UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): July 31, 1998

APPLIED POWER INC.
(Exact name of Registrant as specified in its charter)

Wisconsin	1-11288	39-0168610
(State of incorporation)	(Commission File No.)	(I.R.S. Employer Id. No.)

13000 West Silver Spring Drive
Butler, Wisconsin 53007
Mailing address: P. O. Box 325, Milwaukee, Wisconsin 53201
(Address of principal executive offices) (Zip Code)

(414) 781-6600
(Registrant's telephone number, including area code)

Item 2. Acquisition or Disposition of Assets

Merger with ZERO Corporation

On July 31, 1998, ZERO Corporation, a Delaware corporation ("ZERO"), became a wholly owned subsidiary of Applied Power Inc. ("API") through the merger of STB Acquisition Corporation, a Delaware corporation and a wholly owned subsidiary of API ("Acquisition"), with and into ZERO (the "Merger") pursuant to an Agreement and Plan of Merger by and among API, ZERO and Acquisition dated as of April 6, 1998 (the "Merger Agreement"). Subject to the terms and conditions of the Merger Agreement, each share of Common Stock, par value $.01 per share, of ZERO ("ZERO Common Stock") outstanding immediately prior to the effective time of the Merger was converted into 0.85 (the "Exchange Ratio") shares of API Class A Common Stock, par value $.20 per share ("API Common Stock"), with resulting fractional share interest to be paid in cash. Each outstanding option to purchase shares of ZERO Common Stock (a "ZERO Option") under ZERO's 1994 Stock Option Plan and 1988 Stock Option Plan, each as amended (collectively, the "Plans"), was assumed by API and converted into an option to purchase shares of API Common Stock on the same terms and conditions as were applicable under such ZERO Option, as adjusted to reflect the Exchange Ratio. Immediately prior to the effective time of the Merger, there were 12,523,060 shares of ZERO Common Stock outstanding and there were ZERO Options outstanding under the Plans to purchase an aggregate of 623,337 shares of ZERO Common Stock. Accordingly, a total of approximately 11,174,000 shares of API Common Stock were issued in the Merger or are issuable upon the exercise of ZERO Options assumed pursuant to the Merger Agreement (less fractional interests paid in cash). The Merger will be treated as a tax-free reorganization for federal income tax purposes and will be accounted for as a pooling of interests.

The shareholders of API approved the issuance of shares of API Common Stock pursuant to the Merger Agreement to effect the transactions contemplated by the Merger Agreement by the requisite vote at the special meeting of shareholders of API held on July 31, 1998. The stockholders of ZERO approved and adopted the Merger Agreement by the requisite vote at the special meeting of stockholders of ZERO held on July 31, 1998.

The Exchange Ratio and the other terms of the Merger Agreement were determined by arms-length negotiations between the parties.

ZERO Common Stock ceased to trade on the New York Stock Exchange and the Pacific Exchange on July 31, 1998 and will be delisted and deregistered. API Common Stock, including the additional shares issued pursuant to the Merger

Agreement or issuable upon the exercise of ZERO Options assumed pursuant to the Merger Agreement, is listed on the New York Stock Exchange or authorized for listing upon official notice of issuance.

As contemplated by the Merger Agreement, the officers of API who were the directors and officers of Acquisition immediately prior to the Merger became the directors and officers of ZERO, as the surviving corporation, at the effective time of the Merger, replacing the persons who were the directors and officers of ZERO immediately prior to the Merger.

ZERO's operations have two business segments: "Enclosures and Accessories" for the electronics industry and "Other." ZERO's primary business is "Enclosures and Accessories" for the system packaging, thermal management and engineered case requirements of the telecommunications, instrumentation and data processing markets of the electronics industry. ZERO's "Other" segment serves the air cargo and consumer/other markets. Air Cargo Equipment Corporation, a subsidiary of ZERO, designs, manufactures and markets a broad range of specialized and general-purpose cargo containers as well as a patented telescoping baggage/cargo system. In addition, ZERO produces and markets the well-known line of ZERO Halliburton(R) luggage, carrying cases and attaches

for consumers worldwide, food service containers and other specialized enclosures.

API is undertaking a thorough review of ZERO's operations and studying the manner in which its operations can best be optimized within API, and intends to take such actions as a result of this review as may be deemed appropriate under the circumstances. API currently intends to continue the primary business operations of ZERO, and to continue to use the physical assets of ZERO's primary business operations for that purpose, while integrating such operations with its own.

Further information concerning the Merger, the Merger Agreement and the transactions contemplated by the Merger Agreement is contained in API's Registration Statement on Form S-4 (No. 333-58267), which was filed with the Securities and Exchange Commission under the Securities Act of 1933 and became effective on July 1, 1998, and the Joint Proxy Statement of API and ZERO, which also constitutes the Prospectus of API, included therein.

Item 7. Financial Statements and Exhibits

(a) Financial Statements of Business Acquired:

The following financial statements of ZERO (Commission File No. 1-5260) are incorporated herein by reference to pages 21 through 37 of ZERO's Annual Report on Form 10-K for the fiscal year ended March 31, 1998 and filed herewith as Exhibit 99.1:

<TABLE>
<CAPTION>

	ZERO 10-K Page No.
<S>	<C>
Consolidated Financial Statements	
Independent Auditors' Report	21
Statements of Consolidated Income - Years Ended March 31, 1998, 1997 and 1996	22
Consolidated Balance Sheets - March 31, 1998 and 1997	23 - 24
Statements of Consolidated Stockholders' Equity - Years Ended March 31, 1998, 1997 and 1996	25
Statements of Consolidated Cash Flows - Years Ended March 31, 1998, 1997 and 1996	26
Notes to Consolidated Financial Statements	27 - 36
Financial Statement Schedule	
Schedule II - Valuation and Qualifying Accounts - Years Ended March 31, 1998, 1997 and 1996	37

</TABLE>

(b) Pro Forma Financial Information:

The following unaudited pro forma combined consolidated financial statements of API and subsidiaries, reflecting the acquisition of ZERO, are filed herewith:

Introduction to Unaudited Pro Forma Combined Financial Statements of Applied Power Inc. and ZERO Corporation.

Unaudited Pro Forma Combined Statement of Earnings for the nine months ended May 31, 1998 and 1997.

Unaudited Pro Forma Combined Statements of Earnings for the fiscal years ended August 31, 1997, 1996 and 1995.

Unaudited Pro Forma Combined Balance Sheet as of May 31, 1998.

Notes to Unaudited Pro Forma Combined Financial Statements.

(c) Exhibits:

See the Exhibit Index following the Signature page of this Report, which is incorporated herein by reference.

APPLIED POWER INC. AND ZERO CORPORATION
Introduction to Unaudited Pro Forma Combined Financial Statements

As described under Item 2 of this report, Applied Power Inc. (the "Company" or "API") and ZERO Corporation ("ZERO") were combined through a merger of a newly created, wholly owned subsidiary of API into ZERO. Under the Merger Agreement, which was approved by the shareholders of both companies on July 31, 1998, each share of ZERO Common Stock, par value $.01 per share ("ZERO Common Stock"), issued and outstanding at July 31, 1998 was converted into 0.85 (the "Exchange Ratio") shares of API Class A Common Stock, par value $.20 per share ("API Common Stock").

The following Unaudited Pro Forma Combined Balance Sheet and Statements of Earnings (the "pro forma statements") give effect to the Merger as a pooling of interests and are based on the estimates and assumptions set forth in the notes to such pro forma statements. The pro forma statements have been prepared by the Company utilizing the historical consolidated financial statements of API and ZERO. The Unaudited Pro Forma Combined Balance Sheet has been prepared as if the Merger occurred on May 31, 1998. The Unaudited Pro Forma Combined Statements of Earnings have been prepared as if the Merger occurred on September 1, 1994.

These pro forma statements have been prepared and included herein as required by the rules and regulations of the Securities and Exchange Commission and are provided for comparative purposes only. The unaudited pro forma adjustments described in the accompanying notes are based upon preliminary estimates and certain assumptions that management believes are reasonable. The pro forma statements are not necessarily indicative of the future consolidated financial position and results of operations or those which would have occurred had the Merger been consummated as of the dates reflected in the pro forma statements. The following pro forma financial statements do not reflect any adjustments for the various synergies or cost reductions the Company expects to achieve as a result of the Merger, and should be read in conjunction with the audited historical consolidated financial statements, including the notes thereto, of API and ZERO.

APPLIED POWER INC. AND ZERO CORPORATION

UNAUDITED PRO FORMA COMBINED STATEMENT OF EARNINGS

<TABLE>
<CAPTION>

	API NINE MONTHS ENDED MAY 31, 1998(1)	VERSA/TEK SEPTEMBER 1, TO OCTOBER 6, 1997(1)	VERO NINE MONTHS ENDED MARCH 31, 1998(1)	ADJUSTMENTS	SUB-TOTAL PRO FORMA COMBINED	ZERO NINE MONTHS ENDED MARCH 31, 1998(1)	ADJUSTMENTS	TOTAL PRO FORMA COMBINED
			(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)					
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Net Sales.....	$667,487	$9,330	$126,159		$802,976	$194,193		

$997,169								
Cost of products sold..	433,764	6,637	80,142	24 (4)	520,567	128,412		
648,979								
Gross profit.....	233,723	2,693	46,017	(24)	282,409	65,781		
348,190								
Engineering, selling and administrative expenses.....	149,579	1,302	35,397		186,278	38,098	(1,108)	
(3) 223,268								
Amortization of intangible assets.....	8,746	--	354	237 (4)	11,875	--	1,108	
(3) 12,983								
				2,538 (5)				
Operating earnings	75,398	1,391	10,266	(2,799)	84,256	27,683		
111,939								
Other Expenses (Income):								
Net financing costs.	15,390	(11)	437	763 (4)	26,319	2,804		
29,123								
				9,740 (5)				
Other--net.....	(346)	100	--		(246)	(8,016)(10)		
(8,262)								
Net Earnings from Continuing Operations Before Income Tax Expense.....	60,354	1,302	9,829	(13,302)	58,183	32,895		
91,078								
Income Tax Expense(11).	21,299	--	3,441	(201)(4)	21,261	13,318		
34,579								
				(3,278)(5)				
Net Earnings from Continuing Operations.	$ 39,055	$1,302	$ 6,388	$(9,823)	$ 36,922	$ 19,577 (10)	$ --	
$ 56,499								
Net earnings from continuing operations per common and equivalent share:								
Basic.....	$ 1.41				$ 1.33	$ 1.58 (10)		
$ 1.48								
Diluted.....	$ 1.33				$ 1.25	$ 1.55 (10)		
$ 1.41								
Common and equivalent shares used in computing per share amounts:								
Basic.....	27,790				27,790	12,365	(1,855)	
(2) 38,300								
Diluted.....	29,426				29,426	12,651	(1,898)	
(2) 40,179								

</TABLE>

See Notes to Unaudited Pro Forma Combined Financial Statements

APPLIED POWER INC. AND ZERO CORPORATION

UNAUDITED PRO FORMA COMBINED STATEMENT OF EARNINGS

<TABLE>
<CAPTION>

	API NINE MONTHS ENDED MAY 31, 1997 (1)	ZERO NINE MONTHS ENDED MARCH 31, 1997 (1)	ADJUSTMENTS	PRO FORMA COMBINED
	(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)			
<S>	<C>	<C>	<C>	<C>
Net Sales.....	$484,105	$170,778		$654,883
Cost of products sold.....	298,443	115,221		413,664
Gross profit.....	185,662	55,557		241,219
Engineering, selling and				

administrative expenses....	127,525	33,550	(901)(3)	160,174
Amortization of intangible assets.....	5,046	--	901 (3)	5,947
Operating earnings.....	53,091	22,007		75,098
Other Expenses (Income):				
Net financing costs....	8,963	3,105		12,068
Other--net.....	(1,146)	(1,149)		(2,295)
Earnings from Continuing Operations Before Income Tax Expense.....	45,274	20,051		65,325
Income Tax Expense (11).....	15,167	7,963		23,130
Earnings from Continuing Operations.....	$ 30,107	$ 12,088	$ --	$ 42,195
Earnings from continuing operations per common and equivalent share:				
Basic.....	$ 1.09	$ 0.99		$ 1.11
Diluted.....	$ 1.05	$ 0.97		$ 1.08
Common and equivalent shares used in computing per share amounts:				
Basic.....	27,506	12,197	(1,830)(2)	37,873
Diluted.....	28,626	12,422	(1,863)(2)	39,185

</TABLE>

See Notes to Unaudited Pro Forma Combined Financial Statements

APPLIED POWER INC. AND ZERO CORPORATION

UNAUDITED PRO FORMA COMBINED STATEMENT OF EARNINGS

<TABLE>
<CAPTION>

	API YEAR ENDED AUGUST 31, 1997 (1)	EVEREST SEPTEMBER 1, TO SEPTEMBER 26, 1996 (1)	VERSA/TEK YEAR ENDED JUNE 30, 1997 (1)	VERO YEAR ENDED JUNE 30, 1997 (1)	ADJUST-MENTS	SUB-TOTAL PRO FORMA COMBINED	ZERO YEAR ENDED JUNE 30, 1997 (1)	ADJUST-MENTS	TOTAL PRO FORMA COMBINED
			(In Thousands, except per share amounts)						
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Net Sales.....	$672,316	$3,496	$95,288	$163,270	$ 5,701 (7)	$940,071	$235,330		$1,175,401
Cost of products sold.	419,420	2,663	69,773	106,492	4,597 (7)	602,965	158,195		761,160
					20 (6)				
Gross profit.....	252,896	833	25,515	56,778	1,084	337,106	77,135		414,241
Engineering, selling and administrative expenses.....	173,200	304	14,552	37,233	755 (7)	226,044	46,377	(1,194)(3)	271,227
Amortization of intangible assets....	6,813	125	--	473	145 (6)	13,952	--	1,194 (3)	15,146
					3,012 (7)				
					3,384 (8)				
Operating earnings...	72,883	404	10,963	19,072	(6,212)	97,110	30,758		127,868
Other Expenses (Income):									
Net financing costs.....	12,003	(23)	(32)	653	282 (6)	35,376	4,095		39,471
					9,507 (7)				
					12,986 (8)				
Other--net.....	(1,863)	(47)	607	--	(3)(7)	(1,306)	(1,393)		

(2,699)								
Net Earnings from Continuing Operations Before Income Tax Expense...	62,743	474	10,388	18,419	(28,984)	63,040	28,056	91,096
Income Tax Expense (11).....	20,705	--	4,216	6,649	62 (6) (3,735)(7) (4,464)(8)	23,433	11,165	34,598
Net Earnings from Continuing Operations.....	$ 42,038	$ 474	$ 6,172	$ 11,770	$(20,847)	$ 39,607	$ 16,891	$ -- $ 56,498
Net earnings from continuing operations per common and equivalent share:								
Basic.....	$ 1.53					$ 1.44	$ 1.38	$ 1.49
Diluted.....	$ 1.46					$ 1.38	$ 1.36	$ 1.44
Common and equivalent shares used in computing per share amounts:								
Basic.....	27,530					27,530	12,213	(1,832)(2) 37,911
Diluted.....	28,754					28,754	12,450	(1,868)(2) 39,336

</TABLE>

See Notes to Unaudited Pro Forma Combined Financial Statements

APPLIED POWER INC. AND ZERO CORPORATION

UNAUDITED PRO FORMA COMBINED STATEMENT OF EARNINGS

<TABLE>
<CAPTION>

	API Year ended August 31, 1996 (1)	ZERO Year Ended March 31, 1996 (1)	Adjustments	Pro Forma Combined
	(In Thousands, except per share amounts)			
<S>	<C>	<C>	<C>	<C>
Net Sales.....	$571,215	$206,247		$777,462
Cost of products sold.....	351,283	135,708		486,991
Gross profit.....	219,932	70,539		290,471
Engineering, selling and administrative expenses.....	158,485	43,933	(1,086)(3)	201,332
Amortization of intangible assets.....	4,054	--	1,086 (3)	5,140
Operating earnings.....	57,393	26,606		83,999
Other Expenses (Income):				
Net financing costs.....	8,456	(564)		7,892
Other--net.....	(230)	(1,077)		(1,307)
Net Earnings from Continuing Operations Before Income Tax Expense.....	49,167	28,247		77,414
Income Tax Expense (11).....	15,438	11,297		26,735
Net Earnings from Continuing Operations.....	$ 33,729	$ 16,950	$ --	$ 50,679
Net earnings from continuing operations per common and equivalent share:				
Basic.....	$ 1.25	$ 1.08		$ 1.26

Diluted.....	$ 1.21	$ 1.07		$ 1.22
Common and equivalent shares used in computing per share amounts:				
Basic.....	26,957	15,719	(2,358)(2)	40,318
Diluted.....	27,967	15,866	(2,380)(2)	41,453

</TABLE>

See Notes to Unaudited Pro Forma Combined Financial Statements

APPLIED POWER INC. AND ZERO CORPORATION

UNAUDITED PRO FORMA COMBINED STATEMENT OF EARNINGS

<TABLE>
<CAPTION>

	API Year ended August 31, 1995 (1)	ZERO Year Ended March 31, 1995 (1)	Adjustments	Pro Forma Combined
	(In Thousands, except per share amounts)			
<S>	<C>	<C>	<C>	<C>
Net Sales.....	$527,058	$179,694		$706,752
Cost of products sold.....	325,621	118,084		443,705
Gross profit.....	201,437	61,610		263,047
Engineering, selling and administrative expenses.....	149,210	39,769	(1,025)(3)	187,954
Amortization of intangible assets.....	3,369	--	1,025 (3)	4,394
Operating earnings.....	48,858	21,841		70,699
Other Expenses (Income):				
Net financing costs.....	10,291	(1,041)		9,250
Other--net.....	1,694	(1,344)		350
Net Earnings from Continuing Operations Before Income Tax Expense.....	36,873	24,226		61,099
Income Tax Expense (11).....	11,868	9,401		21,269
Net Earnings from Continuing Operations.....	$ 25,005	$ 14,825	$ --	$ 39,830
Net earnings from continuing operations per common and equivalent share:				
Basic.....	$ 0.94	$ 0.93		$ 0.99
Diluted.....	$ 0.91	$ 0.93		$ 0.97
Common and equivalent shares used in computing per share amounts:				
Basic.....	26,559	15,936	(2,390)(2)	40,105
Diluted.....	27,491	16,020	(2,403)(2)	41,108

</TABLE>

See Notes to Unaudited Pro Forma Combined Financial Statements

APPLIED POWER INC. AND ZERO CORPORATION

UNAUDITED PRO FORMA COMBINED BALANCE SHEET

<TABLE>
<CAPTION>

ASSETS	API May 31, 1998 (1)	VERO March 31, 1998 (1)	Adjustments	Sub-Total Pro Forma Combined	ZERO March 31, 1998 (1)	Adjustments	Total Pro Forma Combined
	(In Thousands, except share amounts)						
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Current Assets							
Cash and cash equivalents.....	$ 4,262	$ 6,595		$ 10,857	$ 30,979		$ 41,836
Short-term investments.....	--	--		--	9,990		9,990
Accounts receivable, net.....	83,471	29,305		112,776	35,002		147,778
Inventories.....	129,950	24,295		154,245	31,409		185,654
Prepaid income tax.....	12,420	--		12,420	2,608		15,028

Prepaid expenses.....	9,721	2,126		11,847	5,757		17,604
Total Current Assets.	239,824	62,321		302,145	115,745		417,890
Investment in VERO Group, plc.....	--	--	192,384 (9a) (192,384)(9b)	--	--		--
Other Assets.....	30,423	1,401		31,824	15,743	(1,964)(3)	45,603
Goodwill.....	283,794	16,892	134,170 (9b)	434,856	36,505		471,361
Other Intangibles.....	47,704	--		47,704	--	1,964 (3)	49,668
Property, Plant and Equipment.....	258,453	40,712		299,165	99,892		399,057
Less: Accumulated depreciation.....	(129,020)	(10,498)		(139,518)	(50,887)		(190,405)
Net Property, Plant and Equipment.....	129,433	30,214		159,647	49,005		208,652
Total Assets.....	$ 731,178	$110,828	$ 134,170	$ 976,176	$216,998	$ --	$1,193,174
LIABILITIES AND SHAREHOLDERS' EQUITY							
Current Liabilities							
Short-term borrowings..	$ 37,475	$ 1,100		$ 38,575	$ 2		$ 38,577
Trade accounts payable.....	66,501	14,387		80,888	8,174		89,062
Accrued compensation and benefits.....	29,326	--		29,326	7,964		37,290
Income taxes payable...	3,521	5,235		8,756	4,371		13,127
Other current liabilities.....	22,660	16,054		38,714	7,683		46,397
Total Current Liabilities.....	159,483	36,776		196,259	28,194		224,453
Long-term Debt.....	284,213	14,859	192,384 (9a)	491,456	50,555		542,011
Deferred Income Tax.....	17,030	979		18,009	--		18,009
Other Deferred Liabilities.....	25,786	--		25,786	12,184		37,970
Shareholders' Equity							
Common stock (API: 27,836,656 shares; ZERO 12,391,197 shares; and 38,369,173 shares on a pro forma combined basis).....	5,587	5,026	(5,026)	5,587	166		5,753
Additional paid-in capital.....	40,030	30,471	(30,471)	40,030	40,236		80,266
Retained earnings.....	204,579	23,673	(22,717)	205,535	159,366		364,901
Cumulative translation adjustments.....	(5,530)	(956)		(6,486)	113		(6,373)
Treasury stock.....	--	--		--	(73,816)		(73,816)
Total Shareholders' Equity.....	244,666	58,214	(58,214)(9b)	244,666	126,065		370,731
Total Liabilities and Shareholders' Equity.....	$ 731,178	$110,828	$ 134,170	$ 976,176	$216,998	$ --	$1,193,174

</TABLE>

See Notes to Unaudited Pro Forma Combined Financial Statements

APPLIED POWER INC. AND ZERO CORPORATION

NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

NOTE 1--PERIODS COMBINED

The API consolidated statements of earnings for the nine months ended May 31, 1998 and 1997 (both unaudited) and for the fiscal years ended August 31, 1997, 1996 and 1995 have been combined with the ZERO consolidated statements of income for the nine months ended March 31, 1998 and 1997, for the twelve months ended June 30, 1997 (all unaudited) and for the fiscal years ended March 31, 1996 and 1995, respectively. This presentation has the effect of excluding

ZERO's results of operations for the three-month period ended June 30, 1996 in the unaudited pro forma combined statements of operations. Unaudited net sales and net income for ZERO were $54,664,000 and $3,800,000, respectively, for the three-month period ended June 30, 1996. ZERO's results of operations for this period are reflected in shareholders' equity in the pro forma combined balance sheet at May 31, 1998. API's May 31, 1998 unaudited consolidated balance sheet has been combined with ZERO's March 31, 1998 audited consolidated balance sheet and VERO's March 31, 1998 unaudited consolidated balance sheet.

On April 23, 1998, API announced that it had reached an agreement with the Board of Directors of VERO Group plc ("VERO") on the terms of a recommended cash offer (with a guaranteed loan note alternative) to be made by Applied Power Limited, a United Kingdom subsidiary of API, to acquire the entire issued share capital of VERO at a price of 157 pence per VERO share. On May 5, 1998, Pentair, Inc. announced the terms of a competing cash offer (with a guaranteed loan note alternative), to be made through a wholly-owned subsidiary, to acquire the entire issued share capital of VERO at a price of 170 pence per VERO share. On May 12, 1998, in response to the offer by Pentair, Inc., API increased its cash offer to 192 pence per VERO share. Pentair, Inc. subsequently withdrew its offer. On May 15, 1998, the Applied Power Limited offering documents were sent to the VERO shareholders. On June 5, 1998, the initial tender offer period expired, and API announced that Applied Power Limited had accepted for payment the VERO stock tendered, which totaled over 72% of the outstanding VERO shares. Applied Power Limited had previously acquired approximately 10% of VERO's shares, so that after accepting the shares tendered, Applied Power Limited owned or had accepted over 82% of VERO's shares. The shares accepted were paid for on June 19, 1998. The tender offer remained open. On June 19, 1998, Applied Power Limited announced that the additional shares tendered brought the total of the shares it owned or had accepted for payment to over 90% of all VERO's shares, sufficient to invoke procedures under the U.K. Companies Act of 1985 which, when completed, will result in Applied Power Limited owning all of the outstanding shares of VERO. The unaudited pro forma combined financial data for the nine months ended May 31, 1998 includes the operating results of Versa Technologies, Inc. ("Versa/Tek"), which was acquired by API on October 6, 1997, for the period from September 1 to October 6, 1997 and the operating results of VERO for the nine months ended March 31, 1998. The unaudited pro forma combined financial data for the year ended August 31, 1997 includes the operating results of Everest Electronics Equipment, Inc. ("Everest"), which was acquired by API on September 26, 1996, for the period from September 1 to September 26, 1996, and the operating results of Versa/Tek and VERO for their respective twelve months ended June 30, 1997. The operating results of Versa/Tek and Everest subsequent to their acquisition dates, are included in API's historic results (presented in the first column of the accompanying combined financial statements) for the nine months ended May 31, 1998 and the year ended August 31, 1997.

VERO's reporting currency is the pound sterling and its financial information in the accompanying pro forma combined financial statements has been translated to the U.S. dollar in accordance with Statement of Financial Accounting Standards No. 52, "Foreign Currency Translation." VERO's historic financial statements are prepared in accordance with generally accepted accounting principles in the United Kingdom ("UK GAAP"), however, VERO's financial information in the accompanying pro forma combined financial statements has been adjusted to conform with generally accepted accounting principles in the United States ("US GAAP"). The only material adjustment required to conform with US GAAP related to goodwill. Under UK GAAP purchased goodwill may be written off on acquisition directly against reserves. Under US GAAP goodwill is capitalized and amortized by charges against income over the period during which it is estimated it will be of

benefit subject to a maximum of 40 years. Accordingly, goodwill, net of amortization, was recorded in the pro forma combined balance sheet at May 31, 1998 and the related amortization expense included in the pro forma combined statements of earnings for the nine months ended May 31, 1998 and the twelve months ended August 31, 1997.

NOTE 2--PRO FORMA NET EARNINGS PER SHARE

The unaudited pro forma combined net earnings per common share and per common and equivalent share is based upon the weighted average number of common and equivalent shares of API and ZERO outstanding for each period at the Exchange Ratio of 0.85 shares of API Common Stock for each share of ZERO Common Stock.

NOTE 3--RECLASSIFICATIONS (ZERO)

Certain reclassifications, none of which affect income from continuing operations, have been made to the ZERO statements of income in the pro forma combined statements of earnings to conform classifications of "Amortization of intangible assets" and to ZERO's balance sheet in the pro forma combined balance sheet to conform classifications of "Other intangibles."

NOTE 4--PRO FORMA ADJUSTMENTS (VERSA/TEK)

The following pro forma adjustments are incorporated in the pro forma condensed consolidated statement of earnings for the nine months ended May 31, 1998 as a result of the Versa/Tek acquisition.

1. Incremental interest expense on acquisition debt at a rate of 6.5%	$(763)
2. Increase in depreciation expense resulting from adjustment to carrying amount of plant and equipment being depreciated over a 7 year life	(24)
3. Reflect amortization of increase in goodwill and intangible assets arising from this transaction, over periods of 10 to 40 years	(237)
4. Decrease in income taxes (net benefit) applying a 39% effective US and Wisconsin state income tax rate to the earnings of Versa/Tek, less the effect of pro forma adjustments in 1, 2 and 3 above (with the exception of non-deductible amortization)	201
	$(823)

NOTE 5--PRO FORMA ADJUSTMENTS (VERO)

The following pro forma adjustments are incorporated in the pro forma condensed consolidated statement of earnings for the nine months ended May 31, 1998 as a result of the VERO acquisition.

1. Incremental interest expense on acquisition debt at a rate of 6.75%	$(9,740)
2. Reflect amortization of goodwill arising from this transaction, over a 40 year life	(2,538)
3. Decrease in income taxes (net benefit) applying a 37% effective income tax rate to the earnings of VERO, less the effect of pro forma adjustments in 1 and 2 above (with the exception of non-deductible amortization)	3,278
	$(9,000)

NOTE 6--PRO FORMA ADJUSTMENTS (EVEREST)

The following pro forma adjustments are incorporated in the pro forma condensed consolidated statement of earnings for the year ended August 31, 1997 as a result of the Everest acquisition.

1. Incremental interest expense on acquisition debt at a rate of 6.5%	$(282)
2. Increase in depreciation expense resulting from adjustment to carrying amount of plant and equipment being depreciated over a 7 year life	(20)
3. Reflect amortization of goodwill arising from this transaction, over a 25 year life	(145)
4. Increase in income taxes applying a 41% effective U.S. and California state income tax rate to the earnings of Everest, less the effect of pro forma adjustments in 1, 2 and 3 above.	(62)
	$(509)

NOTE 7--PRO FORMA ADJUSTMENTS (VERSA/TEK)

The following pro forma adjustments are incorporated in the pro forma condensed consolidated statement of earnings for the year ended August 31, 1997 to reflect a full year of Eder Industries in Versa/Tek (Eder was acquired by Versa/Tek on October 31, 1996).

1. Add historical operating results of Eder for the four-month period July 1, 1996 to 10/31/96 (date of Versa/Tek's acquisition)	
Net Sales	$ 6,338
Cost of Products Sold	(4,924)

Engineering, Selling and Administrative Expenses	(755)
Financing Costs	(19)
Other Income	3
2. Eliminate intercompany sales and purchases between Eder and Versa/Tek	637
	(637)
3. Incremental interest expense/elimination of interest income relating to the cash borrowed/used in the acquisition at a rate of 6.5%	(333)
4. Increase in depreciation expense resulting from adjustment to carrying amount of plant and equipment being depreciated over periods of 10 to 30 years	(24)
5. Reflect additional amortization of goodwill and other intangibles arising from the Eder transaction over periods of 3 to 40 years	(163)
	$ 123

</TABLE>

The following pro forma adjustments are incorporated in the pro forma condensed consolidated statement of earnings for the year ended August 31, 1997 as a result of the Versa Tek acquisition.

<TABLE>

<S>	<C>
6. Incremental interest expense on acquisition debt at a rate of 6.5%	$(9,155)
7. Increase in depreciation expense resulting from adjustment to carrying amount of plant and equipment being depreciated over a 7 year life	(286)
8. Reflect amortization of increase in goodwill and intangible assets arising from this transaction over periods of 10 to 40 years	(2,849)
9. Decrease in income taxes (net benefit) applying a 39% effective US and Wisconsin state income tax rate to the earnings of Versa/Tek, less the effect of pro forma adjustments in 1 through 8 above (with the exception of non-deductible amortization)	3,735
	$(8,555)

</TABLE>

NOTE 8--PRO FORMA ADJUSTMENTS (VERO)

The following pro forma adjustments are incorporated in the pro forma condensed consolidated statement of earnings for API's year ended August 31, 1997 as a result of the pending VERO acquisition.

<TABLE>

<S>	<C>
1. Incremental interest expense on acquisition debt at a rate of 6.75%	$(12,986)
2. Reflect amortization of goodwill arising from this transaction, over a 40 year life	(3,384)
3. Decrease in income taxes (net benefit) applying a 37% effective income tax rate to the earnings of VERO, less the effect of pro forma adjustments 1 and 2 above (with the exception of non-deductible amortization)	4,464
	$(11,906)

</TABLE>

NOTE 9--PRO FORMA ADJUSTMENTS (VERO)

(a) The following pro forma adjustments are incorporated in the pro forma combined balance sheet at May 31, 1998 as a result of the VERO acquisition.

<TABLE>

<S>	<C>
Purchase price of outstanding shares	$192,384

</TABLE>

(b) The following pro forma adjustments are made to reflect estimated fair value adjustments and to eliminate the investment in VERO:

<TABLE>

<S>	<C>
VERO net assets--as reported	$ 58,214

Fair value adjustments:	
Record goodwill acquired	134,170
Investment in VERO	$192,384

</TABLE>

Because of the proximity of the transaction, API has not had adequate time to complete its evaluation of the fair value of the net assets acquired in the VERO transaction. As a result, no fair value adjustments have been reflected in these pro forma statements.

NOTE 10--SPECIAL ITEM (ZERO)

Other Income--net for the nine months ended March 31, 1998 includes approximately $3,900,000 ($7,024,000 pre-tax) of special items (gain from life insurance and sale of property net of provision for estimated loss on sale of subsidiary) recognized by ZERO during 1998.

NOTE 11--INCOME TAX EXPENSE

Effective tax rates are higher than the statutory federal income tax rates primarily due to state income taxes, net of federal benefit.

SIGNATURE

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

APPLIED POWER INC.

Date: August 12, 1998

By: /s/Robert C. Arzbaecher
Robert C. Arzbaecher,
Vice President and
Chief Financial Officer

APPLIED POWER INC.

EXHIBIT INDEX
to
FORM 8-K CURRENT REPORT
Date of Report: July 31, 1998

<TABLE>
<CAPTION>

Exhibit Number	Description	Incorporated Herein by Reference to	Filed Herewith
<S>	<C>	<C>	<C>
2.1	Agreement and Plan of Merger, dated as of April 6, 1998, by and among Applied Power Inc., ZERO Corporation and STB Acquisition Corporation	Appendix A to the Joint Proxy Statement/Prospectus contained in API's Registration Statement on Form S-4 (File No. 333-58267)	
2.2	Certified copy of Certificate of Merger of STB Acquisition Corporation with and into ZERO Corporation, dated July 31, 1998		X
23	Consent of Deloitte & Touche LLP, ZERO's independent accountants		X
99.1	Consolidated balance sheets of ZERO Corporation and subsidiaries as of		X

	March 31, 1998 and 1997, and the related statements of consolidated income, stockholders' equity and cash flows for each of the three years in the period ended March 31, 1998, and the notes thereto and independent auditors' report thereon incorporated by reference in Item 7(a) of this Report.	
99.2	Press Release dated July 31, 1998	X

</TABLE>

Exhibit 2.2

State of Delaware

Office of the Secretary of State

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF MERGER, WHICH MERGES:

"STB ACQUISITION CORPORATION", A DELAWARE CORPORATION,

WITH AND INTO "ZERO CORPORATION" UNDER THE NAME OF "ZERO CORPORATION", A CORPORATION ORGANIZED AND EXISTING UNDER THE LAWS OF THE STATE OF DELAWARE, AS RECEIVED AND FILED IN THIS OFFICE THE THIRTY-FIRST DAY OF JULY, A.D. 1998, AT 2:30 O'CLOCK P.M.

A FILED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS.

/s/ Edward J. Freel

Edward J. Freel, Secretary of State

CERTIFICATE OF MERGER

OF

STB ACQUISITION CORPORATION,
a Delaware corporation,

WITH AND INTO

ZERO CORPORATION,
a Delaware corporation

The undersigned corporation, pursuant to Section 251 of the Delaware General Corporation Law, for the purpose of merging STB Acquisition Corporation ("Acquisition"), a Delaware corporation, with and into ZERO Corporation ("ZERO"), a Delaware corporation, which is the surviving corporation in such merger (the "Surviving Corporation") (Acquisition and ZERO are together referred to herein as the "Constituent Corporations") hereby certifies the following:

1. An Agreement and Plan of Merger (the "Merger Agreement") by and among Applied Power Inc., ZERO and Acquisition has been approved, adopted, certified, executed and acknowledged by each of the Constituent Corporations in accordance with Section 251 of the Delaware General Corporation Law.

2. The name of the surviving corporation is ZERO Corporation, and it shall be governed by the laws of the State of Delaware. The Restated Certificate of Incorporation of ZERO, as in effect immediately prior to the effective time of the merger, shall be the Certificate of Incorporation of the Surviving Corporation, until amended in accordance with law.

3. The executed Merger Agreement is on file at the principal place of business of the Surviving Corporation, 444 South Flower Street, Los Angeles, California 90071-2922.

4. A copy of the Merger Agreement will be furnished by the Surviving Corporation, on request and without cost, to any stockholder of either of the Constituent Corporations.

5. The effective time of the merger shall be the date and time on which this Certificate of Merger is filed with the Office of the Delaware Secretary of State.

IN WITNESS WHEREOF, the Surviving Corporation has caused this Certificate of Merger to be executed as of the 31st day of July, 1998.

ZERO CORPORATION

By: /s/ Wilford D. Godbold, Jr.

Wilford D. Godbold, Jr.
President and Chief Executive Officer

Exhibit 23

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in the Registration Statements of Applied Power Inc. on Form S-3 No. 333-47493 and on Forms S-8 No. 33-18140, No. 33-21250, No. 33-24197, No. 33-38719, No. 33-38720, No. 33-62658, No. 333-42353 and No. 333-46469 of our report dated May 11, 1998, appearing in the Annual Report on Form 10-K of ZERO Corporation for the year ended March 31, 1998.

DELOITTE & TOUCHE LLP

Los Angeles, California
August 12, 1998

Exhibit 99.1

INDEPENDENT AUDITORS' REPORT

To the Stockholders of ZERO Corporation:

We have audited the accompanying consolidated balance sheets of ZERO Corporation and its subsidiaries as of March 31, 1998 and 1997, and the related statements of consolidated income, stockholders' equity, and cash flows for each of the three years in the period ended March 31, 1998. Our audits also included the financial statement schedule of the Company listed in Item 14(a)(2). These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of ZERO Corporation and its subsidiaries at March 31, 1998 and 1997, and the results of their operations and their cash flows for each of the three years in the period ended March 31, 1998 in conformity with generally accepted accounting principles. Also in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ Deloitte & Touche LLP

Deloitte & Touche LLP
Los Angeles, California
May 11, 1998

<TABLE>
<CAPTION>

Statements of Consolidated Income

Years Ended March 31,	1998	1997	1996
<S>	<C>	<C>	<C>
Net Sales	$258,745,000	$225,442,000	$206,247,000
Cost of Sales	171,386,000	151,131,000	135,708,000
Gross Profit	87,359,000	74,311,000	70,539,000
Selling and Administrative Expenses	50,925,000	45,522,000	43,933,000
Special Items	7,024,000	-	-
Other Income	1,236,000	1,847,000	1,077,000
Interest Income	953,000	515,000	1,727,000
Interest Expense	4,747,000	4,670,000	1,163,000
Income Before Income Taxes	40,900,000	26,481,000	28,247,000
Income Taxes	16,520,000	10,593,000	11,297,000
Net Income	$ 24,380,000	$ 15,888,000	$ 16,950,000
Basic Earnings Per Share	$ 1.98	$ 1.30	$ 1.08
Diluted Earnings Per Share	$ 1.93	$ 1.28	$ 1.07

</TABLE>

The Notes to Consolidated Financial Statements are an integral part of these statements.

<TABLE>
<CAPTION>

Consolidated Balance Sheets

March 31,	1998	1997
Assets		
Current Assets		
<S>	<C>	<C>
Cash and cash equivalents	$ 30,979,000	$ 16,201,000
Short-term investments	9,990,000	-
Receivables (less allowances for doubtful accounts of $818,000 in 1998 and $607,000 in 1997)	35,002,000	35,966,000
Inventories		
Raw materials and supplies	18,967,000	21,504,000
Work in process	7,673,000	7,821,000
Finished goods	4,769,000	5,685,000
Other (including deferred tax assets of $2,608,000 in 1998 and $1,864,000 in 1997)	8,365,000	4,172,000
Total Current Assets	115,745,000	91,349,000
Property, Plant and Equipment, Net	49,005,000	44,375,000
Goodwill (less accumulated amortization of $13,245,000 in 1998 and $11,844,000 in 1997)	36,505,000	30,602,000
Other Assets	15,743,000	19,630,000
Total Assets	$216,998,000	$185,956,000

</TABLE>

The Notes to Consolidated Financial Statements are an integral part of these statements.

<TABLE>
<CAPTION>
Consolidated Balance Sheets

March 31,	1998	1997
<S>	<C>	<C>
Liabilities		
Current Liabilities		
Current portion of long-term debt	$ 2,000	$ 35,000
Accounts payable	8,174,000	8,901,000
Income taxes payable	4,371,000	-
Accrued liabilities		
Wages and commissions	7,964,000	6,579,000
Workers' compensation	1,666,000	1,128,000
Other	6,017,000	4,365,000
Total Current Liabilities	28,194,000	21,008,000
Non-Current Liabilities (including deferred compensation of $10,787,000 in 1998 and $9,443,000 in 1997)	12,184,000	12,192,000
Long-term Debt	50,555,000	51,503,000
Commitments and Contingencies		
Stockholders' Equity		
Preferred stock - authorized 1,000,000 shares of $.01 par value; none issued		
Common stock -- authorized 30,000,000 shares of $.01 par value; issued shares, 16,611,749 in 1998 and 16,445,332 in 1997; outstanding shares, 12,416,827 in 1998 and 12,250,427 in 1997	166,000	164,000
Additional paid-in capital	40,236,000	37,021,000
Retained earnings	159,366,000	137,750,000
Foreign currency translation adjustment	113,000	132,000
Treasury stock (4,194,922 shares in 1998 and 4,194,905 shares in 1997), at cost	(73,816,000)	(73,814,000)
Total Stockholders' Equity	126,065,000	101,253,000
Total Liabilities and Stockholders' Equity	$216,998,000	$185,956,000

</TABLE>

The Notes to Consolidated Financial Statements are an integral part of these statements.

Statements of Consolidated Stockholders' Equity

<TABLE>
<CAPTION>

	Issued Shares*	Common Stock	Additional Paid-in Capital	Retained Earnings	Foreign Currency Translation Adjustments	Treasury Stock
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balance at March 31, 1995	16,124,144	$161,000	$31,079,000	$115,754,000	$ 261,000	$(1,661,000)
Net Income for the year	-	-	-	16,950,000	-	-
Cash Dividends declared - $.44 per share	-	-	-	(7,059,000)	-	-
Exercise of stock options and issuance of treasury stock	161,199	2,000	3,169,000	(1,461,000)	-	11,000
Stock repurchase	-	-	-	-	-	(71,871,000)
Foreign currency translation adjustments and other	-	-	-	-	(504,000)	-
Balance at March 31, 1996	16,285,343	163,000	34,248,000	124,184,000	(243,000)	(73,521,000)
Net Income for the year	-	-	-	15,888,000	-	-
Cash Dividends declared - $.12 per share	-	-	-	(1,460,000)	-	-
Exercise of stock options and issuance of treasury stock	159,989	1,000	2,773,000	(862,000)	-	-
Stock repurchase	-	-	-	-	-	(293,000)
Foreign currency translation adjustments and other	-	-	-	-	375,000	-
Balance at March 31, 1997	16,445,332	164,000	37,021,000	137,750,000	132,000	(73,814,000)
Net Income for the year	-	-	-	24,380,000	-	-
Cash Dividends declared - $.12 per share	-	-	-	(1,480,000)	-	-
Exercise of stock options and issuance of treasury stock	166,417	2,000	3,215,000	(1,316,000)	-	-
Stock repurchase	-	-	-	-	-	(2,000)
Foreign currency translation						

adjustments and other	-	-	-	32,000	(19,000)
Balance at March 31, 1998	16,611,749	$166,000	$40,236,000	$159,366,000	$ 113,000

</TABLE>

* Outstanding shares at March 31, 1998, 1997 and 1996 were 12,416,827, 12,250,427 and 12,105,840, respectively.

The Notes to Consolidated Financial Statements are an integral part of these statements.

Statements of Consolidated Cash Flows

<TABLE>
<CAPTION>

Years Ended March 31,	1998	1997	1996
<S>	<C>	<C>	<C>
Cash Flow From Operating Activities			
Net income	$ 24,380,000	$ 15,888,000	$ 16,950,000
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	7,024,000	6,249,000	5,069,000
Amortization of goodwill	1,401,000	1,200,000	1,086,000
Gain from sale of assets	(9,899,000)	(511,000)	(46,000)
Provision for loss from sale of subsidiary	4,500,000	-	-
Changes in operating assets and liabilities, net of effect of business acquisitions			
Receivables	277,000	(2,046,000)	(4,833,000)
Inventories	1,599,000	(2,711,000)	(1,852,000)
Other non-current assets	2,685,000	(2,239,000)	(215,000)
Accounts payable	372,000	603,000	(8,000)
Accrued liabilities	7,737,000	49,000	118,000
Other non-current liabilities	948,000	1,417,000	2,639,000
Other	(4,308,000)	1,305,000	(1,582,000)
Net cash provided by operating activities	36,716,000	19,204,000	17,326,000
Cash Flow From Investing Activities			
(Purchases) sales of short-term investments, net	(9,990,000)	965,000	18,937,000
Purchase of non-cash assets of acquired businesses	(9,022,000)	(1,936,000)	(11,748,000)
Expenditures for property, plant and equipment	(14,585,000)	(10,822,000)	(8,657,000)
Payment of note from sale of property	2,450,000	-	-
Proceeds from sale of assets	8,740,000	1,651,000	1,670,000
Other	75,000	(142,000)	324,000
Net cash (used in) provided by investing activities	(22,332,000)	(10,284,000)	526,000
Cash Flow From Financing Activities			
Stock repurchases	(2,000)	(293,000)	(71,871,000)
Cash dividends paid	(1,480,000)	(1,460,000)	(7,059,000)
Proceeds from issuance of long-term debt	-	-	50,000,000
Payments of long-term debt	(35,000)	(273,000)	(253,000)
Exercise of stock options	1,901,000	1,912,000	1,710,000
Other (including effect of exchange rate changes)	10,000	377,000	(493,000)
Net cash provided by (used in) financing activities	394,000	263,000	(27,966,000)

Net increase (decrease) in cash and cash equivalents	14,778,000	9,183,000	(10,114,000)
Cash and cash equivalents at beginning of period	16,201,000	7,018,000	17,132,000
Cash and cash equivalents at end of period	$ 30,979,000	$ 16,201,000	$ 7,018,000

</TABLE>

The Notes to Consolidated Financial Statements are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1

Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany balances and transactions have been eliminated.

Cash Equivalents

Cash equivalents include mutual funds, treasury bills and other highly liquid investments with maturities of three months or less. As of March 31, 1998 and 1997, the carrying values of cash equivalents approximated market values.

Short-term Investments

Short-term investments at March 31, 1998 consist primarily of government agency notes and bonds with maturities greater than three months that are classified as securities available-for-sale. Market prices, which approximated cost at the balance sheet date, are reasonable estimates of the portfolio's fair value.

Inventories

Inventories are stated at the lower of cost (first-in, first-out or average) or market.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost. Depreciation is computed principally using the straight-line method over the estimated useful lives of the assets. Capital leases and leasehold improvements are amortized over the life of the related assets or the life of the lease, whichever is shorter.

Intangible Assets

Costs in excess of the fair value of net assets acquired in purchase transactions are recorded as goodwill and amortized over periods of up to 40 years. The Company reviews the recoverability of intangible assets to determine if there has been any impairment. Such review includes estimating future cash flows based on operating performance and future prospects of the business.

Earnings Per Share

During the third quarter of fiscal 1998, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 128, "Earnings Per Share." This statement requires the disclosure of basic and diluted earnings per share. All prior period earnings per share data in these financial statements have been restated in accordance with SFAS No. 128.

In accordance with SFAS No. 128, earnings per share were computed as follows:

<TABLE>

	1998	1997	1996
<S>	<C>	<C>	<C>
Numerator:			
Net income	$24,380,000	$15,888,000	$16,950,000
Denominator:			
Weighted average common shares outstanding for basic earnings per share	12,340,000	12,177,000	15,719,000
Net effect of dilutive options based on the treasury stock method using average market price	282,000	238,000	147,000

Weighted average common and equivalent shares outstanding for diluted earnings per share	12,622,000	12,415,000	15,866,000
Basic Earnings Per Share	$ 1.98	$ 1.30	$ 1.08
Diluted Earnings Per Share	$ 1.93	$ 1.28	$ 1.07

</TABLE>

Foreign Currency Translation

Assets and liabilities of foreign subsidiaries are translated into U.S. dollars at the year-end exchange rate and gains and losses are being accumulated in stockholders' equity. The related income statement is translated at the average exchange rate for the year.

Supplemental Cash Flow Information

For the years ended March 31, 1998, 1997 and 1996, cash paid for income taxes, net of refunds, was $12,157,000, $11,696,000 and $12,065,000, respectively, and cash paid for interest on long-term debt was $3,555,000, $3,801,000 and $118,000, respectively.

In connection with acquisitions during fiscal years 1998, 1997 and 1996, the following liabilities were assumed:

<TABLE>
<CAPTION>

	1998	1997	1996
<S>	<C>	<C>	<C>
Estimated fair value of tangible assets acquired	$ 1,216,000	$ 2,488,000	$ 9,696,000
Goodwill and identifiable intangible assets	7,806,000	1,331,000	3,899,000
Net cash paid	(9,022,000)	(1,936,000)	(11,748,000)
Liabilities assumed	$ -	$ 1,883,000	$ 1,847,000

</TABLE>

Concentration of Credit Risks

Financial instruments that potentially subject the Company to concentration of credit risk consist primarily of cash equivalents, short-term investments and receivables. The Company places its cash equivalents and short-term investments with high credit quality institutions and limits the amount of credit exposure with any one institution. Credit risk on trade receivables is minimized as a result of the diverse nature of the Company's customer base. The Company performs ongoing credit evaluations of its customers and maintains an allowance for potential credit losses.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. Such estimates and assumptions affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Standards

During the third quarter of fiscal 1998, the Company adopted SFAS No. 128, "Earnings Per Share." This statement requires the disclosure of basic and diluted earnings per share and supersedes the Company's previous standards for computing earnings per share under Accounting Principles Board No. 15. All prior period earnings per share data have been restated in accordance with the new standard.

In June 1997, Financial Accounting Standards Board issued SFAS No. 130, "Reporting Comprehensive Income" and SFAS No. 131, "Disclosure About Segments of an Enterprise and Related Information." Both statements are effective for fiscal years beginning after December 15, 1997. The Company is assessing the required disclosures and will adopt these statements in fiscal 1999.

Fair Value of Financial Instruments

The Company's financial instruments consist primarily of cash and cash equivalents, short-term investments, receivables, accounts payable and debt instruments. The carrying values of all financial instruments, other than debt instruments, are representative of their fair values due to their short

maturities. The estimated fair value of the notes payable has been determined using quoted prices of debt instruments with similar terms and maturities and approximates carrying value.

Impairment of Long-lived Assets

During 1996, the Company adopted SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of." Under the provisions of this statement, the Company evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be fully recoverable. If the estimated future cash flows (undiscounted and without interest charges) from the use of an asset are less than the carrying value, a write down would be recorded to reduce the related asset to its estimated fair value.

Report Presentation

Certain amounts reported in prior years have been reclassified to conform to the 1998 presentation.

NOTE 2

Property, Plant and Equipment

Property, plant and equipment and accumulated depreciation and amortization at March 31, 1998 and 1997 consisted of:

<TABLE>
<CAPTION>

	Estimated Useful Lives	1998/1/	1997
<S>	<C>	<C>	<C>
Land		$ 3,248,000	$ 2,866,000
Buildings/land improvements	10-40 years	20,593,000	20,835,000
Machinery/equipment	3-15 years	71,526,000	68,894,000
Leasehold improvements	5-9 years	4,525,000	4,646,000
Total		99,892,000	97,241,000
Less accumulated depreciation and amortization		50,887,000	52,866,000
Property, plant and equipment, net		$49,005,000	$44,375,000

</TABLE>

/1/Excludes amounts included in net assets held for sale (Note 12)

NOTE 3

Employee Benefits

The Company has a defined contribution pension plan and, as of January 1, 1995, a 401(k) plan which cover all employees who have completed at least one year of service and are employed by U.S. divisions that have elected to participate.

The pension plan cost, which is fully funded on a current basis, is based upon percentages of eligible employees' compensation. The Company's contributions to the pension plan aggregated $1,758,000, $1,607,000 and $1,539,000 in 1998, 1997 and 1996, respectively, and to the 401(k) plan aggregated $513,000, $489,000 and $427,000 in 1998, 1997 and 1996, respectively.

The Company has a nonqualified deferred compensation plan for key employees who can elect to have a portion of their compensation deferred. The amounts set aside earn interest at rates generally higher than the average prime interest rate. Interest expense accrued on the participants' accounts totaled $1,015,000, $862,000 and $714,000 in 1998, 1997 and 1996, respectively. Generally, payment of a participant's account balance will be deferred until death, disability, retirement or termination.

NOTE 4

Long-term Debt
At March 31, 1998 and 1997, long-term debt consisted of:

<TABLE>
<CAPTION>

	1998	1997
<S>	<C>	<C>
Senior promissory notes, due March 8, 2011	$50,000,000	$50,000,000
Other notes payable, due July 3, 2002 and March 31, 2005	1,525,000	1,538,000
Total	51,525,000	51,538,000

Less:		
Amount included in net assets held for sale (Note 12)	968,000	-
Current portion	2,000	35,000
Total long-term debt	$50,555,000	$51,503,000

</TABLE>

The senior promissory notes bear interest at 7.13%, and are payable in 11 annual payments of $4,545,000 beginning March 8, 2001. The proceeds from the notes were used solely for the repurchase of the Company's common stock in a Dutch Auction Tender Offer (refer to Note 7) and for payment of related expenses. Other notes payable have imputed interest rates ranging from 8.5% to 10%.

In March 1998, the Company negotiated a $50,000,000 shelf facility for future acquisitions. The interest rate for the shelf facility would be based on U.S. Treasury rates at the time of borrowing.

Aggregate maturities of long-term debt over the next five fiscal years are as follows: $57,000 in 1999, $239,000 in 2000, $4,826,000 in 2001, $4,870,000 in 2002, $4,915,000 in 2003 and $36,618,000 thereafter.

NOTE 5

Acquisitions and Divestiture

The Company acquired one company during fiscal 1998 and two companies in fiscal 1997, all of which complement existing operations. These acquisitions were accounted for using the purchase method of accounting. The operating results of the entities acquired, which were not material, were included in the consolidated financial statements from their respective acquisition dates. The purchase prices of these acquisitions were allocated to the net assets acquired, including intangible assets, based upon their estimated fair values at the dates of acquisition. Intangible assets, principally the excess of cost over the fair value of identifiable net assets of these purchased businesses, are being amortized using the straight-line method over a period of 15 to 20 years.

During fiscal 1997, the Company completed the sale of Anvil Cases, Inc., a subsidiary of the Company, which manufactures riveted cases primarily for the music, packaging specialists and audio/video markets. The gain on the sale of Anvil Cases, Inc. was not material.

The pro forma effect of these transactions on 1998 and 1997 was not material.

NOTE 6

Common Stock

The Company has a stock option plan that provides for the granting of options to purchase shares of the Company's stock to directors, officers and other key employees at a price not less than the fair market value on the date of grant. Options are granted for terms of five to eight years and are exercisable in annual installments (generally one-third of the total grant) commencing one year from date of grant, on a cumulative basis.

The Company's stock option plan provides for the granting of qualified and nonqualified options as well as stock appreciation rights ("SARs") in tandem with options. The SARs entitle a holder to receive an amount equal to the excess of the fair market value of the Company's common stock on the date of exercise over the option price. The exercise of SARs automatically cancels the option on the related shares. Compensation expense recognized in connection with SARs during the years ended March 31, 1998, 1997 and 1996 was not material.

Changes in the number of shares subject to options during the three years ended March 31, 1998, are summarized as follows:

<TABLE>
<CAPTION>

	1998		1997		1996	
	Shares	Weighted Avg. Exercise Price	Shares	Weighted Avg. Exercise Price	Shares	Weighted Avg. Exercise Price
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Outstanding at beginning of year	810,228	$15.22	826,741	$13.60	866,048	

$12.82					
Granted	161,732	$26.98	216,900	$19.47	253,500
$15.39					
Exercised	(211,435)	$13.18	(204,378)	$13.17	(250,871)
$12.74					
Cancelled or expired	(18,621)	$18.96	(29,035)	$15.13	(41,936)
$13.45					
Outstanding at end of year	741,904	$18.23	810,228	$15.22	826,741
$13.60					
Options exercisable at year-end	377,589		392,262		370,447
Weighted average fair value of options granted during the year	$8.53		$6.10		$4.62
Options available for future grant	413,657		56,768		255,868

</TABLE>

In July 1997, the stockholders of the Company approved the increase in the number of shares available for grant of options by 500,000.

The Company has recognized no compensation cost for its stock option plan. Had compensation cost for the Company's stock option plan been determined based on the fair value at the grant dates for awards under this plan consistent with the method of SFAS No. 123, "Accounting for Stock-Based Compensation," the Company's pro forma net income and earnings per share would have been as follows:

<TABLE>
<CAPTION>

	1998	1997	1996
Pro forma net income	$23,777,000	$15,552,000	$16,853,000
Pro forma basic earnings per share	$ 1.93	$ 1.28	$ 1.07
Pro forma diluted earnings per share	$ 1.88	$ 1.25	$ 1.06

</TABLE>

The fair value of each option granted is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions for fiscal years 1998, 1997 and 1996, respectively: risk-free interest rate of 6.1%, 6.3% and 5.8%; expected volatility of 22.9%, 22.6% and 23.3%; dividend yield of .4%, .6% and .8%; and an expected life of five years. No adjustments have been made for non-transferability or risk of forfeiture.

The following table summarizes information about stock options outstanding at March 31, 1998:

<TABLE>
<CAPTION>

Options Outstanding				Options Exercisable	
Range of Exercise Prices	Number Outstanding at March 31, 1998	Weighted Avg. Remaining Contractual Life	Weighted Avg. Exercise Price	Number Exercisable at March 31, 1998	Weighted Avg. Exercise Price
$ 11.31 - $ 13.75	216,103	2.6	$13.14	216,103	$13.14
$ 15.38 - $ 15.63	176,416	4.6	$15.39	105,050	$15.39
$ 19.38 - $ 21.38	190,303	5.6	$19.48	56,436	$19.49
$ 25.75 - $ 27.69	159,082	6.6	$26.98		

</TABLE>

NOTE 7

Common Stock Repurchase

In February 1996, the Company repurchased approximately 4,019,000 shares of its common stock at a cost of approximately $71,871,000 in a Dutch Auction Tender Offer. The source of the funds to repurchase the shares was provided by the issuance of promissory notes totaling $50,000,000 by the Company (refer to Note 4), together with available cash and cash derived from the sale of short-term investments.

In November 1996, the Board of Directors authorized the repurchase of up to an additional 400,000 shares, as well as shares of "odd lot" stockholders. During fiscal 1998 and 1997, total shares repurchased were insignificant.

NOTE 8

Income Taxes

The Company uses the asset and liability method of accounting for income taxes. This approach requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial reporting basis and tax basis of assets and liabilities.

The provision for income taxes is summarized as follows:

	1998	1997	1996
Current			
Federal	$15,246,000	$ 8,470,000	$10,031,000
State	3,085,000	1,432,000	2,145,000
Deferred			
Federal	(1,502,000)	708,000	(740,000)
State	(309,000)	(17,000)	(139,000)
Total	$16,520,000	$10,593,000	$11,297,000

Deferred tax assets and liabilities comprised the following as of:

March 31,	1998		1997	
	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities
Depreciation/amortization	$ -	$3,093,000	$ -	$2,814,000
Provision for estimated expenses	2,689,000		444,000	
Employee benefit plans	6,292,000		5,353,000	
State and foreign taxes		135,000		235,000
Other		1,803,000		884,000
Total	$8,981,000	$5,031,000	$5,797,000	$3,933,000

A reconciliation between the income taxes computed at the federal statutory rate and the provision for income taxes is as follows:

	1998	1997	1996
Income taxes computed at the Federal statutory rate	$14,315,000	$ 9,268,000	$ 9,886,000
State income taxes, net of Federal income tax benefit	1,803,000	909,000	1,304,000
Tax-exempt income	(168,000)	(97,000)	(90,000)
Other	570,000	513,000	197,000
Total provision	$16,520,000	$10,593,000	$11,297,000
Effective income tax rate	40.4%	40.0%	40.0%

NOTE 9

Commitments

Future minimum lease payments under operating leases at March 31, 1998 are summarized as follows:

Year Ending March 31,	
1999	$2,306,000
2000	1,809,000

2001	1,460,000
2002	1,382,000
2003	922,000
Thereafter	1,979,000
Total	$9,858,000

</TABLE>

Rental expense under operating leases was $2,346,000, $2,090,000, and $2,059,000 for 1998, 1997 and 1996, respectively. Obligations under capital leases at March 31, 1998 were not material.

NOTE 10

Contingent Liabilities

Environmental Matters

In November 1996, the Company, along with 39 other potentially responsible parties ("PRPs"), received an Administrative Order for Remedial Action from the U.S. Environmental Protection Agency (the "EPA") with regard to implementation of the interim remedy for the Glendale North and Glendale South Operable Units of the San Fernando Valley Superfund Site near Los Angeles, California ("the Site"). An administrative order on consent relating to the design work for the interim remedies was entered into in March 1994 between the EPA and 24 PRPs, including the Company. The design work is complete. In addition, the Company, through the PRP Group, is responding to a unilateral order received on October 1, 1997 from the EPA for the construction, operation and maintenance of the interim remedy.

An arbitrated award has resulted in the allocation of a 58.8% share of the total costs associated with the Site to certain Burbank Operable Unit PRPs. The remaining 41.2% share was allocated to the Glendale PRPs, including the Company. The Company has provided reserves of approximately $1,400,000 for its estimated share of the total costs of construction, operation and maintenance of the EPA selected remedy, as well as certain response and oversight costs of the EPA and the State of California in connection with the Site. The Company's liabilities for these costs are based on management's best estimate of undiscounted future costs, excluding possible insurance recoveries. The Company's ultimate liability related to environmental matters at the Site is dependent upon a variety of factors, including changes in the cost of the construction, operation and maintenance of the interim remedy and the final remedy, as well as any changes to the allocation of those costs among the PRPs including any additional participants. The Company has received favorable rulings from the U.S. District Court in response to its claim for reimbursement of defense costs related to the Site from its insurance carriers. These rulings are currently being appealed by the insurance carriers.

The Company is also engaged in remediation and/or environmental monitoring at three other locations, and has been named by the State of California and/or the EPA as a de minimus potentially responsible party at two locations. The Company has provided reserves, which are not deemed to be material, for the cleanup costs associated with these sites to the extent they could be reasonably estimated at this time.

Other Matters

The Company is subject to legal proceedings that arise in the ordinary course of its business activities. In the opinion of management, any liability that may result from the resolution of these matters will not have a material adverse effect on its financial statements.

NOTE 11

Segment Information

Business segment information as of and for the years ended March 31, 1998, 1997 and 1996 is as follows:

<TABLE>
<CAPTION>

	1998	1997	1996
Net sales			
<S>	<C>	<C>	<C>
Enclosures and Accessories	$205,845,000	$175,119,000	$152,378,000
Other	52,900,000	50,323,000	53,869,000
Consolidated	$258,745,000	$225,442,000	$206,247,000
Operating income			
Enclosures and Accessories	$ 38,240,000	$ 31,312,000	$ 30,547,000
Other	954,000/1/	4,222,000	2,435,000
Corporate	(7,260,000)	(6,745,000)	(6,376,000)

Consolidated	$ 31,934,000	$ 28,789,000	$ 26,606,000
Identifiable assets at year end			
Enclosures and Accessories	$118,563,000	$102,194,000	$ 99,570,000
Other	36,366,000	46,519,000	47,264,000
Corporate	62,069,000	37,243,000	19,004,000
Consolidated	$216,998,000	$185,956,000	$165,838,000
Depreciation and amortization			
Enclosures and Accessories	$ 5,244,000	$ 4,283,000	$ 3,280,000
Other	1,780,000	1,966,000	1,789,000
Consolidated	$ 7,024,000	$ 6,249,000	$ 5,069,000
Capital expenditures			
Enclosures and Accessories	$ 13,181,000	$ 9,063,000	$ 6,573,000
Other	1,404,000	1,759,000	2,084,000
Consolidated	$ 14,585,000	$ 10,822,000	$ 8,657,000

</TABLE>

/1/ Includes $4,500,000 provision for loss on sale of European subsidiary (Note 12)

The Company's Enclosures and Accessories segment consists of products that serve the system packaging, thermal management and engineered case requirements of the telecommunications, instrumentation, data processing and government/military markets of the electronics industry. These products include card cages for printed circuit boards, backplanes, filter fan packages and microprocessor-controlled fan trays, blowers, motorized impellers, heat exchangers, air conditioners and computerized thermal management controls, electronic cabinets and consoles, cable management racks, deep drawn aluminum ZERO boxes and cases, fabricated cases, specialized case hardware and other specialized enclosures sold to the electronics industry. The Company also manufactures and sells air cargo enclosures and hardware, aluminum luggage, camera cases, industrial carrying cases, food service containers and other custom metal products.

The following presents a summary of operations by geographic area as of and for the years ended March 31, 1998, 1997 and 1996:

<TABLE>
<CAPTION>

	1998	1997	1996
<S>	<C>	<C>	<C>
Net sales			
U.S. operations	$ 228,827,000	$201,784,000	$183,662,000
European operations	29,918,000	23,658,000	22,585,000
Consolidated	$ 258,745,000	$225,442,000	$206,247,000
Net sales between operations	$ 3,158,000	$ 2,198,000	$ 3,230,000
Operating income			
U.S. operations	$ 34,436,000	$ 29,444,000	$ 25,163,000
European operations	(2,502,000)/1/	(655,000)	1,443,000
Consolidated	$ 31,934,000	$ 28,789,000	$ 26,606,000
Identifiable assets at year end			
U.S. operations	$ 209,492,000	$168,242,000	$149,394,000
European operations	7,506,000	17,714,000	16,444,000
Consolidated	$ 216,998,000	$185,956,000	$165,838,000

</TABLE>

/1/ Includes $4,500,000 provision for loss on sale of European subsidiary (Note 12)

Total export sales from U.S. operations and net sales from European operations were $45,817,000, $36,276,000, and $34,323,000, or 18%, 16% and 17% of total net sales, for the fiscal years ended March 31, 1998, 1997 and 1996, respectively.

Sales under U.S. government contracts and subcontracts were less than of 10% of total sales in fiscal 1998, 1997 and 1996.

NOTE 12

Special Items

During 1998, the Company recognized a $7,024,000 pre-tax net gain consisting of the following:

<TABLE>

<S>	<C>
Gain from life insurance	$ 1,709,000
Gain from sale of property	9,815,000
Provision for estimated loss on sale of subsidiary	(4,500,000)
Special Items	$ 7,024,000

</TABLE>

The Company recognized a non-taxable gain of $1,709,000 in the second quarter of fiscal 1998 from insurance proceeds on the life of its former Vice President of Marketing and Sales. In March 1998, the Company completed the sale of its facility in Burbank, California. The sale price consisted of cash of $8,740,000 and a receivable of $4,000,000 included in Other Current Assets in the Consolidated Balance Sheet, resulting in a pre-tax gain of $9,815,000.

During the fourth quarter of fiscal 1998, the Company completed its evaluation of a European subsidiary and approved a plan for its disposition. As of March 31, 1998, this subsidiary is classified as net assets held for sale and is included in noncurrent Other Assets in the Consolidated Balance Sheet. Based on the Company's evaluation of this subsidiary, a $4,500,000 nonrecurring charge was recorded in fiscal 1998.

NOTE 13

Subsequent Events

On April 6, 1998, the Company entered into a definitive merger agreement with Applied Power Inc. ("API") pursuant to which it would become a wholly owned subsidiary of API (the "Merger"). Stockholders of the Company would receive 0.85 share of API for each share of ZERO stock. The merger agreement has been approved by both companies' boards but is subject to stockholder approval and satisfaction of other conditions. The Merger is structured to be tax free to ZERO stockholders and will be accounted for as a pooling of interests. Completion of the Merger is expected in July 1998.

Selected Quarterly Financial Data (Unaudited)

<TABLE>
<CAPTION>

Quarter Ended:	Net Sales	Gross Profit	Income Before Income Taxes	Net Income	Basic Earnings per Share	Diluted Earnings per Share
<S>	<C>	<C>	<C>	<C>	<C>	<C>
March 31, 1998	$62,818,000	$22,137,000	$14,553,000	$7,871,000	$0.63	$0.62
December 31, 1997	66,910,000	22,118,000	8,619,000	5,189,000	0.42	0.41
September 30, 1997	64,465,000	21,526,000	9,723,000	6,517,000	0.53	0.52
June 30, 1997	64,552,000	21,578,000	8,005,000	4,803,000	0.39	0.38
March 31, 1997	$58,845,000	$18,975,000	$ 6,863,000	$4,167,000	$0.34	$0.33
December 31, 1996	58,546,000	19,210,000	6,878,000	4,199,000	0.34	0.34
September 30, 1996	53,387,000	17,372,000	6,310,000	3,722,000	0.31	0.30
June 30, 1996	54,664,000	18,754,000	6,430,000	3,800,000	0.31	0.31

</TABLE>

SCHEDULE II

ZERO CORPORATION AND SUBSIDIARIES

VALUATION AND QUALIFYING ACCOUNTS

FOR THE YEARS ENDED MARCH 31, 1998, 1997 AND 1996

<TABLE>
<CAPTION>

	Balance at Beginning of Year	Provision Charged to Income	Doubtful Accounts Written Off/1/	Other Deductions/2/	Balance at End of Year
<S>	<C>	<C>	<C>	<C>	<C>
Allowance for doubtful accounts:					
April 1, 1997 to March 31, 1998	$607,000	$387,000	$(135,000)	$(41,000)	$ 818,000
April 1, 1996 to March 31, 1997	$759,000	$101,000	$(253,000)		$ 607,000
April 1, 1995 to March 31, 1996	$724,000	$236,000	$(201,000)		$ 759,000

</TABLE>

- ---

/1/ Net of recoveries

/2/ Adjusted for net assets held for sale (see Note 12 of Notes to Consolidated Financial Statements)

Exhibit 99.2

APPLIED POWER COMPLETES MERGER WITH
ZERO CORPORATION

MILWAUKEE, July 31, 1998 -- Applied Power Inc. (APW - NYSE) and ZERO Corporation (ZRO - NYSE) announced today that at special meetings for both companies, shareholders voted to approve the merger of a newly created subsidiary of Applied Power into ZERO. The merger was completed after the shareholder meetings. Under the terms of the agreement, ZERO stockholders receive .850 shares of APW common stock for each share of ZERO common stock, or approximately 11.2 million shares. This equates to a purchase price of approximately $386 million based on the July 30, 1998 closing stock price for APW.

Richard G. Sim, Chairman and CEO of APW stated, "We are very pleased to complete this transaction. APW and ZERO shared the vision of creating a worldwide company which supports customers with a broad spectrum of electronic packaging products on a global basis. Our electronic enclosure systems strategy operates with three basic principles:

1. To be the premier company in providing standard and customized electronic enclosures on a global basis.
2. To be able to offer our customers either a standalone or fully integrated product. Our enclosure business brings significant experience in thermal management, power supplies, multi-layer backplanes and to a limited extent, PC board capabilities. All of these can be provided as separate components or fully integrated in the enclosure.
3. We focus on a diverse end user industry, including telecommunication, semiconductor fabrication, computer networking, medical and various other computer and electronic applications."

Sim continued, "Over the last two years and culminating with the ZERO transaction, APW has purchased 10 enclosure companies operating out of 28 facilities in North America, Europe and Asia. Our acquisition strategy is to continue to grow this segment, both in geographic coverage and component and integration services that can be added to the enclosure based on the customer's requirements."

Applied Power Inc., headquartered in Butler, Wisconsin, is a global company comprised of three business segments. Technical Environments and Enclosures provides technical furniture and electrical and electronic enclosure systems. Engineered Solutions supplies components and systems using thermal management, actuation and vibration control technologies to a diverse group of OEM customers. Tools and Supplies provide industrial and electrical tools and accessories through various distributor and retail channels worldwide.

With headquarters in Los Angeles, ZERO's primary business is protecting electronics. ZERO's system packaging, thermal management and engineered cases serve the telecommunications, instrumentation and data-processing markets. ZERO also produces the famous line of ZERO Halliburton(R) cases for consumers worldwide and cargo containers and proprietary loading systems to the airline industry.

For further information contact:

Applied Power Inc.
Robert C. Arzbaecher
Vice President and Chief Financial Officer
414-781-6600

To receive a faxed copy of this or other recent Applied Power communications, please call the Company's "News on Demand" service at 1-800-549-0679.

APPLIED POWER INC.-RESTATED TO INCLUDE ZERO
FINANCIAL DATA PACKAGE (UNAUDITED)
($'s in 000's, except per share amounts)

<TABLE>
<CAPTION>
FINANCIAL HIGHLIGHTS

	FISCAL 1997				
	Q1	Q2	Q3	Q4	Year
<S>	<C>	<C>	<C>	<C>	<C>
INCOME DATA					

Sales	$207,760	$210,557	$232,385	$247,057	$897,758
Percent Sales Growth Over Prior Year	11%	12%	17%	22%	15%
Operating Profit	$ 23,687	$ 23,684	$ 26,976	$ 27,325	$101,672
Percent of Sales	11.4%	11.2%	11.6%	11.1%	11.3%
EBITDA	$ 32,062	$ 33,021	$ 35,976	$ 35,950	$137,010
Percent of Sales	15.4%	15.7%	15.5%	14.6%	15.3%
SHARE DATA					
Basic EPS	$ 0.35	$ 0.35	$ 0.40	$ 0.42	$ 1.53
Basic EPS Growth Over Prior Year	25%	17%	25%	20%	21%
Diluted EPS	$ 0.34	$ 0.34	$ 0.39	$ 0.41	$ 1.47
Diluted EPS Growth Over Prior Year	26%	17%	26%	17%	20%
EBITDA/Diluted Share	$ 0.82	$ 0.84	$ 0.91	$ 0.91	$ 3.49
EBITDA Per Share Growth Over Prior Year	30%	25%	32%	20%	26%
Cash Dividend Per Share	$ 0.045	$ 0.045	$ 0.045	$ 0.045	$ 0.180
Average Shares Outstanding (in 000's):					
Basic	37,697	37,876	37,939	38,028	37,880
Diluted	38,905	39,241	39,332	39,679	39,307
BALANCE SHEET DATA					
Net Primary Working Capital (PWC)	$209,604	$212,552	$217,558	$207,978	
Net PWC as a % of Annualized Sales	25%	25%	23%	21%	
Debt	$188,258	$196,467	$191,119	$174,594	
Percent Market Capitalization	26.4%	26.7%	23.5%	16.3%	
Percent Debt-to-Total Capital	40.2%	40.0%	37.0%	35.3%	
EBITDA Interest Coverage	8.7x	7.9x	8.6x	8.7x	
CASH FLOW DATA					
Depreciation and Amortization	$ 7,526	$ 8,128	$ 8,111	$ 7,347	$ 31,112
Capital Expenditures	$ 8,606	$ 8,231	$ 9,365	$ 7,261	$ 33,463
Cash Flow from Operations	$ 17,800	$ 6,170	$ 23,934	$ 36,130	$ 84,034

</TABLE>
<TABLE>
<CAPTION>

	FISCAL 1998			
	Q1	Q2	Q3	YTD
<S>	<C>	<C>	<C>	<C>
INCOME DATA				
Sales	$273,154	$284,055	$304,471	$861,680
Percent Sales Growth Over Prior Year	31%	35%	31%	32%
Operating Profit	$ 31,675	$ 32,761	$ 38,645	$103,082
Percent of Sales	11.6%	11.5%	12.7%	12.0%
EBITDA	$ 41,825(1)	$ 44,423	$ 51,624(2)	$137,872

Percent of Sales	15.3%	15.6%	17.0%	16.0%

SHARE DATA

Basic EPS	$ 0.45(1)	$ 0.45	$ 0.51(2)	$ 1.40
Basic EPS Growth Over Prior Year	29%	29%	28%	28%
Diluted EPS	$ 0.42(1)	$ 0.43	$ 0.49(2)	$ 1.34
Diluted EPS Growth Over Prior Year	24%	26%	26%	26%
EBITDA/Diluted Share	$ 1.04(1)	$ 1.10	$ 1.28(2)	$ 3.43
EBITDA Per Share Growth Over Prior Year	27%	31%	41%	36%
Cash Dividend Per Share	$ 0.045	$ 0.045	$ 0.045	$ 0.135
Average Shares Outstanding (in 000's):				
Basic	38,149	38,292	38,459	38,300
Diluted	40,034	40,210	40,297	40,200

BALANCE SHEET DATA

Net Primary Working Capital (PWC)	$201,886	$208,610	$205,157
Net PWC as a % of Annualized Sales	18%	18%	17%
Debt	$283,181	$339,420	$372,244
Percent Market Capitalization	24.9%	25.9%	29.7%
Percent Debt-to-Total Capital	45.2%	48.4%	49.0%
EBITDA Interest Coverage	8.1 x	7.1 x	7.6 x

CASH FLOW DATA

Depreciation and Amortization	$ 9,671	$ 10,907	$ 11,599	$ 32,178
Capital Expenditures	$ 10,013	$ 11,558	$ 14,537	$ 36,108
Cash Flow from Operations	$ 17,120	$ 31,819	$ 29,310	$ 78,249

(1) Excludes $1.71 million gain on life insurance proceeds or $0.14 per diluted share recorded at Zero.

(2) Excludes $9.815 million gain on sale of Burbank, CA facility and ($4.5) million charge due to the discontinuance of a European subsidiary, $0.25 per diluted share recorded at Zero.

</TABLE>

APPLIED POWER INC.-RESTATED TO INCLUDE ZERO
FINANCIAL DATA PACKAGE (UNAUDITED)
($'s in 000's, except per share amounts)

FINANCIAL HIGHLIGHTS

<TABLE>
<CAPTION>

	FISCAL 1997					
INCOME DATA	APW	ZERO	Q1	APW	ZERO	Q2
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Sales	$153,096	$54,664	$207,760	$157,170	$53,387	$210,557
Percent Sales Growth Over Prior Year	10%	12%	11%	15%	4%	12%
Operating Profit	$ 16,905	$ 6,782	23,687	$ 16,823	$ 6,861	$ 23,684

Percent of Sales	11.0%	12.4%	11.4%	10.7%	12.9%	11.2%
EBITDA	$ 22,706	$ 9,356	$ 32,062	$ 23,687	$ 9,334	$ 33,021
Percent of Sales	14.8%	17.1%	15.4%	15.1%	17.5%	15.7%
SHARE DATA						
Basic EPS	$ 0.35		$ 0.35	$ 0.34		$ 0.35
Basic EPS Growth Over Prior Year	21%		25%	17%		17%
Diluted EPS	$ 0.34		$ 0.34	$ 0.33		$ 0.34
Diluted EPS Growth Over Prior Year	21%		26%	22%		17%
EBITDA/Diluted Share	$ 0.80		$ 0.82	$ 0.83		0.84
EBITDA Per Share Growth Over Prior Year	21%		30%	24%		25%
Cash Dividend Per Share	$ 0.015	$ 0.030	$ 0.045	$ 0.015	$ 0.030	$ 0.045
Average Shares Outstanding (in 000's):						
Basic	$ 27,396		$ 37,697	27,536		$ 37,876
Diluted	$ 28,372		38,905	28,692		$ 39,241
BALANCE SHEET DATA						
Net Primary Working Capital (PWC)	$154,522	$55,082	$209,604	$155,064	$57,488	$212,552
Net PWC as a % of Annualized Sales	25%	25%	25%	25%	27%	25%
Debt	$136,732	$51,526	$188,258	$144,945	$51,522	$196,467
Percent Market Capitalization	27.5%	23.8%	26.4%	26.9%	26.2%	26.7%
Percent Debt-to-Total Capital	41.6%	36.8%	40.2%	42.3%	35.8%	40.0%
EBITDA Interest Coverage	8.6	8.9	8.7x	7.4	9.2	7.9x
CASH FLOW DATA						
Depreciation and Amortization	$ 5,735	$ 1,791	$ 7,526	$ 6,254	$ 1,874	$ 8,128
Capital Expenditures	$ 4,927	$ 3,679	$ 8,606	$ 5,935	$ 2,296	$ 8,231
Cash Flow from Operations	$ 9,066	$ 8,734	$ 17,800	$ 5,049	$ 1,121	$ 6,170

</TABLE>

<TABLE>
<CAPTION>

FINANCIAL HIGHLIGHTS

	FISCAL 1997					
INCOME DATA	APW	ZERO	Q3	APW	ZERO	Q4

Year						
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Sales	$173,839	$58,546	$232,385	$186,212	$ 58,845	$247,057
$897,758						
Percent Sales Growth Over Prior Year	18%	16%	17%	28%	5%	22%
15%						
Operating Profit	$ 19,363	$ 7,613	$ 26,976	$ 19,792	$ 7,533	$ 27,325
$101,672						
Percent of Sales	11.1%	13.0%	11.6%	10.5%	12.8%	11.1%
11.3%						
EBITDA	$ 26,015	$ 9,961	$ 35,976	$ 26,001	$ 9,949	$ 35,950
$137,010						
Percent of Sales	15.0%	17.0%	15.5%	13.8%	16.9%	14.6%
15.3%						
SHARE DATA						
Basic EPS	$ 0.40		$ 0.40	$ 0.43		$ 0.42
$ 1.53						
Basic EPS Growth Over Prior Year	18%		25%	26%		20%
21%						
Diluted EPS	$ 0.39		$ 0.39	$ 0.41		$ 0.41
$ 1.47						
Diluted EPS Growth Over Prior Year	18%		26%	24%		17%
20%						
EBITDA/Diluted Share	$ 0.90		$ 0.91	$ 0.89		$ 0.91
$ 3.49						
EBITDA Per Share Growth Over Prior Year	22%		32%	20%		20%
26%						
Cash Dividend Per Share	$ 0.015	$ 0.030	$ 0.045	$ 0.015	$ 0.030	$ 0.045
$ 0.180						
Average Shares Outstanding (in 000's):						
Basic	27,586		37,939	27,620		38,028
37,880						
Diluted	28,808		39,332	29,076		39,679
39,307						
BALANCE SHEET DATA						
Net Primary Working Capital (PWC)	$156,555	$61,003	$217,558	$145,903	$ 62,075	$207,978
Net PWC as a % of Annualized Sales	23%	26%	23%	19%	26%	21%
Debt	$139,488	$51,631	$191,119	$123,091	$ 51,503	$174,594
Percent Market Capitalization	23.0%	24.9%	23.5%	14.0%	26.4%	16.3%
Percent Debt-to-Total Capital	40.1%	34.8%	37.0%	36.0%	33.7%	35.3%
EBITDA Interest Coverage	8.3	9.8	8.6x	8.6	9.2	8.7x
CASH FLOW DATA						

Depreciation and Amortization	$ 6,183	$ 1,928	$ 8,111	$ 5,491	$ 1,856	$ 7,347
Capital Expenditures	$ 7,346	$ 2,019	$ 9,365	$ 4,433	$ 2,828	$ 7,261
Cash Flow from Operations	$ 20,586	$ 3,348	$ 23,934	$ 30,129	$ 6,001	$ 36,130

</TABLE>

Page 5
APPLIED POWER INC.-RESTATED TO INCLUDE ZERO
FINANCIAL DATA PACKAGE (UNAUDITED)
($'s in 000's, except per share amounts)

<TABLE>
<CAPTION>
FINANCIAL HIGHLIGHTS

	FISCAL 1998					
	APW	ZERO	Q1	APW	ZERO	Q2
<S>	<C>	<C>	<C>	<C>	<C>	<C>
INCOME DATA						
Sales	$208,689	$64,465	$273,154	$217,145	$66,910	$284,055
Percent Sales Growth Over Prior Year	36%	18%	31%	38%	25%	35%
Operating Profit	$ 23,009	$ 8,666	$ 31,675	$ 23,353	$ 9,408	$ 32,761
Percent of Sales	11.0%	13.4%	11.6%	10.8%	14.1%	11.5%
EBITDA	$ 30,557	$11,244	$ 41,825(1)	$ 32,326	$12,076	$ 44,423
Percent of Sales	14.6%	17.4%	15.3%	14.9%	18.0%	15.6%
SHARE DATA						
Basic EPS	$ 0.44		$ 0.45(1)	$ 0.43		$ 0.45
Basic EPS Growth Over Prior Year	26%		29%	26%		29%
Diluted EPS	$ 0.42		$ 0.42(1)	$ 0.40		$ 0.43
Diluted EPS Growth Over Prior Year	24%		24%	21%		26%
EBITDA/Diluted Share	$ 1.04		$ 1.04(1)	$ 1.10		$ 1.10
EBITDA Per Share Growth Over Prior Year	30%		27%	33%		31%
Cash Dividend Per Share	$ 0.015	$ 0.030	$ 0.045	$ 0.015	$ 0.030	$ 0.045
</TABLE>

Average Shares Outstanding (in 000's):						
Basic	27,682	38,149	27,775	38,292		
Diluted	29,302	40,034	29,439	40,210		
BALANCE SHEET DATA						
Net Primary Working Capital (PWC)	$138,379	$63,507	$201,886	$144,763	$63,847	$208,610
Net PWC as a % of Annualized Sales	17%	25%	18%	17%	24%	18%
Debt	$231,672	$51,509	$283,181	$287,847	$51,573	$339,420
Percent Market Capitalization	27.4%	17.5%	24.9%	28.8%	16.6%	25.9%
Percent Debt-to-Total Capital	49.9%	31.5%	45.2%	54.1%	30.5%	48.4%
EBITDA Interest Coverage	7.4	11.3	8.1x	6.1	12.5	7.1
CASH FLOW DATA						
Depreciation and Amortization	$ 7,661	$ 2,010	$ 9,671	$ 8,664	$ 2,243	$ 10,907
Capital Expenditures	$ 7,247	$ 2,766	$ 10,013	$ 6,910	$ 4,648	$ 11,558
Cash Flow from Operations	$ 9,741	$ 7,379	$ 17,120	$ 17,699	$14,120	$ 31,819

</TABLE>
<TABLE>
<CAPTION>

<S>	APW <C>	ZERO <C>	Q3 <C>	Q4 <C>	YTD <C>
INCOME DATA					
Sales	$241,653	$62,818	$304,471		$861,680
Percent Sales Growth Over Prior Year	39%	7%	31%		32%
Operating Profit	$ 29,036	$ 9,609	$ 38,645		$103,082
Percent of Sales	12.0%	15.3%	12.7%		12.0%
EBITDA	$ 38,607	$12,992	$ 51,624(2)		$137,872
Percent of Sales	16.0%	20.7%	17.0%		16.0%
SHARE DATA					
Basic EPS	$ 0.54		$ 0.51(2)		$ 1.40
Basic EPS Growth Over Prior Year	35%		28%		28%
Diluted EPS	$ 0.51		$ 0.49(2)		$ 1.34
Diluted EPS Growth Over Prior Year	31%		26%		26%

EBITDA/Diluted Share	$ 1.31		$ 1.28(2)	$ 3.43
EBITDA Per Share Growth Over Prior Year	46%		41%	36%
Cash Dividend Per Share	$ 0.015	$ 0.030	$ 0.045	$ 0.135
Average Shares Outstanding (in 000's):				
Basic	27,911		38,459	38,300
Diluted	29,539		40,297	40,200

- ---
BALANCE SHEET DATA
- ---

Net Primary Working Capital (PWC)	$146,920	$58,237	$205,157
Net PWC as a % of Annualized Sales	15%	23%	17%
Debt	$321,689	$50,555	$372,244
Percent Market Capitalization	33.7%	17.0%	29.7%
Percent Debt-to-Total Capital	55.1%	28.6%	49.0%
EBITDA Interest Coverage	6.5	15.5	7.6x

- ---
CASH FLOW DATA
- ---

Depreciation and Amortization	$ 9,421	$ 2,178	$ 11,599	$ 32,178
Capital Expenditures	$ 10,027	$ 4,510	$ 14,537	$ 36,108
Cash Flow from Operations	$ 22,305	$ 7,005	$ 29,310	$ 78,249

</TABLE>

(1) Excludes $1.71 million gain on life insurance proceeds or $0.14 per diluted share recorded at Zero.
(2) Excludes $9.815 million gain on sale of Burbank, CA facility and ($4.5) million charge due to the discontinuance of a European subsidiary, $0.25 per diluted share recorded at Zero.