 8 will be null and void and have no legal effect.

9. NON-TRANSFERABILITY; DEATH

(a) Except as provided in paragraph 9(c), or as the Committee otherwise provides, the Optionee may not transfer this option other than by will or the laws of descent and distribution, and only the Optionee may exercise this option during his or her lifetime. However, if the Committee determines that the Optionee is unable to exercise this option as a result of incapacity or Disability, then the Committee may permit the Optionee's guardian or an individual who has obtained an appropriate power of attorney to exercise this option on behalf of the Optionee. In such an event, neither the Committee nor the Company will be liable for any losses resulting from such exercise or from the disposition of shares acquired upon such exercise.

(b) If the Optionee dies while this option is outstanding, then the Optionee's estate or the person to whom this option passes by will or the laws of descent and distribution may exercise this option in the manner described in paragraph 6, but only within a period of (A) twelve (12) months after the Optionee's death or (B) ten (10) years from the date of this Agreement, whichever period is shorter.

(c) The Optionee may transfer this option to (A) his or her spouse, children or grandchildren ("Immediate Family Members"); (B) a trust or trusts for the exclusive benefit of such Immediate Family Members; or (C) a partnership in which such Immediate Family Members are the only partners. The transfer will be effective only if the Optionee receives no consideration for such transfer. Subsequent transfers of the transferred option are prohibited except transfers to those persons or entities to which the Optionee could have transferred this option or transfers otherwise in accordance with this paragraph 9.

Following any transfer (whether voluntarily or pursuant to will or the law of descent and distribution) under this paragraph 9, this option shall continue to be subject to the same terms and conditions as were applicable immediately prior to such transfer, provided that for purposes of this Agreement, the term "Optionee" as used in paragraphs 8, 10, 11, 12, and 13 shall be deemed to refer to the transferee. The Company disclaims any obligation to provide notice to any person who has the right to exercise this option of circumstances triggering termination of this option.

10. REGISTRATION

If the Company is advised by its counsel that shares deliverable upon exercise of this option are required to be registered under the Securities Act of 1933 ("Act") or any applicable state or foreign securities laws, or that delivery of the shares must be accompanied or preceded by a prospectus meeting the requirements of that Act or such state or foreign securities laws, then the Company will use its best efforts to effect the registration or provide the prospectus within a reasonable time following the Company's receipt of written notice of option exercise relating to this option, but delivery of shares by the Company may be deferred until the registration is effected or the prospectus is available. The Optionee shall have no interest in shares covered by this option until certificates for the shares are issued.

11. ADJUSTMENTS AND CHANGE OF CONTROL

The number and type of shares subject to this option and the option price may be adjusted, or this option may be assumed, cancelled or otherwise changed, in the event of certain transactions, as provided in Section 12 of the Plan. Upon a change of control, as defined in the Plan, the Optionee shall have the rights specified in Section 12 of the Plan.

12. AMENDMENT OR MODIFICATION

Except as provided in paragraph 11, no term or provision of this Agreement may be amended, modified or supplemented orally, but only by an instrument in writing signed by the party against which or whom the enforcement of the amendment, modification or supplement is sought.

13. LIMITED INTEREST

(a) The Optionee has no rights as a stockholder as a result of the grant of the option until this option is exercised, the exercise price and applicable withholding taxes are paid, and the shares issued.

(b) The grant of this option does not confer on the Optionee any right to continue as an employee, nor interfere in any way with the right of the Company or any of its subsidiaries to terminate the Optionee at any time.

(c) The grant of this option shall not affect in any way the right or power of the Company or any of its subsidiaries to make or authorize any or all adjustments, recapitalizations, reorganizations, or other changes in the Company's or any subsidiary's capital structure or its business, or any merger, consolidation or business combination of the Company or any subsidiary, or any issuance or modification of any term, condition, or covenant of any bond, debenture, debt, preferred stock or other instrument ahead of or affecting the Common Stock or the rights of the holders of Common Stock, or the dissolution or liquidation of the Company or any subsidiary, or any sale or transfer of all or any part of its assets or business or any other Company or subsidiary act or proceeding, whether of a similar character or otherwise.

14. ACTION OR PROCEEDING; SUBJECT TO PLAN

The Company may require that any legal action or proceeding with respect to the Plan or this option be determined in a bench trial.

THE OPTIONEE ACKNOWLEDGES RECEIPT OF A COPY OF THE PLAN. ALL PARTIES ACKNOWLEDGE THAT THIS OPTION IS GRANTED UNDER AND PURSUANT TO THE PLAN, WHICH SHALL GOVERN ALL RIGHTS, INTERESTS, OBLIGATIONS, AND UNDERTAKINGS OF BOTH THE COMPANY AND THE OPTIONEE. ALL CAPITALIZED TERMS NOT OTHERWISE DEFINED IN THIS OPTION SHALL HAVE THE MEANINGS ASSIGNED TO SUCH TERMS IN THE PLAN.

OPTIONEE HEREBY ACKNOWLEDGES THAT IT IS OPTIONEE'S RESPONSIBILITY TO EXERCISE THE OPTIONS PRIOR TO THEIR EXPIRATION. OPTIONEE FURTHER ACKNOWLEDGES THAT COMPANY IS UNDER NO OBLIGATION, WHATSOEVER, TO UPDATE, REMIND OR NOTIFY OPTIONEE OF ANY EXPIRATION DATE PRIOR TO THE EXPIRATION OF THE OPTIONS, REGARDLESS OF WHETHER COMPANY PROVIDES AN UPDATE TO OPTIONEE OR ANY OTHER PLAN PARTICIPANT.

SNAP-ON INCORPORATED

NON-QUALIFIED STOCK OPTION GRANT OFFER LETTER

Dear «FirstName» «LastName»,

The Company has been authorized to offer you a non-qualified stock option grant (the “Grant”) pursuant to the terms of the Snap-on Incorporated 2001 Incentive Stock and Awards Plan (the “Plan”) and the Snap-on Incorporated Non-Qualified Stock Option Grant Agreement (the “Agreement”). Set forth below are the terms of the Grant which are specific to you. The Plan, the Agreement and the Plan Prospectus are available on the Snap-on intranet site at http://intranet1.snapon.com/display/router.asp?docid=390. Snap-on will also provide these documents to you in print, at no charge, upon written request directed to compensation@snapon.com.

TERMS SPECIFIC TO THE OPTIONEE:

Grant Type	Grant Date	Quantity Granted	Grant Price	Vesting Schedule

IMPORTANT NOTICES:

BY ACCEPTING THIS GRANT, YOU ACKNOWLEDGE AND AGREE THAT:

- A COPY OF EACH OF THE PLAN AND THE AGREEMENT HAVE BEEN MADE AVAILABLE TO YOU;
- IT IS SOLELY YOUR RESPONSIBILITY TO UNDERSTAND THE TERMS OF THIS GRANT;
- THIS OPTION IS GRANTED UNDER AND PURSUANT TO THE PLAN, AND THAT THE PLAN AND THE AGREEMENT SHALL GOVERN ALL RIGHTS, INTERESTS, OBLIGATIONS, AND UNDERTAKINGS OF BOTH THE COMPANY AND THE OPTIONEE;
- ALL CAPITALIZED TERMS NOT OTHERWISE DEFINED IN THIS OFFER LETTER OR THE AGREEMENT SHALL HAVE THE MEANINGS ASSIGNED TO SUCH TERMS IN THE PLAN OR THE AGREEMENT; AND
- IT IS YOUR RESPONSIBILITY TO EXERCISE THE OPTIONS PRIOR TO THEIR EXPIRATION AND THAT THE COMPANY IS UNDER NO OBLIGATION, WHATSOEVER, TO UPDATE, REMIND OR NOTIFY OPTIONEE OF ANY EXPIRATION DATE PRIOR TO THE EXPIRATION OF THE OPTIONS, REGARDLESS OF WHETHER THE COMPANY

VOLUNTARILY PROVIDES AN UPDATE TO OPTIONEE OR ANY OTHER PLAN PARTICIPANT.

ADDITIONAL TERM FOR CANADIAN CITIZENS ONLY:

- CANADIAN RESIDENTS WILL NOT BE ALLOWED TO EXERCISE OPTIONS OR PAY ANY TAXES DUE BY SWAPPING PREVIOUSLY OWNED SHARES, THROUGH PHYSICAL DELIVERY OR ATTESTATION, TO PAY SUCH AMOUNTS DUE.

NOTICE TO ALL PARTICIPANTS:

- IN DECEMBER 2005, THE COMMITTEE TOOK ACTION TO AMEND CERTAIN PORTIONS OF THE PLAN RELATED TO THE SETTLEMENT OF AWARDS FOLLOWING A CHANGE OF CONTROL. PLEASE TAKE NOTE OF THE REVISED PROVISIONS OF THE PLAN. YOUR ACCEPTANCE OF THIS OPTION CONSTITUTES YOUR ACKNOWLEDGMENT AND ACCEPTANCE THAT YOU HAVE READ AND AGREE TO THESE REVISIONS TO THE PLAN.

- IN THE EVENT OF A TERMINATION OF EMPLOYMENT DUE TO RETIREMENT, THE VESTED PORTION OF YOUR 2007 NON-QUALIFIED OPTIONS WILL REMAIN EXERCISABLE FOR THREE (3) YEARS FROM YOUR TERMINATION DATE, NOT TO EXCEED THE ORIGINAL TEN (10) YEAR EXPIRATION. REFER TO THE AGREEMENT FOR THE SPECIFIC PERIODS TO EXERCISE THE OPTION FOLLOWING A TERMINATION OF EMPLOYMENT.

ACTION REQUIRED:

You are not required to take any action to accept this Grant offer on the terms described herein. You will be deemed to have accepted this Grant offer unless you send an e-mail to compensation@snapon.com by _______, 20__ specifically stating that you have rejected the Grant offer.

Any attempt to modify the terms upon which this Grant is offered will constitute your irrevocable rejection of this offer.

Exhibit 10.2

SNAP-ON INCORPORATED

SHARE AND PERFORMANCE AWARD AGREEMENT

THIS SHARE AND PERFORMANCE AWARD AGREEMENT is granted by SNAP-ON INCORPORATED (the "Company") to each individual receiving and accepting the offer contained in the Share and Performance Award Offer Letter (each such person being known as a "Key Employee") pursuant to the Company's 2001 Incentive Stock and Awards Plan (the "Plan").

WHEREAS, the Company believes it to be in the best interests of the Company, its subsidiaries and its stockholders for its officers and other key employees to have an incentive tied to the price of Common Stock of the Company in order that they will have a greater incentive to work for and manage the Company's affairs in such a way that its shares may become more valuable; and

WHEREAS, the Company has determined to grant Key Employees Restricted Shares and Performance Units pursuant to the terms of the Plan and this Agreement;

NOW, THEREFORE, in consideration of the premises and of the services to be performed by the Key Employee, the Company and the Key Employee hereby agree as follows:

1. Restricted Shares.

Subject to the terms and conditions of this Agreement and the Plan, the Company hereby awards to the Key Employee a number of shares of Common Stock (the "Restricted Shares") set forth in the Share and Performance Award Offer Letter (the "Offer") under the column titled "Quantity Granted." Except as otherwise provided herein, no Restricted Share may be sold, transferred or otherwise alienated or hypothecated until such Restricted Share vests as provided herein.

2. Escrow.

(a) The Company shall cause certificates for Restricted Shares to be issued as soon as practicable in the name of the Key Employee, but the Company, as escrow agent, shall hold such shares in escrow. Upon issuance of such certificates, (i) the Company shall give the Key Employee a receipt for the Restricted Shares held in escrow which will state that the Company holds such Restricted Shares in escrow for the account of the Key Employee, subject to the terms of this Agreement, and (ii) the Key Employee shall give the Company a stock power for such Restricted Shares duly endorsed in blank which will be held in escrow for use in the event such Restricted Shares are forfeited in whole or in part.

(b) Unless theretofore forfeited as provided herein, Restricted Shares and any other property held in escrow pursuant to this Agreement shall cease to be held in escrow, and the Company shall release such certificates for such Restricted Shares, and any related property held in escrow (without interest), to the Key

Employee, unless such Restricted Shares or other property are deferred pursuant to a valid Deferral Election, or in the case of his or her death, to his or her Beneficiary (as hereinafter defined) when such Restricted Shares vest as provided herein at which time such shares shall be freely transferable by the Key Employee or his or her Beneficiary.

(c) Restricted Shares and any other property held in escrow pursuant to this Agreement shall cease to be held in escrow, and the Company may assume possession thereof in its own right, when the Key Employee forfeits such Restricted Shares as provided herein.

3. Vesting and Forfeiture Based on Performance.

Subject to the terms and conditions set forth herein,

(a) Vesting of the Restricted Shares and payment in respect of Performance Units is dependent upon performance relative to sales growth and RONAEBIT goals for fiscal years ____, _____ and _____. The threshold, target and maximum goals for sales growth and RONAEBIT during fiscal years and _______ are as shown on Exhibit 1, and the Restricted Shares will vest, and the Performance Units will be earned, in accordance with the vesting matrix attached hereto as Exhibit 1 based on actual performance of the Company relative to the goals subject to the terms attached hereto as Exhibit 2. As soon as practicable after the Company's audited financial statements for fiscal ____ are available to the Committee, the Committee shall calculate the Company's sales growth and RONAEBIT data for such years in accordance with the terms attached hereto as Exhibit 2. The Committee shall then plot the sales growth and RONAEBIT data on the vesting matrix. The resulting position on the matrix shall determine the percentage of the Restricted Shares that will vest and the number of Performance Units that the Key Employee will earn as set forth below. The Company shall promptly communicate this information to the Key Employee.

(b) Unless the Key Employee has previously forfeited such Restricted Shares, if the position on the matrix reflects a percentage greater than zero and less than or equal to 100%, then the number of Restricted Shares that shall vest shall be equal to the product of such percentage and the Grant Number, and if the position on the matrix reflects a percentage greater than 100%, then the number of Restricted Shares that shall vest shall be equal to the Grant Number. Upon the Committee's determination as provided above, the Key Employee will forfeit the Restricted Shares that do not vest.

(c) Unless the Key Employee has previously forfeited the right to earn Performance Units, if the position on the matrix reflects a percentage greater than 100%, then the Key Employee will receive cash in respect of a number of Performance Units equal to the product of the percentage in excess of 100%, but not greater than 50%, multiplied by the Grant Number. The amount of the cash payment for each

Performance Unit will be $______, the fair market value of a share of the Company's common stock on ___________, 20__.

(d) If any calculation of Shares to be awarded would result in a fraction, any fraction of 0.5 or greater will be rounded to one, and any fraction of less than 0.5 will be rounded to zero.

4. Forfeiture Based on Employment Status.

Subject to the terms and conditions set forth herein,

(a) In addition to any rights of the Company under Section 5, the Key Employee will forfeit any Restricted Shares or any rights associated with Performance Units as to which the Committee has not made its vesting determination under Section 3 and not otherwise vested under Section 6 if the Key Employee's employment with the Company or its subsidiaries is terminated for any reason prior to such determination unless in the case of termination by the Company or a subsidiary the Committee determines, on such terms and conditions, if any, as the Committee may impose, that there may nonetheless be vesting of all or a portion of the award at the time of such determination or at any other time. Absence of the Key Employee on leave approved by a duly elected officer of the Company, other than the Key Employee, shall not be considered a termination of employment during the period of such leave.

(b) Notwithstanding the foregoing, in the case of termination of employment as a result of death, Disability (as defined below) or Retirement (as defined below), the Grant will vest, and the Key Employee's entitlement to cash in respect of Performance Units will be determined, based upon the Company's actual performance relative to the sales growth and RONAEBIT goals over the full performance period, but in lieu of the amounts under Section 3(b) and (c), the respective amounts, if any, determined under those subsections shall be reduced by multiplying such amounts by a fraction representing the portion of the three-year period that elapsed before the termination of the Key Employee's employment.

(c) Whether or not a divestiture of a subsidiary, division or other business unit (including through the formation of a joint venture) results in termination of employment with the Company and its subsidiaries will be at the discretion of the Committee, which discretion the Committee may exercise on a case by case basis.

(d) As used herein,

(i) "Disability" means a medically-determinable physical or mental condition that is expected to be permanent and that results in the Key Employee being unable to perform one or more of the essential duties of the Key Employee's occupation or a reasonable alternative offered by the Company or its subsidiaries, all as determined by the Committee or any successor to such committee that administers the Awards Plan (as the same may be amended).

(ii) "Retirement" means termination of employment from the Company and its subsidiaries on or after satisfying the early or normal retirement age and service conditions specified in the retirement policy or retirement plan of the Company or one of its subsidiaries applicable to such Key Employee as in effect at the time of such termination.

5. Detrimental Activity.

(a) Activity During Employment. If, prior to termination of the Key Employee's employment with the Company or during the one-year period following termination of the Key Employee's employment with the Company, the Company becomes aware that, prior to termination, the Key Employee had engaged in detrimental activity, then the Committee in its sole discretion, for purposes of this Agreement, may characterize or recharacterize termination of the Key Employee's employment as a termination to which this Section 5 applies and may determine or redetermine the date of such termination, and the Key Employee's rights with respect to the Grant shall be determined in accordance with the Committee's determination.

(b) Activity Following Termination. If, within the six-month period following the Key Employee's termination of employment with the Company, the Company becomes aware that the Key Employee has engaged in detrimental activity subsequent to termination, then the Key Employee's rights with respect to the Grant shall be determined in accordance with any determination by the Committee under this Section 5.

(c) Remedies. If the Key Employee has engaged in detrimental activity as described in subsections (a) and (b), then the Committee may, in its discretion, declare that the Key Employee has forfeited the Grant in whole or in part and cause the Company to assume possession of any or all property held in escrow in respect of the Grant in its own right and/or cause the Key Employee to return any cash or property actually realized by the Key Employee (directly or indirectly) in respect of the Grant, in each case whether or not the Committee has made a vesting determination under Section 3 in respect thereof before or after the date the Key Employee engaged in the detrimental activity or before or after the date of termination as determined or redetermined under subsection (a).

(d) Allegations of Activity. If an allegation of detrimental activity by the Key Employee is made to the Committee, then the Committee may suspend the Key Employee's rights in respect of the Grant to permit the investigation of such allegation.

(e) Definition of "Detrimental Activity." For purposes of this Agreement, "detrimental activity" means activity that is determined by the Committee in its sole discretion to be detrimental to the interests of the Company or any of its subsidiaries, including but not limited to situations where the Key Employee (i) divulges trade secrets of the Company, proprietary data or other confidential information relating to the Company or to the business of the Company or any subsidiaries, (ii) enters into employment with a competitor under circumstances suggesting that the Key Employee will be using unique or special knowledge gained as an employee of the Company to compete with the Company, (iii) uses information obtained during the course of his or her prior employment with the Company for his or her own purposes, such as for the solicitation of business and competition with the Company, (iv) is determined to have engaged (whether or not prior to termination due to retirement) in either gross misconduct or criminal activity harmful to the Company, or (v) takes any action that harms the business interests, reputation or goodwill of the Company and/or its subsidiaries.

6. Change in Control.

In the event of a "Change of Control" (as defined in the Awards Plan) prior to the Committee's determination under Section 3(a),

(a) Any unvested Restricted Shares shall be treated as provided in the Awards Plan, unless the Key Employee has previously forfeited such Restricted Shares; and

(b) Notwithstanding their treatment under the terms of the Awards Plan, the Company will immediately make payment in respect of the number of Performance Units assuming performance at maximum levels for the entire period.

7. Voting Rights; Dividends and Other Distributions.

(a) While the Restricted Shares are subject to restrictions under Section 1 and prior to any forfeiture thereof, the Key Employee may exercise full voting rights for the Restricted Shares registered in his or her name and held in escrow hereunder.

(b) A Key Employee shall have no voting rights with respect to the Performance Units.

(c) While the Restricted Shares are subject to the restrictions under Section 1 and prior to any forfeiture thereof, all dividends and other distributions paid with respect to the Restricted Shares shall be held in escrow pursuant to Section 2 and shall be subject to the same restrictions as the Restricted Shares with respect to which they were paid.

(d) There shall be no dividend right associated with the Performance Units.

(e) Subject to the provisions of this Agreement, the Key Employee shall have, with respect to the Restricted Shares, all other rights of holders of Common Stock.

8. Tax Withholding; Repurchase.

(a) It shall be a condition of the obligation of the Company to issue or release from escrow Restricted Shares to the Key Employee or the Beneficiary, and the Key Employee agrees, that the Key Employee shall pay to the Company, upon its demand, such amount as may be requested by the Company for the purpose of satisfying its liability to withhold federal, state, or local income or other taxes incurred by reason of the award or as a result of the vesting hereunder or shall provide evidence satisfactory to the Company that the Company has no liability to withhold. The Company may withhold from cash payable in respect of Performance Units such amount as may be determined by the Company for the purpose of satisfying its liability to withhold federal, state, or local income or other taxes incurred by reason of such payment.

(b) At each time the Company is obligated to issue or release from escrow Restricted Shares to the Key Employee or the Beneficiary, the Key Employee or the Beneficiary, as the case may be, may elect to have the Company repurchase up to 40% of the Restricted Shares to be so issued or released at a price equal to the Fair Market Value (as defined below) on the Tax Date (as defined below). The election must be delivered to the Company within 30 days after the Tax Date. If the number of shares so determined shall include a fractional share, then the Company shall not be obligated to repurchase such fractional share. All elections shall be made in a form acceptable to the Company. As used herein, (i) “Tax Date” means the date on which the Key Employee must include in his or her gross income for tax purposes the fair market value of the Restricted Shares and (ii) “Fair Market Value” means the per share closing price on the date in question in the principal market in which the Common Stock is then traded or, if no sales of Common Stock have taken place on such date, the closing price on the most recent date on which selling prices were quoted.

9. Beneficiary. The person who the Key Employee designates in writing to the Committee as his or her beneficiary shall be referred to as the “Beneficiary” and shall be entitled to receive the Restricted Shares that vest and the Performance Units that are earned following the death of the Key Employee. The Key Employee may from time to time revoke or change his or her Beneficiary without the consent of any prior Beneficiary by filing a new designation with the Committee. The last such designation that the Committee receives shall be controlling; provided, however, that no designation, or change or revocation thereof, shall be effective unless received by the Committee prior to the Key Employee’s death, and in no event shall any designation be effective as of a date prior to such receipt. If no such Beneficiary designation is in effect at the time of the Key Employee’s death, or if no designated Beneficiary survives the Key Employee or if such designation conflicts with law, then the Key Employee’s estate shall be entitled to receive the Restricted Shares that vest and the Performance Units that are earned following the death of the Key Employee. If the Committee is in doubt as to the right of any person to receive such Restricted Shares and/or Performance Units, then the Company may retain such Restricted Shares and the cash payment associated with the Performance Units, without liability for any interest thereon, until the Committee determines the person entitled thereto, or the Company may deliver such Restricted Shares and the cash payment associated with the Performance Units to any court of appropriate jurisdiction, and such delivery shall be a complete discharge of the liability of the Company therefor.

10. Adjustments in Event of Change in Stock.

In the event of any reclassification, subdivision or combination of shares of Common Stock, merger or consolidation of the Company or sale by the Company of all or a portion of its assets, or other event which could, in the judgment of the Committee, distort the implementation of the Grant or the realization of its objectives, the Committee may make such adjustments in the Grant Number and the number of Restricted Shares under this Agreement, or in the terms, conditions or restrictions of this Agreement, as the Committee deems equitable; provided that in the absence of express action by the Committee, adjustments that apply generally to Restricted Shares granted under the Awards Plan shall apply automatically to the Restricted Shares under this Agreement.

11. Powers of the Company Not Affected.

The existence of the Grant shall not affect in any way the right or power of the Company or its stockholders to make or authorize any combination, subdivision or reclassification of the Common Stock or any reorganization, merger, consolidation, business combination, exchange of shares, or other change in the Company's capital structure or its business, or any issue of bonds, debentures or stock having rights or preferences equal, superior or affecting the Common Stock or the rights thereof, or dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise. Nothing in this Agreement shall confer upon the Key Employee any right to continue in the employment of the Company or interfere with or limit in any way the right of the Company to terminate the Key Employee's employment at any time.

12. Certificate Legend.

Each certificate for Restricted Shares shall bear the following legend:

> The sale or other transfer of the shares of stock represented by this certificate, whether voluntary, or by operation of law, is subject to certain restrictions set forth in the Share and Performance Award Agreement between Snap-on Incorporated and the registered owner hereof. A copy of such Agreement may be obtained from the Secretary of Snap-on Incorporated.

When the restrictions imposed by Section 1 terminate, the Key Employee shall be entitled to have the foregoing legend removed from the certificates representing such Restricted Shares.

13. Impact of Restatement of Financial Statements upon Previous Awards.

If any of the Company's financial statements are required to be restated, resulting from errors, omissions, or fraud, the Committee may (in its sole discretion, but acting in good faith) direct that the Company recover all or a portion of any such award made to all or any Key

Employee with respect to any fiscal year of the Company the financial results of which are negatively affected by such restatement. The amount to be recovered from any Key Employee shall be the amount by which the affected award exceeded the amount that would have been payable to such Key Employee had the financial statements been initially filed as restated, or any greater or lesser amount (including, but not limited to, the entire award) that the Committee shall determine. The Committee may determine to recover different amounts from different Key Employees or different classes of Key Employees on such bases as it shall deem appropriate. In no event shall the amount to be recovered by the Company be less than the amount required to be repaid or recovered as a matter of law. The Committee shall determine whether the Company shall effect any such recovery (i) by seeking repayment from the Key Employee, (ii) by reducing (subject to applicable law and the terms and conditions of the applicable plan, program or arrangement) the amount that would otherwise be payable to the Key Employee under any compensatory plan, program or arrangement maintained by the Company or any of its affiliates, (iii) by withholding payment of future increases in compensation (including the payment of any discretionary bonus amount) or grants of compensatory awards that would otherwise have been made in accordance with the Company's otherwise applicable compensation practices, or (iv) by any combination of the forgoing.

14. Interpretation by Committee.

The Key Employee agrees that any dispute or disagreement that may arise in connection with this Agreement shall be resolved by the Committee, in its sole discretion, and that any interpretation by the Committee of the terms of this Agreement or the Awards Plan and any determination made by the Committee under this Agreement or such plan may be made in the sole discretion of the Committee and shall be final, binding, and conclusive.

15. Miscellaneous.

(a) This Agreement shall be governed and construed in accordance with the laws of the State of Wisconsin applicable to contracts made and to be performed therein between residents thereof.

(b) This Agreement may not be amended or modified except by the written consent of the parties hereto.

(c) The captions of this Agreement are inserted for convenience of reference only and shall not be taken into account in construing this Agreement.

(d) Any notice, filing or delivery hereunder or with respect to the Grant shall be given to the Key Employee at either his or her usual work location or work email address or his or her home address as indicated in the records of the Company, and shall be given to the Committee or the Company at 2801 80th Street, Kenosha, Wisconsin 53143, Attention: Vice President and Chief Human Resource Officer. All such notices shall be given by first class mail, postage pre-paid, or by personal delivery or by email to the Key Employee at his or her Company email address.

(e) This Agreement shall be binding upon and inure to the benefit of the Company and its successors and assigns and shall be binding upon and inure to the benefit of the Key Employee, the Beneficiary and the personal representative(s) and heirs of the Key Employee, except that the Key Employee may not transfer any interest in any Restricted Shares prior to the release of the restrictions imposed by Section 1.

Exhibit 1

Vesting Matrix

1. "RONAEBIT" for purposes of the vesting matrix means a fraction expressed as a percentage where (i) the numerator is Operating Earnings (as defined below) and (ii) the denominator is average net assets employed. "Operating Earnings" means earnings from continuing operations before income taxes (including Operating income from financial services) plus interest expense less other income (expense) – net (*i.e.*, less other income plus other expense). "Net assets employed" means total assets minus cash and cash equivalents and minus all liabilities excluding short-term and long-term debt. "Average net assets employed" for a period means the average of net assets employed at the end of the immediately preceding fiscal period and at the end of each fiscal quarter during the period as reflected in the Company's final consolidated balance sheet for the quarter that is prepared as part of the financial statements used in the preparation of the Company's externally reported financial statements.

2. RONAEBIT for purposes of the vesting matrix will be calculated based upon Operating Earnings for the period consisting of ______________ and average net assets employed for the same period.

3. Sales growth for purposes of the vesting matrix will be calculated by comparing the Company's consolidated net sales for fiscal ______ with the net sales amounts set forth on the matrix.

4. The amount of each component of a calculation will be determined by reference to the Company's audited financial statements for the year(s) in question or the notes thereto to the extent reflected therein and, if not reflected therein, by reference to the Company's unaudited financial statements or the notes thereto contained in the Company's periodic reports filed with the Securities and Exchange Commission to the extent reflected therein and, if not reflected therein, by reference to the Company's publicly disclosed earnings release for the relevant period and, if not reflected therein, by reference to the Company's final consolidated balance sheet for the month that is prepared as part of the financial statements used in the preparation of the Company's externally reported financial statements.

5. There is graduated, proportionate vesting between the threshold and target goals. There is also graduated, proportionate vesting between the target and outstanding goals.

6. Except to the extent that doing so would cause an award to fail to qualify for the performance-based exception under Section 162(m) of the Internal Revenue Code, the threshold, target and maximum goals for sales growth and RONAEBIT will be automatically adjusted upward or downward as appropriate to eliminate the effects of acquisitions and divestitures subject to the following.

    (a) There will be adjustments only where there is an acquisition or divestiture (or a combination of multiple acquisitions or divestitures) of a subsidiary, division or other business unit that had revenues during its last full fiscal year equal to 1% or more of the Company's budgeted consolidated net sales during the year the acquisition or divestiture occurs as reflected in the Company's overall annual operating plan as of the commencement of the year as approved by the Company's Board of Directors (the "Final AOP").

(b) Adjustments to Sales Goals. If an acquisition occurs in ____________, then the Ad Hoc Committee will adjust the target net sales amounts set forth on the vesting matrix upward by an amount that is at least equal to the projected sales for the acquired business in ______ as reflected in the financial projections for the acquired business used as the basis for approval of the Company's acquisition purchase price decision by the Company's Board of Directors or the highest authority within the Company approving that decision (the "Pricing Projections"). If an acquisition occurs in ______, then the Ad Hoc Committee will adjust the target net sales amounts set forth on the vesting matrix upward by an amount that is at least equal to the projected sales for the acquired business in ______, as reflected in the Pricing Projections for the acquired business, multiplied by a fraction representing the portion of fiscal ______ occurring after the acquisition. If a divestiture occurs in ________, then the Ad Hoc Committee will adjust the target net sales amounts set forth on the vesting matrix downward by an amount equal to the budgeted sales for the divested business in the last Final AOP for which the divested business was included (or such lesser reduction as the Ad Hoc Committee may determine). If a divestiture occurs in _____, then the Ad Hoc Committee will adjust the target net sales amounts set forth on the vesting matrix downward on a pro rata basis by an amount equal to the budgeted sales for the divested business in _____, as reflected in the Final AOP as of the commencement of fiscal ______, multiplied by a fraction representing the portion of fiscal ______ occurring after the divestiture (or such lesser reduction as the Ad Hoc Committee may determine). If the target net sales amount is adjusted as described above, the Ad Hoc Committee shall make a proportionate adjustment to the minimum, threshold and maximum goals on the vesting matrix.

(c) Adjustments to RONAEBIT Goals. If there is an acquisition or divestiture, then the RONAEBIT percentages on the vesting matrix will be recalculated as set forth below.

"Unadjusted Operating Income" will be estimated as the product obtained by multiplying the RONAEBIT percentage on the vesting matrix by $_____________ (which is the net assets of the close of fiscal ______).

For an acquisition, the Company's Unadjusted Operating Income will be adjusted upward by an amount determined by the Ad Hoc Committee that is at least equal to the projected Operating Income for the acquired business for the remaining term of the plan cycle, as reflected in the Pricing Projections for the acquired business, divided by the total number of years in the plan cycle. For an acquisition, the Company's net assets as of the close of fiscal ______ will be adjusted upward by an amount determined by the Ad Hoc Committee that is equal to the projected average net assets of the acquired business for the remaining term of the plan cycle, as reflected in the Pricing Projections for the acquired business, multiplied by the number of quarter ends remaining in the plan cycle and divided by thirteen (or such lesser increase as the Ad Hoc Committee may determine).

For a divestiture, the Company's Unadjusted Operating Income will be adjusted downward by an amount equal to the budgeted Operating Income for the divested business for the year in which the divestiture occurs as reflected in the Final AOP as of the commencement of such year divided by twelve and multiplied by the number of months remaining in the plan cycle divided by the total number of months in the plan cycle (or such lesser reduction as the Ad Hoc Committee may determine). For a divestiture, the Company's net assets as of the close of fiscal 2006 will be adjusted downward by an amount determined by the Ad Hoc Committee that is at least equal to the budgeted net assets for the divested business for the year in which the divestiture occurs as reflected in the Final AOP as of the commencement of such year multiplied by the number of quarter ends remaining in the plan cycle divided by thirteen.

The target RONAEBIT percentage on the vesting matrix will be recalculated by dividing the adjusted Operating Income by the adjusted net assets (on an annualized basis) and the minimum, threshold and maximum RONAEBIT percentages will be adjusted by a proportionate amount.

EXHIBIT 31.1

CERTIFICATIONS

I, Jack D. Michaels, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Snap-on Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 24, 2007

/s/ Jack D. Michaels

Jack D. Michaels
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATIONS

I, Martin M. Ellen, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Snap-on Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 24, 2007

/s/ Martin M. Ellen

Martin M. Ellen
Principal Financial Officer

EXHIBIT 32.1

Certification of Chief Executive Officer Pursuant to
18 U.S.C. Section 1350,
As Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Snap-on Incorporated (the "Company") on Form 10-Q for the period ended March 31, 2007, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Jack D. Michaels as Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, to the best of his knowledge, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Jack D. Michaels

Jack D. Michaels
Chief Executive Officer
April 24, 2007

EXHIBIT 32.2

Certification of Principal Financial Officer
Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Snap-on Incorporated (the “Company”) on Form 10-Q for the period ended March 31, 2007, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Martin M. Ellen as Principal Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, to the best of his knowledge, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Martin M. Ellen

Martin M. Ellen
Principal Financial Officer
April 24, 2007