Quarterly Financial Review

Third Quarter 2008

October 23, 2008

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- These slides should be read in conjunction with comments from a conference call held on October 23, 2008. The financial statement information included herein is unaudited.

- Statements made during the October 23, 2008, conference call and/or information included in this presentation may contain statements, including earnings projections, that are forward-looking in nature and, accordingly, are subject to risks and uncertainties regarding Snap-on's expected results. Statements made that (i) are in the future tense; (ii) include the words "expects," "plans," "targets," "estimates," "believes," "anticipates," or similar words that reference Snap-on or its management; (iii) are specifically identified as forward-looking; or (iv) describe Snap-on's or management's future outlook, plans, estimates, objectives or goals, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The company's actual results may differ materially from those described or contemplated in the forward-looking statements. Factors that may cause the company's actual results to differ materially from those contained in the forward-looking statements include those found in the company's reports filed with the Securities and Exchange Commission, including the information under the "Safe Harbor" and "Risk Factors" headings in its Annual Report on Form 10-K for the fiscal year ended December 29, 2007, and under "Management's Discussion and Analysis of Financial Condition and Results of Operations – Caution Regarding Forward-Looking Statements" in its Quarterly Report on Form 10-Q for the quarterly periods ended March 29, 2008, and June 28, 2008, which are incorporated herein by reference, and the current instability in world credit and financial markets. Snap-on disclaims any responsibility to update any forward-looking statement provided during the October 23, 2008, conference call and/or included in this presentation, except as required by law.

Snap-on Incorporated

Who We Are

OUR MISSION

The most valued productivity solutions in the world

BELIEFS

We deeply believe in:

- Non-negotiable Product and Workplace Safety
- Uncompromising Quality
- Passionate Customer Care
- Fearless Innovation
- Rapid Continuous Improvement

VALUES

Our behaviors define our success:

- We demonstrate Integrity.
- We tell the Truth.
- We respect the Individual.
- We promote Teamwork.
- We Listen.

VISION

To be acknowledged as the:

- Brands of Choice
- Employer of Choice
- Franchisor of Choice
- Business Partner of Choice
- Investment of Choice

Nick Pinchuk

President and Chief Executive Officer

October 23, 2008

3rd Quarter Operating Performance

- **Record 3rd quarter**
  - » Operating margin up 170 basis points from Q3 2007 to 12.1%
  - » EPS of $0.94 – record for any 3rd quarter in Snap-on history
  - » YTD operating margin of 13%
- **Expanding presence in emerging markets**
  - » Through nine months, almost 45% of sales were outside of the U.S. compared to 42% last year
  - » 8% of YTD global sales in Asia/Pacific and Eastern Europe

3rd Quarter Operating Performance

- **Business overview**
  - » Slight decrease in U.S franchise sales; slight sequential and year-over-year increase in vans
  - » Continued strong sales growth in international franchise businesses
  - » Continued sales growth in worldwide industrial sectors
  - » Expanding share and sales growth in new innovative imaging aligners; lower sales of other wheel service equipment
  - » Sales decline at SNA Europe, particularly in Spain
  - » Power tools sales improved almost 34% as a result of strong innovation and new product introductions
  - » Diagnostics and information sales up 2% reflecting higher OEM program sales in the United States and higher hand held diagnostics sales in Europe; operating margin improved 290 basis points year over year

3rd Quarter Operating Performance

- **Innovation**
  - » Continue to invest across all businesses
  - » New innovation center in Kenosha
- **Rapid Continuous Improvement (RCI)**
  - » RCI key to operational and financial improvements
  - » Complete and on-time deliveries to franchisees exceeded 95% on high-volume items
  - » Pricing and productivity improvements more than offset commodity cost and other inflation

Marty Ellen

Senior Vice President and Chief Financial Officer

October 23, 2008

Consolidated Results – 3rd Quarter

($ in millions, except per share data - unaudited)	2008		2007		Change
	$	%	$	%	
Net sales	$ 697.8		$ 680.7		2.5 %
Gross profit	$ 312.2	44.7 %	$ 300.9	44.2 %	3.8 %
Operating expenses	230.6	33.0 %	234.1	34.4 %	(1.5)%
Financial services revenue	$ 18.0		$ 15.8		13.9 %
Financial services operating earnings	4.8		5.6		(14.3)%
Operating earnings	$ 86.4	12.1 %	$ 72.4	10.4 %	19.3 %
Interest expense	$ 6.8		$ 11.6		(41.4)%
Net earnings	$ 54.6		$ 41.1		32.8 %
Diluted EPS	$ 0.94		$ 0.70		34.3 %

- Sales – Increased $17.1 million including currency translation of $12.1 million; sales up 0.7% excluding currency
  - Overall U.S. sales up 1.3%; U.S. franchisee sales down 0.3%
  - Asia/Pacific and Eastern Europe up 15.3% (up 9.1% without currency)
  - Western Europe down 0.6% (down 4.8% without currency)
  - Rest of world up 10.1% (up 8.3% without currency)

- Gross profit margin of 44.7%; improvement of 50 basis points; 30 basis points due to lower restructuring
  - Pricing improvements and savings from RCI initiatives offset commodity and other cost inflation

- Operating expenses improved from 34.4% of sales to 33.0% of sales
  - Includes $6.4 million of benefits from RCI initiatives and $2.6 million of lower franchisee termination costs; these improvements were partially offset by $1.8 million of higher restructuring costs

Commercial & Industrial – 3rd Quarter

($ in millions - unaudited)	**2008**	**2007**	**Change**
Segment sales	$ 338.1	$ 327.9	3.1 %
➢ Organic sales	(2.2)		(0.7)%
➢ Currency translation	12.4		3.8 %
Gross profit	$ 127.1	$ 117.0	8.6 %
% of sales	37.6 %	35.7 %	
Operating expenses	$ 86.4	$ 84.3	2.5 %
% of sales	25.6 %	25.7 %	
Operating earnings	$ 40.7	$ 32.7	24.5 %
% of sales	12.0 %	10.0 %	

- Sales increased $10.2 million or 3.1%; down 0.7% excluding currency
    - Growth in Asia/Pacific, power tools and U.S. industrial businesses; higher sales of imaging aligners
    - Lower organic sales of tools in Europe and lower sales of other wheel service equipment

- Gross profit increased $10.1 million; gross profit margin improved 190 basis points
    - Benefits from pricing; $3.0 million from RCI initiatives; and $1.8 million of lower restructuring costs

- Operating expenses improved to 25.6% of sales in 2008 from 25.7% in 2007
    - RCI initiatives generated $1.9 million of cost reduction
    - Higher restructuring costs of $0.8 million

Snap-on Tools – 3rd Quarter

($ in millions - unaudited)	2008	2007	Change
Segment sales	$ 269.5	$ 262.0	2.9 %
➢ Organic sales	7.1		2.7 %
➢ Currency translation	0.4		0.2 %
Gross profit	$ 114.4	$ 114.2	0.2 %
% of sales	42.4 %	43.6 %	
Operating expenses	$ 86.2	$ 89.6	(3.8)%
% of sales	31.9 %	34.2 %	
Operating earnings	$ 28.2	$ 24.6	14.6 %
% of sales	10.5 %	9.4 %	

- Sales up $7.5 million or 2.9%
  - Continued strong sales growth in international franchise operations
  - Slight decline (0.3%) in sales to U.S. franchisees
  - Slight increase in U.S. van count – both sequential and year over year

- Gross profit margin down from 43.6% to 42.4%
  - Mix shift negatively affected margin, principally higher power tool sales and lower diagnostics sales
  - Pricing covered commodity cost increases
  - RCI improvements of $1.9 million

- Operating expenses improved 230 basis points from 34.2% to 31.9%
  - $2.6 million of lower franchisee termination costs
  - RCI improvements of $0.7 million

Diagnostics & Information – 3rd Quarter

($ in millions - unaudited)	2008	2007	Change
Segment sales	$ 155.1	$ 152.0	2.0 %
➢ Organic sales	3.2		2.1 %
➢ Currency translation	(0.1)		(0.1)%
Gross profit	$ 70.6	$ 69.7	1.3 %
% of sales	45.5 %	45.9 %	
Operating expenses	$ 43.4	$ 47.5	(8.6)%
% of sales	28.0 %	31.3 %	
Operating earnings	$ 27.2	$ 22.2	22.5 %
% of sales	17.5 %	14.6 %	

- Sales up $3.1 million or 2.0%
  - Higher OEM program sales from an essential tool program in North America in the third quarter
  - Increased sales of diagnostics products in Europe and higher sales of Mitchell1™ information products
  - Lower sales of diagnostics products in the United States and lower sales at Business Solutions, including planned lower sales in 2008 from the exiting of certain non-core product lines

- Gross profit margin down 40 basis points
  - Higher mix of lower margin OEM program sales
  - RCI improvements of $0.3 million

- Operating expenses down $4.1 million; improved 330 basis points from 2007
  - Savings of $3.8 million from RCI initiatives

Financial Services – 3rd Quarter

($ in millions - unaudited)	**2008**	**2007**	**Change**
Segment revenues	$ 18.0	$ 15.8	13.9 %
Operating earnings	$ 4.8	$ 5.6	(14.3)%
Originations	$131.3	$127.2	3.2 %

- Higher revenues in 2008, primarily as a result of lower market discount rates, were more than offset by higher operating expenses, including $1.4 million of one-time expenses principally related to an information systems project

Balance Sheet

($ in millions - unaudited)	**September 2008**	**December 2007**
Accounts Receivable	$ 606.2	$ 586.9
Days Sales Outstanding	73	73
Inventory	$ 388.0	$ 322.4
Inventory turns	4.5	4.9
Total debt	$ 515.9	$ 517.9
Cash	$ 118.3	$ 93.0
Net debt	$ 397.6	$ 424.9
Net debt to capital ratio	22.4 %	24.9 %
Pretax return on invested capital - TTM	22.0 %	20.2 %

- Accounts receivable increase of $19.3 million; currency translation $(4.8) million
  - Higher concentration of sales and receivables outside of the United States where receivables terms are typically longer than U.S. terms

- Inventory up $65.6 million from 2007 year end; currency translation of $(0.3) million
  - Supports seasonal and specific growth initiatives in certain existing and emerging markets
  - Higher inventory costs as a result of inflationary and commodity cost increases
  - Impact of lower than anticipated sales as a result of current economic conditions

- Improved earnings and cash flow lowered the net debt to capital ratio from 24.9% to 22.4%

- Pretax return on invested capital (TTM) of 22.0% compares to 20.2% as of December 2007 and 18.4% as of September 2007

Cash Flow

($ in millions - unaudited)	3rd Quarter 2008	3rd Quarter 2007	Year to Date 2008	Year to Date 2007
Net cash provided by operating activities	$ 20.4	$ 59.4	$ 168.7	$ 176.9
Net cash due to:				
➢ Net earnings	54.6	41.1	178.1	123.9
➢ Depreciation and amortization	18.5	16.5	55.0	50.3
➢ Changes in deferred income taxes	6.9	(4.8)	23.3	—
➢ Changes in operating assets and liabilities	(63.2)	4.6	(93.8)	(3.4)
Capital expenditures	$ (15.0)	$ (15.6)	$ (48.3)	$ (43.2)
Free cash flow	$ 5.4	$ 43.8	$ 120.4	$ 133.7
Acquisitions of businesses	$ —	$ (1.0)	$ (13.8)	$ (5.1)
Increase (decrease) in debt, net	$ (6.6)	$ 4.9	$ (7.3)	$ (24.8)
Shareholder distributions, net	$ (18.6)	$ (34.6)	$ (80.8)	$ (95.1)
Increase (decrease) in cash	$ (22.3)	$ 20.6	$ 25.3	$ 29.2

- Free cash flow – Net cash provided by operating activities less capital expenditures
- Change in Q3 2008 operating assets and liabilities – working capital of $38.9 million and other timing differences
- Capital expenditures in 2008 of $48.3 million; up $5.1 million from 2007
- Acquisition of 60% interest in Chinese hand tool manufacturer in 2008 of $13.8 million (net of acquired cash)
- Shareholder distributions, net
  - Repurchased 60,000 shares in the quarter for $3.5 million; cash dividends paid of $17.4 million in the quarter

2008 Outlook

- Continue investments in strategic growth initiatives to expand value to traditional customers, penetrate new market segments and extend presence in emerging markets
- Continue focus on RCI initiatives to improve productivity and further enable growth and profitability
- Expect 2008 restructuring costs to be in the range of $12 million - $14 million
- Expect capital expenditures of $60 million - $65 million
- Full year effective income tax rate on earnings before equity earnings and minority interests in 2008 to approximate 33.3%

Anticipates year-over-year earnings improvement for balance of 2008