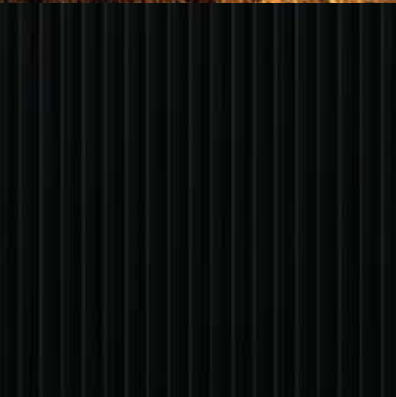


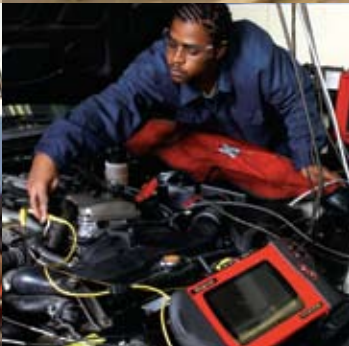
EXPANDING ON STRONG FOUNDATIONS



Snap-on Incorporated
2007 Annual Report

Snap-on





Auto Repair

Fleet Maintenance

Aviation

Aerospace

Heavy Equipment

Mining

Power Generation

Natural Resources

Military & Government

Agriculture

OEM Dealerships

Vocational Schools



**FOR A WIDE RANGE OF CUSTOMERS
AND INDUSTRIES, WE DELIVER
UNIQUE PRODUCTIVITY SOLUTIONS,
GROWING OUR PRESENCE ACROSS THE WORLD**



*Sales, distribution
and manufacturing
across 130 countries*

*Approximately
4,700 franchised
mobile stores*

*Over 27,000
distributors*

*More than 3,000
salespeople*

*And, hundreds
of engineers in
multiple disciplines*



At Snap-on, we innovate our products and services through a combination of customer insight and powerful technology. Snap-on Chairman Jack Michaels and President and Chief Executive Officer Nick Pinchuk discuss new power tool development in the Snap-on testing lab. Participating are Jennifer Freitag, customer intelligence, with Ernie Barrera and Anil Ghode of product engineering. In 2007, Snap-on introduced the most successful power tool in its history, created by the same insight and technology.

TO OUR SNAP-ON SHAREHOLDERS

Our 2007 results clearly demonstrate the advantage of our geographic diversification, the spread of customers we serve, the breadth of our products and brands as well as the essential nature of the productivity solutions we provide to professional users. In 2007, we continued to strengthen the foundations of our business. We expanded in our core business and we extended into new opportunities. We served more customers in more categories across more geography—over 130 countries—than ever before.

Customer service improved as we re-shaped our supply chain, invigorated our manufacturing processes and delivered strong improvements in complete and on-time order fill rates. We renewed our commitment to delivering customer-relevant innovations and more rapid development of those solutions. We're particularly proud of the speed and tenacity with which our associates created and adopted the changes necessary to serve ever-evolving customer needs. Belief in these fundamentals is creating a strong foundation on which we can achieve future growth.

While there is still much work and opportunity ahead, we're encouraged by the progress reflected in our performance. Net sales grew 15.7% year over year, driven by strong sales in every key segment. Operating earnings increased substantially, almost doubling, from \$162.8 million to \$324.8 million. In 2007, each of our associates accounted for 11.3% more sales than the prior year.

Snap-on became a public company in 1939. Since that time—69 years ago—Snap-on has paid uninterrupted and unreduced quarterly dividends to its shareholders. Snap-on is one of the very few public companies who can make such a claim. In 2007, the Snap-on Board increased the quarterly dividend 11.1% to \$0.30.

Despite the many improvements made in 2007, we're far from satisfied. We have a mindset that brings a new opportunity for improvement every day. We're continuing to deploy a capability we call Rapid Continuous Improvement (RCI), a structured set of tools and processes that enable us to eliminate waste while making improvements in safety, quality, delivery and cost. In 2007, we broadened our use of RCI beyond manufacturing, extending it to administrative and other functions. RCI was part of the growing business suite of business processes we successfully deployed in 2007 to integrate our 2006 acquisition of ProQuest.

Our manufacturing system plays an important role in delivering world-class products to a broad range of customers. Their demand for our products has grown. We've continued to replace old technology with the latest systems and equipment. We've also expanded our manufacturing footprint into emerging markets across the globe. We intend to focus on further efforts to expand our flexibility and capacity.

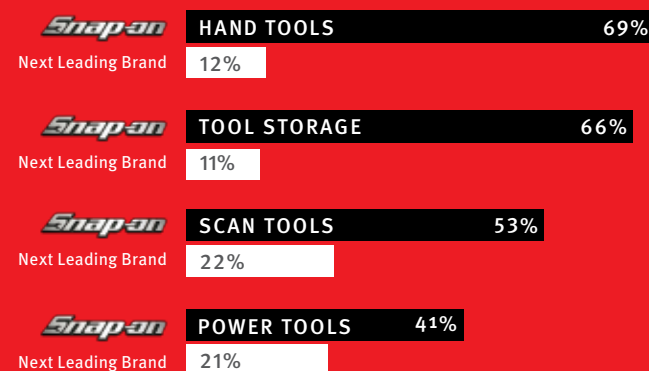
Our commitment to safety is unwavering. We improved our safety record 53% in 2007; this comes on top of a 63% improvement in 2006. Our overall safety record is now significantly better than the U.S. national average for manufacturing. We recognize the importance of keeping the Snap-on family safe, so we are continuing our emphasis on safety as we move forward.

Our legendary *Snap-on*® brand grew even stronger in 2007. It stands for people across the world that deliver value and are passionate about customer satisfaction. It also represents innovative products that mark the user as a professional and make work easier. In 2007, we introduced more new *Snap-on* products and increased focus on brand discipline. Customers rewarded us with their business and their preference for Snap-on. Whether measured by purchases from automotive technicians, partnerships with the largest aerospace and aviation companies in the world, the confidence of OEM manufacturers, or the purchases of industrial market leaders, the *Snap-on* brand is stronger than ever.

TECHNICIANS' CHOICE AWARDS FOR OVERALL BEST BRAND

Snap-on recently earned Frost & Sullivan 2007 Technicians' Choice Awards that measure brand preference by auto technicians. Snap-on was the overwhelming leader in all 4 key categories. In addition to OVERALL BEST BRAND, technicians also judged Snap-on as the leading brand in each of the 4 product categories for each of these important attributes: QUALITY / VALUE / WARRANTY / SELECTION & AVAILABILITY / INNOVATION

U.S. OVERALL BEST BRAND



In selected world markets, our Bahco® brand grew significantly, expanding its position with a strong reputation for ergonomic design and user relevance. The strength of that broad brand gives our corporation significant power to expand throughout the world, especially in the emerging markets of Asia-Pacific and Eastern Europe.

In 2007, we also built on our long-established Blue Point® brand. We sharpened the positioning of Blue Point and expanded its product assortment, serving additional purchase occasions for existing customers, and used it to reach new customers.

Since 2006, we've been overhauling our supply chain to create a market driven replenishment system. We redesigned the system, positioning high-volume items closer to the customer. We moved product assignments between plants to improve our efficiency, responsiveness and cost. In 2007, we continued these efforts, delivering positive results and expanding our focus to improve integration of our outside suppliers into this system. Further, we addressed a broader range of customers, improving order fill rates and customer service for a breadth of global customers.

Historically, Snap-on grew through serial acquisition with minimal integration. The result was a series of cultures that did not work effectively together. Today, a growing common culture fosters collaboration across the enterprise. Snap-on associates worldwide created our ongoing mission—to deliver the most valued productivity solutions in the world. This is a lofty objective, but one we

believe is important to keep our sights on a future state vision, while driving to deliver short-term results.

In the **Snap-on Tools Group**, we continue to focus on enhancing our franchise proposition and improving the performance of our franchisees. Their success is our success. In 2006, we transformed our field support system for franchisees. In 2007, the approach matured. We increased franchisee training, business planning sessions, technology support, sales programs and related activities. These efforts delivered marked improvements in franchisee satisfaction and performance. The net is a win for our customers, the company, our franchisees and our shareholders.

Net sales in the Snap-on Tools Group were up 8.1% in 2007. Operating earnings were up 65.5% year over year, excluding the impact of a 2006 franchisee litigation settlement charge.

In 2006, we re-launched our Snap-on warehouse distribution program designed to serve the specialized product needs of our franchisees and customers. In 2007, the program accelerated and delivered strong results with continual input from our franchisees on product assortment and customer service.

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



In 2007, Snap-on business managers conducted 6,457 business planning sessions and over 26,000 training contacts with U.S. franchisees—key practices in our franchise system.

Again this year, the National Franchise Advisory Council was instrumental in collaborating to solve the most difficult challenges facing our franchisees and our company. We thank them for their dedication to their businesses and the constituents they serve.

Our **Commercial and Industrial Group** again made significant progress in 2007. Net sales were up 13.3% and operating earnings were up 23.8%. Growth came across a broad range of markets and customers. Natural resources and energy markets, along with government, aerospace and aviation were particularly strong. Our continued focus on delivering integrated solutions, including tool control systems and mobile tool cribs, were important in capitalizing on these growth opportunities.

In undercar equipment, we focused on improving manufacturing speed, flexibility and cost through RCI. At the same time, we grew our business worldwide through technology development, product innovation and sales efforts targeted at key customers. In power tools, we launched some of our most successful products ever, driven by innovation, focused marketing and integrated sales efforts. In education, we made significant progress in creating career-long customers. For instance, we partnered with Gateway Technical Institute, Kenosha, WI, in opening the Horizon Center. The new facility is a

state-of-the-art technical school featuring Snap-on Certification in diagnostics for instructors nationwide and for a growing base of future automotive technicians.

In Europe, we achieved an ambitious manufacturing footprint transformation ahead of schedule. We look forward to increased capacity with the new footprint that will help meet rapidly growing demand. To keep increasing

Snap-on's Asian manufacturing capability expanded again in 2007 with the opening of a hacksaw blade operation in our Kunshan, China, facility.



that demand, our product development team continued to create new innovations to fuel the growth of our Bahco brand with a broad range of customers.

Snap-on continued to invest into the emerging markets of Asia-Pacific and Eastern Europe and our capabilities to serve those regions increased again in 2007. We completed our second plant in Kunshan, China, on schedule. It's already helping to fuel our ongoing growth. We also continue to expand our sales capabilities, adding a substantial number of distributors and sales offices to our on-the-ground network throughout the emerging regions.

In our **Diagnostics and Information Group**, 2007 was another exciting and productive year. Sales increased 28.5% to over \$650 million and operating earnings were up 66.4%.

The integration of the Snap-on Business Solutions business, acquired in November 2006, helped the company to successfully build closer relationships

with key OEM customers and strengthen Snap-on's position as a provider of productivity solutions. New product and program offerings, coupled with a renewed focus and dedication to customer delivery, were rewarded with solid sales gains. Integrating our RCI capabilities and other Snap-on business processes into the Business Solutions organization drove operating cost leverage and increased its effectiveness.

The Snap-on diagnostics equipment and software business, as well as our Mitchell1® information and shop management business, grew through the development and launch of new hardware and software products targeted at a broader and growing customer base. In addition, we had significant success in attracting new key national account customers and driving growth in customer retention management system sales. The introduction of the new Solus PRO™ scan tool resulted in solid sales and continued expansion of diagnostic software sales. Beyond sales expansion, focus on RCI initiatives across Diagnostics and Information achieved strong cost reduction results and continued improvement in inventory management.

In the years ahead, these initiatives will continue to drive performance throughout the corporation.

After five years of dedicated service, Lars Nyberg resigned from our Board to concentrate on new responsibilities as CEO of TeliaSonera. We welcomed Jim Holden and his extensive, 27-year automotive background to the Board in 2007. We thank all of our dedicated Board members for their continued and invaluable support and guidance. Finally, we thank our associates, our franchisees, our business partners and our shareholders for their support and dedication.



Snap-on increases the productivity of auto repair facilities using *Snap-on* electronic parts catalogs and *Mitchell1* repair information and shop management software.

Nicholas T. Pinchuk
President & Chief Executive Officer

Jack D. Michaels
Chairman of the Board

INVESTOR INFORMATION

EXCHANGE LISTING

Snap-on Incorporated's common stock is listed on the New York Stock Exchange under the ticker symbol SNA.

TRANSFER AGENT AND REGISTRAR

Computershare Trust Company, N.A.
P.O. Box 43069
Providence, RI 02940-3069, U.S.A.

SHAREHOLDER INQUIRIES

Shareholders with questions may call the Transfer Agent, Computershare Trust Company, toll-free at 800-446-2617 (in the United States) or 781-575-2723 (outside the United States). The deaf and hearing impaired may call 800-952-9245. An interactive automated system is available 24 hours a day, every day. Operators are available Monday through Friday, 9 a.m. to 5 p.m. Eastern Time. You may also contact them through www.computershare.com.

CERTIFICATE TRANSFERS

By mail:

Computershare
P.O. Box 43070
Providence, RI 02940-3070, U.S.A.

By overnight mail or private courier:

Computershare
Attn: Shareholder Relations
250 Royall Street
Canton, MA 02021, U.S.A.

DIVIDEND REINVESTMENT AND DIRECT STOCK PURCHASE PLAN

Investors may purchase stock directly from the company and increase their investment through a no-commission dividend reinvestment and direct stock purchase plan. For information write to:
Computershare
Dividend Reinvestment Service
P.O. Box 43081
Providence, RI 02940-3081, U.S.A.

ANTICIPATED DIVIDEND RECORD AND PAY DATES FOR 2008

Quarter	Record Date	Pay Date
First	February 25	March 10
Second	May 19	June 9
Third	August 18	September 8
Fourth	November 17	December 8

FINANCIAL PUBLICATIONS

Publications are available without charge. Visit our Web site, contact the Snap-on investor relations department at P.O. Box 1410, Kenosha, WI 53141-1410, or send an e-mail to financials@snapon.com.

WEBSITE

Snap-on's Web site contains Form 10-Qs, Form 10-Ks, news releases, annual reports, proxy statements and information about Snap-on's dividend reinvestment and direct stock purchase plan. Our Web site address is www.snapon.com.

INDEPENDENT AUDITORS

Deloitte & Touche LLP
555 East Wells Street, Suite 1400
Milwaukee, WI 53202-3824

ANNUAL MEETING

The Annual Meeting of Shareholders will be held at the Wyndham Milwaukee Airport Hotel and Convention Center, 4747 S. Howell Avenue, Milwaukee, WI 53207 at 10:00 a.m. Central Time on Thursday, April 24, 2008.

CORPORATE OFFICES

P.O. Box 1410
Kenosha, WI 53141-1410, U.S.A.
262-656-5200

TRADEMARKS

The following are trademarks of Snap-on Incorporated or its affiliates:

Blue-Point	Snap-on
BAHCO	SOLUS PRO
Mitchell1	

All other marks are trademarks of their respective holders.

CERTIFICATIONS

Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, the certifications of the CEO and CFO were filed as Exhibits 31.1 and 31.2 to the Snap-on Incorporated annual report on Form 10-K for 2007.

The Company has submitted to the New York Stock Exchange the 2007 Annual CEO Certification required by Section 303A.12(a) of the New York Stock Exchange Listed Company Manual.

DIRECTORS AND COMPANY MANAGEMENT

BOARD OF DIRECTORS

Jack D. Michaels

Chairman of the Board
Retired President
and Chief Executive Officer
Snap-on Incorporated
Director since 1998

Bruce S. Chelberg (c)

Retired Chairman of the Board
and Chief Executive Officer
Whitman Corporation
Director since 1993

Karen L. Daniel (a)

Executive Vice President
and Chief Financial Officer
Black & Veatch Corporation
Director since 2005

Roxanne J. Decyk (b)*

Corporate Affairs Director
Royal Dutch Shell plc
Director since 1993

John F. Fiedler (a)

Retired Chairman of the Board
and Chief Executive Officer
BorgWarner Inc.
Director since 2004

James P. Holden (c)

Retired President
and Chief Executive Officer
DaimlerChrysler Corporation
Director since 2007

Arthur L. Kelly (b)

Managing Partner
KEL Enterprises L.P.
Director since 1978

W. Dudley Lehman (c)*

Retired Group President –
Business to Business
Kimberly-Clark Corporation
Director since 2003

Nicholas T. Pinchuk

President and Chief Executive Officer
Snap-on Incorporated
Director since 2007

Edward H. Rensi (b)

Owner and Chief Executive Officer
Team Rensi Motorsports,
Retired President
and Chief Executive Officer
McDonald's U.S.A.
Director since 1992

Richard F. Teerlink (a)*

Retired Chairman of the Board
and Chief Executive Officer
Harley-Davidson, Inc.
Director since 1997

BOARD COMMITTEES:

- (a) Audit Committee
- (b) Organization and Executive Compensation Committee
- (c) Corporate Governance and Nominating Committee

*Denotes Chair

MANAGEMENT TEAM

Govind K. Arora

Vice President –
Worldwide Strategic
Sourcing

Jesus Arregui

Vice President &
General Manager –
SNA Europe

Anup R. Banerjee

Vice President –
Operations Processes

Iain Boyd

Vice President –
Human Resources

Bennett L. Brenton

Vice President –
Innovation

Donald E. Broman

President –
Industrial Worldwide

Joseph R. Burger

General Manager –
Snap-on Credit

Richard V. Caskey

President –
Merchandised Product

Timothy L. Chambers

President –
Tool Storage

Martin M. Ellen

Senior Vice President –
Finance and Chief
Financial Officer

David R. Ellingen

President –
Diagnostics and
Mitchell1

Paul Geere

President –
Snap-on Equipment
Solutions

Michael G. Gentile

President –
Hand Tools

Andrew R. Ginger

Vice President –
Chief Marketing
Officer

Constance R. Johnsen

Vice President and
Controller

Thomas L. Kassouf

Senior Vice President
and President –
Commercial Group

Jean-Pierre Levrey

President –
SNA Europe Group

Bradley R. Lewis

Vice President –
Worldwide Business
Development and
Corporate Planning

Manuel Macedo

Vice President –
Rapid Continuous
Improvement

Jeanne M. Moreno

Vice President –
Chief Information
Officer

James Ng

Vice President –
Operations
Snap-on Asia-Pacific

Benny Oh

President –
Snap-on Asia-Pacific

Aldo J. Pagliari

President –
Snap-on Equipment

Mark S. Pezzoni

President –
Power and
Specialty Tools

Nicholas T. Pinchuk

President and
Chief Executive Officer

Mary Beth Siddons

President –
Snap-on Business
Solutions

Thomas J. Ward

Senior Vice President
and President –
Snap-on Tools Group

Barrie Young

President –
Sales and Franchising



