

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended AUGUST 31, 1994
OR

[] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____.
Commission File No. 1 - 11288

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

WISCONSIN

39-0168610

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

13000 WEST SILVER SPRING DRIVE
BUTLER, WISCONSIN 53007
MAILING ADDRESS: P.O. BOX 325, MILWAUKEE, WISCONSIN 53201
(Address of principal executive offices)

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

Securities registered pursuant to Section 12(b) of the Act:

CLASS A COMMON STOCK,
\$.20 PAR VALUE PER SHARE

(Title of each class)

NEW YORK STOCK EXCHANGE

(Name of each exchange on
which registered)

Securities registered pursuant to Section 12(g) of the Act: NONE

Indicate by check mark whether the Registrant (1) has filed all reports
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of
1934 during the preceding 12 months, and (2) has been subject to such filing
requirements for the past 90 days. YES X NO ___

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405
of Regulation S-K is not contained herein, and will not be contained, to the
best of registrant's knowledge, in definitive proxy or information statements
incorporated by reference in Part III of this Form 10-K or any amendment to
this Form 10-K. []

As of November 16, 1994, the aggregate market value of Common Stock held by
non-affiliates was \$306.2 million, and there were 13,226,842 shares of the
Registrant's Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive Proxy Statement for the Annual Meeting of
Shareholders to be held on January 9, 1995 are incorporated by reference into
Part III hereof.

PART I

ITEM 1. BUSINESS

GENERAL DEVELOPMENT OF THE COMPANY

Applied Power Inc. (the "Company"), a Wisconsin corporation incorporated in
1910, is a diversified global company engaged in the business of providing
tools, equipment, systems and consumable items to a variety of end-users and
original equipment manufacturers in the manufacturing, construction,
transportation, natural resource, aerospace, defense and other industries.

The Company's operations are segmented into two business groups and one
company:

Distributed Products Group ("DPG")

Products

Enerpac

Hydraulic high force tools, production
automation components and accessories.

GB Electrical

Electrical contractor tools, consumable

products for electrical construction,
repair and remodeling

Engineered Solutions Group ("ESG")

Power-Packer	Hydraulic actuation systems for the transportation, medical equipment and agricultural equipment markets.
APITECH	Electro-hydraulic control valves and systems for transportation and mobile equipment manufacturers.
Barry Controls	Standard and engineered shock, vibration and noise reduction components and systems
Wright Line	Technical furniture solutions for offices and laboratories

Financial information by segment and geographic area, as well as information related to export sales, is included in Note O - "Segment Information" in Notes to Consolidated Financial Statements, which is included as part of Item 8 of Part II of this report and is incorporated herein by reference.

DESCRIPTION OF BUSINESS SEGMENTS

DISTRIBUTED PRODUCTS GROUP

The Distributed Products Group, which includes Enerpac and GB Electrical, is engaged in the manufacture and distribution of tools and consumables to the construction, retail and general industrial markets. Products are generally distributed through wholesale and retail distributors. Both DPG businesses supply in excess of 4,000 SKU's each to a broad customer base. Geographic expansion offers a source of growth potential for the DPG businesses.

Enerpac

Enerpac is involved in the design, manufacture and sale, on a worldwide basis, of labor and cost saving products and systems for industrial and construction operations. The products can be grouped into three product lines: high force tools, production automation, and specially engineered or complementary systems.

Enerpac's high force tool line consists of over 4,000 products that are used extensively in general industrial and construction applications. These hydraulic products allow users to apply controlled force and motion that increase productivity and make work safer and easier to perform. Hydraulic pumps, valves, cylinders and presses, as well as more specialized tools such as pipe benders, torque wrenches and electronically-controlled lifting systems are examples of Enerpac's high force tools.

Enerpac's production automation products consist of workholding components and systems which enable a quick change of dies, molds and other equipment used in production and assembly operations. Hydraulic workholding components and systems utilized in metal-cutting machine tools hold parts in position during the machining process, and provide superior accuracy and flexibility to traditional mechanical clamping methods. Enerpac also designs and manufactures quick mold change systems that are used extensively in the injection molding industry.

In addition to its line of high force tools and production automation products, Enerpac custom engineers and assembles equipment and special modified products that are sold directly to original equipment manufacturers ("OEM's").

Enerpac has major engineering, manufacturing and warehousing operations in the United States, Netherlands, Mexico, France and Japan, with sales and service operations in a number of other countries. The manufacturing operations in the Netherlands are in the process of being consolidated into the United States, and will be completed in 1995. Products are primarily distributed through a worldwide network of over 2,500 independent distributors as well as directly to certain OEM customers. Enerpac believes its strengths include the breadth of its product line, large distribution network, long operating history,

reputation and technical expertise.

GB Electrical

As a result of niche acquisitions, new product introductions, strong customer service and its expansion into new markets, GB Electrical has doubled its sales since being acquired by the Company in 1988. GB Electrical's major product groups include the following: tools and accessories used in industrial, commercial and residential construction, remodeling and maintenance; wire connectors and other wire termination devices; conduit fishing and pulling systems; conduit benders; fastening devices (including cable ties and plastic staples); digital and analog multitesters; and spring steel clips (under the "HIT" trademark).

GB's products are sold through electrical wholesale distributors and mass merchandisers. This network includes approximately 4,000 electrical wholesale accounts as well as merchandisers including Sears, Ace Hardware, Builders Square, Payless Cashways, WalMart, The Home Depot, Cotter & Co. and other major chains, which in total represent over 20,000 consumer outlets.

GB operates manufacturing facilities in Wisconsin, Minnesota and North Carolina. GB's products are distributed through its National Distribution Center located in Milwaukee, Wisconsin as well as a number of independent warehouses located throughout the United States. Although the majority of its business is generated in the United States, GB is aggressively pursuing opportunities in Canada, Mexico, Latin America and Hong Kong.

ENGINEERED SOLUTIONS GROUP

The Engineered Solutions Group, consisting of Power-Packer, APITECH and Barry Controls, focuses on developing and marketing value-added solutions for original equipment manufacturers in the transportation, construction, aerospace, defense and industrial markets. Technical sales force members from each of the ESG units often work together to develop and market ESG products in one technology solution package. These value-added technology solutions offer cost-effective systems to meet the needs of ESG's global customer base.

Power-Packer

Power-Packer custom designs hydraulic systems and components for OEM customers in the transportation, medical equipment and agricultural equipment markets. Although its principal engineering and assembly operations are based in the United States and the Netherlands, Power-Packer also markets its products throughout Europe, Japan, South Korea and North America. The majority of its products are sold direct by its technically-trained sales force.

Power-Packer has three primary product applications in the transportation industry: the cab-tilt system, the air suspension system and the convertible top actuation system. The cab-tilt system is installed on heavy-duty, cab-over-engine trucks and tilts and retracts the cab for engine inspection and maintenance. The systems are customized to meet the needs of individual truck manufacturers which include virtually all of the major manufacturers of cab-over-engine trucks in the United States and Western Europe. Power-Packer also markets its cab-tilt systems in Japan through a joint venture. Air suspension systems improve the ride characteristics of trucks, enhance driver comfort and reduce cab maintenance costs. Power-Packer has also developed a leading position in supplying electrically-powered hydraulic actuator systems for convertible automobile tops. These systems, which are shipped to automotive OEMs fully assembled and tested, are presently used on many car models in Europe and the United States.

Power-Packer supplies self-contained hydraulic actuators to medical equipment manufacturers that provide portable patient lifting and positioning capability for institutional or home use. Other manually-operated products are supplied for hospital bed height adjustment. It also produces power-driven systems, in some cases combined with fully-integrated microprocessor control, to expand the multi-function capability of beds and examination tables.

APITECH

The Company formed APITECH to develop and market products that combine electronic control with hydraulic technologies to increase the controllability, safety and performance of end-user products. APITECH employs advanced electronic and software technology in its modular line of products, including electro-hydraulic control valves, microprocessor-based control circuitry, sensors and software. These products can be adapted to customers' control situations and span broad application areas without extensive redesign. The Company has a patented digital electro-hydraulic valve, marketed under the Pulsar Valve TM name, which can be directly controlled by a microprocessor to deliver performance comparable to servo valve technology at a significantly lower cost.

The Company markets APITECH products to a diversified mix of customers, primarily OEMs. The highest demand for electro-hydraulic APITECH products occurs in the off-highway mobile market, the on-highway transportation and maintenance vehicle market and the automotive market. In the off-highway market, APITECH's customers include John Deere, Hameck, F.W. McConnell, TRAK, Snorkel and Altec. In the on-highway maintenance market, major state and municipal road fleets in the United States and Canada use APITECH's salt and sand spreader control products. In the automotive market, APITECH supplies small fast valves to GM Delco that are part of the system that provides a semi-active suspension capability in certain Cadillac models. Sales to GM Delco are a significant portion of APITECH's business.

Products are sold as components or turn-key systems, depending on customer specifications and design capability, typically with long-term supply arrangements. The Company primarily sells its APITECH products through its own sales engineering team as well as through a group of full service mobile equipment distributors in North America and Europe. Sales to the road maintenance equipment market take place through a national network of truck equipment dealers in the United States and Canada. APITECH's operations are based in Butler, Wisconsin.

Barry Controls

Barry Controls was acquired by Applied Power in 1989, along with Wright Line, in conjunction with the acquisition of Barry Wright Corporation. Barry Controls is engaged in the business of custom designing, manufacturing and marketing engineered products and systems that reduce vibration, shock and structure-borne noise. Products for the commercial aerospace and defense markets include engine vibration isolators for aircraft and vibration and shock isolators for defense and aerospace applications. Industrial products represent an important part of Barry Controls' business, and include vibration isolators and noise dampening components for a variety of applications including computers, appliances, tools, industrial equipment, heavy trucks, farm and construction equipment and many other diverse applications.

Principal markets and customers served include OEMs of many types of machinery and equipment (including computers), aircraft manufacturers, commercial airlines, defense and aerospace contractors, and users of equipment requiring noise or vibration reduction. Products are distributed through its sales engineers, independent sales engineering representatives and specialized distributors. Barry Controls' products are manufactured in two locations in the United States as well as in England.

WRIGHT LINE

In the second quarter of 1994, the Company announced its decision to retain the remaining Wright Line business, which had been included in discontinued operations since the third quarter of 1992. The Company had originally intended to sell all of Wright Line in a single transaction in 1993. However, management subsequently determined that proceeds could be maximized by selling the assets in a series of separate transactions. The Company completed the sale of certain assets of Wright Line's German operation in 1993, and the Canadian, Australian, U.K. and U.S. portions of Wright Line's Datafile operations in early 1994. For further information, refer to Note B - "Discontinued Operations" in Notes to Consolidated Financial Statements.

During the past two years, Wright Line has shifted its strategy to respond to the application and storage demands posed by new and fast changing markets, including Local Area Networks (LANs), multi-media and bio-engineering markets. Its customers require efficient and flexible work centers and equipment for professionals. In addition to these fast growing markets, Wright Line continues to provide traditional filing systems, cabinets, workstations and work surfaces used in the modern office.

Wright Line products are primarily sold through its direct sales force in the United States, in addition to a network of independent distributors and Value-Added Resellers. Its products are marketed in foreign markets through sales representatives and dealers in other countries. Products are primarily sold to commercial and governmental end users. Sales to the government, which have averaged approximately 31% of total Wright Line net sales over the past three years, are made pursuant to a contract between Wright Line and the U.S. Government's General Services Administration.

Competition

The Company competes on the basis of product design and quality, availability, performance and support and price. The Company believes that its technical skills, global presence, shared technology base, close working relationships with customers and patents bolster its competitive position.

Applied Power's businesses face competition to varying degrees in each of their markets. In general, each product line competes with a small group of different competitors. No one company competes directly with the Company across all of its businesses. Some competitors of the Enerpac, GB Electrical, APITECH, and Wright Line businesses are substantially larger than the Company and have greater financial resources. The competitors of Power-Packer are limited to a few specialized firms, which are generally privately held and operate in specific geographic markets. Barry Controls and its principal competitor, a segment of Lord Corporation, are the dominant suppliers in the shock, vibration and noise isolation markets.

Research and Development

The Company maintains engineering staffs at several locations, which design new products and make improvements to existing product lines. Expenditures for research and development, which constitute a portion of the Company's engineering expense, were \$7.4 million, \$5.9 million and \$5.6 million in fiscal years 1994, 1993 and 1992, respectively. Substantially all research, development and product improvement expenditures are Company funded.

Patents and Trademarks

The Company has been issued a number of patents that provide protection of valuable designs and processes in its APITECH, Power-Packer and Barry Controls businesses. Numerous other United States and foreign patents and trademarks are owned by the Company, although no such individual patent or trademark (or group thereof) is believed to be of sufficient importance that its termination would have a materially adverse effect on the Company's business.

Manufacturing, Materials and Suppliers

The majority of the Company's manufacturing operations include the assembly of parts and components which have been purchased by the Company from a number of suppliers. In the absence of unusual circumstances, substantially all such products are normally available from a number of local and national suppliers.

Order Backlogs and Seasonality

At August 31, 1994, the Company had \$93.3 million in backlog orders, compared to approximately \$79.7 million at August 31, 1993. Substantially all orders are expected to be completed prior to August 31, 1995. The Company's sales are subject to minor seasonal fluctuations, with second quarter sales traditionally being the lowest of the year.

Employee Relations

As of August 31, 1994, Applied Power employed approximately 2,700 people, none of which are subject to a collective bargaining agreement. In general, the Company enjoys good relationships with its employees.

Environmental Compliance

The Company has facilities at numerous geographic locations, which are subject to a range of environmental laws and regulations. Compliance with these laws has, and will require expenditures on a continuing basis. Environmental expenditures are expensed or capitalized depending on their future economic benefit. The Company has been identified by the United States Environmental Protection Agency as a "Potentially Responsible Party" regarding six multi-party Superfund sites. Based on its investigations, the Company believes it is a de minimis participant in each case, and that any liability which may be incurred as a result of its involvement with such Superfund sites, taken together with its expenditures for environmental compliance, will not have a material adverse effect on the Company's financial position. Liabilities are recorded when environmental remediation is probable, and the costs can be reasonably estimated. Environmental remediation accruals of \$567,000 and \$661,000 were included in the Consolidated Balance Sheet at August 31, 1994 and 1993, respectively. For further information, refer to Note P - "Contingencies and Litigation" in Notes to Consolidated Financial Statements.

ITEM 2. PROPERTIES

The following table summarizes the principal manufacturing, warehouse and office facilities owned or leased by the Company:

<TABLE>

<CAPTION>

Location and Business	Size (sq. feet)	Owned/Leased
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- - - - -

DISTRIBUTED PRODUCTS GROUP

<S>	<C>	<C>
Enerpac		
Columbus, Wisconsin	130,000	Leased
Veenendaal, Netherlands	98,000	Owned
Troyes, France	42,000	Leased
Tokyo, Japan	33,000	Leased
Pachuca, Mexico	24,000	Leased
GB Electrical		
Glendale, Wisconsin	165,000	Leased
Matthews, North Carolina	33,000	Owned
Alexandria, Minnesota	26,000	Owned

ENGINEERED SOLUTIONS GROUP

Power-Packer		
Westfield, Wisconsin	49,000	Leased
Oldenzaal, Netherlands	65,000	Owned
APITECH		
Butler, Wisconsin	45,000	Leased
Barry Controls		
Brighton, Massachusetts	227,000	Leased
Burbank, California	307,000	Leased
Hersham, England	37,000	Leased
WRIGHT LINE		
Worcester, Massachusetts	210,000	Owned

</TABLE>

In addition to these properties, the Company utilizes a number of smaller facilities in South Korea, Spain, Italy, Canada, France, Germany, Australia, Russia, Switzerland, Singapore, India, the United Kingdom and the United States. The Company's headquarters are based in a leased facility in Butler, Wisconsin, which is also utilized by Enerpac and Power-Packer.

The Company's strategy is to lease properties when available and economically advantageous. Leases for the majority of the Company's facilities include renewal options. For additional information, see Note H - "Leases" in Notes to Consolidated Financial Statements. The Company believes its current properties are well maintained and in general, are adequately sized to house existing operations. The Company intends to construct a manufacturing and warehousing facility in South Korea within the next two years to support its expansion in that emerging market. Further, a minor addition will be made to the Wright Line facility in Worcester, Massachusetts to house a new paint line. Funding for these projects is expected to come from operating cash flow.

ITEM 3. LEGAL PROCEEDINGS

The Company is a party to various legal proceedings which have arisen in the normal course of its business. These legal proceedings typically include product liability, environmental and patent claims. (For further information related to environmental claims, refer to "Environmental Compliance" on page 6). The Company has recorded reserves for loss contingencies based on the specific circumstances of each case. Such reserves are recorded when the loss is probable and can be reasonably estimated. In the opinion of management, the resolution of these contingencies will not have a materially adverse effect on the Company's financial condition or results of operations.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

EXECUTIVE OFFICERS OF THE REGISTRANT

The names, ages and positions of all of the executive officers of the Company as of November 16, 1994 are listed below.

<TABLE>
<CAPTION>

Name	Age	Position
-----	---	-----

<S>	<C>	<C>
Richard G. Sim	50	Chairman, President and Chief Executive Officer; Director
William J. Albrecht	43	Senior Vice President, Engineered Solutions Group
Robert G. Deuster	44	Senior Vice President, Distributed Products Group
Alexander D. van Eyck	53	Senior Vice President, Asian Operations
Robert C. Arzbaecher	34	Vice President, Chief Financial Officer
Douglas R. Dorszynski	42	Vice President, Tax and Treasurer
Louis E. Font	41	Vice President, Human Resources
Robert T. Foote, Jr.	53	Vice President, Business Development
Dale A. Knutson	62	Vice President, Technology
Theodore M. Lecher	43	Vice President, President GB Electrical, Inc.
Andrew G. Lampereur	31	Controller
Anthony W. Asmuth III	52	Secretary

</TABLE>

Richard G. Sim was elected President and Chief Operating Officer on August 1, 1985, Chief Executive Officer effective September 1, 1986, and Chairman of the Board effective November 1, 1988. From January, 1982 through August 1, 1985, Mr. Sim was a General Manager in the General Electric Medical Systems Business Group. He is also a director of The Gehl Company and IPSCO Inc.

William J. Albrecht was named Senior Vice President of the Engineered Solutions Group in May, 1994. Prior to that he served as Vice President and President of Power-Packer and APITECH since January, 1991. He joined the Company in March, 1989 as General Manager of the APITECH Division in the United States. Prior to joining the Company, Mr. Albrecht was Director of National Accounts and Industrial Power Systems at Generac Corp. from 1987 to 1989 and Vice President-Sales at NP Marketing from 1985 to 1987.

Robert G. Deuster was appointed Senior Vice President of the Distributed Products Group in May, 1994. He had served as a Vice President since August, 1988, and was named President of Barry Controls in August, 1989. From March, 1987 to August, 1989, Mr. Deuster had responsibility for the APITECH business worldwide. From November, 1985, to March, 1987, he was Vice President Marketing and Sales for Enerpac in the United States. Prior to joining the Company in 1985, Mr. Deuster spent 10 years at General Electric in engineering and as Manager of Marketing in its Medical Systems Business Group.

Alexander D. van Eyck joined the Company as Senior Vice President, Asian Operations in February, 1992. In this position he has oversight and business development responsibilities for all of the Company's businesses in Japan and Korea. From 1990 until joining the Company, Mr. van Eyck had served as President and Chief Executive Officer of Concurrent Nippon Corp. in Japan. Prior to that, he was Partner, Nakamura International from 1988 to 1990, and President of Apple Computers Japan, Inc. from 1985 to 1988.

Robert C. Arzbaecher was named Vice President, Chief Financial Officer in October, 1994. He had served as Vice President, Finance of the Distributed Products Group from August, 1993 to October, 1994. He joined the Company in January, 1992 as Controller. From May, 1988 to December, 1991, Mr. Arzbaecher was employed by Grabill Aerospace Industries LTD, where he last held the position of Chief Financial Officer. Prior to 1988, Mr. Arzbaecher held various financial positions at Farley Industries Inc. and at Grant Thornton and Company, a public accounting firm.

Douglas R. Dorszynski was appointed Vice President, Tax and Treasurer in July, 1994. Mr. Dorszynski joined the Company in 1983 as Corporate Tax Manager and was subsequently appointed Director, Tax and Special Project Planning in 1985. Prior to joining the Company, Mr. Dorszynski was employed by Arthur Young & Co., a public accounting firm, from 1978 to 1983.

Louis E. Font was elected Vice President, Human Resources in October, 1994. From March, 1994 to October, 1994 Mr. Font served as Vice President, Human Resources for the Distributed Products Group. He served from May, 1992 to March, 1994 as Vice President, Human Resources for Enerpac Americas. Prior to joining the Company in 1992, Mr. Font was employed by General Electric for 12

years, holding various human resource positions.

Robert T. Foote, Jr. was appointed Vice President, Business Development on September 1, 1992. Mr. Foote was Vice President and Chief Financial Officer from August 1988 to August 1992. He was appointed a Vice President in July 1987 and has been a member of the corporate staff since 1984. Prior to that, he held various divisional managerial positions. Mr. Foote has been employed by the Company since 1971.

Dale A. Knutson has served as Vice President, Technology since May, 1987. From 1982 until May, 1987, he held the position of Vice President - Product Engineering. Mr. Knutson has been associated with the Company since 1969.

Theodore M. Lecher has served as President of GB Electrical, Inc. (Gardner Bender, Inc. prior to its acquisition by the Company in February, 1988) since September, 1986, and as a Company Vice President since August, 1988. He was Vice President-General Manager of Gardner Bender, Inc. from 1983 to 1986, and prior to that Director of Sales and Marketing since 1980. Mr. Lecher has been associated with GB Electrical, Inc. since 1977.

Andrew G. Lampereur was appointed Corporate Controller in May, 1994. He joined the Company in May, 1993 as Assistant Corporate Controller. Mr. Lampereur was employed by Terex Corporation from 1988 to May, 1993, where he held a number of financial positions, most recently Corporate Controller of its Fruehauf Trailer Corporation subsidiary. Prior to that, he was employed at Price Waterhouse, a public accounting firm, from 1985 to 1988.

Anthony W. Asmuth III is a partner in the law firm of Quarles & Brady, Milwaukee, Wisconsin, having joined that firm in 1989. Prior to joining Quarles & Brady, he was a partner with the law firm of Whyte & Hirschboeck Dudek S.C. Mr. Asmuth had previously served as Secretary of the Company from January, 1986 to January, 1993. He was re-elected Secretary in July, 1994.

Each officer is appointed by the Board of Directors and holds office until he or she resigns, dies, is removed or a different person is appointed to the office. The Board of Directors generally appoints officers at its meeting following the Annual Meeting of Shareholders.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Company's common stock is traded on the New York Stock Exchange under the symbol APW. At October 31, 1994, the approximate number of record shareholders of common stock was 517. The high and low sales prices of the common stock by quarter for each of the past two years are as follows:

<TABLE> <CAPTION> FISCAL YEAR	PERIOD	HIGH	LOW
-----	-----	-----	-----
<S>	<C>	<C>	<C>
1994	June 1 to August 31	\$22 1/2	\$19
	March 1 to May 31	22 5/8	16 3/8
	December 1 to February 28	19 3/8	14 5/8
	September 1 to November 30	18 1/4	14 1/2
1993	June 1 to August 31	17 1/8	15 3/8
	March 1 to May 31	18 1/2	16 1/8
	December 1 to February 28	18 1/2	15
	September 1 to November 30	16 1/4	13 5/8

</TABLE>

Quarterly dividends of \$0.03 per share were declared and paid for each of the quarters above.

ITEM 6. SELECTED FINANCIAL DATA

(In Millions, except per share amounts)

<TABLE>
<CAPTION>

	For the years ended August 31,				
	1994	1993	1992	1991	1990
<S>	<C>	<C>	<C>	<C>	<C>
Net Sales	\$433.6	\$398.7	\$404.3	\$400.6	
Gross Profit	163.5	151.0	154.9	157.1	
Earnings					
Continuing Operations before Cumulative Effect of Accounting Change	16.9	7.1 (1)	8.5 (1)	10.8 (1)	18.7
Cumulative Effect of Accounting Change	-	(4.4)	-	-	
Discontinued Operations	(0.4)	(3.8)	(32.9)	(2.9)	0.8
Net Earnings	16.5	(1.1)	(24.4)	7.8	
Earnings per Share					
Continuing Operations before Cumulative Effect of Accounting Change	\$ 1.27	\$ 0.54 (1)	\$ 0.65 (1)	\$ 0.83 (1)	\$ 1.41
Cumulative Effect of Accounting Change	-	(0.33)	-	-	
Discontinued Operations	(0.03)	(0.29)	(2.51)	(0.23)	.06
Net Earnings per Share	\$ 1.25	\$ (0.08)	\$ (1.87)	\$ 0.60	\$ 1.48
Dividends per Common Share	\$ 0.12	\$ 0.12	\$ 0.12	\$ 0.12	\$ 0.12

<CAPTION>

	At August 31,				
	1994	1993	1992	1991	1990
<S>	<C>	<C>	<C>	<C>	<C>
Total Assets	317.4	306.3	301.5	326.2	
Long-term Obligations	88.7	97.5	108.0	118.6	142.5
Shareholders' Equity	107.3	88.0	96.6	116.8	115.5
Actual Shares Outstanding	13.2	13.0	13.0	12.9	12.8

(1) Earnings from Continuing Operations before Cumulative Effect of Accounting Change for 1993, 1992 and 1991 reflect after-tax restructuring charges of \$4,968 (\$.38 per share), \$3,114 (\$.24 per share) and \$3,034 (\$.23 per share), respectively. In addition, 1992 includes a liquidation of LIFO inventory which had the effect of increasing earnings by \$1,339 (\$.10 per share).

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

APPLIED POWER INC. FINANCIAL REVIEW
(Dollars in millions, except per share amounts)<TABLE>
<CAPTION>

RESULTS OF CONTINUING OPERATIONS

	Years Ended August 31,			Percentage of Net Sales		
	1994	1993	1992	1994	1993	1992
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Net Sales	\$433.6	\$398.7	\$404.3	100.0%	100.0%	100.0%
Gross Profit	163.5	151.0	154.9	37.7	37.9	38.3
Operating Expenses	121.3	117.3	112.7	28.0	29.4	27.9
Restructuring Expenses	-	7.7	4.7	-	1.9	1.2
Operating Earnings	42.2	26.0	37.5	9.7	6.5	9.3
Other Expenses	16.9	16.4	22.1	3.9	4.1	5.5
Earnings Before Income Taxes	25.3	9.6	15.4	5.8	2.4	3.8
Income Taxes	8.4	2.5	6.9	1.9	0.6	1.7
Earnings Before Accounting Change	16.9	7.1	8.5	3.9	1.8	2.1
Cumulative Effect of Accounting Change	-	4.4	-	-	1.1	-
Net Earnings	\$ 16.9	\$ 2.7	\$ 8.5	3.9%	0.7%	2.1%

</TABLE>

The preceding table sets forth the results of continuing operations of the Company for the years ended August 31, 1994, 1993 and 1992.

The Company recorded restructuring charges and adopted new accounting pronouncements during the last three years which impact the comparability of financial information. The following table reconciles reported net earnings from continuing operations to net earnings from continuing operations excluding restructuring costs and the cumulative effect of accounting changes:

<TABLE> <CAPTION>		1994	1993	1992
EARNINGS COMPARISON				
<S>		<C>	<C>	<C>
Earnings from Continuing Operations		\$16.9	\$2.7	\$8.5
Restructuring - after tax			5.0	3.1
Cumulative of effect of accounting change			4.4	
TOTALS		\$16.9	\$12.1	\$11.6

</TABLE>

[Graph A - see attached appendix to this report]

NET SALES

Net sales increased 9% in 1994 as all operating groups reported improvement over the prior two years. Overall sales from the Distributed Products Group (the "DPG"), which consists of Enerpac and GB Electrical, increased 4% from 1993, reflecting \$1.8 million of sales from Palmer Industries (acquired in 1994), as well as growth in North America and the developing Asia Pacific and Latin American markets. DPG sales in Europe and Japan were lower than the prior year due to weak conditions in those economies in the first half of 1994.

The Engineered Solutions Group (the "ESG"), consisting of Barry Controls, APITECH and Power-Packer, posted a 10% sales gain over 1993. The majority of the improvement took place in the automotive and transportation markets in North America and Europe. Improvement also resulted from the sale of products introduced in recent years such as Power-Packer's multi-cylinder convertible top actuation systems, Barry Control's DuoPlexx and industrial products and APITECH's automotive suspension and motion control systems.

Sales of the LAN Management System ("LMS") product line, which was introduced in the second half of 1993, increased significantly in 1994 and was the main reason for Wright Line's 29% sales growth from 1993. Wright Line also introduced in 1994 it's Addendum product line, consisting of reconfigurable laboratory systems.

Total sales in 1993 were 1% lower than 1992 reflecting lower shipments from Wright Line, as well as the impact of economic downturns in Europe and Japan. European sales declined 14% from 1992 to 1993, partially offset by gains in emerging markets and North America. ESG sales from new products were partially offset by declines in cyclical markets that Barry Controls competes in, including commercial aerospace and defense.

<TABLE>

<CAPTION>

GEOGRAPHIC SALES	1994	1993	1992
------------------	------	------	------

<S>	<C>	<C>	<C>
North America	\$279.6	\$259.7	\$250.7
Latin America	11.3	10.2	9.6
Europe	99.2	87.3	101.8
Japan and Asia Pacific	43.5	41.5	42.2

TOTALS	\$433.6	\$398.7	\$404.3

</TABLE>

[Graph B - see attached appendix to this report]

Acquisitions, price changes and foreign exchange rate changes have not had a significant impact on the comparability of net sales during the last three years.

GROSS PROFIT

Gross profit increased to \$163.5 million in 1994, compared to \$151.0 million and \$154.9 million in 1993 and 1992, respectively. The improvement results from the 9% increase in sales in 1994. Accounting under SFAS 109 (see "Adoption of New Accounting Pronouncements" below) had the effect of reducing gross profit approximately \$2.2 million in both 1994 and 1993, relative to 1992. The liquidation of LIFO inventories increased gross profit approximately \$2.2 million in 1992. Comparative gross profit percentages, assuming the Company had adopted SFAS 109 in 1992 and had not received benefit from the LIFO liquidation, are as follows:

<TABLE>			
<CAPTION>			

GROSS PROFIT BY SEGMENT	1994	1993	1992

<S>	<C>	<C>	<C>
Distributed Products Group	43.4%	45.4%	45.0%
Engineered Solutions Group	28.2	27.4	24.6
Wright Line	43.0	36.4	41.2

TOTALS	37.7%	37.9%	37.2%

</TABLE>

Items influencing overall gross profit percentages include relative sales mix between the DPG, ESG and Wright Line and production levels. The DPG experienced erosion in its gross profit percentage in 1994 at Enerpac due to inefficiencies during the consolidation of manufacturing, higher discounts to distributors and increased shipments to OEM customers (which generate lower margins than non-OEM customers). Gross profit percentages from the ESG and Wright Line improved due to benefits from prior year restructuring (see "Restructuring Expense" below), as well as higher production levels. The ESG generates lower gross profit percentages than either Wright Line or the DPG because a much higher proportion of its sales are made to OEM customers.

<TABLE>			
<CAPTION>			

OPERATING EXPENSES	1994	1993	1992

<S>	<C>	<C>	<C>
Engineering	\$13.5	\$12.3	\$10.9
Selling and Marketing	72.0	68.1	67.2
Administration	35.8	36.9	34.6

TOTALS	\$121.3	\$117.3	\$112.7

</TABLE>

OPERATING EXPENSES

Engineering expense increased 24% over the last two years to \$13.5 million due to new product development programs. The Company believes that its investment in technology in all businesses will continue to provide it with a competitive advantage.

Selling and marketing expenses increased from \$67.2 million in 1992 to \$68.1 million in 1993 and \$72.0 million in 1994. The majority of the increase since 1992 relates to variable selling expenses (primarily commissions and volume rebates) as well as expenditures for geographic expansion into emerging markets. During the last few years, the Company opened sales offices in Moscow and India, and increased its presence in Mexico, Canada and Korea. Administrative expenses totalled \$35.8 million, \$36.9 million and \$34.6 million

in 1994, 1993 and 1992, respectively. The reduction during 1994 reflects the benefits of restructuring certain European operations. Both 1994 and 1993 include incremental expense over 1992 attributable to SFAS 106 (see "Adoption of New Accounting Pronouncements" below.)

RESTRUCTURING EXPENSE

The Company recorded \$7.7 million of pre-tax restructuring charges (\$.38 per share) in 1993, primarily related to consolidating certain manufacturing, distribution and administrative functions at Enerpac and Barry Controls operations in Europe, downsizing field sales and headquarters administrative staff at retained Wright Line operations, and idle facility costs at Barry Controls. All but \$1.6 million of the restructuring costs had been incurred as of August 31, 1994, consisting of severance and consolidation expenditures. The balance of such expenditures will be incurred in the first half of 1995 when the restructuring is finalized.

During 1992, pre-tax restructuring expenses of \$4.7 million (\$.24 per share) were incurred for the transfer and consolidation of selected Barry Controls and European Power-Packer operations.

<TABLE>
<CAPTION>

OTHER EXPENSE (INCOME)	1994	1993	1992
Interest expense	\$11.4	\$12.5	\$15.3
Amortization expense	5.1	4.9	4.6
Other - net	0.4	(1.0)	2.2

</TABLE>

OTHER EXPENSE (INCOME)

The reduction in interest expense during the last three years reflects lower market interest rates and reduced debt levels. Amortization expense increased due to incremental amortization of intangible assets added during the last three years from acquisitions (see "Liquidity and Capital Resources") as well as the adoption of SFAS 109 in 1993. "Other-net" includes foreign exchange (gains) losses and miscellaneous other (income) expense. Net foreign exchange gains were realized in 1993, accounting for the majority of the change in this caption.

INCOME TAXES

The Company's effective income tax rate is largely impacted by the proportion of earnings generated inside and outside the US, as well as the utilization of foreign tax credits in the US. Tax expense in 1994 and 1993 was reduced by approximately \$2.4 million as a result of accounting for income taxes pursuant to SFAS 109. The effective tax rate in 1992 was higher than the two subsequent years since SFAS 109 had not been adopted prior to 1993. Higher US earnings, the utilization of foreign tax credits, deferred tax adjustments and lower pre-tax income also had a favorable impact on the effective tax rate in 1993.

ADOPTION OF NEW ACCOUNTING PRONOUNCEMENTS

The Company adopted Statement of Financial Accounting Standards No. 112, "Employers' Accounting for Postemployment Benefits" ("SFAS 112") as of September 1, 1993. SFAS 112 requires the accrual of postemployment benefits during the years an employee provides service. There was no cumulative effect or current year impact of adopting this new pronouncement.

Two new accounting pronouncements were adopted as of September 1, 1992 which impact the comparability of the financial statements. Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other than Pensions" ("SFAS 106"), requires the accrual of postretirement benefits (such as health care and life insurance) during the years an employee provides service. Previously, these costs were recognized as they were paid. The cumulative effect of adopting SFAS 106 was \$4.4 million (\$.33 per share) in 1993.

Although it impacted gross profit, operating profit, amortization expense and income tax expense, the adoption of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS 109"), had no material impact on net earnings or cash flows in 1993 or 1994. Certain assets and liabilities at

acquired companies that previously had been carried on a net-of-tax basis under prior accounting rules, were adjusted to a gross basis. This increased depreciation and amortization expense by approximately \$2.4 million in both 1994 and 1993 (relative to 1992) while reducing income tax expense by an equal amount. As a result, there was no effect on net income.

DISCONTINUED OPERATIONS

In the second quarter of 1994, the Company announced its decision to retain the remaining Wright Line business, which had been reported as a discontinued operation since 1992. The Company completed the sale of Wright Line's German operation in 1993 and Wright Line's Datafile businesses in Canada, Australia, the U.K. and the US in 1994. The net assets and results of operations for the retained Wright Line business have been reclassified from discontinued to continuing operations for all periods presented. However, the results of operations from June, 1992 to November, 1993 have remained offset against the reserve previously established for the estimated loss on disposition.

The Company had previously recorded write-downs of \$31.3 million (\$2.51 per share) and \$5.4 million (\$.41 per share) in 1992 and 1993, respectively, to reflect the estimated loss on disposition of all discontinued operations, including operating results until the date of disposition. For further information, see Note B - "Discontinued Operations" in Notes to Consolidated Financial Statements.

LIQUIDITY AND CAPITAL RESOURCES

Outstanding debt at August 31, 1994 totalled \$103.5 million, a reduction of \$14.4 million since the beginning of the year. End-of-year debt to total capital was approximately 45%, its lowest point since 1989. Approximately \$22.5 million of cash was generated from operating activities in 1994, \$12.7 million of which was used to fund capital expenditures. Dividends of \$1.6 million were paid during the year. The Company utilized approximately \$1.5 million of cash during 1994 to acquire certain assets of Palmer Industries. It used an additional \$0.9 million to increase its ownership in Applied Power Korea from approximately 50% to 90%. Total cash generated from discontinued operations was \$6.9 million, including \$6.2 million from the sale of the Datafile operations. The resulting cash flow, net of the increase in cash balances, was used to reduce debt.

Primary working capital (net receivables plus net inventory less trade accounts payable) increased approximately \$15 million during 1994 as a result of higher sales volume (receivables), geographic expansion (inventory) and safety stock during manufacturing consolidation. The Company believes that primary working capital will remain stable or decline in 1995 as a result of improved asset management and physical distribution consolidation programs.

The Company replaced two expiring revolving credit facilities in the fourth quarter of 1994 with a single \$40 million multicurrency revolving credit agreement that expires in August, 1999. The expiring \$25 million Accounts Receivable Financing Program was also replaced in the fourth quarter of 1994 with a similar new facility.

Outstanding indebtedness declined \$6.9 million in 1993. The Company generated \$12.7 million of cash in operating activities during the year and used \$12.2 million on capital expenditures. Dividends of \$1.6 million were also paid.

Total borrowings decreased \$10.6 million in 1992. Cash of \$29.0 million was generated from operations. Major expenditures included \$9.7 million for fixed asset additions and \$8.9 million for the acquisition of the remaining interests in Barry Controls' German business and Enerpac's Mexican operation. Dividends totalling \$1.6 million were also paid.

In order to minimize interest expense, the Company intentionally maintains low cash balances and uses available cash to reduce short-term bank borrowings. Funds available under unused credit lines totalled \$45.8 million as of August 31, 1994. The Company believes that such availability, plus funds generated from operations will be adequate to fund operating activities, including modestly higher capital expenditures, for the foreseeable future. The Company will be in a position to meet future scheduled debt maturities.

[Graph C - see attached appendix to this report]

INFLATION

No meaningful measures of inflation are available because the Company has a significant number of small operations which operate in countries with diverse rates of inflation and currency rate movements.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Quarterly financial data for 1994 and 1993 is as follows:
(In millions, except per share amounts)

<TABLE>
<CAPTION>

		1994			
		FIRST	SECOND	THIRD	FOURTH
		-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>
Continuing Operations					
	Net Sales	\$ 103.6	\$ 101.9	\$ 111.3	\$
116.8	Gross Profit	38.6	37.7	42.5	
44.7	Earnings	2.9	3.3	5.4	
5.3	Discontinued Operations	(0.3)	-	-	
		-----	-----	-----	-----
	Net Income	2.6	3.3	5.4	
5.3		=====	=====	=====	
		=====	=====	=====	
Earnings (Loss) per Share					
	Continuing Operations	\$ 0.22	\$ 0.25	\$ 0.40	\$
0.40	Discontinued Operations	(0.03)	-	-	
		-----	-----	-----	-----
	Total	\$ 0.20	\$ 0.25	\$ 0.40	\$
0.40		=====	=====	=====	
		=====	=====	=====	

<CAPTION>

		1993			
		FIRST	SECOND	THIRD	FOURTH
		-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>
Continuing Operations					
	Net Sales	\$ 102.3	\$ 94.9	\$ 102.4	\$
99.1	Gross Profit	39.0	35.1	39.5	
37.4	Earnings (Loss) Before Cumulative Effect of Accounting Change	3.3	1.8	3.8	
(1.8)	Cumulative Effect of Accounting Change	(4.4)	-	-	
-	Discontinued Operations	-	0.8	-	
(4.6)		-----	-----	-----	-----
	Net Income (Loss)	(1.1)	2.6	3.8	
(6.4)		=====	=====	=====	
		=====	=====	=====	
Earnings (Loss) per Share					
	Continuing Operations	\$ 0.25	\$ 0.13	\$ 0.30	\$
(0.14)	Cumulative Effect of Accounting Change	(0.33)	-	-	
-	Discontinued Operations	-	0.06	-	
(0.35)		-----	-----	-----	-----
		-----	-----	-----	-----

Total	\$	(0.08)	\$	0.19	\$	0.30	\$
(0.49)							
		=====		=====		=====	
=====							

</TABLE>

The Consolidated Financial Statements are included on pages 22 to 37 and are incorporated by reference herein.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required by this item is incorporated by reference from the "Election of Directors" and "Other Information -- Compliance with Section 16(a) of the Exchange Act" sections of the Company's Proxy Statement for its Annual Meeting of Shareholders to be held on January 9, 1995 (the "1995 Annual Meeting Proxy Statement"). See also "Executive Officers of the Registrant" in Part I hereof.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is incorporated by reference from the "Board Meetings, Committees and Director Compensation" and "Executive Compensation" sections of the 1995 Annual Meeting Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by this item is incorporated by reference from the "Certain Beneficial Owners" and "Election of Directors" sections of the 1995 Annual Meeting Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

None.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) Documents filed as part of this report:

1. Financial Statements

See "Index to Financial Statements and Financial Statement Schedules" on page 20 which is incorporated herein by reference.

2. Financial Statement Schedules

See "Index to Financial Statements and Financial Statement Schedules" on page 20 and the Financial Statement Schedules on pages 38 to 42, all of which is incorporated herein by reference.

3. Exhibits

See "Index to Exhibits" on page 45 which is incorporated herein by reference.

(b) Reports on Form 8-K:

No reports on Form 8-K were filed in the fourth quarter or through the date of this report.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES

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Consolidated Balance Sheet As of August 31, 1994 and 1993	23
Consolidated Statement of Shareholders' Equity For the years ended August 31, 1994, 1993 and 1992	24
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All other schedules are omitted because they are not applicable, not required, or because the required information is included in the consolidated financial statements or notes thereto.

Independent Auditors' Report

To the Shareholders and Directors of Applied Power Inc.:

We have audited the accompanying consolidated balance sheets of Applied Power Inc. and subsidiaries as of August 31, 1994 and 1993, and the related consolidated statements of earnings, shareholders' equity, and cash flows for each of the three years in the period ended August 31, 1994. Our audits also included the consolidated financial statement schedules listed in the Index at Item 14. These financial statements and financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedules 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 Applied Power Inc. and subsidiaries at August 31, 1994 and 1993, and the results of their operations and their cash flows for each of the three years in the period ended August 31, 1994 in conformity with generally accepted accounting principles. Also, in our opinion, such consolidated financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly in all material respects the information set forth therein.

As discussed in Note M to the consolidated financial statements, effective September 1, 1992 the Company changed its method of accounting for postretirement benefits other than pensions to conform with Statement of Financial Accounting Standards No. 106.

DELOITTE & TOUCHE LLP
Milwaukee, Wisconsin
September 30, 1994

APPLIED POWER INC.
CONSOLIDATED STATEMENT OF EARNINGS
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

<TABLE>
<CAPTION>

	Years ended August 31,		
	1994	1993	
1992			
<S>	<C>	<C>	<C>
Net Sales	\$ 433,644	\$ 398,727	\$
404,286			
Cost of products sold	270,120	247,741	
249,428			
Gross Profit	163,524	150,986	
154,858			
Engineering, selling and administrative expenses	121,315	117,295	
112,681			
Restructuring expenses		7,721	
4,706			
Operating Earnings from Continuing Operations	42,209	25,970	
37,471			
Other Expense (Income)			
Interest expense	11,362	12,469	
15,332			
Amortization of intangible assets	5,092	4,914	
4,606			
Other - net	457	(1,003)	
2,144			
Earnings from Continuing Operations Before			
Income Tax Expense	25,298	9,590	
15,389			
Income Tax Expense	8,402	2,504	
6,936			
Earnings from Continuing Operations Before Cumulative			
Effect of Accounting Change	16,896	7,086	
8,453			
Cumulative Effect of Accounting Change -			
Postretirement Benefits		(4,335)	
Earnings from Continuing Operations	16,896	2,731	
8,453			
Discontinued Operations, net of income taxes			

Loss (Income) from operations previously offset against reserve for estimated on disposition	(348)	1,618	
241			
Loss from discontinued operations			
(1,792)			
Provision for loss on disposition		(5,400)	
(31,307)			

Loss from Discontinued Operations	(348)	(3,782)	
(32,858)			

Net Earnings (Loss)	\$ 16,548	\$ (1,051)	\$
(24,405)			
=====			
Earnings (Loss) Per Share			
Continuing Operations	\$ 1.27	\$ 0.54	\$
0.65			
Cumulative Effect of Accounting Change		(0.33)	
Discontinued Operations	(0.03)	(0.29)	
(2.51)			

Net Earnings (Loss) Per Share	\$ 1.25	\$ (0.08)	\$
(1.87)			
=====			
Weighted Average Shares Outstanding (In Thousands)	13,289	13,099	
13,081			

</TABLE>

The accompanying notes are an integral part of these financial statements

APPLIED POWER INC.
CONSOLIDATED BALANCE SHEET
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	1993	August 31, 1994
<S>		<C>
<C>		
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,320	\$ 1,907
Accounts receivable, less allowances of \$3,131 and \$3,053, respectively	49,463	64,259
Inventories	85,730	94,949
Prepaid expenses	15,143	13,694
Net assets held for sale	12,035	

Total Current Assets	163,691	174,809
Other Assets		6,390
Goodwill, net of accumulated amortization of \$9,404 and \$7,625, respectively	57,645	56,708
Other Intangibles, net of accumulated amortization of \$17,141 and \$13,828, respectively	14,812	11,750
Property, Plant and Equipment		

Property	1,643	
1,182		
Plant	27,724	
21,122		
Machinery and equipment	109,425	
100,732		

	138,792	
123,036		
Less: Accumulated depreciation	(71,047)	
(61,048)		

Net Property, Plant and Equipment	67,745	
61,988		

Total Assets	\$ 317,402	
\$ 306,317		

=====		
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Short-term borrowings	\$ 14,707	
\$ 20,401		
Trade accounts payable	35,219	
26,176		
Accrued compensation and benefits	16,335	
13,177		
Income taxes payable	8,190	
6,500		
Current maturities of long-term debt	10,792	
10,745		
Other current liabilities	16,722	
24,994		

Total Current Liabilities	101,965	
101,993		
Long-term Debt, less current portion	77,956	
86,785		
Deferred Income Tax	16,768	
17,649		
Other Deferred Liabilities	13,402	
11,880		
Shareholders' Equity		
Class A Common stock, \$.20 par value, authorized 40,000,000 shares, issued and outstanding 13,152,454 and 13,005,116 shares, respectively	2,630	
2,601		
Additional paid-in capital	23,648	
21,654		
Retained earnings	75,802	
60,823		
Cumulative translation adjustments	5,231	
2,932		

Total Shareholders' Equity	107,311	
88,010		

Total Liabilities and Shareholders' Equity	\$ 317,402	\$
306,317		

=====		

</TABLE>

The accompanying notes are an integral part of these financial statements

APPLIED POWER INC.
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

<TABLE>

<CAPTION>

	Years Ended August 31, 1994, 1993 and 1992				
	Capital Stock		Additional		
	Class A	Class B	Paid-in	Retained	
Cumulative Translation Adjustments	Common	Common	Capital	Earnings	
<S>	<C>	<C>	<C>	<C>	<C>
Balances at September 1, 1991	\$ 2,115	\$ 467	\$ 20,766	\$ 89,390	\$
4,457					
Net loss for the year				(24,405)	
Cash dividends declared - \$0.12 per share				(1,553)	
Class A common stock contributed to ESOP	4		295		
Conversion of Class B to Class A stock	467	(467)			
Exercise of stock options	6		113		
Other			126		
Remove cumulative translation adjustments relating to discontinued operations					
(1,115)					
Currency translation adjustments					
6,312					
Balances at August 31, 1992	2,592	0	21,300	63,432	
9,654					
Net loss for the year				(1,051)	
Cash dividends declared - \$0.12 per share				(1,558)	
Exercise of stock options	9		354		
Currency translation adjustments					
(6,722)					
Balances at August 31, 1993	2,601	0	21,654	60,823	
2,932					
Net earnings for the year				16,548	
Cash dividends declared - \$0.12 per share				(1,569)	
Exercise of stock options	29		1,850		
Other			144		
Currency translation adjustments					
2,299					
Balances at August 31, 1994	\$ 2,630	\$ 0	\$ 23,648	\$ 75,802	\$
5,231					

</TABLE>

The accompanying notes are an integral part of these financial statements

APPLIED POWER INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
(DOLLARS IN THOUSANDS)

<TABLE>
<CAPTION>

	Years ended August 31,	
	1994	1993
1992		

<S>	<C>	<C>	<C>
<C>			
Earnings from Continuing Operations	\$ 16,896	\$ 2,731	\$
8,453			
Adjustments to reconcile earnings from continuing operations to net cash provided by operating activities:			
Depreciation and amortization	19,406	19,767	
17,755			
Other non-cash charges, principally restructuring and adoption of SFAS 106		8,710	
4,730			
Provision for deferred taxes	(789)	(6,425)	
455			
Changes in operating assets and liabilities, excluding the effects of business acquisitions and disposals:			
Accounts receivable	(12,855)	(2,073)	
1,231			
Inventories	(7,182)	(9,515)	
8,014			
Prepaid expenses and other assets	3,156	2,167	
(1,328)			
Trade accounts payable	8,509	694	
(3,144)			
Other liabilities	(6,125)	(4,312)	
(3,538)			
Income taxes payable	1,462	973	
(3,652)			
-----			-
Net Cash Provided by Operating Activities	22,478	12,717	
28,976			
Investing Activities			
Proceeds on the sale of property, plant and equipment	1,342	2,073	
920			
Additions to property, plant and equipment	(12,707)	(12,217)	
(9,686)			
Cash used to purchase subsidiaries	(2,446)		
(8,922)			
Other	142	627	
1,008			
-----			-
Net Cash Used in Investing Activities	(13,669)	(9,517)	
(16,680)			
Financing Activities			
Proceeds from issuance of long-term debt	13,959	3,484	
27,463			
Principal payments on long-term debt	(33,755)	(12,528)	
(12,517)			
Net borrowings (repayments) on short-term credit facilities	(5,700)	4,926	
(879)			
Net commercial paper borrowings (repayments)	9,947		
(28,528)			
Dividends paid on common stock	(1,569)	(1,558)	
(1,533)			
Capital stock transactions and other	1,879	754	
119			
-----			-
Net Cash Used in Financing Activities	(15,239)	(4,922)	
(15,895)			
Effect of Exchange Rate Changes on Cash	132	(436)	
590			
-----			-
Net Cash Used in Continuing Operations	(6,298)	(2,158)	
(3,009)			
Discontinued Operations Activities			
Proceeds from sale of Datafile	6,222		
Other	663	31	
2,852			
-----			-
Net Cash Provided by Discontinued Operations	6,885	31	
2,852			
-----			-
Net Increase (Decrease) in Cash and Cash Equivalents	587	(2,127)	
(157)			
Cash and Cash Equivalents - Beginning of Year	1,320	3,447	
3,604			
-----			-

Cash and Cash Equivalents - End of Year	\$	1,907	\$	1,320
3,447				\$
		=====	=====	

=====
</TABLE>

The accompanying notes are an integral part of these financial statements

APPLIED POWER INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in Thousands, except per share amounts)

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation: The consolidated financial statements include the accounts of Applied Power Inc. and its majority-owned subsidiaries ("Applied Power" or the "Company"). All significant intercompany balances, transactions and profits have been eliminated.

Cash and Cash Equivalents: The Company considers all highly liquid investments with original maturities of 90 days or less to be cash equivalents.

Inventories: Inventories are comprised of material, direct labor and manufacturing overhead, and are stated at the lower of cost or market.

Property, Plant and Equipment: Property, plant and equipment are stated at cost. Plant and equipment are depreciated over the estimated useful lives of the assets under the straight-line method for financial reporting purposes and both straight-line and accelerated methods for tax purposes. Expenditures for maintenance and repairs not expected to extend the useful life of an asset beyond its normal useful life are expensed.

Intangible Assets: Goodwill is amortized on a straight-line basis over forty years. The Company periodically evaluates the carrying value of goodwill by calculating the present value of anticipated future cash flows. Other intangible assets, consisting primarily of purchased patents, trademarks and noncompete agreements, are amortized over periods from five to seventeen years.

Revenue Recognition: Revenues and costs of products sold are recognized as the related products are shipped.

Research and Development Costs: Research and development costs are generally expensed as incurred. Such costs incurred in the development of new products or significant improvements to existing products totalled approximately \$7,446, \$5,878 and \$5,594 in 1994, 1993 and 1992, respectively.

Income Taxes: Prior to 1993, the Company accounted for income taxes in accordance with Accounting Principles Board Opinion No. 11. Effective September 1, 1992, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 109, "Accounting for Income Taxes". For further information, see Note N - "Income Taxes".

Earnings per Share: Earnings per share is based on the weighted average number of common and common equivalent shares outstanding during the year. The dilutive effect of common stock equivalents is calculated using the treasury stock method.

Foreign Currency Translation: Foreign currency translation adjustments are generally excluded from the Consolidated Statement of Earnings and are included in Cumulative Translation Adjustments in the Consolidated Balance Sheet. Gains and losses resulting from foreign currency transactions are included in Other Expense (Income) in the Consolidated Statement of Earnings.

Financial Instruments: The Company utilizes interest rate swap agreements to manage interest rate exposure. The differential to be paid or received is recorded as interest rates change. For further information, see Note G-"Long-term Debt". The Company also utilizes, in limited circumstances, foreign currency forward contracts. Gains and losses resulting from these instruments are recognized in the same period as the underlying transaction. The Company was not a party to any foreign currency contracts at August 31, 1994. Other than foreign currency forward contracts and interest rate swap agreements, the Company does not utilize or trade derivative financial instruments.

Reclassifications: Certain amounts shown for 1993 and 1992 have been reclassified to conform to the current year presentation.

Recent Accounting Pronouncement: The Company adopted SFAS No. 112, "Employers' Accounting for Postemployment Benefits", which requires the accrual of postemployment benefits during the years an employee provides service. The adoption of this pronouncement in 1994 did not have a material impact on the Company's financial position and results of operations, because the Company has historically accounted for postemployment benefits consistent with SFAS No. 112 guidelines.

NOTE B - DISCONTINUED OPERATIONS

In the second quarter of 1994, the Company announced its decision to retain the remaining Wright Line business, which had been included in discontinued operations since the third quarter of 1992. The retained business has refocused its business strategy on technical furniture solutions for offices and laboratories.

The Company had originally intended to sell all of Wright Line in a single transaction in 1993. However, management subsequently determined that proceeds could be maximized by selling the assets in a series of separate transactions. The Company completed the sale of certain assets of Wright Line's German operation to an existing distributor in exchange for the assumption of certain liabilities. In early 1994, Wright Line's Datafile businesses in Canada, Australia, the UK and the US were sold, generating proceeds of \$6.2 million. A short time later, Wright Line sold its Tapeseal product line to a third party for future compensation.

Wright Line's owned manufacturing and office facility in Worcester, Massachusetts (the "Worcester Facility") was placed for sale in 1993. The Company had intended to sell the Worcester Facility and relocate the downsized US Wright Line business to a smaller leased facility, thereby making it more attractive to potential buyers. An agreement was reached in the first quarter of 1994 to sell the Worcester Facility for approximately \$7.5 million. The agreement was subsequently cancelled, and the Company decided to retain the Worcester Facility due to Wright Line's improved performance and growth prospects. As a result, the Worcester Facility was reclassified from Net Assets Held for Sale to Property, Plant and Equipment in the Consolidated Balance Sheet.

The operating results from the retained Wright Line operations have been reclassified from discontinued operations to continuing operations for all periods presented. However, the results of the retained operations for the period June, 1992 through November, 1993 have remained offset against the reserve previously established for operating losses until disposition. The Company had previously recorded provisions of \$31.3 million (\$2.51 per share) and \$5.4 million (\$.41 per share) in 1992 and 1993, respectively, to accrue for the estimated loss on the sale of Wright Line and a small French subsidiary, the sale of a previously vacated Wright Line building (completed in 1992), estimated operating losses prior to disposition, and estimated disposition costs. Substantially all of the provisions for loss on disposition of discontinued operations recorded in 1992 and 1993 were utilized for the operations, product lines and assets sold since 1992. The net assets of the retained operations were returned to the appropriate balance sheet captions based on their historical cost. After reviewing the value of such assets, the Company determined that no impairment had taken place.

The following is a summary of selected financial data for the retained operations during the periods they were included in discontinued operations:

<TABLE>
<CAPTION>

	1993	1992
<S>	<C>	<C>
Total Assets (at August 31)	\$23,314	\$22,296
Total Liabilities (at August 31)	16,439	17,146
Net Sales	38,239	46,291
Operating Earnings (Loss)	(2,372)	2,348

</TABLE>

NOTE C - ACQUISITIONS

The Company completed the acquisition of certain assets of Palmer Industries, Inc. ("Palmer") on October 1, 1993 for approximately \$1,534 in cash and a \$350 note. Approximately \$490 of the purchase price was assigned to Goodwill. Palmer, based in Alexandria, Minnesota, is a leading manufacturer of plastic and metal staples, fasteners and straps. The operating results of Palmer subsequent to October 1, 1993 are included in the Consolidated Statement of Earnings.

On March 21, 1994, the Company increased its ownership interest in Applied Power Korea from approximately 50% to 90%. Cash of \$912 was used in the acquisition which resulted in Goodwill of \$572. The operating results of this subsidiary have historically been included in the Consolidated Statement of Earnings.

During the second quarter of fiscal 1992, the Company completed the acquisitions of the remaining interests of two jointly-owned companies. In December, 1991, the remaining 51% interest in Barry Controls GmbH was acquired for \$4,247 in cash. Approximately \$4,022 of the purchase price was assigned to Goodwill. The operating results of this subsidiary, which historically had been accounted for under the equity method, are included in the Consolidated Statement of Earnings subsequent to December 1, 1991. The Company purchased the remaining 49% interest in Applied Power Mexico S.A. for \$4,675 in cash in February, 1992. Approximately \$3,140 of the purchase price was assigned to Goodwill. The operating results of this subsidiary have historically been included in the Consolidated Statement of Earnings.

All acquisitions were accounted for using the purchase method.

NOTE D - ACCOUNTS RECEIVABLE FINANCING

As a part of its overall financing strategy, the Company sells to a financial institution undivided participation interests in designated pools of accounts receivable, with limited recourse, in an amount not to exceed \$30,000 at any one time. Participation interests in new receivables may be sold as collections reduce previously sold participation interests. The sold accounts receivable are reflected as a reduction of receivables in the Consolidated Balance Sheet. The Company retains collection and administrative responsibilities on the participation interests sold as agent for the purchaser.

At both August 31, 1994 and 1993, accounts receivable were reduced by \$25,000, representing receivable interests sold under this program. The current accounts receivable financing agreement expires in August, 1997.

NOTE E - NET INVENTORIES

Inventory cost is determined using the last-in, first-out ("LIFO") method for substantially all inventory in the United States (approximately 59% and 62% of total inventories in 1994 and 1993, respectively). The first-in, first-out or average cost methods are used for all other inventories. If the LIFO method was not used, inventory balances would be higher than the amounts in the Consolidated Balance Sheet by approximately \$9,748 and \$10,458 at August 31, 1994 and 1993, respectively.

During the year ended August 31, 1992, certain LIFO inventory quantities were reduced, which resulted in a liquidation of LIFO inventory carried at lower costs prevailing in prior years as opposed to the cost of current year purchases. The effect was to increase earnings from continuing operations by \$1,339 or \$0.10 per share in 1992.

It is not practical to segregate the amounts of raw materials, work-in-process or finished goods at the respective balance sheet dates, since the segregation is possible only as the result of physical inventories which are taken at dates different from the balance sheet dates. The accounting systems at many of the Company's operating units have not been designed to capture this segregation due to the very short production cycle of their products and the minimal amount of work-in-process.

NOTE F - SHORT-TERM BORROWINGS

The Company had borrowings under unsecured lines of credit with banks aggregating approximately \$14,707 and \$20,401 at August 31, 1994 and 1993, respectively. Interest rates vary depending on the currency being borrowed. The weighted average interest rate on the short-term borrowings was 7.79% at August 31, 1994. The amount of unused available borrowings under such lines of credit was approximately \$29,716 at August 31, 1994.

NOTE G - LONG-TERM DEBT

<TABLE>
<CAPTION>

	August 31,	
	1994	1993
<S>	<C>	<C>
Borrowings under:		
9.92% Senior Unsecured Notes due in installments to 2000	\$64,492	\$75,000
Multi-currency revolving credit agreement	13,959	22,435
Commercial paper	9,947	
Other notes	350	95
Total long-term debt	88,748	97,530
Less current maturities	(10,792)	(10,745)
Long-term Debt, less current portion	\$77,956	\$86,785

</TABLE>

Senior Unsecured Notes: The Senior Unsecured Notes bear interest at 9.92% and are repayable in annual installments of \$10,650 through August 15, 1999. Amounts outstanding thereafter are due on August 15, 2000. Interest is payable semi-annually. In the event the Company refinances the Senior Unsecured Notes prior to their scheduled maturity, it would be obligated to pay a "make-whole" amount in addition to the accrued interest and then-outstanding principal. Assuming the Company retired the Senior Unsecured Notes as of August 31, 1994, the make-whole amount would have been approximately \$5,419.

As part of its interest rate management program, the Company periodically enters into interest rate swaps with respect to portions of the Senior Unsecured Notes. As of August 31, 1994, the Company was a participant in three swap agreements on \$50,000 of the Senior Unsecured Notes which convert the interest from a fixed rate to a floating rate of LIBOR plus approximately 5.5%. Short-term LIBOR was 5.25% at August 31, 1994. These agreements mature in August, 1996. Counterparties to these swap agreements are major financial institutions. The Company believes the risk of incurring losses related to credit risk is remote.

Revolving Credit Agreements: The Company replaced two expiring revolving credit agreements in the fourth quarter of 1994 with a \$40,000 multi-currency revolving credit facility (the "Multicurrency Agreement"), expiring August, 1999. Pursuant to the agreement, the loans may be denominated in various currencies at the Company's option. Borrowings under this agreement bear interest at a rate equal to IBOR plus .5%. A commitment fee, computed at a rate of .25 of 1% annually, is payable quarterly on the average unused credit line. The unused credit line at August 31, 1994 was \$16,094. Commercial paper outstanding at August 31, 1994 totalled \$9,947 net of discount, and carried an interest rate of 4.73%. The Company has the ability and intent to maintain these obligations, classified as long term, for more than one year. Amounts outstanding as commercial paper reduce the amount available for borrowing under the Multicurrency Agreement.

Debt Covenants: The Company's debt agreements contain customary restrictions concerning investments, liens on assets, sales of assets, dividend payments, maximum levels of debt and minimum levels of shareholders' equity. In addition, the agreements require the Company to maintain certain financial ratios. As of August 31, 1994, the Company was in compliance with all debt covenants. Under the most restrictive covenant, approximately \$12,182 of retained earnings was available for the payment of future dividends on common stock as of August 31, 1994.

Fair Values: With the exception of the Senior Unsecured Notes, the fair value of the Company's short-term borrowings and long-term debt approximated book value as of August 31, 1994. Due to the reduction in market interest rates since the issuance of the Senior Unsecured Notes in 1990, the fair value of such notes at August 31, 1994 was approximately \$66,512. The fair value of debt instruments is calculated by discounting the cash flow of such obligations using the market interest rates for similar instruments at August 31, 1994. The fair value of the Company's interest rate swap agreements at August 31, 1994 was \$(1,780).

Aggregate Maturities: Aggregate maturities of long-term debt outstanding at August 31, 1994, were as follows: \$10,792 in 1995; \$10,837 in 1996; \$10,725 in 1997; \$10,731 in 1998; \$34,563 in 1999; and \$11,100 thereafter.

The Company paid \$10,695, \$11,894 and \$14,176 of interest in 1994, 1993 and 1992, respectively.

NOTE H - LEASES

The Company leases certain facilities, equipment and vehicles under various lease agreements over periods of one to twenty years. Under most arrangements, the Company pays the property taxes, insurance, maintenance and expenses related to the leased property. Many of the leases include provisions which enable the Company to renew leases based upon the fair values on the date of expiration of the initial lease.

Future obligations on non-cancelable operating leases in effect at August 31, 1994 were: 1995 - \$10,274; 1996 - \$7,540; 1997 - \$5,293; 1998 - \$4,065; 1999 - \$3,197; thereafter - \$17,739.

Total rental expense under operating leases was \$11,379, \$12,250, and \$10,447 in 1994, 1993 and 1992, respectively.

NOTE I - SHAREHOLDERS' EQUITY

In May, 1988, the Board of Directors authorized the permanent right of conversion of the Company's Class B common shares to the Company's Class A common shares on a one-for-one basis. During 1992, all outstanding Class B common shares were converted to Class A shares.

At August 31, 1994, 2,381,971 shares of Class A common stock were reserved for issuance under the Company's stock option plans.

NOTE J - INCENTIVE STOCK OPTION PLANS

Employee Plans: The Company has three stock option plans for employees - the 1985, 1987 and 1990 Plans. No further options may be granted under the 1985 or 1987 Plans, although options previously issued and outstanding under these plans remain exercisable pursuant to the provisions of the plans.

Options may be granted under the 1990 Plan to officers and key employees. Options granted to date have a maximum term of ten years and an exercise price equal to 100% of the fair market value of a share of the Company's common stock at the date of grant. Options vest 50% after 2 years and 100% after 5 years.

A total of 3,050,000 shares may be issued under all three stock option plans (equal to 950,000 shares authorized under the 1985 Plan, 1,200,000 shares under the 1987 Plan and 900,000 shares under the 1990 Plan). Any available unissued shares under the 1985 and 1987 Plans at the date of adoption of the 1990 Plan became available for issuance under the 1990 Plan.

A combined summary of changes in options under the three plans (all of which are nonqualified stock options at August 31, 1994) is as follows:

<TABLE>
<CAPTION>

	Number of Shares	Price Range	
<S>	<C>	<C>	<C>
Outstanding at September 1, 1991	1,250,307	\$2.21	- \$26.75
Granted	303,850	12.75	- 18.00
Granted under reload provision	13,001	12.75	- 18.00
Exercised	(49,607)	2.21	- 14.38
Cancelled	(43,650)	8.50	- 24.88
Outstanding at August 31, 1992	1,473,901	\$2.21	- \$26.75
Granted	314,125	15.13	- 16.88
Granted under reload provision	6,259	15.13	- 16.88
Exercised	(48,645)	2.21	- 13.00
Cancelled	(29,030)	15.63	- 26.75
Outstanding at August 31, 1993	1,716,610	\$2.21	- \$26.75
Granted	189,400	15.81	- 21.38
Exercised	(146,288)	2.21	- 20.56
Cancelled	(174,187)	12.75	- 26.75
Outstanding at August 31, 1994	1,585,535	\$2.21	- \$24.13
Exercisable at August 31, 1994	904,662	\$2.21	- \$22.25

</TABLE>

Outside Director Plan: Annually each outside director is automatically granted stock options to purchase 1,000 shares of common stock at a price equal to the market price of the underlying stock on the date of grant. A maximum of 60,000 shares may be issued under this plan. Options vest 100% after 11 months.

A summary of options under this plan is as follows:

<TABLE>
<CAPTION>

	Number of Shares	Price Range	
<S>	<C>	<C>	<C>
Outstanding at September 1, 1991	8,000	\$12.75	- \$24.13

Granted	4,000	17.38		
Cancelled	(2,000)	17.38	-	24.13

Outstanding at August 31, 1992	10,000	\$12.75	-	\$24.13
Granted	5,000	17.00		
Exercised	(1,000)	12.75		

Outstanding at August 31, 1993	14,000	\$12.75	-	\$24.13
Granted	6,000	16.69		
Cancelled	(1,000)	16.69		

Outstanding at August 31, 1994	19,000	\$12.75	-	\$24.13

Exercisable at August 31, 1994	14,000	\$12.75	-	\$24.13

</TABLE>

NOTE K - STOCK OWNERSHIP, SAVINGS AND PENSION PLANS

US Employees: All of the Company's full-time US employees are participants in the Applied Power Inc. Employee Stock Ownership Plan (the "ESOP Plan"). Under the provisions of the ESOP Plan, the Company acquires shares of its stock on the open market and contributes such shares or cash to accounts set aside for its employees' retirements. Contributions equal 3% of each employee's annual cash compensation except "initial participants", who are to receive no allocation of shares until 1995. During the years ended August 31, 1994, 1993 and 1992, pre-tax expense related to the ESOP Plan was \$534, \$450 and \$602, respectively. Expense attributable to the ESOP Plan is expected to increase by approximately \$1,300 in 1995, when initial participants become eligible.

Full-time US employees are also eligible to participate in the Applied Power Inc. Employee Savings Plan (the "Savings Plan"), pursuant to which they are allowed to contribute up to 15% of their base compensation. The Company contributes an amount equal to 100% of each employee's contribution, to a maximum of \$300 per employee. Expense attributable to the Savings Plan was \$293, \$307 and \$0 for 1994, 1993 and 1992, respectively. Expense for 1992 was offset entirely by participant forfeitures.

Non-US Employees: For employees outside the US, the Company contributes to a number of retirement programs. Pension expense amounted to \$631, \$1,213, and \$1,171 in 1994, 1993 and 1992, respectively. One defined benefit plan was terminated in 1994 and replaced with a defined contribution plan, resulting in a non-recurring reduction in pension expense of approximately \$450 in 1994. These plans are not required to report to US governmental agencies under ERISA and do not otherwise determine the actuarial value of accumulated plan benefits or net assets available for benefits.

NOTE L - SIGNIFICANT FOURTH QUARTER ADJUSTMENTS

In addition to the discontinued operations charge in 1993, the Company recorded, during the fourth quarters of 1993 and 1992, pre-tax restructuring charges of \$7,721 and \$4,706, respectively. The 1993 restructuring charge primarily related to the cost of consolidating certain manufacturing, distribution and administrative functions at Enerpac and Barry Controls operations in Europe, downsizing sales and administrative staffs at retained Wright Line operations, and idle facility costs at Barry Controls. The majority of costs incurred related to severance, facility consolidation and future lease payments. All but \$1.6 million of such costs had been incurred as of August 31, 1994, with the balance anticipated in the first half of 1995 when the restructuring is finalized. The 1992 restructuring charge related to the transfer and consolidation of selected Barry Controls and Power-Packer operations. All expenditures related to such restructuring were incurred in 1993.

NOTE M - POSTRETIREMENT BENEFITS

The Company adopted SFAS No. 106 - "Employers' Accounting for Postretirement Benefits Other Than Pensions" effective September 1, 1992. This new pronouncement requires the accrual of postretirement benefits (such as health care and life insurance) during the years an employee provides service. Prior to adopting this new accounting method, the Company expensed the cost of such benefits as they were incurred (paid).

In connection with the adoption of SFAS No. 106, the Company elected to recognize as expense in 1993 the accumulated postretirement benefit obligation rather than amortizing such amount to expense over a 20-year period. The Company recorded a \$4,355 charge (net of a \$2,579 tax benefit) in 1993 for the cumulative effect of this accounting change. Operating results of prior years were not restated to reflect the change.

The Company's current policy is not to offer postretirement health care and life insurance benefits to employees. However, certain employees of businesses previously acquired by the Company were entitled to such benefits upon

retirement. The individuals receiving health care benefits under these programs are required to make monthly contributions to defray a portion of the cost. Retiree contributions are adjusted annually. Retirees currently do not contribute toward the cost of life insurance. The accounting for retiree health care benefits assumes retirees will continue to contribute toward the cost of such benefits.

Net periodic postretirement benefit expense for 1994 and 1993 included the following components:

	1994	1993
Service cost of benefits earned	\$ 9	\$ 12
Interest cost on accumulated postretirement benefit obligation	553	694
Amortization of unrecognized gain	(91)	
TOTALS	\$ 471	\$ 706

Benefits paid in 1994 and 1993 were \$202 and \$420 lower than that expensed during those years, respectively. Expenses related to these benefits in 1992 totalled approximately \$450.

The Company's accumulated postretirement benefit obligation for such benefits is as follows:

	August 31,	
	1994	1993
Retirees	\$5,686	\$6,192
Vested former employees	1,595	1,730
Active employees	229	1,432
Subtotal	7,510	9,354
Unrecognized gain	1,966	
Accumulated postretirement benefit obligation	\$9,476	\$9,354

The Company's postretirement benefit obligations are not funded.

The health care cost trend rate used in the actuarial calculations was 11.0%, trending downward to 6.5% by the year 2010, and remaining level thereafter. The discount rate used in determining the accumulated postretirement benefit obligation was 7.75% in 1994 and 8.0% in 1993. The effect of a one percentage-point change in health care cost trend rates would change the accumulated postretirement benefit obligation by approximately 10%.

NOTE N - INCOME TAXES

Income tax expense for continuing operations consists of the following:

	1994	1993	1992
Currently Payable:			
Federal	\$4,475	\$5,926	\$504
Foreign	3,621	2,590	5,743
State	1,095	413	234
Subtotals	9,191	8,929	6,481
Deferred (Credits):			
Federal	(2,166)	(4,390)	(3)
Foreign	1,672	(1,845)	459
State	(295)	(190)	(1)
Subtotals	(789)	(6,425)	455
TOTALS	\$8,402	\$2,504	\$6,936

</TABLE>

Income tax expense differs from the amounts computed by applying the Federal income tax rate to earnings before income taxes. A reconciliation of income taxes at the US statutory rate to the effective tax rate follows:

<TABLE>
<CAPTION>

	Percent of Pre-tax		
	1994	1993	1992
<S>	<C>	<C>	<C>
Computed "expected" tax expense	35.0%	34.0%	34.0%
State income taxes, net of Federal effect	2.1	1.8	1.0
Non-deductible depreciation and amortization	1.8	5.3	7.9
Adjustment of deferred tax balances		(6.4)	
Basis differences in acquired assets			2.4
Alternative minimum tax (credit)			(3.0)
Net effects of foreign tax rates and credits	(4.2)	8.0	4.6
Other items	(1.5)	(.6)	(1.8)
Effective Tax Rate	33.2%	26.1%	45.1%

</TABLE>

Major components of deferred income tax expense (benefit) are as follows:

<TABLE>
<CAPTION>

	1994	1993	1992
<S>	<C>	<C>	<C>
Compensation and other employee benefits	\$ (962)	\$ (149)	\$ 228
Inventory items	(519)	(201)	53
Depreciation and amortization	(1,798)	(3,366)	(856)
Restructuring expenses	2,504	(2,366)	96
Unrealized exchange adjustments			290
Other items	(14)	(343)	644
TOTALS	\$ (789)	\$ 6,425	\$ 455

</TABLE>

The Company's policy is to remit earnings from foreign subsidiaries only to the extent any resultant foreign income taxes are creditable in the US. Accordingly, the Company does not currently provide for the additional US and foreign income taxes which would become payable upon remission of undistributed earnings of foreign subsidiaries. Undistributed earnings on which income taxes have not been provided amounted to approximately \$29,100 at August 31, 1994. If all such undistributed earnings were remitted, an additional provision for income taxes of approximately \$2,000 would have been necessary as of August 31, 1994.

The Company has available tax credit carryforwards of approximately \$4,200 expiring in various years through 1996.

Effective September 1, 1992, the Company adopted SFAS No. 109. This statement requires that deferred income taxes reflect the tax consequences on future years of differences between the tax bases of assets and liabilities and their financial reporting amounts. The adoption of this new rule had no material impact on net earnings in 1993. Certain assets and liabilities that historically had been carried on a net-of-tax basis under prior accounting rules, were adjusted to a gross basis.

On August 31, 1994, the Company had deferred tax assets of \$14,343 net of a total valuation allowance of \$5,551 relating to tax loss and credit carryforwards, with the principal deductible temporary differences being inventory items and reserves \$4,563, postretirement benefits \$3,632, restructuring accruals \$656, employee benefit accruals \$1,623 and bad debt accruals \$472. Deferred tax liabilities were \$16,768, with the principal taxable temporary differences being accelerated depreciation and purchase accounting basis differences of \$14,714.

The Company paid taxes of \$9,191, \$5,080, and \$10,580 in 1994, 1993 and 1992, respectively.

Earnings from continuing operations before income taxes related to non-US operations were \$12,041 \$2,293 and \$17,226 for 1994, 1993 and 1992, respectively.

NOTE 0 - SEGMENT INFORMATION

The Company's operations have been classified into three business segments: The Distributed Products Group (the "DPG"), the Engineered Solutions Group (the"ESG") and Wright Line. The DPG, consisting of Enerpac and GB

Electrical, is involved in the manufacture and distribution of tools and consumables to the construction, retail and general industrial markets. The ESG, which consists of Barry Controls, Power-Packer and APITECH, focuses on high-volume technology products for OEM customers in the transportation, industrial, defense and aerospace markets. Wright Line develops, manufactures and sells technical furniture solutions for offices and laboratories.

Summarized financial information by business segment is as follows:

	1994	1993	1992
NET SALES:			
Distributed Products Group	\$222,076	\$212,924	\$211,921
Engineered Solutions Group	162,296	147,564	145,444
Wright Line	49,272	38,239	46,921
Totals	\$433,644	\$398,727	\$404,286
OPERATIONS BEFORE INCOME TAXES:			
Distributed Products Group	\$32,023	\$29,739	\$38,733
Engineered Solutions Group	12,314	4,526	1,272
Wright Line	4,242	(2,372)	2,348
General corporate and other	(23,281)	(22,303)	(26,964)
Totals	\$25,298	\$ 9,590	\$15,389
DEPRECIATION:			
Distributed Products Group	\$ 4,165	\$ 3,855	\$ 3,733
Engineered Solutions Group	7,346	7,631	6,788
Wright Line	2,761	3,329	2,590
General corporate and other	42	38	38
Totals	\$14,314	\$14,853	\$13,149
CAPITAL EXPENDITURES:			
Distributed Products Group	\$ 5,917	\$ 4,884	\$ 4,632
Engineered Solutions Group	5,957	6,159	4,537
Wright Line	769	753	395
General corporate and other	64	421	122
Totals	\$12,707	\$12,217	\$9,686

	At August 31,		
	1994	1993	1992
ASSETS:			
Distributed Products Group	\$148,737	\$131,868	\$130,324
Engineered Solutions Group	128,190	127,481	124,786
Wright Line	23,838	18,618	17,146
Net assets held for sale		12,035	15,848
General corporate	16,637	16,315	13,386
Totals	\$317,402	\$306,317	\$301,490

Summarized financial information by geographic region is as follows:

<TABLE>
<CAPTION>

	1994	1993	1992
NET SALES:			
North America	\$279,613	\$259,692	\$250,703
Latin America	11,300	10,154	9,536
Europe	99,215	87,346	101,824
Japan and Asia Pacific	43,516	41,535	42,223
Totals	\$433,644	\$398,727	\$404,286

OPERATIONS BEFORE INCOME TAXES:

North America	\$32,672	\$23,855	\$24,001
Latin America	512	1,662	1,697
Europe	8,352	(820)	7,806
Japan and Asia Pacific	7,043	7,196	8,849
General corporate and other	(23,281)	(22,303)	(26,964)
Totals	\$25,298	\$ 9,590	\$15,389

</TABLE>

<TABLE>
<CAPTION>

	At August 31,		
	1994	1993	1992
ASSETS:			
North America	\$192,103	\$183,412	\$175,099
Latin America	11,053	9,358	8,195
Europe	64,919	57,927	66,540
Japan and Asia Pacific	32,690	27,270	22,422
Net assets held for sale		12,035	15,848
General corporate	16,637	16,315	13,386
Totals	\$317,402	\$306,317	\$301,490

</TABLE>

Operations before income taxes for each business and geographic segment do not include general corporate expenses, amortization expense, interest expense or exchange adjustments. Sales between business segments and geographical areas are insignificant and are accounted for at prices intended to yield a reasonable return to the selling affiliate. No single customer accounted for more than 10% of total sales in 1994, 1993 or 1992. Export sales from domestic operations were less than 10% in each of the periods presented.

Corporate assets, which are not allocated, represent principally cash, prepaid taxes and investments.

NOTE P - CONTINGENCIES AND LITIGATION

The Company had outstanding letters of credit totalling \$1,640 and \$4,279 at August 31, 1994 and 1993, respectively. The letters of credit generally serve as collateral for liabilities included in the Consolidated Balance Sheet.

The Company is involved in various legal proceedings which have arisen in the normal course of its business. These legal proceedings typically include product liability and patent claims. The Company has recorded reserves for loss contingencies based on the specific circumstances of each case. Such reserves are recorded when the occurrence of loss is probable and can be reasonably estimated. In the opinion of management, the resolution of these contingencies

will not have a materially adverse effect on the Company's financial condition or results of operations.

The Company has facilities at numerous geographic locations, which are subject to a range of environmental laws and regulations. Environmental costs are expensed or capitalized depending on their future economic benefit. Expenditures that have no future economic value are expensed. Liabilities are recorded when environmental remediation is probable, and the costs can be reasonably estimated. Although the level of future expenditures for environmental remediation is impossible to determine with any degree of certainty, it is management's opinion that such costs will not have a material effect on the Company's financial position. Environmental remediation accruals of \$567, and \$661 were included in the Consolidated Balance Sheet at August 31, 1994 and 1993, respectively.

APPLIED POWER INC. AND SUBSIDIARIES

SCHEDULE II - AMOUNTS RECEIVABLE FROM RELATED PARTIES

<TABLE>
<CAPTION>

Name of Debtor Current	Balance at Beginning of Period	Additions	Deductions		Balance at End of Period Current
			Amounts Collected	Amounts Written Off	
(Dollars in Thousands)					
<S> August 31, 1993:	<C>	<C>	<C>	<C>	<C>
Richard G. Sim (1)	\$391		\$391		-
	\$391		\$391		
August 31, 1992:					
Richard G. Sim (1) \$391	\$391				-
	\$391				

(1) Pursuant to a provision of an employment agreement, the Company held an interest-free note receivable from its Chief Executive Officer received in connection with the purchase of 204,000 shares of common stock. The note was repaid in full during 1993.

APPLIED POWER INC. AND SUBSIDIARIES

SCHEDULE VII - GUARANTEES OF SECURITIES OF OTHER ISSUERS

<TABLE>
<CAPTION>

Nature of Name of Issuer Default	Title of Issue of Securities	Total Guaranteed and Outstanding	Amount		Nature of Guarantee
			Amount Owned	Amount in Treasury of Issuer	
(Dollars in Thousands)					
<S>	<C>	<C>	<C>	<C>	<C>

<C>

August 31, 1994:

DETEC (1)	Bank Debt	\$ 316(2)	-	-	Principal
N/A					and Interest

August 31, 1993:

DETEC (1)	Bank Debt	\$ 298(2)	-	-	Principal
N/A					and Interest

</TABLE>

(1) Applied Power owns 50% of the outstanding stock of DETEC, a joint venture in Germany engaged in the business of designing, manufacturing and marketing advanced convertible top hydraulic actuation systems for custom and specialty cars.

(2) Amount guaranteed of 500,000 Deutschmarks translates to \$316 and \$298 US dollars at August 31, 1994 and 1993, respectively.

APPLIED POWER INC. AND SUBSIDIARIES

SCHEDULE VIII - VALUATION AND QUALIFYING ACCOUNTS

<TABLE>
<CAPTION>

Balance at End Description of Period	Balance at Beginning of Period	Additions		Deductions		
		Charged to Costs and Expenses	Net Acquired	Account Written Off Less Recoveries	Other	
----- -----	-----	-----	-----	-----	-----	
		(Dollars in Thousands)				
<S>	<C>	<C>	<C>	<C>	<C>	
<C>						
Deducted from assets to which they apply:						
Allowance for losses - trade accounts receivable						
August 31, 1994 \$3,131	\$3,053	\$1,379		\$1,301		
=====	=====	=====	=====	=====	=====	
August 31, 1993 \$3,053	\$3,412	\$739		\$1,098		
=====	=====	=====	=====	=====	=====	
August 31, 1992 \$3,412	\$3,101	\$872	\$19	\$481	\$99(1)	
=====	=====	=====	=====	=====	=====	

(1) Amount attributable to discontinued operations.

APPLIED POWER INC. AND SUBSIDIARIES
SCHEDULE IX - SHORT-TERM BORROWINGS

<TABLE>
<CAPTION>

Weighted Average Interest Rate Category of Aggregate During the	Balance at End	Year-End Weighted Average Interest	Maximum Amount Outstanding During the	Average Amount Outstanding During the
--	-------------------	---	--	--

Short-term Borrowings Period (E)	of Period	Rate	Period	Period(D)
-----	-----	-----	-----	-----
(Dollars in Thousands)				
<S>	<C>	<C>	<C>	<C>
<C>				
August 31, 1994:				
Payable to Banks (A) 8.41%	\$14,707	7.79%	\$23,648	\$18,894
Payable to Holders of Commercial Paper (B) 4.12%	\$9,947	4.73%	\$11,554	\$4,050
Revolving Credit Agreement (C) 4.71%	\$13,959	3.20%	\$22,747	\$15,298
August 31, 1993:				
Payable to Banks (A) 9.88%	\$20,401	6.66%	\$23,809	\$18,953
Non-U.S. Revolving Credit Agreements (C) 8.08%	\$22,435	6.24%	\$29,702	\$26,871
August 31, 1992:				
Payable to Banks (A) 16.22%	\$16,809	10.29%	\$29,915	\$16,362
Payable to Holders of Commercial Paper (B) 5.24%	\$0	-	\$28,217	\$21,042
Non-U.S. Revolving Credit Agreements (C) 11.16%	\$27,463	9.02%	\$27,463	\$25,530

</TABLE>

(A) Short-term borrowings payable to banks consist primarily of notes payable to banks by subsidiaries outside the United States. Substantially all of the notes outside the United States are guaranteed by Applied Power Inc. and are payable in currencies other than the US dollar.

(B) Commercial paper is payable to US holders. Based on the ability to refinance commercial paper with borrowing capacity available under another agreement, \$9,947 was classified as long-term debt for balance sheet purposes at August 31, 1994.

(C) The Company replaced two expiring revolving credit agreements in August, 1994 with a multi-currency credit facility which provides for borrowings of up to \$40,000.

(D) Average amount outstanding during the period is computed by dividing the total of month-end outstanding principal balances by 12, or the number of periods outstanding, if less.

(E) Average interest rate for the year is computed by dividing the actual short-term interest expense by the average debt outstanding.

APPLIED POWER INC. AND SUBSIDIARIES

SCHEDULE X - SUPPLEMENTARY INCOME STATEMENT DATA

<TABLE>
<CAPTION>

Item (1)	Years Ended August 31,		
	1994	1993	1992
-----	----	----	----
(Dollars in Thousands)			
<S>	<C>	<C>	<C>
Maintenance and Repairs	\$4,329 =====	\$4,460 =====	\$4,103 =====
Amortization of Intangible Assets	\$5,092 =====	\$4,914 =====	\$4,606 =====
Advertising Costs	\$7,783 =====	\$8,023 =====	\$7,464 =====

</TABLE>

(1) Amounts paid for taxes other than payroll and income taxes and royalties are not, presented as such amounts are less than 1% of net sales.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.
(Registrant)

Dated: November 16, 1994

By: /s/ ROBERT C. ARZBAECHER

Robert C. Arzbaecher
Vice President,
Chief Financial Officer

POWER OF ATTORNEY

KNOWN ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Richard G. Sim and Robert C. Arzbaecher, and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this report, and to file the same, with all and any other regulatory authority, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.*

<TABLE> <CAPTION> SIGNATURE -----	TITLE -----
<S> /s/ Richard G. Sim - - - - - Richard G. Sim	<C> Chairman of the Board, President and Chief Executive Officer; Director
/s/ Robert C. Arzbaecher - - - - - Robert C. Arzbaecher	Vice President, Chief Financial Officer (Principal Financial Officer)
/s/ Andrew G. Lampereur - - - - - Andrew G. Lampereur	Controller (Principal Accounting Officer)
/s/ Jack L. Heckel - - - - - Jack L. Heckel	Director
/s/ Richard M. Jones - - - - - Richard M. Jones	Director
/s/ Richard A. Kashnow - - - - - Richard A. Kashnow	Director
/s/ L. Dennis Kozlowski - - - - - L. Dennis Kozlowski	Director
/s/ Richard T. Savage - - - - - Richard T. Savage	Director
/s/ Raymond S. Troubh - - - - - Raymond S. Troubh	Director

* Each of the above signatures is affixed as of November 16, 1994

APPENDIX TO 1994 10-K

DESCRIPTION OF GRAPHIC MATERIAL IN MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

GRAPH A

Bar chart which shows a break out of 1994, 1993 and 1992 sales between the Distributed Products Group, Engineered Solutions Group and Wright Line. Each bar represents one year and is proportionally divided by the percentage of sales for each of these segments. Data is as follows:

<TABLE>
<CAPTION>

	1994	1993	1992
	----	----	----
<S>	<C>	<C>	<C>
Distributed Products Group	51%	53%	52%
Engineered Solutions Group	37%	37%	36%
Wright Line	12%	10%	12%

</TABLE>

GRAPH B

Pie chart identifying the percentage breakout of 1994 sales by geographic region. Regions depicted include North America, Europe, Japan and Asia Pacific, and Latin America. Data is as follows:

- North America - 64%
- Europe - 23%
- Japan and Asia Pacific - 10%
- Latin America - 3%

GRAPH C

Pie chart which identifies the percentage breakout of total capitalization as of August 31, 1994 between Debt, Shareholders' Equity and Deferred Taxes. Data is as follows:

- Debt - 45%
- Shareholders' Equity - 47%
- Deferred Taxes - 8%

APPLIED POWER INC.
ANNUAL REPORT ON FORM 10-K
FOR THE FISCAL YEAR ENDED AUGUST 31, 1994
INDEX TO EXHIBITS

<TABLE>
<CAPTION>

EXHIBIT	DESCRIPTION	INCORPORATED HEREIN BY REFERENCE TO	FILED HEREWITH
<S>	<C>	<C>	<C>
3.1	(a) Amended and Restated Articles of Incorporation (as adopted January 8, 1987)	Exhibit 19.1(a) to Form 10-Q for quarter ended February 28, 1990 ("2/28/90 10-Q")	
	(b) Articles of Amendment to Amended and Restated Articles of Incorporation, amending Sections 3.1 and 3.2 of Article III and Article IV (adopted January 13, 1990)	Exhibit 19.1(b) to 2/28/90 10-Q	
3.2	Amended and Restated By-Laws (as last amended by amendment to Section 3.01 decreasing the number of directors to six, adopted October 24, 1994 by the Board of Directors and to be effective on January 9, 1995)		X

4+

4.1	(a) Secured Credit Agreement dated as of June 27, 1989, among Applied Power Inc., API Acquisitions Inc. and Continental Bank N.A. (and "Secured Credit Agreement")	Exhibit 29 to Schedule 14D-1, as amended by Amendment No. 13 thereto
	(b) Amendment and Waiver, dated as of July 31, 1989, to the Secured Credit Agreement	Exhibit 4.1(b) to Form 10-K for fiscal year ended August 31, 1990 ("1990 10-K")

</TABLE>

+ Pursuant to Item 601(b)(4)(iii)(A) of Regulation S-K, the Registrant agrees to furnish to the Securities and Exchange Commission upon request a copy of any unfiled instruments, or any unfiled exhibits or schedules to filed instruments, defining the rights of security holders.

<TABLE>
<CAPTION>

EXHIBIT <S>	DESCRIPTION <C>	INCORPORATED HEREIN BY REFERENCE TO <C>	FILED HEREWITH <C>
4.1	(c) Amendment No. 2, dated as of August 10, 1990, to the Secured Credit Agreement	Exhibit 4.1(C) to 1990 10-K	
	(d) Amendment No. 3, dated as of January 30, 1991, to the Secured Credit Agreement	Exhibit 19 to Form 10-Q for quarter ended February 28, 1991	
	(e) Amendment No. 4, dated as of May 31, 1991, to the Secured Credit Agreement	Exhibit 19.1 to Form 10-Q for quarter ended May 31, 1991 ("5/31/91 10-Q")	
	(f) Amendment No. 5, dated as of January 17, 1992, to the Secured Credit Agreement	Exhibit 19 to Form 10-Q for quarter ended February 29, 1992	
	(g) Amendment No. 6, dated as of October 30, 1993, to the Secured Credit Agreement	Exhibit 4.1(g) to Form 10-K for fiscal year ended August 31, 1993 ("1993 10-K")	
4.2	(a) Loan Agreement, dated as of August 1, 1990, relating to \$75,000,000 9.92% Senior Notes due August 15, 2000	Exhibit 4.2 to 1990 10-K	
	(b) Amendment to Loan Agreement, made as of August 31, 1993	Exhibit 4.2(b) to 1993 10-K	
4.3	Articles III, IV, and V of Amended and Restated Articles of Incorporation	See Exhibit 3.1 above	
4.4	Amendment for Purchase and Sale, dated August 29, 1990, between Minnesota Mining and Manufacturing Company and Applied Power Inc. and seven related Leases, each dated April 29, 1991, between Bernard Garland and Sheldon Garland, d/b/a Garland Enterprises, as Landlord and Applied Power Inc. as Tenant, designated as exhibits 19.2(a) through 19.2(g)	Exhibit 19.2 to 5/31/91/10-Q	

</TABLE>

<TABLE>
<CAPTION>

EXHIBIT <S>	DESCRIPTION <C>	INCORPORATED HEREIN BY REFERENCE TO <C>	FILED HEREWITH <C>
----------------	--------------------	---	--------------------------

4.5	Revolving Credit Agreement, dated as of August 22, 1994 between Applied Power Finance S.A., as Borrower, Continental Bank N.A., PNC Bank and ABN Amro Bank, collectively as lenders, and Applied Power Inc. as Guarantor	X
4.6	Receivables Purchase Agreement, dated as of August 31, 1994 between Applied Power Inc., Barry Wright Corporation, Wright Line Inc., and GB Electrical, Inc., collectively as sellers, and PNC Bank, as lender	X
10.1*	Employment Agreement dated May 9, 1994 between Applied Power Inc. and Richard G. Sim (superseding Employment Agreement dated July 5, 1985, as amended)	X
10.2*	(a) Applied Power Inc. 1985 Stock Option Plan (approved by shareholders on January 6, 1986), as amended	Exhibit 10.2(a) to Form 10-K for fiscal year ended August 31, 1989 ("1989 10-K")
	(b) Amendment adopted by Board of Directors on November 8, 1989 and approved by shareholders on January 13, 1990	Exhibit 10.2(b) to 1989 10-K
	(c) Amendment adopted by Board of Directors on August 9, 1990	Exhibit 10.2(c) to 1990 10-K

</TABLE>

* Management contracts and executive compensation plans and arrangements required to be filed as exhibits pursuant to Item 14(c) of Form 10-K.

<TABLE>
<CAPTION>

EXHIBIT <S>	DESCRIPTION <C>	INCORPORATED HEREIN BY REFERENCE TO <C>	FILED HEREWITH <C>
10.3*	(a) Applied Power Inc. 1987 Nonqualified Stock Option Plan (approved by shareholders January 7, 1988)	Exhibit 10-8 to Form 10-K for fiscal year ended August 31, 1987	
	(b) Amendment adopted by Board of Directors on November 8, 1989 and approved by shareholders on January 13, 1990	See Exhibit 10.2(b)	
10.4*	(a) Applied Power Inc. 1990 Stock Option Plan, adopted by Board of Directors on August 9, 1990, and approved by shareholders on January 7, 1991.	Exhibit A to Proxy Statement dated December 5, 1990 for 1991 Annual Meeting of Shareholders	
	(b) Amendment adopted by Board of Directors on August 10, 1992, and approved by shareholders on January 7, 1991.	Exhibit 10.5(b) to Form 10-K for fiscal year ended August 31, 1992	
10.5*	(a) Description of Fiscal 1994 Management Bonus Arrangement	Exhibit 10.6 to 1993 10-K	
	(b) Amendment to Fiscal 1994 Management Bonus Arrangement		X
10.6*	Description of Fiscal 1995 Management Bonus Arrangement		X
10.7*	(a) Applied Power Inc. 1989 Outside Directors' Stock Option Plan adopted by Board of Directors	Exhibit 10.7 to 1989 10-K	

on November 8, 1989 and
approved by shareholders on
January 13, 1990

(b) Amendment adopted by Board
of Directors on November 9, 1990,
and approved by shareholders on
January 7, 1991

Exhibit 10.7(b) to 1990 10-K

</TABLE>

* Management contracts and executive compensation plans and arrangements
required to be filed as exhibits pursuant to Item 14(c) of Form 10-K.

<TABLE>
<CAPTION>

EXHIBIT <S>	DESCRIPTION <C>	INCORPORATED HEREIN BY REFERENCE TO <C>	FILED HEREWITH <C>
11	Statement re Computation of Earnings per Share		X
21	Subsidiaries of the Registrant		X
23	Consent of Deloitte & Touche LLP		X
24	Power of Attorney	See Signature Page of this report	
27	Financial Data Schedule		X

</TABLE>

AMENDED AND RESTATED BYLAWS

of

APPLIED POWER INC.

ADOPTED

NOVEMBER 7, 1991

and

AS LAST AMENDED ON OCTOBER 24, 1994
ARTICLE I. OFFICES; RECORDS; FISCAL YEAR

1.01. Principal and Business Offices. The corporation may have such principal and other business offices, either within or without the State of Wisconsin, as the Board of Directors may designate or as the business of the corporation may require from time to time.

1.02. Registered Office and Registered Agent. The registered office of the corporation required by the Wisconsin Business Corporation Law to be maintained in the State of Wisconsin may be, but need not be, identical with the principal office in the State of Wisconsin. The street address of the registered office may be changed from time to time by any officer or by the registered agent. The business office of the registered agent of the corporation shall be identical to the street office of such registered office.

1.03. Corporate Records. The following documents and records shall be kept at the corporation's principal office or at such other reasonable location as may be specified by the corporation:

(a) Minutes of shareholders' and Board of Directors' meetings, any written notices thereof and any written waivers of such notices.

(b) Records of actions taken by the shareholders or Board of Directors without a meeting.

(c) Records of actions taken by committees of the Board of Directors in place of the Board of Directors and on behalf of the Corporation.

(d) Accounting records.

(e) A record of its shareholders.

(f) Current Bylaws.

1.04. Fiscal Year. The fiscal year of the corporation shall commence on the first day of September and end on the last day of August.

ARTICLE II. SHAREHOLDERS

2.01. Annual Meeting. The annual meeting of the shareholders shall be held on the second Tuesday in January, or at such other time and date as may be fixed by or under the authority of the Board of Directors, for the purpose of electing directors and for the transaction of such other business as may come before the meeting. If the day fixed for the annual meeting is a legal holiday in the State of Wisconsin, such meeting shall be held on the next succeeding business day. If the election of directors is not held on the day designated herein, or fixed as herein provided, for any annual meeting of the shareholders, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a meeting of the shareholders as soon thereafter as may be convenient.

2.02. Special Meetings. Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute, may be called by the Chairperson of the Board, if there is one, the President or the Board of Directors. If and as required by the Wisconsin

Business Corporation Law, a special meeting shall be called upon written demand describing one or more purposes for which it is to be held by holders of shares with at least 10% of the votes entitled to be cast on any issue proposed to be considered at the meeting. The purpose or purposes of any special meeting shall be described in the notice required by Section 2.04 of these Bylaws.

2.03. Place of Meeting. The Board of Directors may designate any place, either within or without the State of Wisconsin, as the place of meeting for any annual meeting or any special meeting. If no designation is made, the place of meeting shall be the principal office of the corporation but any meeting may be adjourned to reconvene at any place designated by vote of a majority of the shares represented thereat.

2.04. Notices to Shareholders.

(a) Required Notice. Written notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) days nor more than sixty (60) days before the date of the meeting (unless a different time is provided by law or the Articles of Incorporation), by or at the direction of the Chairperson of the Board, if there is one, the President or the Secretary, to each shareholder entitled to vote at such meeting or, for the fundamental transactions described in Sections 2.04(e) (1) to (4)

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below (for which the Wisconsin Business Corporation Law requires that notice be given to shareholders not entitled to vote), to all shareholders. If mailed, such notice is effective when deposited in the United States mail, and shall be addressed to the shareholder's address shown in the current record of shareholders of the corporation, with postage thereon prepaid. At least twenty (20) days' notice shall be provided if the purpose, or one of the purposes, of the meeting is to consider a plan of merger or share exchange for which shareholder approval is required by law, or the sale, lease, exchange or other disposition of all or substantially all of the corporation's property, with or without good will, otherwise than in the usual and regular course of business.

(b) Adjourned Meeting. If any shareholder meeting is adjourned to a different date, time or place, notice need not be given of the new date, time or place, if the new date, time or place is announced at the meeting before adjournment; provided, however, that if a new record date for the adjourned meeting is or must be fixed, then notice must be given pursuant to the requirements of Section 2.04(a), to those persons who are shareholders as of the new record date.

(c) Waiver of Notice. A shareholder may waive notice in accordance with Article VI of these Bylaws.

(d) Contents of Notice. The notice of each special shareholder meeting shall include a description of the purpose or purposes for which the meeting is called. Except as otherwise provided in Section 2.04(e), in the Articles of Incorporation, or in the Wisconsin Business Corporation Law, the notice of an annual shareholder meeting need not include a description of the purpose or purposes for which the meeting is called.

(e) Fundamental Transactions. If a purpose of any shareholder meeting is to consider: (1) a proposed amendment to the Articles of Incorporation (including any restated articles); (2) a plan of merger or share exchange for which shareholder approval is required by law; (3) the sale, lease, exchange or other disposition of all or substantially all of the corporation's property, with or without good will, otherwise than in the usual and regular course of business; (4) the dissolution of the corporation; or (5) the removal of a director, the notice must so state and in cases (1), (2) and (3) above must be accompanied by, respectively, a copy or summary of the: (1) proposed articles of amendment or a copy of the restated articles that identifies any amendment or other change; (2) proposed plan of merger or share exchange; or (3) proposed transaction for disposition of all or substantially all of the corporation's prop-

-3-

erty. If the proposed corporate action creates dissenters' rights, the notice must state that shareholders and beneficial shareholders are or may be entitled to assert dissenters' rights, and must be accompanied by a copy of Sections 180.1301 to 180.1331 of the Wisconsin Business Corporation Law.

2.05. Fixing of Record Date. The Board of Directors may fix in advance a date as the record date for one or more voting classes for any determination of shareholders entitled to notice of a shareholders' meeting, to demand a special meeting, to vote, or to take any other action, such date in any case to be not more than seventy (70) days prior to the meeting or action requiring such determination of shareholders, and may fix the record date for determining shareholders entitled to a share dividend or distribution. If no record date is fixed for the determination of shareholders entitled to demand a shareholder meeting, to notice of or to vote at a meeting of shareholders, or to consent to action without a meeting, (a) the close of business on the day before the corporation receives the first written demand for a shareholder meeting, (b) the close of business on the day before the first notice of the meeting is mailed or otherwise delivered to shareholders, or (c) the close of business on the day before the first written consent to shareholder action without a meeting is received by the corporation, as the case may be, shall be the record date for the determination of shareholders. If no record date is fixed for the determination of shareholders entitled to receive a share dividend or distribution (other than a distribution involving a purchase, redemption or other acquisition of the corporation's shares), the close of business on the day on which the resolution of the Board of Directors is adopted declaring the dividend or distribution shall be the record date. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section, such determination shall be applied to any adjournment thereof unless the Board of Directors fixes a new record date and except as otherwise required by law. A new record date must be set if a meeting is adjourned to a date more than 120 days after the date fixed for the original meeting.

2.06. Shareholder List. The officer or agent having charge of the stock transfer books for shares of the corporation shall, before each meeting of shareholders, make a complete record of the shareholders entitled to notice of such meeting, arranged by class or series of shares and showing the address of and the number of shares held by each shareholder. The shareholder list shall be available at the meeting and may be inspected by any shareholder or his or her agent or attorney at any time during the meeting or any adjournment. Any shareholder or his or her agent or attorney may inspect the shareholder list beginning two (2) business days after the notice of the meeting is given and continuing to the date of the meeting, at the corporation's principal office or at a place identified in the meeting notice in the city where the meeting will be held and, subject to Section 180.1602(2)(b) 3 to 5 of the Wisconsin Business Corporation Law, may copy the list, during regular business hours and at his or her expense, during the period that it is available for

inspection hereunder. The original stock transfer books and nominee certificates on file with the corporation (if any) shall be prima facie evidence as to who are the shareholders entitled to inspect the shareholder list or to vote at any meeting of shareholders. Refusal or failure to comply with the requirements of this section shall not affect the validity of any action taken at such meeting.

2.07. Quorum and Voting Requirements. Except as otherwise provided in the Articles of Incorporation or in the Wisconsin Business Corporation Law, a majority of the votes entitled to be cast by shares entitled to vote as a separate voting class on a matter, represented in person or by proxy, shall constitute a quorum of that voting class for action on that matter at a meeting of shareholders. If a quorum exists, action on a matter, other than the election of directors, by a voting class is approved if the votes cast within the voting class favoring the action exceed the votes cast opposing the action unless a greater number of affirmative votes is required by the Wisconsin Business Corporation Law or the Articles of Incorporation. If the Articles of Incorporation or the Wisconsin Business Corporation Law provide for voting by two (2) or more voting classes on a matter, action on that matter is taken only when voted upon by each of those voting classes counted separately. Action may be taken by one (1) voting class on a matter even though no action is taken by another voting class entitled to vote on the matter. Although less than a quorum exists at a meeting, a majority of the shares represented at the meeting may adjourn the meeting from time to time and, unless a new record date is or must be set for the meeting, the corporation is not required to give notice of the new date, time or place of the meeting if the new date, time or place is announced at the meeting before adjournment. Once a share is represented for any purpose at a meeting, other than for the purpose of objecting to holding the meeting or transacting business at the meeting, it is considered present for purposes of determining whether a quorum exists for the remainder of the meeting and for any adjournment of that meeting unless a new record date is or must be set for that meeting. The term "voting class" as used in these Bylaws shall have the same meaning as the term "voting group"

under the Wisconsin Business Corporation Law.

2.08. Conduct of Meetings. The Chairperson of the Board, or if there is none, or in his or her absence, the President, and in the President's absence, a Vice President in the order provided under Section 4.06 of these Bylaws, and in their absence, any person chosen by the shareholders present shall call the meeting of the shareholders to order and shall act as chairperson of the meeting, and the Secretary shall act as secretary of all meetings of the shareholders, but, in the absence of the

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Secretary, the presiding officer may appoint any other person to act as secretary of the meeting.

2.09. Proxies. At all meetings of shareholders, a shareholder entitled to vote may vote in person or by proxy appointed in writing by the shareholder or by his or her duly authorized attorney-in-fact. All proxy appointment forms shall be filed with the Secretary or other officer or agent of the corporation authorized to tabulate votes before or at the time of the meeting. Unless the appointment form conspicuously states that it is irrevocable and the appointment is coupled with an interest, a proxy appointment may be revoked at any time. The presence of a shareholder who has filed a proxy appointment shall not of itself constitute a revocation. No proxy appointment shall be valid after eleven months from the date of its execution, unless otherwise expressly provided in the appointment form. The Board of Directors shall have the power and authority to make rules that are not inconsistent with the Wisconsin Business Corporation Law as to the validity and sufficiency of proxy appointments.

2.10. Voting of Shares. Each outstanding share shall be entitled to one (1) vote on each matter submitted to a vote at a meeting of shareholders, except to the extent that the voting rights of the shares are enlarged, limited or denied by the Articles of Incorporation or the Wisconsin Business Corporation Law. Shares owned directly or indirectly by another corporation are not entitled to vote if this corporation owns, directly or indirectly, sufficient shares to elect a majority of the directors of such other corporation. However, the prior sentence shall not limit the power of the corporation to vote any shares, including its own shares, held by it in a fiduciary capacity. Redeemable shares are not entitled to vote after notice of redemption is mailed to the holders and a sum sufficient to redeem the shares has been deposited with a bank, trust company, or other financial institution under an irrevocable obligation to pay the holders the redemption price on surrender of the shares.

ARTICLE III. BOARD OF DIRECTORS

3.01. General Powers and Number. All corporate powers shall be exercised by or under the authority of, and the business and affairs of the corporation shall be managed under the direction of, its Board of Directors. The number of directors of the corporation shall be six (6). The number of directors may be increased or decreased from time to time by amendment to this Section adopted by the shareholders or the Board of Directors,

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but no decrease shall have the effect of shortening the term of an incumbent director.

3.02. Election, Removal, Tenure and Qualifications. Unless action is taken without a meeting under Section 7.01 of these Bylaws, directors shall be elected by a plurality of the votes cast by the shares of the voting class entitled to vote for such directors in the election at a shareholders meeting at which a quorum is present; i.e., the individuals eligible for election by a voting class with the largest number of votes in favor of their election are elected as directors up to the maximum number of directors to be chosen in the election by such voting class. Votes against a candidate are not given legal effect and are not counted as votes cast in an election of directors. In the event two (2) or more persons tie for the last vacancy to be filled, a run-off vote shall be taken from among the candidates receiving the tie vote. Each director shall hold office until the next annual meeting of shareholders and until the director's successor shall have been elected or there is a decrease in the number of directors, or until his or her prior death, resignation or removal. Any director may be removed from office by the affirmative vote of a two-thirds majority of the shares outstanding of the class or classes of stock which elected such director at a special meeting of shareholders called for that purpose. Although the foregoing bylaw establishes

a greater shareholder voting requirement than is generally provided by the Wisconsin Business Corporation Law, it has not been amended or repealed, and it is therefore effective pursuant to Section 180.1706(4) or successor statutes. The removal may be made with or without cause unless the Articles of Incorporation or these Bylaws provide that directors may be removed only for cause. If a director is elected by a voting class of shareholders, only the shareholders of that voting class may participate in the vote to remove that director. A director may resign at any time by delivering a written resignation to the Board of Directors, to the Chairperson of the Board (if there is one), or to the corporation through the Secretary or otherwise. Directors need not be residents of the State of Wisconsin or shareholders of the corporation. Any person who is seventy (70) years of age or older on the date of a meeting of shareholders shall not be eligible for election or re-election as a director at such meeting.

3.03. Regular Meetings. A regular meeting of the Board of Directors shall be held, without other notice than this Bylaw, immediately after the annual meeting of shareholders, and each adjourned session thereof. The place of such regular meeting shall be the same as the place of the meeting of shareholders which precedes it, or such other suitable place as may be announced at such meeting of shareholders or designated in a notice

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sent to the directors. The Board of Directors and any committee may provide, by resolution, the time and place, either within or without the State of Wisconsin, for the holding of additional regular meetings without other notice than such resolution.

3.04. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of either the Chairperson of the Board, if there is one, or the President. Special meetings of any committee may be called by or at the request of the foregoing persons or the chairperson of the committee. The persons calling any special meeting of the Board of Directors or committee may fix any place, either within or without the State of Wisconsin, as the place for holding any special meeting called by them, and if no other place is fixed the place of meeting shall be the principal office of the corporation in the State of Wisconsin.

3.05 Meetings By Telephone or Other Communication Technology.
(a) Any or all directors may participate in a regular or special meeting or in a committee meeting of the Board of Directors by, or conduct the meeting through the use of, telephone or any other means of communication by which either: (i) all participating directors may simultaneously hear each other during the meeting or (ii) all communication during the meeting is immediately transmitted to each participating director, and each participating director is able to immediately send messages to all other participating directors.

(b) If a meeting will be conducted through the use of any means described in Section 3.05(a), all participating directors shall be informed that a meeting is taking place at which official business may be transacted. A director participating in a meeting by any means described in Section 3.05(a) is deemed to be present in person at the meeting.

3.06. Notice of Meetings. Except as otherwise provided in the Articles of Incorporation or the Wisconsin Business Corporation Law, notice of the date, time and place of any special meeting of the Board of Directors and of any special meeting of a committee of the Board shall be given orally or in writing to each director or committee member at least 48 hours prior to the meeting, except that notice by mail or private carrier shall be given at least five (5) days prior to the meeting. The notice need not describe the purpose of the meeting. Notice may be communicated in person, by telephone, telegraph or facsimile, or by mail or private carrier. Oral notice is effective when communicated. Written notice is effective as follows: If delivered in person, when received; if given by mail, when deposited, postage prepaid, in the United States mail addressed to the director at his or her business or home address (or such

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other address as the director may have designated in writing filed with the Secretary); if given by private carrier, when delivered to the private carrier, with fees prepaid, addressed to the director at his or her business or home address (or such other address as the director may have designated in writing filed with the Secretary); if given by facsimile, at the time transmitted to a facsimile number at any address designated above; and if given by telegraph, when delivered to the telegraph company.

3.07. Quorum. Except as otherwise provided by the Wisconsin

Business Corporation Law, a majority of the number of directors as provided in Section 3.01 shall constitute a quorum of the Board of Directors. Except as otherwise provided by the Wisconsin Business Corporation Law, a majority of the number of directors appointed to serve on a committee shall constitute a quorum of the committee. Although less than a quorum of the Board of Directors or a committee is present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

3.08. Manner of Acting. Except as otherwise provided by the Wisconsin Business Corporation Law or the Articles of Incorporation, the affirmative vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors or any committee thereof.

3.09. Conduct of Meetings. The Chairperson of the Board, or if there is none, or in his or her absence, the President, and in the President's absence, a Vice President in the order provided under Section 4.06 of these Bylaws, and in their absence, any director chosen by the directors present, shall call meetings of the Board of Directors to order and shall chair the meeting. The Secretary of the corporation shall act as secretary of all meetings of the Board of Directors, but in the absence of the Secretary, the presiding officer may appoint any assistant secretary or any director or other person present to act as secretary of the meeting.

3.10. Vacancies. Any vacancy occurring in the Board of Directors, including a vacancy created by an increase in the number of directors, may be filled by the shareholders or the Board of Directors. If the directors remaining in office constitute fewer than a quorum of the Board, the directors may fill a vacancy by the affirmative vote of a majority of all directors remaining in office. If the vacant office was held by a director elected by a voting class of shareholders, only the holders of shares of that voting class may vote to fill the vacancy if it

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is filled by the shareholders, and only the remaining directors elected by that voting class may vote to fill the vacancy if it is filled by the directors. A vacancy that will occur at a specific later date (because of a resignation effective at a later date or otherwise) may be filled before the vacancy occurs, but the new director may not take office until the vacancy occurs.

3.11. Compensation. The Board of Directors, irrespective of any personal interest of any of its members, may fix the compensation of directors, or may delegate the authority to an appropriate committee.

3.12. Presumption of Assent. A director who is present and is announced as present at a meeting of the Board of Directors or a committee thereof at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless (i) the director objects at the beginning of the meeting or promptly upon his or her arrival to holding the meeting or transacting business at the meeting, or (ii) the director's dissent or abstention from the action taken is entered in the minutes of the meeting, or (iii) the director delivers his or her written dissent or abstention to the presiding officer of the meeting before the adjournment thereof or to the corporation immediately after the adjournment of the meeting. Such right to dissent or abstain shall not apply to a director who voted in favor of such action.

3.13. Committees. Unless the Articles of Incorporation otherwise provide, the Board of Directors, by resolution adopted by the affirmative vote of a majority of all the directors then in office, may create one (1) or more committees. Each committee shall consist of three (3) or more directors as members. An Executive Committee so appointed shall have and may exercise, when the Board of Directors is not in session, the powers of the Board of Directors in the management of the business and affairs of the corporation, subject to the limitations set forth in this Section 3.13 and any additional limitations provided by resolution adopted by the affirmative vote of the directors then in office. Committees other than an Executive Committee, to the extent provided in the resolution adopted by the Board of Directors creating such other committees, and as thereafter supplemented or amended by further resolution adopted by a like vote, may exercise the authority of the Board of Directors, except that neither the Executive Committee nor any other committee may: (a) authorize distributions; (b) approve or propose to shareholders action that the Wisconsin Business Corporation Law requires be approved by shareholders; (c) fill vacancies on the Board of Directors or any of its committees, except that the Board of Directors may provide by resolution that any vacancies on a committee shall be filled by the affirmative vote of a majority of the remaining committee members; (d) amend

the Articles of Incorporation; (e) adopt, amend or repeal Bylaws; (f) approve a plan of merger not requiring shareholder approval; (g) authorize or approve reacquisition of shares, except according to a formula or method prescribed by the Board of Directors or (h) authorize or approve the issuance or sale or contract for sale of shares, or determine the designation and relative rights, preferences and limitations of a class or series of shares, except within limits prescribed by the Board of Directors. The Board of Directors may elect one or more of its members as alternate members of any such committee who may take the place of any absent member or members at any meeting of such committee, upon request by the Chairperson of the Board, if there is one, the President or upon request by the chairperson of such meeting. Each such committee shall fix its own rules (consistent with the Wisconsin Business Corporation Law, the Articles of Incorporation and these Bylaws) governing the conduct of its activities and shall make such reports to the Board of Directors of its activities as the Board of Directors may request. Unless otherwise provided by the Board of Directors in creating a committee, a committee may employ counsel, accountants and other consultants to assist it in the exercise of authority. The creation of a committee, delegation of authority to a committee or action by a committee does not relieve the Board of Directors or any of its members of any responsibility imposed on the Board of Directors or its members by law.

ARTICLE IV. OFFICERS

4.01. Appointment. The principal officers shall include a President, one or more Vice Presidents (the number and designations to be determined by the Board of Directors), a Secretary, a Treasurer and such other officers if any, as may be deemed necessary by the Board of Directors, each of whom shall be appointed by the Board of Directors. Any two or more offices may be held by the same person.

4.02. Resignation and Removal. An officer shall hold office until he or she resigns, dies, is removed hereunder, or a different person is appointed to the office. An officer may resign at any time by delivering an appropriate written notice to the corporation. The resignation is effective when the notice is delivered, unless the notice specifies a later effective date and the corporation accepts the later effective date. Any officer may be removed by the Board of Directors with or without cause and notwithstanding the contract rights, if any, of the person removed. Except as provided in the preceding sentence, the resignation or removal is subject to any remedies provided by any contract between the officer and the corporation or otherwise provided by law. Appointment shall not of itself create contract rights.

4.03. Vacancies. A vacancy in any office because of death, resignation, removal or otherwise, shall be filled by the Board of Directors. If a resignation is effective at a later date, the Board of Directors may fill the vacancy before the effective date if the Board of Directors provides that the successor may not take office until the effective date.

4.04. Chairperson of the Board. The Board of Directors may at its discretion appoint a Chairperson of the Board. The Chairperson of the Board, if there is one, shall preside at all meetings of the shareholders and Board of Directors, and shall carry out such other duties as directed by the Board of Directors.

4.05. President. The President shall be the principal executive officer and, subject to the control and direction of the Board of Directors, shall in general supervise and control all of the business and affairs of the corporation. He or she shall, in the absence of the Chairperson of the Board (if one is appointed), preside at all meetings of the shareholders and of the Board of Directors. The President shall have authority, subject to such rules as may be prescribed by the Board of Directors, to appoint such agents and employees of the corporation as he or she shall deem necessary, to prescribe their powers, duties

and compensation, and to delegate authority to them. Such agents and employees shall hold office at the discretion of the President. The President shall have authority to sign, execute and acknowledge, on behalf of the corporation, all deeds, mortgages, bonds, stock certificates, contracts, leases, reports and all other documents or instruments necessary or proper to be executed in the course of the corporation's regular business, or which shall be authorized by resolution of the Board of Directors; and, except as otherwise provided by law

or directed by the Board of Directors, the President may authorize any Vice President or other officer or agent of the corporation to sign, execute and acknowledge such documents or instruments in his or her place and stead. In general he or she shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

4.06. Vice Presidents. In the absence of the President, or in the event of the President's death, inability or refusal to act, or in the event for any reason it shall be impracticable for the President to act personally, a Vice President (or in the event there be more than one Vice President, the Vice Presidents in the order designated by the Board of Directors, or in the absence of any designation, then in the order of their appointment) shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. Any Vice President may sign, with the Secretary or Assistant Secretary, certificates for shares of the corporation; and shall perform such other duties and have such authority as from time to time may be delegated or assigned to him or her by the President or the Board of Directors. The execution of any instrument of the corporation by any Vice President shall be conclusive evidence, as to third parties, of the Vice President's authority to act in the stead of the President.

4.07. Secretary. The Secretary shall: (a) keep (or cause to be kept) regular minutes of all meetings of the shareholders, the Board of Directors and any committees of the Board of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the corporation, if any, and see that the seal of the corporation, if any, is affixed to all documents which are authorized to be executed on behalf of the corporation under its seal; (d) keep or arrange for the keeping of a register of the post office address of each shareholder which shall be furnished to the Secretary by such shareholder; (e) sign with the President, or a Vice President, certificates for shares of the corporation, the issuance of which shall have been authorized by resolution of the Board of Directors; (f) keep

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or arrange for the keeping of the stock transfer books of the corporation; and (g) in general perform all duties incident to the office of Secretary and have such other duties and exercise such authority as from time to time may be delegated or assigned to him or her by the President or by the Board of Directors.

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4.08. Treasurer. The Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the corporation; (b) receive and give receipts for moneys due and payable to the corporation from any source whatsoever, and deposit all such moneys in the name of the corporation in such banks, trust companies or other depositories as shall be selected by the corporation; and (c) in general perform all of the duties incident to the office of Treasurer and have such other duties and exercise such other authority as from time to time may be delegated or assigned to him or her by the President or by the Board of Directors.

4.09. Assistants and Acting Officers. The Board of Directors or the President shall have the power to appoint any person to act as assistant to any officer, or as agent for the corporation in the officer's stead, or to perform the duties of such officer whenever for any reason it is impracticable for such officer to act personally, and such assistant or acting officer or other agent so appointed by the Board of Directors or President shall have the power to perform all the duties of the office to which that person is so appointed to be assistant, or as to which he or she is so appointed to act, except as such power may be otherwise defined or restricted by the Board of Directors or the President.

4.10. Salaries. The salaries of the principal officers shall be fixed from time to time by the Board of Directors or by a duly authorized committee thereof, and no officer shall be prevented from receiving such salary by reason of the fact that such officer is also a director of the corporation.

ARTICLE V. CERTIFICATES FOR SHARES AND THEIR TRANSFER

5.01. Certificates for Shares. All shares of this corporation shall be represented by certificates. Certificates representing

shares of the corporation shall be in such form, consistent with law, as shall be determined by the Board of Directors. At a minimum, a share certificate shall state on its face the name of the corporation and that it is organized under the laws of the State of Wisconsin, the name of the person to whom issued, and the number and class of shares and the designation of the series, if any, that the certificate represents. If the corporation is authorized to issue different classes of shares or different series within a class, the front or back of the certificate must contain either (a) a summary of the designations, relative rights, preferences and limitations applicable to each class, and the variations in the rights, preferences and limitations determined for each series and the authority of the

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Board of Directors to determine variations for future series, or (b) a conspicuous statement that the corporation will furnish the shareholder the information described in clause (a) on request, in writing and without charge. Such certificates shall be signed, either manually or in facsimile, by the President or a Vice President and by the Secretary or an Assistant Secretary. All certificates for shares shall be consecutively numbered or otherwise identified. The name and address of the person to whom the shares represented thereby are issued, with the number of shares and date of issue, shall be entered on the stock transfer books of the corporation. All certificates surrendered to the corporation for transfer shall be canceled and no new certificate shall be issued until the former certificate for a like number of shares shall have been surrendered and canceled, except as provided in Section 5.05.

5.02. Signature by Former Officers. If an officer or assistant officer, who has signed or whose facsimile signature has been placed upon any certificate for shares, has ceased to be such officer or assistant officer before such certificate is issued, the certificate may be issued by the corporation with the same effect as if that person were still an officer or assistant officer at the date of its issue.

5.03. Transfer of Shares. Prior to due presentment of a certificate for shares for registration of transfer, and unless the corporation has established a procedure by which a beneficial owner of shares held by a nominee is to be recognized by the corporation as the shareholder, the corporation may treat the registered owner of such shares as the person exclusively entitled to vote, to receive notifications and otherwise to have and exercise all the rights and power of an owner. The corporation may require reasonable assurance that all transfer endorsements are genuine and effective and in compliance with all regulations prescribed by or under the authority of the Board of Directors.

5.04. Restrictions on Transfer. The face or reverse side of each certificate representing shares shall bear a conspicuous notation of any restriction upon the transfer of such shares imposed by the corporation or imposed by any agreement of which the corporation has written notice.

5.05. Lost, Destroyed or Stolen Certificates. Where the owner claims that his or her certificate for shares has been lost, destroyed or wrongfully taken, a new certificate shall be issued in place thereof if the owner (a) so requests before the corporation has notice that such shares have been acquired by a bona fide purchaser, and (b) if required by the corporation, files with the corporation a sufficient indemnity bond, and (c)

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satisfies such other reasonable requirements as may be prescribed by or under the authority of the Board of Directors.

5.06. Consideration for Shares. The shares of the corporation may be issued for such consideration as shall be fixed from time to time and determined to be adequate by the Board of Directors, provided that any shares having a par value shall not be issued for a consideration less than the par value thereof. The consideration may consist of any tangible or intangible property or benefit to the corporation, including cash, promissory notes, services performed, contracts for services to be performed, or other securities of the corporation. When the corporation receives the consideration for which the Board of Directors authorized the issuance of shares, such shares shall be deemed to be fully paid and nonassessable by the corporation.

5.07. Stock Regulations. The Board of Directors shall have the power and authority to make all such rules and regulations not inconsistent with the statutes of the State of Wisconsin as it may deem expedient concerning the issue, transfer and registration of certificates representing shares of the corporation, including the appointment or designation of one or more stock

transfer agents and one or more registrars.

ARTICLE VI. WAIVER OF NOTICE

6.01. Shareholder Written Waiver. A shareholder may waive any notice required by the Wisconsin Business Corporation Law, the Articles of Incorporation or these Bylaws before or after the date and time stated in the notice. The waiver shall be in writing and signed by the shareholder entitled to the notice, shall contain the same information that would have been required in the notice under the Wisconsin Business Corporation Law except that the time and place of meeting need not be stated, and shall be delivered to the corporation for inclusion in the corporate records.

6.02. Shareholder Waiver by Attendance. A shareholder's attendance at a meeting, in person or by proxy, waives objection to both of the following:

(a) Lack of notice or defective notice of the meeting, unless the shareholder at the beginning of the meeting or promptly upon arrival objects to holding the meeting or transacting business at the meeting.

(b) Consideration of a particular matter at the meeting that is not within the purpose described in the meeting

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notice, unless the shareholder objects to considering the matter when it is presented.

6.03. Director Written Waiver. A director may waive any notice required by the Wisconsin Business Corporation Law, the Articles of Incorporation or the Bylaws before or after the date and time stated in the notice. The waiver shall be in writing, signed by the director entitled to the notice and retained by the corporation.

6.04. Director Waiver by Attendance. A director's attendance at or participation in a meeting of the Board of Directors or any committee thereof waives any required notice to him or her of the meeting unless the director at the beginning of the meeting or promptly upon his or her arrival objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

ARTICLE VII. ACTION WITHOUT MEETINGS

7.01. Shareholder Action Without Meeting. Action required or permitted by the Wisconsin Business Corporation Law to be taken at a shareholders' meeting may be taken without a meeting by all shareholders entitled to vote on the action. The action must be evidenced by one or more written consents describing the action taken, signed by the shareholders consenting thereto and delivered to the corporation for inclusion in its corporate records. Action taken hereunder is effective when the consent is delivered to the corporation, unless the consent specifies a different effective date. A consent hereunder has the effect of a meeting vote and may be described as such in any document.

7.02. Director Action Without Meeting. Unless the Articles of Incorporation provide otherwise, action required or permitted by the Wisconsin Business Corporation Law to be taken at a Board of Directors meeting or committee meeting may be taken without a meeting if the action is taken by all members of the Board or committee. The action shall be evidenced by one or more written consents describing the action taken, signed by each director and retained by the corporation. Action taken hereunder is effective when the last director signs the consent, unless the consent specifies a different effective date. A consent signed hereunder has the effect of a unanimous vote taken at a meeting at which all directors or committee members were present, and may be described as such in any document.

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ARTICLE VIII. INDEMNIFICATION

8.01. Indemnification for Successful Defense. Within twenty

(20) days after receipt of a written request pursuant to Section 8.03, the corporation shall indemnify a director or officer, to the extent he or she has been successful on the merits or otherwise in the defense of a proceeding, for all reasonable expenses incurred in the proceeding if the director or officer was a party because he or she is a director or officer of the corporation.

8.02. Other Indemnification.

(a) In cases not included under Section 8.01, the corporation shall indemnify a director or officer against all liabilities and expenses incurred by the director or officer in a proceeding to which the director or officer was a party because he or she is a director or officer of the corporation, unless liability was incurred because the director or officer breached or failed to perform a duty he or she owes to the corporation and the breach or failure to perform constitutes any of the following:

(1) A willful failure to deal fairly with the corporation or its shareholders in connection with a matter in which the director or officer has a material conflict of interest.

(2) A violation of criminal law, unless the director or officer had reasonable cause to believe that his or her conduct was lawful or no reasonable cause to believe that his or her conduct was unlawful.

(3) A transaction from which the director or officer derived an improper personal profit.

(4) Willful misconduct.

(b) Determination of whether indemnification is required under this Section shall be made pursuant to Section 8.05.

(c) The termination of a proceeding by judgment, order, settlement or conviction, or upon a plea of no contest or an equivalent plea, does not, by itself, create a presumption that indemnification of the director or officer is not required under this Section.

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8.03. Written Request. A director or officer who seeks indemnification under Sections 8.01 or 8.02 shall make a written request to the corporation.

8.04. Nonduplication. The corporation shall not indemnify a director or officer under Sections 8.01 or 8.02 if the director or officer has previously received indemnification or allowance of expenses from any person, including the corporation, in connection with the same proceeding. However, the director or officer has no duty to look to any other person for indemnification.

8.05. Determination of Right to Indemnification.

(a) Unless otherwise provided by the Articles of Incorporation or by written agreement between the director or officer and the corporation, the director or officer seeking indemnification under Section 8.02 shall select one of the following means for determining his or her right to indemnification:

(1) By a majority vote of a quorum of the Board of Directors consisting of directors not at the time parties to the same or related proceedings. If a quorum of disinterested directors cannot be obtained, by majority vote of a committee duly appointed by the Board of Directors and consisting solely of two (2) or more directors who are not at the time parties to the same or related proceedings. Directors who are parties to the same or related proceedings may participate in the designation of members of the committee.

(2) By independent legal counsel selected by a quorum of the Board of Directors or its committee in the manner prescribed in sub. (1) or, if unable to obtain such a quorum or committee, by a majority vote of the full Board of Directors, including directors who are parties to the same or related proceedings.

(3) By a panel of three (3) arbitrators consisting of one arbitrator selected by those directors entitled under sub. (2) to select independent legal counsel, one arbitrator selected by the director or officer seeking indemnification and one arbitrator selected by the two (2) arbitrators previously selected.

(4) By an affirmative vote of shares represented at a meeting of shareholders at which a quorum of the voting group entitled to vote thereon

is present. Shares owned by, or voted under the control of, persons who are at the time parties to the

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same or related proceedings, whether as plaintiffs or defendants or in any other capacity, may not be voted in making the determination.

(5) By a court under Section 8.08.

(6) By any other method provided for in any additional right to indemnification permitted under Section 8.07.

(b) In any determination under (a), the burden of proof is on the corporation to prove by clear and convincing evidence that indemnification under Section 8.02 should not be allowed.

(c) A written determination as to a director's or officer's indemnification under Section 8.02 shall be submitted to both the corporation and the director or officer within 60 days of the selection made under (a).

(d) If it is determined that indemnification is required under Section 8.02, the corporation shall pay all liabilities and expenses not prohibited by Section 8.04 within ten (10) days after receipt of the written determination under (c). The corporation shall also pay all expenses incurred by the director or officer in the determination process under (a).

8.06. Advance of Expenses. Within ten (10) days after receipt of a written request by a director or officer who is a party to a proceeding, the corporation shall pay or reimburse his or her reasonable expenses as incurred if the director or officer provides the corporation with all of the following:

(a) A written affirmation of his or her good faith belief that he or she has not breached or failed to perform his or her duties to the corporation.

(b) A written undertaking, executed personally or on his or her behalf, to repay the allowance to the extent that it is ultimately determined under Section 8.05 that indemnification under Section 8.02 is not required and that indemnification is not ordered by a court under Section 8.08(b)(2). The undertaking under this Section 8.06(b) shall be an unlimited general obligation of the director or officer and may be accepted without reference to his or her ability to repay the allowance. The undertaking may be secured or unsecured.

8.07. Nonexclusivity.

(a) Except as provided in Section 8.07(b), Sections 8.01, 8.02 and 8.06 do not preclude any additional right

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to indemnification or allowance of expenses that a director or officer may have under any of the following:

(1) The Articles of Incorporation.

(2) A written agreement between the director or officer and the corporation.

(3) A resolution of the Board of Directors.

(4) A resolution, after notice, adopted by a majority vote of all of the corporation's voting shares then issued and outstanding.

(b) Regardless of the existence of an additional right under Section 8.07(a), the corporation shall not indemnify a director or officer, or permit a director or officer to retain any allowance of expenses unless it is determined by or on behalf of the corporation that the director or officer did not breach or fail to perform a duty he or she owes to the corporation which constitutes conduct under Section 8.02(a)(1), (2), (3) or (4). A director or officer who is a party to the same or related proceeding for which indemnification or an allowance of expenses is sought may not participate in a determination under this Section 8.07(b).

(c) Sections 8.01 to 8.14 do not affect the

corporation's power to pay or reimburse expenses incurred by a director or officer in either of the following circumstances:

(1) As a witness in a proceeding to which he or she is not a party.

(2) As a plaintiff or petitioner in a proceeding because he or she is or was an employee, agent, director or officer of the corporation.

8.08. Court-Ordered Indemnification.

(a) Except as provided otherwise by written agreement between the director or officer and the corporation, a director or officer who is a party to a proceeding may apply for indemnification to the court conducting the proceeding or to another court of competent jurisdiction. Application shall be made for an initial determination by the court under Section 8.05(a)(5) or for review by the court of an adverse determination under Section 8.05(a)(1), (2), (3), (4) or (6). After receipt of an application, the court shall give any notice it considers necessary.

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(b) The court shall order indemnification if it determines any of the following:

(1) That the director or officer is entitled to indemnification under Sections 8.01 or 8.02.

(2) That the director or officer is fairly and reasonably entitled to indemnification in view of all the relevant circumstances, regardless of whether indemnification is required under Section 8.02.

(c) If the court determines under Section 8.08(b) that the director or officer is entitled to indemnification, the corporation shall pay the director's or officer's expenses incurred to obtain the court-ordered indemnification.

8.09. Indemnification and Allowance of Expenses of Employees and Agents. The corporation shall indemnify an employee of the corporation who is not a director or officer of the corporation, to the extent that he or she has been successful on the merits or otherwise in defense of a proceeding, for all reasonable expenses incurred in the proceeding if the employee was a party because he or she was an employee of the corporation. In addition, the corporation may indemnify and allow reasonable expenses of an employee or agent who is not a director or officer of the corporation to the extent provided by the Articles of Incorporation or these Bylaws, by general or specific action of the Board of Directors or by contract.

8.10. Insurance. The corporation may purchase and maintain insurance on behalf of an individual who is an employee, agent, director or officer of the corporation against liability asserted against or incurred by the individual in his or her capacity as an employee, agent, director or officer, regardless of whether the corporation is required or authorized to indemnify or allow expenses to the individual against the same liability under Sections 8.01, 8.02, 8.06, 8.07 and 8.09.

8.11. Securities Law Claims.

(a) Pursuant to the public policy of the State of Wisconsin, the corporation shall provide indemnification and allowance of expenses and may insure for any liability incurred in connection with a proceeding involving securities regulation described under Section 8.11(b) to the extent required or permitted under Sections 8.01 to 8.10.

(b) Sections 8.01 to 8.10 apply, to the extent applicable to any other proceeding, to any proceeding involving a federal or state statute, rule or regulation regulating the

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offer, sale or purchase of securities, securities brokers or dealers, or investment companies or investment advisers.

8.12. Liberal Construction. In order for the corporation to obtain and retain qualified directors, officers and employees, the foregoing provisions shall be liberally administered in order to afford maximum indemnification of directors, officers and, where Section 8.09 of these Bylaws applies, employees. The indemnification above provided for shall be granted in all applicable cases unless to do so would clearly contravene law, controlling

precedent or public policy.

8.13. Definitions Applicable to this Article. For purposes of this Article:

(a) "Affiliate" shall include, without limitation, any corporation, partnership, joint venture, employee benefit plan, trust or other enterprise that directly or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the corporation.

(b) "Corporation" means this corporation and any domestic or foreign predecessor of this corporation where the predecessor corporation's existence ceased upon the consummation of a merger or other transaction.

(c) "Director or officer" means any of the following:

(1) An individual who is or was a director or officer of this corporation.

(2) An individual who, while a director or officer of this corporation, is or was serving at the corporation's request as a director, officer, partner, trustee, member of any governing or decision-making committee, employee or agent of another corporation or foreign corporation, partnership, joint venture, trust or other enterprise.

(3) An individual who, while a director or officer of this corporation, is or was serving an employee benefit plan because his or her duties to the corporation also impose duties on, or otherwise involve services by, the person to the plan or to participants in or beneficiaries of the plan.

(4) Unless the context requires otherwise, the estate or personal representative of a director or officer.

For purposes of this Article, it shall be conclusively presumed that any director or officer serving as a director,

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officer, partner, trustee, member of any governing or decision-making committee, employee or agent of an affiliate shall be so serving at the request of the corporation.

(d) "Expenses" include fees, costs, charges, disbursements, attorney fees and other expenses incurred in connection with a proceeding.

(e) "Liability" includes the obligation to pay a judgment, settlement, penalty, assessment, forfeiture or fine, including an excise tax assessed with respect to an employee benefit plan, and reasonable expenses.

(f) "Party" includes an individual who was or is, or who is threatened to be made, a named defendant or respondent in a proceeding.

(g) "Proceeding" means any threatened, pending or completed civil, criminal, administrative or investigative action, suit, arbitration or other proceeding, whether formal or informal, which involves foreign, federal, state or local law and which is brought by or in the right of the corporation or by any other person.

ARTICLE IX. SEAL

The Board of Directors may provide a corporate seal which may be circular in form and have inscribed thereon the name of the corporation and the state of incorporation and the words "Corporate Seal."

ARTICLE X. AMENDMENTS

10.01. By Shareholders. These Bylaws may be amended or repealed and new Bylaws may be adopted by the shareholders by the vote provided in Section 2.07 of these Bylaws or as specifically provided in this Section 10.01. If authorized by the Articles of Incorporation, the shareholders may adopt or amend a Bylaw that fixes a greater or lower quorum requirement or a greater voting requirement for shareholders or voting classes of shareholders than otherwise is provided in the Wisconsin Business Corporation Law. The adoption or amendment of a Bylaw that adds, changes or deletes a greater or

lower quorum requirement or a greater voting requirement for shareholders must meet the same quorum requirement and be adopted by the same vote and voting

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classes required to take action under the quorum and voting requirement then in effect.

10.02. By Directors. Except as the Articles of Incorporation may otherwise provide, these Bylaws may also be amended or repealed and new Bylaws may be adopted by the Board of Directors by the vote provided in Section 3.08, but (a) no Bylaw adopted by the shareholders shall be amended, repealed or readopted by the Board of Directors if the Bylaw so adopted so provides and (b) a Bylaw adopted or amended by the shareholders that fixes a greater or lower quorum requirement or a greater voting requirement for the Board of Directors than otherwise is provided in the Wisconsin Business Corporation Law may not be amended or repealed by the Board of Directors unless the Bylaw expressly provides that it may be amended or repealed by a specified vote of the Board of Directors. Action by the Board of Directors to adopt or amend a Bylaw that changes the quorum or voting requirement for the Board of Directors must meet the same quorum requirement and be adopted by the same vote required to take action under the quorum and voting requirement then in effect, unless a different voting requirement is specified as provided by the preceding sentence. A Bylaw that fixes a greater or lower quorum requirement or a greater voting requirement for shareholders or voting classes of shareholders than otherwise is provided in the Wisconsin Business Corporation Law may not be adopted, amended or repealed by the Board of Directors.

10.03. Implied Amendments. Any action taken or authorized by the shareholders or by the Board of Directors, which would be inconsistent with the Bylaws then in effect but is taken or authorized by a vote that would be sufficient to amend the Bylaws so that the Bylaws would be consistent with such action, shall be given the same effect as though the Bylaws had been temporarily amended or suspended so far, but only so far, as is necessary to permit the specific action so taken or authorized.

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CREDIT AGREEMENT

dated as of August 22, 1994

among

APPLIED POWER INC.,

APPLIED POWER FINANCE S.A.,

VARIOUS FINANCIAL INSTITUTIONS,

and

CONTINENTAL BANK,

as Agent

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CREDIT AGREEMENT

THIS CREDIT AGREEMENT (this "Agreement") dated as of August 22, 1994 is among APPLIED POWER INC., a Wisconsin corporation (the "Company"), APPLIED POWER FINANCE S.A., a French corporation ("APSA"), the financial institutions listed on the signature pages hereof (together with their respective successors and assigns, collectively the "Lenders" and individually each a "Lender"), and CONTINENTAL BANK (in its individual capacity, together with its successors and assigns, "Continental"), as agent for the Lenders (in such capacity, together with its successors and assigns in such capacity, the "Agent").

SECTION 1 CERTAIN DEFINITIONS AND INTERPRETATION.

SECTION 1.1 Defined Terms. When used herein the following terms have the following meanings (such meanings to be applicable to both the singular and plural forms of the terms defined):

Absolute Rate means a rate of interest per annum expressed as a percentage to four decimal places and set forth in a Bid for a particular Bid Loan amount and particular Loan Period.

Affiliate means, with respect to any Person, any other Person which, directly or indirectly, controls, is controlled by or is under common control with such Person. For purposes of this definition, "control" (together with the correlative meanings of "controlled by" and "under common control with") means possession, directly or indirectly, of the power (a) to vote 5% or more of the securities (on a fully diluted basis) having ordinary voting power for the directors or managing general partners (or their equivalent) of such Person or (b) to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

Agent - see the Preamble.

Aggregate Commitment at any time means the total amount of the Commitments of all Lenders.

Agreement - see the Preamble.

Alternate Reference Rate means at any time the greater of (a) the Federal Funds Rate as then in effect plus 1/2 of 1% and (b) the rate per annum then most recently announced by the Agent as its reference rate.

APSA - see the Preamble.

Assignee - see Section 14.4.1.

Authorized Officer means, relative to each Borrower, those of its officers whose signatures and incumbency shall have been certified to the Lender pursuant to Section 10.1.4.

Available Currency means Dollars, Guilders, Sterling, Deutsche Marks, Yen, French Francs, Italian Lira, Swiss Francs, Canadian Dollars and any other currency requested by either Borrower as an "Available Currency" hereunder; provided, however, that the definition of "Available Currency" shall not include any such other currency if such other currency is not then (i) freely available in the international interbank market, (ii) freely transferable and freely convertible into Dollars and (iii) readily utilized for the settlement of private international debt transactions.

Bid means one or more offers by a Lender to make one or more Bid Loans, submitted to the Company by telephone no later than the Submission Deadline, and promptly confirmed on a duly completed and executed form substantially similar to Exhibit B transmitted by facsimile to the Company.

Bid Loan means a loan to either Borrower that bears interest

at an Absolute Rate and is made pursuant to Section 3.

Bid Loan Request means a request by either Borrower for Bids, submitted by the Company to the Lenders by telephone no later than the time provided in Section 3.2(a), and promptly confirmed on a duly completed and executed form substantially similar to Exhibit A transmitted by facsimile to the Lenders.

Bid Note means a promissory note of a Borrower, substantially in the form of Exhibit D, duly completed, evidencing Bid Loans made to such Borrower, as such note may be replaced, amended or otherwise modified from time to time.

Borrower means the Company and/or APSA, as applicable.

Business Day means

(a) any day which is neither a Saturday or Sunday nor a legal holiday on which banks are authorized or required to be closed in Chicago, Illinois or New York, New York; and

(b) relative to the date of

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(i) making or continuing any Eurocurrency Loans or Bid Loans,

(ii) making any payment or prepayment of principal of or payment of interest on any portion of the principal amount of any Eurocurrency Loans or Bid Loans, or

(iii) either Borrower giving any notice (or the number of Business Days to elapse prior to the effectiveness thereof) in connection with any matter referred to in clause (b) (i) or (b) (ii),

any day on which dealings in the relevant Available Currency are carried on in the relevant interbank eurocurrency market.

Canadian Dollars means lawful money of Canada.

Capital Lease means, with respect to any Person, any lease of (or other agreement conveying the right to use) any real or personal property which, in conformity with GAAP, is accounted for as a capital lease on the balance sheet of such Person.

CERCLA means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended.

Code means the Internal Revenue Code of 1986, as amended.

Commitments means the Lenders' commitments to make Committed Loans hereunder, and Commitment as to any Lender means such Lender's commitment to make Committed Loans, in each case as reduced from time to time pursuant to Section 5.1.

Committed Loan - see Section 2.1.1.

Committed Loan Request - see Section 2.2(a).

Committed Note means a promissory note of a Borrower, substantially in the form of Exhibit E, duly completed, evidencing Committed Loans to such Borrower, as such note may be replaced, amended or otherwise modified from time to time.

Company - see the Preamble.

Computation Period means any period of four consecutive Fiscal Quarters ending on the last day of a Fiscal Quarter.

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Consolidated Interest Expense means, for any period, the consolidated interest expense of the Company and its Subsidiaries for such period, as determined in accordance with GAAP and in any event including, without duplication, all commissions, discounts and other fees and charges owed with respect to letters of credit and banker's

acceptances, net costs under interest rate protection agreements and the portion of any Capital Leases allocable to consolidated interest expense.

Consolidated Net Income means, for any period, all amounts which, in conformity with GAAP, would be included under net income on a consolidated income statement of the Company and its Subsidiaries for such period.

Continental - see the Preamble.

"Contractual Obligation" means, relative to the Company or any Subsidiary, any provision of any security issued by the Company or such Subsidiary or of any Instrument or undertaking to which the Company or such Subsidiary is a party or by which it or any of its property is bound.

Controlled Group means all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control which, together with the Company or APSA, are treated as a single employer under Section 414(b) or 414(c) of the Code or Section 4001 of ERISA.

Debt of any Person means, without duplication, (a) all indebtedness of such Person for borrowed money, whether or not evidenced by bonds, debentures, notes or similar instruments, (b) all obligations of such Person as lessee under Capital Leases which have been recorded as liabilities on a balance sheet of such Person, (c) all obligations of such Person to pay the deferred purchase price of property or services (other than current accounts payable in the ordinary course of business), (d) all indebtedness secured by a Lien on the property of such Person, whether or not such indebtedness shall have been assumed by such Person (it being understood that if such Person has not assumed or otherwise become personally liable for any such indebtedness, the amount of the Debt of such Person in connection therewith shall be limited to the lesser of the face amount of such indebtedness or the fair market value of all property of such Person securing such indebtedness), (e) all obligations, contingent or otherwise, with respect to the face amount of all letters of credit (whether or not drawn) and banker's acceptances issued for the account of such Person, (f) all obligations of such Person in respect

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of Hedging Arrangements, (g) all Suretyship Liabilities of such Person and (h) all Debt (as defined above) of any partnership in which such Person is a general partner. The amount of the Debt of any Person in respect of Hedging Arrangements shall be deemed to be the unrealized net loss position of such Person thereunder (determined for each counterparty individually, but netted for all Hedging Arrangements maintained with such counterparty).

Debt to Capital Ratio means the ratio of (a) Funded Debt to (b) Total Capital.

Determination Date means with respect to any Loan in an Available Currency other than Dollars:

(a) the date a Loan is made; or

(b) if such Loan is a Eurocurrency Rate Loan, the last Business Day of each month, and the date such Eurocurrency Rate Loan is continued from the current Interest Period of such Loan into a subsequent Interest Period.

Deutsche Mark means lawful money of the Federal Republic of Germany.

Disclosure Schedule means the Disclosure Schedule attached hereto as Schedule II.

Dollar(s) and the sign "\$" mean lawful money of the United States of America.

Dollar Amount means:

(a) with respect to Dollars or an amount denominated in Dollars, such amount; and

(b) with respect to an amount of any other Available Currency or an amount denominated in such Available Currency, the amount of Dollars into which the Agent could, in accordance with its practice from time to time in the

interbank foreign exchange market, convert such amount of Available Currency at its spot rate of exchange (inclusive of all related costs of conversion) applicable to the relevant transaction at or about 8:00 a.m., Chicago time, on the applicable Determination Date for the delivery of Dollars on the applicable date contemplated in this Agreement.

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Domestic Subsidiary means a Subsidiary that is created or organized in or under the law of the United States, any State thereof or the Commonwealth of Puerto Rico.

Environmental Laws means all applicable federal, state or local statutes, laws, ordinances, codes, rules, regulations and guidelines (including consent decrees and administrative orders) relating to public health and safety and protection of the environment.

ERISA means the Employee Retirement Income Security Act of 1974, as amended, and any successor statute of similar import, together with the regulations thereunder, in each case as in effect from time to time. References to sections of ERISA also refer to any successor sections.

Eurocurrency Reserve Percentage means, with respect to any Eurocurrency Loan for any Loan Period, a percentage (expressed as a decimal) equal to the daily average during such Interest Period of the percentage in effect on each day of such Interest Period, as prescribed by the Board of Governors of the Federal Reserve System (or any successor), for determining the aggregate maximum reserve requirements applicable to "Eurocurrency Liabilities" pursuant to Regulation D or any other then applicable regulation of such Board of Governors which prescribes reserve requirements applicable to "Eurocurrency Liabilities" as presently defined in Regulation D.

Eurocurrency Loan means any Loan which bears interest at a rate determined by reference to the Eurocurrency Rate (Reserve Adjusted).

Eurocurrency Rate means, with respect to any Eurocurrency Loan for any Loan Period, the rate per annum at which deposits in the relevant Available Currency in immediately available funds are offered to the Funding Office of Continental two Business Days prior to the beginning of such Loan Period by major banks in the major interbank eurocurrency market as at or about 10:00 a.m., Chicago time, for delivery on the first day of such Loan Period, for the number of days comprised therein and in an amount equal or comparable to the amount of the Eurocurrency Loan of Continental for such Loan Period.

Eurocurrency Rate (Reserve Adjusted) means, with respect to any Eurocurrency Loan for any Loan Period, a rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) determined pursuant to the following formula:

$$\begin{array}{l} \text{Eurocurrency Rate} \\ \text{(Reserve Adjusted)} \end{array} = \frac{\text{Eurocurrency Rate}}{1 - \text{Eurocurrency Reserve Percentage}}$$

Event of Default means any of the events described in Section 11.1.

Existing Credit Agreements means (a) Revolving Credit Agreement dated as of July 10, 1992, as amended, among the Borrowers and Continental, and (b) Secured Credit Agreement dated as of June 27, 1989, as amended among the Company, API Acquisitions, Inc., various financial institutions and Continental, as Agent.

Federal Funds Rate means, for any day, the rate set forth in the daily statistical release designated as the Composite 3:30 p.m. Quotations for U.S. Government Securities, or any successor publication, published by the Federal Reserve Lender of New York (including any such successor publication, the "Composite 3:30 p.m. Quotations") for such day under the caption "Federal Funds Effective Rate". If such rate is not published in the Composite 3:30 p.m. Quotations for any Business Day, the rate for such day will be the

arithmetic mean of the rates for the last transaction in overnight Federal funds arranged prior to 9:00 a.m., New York City time, on such day by each of three leading brokers of Federal funds transactions in New York City, selected by the Agent. The rate for any day which is not a Business Day shall be the rate for the immediately preceding Business Day.

Fiscal Quarter means any fiscal quarter of a Fiscal Year.

Fiscal Year means the fiscal year of the Company and its Subsidiaries, which period shall be the 12-month period ending on August 31 of each year.

Fixed Charge Coverage Ratio means, for any Computation Period, the ratio of

(a) the sum of

(i) Consolidated Net Income for such period,

plus

(ii) the aggregate amount deducted in respect of federal, state, local and foreign income taxes in determining such Consolidated Net Income,

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plus

(iii) Consolidated Interest Expense for such period,

plus

(iv) the aggregate amount deducted in respect of leases that were not Capital Leases in determining such Consolidated Net Income,

plus

(v) the aggregate amount deducted in respect of amortization of intangible assets (including goodwill) in determining such Consolidated Net Income,

to

(b) the sum of

(i) Consolidated Interest Expense for such period,

plus

(ii) the aggregate amount deducted in respect of leases that were not Capital Leases in determining such Consolidated Net Income.

Fixed Rate Loans means, collectively, Bid Loans and Eurocurrency Loans and, individually, any Bid Loan or Eurocurrency Loan.

Floating Rate Loan means any Loan which bears interest at or by reference to the Alternate Reference Rate.

French Francs means lawful money of the Republic of France.

Funding Date means the date on which any Loan is scheduled to be disbursed.

Funded Debt of any Person at any date of determination means the sum of all Debt described in clauses (a) and (b) of the definition of "Debt".

Funding Office means with respect to any Lender any office or offices of such Lender or affiliate or affiliates of such Lender through which such Lender shall fund or shall have funded any Loan (or through which it makes any

determination for purposes of the definition of "Eurocurrency Rate"). A Funding Office may be, at the option of any Lender, either a domestic or foreign office of such Lender or a domestic or foreign office of an affiliate of such Lender.

GAAP means those U.S. generally accepted accounting principles applied in the preparation of the audited financial statements referred to in Section 8.4.

Guilders means lawful money of the Netherlands.

Hazardous Material means

(a) any "hazardous substance", as defined by CERCLA;

(b) any "hazardous waste", as defined by the Resource Conservation and Recovery Act;

(c) any crude oil, petroleum product or fraction thereof (excluding gasoline and oil in motor vehicles, small amounts of cleaners and similar items used in the ordinary course of business); or

(d) any pollutant or contaminant or hazardous, dangerous or toxic chemical, material or substance within the meaning of any Environmental Law.

Hedging Arrangement means any interest rate swap, cap or collar agreement, currency swap agreement or other arrangement designed to hedge interest rate and/or currency risk.

Impermissible Change in Control means at any time,

(a) the failure of the Company to own, free and clear of all Liens or other encumbrances, 99% of the issued and outstanding shares of capital stock of APSA; or

(b) Any Person or group of Persons acting in concert (other than the "core shareholders") of the Company identified in Item 1 on the Disclosure Schedule which are unacceptable to the Required Lenders obtained control of more than 50% of the issued and outstanding shares of capital stock of the Company having the power to elect a majority of directors of the Company.

Instrument means any contract, agreement, letter of credit, indenture, mortgage, document or writing (whether by

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formal agreement, letter or otherwise) under which any obligation is evidenced, assumed or undertaken, or any Lien (or right or interest therein) is granted or perfected.

Investment means, with respect to any Person:

(a) any loan or advance made by such Person to any other Person; and

(b) any capital contribution made by such Person to, or ownership or similar interest held by such Person in, any other Person.

The amount of any Investment shall be the original principal or capital amount thereof less all returns of principal or equity thereon (and without adjustment by reason of the financial condition of such other Person) and shall, if made by the transfer or exchange of property other than cash, be deemed to have been made in an original principal or capital amount equal to the fair market value of such property.

Italian Lira means the lawful currency of the Republic of Italy.

Lender - see the Preamble.

Lien means, when used with respect to any Person, any interest of any other Person in any real or personal property, asset or other right owned or being purchased or acquired by such Person which secures payment or performance of any obligation and shall include any mortgage, lien, encumbrance, charge or other security interest of any

kind, whether arising by contract, as a matter of law, by judicial process or otherwise.

Loan Period means (i) with respect to any Bid Loan, the period commencing on such Bid Loan's Funding Date and ending not less than 7 nor more than 183 days thereafter as specified in the Bid Loan Request related to such Bid Loan, (ii) with respect to any Eurocurrency Loan, the period commencing on such Eurocurrency Loan's Funding Date and ending 1, 2, 3 or, if available for the requested Available Currency, 6 months thereafter as selected by the applicable Borrower pursuant to Section 2.2(a), and (iii) with respect to any Floating Rate Loan, the period commencing on such Floating Rate Loan's Funding Date and ending on the Termination Date; provided, however, that

(a) if a Loan Period would otherwise end on a day which is not a Business Day, such Loan Period shall end

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on the next succeeding Business Day (unless, in the case of a Eurocurrency Loan, such next succeeding Business Day would fall in the next succeeding calendar month, in which case such Loan Period shall end on the next preceding Business Day);

(b) in the case of a Loan Period for any Eurocurrency Loan, if there exists no day numerically corresponding to the day such Loan was made in the month in which the last day of such Loan Period would otherwise fall, such Loan Period shall end on the last Business Day of such month; and

(c) on the date of the making of any Loan, the Loan Period for such Loan shall not extend beyond the then-scheduled Termination Date.

Loans means, collectively, the Bid Loans and the Committed Loans and, individually, any Bid Loan or Committed Loan.

Margin means, at any time for any Committed Loan the percentage set forth in the following table opposite the applicable Debt to Capital Ratio:

MARGIN

<TABLE>
<CAPTION>

	Debt to Capital Ratio				
	Below 40%	At or above 40% but below 45%	At or above 45% but below 50%	At or above 50% but below 55%	At or above 55%
<S>	<C>	<C>	<C>	<C>	
Alternate Base Rate Loans	0.0%	0.0%	0.0%	0.25%	
Eurocurrency Loans	0.375%	0.45%	0.50%	0.55%	

The Margin shall be adjusted, to the extent applicable, 60 days (or, in the case of the last Fiscal Quarter of any Fiscal Year, 90 days, respectively) after the end of each Fiscal Quarter based on the Debt to Capital Ratio as of the last day of such Fiscal Quarter; it being understood that if the Company fails to deliver the financial statements required by Section 9.1.1 or 9.1.2, as applicable, by the 60th day (or, if applicable, the 90th day) after any Fiscal Quarter, the Margin shall be 0.70% for Eurocurrency Loans

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and 0.25% for Alternate Base Rate Loans until such financial statements are delivered.

Margin Stock means any "margin stock" as defined in Regulation

U of the Board of Governors of the Federal Reserve System.

Material Adverse Effect means a material adverse effect on (a) the financial condition, operations, business, assets or prospects of the Company and its Subsidiaries taken as a whole or (b) the ability of the Company or APSA to timely and fully perform any of its payment or other material obligations under this Agreement or any Note.

Maximum Offer - see Section 3.2(b).

Maximum Request - see Section 3.2(a).

Notes means, collectively, the Bid Notes and the Committed Notes; and Note means any individual Bid Note or Committed Note.

Organic Document means, relative to each of the Borrowers, its certificate of incorporation, its by-laws, any other constituent documents and all shareholder agreements, voting trusts and similar arrangements applicable to any of its capital stock.

Participant - see Section 14.4.2.

Payment Sharing Notice means a written notice from the Company or any Lender informing the Agent that an Event of Default has occurred and is continuing and directing the Agent to allocate payments received from the Company in accordance with Section 6.2(b).

PBGC means the Pension Benefit Guaranty Corporation and any entity succeeding to any or all of its functions under ERISA.

Pension Plan means a "pension plan", as such term is defined in section 3(2) of ERISA, which is subject to title IV of ERISA (other than a multiemployer plan as defined in section 4001(a)(3) of ERISA), and to which the Company or any corporation, trade or business that is, along with the Company, a member of a Controlled Group may have any liability, including any liability by reason of having been a substantial employer within the meaning of section 4063 of ERISA at any time during the preceding five years, or by reason of being deemed to be a contributing sponsor under section 4069 of ERISA.

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Percentage means as to any Lender the percentage set forth opposite such Lender's name on Schedule I, as periodically revised in accordance with Section 14.4.

Permitted Receivables Securitization means any receivables purchase agreement entered into by the Company (as such agreement may be amended, modified, or refinanced) provided all such agreements do not result in the sale or securitization of receivables in excess of \$30,000,000.

Person means any natural person, corporation, partnership, trust, incorporated or unincorporated association, joint venture, joint stock company, government (or an agency or political subdivision thereof) or other entity, whether acting in an individual, fiduciary or other capacity.

Portion - see Section 3.2(b).

Release means a "release", as such term is defined in CERCLA.

Required Lenders means Lenders having an aggregate Percentage of 55% or more; provided that after the Commitments have been irrevocably terminated (through lapse of time, pursuant to Section 11.2 or otherwise), "Required Lenders" shall mean one or more Lenders having an aggregate of 55% or more of the sum of the principal amount of all outstanding Loans.

Resource Conservation and Recovery Act means the Resource Conservation and Recovery Act, 42 U.S.C. Section 690, et seq., as in effect from time to time.

Restricted Payment means (a) any dividend or other distribution on the capital stock of the Company or any Subsidiary (excluding dividends payable solely in capital stock) or (b) any purchase or redemption of the capital stock of the Company or any Subsidiary (or of any warrant, option or other right in respect of any such capital stock).

SEC means the Securities and Exchange Commission.

Shareholders' Equity means, at any date of determination, all amounts which would be included under shareholders' equity on a consolidated balance sheet of the Company and its Subsidiaries or APSA and its Subsidiaries, as the case may be.

Sterling means lawful money of the United Kingdom.

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Submission Deadline - see Section 3.2(b).

Subsidiary means, with respect to any Person, any corporation of which such Person and/or its other Subsidiaries own, directly or indirectly, such number of outstanding shares as have more than 50% of the ordinary voting power for the election of directors. Unless the context otherwise requires, each reference to Subsidiaries herein shall be a reference to Subsidiaries of the Company.

Suretyship Liability means any agreement, undertaking or other contractual arrangement by which any Person guarantees, endorses or otherwise becomes or is contingently liable upon (by direct or indirect agreement, contingent or otherwise, to provide funds for payment, to supply funds to or otherwise to invest in a debtor, or otherwise to assure a creditor against loss) any indebtedness, obligation or other liability (including accounts payable) of any other Person (other than by endorsements of instruments in the course of collection), or guarantees the payment of dividends or other distributions upon the shares of any other Person. The amount of any Person's obligation under any Suretyship Liability shall (subject to any limitation set forth therein) be deemed to be the principal amount of the indebtedness, obligation or other liability guaranteed thereby.

Swiss Francs means lawful money of Switzerland.

Termination Date means the earlier to occur of (i) August 22, 1999, as such date may be extended pursuant to Section 2.5 or (ii) the date on which the Commitments terminate pursuant to Section 11.2 or are reduced to zero pursuant to Section 5.

Total Capital at any date of determination means the sum of

(a) Funded Debt,

plus

(b) all federal, state, local and foreign income taxes carried as deferred income taxes in accordance with GAAP on the consolidated balance sheet of the Company and its Subsidiaries,

plus

(c) Shareholders' Equity of the Company and its Subsidiaries.

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United States or U.S. means the United States of America, its 50 States, the District of Columbia and the Commonwealth of Puerto Rico.

Unmatured Event of Default means any event which if it continues uncured will, with lapse of time or notice or lapse of time and notice, constitute an Event of Default.

Unused Aggregate Commitment means, for any day, the Aggregate Commitment then in effect minus the aggregate Dollar Amount of the outstanding principal amount of all Committed Loans.

Welfare Plan means a "welfare plan", as such term is defined in section 3(1) of ERISA.

Yen means lawful money of Japan.

SECTION 1.2 Interpretation. In this Agreement and each other Loan Document, unless a clear contrary intention appears:

(a) the singular number includes the plural number and vice versa;

(b) reference to any Person includes such Person's successors and assigns but, if applicable, only if such successors and assigns are permitted by the Loan Documents, and reference to a Person in a particular capacity excludes such Person in any other capacity or individually;

(c) reference to any gender includes each other gender;

(d) reference to any agreement (including this Agreement and the Schedules and Exhibits and the Loan Documents), document or instrument means such agreement, document or instrument as it may have been or may be amended, supplemented, restated or otherwise modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof and the other Loan Documents, and reference to any promissory note includes any promissory note which is an extension or renewal thereof or a substitute or replacement therefor;

(e) reference to any law, rule, regulation or ordinance means such law, rule, regulation or ordinance as amended, modified, codified, replaced or reenacted, in whole or in part, and in effect from time to time, including rules and regulations promulgated thereunder, and references to any particular section or provision in any such law, rule, regulation or ordinance or any such rule or regulation

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promulgated thereunder means the successor section or provision;

(f) reference to any Article, Section, Schedule or Exhibit means such Article or Section hereof or Schedule or Exhibit hereto;

(g) "hereunder", "hereof", "hereto" and words of similar import shall be deemed references to this Agreement as a whole and not to any particular Article, Section or other provision hereof;

(h) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term;

(i) relative to the determination of any period of time, "from" means "from and including" and "to" means "to but excluding"; and

(j) references to financial statements include notes thereto in accordance with GAAP; and accounting terms used but not defined herein shall be construed in accordance with GAAP, and whenever the character or amount of any asset or liability or item of income or expense is required to be determined, or any consolidation or other accounting computation is required to be made, for purposes hereof, such determination or computation shall be made in accordance with GAAP; provided that such determinations and computations with respect to financial covenants and ratios hereunder shall be made in accordance with GAAP as in effect on the date hereof.

SECTION 2 COMMITTED LOANS.

SECTION 2.1 Commitments. On the terms and subject to the conditions of this Agreement, each Lender, severally and for itself alone, agrees to make loans as follows:

2.1.1 Committed Loans. Each Lender agrees to make loans on a revolving basis (collectively "Committed Loans" and individually each a "Committed Loan") from time to time before the Termination Date in such Lender's Percentage of such aggregate amounts as either Borrower may from time to time request pursuant to this Section 2 (and without regard to the amount of Bid Loans such Lender may have outstanding). Committed Loans may be Eurocurrency Loans or Floating Rate Loans, as selected by the Borrower as provided in Section 2.2.

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2.1.2 Commitment Limits. Notwithstanding any other provision of this Agreement, the aggregate principal amount of all outstanding Loans shall not at any time exceed a Dollar Amount equal to the then Aggregate Commitment and the aggregate principal amount of all outstanding Committed Loans of any Lender shall not at any time exceed

a Dollar Amount equal to such Lender's Commitment as shown on Schedule I, as such Commitment may be reduced from time to time pursuant to Section 5.1 or revised from time to time pursuant to Section 14.4.1. For purposes of this Section 2.1.2, the Dollar Amount of any Loan shall be determined as of the most recent Determination Date for such Loan.

SECTION 2.2 Procedure for Committed Loans.

(a) Committed Loan Requests. A Borrower shall give the Agent irrevocable telephonic notice (promptly confirmed in writing on the same day) of each proposed Committed Loan, (a) not later than 10:30 a.m., Chicago time, at least three Business Days prior to the Funding Date in the case of Dollar Eurocurrency Loans, (b) not later than 10:30 a.m., Chicago time, at least four Business Days prior to the Funding Date in the case of Eurocurrency Loans in Available Currencies other than Dollars, or (c) not later than 10:30 a.m., Chicago time, on the Funding Date in the case of Floating Rate Loans. The Agent shall promptly advise each Lender thereof. Each such notice by a Borrower to the Agent (a "Committed Loan Request") shall be substantially in the form of Exhibit C and shall specify (i) the Funding Date, (ii) the aggregate amount of the Committed Loans requested (in an amount permitted under clause (b) below), (iii) the Available Currency (iv) whether the Committed Loans shall be Eurocurrency Loans or Floating Rate Loans, and (v) the Loan Period therefor (subject to the limitations set forth in the definition of Loan Period).

(b) Amount and Increments of Committed Loans. Each Committed Loan Request shall contemplate Committed Loans in a minimum aggregate Dollar Amount of \$5,000,000 and an integral multiple of \$500,000 or the equivalent in another Available Currency.

(c) Funding of Agent.

(i) Not later than 12:00 noon, Chicago time, (or noon, local time, as directed by the Agent in the case of Committed Loans in Available Currencies other than Dollars) on the Funding Date of a Committed Loan, each Lender shall, subject to this Section 2.2(c) and to Section 2.2(d), provide the Agent at its principal office in Chicago (or, in the case of Available

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Currencies other than Dollars, at such locations in such jurisdictions as the Agent may direct from time to time) with immediately available funds covering such Lender's Committed Loan. The Agent shall pay over such funds to the applicable Borrower not later than 1:00 p.m., Chicago time, (or 1:00 p.m., local time, as directed by the applicable Borrower in the case of Committed Loans in Available Currencies other than Dollars) on such day if the Agent shall have received the documents required under Section 10 with respect to such Loan and the other conditions precedent to the making of such Loan shall have been satisfied not later than 11:00 a.m., Chicago time, on such day. If the Agent does not receive such documents or such other conditions precedent have not been satisfied prior to such time, then (A) the Agent shall not pay over such funds to the applicable Borrower on such day, (B) the applicable Borrower's Committed Loan Request related to such Loan shall be deemed canceled in its entirety, (C) in the case of Committed Loan Requests relative to Eurocurrency Loans, the applicable Borrower shall be liable to each Lender in accordance with Section 7.4(b) and (D) the Agent shall return the amount previously provided to the Agent by each Lender no later than the next following Business Day together with interest at the Federal Funds Rate to the extent customary.

(ii) Each Borrower agrees, notwithstanding its previous delivery of any documents required under Section 10 with respect to a particular Loan, immediately to notify the Agent of any failure by it to satisfy the conditions precedent to the making of such Loan. The Agent shall be entitled to assume, after it has received each of the documents required under Section 10 with respect to a particular Loan, that each of the conditions precedent to the making of such Loan has been satisfied absent actual knowledge to the contrary received by the Agent prior to the time of the receipt of such documents. Unless the Agent shall have notified the Lenders prior to 11:30 a.m., Chicago time, on the Funding Date of any

Loan that the Agent has actual knowledge that the conditions precedent to the making of such Loan have not been satisfied, the Lenders shall be entitled to assume that such conditions precedent have been satisfied.

(d) Repayment of Loans. If any Lender makes a Committed Loan hereunder on a day on which either Borrower is to repay in the same Available Currency as the Committed Loan being made all or any part of any outstanding Committed Loan held by such Lender, such Lender shall apply the

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proceeds of such new Committed Loan to make such repayment and only an amount equal to the positive difference, if any, between the amount being borrowed and the amount being repaid shall be made available by such Lender to the Agent as provided in Section 2.2(c).

SECTION 2.3 Maturity of Committed Loans. Each Committed Loan shall mature on the last day of the Loan Period applicable to such Committed Loan, but in no event later than the Termination Date.

SECTION 2.4 Committed Notes. The Committed Loans of each Lender shall be evidenced by a Committed Note from each Borrower payable to the order of such Lender. Each Lender shall record in its records, or at its option on the schedule attached to its Committed Note, the date and amount of each Committed Loan made by such Lender thereunder, each repayment or prepayment thereof, and the dates on which the Loan Period for such Committed Loan shall begin and end. The aggregate unpaid principal amount so recorded shall be rebuttable presumptive evidence of the principal amount owing and unpaid on such Note. The failure to so record or any error in so recording any such amount or any payment thereof shall not, however, limit or otherwise affect the obligations of the Borrowers hereunder or under such Committed Note to repay the principal amount of each Committed Loan together with all interest accruing thereon.

SECTION 2.5 Termination Date Extension.

(a) The Company may, by notice to the Agent given not less than 60 days prior to the first anniversary of the Effective Date, request that the Lenders extend the Termination Date for one year after the then scheduled Termination Date. The Agent shall notify the Lenders of its receipt of any notice given pursuant to this Section 2.5(a) within two Business Days after the Agent's receipt thereof. Each Lender (a "Consenting Lender") may, by irrevocable notice to the Company and the Agent delivered to the Company and the Agent prior to the first anniversary of the Effective Date, consent to such extension of the Termination Date, which consent may be given or withheld by each Lender in its absolute and sole discretion. Subject to Section 2.5(c), any such extension shall take effect on and as of the first anniversary of the Effective Date. The Company shall not have any right to request an extension of the Termination Date after the first anniversary of the Effective Date.

(b) Withdrawing Lenders. No extension pursuant to Section 2.5(a) shall be effective with respect to a Lender that either (i) by a notice (a "Withdrawal Notice")

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delivered to the Company and the Agent, declines to consent to such extension or (ii) has failed to respond to the Company and the Agent with the applicable time period (each such Lender giving a Withdrawal Notice or failing to respond in a timely manner being "Withdrawing Lender").

(c) Replacement of Withdrawing Lender. The Company shall have the right during the 60 day period following the first anniversary of the Effective Date to replace the Withdrawing Lender with an existing Lender or a new Lender who consents to the extension of the Termination Date (a "Replacement Lender"). In the event the Company has not replaced the Withdrawing Lender within said 60 day period, the Termination Date shall not be extended.

(d) Assignment by Withdrawing Lender. A Withdrawing Lender shall be obliged, at the request of the Company and subject to the Withdrawing Lender receiving payment in full of all amounts owing to it under this Agreement concurrently with the effectiveness of an assignment, to assign, without recourse or warranty and by an

Assignment Agreement, all of its rights and obligations hereunder to any Replacement Lender nominated by the Company and willing to accept such assignment; provided that such assignee satisfies all the requirements of this Agreement and such assignment is consented to by the Agent, which consent shall not be withheld or delayed unreasonably.

(e) Scheduled Termination Date. If the scheduled Termination Date shall have been extended in respect of Continuing Lenders and any Replacement Lender in accordance with Section 2.5(a), all references herein and in any Note to the "Termination Date" shall refer to the Termination Date as so extended.

SECTION 3 BID LOANS.

SECTION 3.1 Making of Bid Loans. On the terms and subject to the conditions of this Agreement, each Lender, severally and for itself alone, may (but is not obligated to) offer to make Bid Loans to each Borrower from time to time on or after the date hereof and prior to the Termination Date; provided that the aggregate principal Dollar Amount of all outstanding Bid Loans plus the aggregate principal Dollar Amount of all outstanding Committed Loans of both Borrowers shall not at any time exceed the then Aggregate Commitment. For purposes of this Section 3.1, the Dollar Amount for any Loan shall be determined as of the most recent Determination Date for such Loan.

SECTION 3.2 Procedure for Bid Loans.

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(a) Bid Loan Request. Not later than 10:00 a.m., Chicago time, on any Business Day, a Borrower may submit a Bid Loan Request. Each Bid Loan Request shall be given to the Agent and each Lender, shall be by telephone (promptly confirmed by facsimile) and shall specify the proposed Funding Date which shall be a Business Day (i) not less than one Business Day nor more than three Business Days after the date of delivery of such Bid Loan Request in the case of Bid Loans in Dollars and (ii) not less than three Business Days nor more than five Business Days after the date of delivery of such Bid Loan Request in the case of Bid Loans in Available Currencies other than Dollars, the aggregate principal amount (the "Maximum Request") of proposed Bid Loans, the Available Currency or Currencies and the Loan Period(s) (up to three) potentially to be applicable to the proposed borrowing. Each Bid Loan Request shall contemplate Bid Loans in a minimum aggregate principal Dollar Amount of \$5,000,000 (or the equivalent in another Available Currency) for each requested Loan Period and each requested Available Currency or a higher integral multiple of \$1,000,000, not to exceed, however, an amount equal to the Aggregate Commitment minus the sum of the aggregate principal amount of all outstanding Loans, calculated by the Agent as of the relevant Funding Date, assuming that the Borrowers will pay, when due, all Loans maturing on or prior to such Funding Date. There shall be at least five Business Days between each Funding Date for Bid Loans. There shall not be more than five Loan Periods for Bid Loans outstanding at any time.

(b) Bidding Procedure. Each Lender in its discretion may (but is not obligated to) submit a Bid to the requesting Borrower (and not to the Agent) (i) not later than 8:45 a.m., Chicago time, on the proposed Funding Date specified in any Bid Loan Request in the case of Dollar Bid Loans or (ii) not later than 8:15 a.m., Chicago time, two Business Days before the proposed Funding Date in the case of Bid Loans in Available Currencies other than Dollars (such time being herein called the Submission Deadline"), by telephone (promptly confirmed by facsimile), and thereby offer to make all or any part of any Loan or Loans described in such Bid Loan Request in an aggregate principal amount of \$5,000,000 or a higher integral multiple of \$1,000,000 for any Loan Period and any Available Currency. Each Lender may offer to make all or any part of any Bid Loan or Loans described in a Bid Loan Request for a single Loan Period in its Bid at up to three separate interest rates if each such interest rate applies to a portion of the principal amount (a Portion") of a proposed Bid Loan in a principal amount of \$5,000,000 or a higher integral multiple of \$1,000,000. The aggregate Portions of Loans for any or all Loan Periods offered by a

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Lender in its Bid may exceed the Maximum Request contained in the relevant Bid Loan Request (and may exceed such Lender's Commitment);

provided that each Bid shall set forth the maximum aggregate amount of Bid Loans offered thereby which the requesting Borrower may accept (the Maximum Offer"), which Maximum Offer shall not exceed the Maximum Request. If any Bid omits information required by the form of Exhibit B, the requesting Borrower may (but is not obligated to) attempt to notify the Lender submitting such Bid thereof, whereupon such Lender may resubmit such Bid if it is able to do so prior to the applicable Submission Deadline.

(c) Acceptance of Bids. The requesting Borrower shall, in its sole discretion but subject to Section 3.2(d), irrevocably accept or reject each such Bid (or any Portion offered by such Bid) at or prior to (i) 9:15 a.m., Chicago time, on the proposed Funding Date in the case of Dollar Bid Loans or (ii) 8:45 a.m., Chicago time, two Business Days before the proposed Funding Date in the case of Bid Loans in Available Currencies other than Dollars, the requesting Borrower will give notice by telephone (promptly confirmed by facsimile) to each Lender that submitted a Bid as to the extent, if any, that such Lender's Bid has been accepted and the details of such acceptance. The requesting Borrower shall also, as promptly as practicable, inform the Agent and each Lender of all Bids submitted and the Bids (or Portions thereof) which have been accepted. If the requesting Borrower fails to give notice of the requesting Borrower's acceptance or rejection of any Bids at or prior to 9:15 a.m. or 8:45 a.m., Chicago time, of the applicable Submission Deadline, all such Bids shall be deemed to have been rejected by the requesting Borrower. The requesting Borrower shall, within one Business Day of the requesting Borrower's acceptance of any bid, notify the Lenders which did not bid of the amount of the Bid Loans accepted by the requesting Borrowers and the Loan Period(s) applicable thereto. The requesting Borrower may, from time to time by written agreement with, and upon notice to, the Agent and the Lenders, change the times specified in this clause (c) for notification and acceptance.

(d) Acceptance Procedures. If a Borrower accepts any Bid offered with respect to any proposed Funding Date, such Borrower shall accept offers for not less than \$5,000,000 in Bid Loans (and for not more than the Maximum Request) for such Funding Date. If a Borrower accepts any Bid for any requested Loan Period, such Borrower must accept Bids based exclusively on the successively lowest interest rates offered for such Loan Period and no other criteria. A Borrower may not accept Bids from any Lender for any Funding

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Date in an amount exceeding such Lender's Maximum Offer for such Funding Date, and if a Borrower accepts less than all of any Lender's Bid for any Loan Period, the amount accepted shall be an integral multiple of \$1,000,000. If two or more Lenders submit Bids with identical interest rates for the same Loan Period and a Borrower accepts any thereof, such Borrower shall accept all such Bids as nearly as possible in proportion to the amount of their respective Bids for such interest rate for such Loan Period; provided that such Borrower shall round the Bid Loans allocated to each such Lender (upward or downward as such Borrower shall select) to integral multiples of \$1,000,000.

(e) Funding of Agent.

(i) Not later than (i) 12:00 noon, Chicago time, on the relevant Funding Date in the case of Dollar Bid Loans or (ii) 12:00 noon, local time as directed by the Agent in the case of Bid Loans in Available Currencies other than Dollars, each Lender whose Bid was accepted shall make available to the Agent at its head office in Chicago, Illinois (or, in the case of Available Currencies other than Dollars, at such locations in such jurisdictions as the Agent may direct from time to time), in immediately available funds, the proceeds of such Lender's Bid Loan or Loans to the applicable Borrower. The Agent shall pay over such funds to the applicable Borrower not later than (i) 1:00 p.m., Chicago time, in the case of Dollar Bid Loans or (ii) 1:00 p.m., local time as directed by the Agent in the case of Bid Loans in Available Currencies other than Dollars, on such day if the Agent shall have received the documents required under Section 10 with respect to such Loan and the other conditions precedent to the making of such Loan shall have been satisfied not later than 11:00 a.m., Chicago time, on such day. If the Agent does not receive such documents or such other conditions precedent have not been satisfied prior to such time, then (A) the Agent shall not pay over such funds to the applicable Borrower, (B) the Bid Loan Request related to such Bid Loan or Loans shall be deemed

canceled in its entirety, (C) the Borrowers shall be liable to each relevant Lender in accordance with Section 7.4(b) and (D) the Agent shall return the amount previously provided to the Agent by each applicable Lender no later than the next following Business Day together with interest at the Federal Funds Rate to the extent customary. Each borrowing of Bid Loans shall be on a Business Day.

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(ii) Each Borrower agrees, notwithstanding its previous delivery of any documents required under Section 10 with respect to a particular Loan, immediately to notify the Agent of any failure to satisfy the conditions precedent to the making of such Loan. The Agent shall be entitled to assume, after it has received each of the documents required under Section 10 with respect to a particular Loan, that each of the conditions precedent to the making of such Loan has been satisfied absent actual knowledge to the contrary received by the Agent prior to the time of the receipt of such documents. Unless the Agent shall have notified the Lenders prior to 11:30 a.m., Chicago time, on the Funding Date of any Loan that the Agent has actual knowledge that the conditions precedent to the making of such Loan have not been satisfied, the Lenders shall be entitled to assume that such conditions precedent have been satisfied.

SECTION 3.3 Maturity of Bid Loans. Each Bid Loan shall mature on the last day of the Loan Period applicable thereto, but in no event later than the Termination Date.

SECTION 3.4 Bid Notes. The Bid Loans of each Lender shall be evidenced by a Bid Note payable to the order of such Lender. Each Lender shall record in its records, or at its option on the schedule attached to its Bid Note, the date and amount of each Bid Loan made by such Lender, each repayment thereof, and the dates on which the Loan Period for such Loan shall begin and end. The aggregate unpaid principal amount so recorded shall be rebuttable presumptive evidence of the principal amount owing and unpaid on such Note. The failure to so record or any error in so recording any such amount or any payment thereof shall not, however, limit or otherwise affect the obligations of the Borrowers hereunder or under such Bid Note to repay the principal amount of each Bid Loan together with all interest accruing thereon.

SECTION 4 INTEREST AND FEES.

SECTION 4.1 Interest Rates. Each Borrower hereby promises to pay interest on the unpaid principal amount of each Loan in the applicable Available Currency for the period commencing on the date of such Loan until such Loan is paid in full, as follows:

(a) if such Loan is a Bid Loan, at a rate per annum equal to the Absolute Rate offered by the applicable Lender and accepted by the applicable Borrower for such Bid Loan;

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(b) if such Loan is a Floating Rate Loan, at a rate per annum equal to the Alternate Reference Rate plus the Margin from time to time in effect; and

(c) if such Loan is a Eurocurrency Loan, at a rate per annum equal to the Eurocurrency Rate (Reserve Adjusted) applicable to such Loan plus the Margin in effect from time to time;

provided, however, that after maturity of any Loan (whether by acceleration or otherwise), such Loan shall bear interest on the unpaid principal amount thereof at a rate per annum equal to the (i) for any Floating Rate Loan, the sum of two percent (2%) plus the Alternate Reference Rate from time to time in effect; and (ii) for any Eurocurrency Loan, the sum of three percent (3%) plus the rate of interest in effect thereon at the time of such default until the end of the Interest Period applicable thereto and, thereafter, if such Loan is denominated in Dollars, at a rate per annum equal to the sum of two percent (2%) plus the Alternate Reference Rate from time to time in effect or, if such Loan is denominated in another Available Currency, at a rate per annum equal to the sum of the Margin applicable to Eurocurrency Loans, plus three percent (3%) plus the rate of interest per annum as determined by the Agent (rounded upwards, if necessary, to the nearest whole multiple of one-sixteenth of one percent (1/16%) at which overnight or weekend deposits of the applicable

Available Currency (or, if such amount due remains unpaid more than three Business Days, then for such other period of time not longer than one month as the Agent may elect in its absolute discretion) for delivery in immediately available and freely transferable funds would be offered by the Agent to major banks in the interbank market upon request of such major banks for the applicable period as determined above and in an amount comparable to the unpaid principal amount of any such Eurocurrency Loan (or, if the Agent is not placing deposits in such Available Currency in the interbank market, then the Agent's cost of funds in such Available Currency for such period).

SECTION 4.2 Interest Payment Dates. Accrued interest on each Floating Rate Loan shall be paid on the last day of each Fiscal Quarter and on the Termination Date. Accrued interest on each Fixed Rate Loan shall be payable on the last day of the Loan Period therefor (and, in the case of a Eurocurrency Loan with a six-month Loan Period, on the day that is three months after the first day of such Loan Period). After maturity of any Loan, accrued interest on such Loan shall be payable on demand.

SECTION 4.3 Setting and Notice of Committed Loan Rates. The applicable interest rate for each Committed Loan shall be determined by the Agent, and the Agent will promptly notify the Company and each Lender of (i) the Eurocurrency Rate for each

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Eurocurrency Loan and (ii) each change in the Margin or the Alternate Reference Rate. Each determination of the applicable interest rate by the Agent shall be conclusive and binding upon the parties hereto, in the absence of demonstrable error. The Agent shall, upon written request of the Company or any Lender, deliver to the Company or such Lender a statement showing the computations used by the Agent in determining the interest rate applicable to any Eurocurrency Loan. Notification to the Company under this Section 4.3 shall be deemed notification to both the Company and APSA.

SECTION 4.4 Non-Use Fee. The Borrowers agree to pay to the Agent for the account of the Lenders pro rata in accordance with their respective Percentages a non-use fee computed at the Specified Rate (as defined below) per annum on the average daily amount of the Unused Aggregate Commitment. Such non-use fee shall be payable on the last day of each Fiscal Quarter and on the Termination Date, in each case for the period then ending for which such non-use fee has not previously been paid. For the purposes of calculating the Unused Aggregate Commitment under this Section 4.4, Committed Loans denominated in any Available Currency other than Dollars shall be converted into the Dollar Amount applicable as of the applicable Determination Date for such Loans. For purposes of this Section 4.4, the term "Specified Rate" means the rate per annum set forth in the table below opposite the applicable Debt to Capital Ratio:

SPECIFIED RATE FOR NON-USE FEE

	Debt to Capital Ratio				
	Below 40%	At or above 40% but below 45%	At or above 45% but below 50%	At or above 50% but below 55%	At or above 55%
<S>	<C>	<C>	<C>	<C>	<C>
<C> Non-use fee	0.15%	0.20%	0.25%	0.25%	0.30%

The Specified Rate shall be adjusted, to the extent applicable, 60 days (or, in the case of the last Fiscal Quarters of any Fiscal Year, 90 days, respectively) after the end of each Fiscal Quarter based on the Debt to Capital Ratio as of the last day of such Fiscal Quarter; it being understood that if the Company fails to deliver the financial statements required by Section 9.1.1 or 9.1.2, as applicable, by the 60th day (or, if applicable, the 90th day) after any Fiscal Quarter, the Specified Rate shall be 0.30% until such financial statements are delivered.

SECTION 4.5 Computation of Interest and Fees. Interest on the Loans and all fees shall be computed for the actual number of days elapsed on the basis of a year of 360 days; provided that, in the case of Loans denominated in Sterling, interest shall be computed on the basis of a year comprised of 365/366 days. The interest rate applicable to each Floating Rate Loan, and (to the extent applicable) after maturity of any other type of Loan the interest rate applicable to such Loan, shall change simultaneously with each change in the Alternate Reference Rate. The Margin applicable to any Committed Loan shall change simultaneously with each change in the Margin.

SECTION 4.6 Agent's Fees. The Borrowers agree promptly to pay to the Agent such fees as may be agreed from time to time by the Company and the Agent.

SECTION 5 REDUCTION OR TERMINATION OF THE COMMITMENTS;
PREPAYMENTS.

SECTION 5.1 Reduction or Termination of the Commitments. The Company may at any time on at least five Business Days' prior irrevocable notice received by the Agent (which shall promptly on the same day or on the next Business Day advise each Lender thereof) permanently reduce the amount of the Commitments (such reduction to be pro rata among the Lenders according to their respective Percentages) to an amount not less than the sum of the aggregate principal amount of all outstanding Loans. Any such reduction shall be in the amount of \$2,000,000 or a higher integral multiple of \$1,000,000. The Company may from time to time on like irrevocable notice terminate the Commitments upon payment in full of all Loans, all interest accrued thereon, all fees and all other obligations of the Company then payable hereunder; provided, however, that the Company may not at any time reduce the Commitments below the then aggregate outstanding amount of all Bid Loans (except to the extent the holder of any Bid Loan has given its prior written consent to the concurrent repayment of such Bid Loan).

SECTION 5.2 Prepayments. (a) If, on any Determination Date, the Dollar Amount of the aggregate outstanding principal amount of all Loans exceeds (as a result of fluctuations in applicable foreign exchange rates or otherwise) the aggregate Commitments, the Borrowers shall make a mandatory prepayment of the Loans in an amount equal to such excess. Such payment shall be applied (and, to the extent necessary, made in the applicable Available Currencies) to repay first, Floating Rate Loans, second, Committed Eurocurrency Loans, and third, Bid Loans.

(b) The Borrowers may from time to time voluntarily prepay Committed Loans in whole or in part, without premium or penalty, provided that (a) the applicable Borrower shall give the

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Agent (which shall promptly advise each Lender) notice thereof not later than 10:30 a.m., Chicago time on the date of such prepayment, in the case of Floating Rate Loans, and not later than 10:30 a.m., Chicago time two Business Days prior to the date of such prepayment, in the case of Eurocurrency Loans, in each case specifying the Committed Loans to be prepaid and the date (which shall be a Business Day) and amount of prepayment, (b) each partial prepayment of Loans shall be in an aggregate principal Dollar Amount of at least \$5,000,000 and an integral multiple of \$1,000,000 and (c) any prepayment of a Eurocurrency Loan shall be subject to the provisions of Section 7.4. No Borrower may voluntarily prepay any Bid Loan without the prior written consent of the holder of such Bid Loan.

SECTION 6 MAKING AND PRORATION OF PAYMENTS; SETOFF; TAXES.

SECTION 6.1 Making of Payments. Except as provided in Section 3.2(d), all payments of principal of or interest on the Loans and all payments of fees shall be made by the Borrowers to the Agent in immediately available funds at its office in Chicago not later than 12:30 p.m., Chicago time (12:00 noon, local time, as directed by the Agent in the case of Loans in Available Currencies other than Dollars), on the date due and in the Available Currency in which such Loan or interest is denominated; any funds received after that hour shall be deemed to have been received by the Agent on the immediately following Business Day. The Agent shall promptly remit to each Lender its share (if any) of each such payment. All payments under Section 7 shall be made by the Borrowers directly to the Persons entitled thereto. If any payment hereunder is due on a day which is not a Business Day, the due date for such payment shall be extended to the immediately following Business Day (unless, in the case of a Eurocurrency Loan, such immediately following Business Day would fall in the next succeeding calendar month, in which case such due date shall be the immediately preceding Business Day) and, in the case of principal, additional interest shall be payable for the period of such extension.

SECTION 6.2 Order and Proration of Payments. (a) Whenever any payment received by the Agent to be distributed to the Lenders is insufficient

to pay in full any amounts then due and payable to the Lenders, and the Agent has not received a Payment Sharing Notice, such payment shall be distributed to the Lenders (and for purposes of this Agreement shall be deemed to have been applied by the Lenders, notwithstanding the fact that any Lender may have made a different application in its books and records) in the following order: first, to the payment of the principal amount of the Loans in the Available Currency in which such a payment was made which are then due and payable, ratably among the Lenders in accordance with the aggregate principal

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amount of such Loans owed to each Lender; second, to the payment of interest then due and payable on such Loans, ratably among the Lenders in accordance with the aggregate amount of interest owed to each Lender; third, to the payment of the fees payable under Sections 4.4 and 4.5, ratably among the Lenders in accordance with the aggregate amount of fees owed to each Lender; and fourth, to the payment of expenses payable under Section 14.5, ratably among the Lenders in accordance with the aggregate amount of such payments owed to each Lender.

(b) After the Agent has received a Payment Sharing Notice, all payments received by the Agent to be distributed to the Lenders shall be distributed to the Lenders (and for purposes of this Agreement shall be deemed to have been applied by the Lenders, notwithstanding the fact that any Lender may have made a different application in its books and records) in the following order: first, to the payment of expenses payable under Section 14.5, ratably among the Lenders in accordance with the aggregate amount of such payments owed to each Lender; second, to the payment of fees payable under Sections 4.4 and 4.5, ratably among the Lenders in accordance with the aggregate amount of fees owed to each Lender; and third, to the payment of the interest accrued on and the principal amount of all of the Loans, regardless of whether any such amount is then due and payable, ratably among the Lenders in accordance with the aggregate accrued interest plus the aggregate principal amount owed to each Lender.

(c) If any Lender shall obtain any payment or other recovery (whether voluntary, involuntary, by application of offset or otherwise) on account of principal of or interest on any Loan or any fees in excess of the share of payments and other recoveries (exclusive of payments or recoveries under Section 7) such Lender would have received if such payment or recovery had been distributed pursuant to the provisions of Section 6.2(a) or (b) (whichever is applicable at the time of such payment or other recovery), such Lender shall purchase from the other Lenders, in a manner to be reasonably specified by the Agent, such participation in the Loans held by them as shall be necessary to cause such purchasing Lender to share the excess payment or other recovery ratably with each of them in accordance with the order of payments set forth in Section 6.2(a) or (b) as applicable; provided, however, that if all or any portion of the excess payment or other recovery is thereafter recovered from such purchasing Lender, the purchase shall be rescinded and the purchase price restored to the extent of such recovery, but without interest.

SECTION 6.3 Setoff. To the extent not prohibited by applicable law (and without waiving any other rights of the Agent or any Lender), the Agent and each Lender shall, upon the

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occurrence of any Event of Default, have the right to appropriate and apply to the payment of any amount payable by the Borrowers hereunder any and all balances, credits, deposits, accounts or moneys of either Borrower then or thereafter with the Agent or such Lender.

SECTION 6.4 Payments Net of Taxes.

(a) All payments by the Borrowers of principal, interest, fees, indemnities and other amounts payable hereunder and under the Notes shall be made to the recipient thereof without setoff or counterclaim and free and clear of, and without withholding or deduction for or on account of, any present or future Taxes (as defined below), other than Excluded Taxes (as defined below), now or hereafter imposed on such recipient or its income, property, assets or franchises (such recipient's "Recipient Taxes"), except to the extent that such withholding or deduction (i) is required by applicable law, (ii) results from the breach by such recipient of its Exemption Agreement (as defined below) or (iii) would not be required if such recipient's Exemption Representation (as defined below) were true. If any such withholding or deduction is required by applicable law, the Borrowers will:

(A) pay to the relevant authorities the full amount so

required to be withheld or deducted;

(B) promptly forward to the Agent an official receipt or other documentation satisfactory to the Agent evidencing such payment to such authorities; and

(C) except to the extent that such withholding or deduction results from the breach, by the recipient of a payment, of its Exemption Agreement or would not be required if such recipient's Exemption Representation were true, pay to the Agent for the account of the relevant recipient such additional amount as is necessary to ensure that the net amount actually received by such recipient will equal the full amount such recipient would have received had no such withholding or deduction been required.

For the purposes of this Section 6.4, (x) "Taxes" means, with respect to any Person, taxes, assessments or other governmental charges on levies imposed upon such Person, such Person's income or any of such Person's properties, franchises or assets; and (y) "Excluded Taxes" means, in the case of payments made to any Lender or the Agent, all of the following: taxes imposed upon the overall net income of such Lender or the Agent, franchise taxes imposed upon such Lender or the Agent with respect to its net income by the jurisdiction under the laws of which such Lender or the Agent, as the case may be, is organized or any political subdivision thereof, and franchise taxes imposed upon

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such Lender or the Agent with respect to its net income by the jurisdiction in which such Lender's or the Agent's Funding Office is located or any political subdivision thereof.

(b) In consideration of the Borrowers' agreements in clause (a) of this Section 6.4, each Lender which is not organized under the laws of the United States or a State thereof hereby agrees (such Lender's "Exemption Agreement"), to the extent permitted by applicable law (including any applicable double taxation treaty of the jurisdiction of its incorporation and the jurisdiction in which its Funding Office is located), to execute and deliver to the Company (i) on or before the first date on which any payment is to be made to such Lender hereunder, a United States Internal Revenue Service Form 1001 or 4224 (or successor form), as appropriate (or successor forms), properly completed and claiming a complete exemption from withholding or deduction for or on account of Recipient Taxes of such Lender, and (ii) a new Form 1001 or 4224 (or successor form), as appropriate, upon the expiration or obsolescence of any previously delivered Form.

(c) Each Lender hereby represents and warrants (such Lender's "Exemption Representation") to the Borrowers that on the date of this Agreement (or, if later, the date such Lender becomes a party to this Agreement) it is entitled to receive payments of principal of, and interest on, Loans made by such Lender without withholding or deduction for or on account of such Lender's Recipient Taxes imposed by the United States of America or any political subdivision thereof.

(d) All obligations provided for in this Section 6.4 shall survive termination of this Agreement.

SECTION 6.5 Currency. Each reference in this Agreement to Dollars or to another Available Currency (the "relevant currency") is of the essence. To the fullest extent permitted by law, the obligation of the Borrowers in respect of any amount due in the relevant currency under this Agreement shall, notwithstanding any payment in any other currency (whether pursuant to a judgment or otherwise), be discharged only to the extent of the amount in the relevant currency that the Person entitled to receive such payment may, in accordance with normal banking procedures, purchase with the sum paid in such other currency (after any premium and costs of exchange) on the Business Day immediately following the day on which such Person receives such payment. If the amount of the relevant currency so purchased is less than the sum originally due to such Person in the relevant currency, the Borrower agrees, as a separate obligation and notwithstanding any such judgment, to indemnify such Person against such loss, and if the amount of the specified currency so purchased exceeds the sum of (a) the amount originally due to the relevant Person in the specified currency

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plus (b) any amounts shared with other Banks as a result of allocations of such excess as a disproportionate payment to such Person under Section 6.2(c), such Person agrees to remit such excess to the applicable Borrower.

SECTION 7 INCREASED COSTS AND SPECIAL PROVISIONS FOR FIXED
RATE LOANS.

SECTION 7.1 Increased Costs. (a) If, after the date hereof, (i) Regulation D of the Board of Governors of the Federal Reserve System or (ii) the adoption of any applicable law, rule or regulation, or any change therein, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Lender (or any Funding Office of such Lender) with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency,

(A) shall subject any Lender (or any Funding Office of such Lender) to any tax, duty or other charge with respect to its Eurocurrency Loans, its Notes or its obligation to make Eurocurrency Loans, or shall change the basis of taxation of payments to any Lender (or any Funding Office of such Lender) of the principal of or interest on its Eurocurrency Loans or any other amounts due under this Agreement in respect of its Eurocurrency Loans or its obligation to make Eurocurrency Loans (except for changes in the rate of any tax assessed on or measured by the net income of such Lender or its Funding Office imposed by the government or other authority of the country in which such Lender is incorporated or in which such Lender's Funding Office is located); or

(B) shall impose, modify or deem applicable any reserve (including, without limitation, any reserve imposed by the Board of Governors of the Federal Reserve System, but excluding any reserve included in the determination of interest rates pursuant to Section 4.1), special deposit, assessment (including any assessment for insurance of deposits) or similar requirement against assets of, deposits with or for the account of, or credit extended by any Lender (or any Funding Office of such Lender); or

(C) shall impose on any Lender (or any Funding Office of such Lender) any other condition (including, without limitation, any requirement that such Lender purchase equity interests, or make other investments, in the Federal Deposit Insurance Corporation) affecting its Eurocurrency Loans, its Notes or its obligation to make or maintain Eurocurrency Loans;

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and the result of any of the foregoing is to increase the cost to (or to impose an additional cost on) such Lender (or any Funding Office of such Lender) of making or maintaining any Eurocurrency Loan, or to reduce the amount of any sum received or receivable by such Lender (or such Lender's Funding Office) under this Agreement or under its Notes with respect thereto, then within 10 days after demand by such Lender (which demand shall be accompanied by a statement setting forth in reasonable detail the basis of such demand), the Borrowers shall pay directly to such Lender such additional amount or amounts as will compensate such Lender for such increased cost or such reduction (without duplication of any amounts which have been reimbursed pursuant to Section 6.4).

(b) If any Lender shall determine that the adoption, effectiveness or phase-in of any applicable law, rule, guideline or regulation regarding capital adequacy, or any change therein, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Lender (or any Funding Office of such Lender or any Person controlling such Lender) with any guideline, request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on the capital of such Lender or any Person controlling such Lender as a consequence of its obligations hereunder to a level below that which such Lender or such controlling Person could have achieved but for such adoption, change or compliance (taking into consideration such Lender's or such controlling Person's policies with respect to capital adequacy (other than changes in policy which, for internal reasons only, are intended to materially increase capital, without reflecting any obligation to do so)), then, from time to time, within 10 days after demand by such Lender (which demand shall be accompanied by a statement setting forth in reasonable detail the basis of such demand), the Borrowers shall pay directly to such Lender such additional amount or amounts as will compensate such Lender or such controlling Person for such reduction.

SECTION 7.2 Basis for Determining Interest Rate Inadequate or Unfair.
If prior to the first day of the Loan Period for any requested Eurocurrency Loan:

(a) the Agent receives notice from Required Lenders that deposits in the relevant Available Currency (in the applicable amounts) are not being offered to such Lenders in the interbank eurocurrency market for such Loan Period, or the Agent otherwise determines (which determination shall be binding and conclusive on all parties) that, by reason of

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circumstances generally affecting the interbank eurocurrency market, adequate and reasonable means do not exist for ascertaining the Eurocurrency Rate; or

(b) the Agent receives notice from Required Lenders that the Eurocurrency Rate as determined by the Agent will not adequately and fairly reflect the cost to such Lenders of maintaining or funding Eurocurrency Loans for such Loan Period, or that the making or funding of Eurocurrency Loans for such Loan Period has become impracticable as a result of an event occurring after the date of this Agreement which in the opinion of such Lenders materially affects such Loans,

then (i) the Agent shall promptly notify the other parties thereof and (ii) so long as such circumstances shall continue, no Lender shall be under any obligation to make any Eurocurrency Loan.

SECTION 7.3 Changes in Law Rendering Certain Loans Unlawful. In the event that any change in (including the adoption of any new) applicable laws or regulations, or in the interpretation of applicable laws or regulations by any governmental or other regulatory body charged with the administration thereof, should make it (or in the good faith judgment of the applicable Lender raise a substantial question as to whether it is) unlawful for a Lender to make, continue or maintain any portion of the principal amount of any Loans, then (a) such Lender shall promptly notify the Company and the Agent (which shall promptly notify each of the other parties hereto), (b) upon the effectiveness of such event and so long as such unlawfulness shall continue, the obligation of such Lender to make Loans shall be suspended until the Lender shall notify the Company that such suspension no longer exists, and (c) on such date as may be required by the relevant law, regulation or interpretation, such Lender's Loans shall be repaid.

SECTION 7.4 Funding Losses. Each Borrower hereby agrees that within 10 days after demand by any Lender (which demand shall be accompanied by a statement setting forth the basis for the calculations of the amount being claimed) each Borrower will indemnify such Lender against any net loss or expense which such Lender may sustain or incur (including, without limitation, any net loss or expense incurred by reason of the liquidation or redeployment of deposits or other funds acquired by such Lender to fund or maintain any Fixed Rate Loan), as reasonably determined by such Lender, as a result of (a) any payment (including, without limitation, any payment resulting from acceleration) of any Fixed Rate Loan of such Lender on a date other than the last day of the Loan Period for such Loan or (b) any failure of either Borrower to borrow any Loan on the originally scheduled Funding Date specified therefor pursuant to

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this Agreement (including, without limitation, any failure to borrow resulting from any failure to satisfy the conditions precedent to such borrowing). For this purpose, all notices to the Agent or the Lenders pursuant to this Agreement (including, without limitation, all acceptances of Bids) shall be deemed to be irrevocable.

SECTION 7.5 Discretion of Lenders as to Manner of Funding. Notwithstanding any provision of this Agreement to the contrary (but subject to Section 7.6(a)), each Lender shall be entitled to fund and maintain its funding of all or any part of its Loans in any manner it sees fit, it being understood, however, that for the purposes of this Agreement all determinations hereunder shall be made as if such Lender had actually funded and maintained each Fixed Rate Loan during the Loan Period for such Loan through the purchase of deposits having a maturity corresponding to such Loan Period and bearing an interest rate equal (a) in the case of a Eurocurrency Loan, to the Eurocurrency Rate for such Loan Period, and (b) in the case of a Bid Loan, to the interest rate applicable to such Bid Loan for such Loan Period.

SECTION 7.6 Mitigation of Circumstances; Replacement of Affected Lender. (a) Each Lender shall promptly notify the Company and the Agent of any event of which it has knowledge which will result in, and will use reasonable commercial efforts available to it (and not, in such Lender's sole judgment, otherwise disadvantageous to such Lender) to mitigate or avoid, (i)

any obligation by either Borrower to withhold or deduct any Taxes pursuant to Section 6.4 or pay any amounts pursuant to Section 7.1 or (ii) the occurrence of any circumstances of the nature described in Section 7.2 or 7.3 (and, if any Lender has given notice of any such event described in clause (i) or (ii) above and thereafter such event ceases to exist, such Lender shall promptly so notify the Company and the Agent). Without limiting the foregoing, each Lender will designate a different Funding Office if such designation will avoid (or reduce the cost to the Company of) any event described in clause (i) or (ii) of the preceding sentence and such designation will not, in such Lender's sole judgment, be otherwise disadvantageous to such Lender.

(b) At any time any Lender is an Affected Lender (as defined below), the Company may replace such Affected Lender as a party to this Agreement with one or more other bank(s) or financial institution(s) reasonably satisfactory to the Agent, such bank(s) or financial institution(s) to have a Commitment or Commitments, as the case may be, in such amounts as shall be reasonably satisfactory to the Agent (and upon notice from the Company such Affected Lender shall assign, without recourse or warranty, its Commitment, its Loans, its Notes, and all of its other rights and obligations hereunder to such replacement

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bank(s) or other financial institution(s) for a purchase price equal to the sum of the principal amount of the Loans so assigned, all accrued and unpaid interest thereon, its ratable share of all accrued and unpaid fees and all other obligations owed to such Affected Lender hereunder). As used in this Section 7.6, "Affected Lender" means any Lender (i) with respect to which either Borrower has been required to make any deduction, withholding or other payment pursuant to Section 6.4, (ii) to which either Borrower has been required to pay any compensation pursuant to Section 7.1 or (iii) which has given a notice pursuant to clause (a) or (b) of Section 7.2 or clause (a) of Section 7.3, but only so long as the circumstances giving rise to such deduction, withholding, compensation or notice continue to exist.

SECTION 7.7 Conclusiveness of Statements; Survival of Provisions. Determinations and statements of any Lender pursuant to this Section 7 shall be conclusive absent demonstrable error, and each Lender may use reasonable averaging and attribution methods in determining compensation pursuant to Section 7.1 or 7.4. The provisions of this Section 7 shall survive termination of this Agreement.

SECTION 8 REPRESENTATIONS AND WARRANTIES.

To induce the Lenders to enter into this Agreement and to make Loans hereunder, each Borrower represents and warrants to the Agent and the Lenders as follows:

SECTION 8.1 Organization, etc. Each of the Company and each Subsidiary is a corporation duly incorporated, validly existing and in good standing (or similar concept under applicable state law) under the laws of the jurisdiction of its incorporation. Each of the Company and each Subsidiary is duly qualified to do business, and is in good standing, in all other jurisdictions where failure to so qualify would have a Material Adverse Effect. Each of the Company and each Subsidiary has all requisite corporate power to own or lease the properties used in its business and to carry on its business as now being conducted. Each of the Borrowers has full power and authority as proposed to be conducted, and to execute and deliver this Agreement and the Notes and to engage in the transactions contemplated by this Agreement.

SECTION 8.2 Authorization; No Conflict. The execution and delivery of this Agreement, the borrowings hereunder, the execution and delivery of the Notes, and the performance by the Company of its obligations under this Agreement and the Notes are within each of the Borrower's corporate powers, have been duly authorized by all necessary corporate action, have received all necessary governmental and regulatory approval, and do not and

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will not contravene or conflict with, or result in the creation or imposition of a lien under, any provision of law or of the charter or by-laws of such Borrower or of any agreement, instrument, order or decree that is binding upon such Borrower or any Subsidiary.

SECTION 8.3 Validity and Binding Nature. This Agreement is, and the Notes when duly executed and delivered will be, legal, valid, and binding obligations of each Borrower enforceable against such Borrower in accordance with their respective terms, except to the extent enforceability thereof is limited by bankruptcy, insolvency or other laws relating to, or affecting the

enforcement of, creditors' rights in general, and by general principles of equity.

SECTION 8.4 Financial Statements.

(a) All balance sheets, all statements of earnings, stockholders' equity and cash flow, and all other financial information which have been furnished by or on behalf of APSA and the Company to the Lender, including (i) the audited consolidated balance sheet at August 31, 1993 and the related audited consolidated statements of earnings, stockholders' equity and cash flow, for the Fiscal Year then ended, of the Company and its Subsidiaries, certified by Deloitte & Touche, (ii) the unaudited consolidated balance sheet dated May 31, 1994 and the related unaudited consolidated statements of earnings and cash flow, for the Fiscal Quarter then ended, of the Company and its Subsidiaries, as appearing in the report of the Company on Form 10-Q for such Fiscal Quarter filed by the Company with the U.S. Securities and Exchange Commission, (iii) the unaudited consolidated balance sheet at August 31, 1993 and related consolidated statements of earnings and shareholders equity of APSA and its Subsidiaries and (iv) the unaudited consolidated balance sheet dated May 31, 1994 for APSA and its Subsidiaries, have been prepared in accordance with GAAP consistently applied, except where not applicable thereto or as otherwise disclosed therein, throughout the periods involved and present fairly (subject to normal year-end adjustments, if applicable) the financial condition of the Company and its Subsidiaries or APSA and Subsidiaries, as the case may be, as at the dates thereof and the results of their operations for the periods then ended. The Company and its Subsidiaries did not have as of such dates any material contingent liability or liabilities for taxes, long-term leases or unusual forward or long-term commitments which are not reflected in the financial statements described above, and which, in accordance with GAAP, should have been reflected in such financial statements.

(b) With respect to any representation and warranty which is deemed to be made after the date hereof by APSA or the

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Company, the balance sheet and statements of earnings, shareholders' equity and cash flow, which as of such date shall most recently have been furnished by or on behalf of APSA or the Company to the Lenders for the purposes of or in connection with this Agreement shall have been prepared in accordance with GAAP consistently applied (except as disclosed therein), and shall present fairly the consolidated financial condition of the corporations covered thereby as at the dates thereof for the periods then ended, subject, in the case of quarterly financial statements, to normal year-end audit adjustments.

SECTION 8.5 No Material Adverse Change. Since August 31, 1993, no event has occurred or condition has arisen that has had or is reasonably likely to have a Material Adverse Effect.

SECTION 8.6 Litigation and Contingent Liabilities. To the best of each Borrower's knowledge, no litigation (including, without limitation, derivative actions), arbitration proceedings or governmental or regulatory proceedings are pending or threatened against either Borrower that would, if adversely determined, be reasonably likely to have a Material Adverse Effect, except as set forth in Item 8.6 of the Disclosure Schedule. Other than any liability incident to such litigation or proceedings, the Company does not have any material contingent liabilities not provided for or disclosed in the financial statements referred to in Section 8.4.

SECTION 8.7 Liens. None of the assets of the Company or any Subsidiary is subject to any Lien, except as permitted by Section 9.9.

SECTION 8.8 Subsidiaries. Item 8.8 of the Disclosure Schedule correctly sets forth the corporate name, jurisdiction of incorporation and ownership of each Subsidiary of the Company. Such Subsidiaries and each corporation becoming a Subsidiary of the Company after the date hereof is and will be a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation, and each Subsidiary of the Company is and will be duly qualified to do business in each other jurisdiction where failure to so qualify would have a Material Adverse Effect.

SECTION 8.9 Pension and Welfare Plans. During the twelve-consecutive-month period prior to the date of the execution and delivery of this Agreement or the making of any Loan hereunder, no steps have been taken to terminate any Pension Plan, and no contribution failure has occurred with respect to any Pension Plan sufficient to give rise to a lien under Section 302(f) of ERISA. No condition exists or event or transaction has occurred with respect to any Pension Plan which could result in the incurrence by the Borrowers of any material liability, fine or

penalty. Except as disclosed in footnote M of the Company's 1993 annual report, the Borrowers have no contingent liability with respect to any post-retirement benefit under a Welfare Plan, other than liability for continuation coverage described in Part 6 of subtitle B of title I of ERISA.

SECTION 8.10 Regulated Industry. Neither the Company nor any Subsidiary is (a) an "investment company" or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended, or (b) a "holding company", or a "subsidiary company" of a "holding company", or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company", within the meaning of the Public Utility Holding Company Act of 1935, as amended.

SECTION 8.11 Regulations G, U and X. Neither the Company nor any Subsidiary is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying Margin Stock, and no proceeds of any Loan will be used for the purpose, whether immediate, incidental or ultimate, of purchasing or carrying any Margin Stock or maintaining or extending credit to others for such purpose.

SECTION 8.12 Taxes. Each of the Company and each Subsidiary has filed all federal and all other material tax returns and reports required by law to have been filed by it and has paid all taxes and governmental charges thereby shown to be owing, except any such taxes or charges which are being diligently contested in good faith by appropriate proceedings and for which adequate reserves shall have been set aside on its books.

SECTION 8.13 Environmental and Safety Matters. The Company and each Subsidiary is in substantial compliance with all federal, state and local laws, ordinances and regulations relating to safety and industrial hygiene or to environmental condition, including, without limitation, all Environmental Laws in jurisdictions in which the Company or any Subsidiary owns or operates, or has owned or operated, a facility or site, or arranges or has arranged for disposal or treatment of Hazardous Material, accepts or has accepted for transport any Hazardous Material or holds or has held any interest in real property or otherwise, except as disclosed on Item 8.13 of the Disclosure Schedule, and, except as disclosed in items 2 and 3 of Item 8.13 of the Disclosure Schedule, none of the matters disclosed on such Schedule has had or is reasonably likely to have a Material Adverse Effect. No demand, claim, notice, suit, suit in equity, action, administrative action, investigation or inquiry, whether brought by any governmental authority, private person or entity or otherwise, arising under, relating to or in connection with

any Environmental Laws is pending or, to the best of the Borrowers' knowledge, after due investigation, threatened against the Company or any of its Subsidiaries, any real property in which the Company or any such Subsidiary holds or has held an interest or any past or present operation of the Company or any Subsidiary, except as disclosed on Item 8.13 of the Disclosure Schedule, and, except as disclosed in items 2 and 3 of Item 8.13 of the Disclosure Schedule, none of the matters disclosed on such Schedule has had or is reasonably likely to have a Material Adverse Effect. Neither the Company nor any of its Subsidiaries (i) is, to the best of the Borrower's knowledge, after due investigation, the subject of any federal or state investigation evaluating whether any remedial action is needed to respond to a Release of any Hazardous Material into the environment, (ii) has received any notice of any Hazardous Material in or upon any of its properties in violation of any Environmental Laws, or (iii) knows of any basis for any such investigation, notice or violation, except as disclosed on Item 8.13 of the Disclosure Schedule, and, except as disclosed in items 2 and 3 of Item 8.13 of the Disclosure Schedule, none of the matters disclosed on such Schedule has had or is reasonably likely to have a Material Adverse Effect. No Release, threatened Release or disposal of Hazardous Material is occurring or has occurred on, under or to any real property in which the Company or any of its Subsidiaries holds any interest or performs any of its operations in violation of any Environmental Law except as disclosed on Item 8.13 of the Disclosure Schedule, and, except as disclosed in items 2 and 3 of Item 8.13 of the Disclosure Schedule, none of the matters disclosed on such Schedule has had or is reasonably likely to have a Material Adverse Effect.

SECTION 8.14 Compliance with Law. Except as otherwise disclosed in the Disclosure Schedule, each of the Company and each Subsidiary is in compliance with all statutes, judicial and administrative orders, permits and governmental rules and regulations which are material to its business or the non-compliance with which has had or is reasonably likely to have a Material Adverse Effect.

SECTION 8.15 Information. All information heretofore or

contemporaneously herewith furnished by the Borrowers or any Subsidiary to any Lender for purposes of or in connection with this Agreement and the transactions contemplated hereby is, and all information hereafter furnished by or on behalf of the Borrower or any Subsidiary to any Lender pursuant hereto or in connection herewith will be, true and accurate in every material respect on the date as of which such information is dated or certified, and such information, taken as a whole, does not and will not omit to state any material fact necessary to make such information, taken as a whole, not misleading.

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SECTION 8.16 Ownership of Shares. Not less than ninety-nine percent (99%) of the issued and outstanding shares of capital stock of APSA are owned by the Company.

SECTION 8.17 Ownership of Properties. Each of the Company and each Subsidiary owns good and marketable title to or holds valid leasehold interests in all of its material properties and assets, real and personal, of any nature whatsoever, free and clear of all Liens except as permitted pursuant to Section 9.9 and none of them are in default beyond the expiration of any applicable grace period of any material obligation under any leases creating any of their leasehold interests in real property, and none of such property is subject to any Lien except as permitted pursuant to Section 9.9.

SECTION 8.18 Patents, Trademarks, etc. Each of the Company and each Subsidiary owns or licenses and possesses all such patents, patent rights, trademarks, trademark rights, trade names, trade name rights, service marks, service mark rights and copyrights as the Company considers necessary for the conduct of the businesses of the Company and such Subsidiaries as now conducted without, individually or in the aggregate, any infringement upon rights of other persons which would be reasonably likely to have a Materially Adverse Effect, except as may be disclosed in Item 8.18 of the Disclosure Schedule.

SECTION 8.19 Insurance. The Company and its Subsidiaries maintain with responsible insurance companies insurance (including insurance against claims and liabilities arising out of the manufacture or distribution of any products) with respect to their properties and businesses against such casualties and contingencies and of such types and in such amounts as is customary in the case of similar businesses, except as may be disclosed in Item 8.19 of the Disclosure Schedule.

SECTION 9 COVENANTS.

Until the expiration or termination of the Commitments, and thereafter until all obligations of the Borrowers hereunder and under the Notes are paid in full, each Borrower agrees that, unless at any time the Required Lenders shall otherwise expressly consent in writing, it will:

SECTION 9.1 Reports, Certificates and Other Information. Furnish to each Lender:

9.1.1 Audit Report. Promptly when available and in any event within 90 days after the close of each Fiscal Year,

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(a) in the case of the Company a copy of the annual audit report of the Company and its Subsidiaries for such Fiscal Year, including therein consolidated balance sheets of the Company and its Subsidiaries as of the end of such Fiscal Year and consolidated statements of earnings and cash flow of the Company and its Subsidiaries for such Fiscal Year certified, without qualification as to going concern or scope, by independent auditors of recognized national standing selected by the Company and reasonably acceptable to the Required Lenders, (b) in the case of APSA, unaudited consolidated balance sheet at the close of such Fiscal Year and related consolidated statements of earnings and shareholders equity for such Fiscal Year, of APSA and its Subsidiaries certified by the chief financial officer or the Treasurer of APSA, and (c) in the case of the Company, an unaudited consolidating balance sheet and statements of earnings and cashflow of such Fiscal Year, with comparable information at the close of and for the prior Fiscal Year.

9.1.2 Interim Reports. Promptly when available and in any event within 60 days after the end of each Fiscal Quarter (except the last Fiscal Quarter of each Fiscal Year), consolidated balance sheets of the Company and its Subsidiaries and APSA and its Subsidiaries as of the end of such Fiscal Quarter, consolidated statements of earnings and (only in the case of the Company) a consolidated statement of cash

flow for such Fiscal Quarter and for the period beginning with the first day of such Fiscal Year and ending on the last day of such Fiscal Quarter of the Company or APSA, as the case may be, and its respective Subsidiaries, with comparable information at the close of and for the corresponding Fiscal Quarter of the prior Fiscal Year and for the corresponding portion of such prior Fiscal Year, together with a certificate of the chief financial officer or the Treasurer of the Company or APSA, as the case may be to the effect that such financial statements fairly present the financial condition and results of operations of the Company and its Subsidiaries as of the date and periods indicated (subject to normal year-end adjustments).

9.1.3 Compliance Certificate. Concurrently with each set of financial statements delivered pursuant to Section 9.1.1 and 9.1.2, a certificate of the chief financial officer or the Treasurer of the Company (a) to the effect that such officer is not aware of any Event of Default or Unmatured Event of Default that has occurred and is continuing or, if there is any such event, describing it in reasonable detail, and (b) containing a computation of each of (x) the financial ratios and restrictions set forth in Section 9.6, (y) the Debt to Capital Ratio and (z) the Margin and Non-Use Fee.

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9.1.4 Reports to SEC. Promptly upon the filing or sending thereof, a copy of any annual, periodic or special report or registration statement (inclusive of exhibits thereto) filed by the Company or any Subsidiary with the SEC or any securities exchange.

9.1.5 Notice of Default, Litigation and ERISA Matters. Immediately upon becoming aware of any of the following, written notice describing the same and the steps being taken by the Company or the Subsidiary affected thereby with respect thereto: (a) the occurrence of an Event of Default or an Unmatured Event of Default; (b) any litigation, arbitration or governmental investigation or proceeding not previously disclosed by the Company to the Lenders which has been instituted or, to the knowledge of the Company, is threatened against the Company or any Subsidiary or to which any of the properties of any thereof is subject which, if adversely determined, is reasonably likely to have a Material Adverse Effect; (c) the institution of any steps by the Company, any of its Subsidiaries or any other Person to terminate any Pension Plan, or the failure to make a required contribution to any Pension Plan if such failure is sufficient to give rise to a lien under Section 302(f) of ERISA, or the taking of any action with respect to a Pension Plan which could result in the requirement that the Company furnish a bond or other security to the PBGC or such Pension Plan, or the occurrence of any event with respect to any Pension Plan which could result in the incurrence by the Company of any material liability, fine or penalty, or any material increase in the contingent liability of the Company with respect to any post-retirement Welfare Plan benefit; and (d) any other event or occurrence which has had or is reasonably likely to have a Material Adverse Effect.

9.1.6 Other Information. From time to time such other information concerning the Company and its Subsidiaries as any Lender or the Agent may reasonably request.

SECTION 9.2 Books, Records and Inspections. Keep, and cause each Subsidiary to keep, its books and records reflecting all of its business affairs and transactions in accordance with sound business practices sufficient to allow the preparation of financial statements in accordance with GAAP; and permit, and cause each Subsidiary to permit, any Lender or the Agent or any representative thereof, at reasonable times and on reasonable notice, to visit any or all of its offices, to discuss its financial matters with its officers and its independent auditors (and the Company hereby authorizes such independent auditors to discuss such financial matters with any Lender or the Agent or any representative thereof), and to examine (and, at the

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Company's or such Subsidiary's expense, make copies of) any of its books or other corporate records.

SECTION 9.3 Insurance. Maintain, and cause each Subsidiary to maintain, with responsible and financially-sound insurance companies or associations, insurance in such amounts and covering such risks as is usually maintained by companies engaged in similar businesses and owning similar properties similarly situated, except as disclosed in Item 8.19 of the

SECTION 9.4 Compliance with Law; Payment of Taxes and Liabilities.

(a) Comply, and cause each Subsidiary to comply, in all material respects with all applicable laws, rules, regulations and orders; and (b) pay, and cause each Subsidiary to pay, prior to delinquency, all taxes and other governmental charges against it or any of its property, provided, however, that the foregoing shall not require the Company or any Subsidiary to pay any such tax or charge so long as it shall contest the validity thereof in good faith by appropriate proceedings and shall set aside on its books adequate reserves with respect thereto.

SECTION 9.5 Maintenance of Existence, etc. Maintain and preserve, and (subject to Section 9.7) cause each Subsidiary to maintain and preserve, (a) its existence and good standing in the jurisdiction of its organization and (b) its foreign qualification in each other jurisdiction where the nature of its business makes such qualification necessary (except in those instances in which the failure to be qualified or in good standing will not have a Material Adverse Effect).

SECTION 9.6 Financial Ratios and Restrictions.

9.6.1 Minimum Shareholders Equity. Not permit at any time (a) Shareholders Equity for the Company to be less than the sum of \$81,500,000 plus 25% of Consolidated Net Income for each Fiscal Quarter ending after August 31, 1994 (excluding any Fiscal Quarter in which there is a loss) and (b) Shareholders Equity for APSA to be less than \$1.

9.6.2 Fixed Charge Coverage Ratio. Not permit the Fixed Charge Coverage Ratio to be less than 1.5:10.

9.6.3 Debt to Capital Ratio. Not permit at any time the Debt to Capital Ratio to exceed 58%.

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SECTION 9.7 Mergers, Consolidations, Purchases and Sales. Not, and not permit any Subsidiary to, be a party to any merger or consolidation, or purchase or otherwise acquire all or a substantial portion of the business or, assets of, or any stock of any class of, or any partnership or joint venture interest in, any other Person, or, except in the ordinary course of its business, sell, transfer, convey or lease all or a substantial part of its assets, or sell or assign with or without recourse any receivables, except for:

(i) any such merger or consolidation, sale, transfer, conveyance, lease or assignment of or by any Subsidiary into, with or to the Company or into, with or to any wholly-owned Subsidiary;

(ii) any such purchase or other acquisition by the Company or APSA of the assets or stock of any wholly-owned Subsidiary;

(iii) (A) the Permitted Receivables Securitization and (B) any sale, transfer, conveyance or lease of any asset if (x) the aggregate book value (disregarding any write-downs of such book value other than ordinary depreciation and amortization) of all assets disposed of pursuant to this clause (iii)(B)(x) in any Fiscal Year are less than 15% of the total book value of tangible assets of the Company and its Subsidiaries as of May 31, 1994 and (y) no Event of Default or Unmatured Event of Default exists or would result therefrom; or

(iv) any acquisition if (A) after such acquisition the Company (if it is the acquiring entity) or a Subsidiary owns (1) at least a majority of the securities of each class having ordinary voting power of, or a majority of the ownership interest in, the acquired Person or (2) more than 10% but less than a majority of the securities of each class having ordinary voting power of, or more than 10% but less than a majority of the ownership interest in, the acquired Person and, immediately after giving effect to any acquisition described in this subclause (2), the aggregate book value of all such minority Investments in the equity securities or other ownership interests of other Persons by the Company and its Subsidiaries does not exceed 20% of the consolidated tangible assets of the Company and its Subsidiaries, (B) no Event of Default or Unmatured Event of Default exists or would result therefrom and (C) prior to the consummation of such acquisition, the Company provides to each Lender a certificate of the chief financial officer of the Company (attaching computations to demonstrate compliance with all financial covenants hereunder) stating that such acquisition complies with this Section 9.7 and

that any other conditions under this Agreement relating to such acquisition have been satisfied.

SECTION 9.8 Commercial Paper Lines. Not, and not permit any of its Subsidiaries to, create, incur, assume or suffer to exist or otherwise become or be liable in respect of any Debt with respect to unsecured commercial paper except to the extent the Company or such Subsidiary has unused unsecured lines of credit backing up such commercial paper.

SECTION 9.9 Liens. Not, and not permit any Subsidiary to, create or permit to exist any Lien on any of its real or personal properties, assets or rights of whatsoever nature, whether now owned or hereafter acquired, except (a) Liens for taxes or other governmental charges not at the time delinquent or thereafter payable without penalty or being contested in good faith by appropriate proceedings and, in each case, for which it maintains adequate reserves; (b) Liens arising in the ordinary course of business (such as (i) Liens of carriers, warehousemen, mechanics and materialmen and other similar Liens imposed by law and (ii) Liens incurred in connection with worker's compensation, unemployment compensation and other types of social security (excluding Liens arising under ERISA) or in connection with surety and appeal bonds, bids, performance bonds and similar obligations) for sums not overdue or being contested in good faith by appropriate proceedings and not involving any deposits or advances or borrowed money or the deferred purchase price of property or services, and, in each case, for which it maintains adequate reserves; (c) Liens identified on Item 9.9 of the Disclosure Schedule; (d) Liens in connection with Capital Leases (to the extent permitted hereunder); (e) any Lien arising in connection with the acquisition of fixed assets after the date hereof, and attaching only to the property being acquired, provided that the principal amount of the Debt secured by each such Lien shall not exceed the purchase price of the applicable fixed asset and the aggregate amount of all Debt secured by such Liens shall not at any time exceed \$1,000,000; (f) attachments, judgments and other similar Liens, for sums not exceeding \$1,000,000, arising in connection with court proceedings, provided the execution or other enforcement of such Liens is effectively stayed and the claims secured thereby are being actively contested in good faith and by appropriate proceedings; (g) other Liens incidental to the conduct of the business of the Company or a Subsidiary or the ownership of its property or assets, including easements, rights of way, restrictions, minor defects or irregularities in title and other similar Liens, which Liens were not incurred in connection with the borrowing of money and do not, in any case or in the aggregate, interfere in any material respect with the ordinary conduct of the business of the Company or any Subsidiary; (h) building restrictions, zoning laws and other statutes, laws, rules, regulations, ordinances and

restrictions, and any amendments thereto, now or at any time hereafter adopted by any governmental authority having jurisdiction; (i) any Lien existing on any asset of any corporation which becomes a Subsidiary of the Company after the date hereof, which Lien was not created in contemplation of such event, provided that (x) Liens on current assets of such corporation shall be discharged within 120 days after such corporation becomes a Subsidiary of the Company and (y) the aggregate amount of Debt secured by all such Liens does not at any time exceed \$5,000,000; and (k) other Liens securing obligations not at any time exceeding \$2,000,000.

SECTION 9.10 Restricted Payments, etc. Not, and not permit any Subsidiary to, make any Restricted Payment; provided that (a) any Subsidiary may declare and pay dividends, or make other distributions, to the Company; and (b) so long as no Event of Default or Unmatured Event of Default exists or would result therefrom, the Company may pay dividends to its shareholders in an aggregate amount not to exceed the sum of (i) \$12,000,000 plus (ii) 75% of the Consolidated Net Income since May 31, 1994 (less 100% of any consolidated net losses) plus (iii) net cash proceeds from the sale of capital stock by the Company.

SECTION 9.11 Use of Proceeds. Use the proceeds of the Loans for general corporate purposes; and not use or permit any proceeds of any Loan to be used, either directly or indirectly, for the purpose, whether immediate, incidental or ultimate, of (a) "purchasing or carrying" any Margin Stock within the meaning of Regulation U of the Board of Governors of the Federal Reserve System, as amended from time to time, or (b) purchasing or otherwise acquiring any stock of any Person if such Person (or its board of directors) has (i) announced that it will oppose such purchase or other acquisition or (ii) commenced any litigation which alleges that such purchase or other acquisition violates, or will violate, any applicable law.

SECTION 9.12 Maintenance of Property. Maintain, and cause each Subsidiary to maintain, its properties which are material to the conduct of its

business in good working order and condition (ordinary wear and tear excepted).

SECTION 9.13 Employee Benefit Plans. Maintain, and cause each Subsidiary to maintain, each Pension Plan in compliance in all material respects with all applicable requirements of law and regulations.

SECTION 9.14 Business Activities. Not make any substantial change in the nature of the business of the Company and its Subsidiaries, taken as a whole, from that engaged in on the date of this Agreement.

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SECTION 9.15 Environmental Matters.

9.15.1 Environmental Obligations. (a) Comply, and cause each Subsidiary to comply, in a reasonable manner with any applicable Federal or state judicial or administrative order requiring the performance at any real property owned, operated, or leased by the Company or any Subsidiary of activities in response to any Release or threatened Release of any Hazardous Material, except for the period of time that the Company or such Subsidiary is diligently in good faith contesting such order; (b) use and operate, and cause each Subsidiary to use and operate, all of its facilities and properties in material compliance with all Environmental Laws; (c) keep, and cause each Subsidiary to keep, all necessary permits, approvals, certificates, licenses and other authorizations relating to environmental matters in effect and remain in material compliance therewith; (d) handle, and cause each Subsidiary to handle, all Hazardous Materials in material compliance with all applicable Environmental Laws; and (e) not, and not permit any Subsidiary to, commence disposal of any Hazardous Material into or onto any real property owned, operated or leased by the Company or any Subsidiary nor allow any Lien imposed pursuant to any Environmental Law to attach to any such real property.

9.15.2 Environmental Information. Within 60 days of receipt thereof, notify the Agent of the receipt by the Company or any Subsidiary of any written claim, demand, proceeding, action or notice of liability by any Person arising out of or relating to the Release or threatened Release of any Hazardous Material, except for any release or threatened release with respect to which the maximum liability of the Company and its Subsidiaries is reasonably expected to be less than \$750,000; and within 60 days of any Release, threatened Release, or disposal of any Hazardous Material reported to any governmental regulatory authority at any real property owned, operated or leased by the Company or any Subsidiary notify the Agent of such release, threat of release or disposal, except for any release, threat of release or disposal with respect to which the maximum liability of the Company and its Subsidiaries is reasonably expected to be less than \$750,000.

SECTION 9.16 Unconditional Purchase Obligations. Not, and not permit any Subsidiary to, enter into or be a party to any contract for the purchase of materials, supplies or other property or services, if such contract requires that payment be made by it regardless of whether or not delivery is ever made of such materials, supplies or other property or services.

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SECTION 9.17 Inconsistent Agreements. Not, and not permit any Subsidiary to, enter into any agreement containing any provision which would be violated or breached by any borrowing by the Borrower hereunder or by the performance by the Company or any Subsidiary of any of its obligations hereunder.

SECTION 9.18 Transactions with Affiliates. Not, and not permit any Subsidiary to, enter into or permit to exist any transaction, arrangement or contract with any of its Affiliates (other than the Company or any wholly-owned Subsidiary) or any officer or director of the Company or any Affiliate which is on terms less favorable than would be available from a Person which is not an Affiliate. Nothing in this Section 9.18 shall prohibit any transaction expressly permitted by Section 9.11.

SECTION 9.19 The Company's and Subsidiaries' Stock. The Company will not, nor will it permit any of its Subsidiaries to, purchase or otherwise acquire any shares of capital stock of the Company; and, except pursuant to transactions permitted by Sections 9.7 not take any action, or permit any of its Subsidiaries to take any action, which will, so long as any shares of capital stock or indebtedness of any corporation which is a Subsidiary at the date of this Agreement are owned by the Company or any Subsidiary, result in a

decrease in the percentage of the outstanding shares in capital stock of such corporation owned at the date of this Agreement by the Company and Subsidiaries.

SECTION 9.20 Negative Pledges; Subsidiary Payments. The Company will not, nor will it permit any Subsidiary to, enter into any agreement (excluding this Agreement and the Loan Agreement dated as of August 1, 1990 among the Company and the lenders party thereto relating to \$75,000,000 principal amount of 9.92% Senior Notes due August 15, 2000 as in effect on the date hereof) (a) prohibiting the creation or assumption of any Lien upon their respective properties, revenues, or assets, whether now owned or hereafter acquired; (b) which would restrict the ability of any Subsidiary to pay or make dividends or distributions in cash or kind, to make loans, advances or other payments of whatsoever nature, or to make transfers or distributions of all or any part of its assets, in each case to the Company or to any corporation as to which such Subsidiary is a Subsidiary; or (c) which would require the consent or waiver of any third party to any amendment to this Agreement or any other Loan Document.

SECTION 10 CONDITIONS.

SECTION 10.1 Conditions Precedent to Initial Loan. The obligation of each Lender to make its initial Loan is (in addition to satisfaction of the conditions precedent set forth in

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Section 10.2) subject to the conditions precedent that the Agent shall have received (a) evidence, reasonably satisfactory to the Agent, that all "Commitments" under and as defined in the Existing Credit Agreements have been terminated and all obligations of the Company thereunder have been, or concurrently with the making of the initial Loans will be, paid in full and (b) each of the following documents, each in form and substance satisfactory to the Agent (and each, except for the Notes, in sufficient counterparts to provide one for each Lender):

10.1.1 Notes. One Bid Note of each Borrower payable to the order of each Lender and one Committed Note of each Borrower payable to the order of each Lender.

10.1.2 Resolutions. Certified copies of resolutions of the Board of Directors of each Borrower authorizing or ratifying the execution, delivery and performance by such Borrower of this Agreement, the Notes and the other documents provided for in this Agreement to be executed by such Borrower.

10.1.3 Consents, etc. Certified copies of all documents evidencing any necessary corporate action, consents and governmental and regulatory approvals with respect to the execution, delivery and performance by each Borrower of this Agreement, the Notes and the other documents provided for in this Agreement to be executed by such Borrower.

10.1.4 Incumbency and Signatures. A certificate of the Secretary or an Assistant Secretary of each Borrower certifying the names of the officer or officers of each Borrower authorized to sign this Agreement the Notes and the other documents provided for in this Agreement to be executed by such Borrower, together with a sample of the true signature of each such officer (it being understood that the Agent and each Lender may conclusively rely on such certificate until formally advised by a like certificate of any changes therein).

10.1.5 Opinion of Counsel for the Company. The opinion of Quarles & Brady, counsel for the Company, and Salens Hertzfeld & Herlbronn, counsel for APSA, in the form of Exhibit F.

10.1.6 Opinion of Counsel for the Agent. The opinion of Mayer, Brown & Platt, counsel for the Agent, in the form of Exhibit G.

10.1.7 Other. Such other documents as the Agent or any Lender may reasonably request.

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SECTION 10.2 Conditions Precedent to All Loans. Each Lender's obligation to make each Loan is (in addition to the conditions precedent set forth in Section 10.1) subject to the conditions precedent that (a) no Event of Default or Unmatured Event of Default has occurred and is continuing or will result from the making of such Loan and (b) the representations and warranties contained in Sections 8 (excluding Sections 8.6 and 8.8) are true and correct

as of the date of the making of such Loan, with the same effect as though made on such date (it being understood that each request for a Loan shall automatically constitute a representation and warranty by each Borrower that, as at the making of such Loan, all conditions under this Section 10.2 shall be satisfied).

SECTION 11 EVENTS OF DEFAULT AND THEIR EFFECT.

SECTION 11.1 Events of Default. Each of the following shall constitute an Event of Default under this Agreement:

11.1.1 Non-Payment of Notes, etc. Default in the payment when due of the principal of any Loan; or default, and continuance thereof for five days, in the payment when due of any interest on any Loan or any fees or other amounts payable by the Borrowers hereunder.

11.1.2 Non-Payment of Other Indebtedness for Borrowed Money. Default in the payment when due (subject to any applicable grace period), whether by acceleration or otherwise, of any other Debt of, or guaranteed by, the Company or any Subsidiary in excess in the aggregate of \$2,000,000; or default in the performance or observance of any obligation or condition with respect to any such other indebtedness in excess in the aggregate of \$2,000,000 if the effect of such default is to accelerate the maturity of any such indebtedness or to permit the holder or holders thereof, or any trustee or agent for such holders, to cause such indebtedness to become due and payable prior to its expressed maturity.

11.1.3 Warranties. Any warranty made by either Borrower herein is breached, or is false or misleading, in any material respect, or any schedule, certificate, financial statement, report, notice or other writing furnished by the Borrowers to the Agent or any Lender is false or misleading in any material respect on the date as of which the facts therein set forth are stated or certified.

11.1.4 Bankruptcy, Insolvency, etc. The Company or any Subsidiary becomes insolvent (it being understood that a Subsidiary shall not be deemed to be insolvent solely

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because it has negative net worth) or generally fails to pay, or admits in writing its inability to pay, debts as they become due; or the Company or any Subsidiary applies for, consents to or acquiesces in the appointment of a trustee, receiver or other custodian for the Company or such Subsidiary or any property thereof, or makes a general assignment for the benefit of creditors; or, in the absence of such application, consent or acquiescence, a trustee, receiver or other custodian is appointed for the Company or any Subsidiary or for a substantial part of its property and is not discharged within 30 days; or any bankruptcy, reorganization, debt arrangement or other case or proceeding under any bankruptcy or insolvency law, or any dissolution or liquidation proceeding (except the voluntary dissolution, not under any bankruptcy or insolvency law, of a Subsidiary), is commenced in respect of the Company or any Subsidiary, and, if such case or proceeding is not commenced by the Company or such Subsidiary, it is consented to or acquiesced in by the Company or such Subsidiary or remains for 30 days undismissed; or the Company or any Subsidiary takes any corporate action to authorize, or in furtherance of, any of the foregoing.

11.1.5 Non-Compliance with Certain Covenants. Failure by the Borrowers to comply with or to perform any provision of Section 9.6 through 9.11, 9.17, 9.19 or 9.20.

11.1.6 Non-Compliance with Other Provisions of this Agreement. Failure by the Borrowers to comply with or to perform any provision of this Agreement (if such failure does not constitute an Event of Default under any of the other provisions of this Section 11.1), and continuance of such failure for 30 days after notice thereof to the Company from the Agent or any Lender.

11.1.7 Pension Plans. (i) Institution of any steps by the Company or any other Person to terminate a Pension Plan if as a result of such termination the Company could be required to make a contribution to such Pension Plan, or could incur a liability or obligation to such Pension Plan, in excess of \$1,000,000, or (ii) a contribution failure occurs with respect to any Pension Plan sufficient to give rise to a Lien under section 302(f) of ERISA.

11.1.8 Judgments. Final judgments which exceed an aggregate of \$1,000,000 (excluding any portion thereof which is covered by insurance maintained with a responsible insurance company which has accepted a tender of defense and indemnification without reservation of rights) shall be rendered against the Company or any Subsidiary and shall not have been discharged or vacated or had execution thereof

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stayed pending appeal within 30 days after entry or filing of such judgments.

11.1.9 Change of Control. An Impermissible Change of Control shall occur.

11.1.10 Material Adverse Effect. Any event shall occur which, in the opinion of the Required Lenders, has had or is reasonably likely to have a Material Adverse Effect.

SECTION 11.2 Effect of Event of Default. If any Event of Default described in Section 11.1.4 shall occur, the Commitments (if they have not theretofore terminated) shall immediately terminate and all Loans and all interest and other amounts due hereunder shall become immediately due and payable, all without presentment, demand or notice of any kind (all of which are hereby expressly waived by the Borrowers); and, in the case of any other Event of Default, the Agent may with the consent of the Required Lenders, and shall upon written request of the Required Lenders, declare the Commitments (if they have not theretofore terminated) to be terminated and/or all Loans and all interest and other amounts due hereunder to be due and payable, whereupon the Commitments (if they have not theretofore terminated) shall immediately terminate and/or all Loans and all interest and other amounts due hereunder shall become immediately due and payable, all without presentment, demand or notice of any kind (all of which are hereby expressly waived by the Borrowers). The Agent shall promptly advise the Company and each Lender of any such declaration, but failure to do so shall not impair the effect of such declaration. Notwithstanding the foregoing, the effect as an Event of Default of any event described in Section 11.1.1 or Section 11.1.4 may be waived by the written concurrence of all of the Lenders, and the effect as an Event of Default of any other event described in Section 11.1 may be waived by the written concurrence of the Required Lenders.

SECTION 12 THE AGENT.

SECTION 12.1 Authorization. Each Lender authorizes the Agent to act on behalf of such Lender to the extent provided herein, and in any other document or instrument delivered hereunder or in connection herewith, and to take such other action as may be reasonably incidental thereto. Subject to the provisions of Section 12.3, the Agent will take such action permitted by this Agreement or any agreement delivered in connection with this Agreement as may be requested in writing by the Required Lenders. The Agent shall promptly remit in immediately available funds to each Lender its share of all payments received by the Agent for the account of such Lender.

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SECTION 12.2 Indemnification. The Lenders agree to indemnify the Agent in its capacity as such (to the extent not reimbursed by the Borrowers), ratably according to their respective Percentages (or, after termination of the Commitments, ratably according to the principal amount of the Loans held by each Lender), from and against any and all actions, causes of action, suits, losses, liabilities, damages and expenses which may at any time (including, without limitation, at any time following the payment of the Notes) be imposed on, incurred by or asserted against the Agent in any way relating to or arising out of this Agreement, or any documents contemplated by or referred to herein or the transactions contemplated hereby or any action taken or omitted by the Agent under or in connection with any of the foregoing; provided that no Lender shall be liable for the payment to the Agent of any portion of the foregoing resulting solely from the Agent's or its employees' or agents' gross negligence or willful misconduct. All obligations provided for in this Section 12.2 shall survive termination of this Agreement.

SECTION 12.3 Action on Instructions of the Required Lenders. As to any matters not expressly provided for by this Agreement (including, without limitation, enforcement or collection of the Notes), the Agent shall not be required to exercise any discretion or take any action, but the Agent shall in all cases be fully protected in acting or refraining from acting upon the written instructions (i) from the Required Lenders, except for instructions which under the express provisions hereof must be received by the Agent from

all Lenders, and (ii) in the case of such instructions, from all Lenders. In no event will the Agent be required to take any action which exposes the Agent to personal liability or which is contrary to this Agreement or applicable law. The relationship between the Agent and the Lenders is and shall be that of agent and principal only and nothing herein contained shall be construed to constitute the Agent a trustee for any Lender or any other holder of a Note or of a participation therein nor to impose on the Agent duties and obligations other than those expressly provided for herein.

SECTION 12.4 Payments. (a) The Agent shall be entitled to assume that each Lender has made its Loan (if any) available in accordance with Section 2.2(e) or Section 3.2(c), as applicable, unless such Lender notifies the Agent prior to 11:00 a.m., Chicago time, on the Funding Date for such Loan that it does not intend to make such Loan available, it being understood that no such notice shall relieve such Lender of any of its obligations under this Agreement. If the Agent makes any payment to a Borrower on the assumption that a Lender has made the proceeds of such Loan available to the Agent but such Lender has not in fact made the proceeds of such Loan available to the Agent, such Lender shall pay to the Agent on demand an amount equal to the

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amount of such Loan, together with interest thereon for each day that elapses from and including such Funding Date to the Business Day on which the proceeds of such Loan become immediately available to the Agent prior to 12:30 p.m., Chicago time, at the Federal Funds Rate for each such day, based upon a year of 360 days. A certificate of the Agent submitted to any Lender with respect to any amounts owing under this Section 12.4(a) shall constitute rebuttable presumptive evidence of the amount owed to the Agent by such Lender pursuant to this Section. If the proceeds of such Loan are not made available to the Agent by such Lender within three Business Days of such Funding Date, the Agent shall be entitled to recover such amount on demand from the Borrowers, together with interest thereon for each day that elapses from and including such Funding Date to the Business Day on which such proceeds become immediately available to the Agent prior to 12:30 p.m., Chicago time, (i) in the case of a Bid Loan, at the rate per annum applicable thereto, and (ii) in the case of a Committed Loan, at the rate per annum applicable to Floating Rate Loans. Nothing in this paragraph (a) shall relieve any Lender of any obligation it may have hereunder to make any Loan or prejudice any right which the Borrowers may have against any Lender as a result of any default by such Lender hereunder.

(b) The Agent shall be entitled to assume that the Borrowers have made all payments due hereunder from the Borrowers on the due date thereof unless it receives notification prior to any such due date from the Borrowers that the Borrowers do not intend to make any such payment, it being understood that no such notice shall relieve the Borrowers of any of their obligations under this Agreement. If the Agent distributes any payment to a Lender hereunder in the belief that the Borrowers have paid to the Agent the amount thereof but the Borrowers have not in fact paid to the Agent such amount, such Lender shall pay to the Agent on demand an amount equal to the amount of the payment made by the Agent to such Lender, together with interest thereon for each day that elapses from and including the date on which the Agent made such payment to the Business Day on which the amount of such payment is returned to the Agent in immediately available funds prior to 12:30 p.m., Chicago time, at the Federal Funds Rate for each such day, based upon a year of 360 days. If the amount of such payment is not returned to the Agent in immediately available funds within three Business Days after demand by the Agent, such Lender shall pay to the Agent on demand an amount calculated in the manner specified in the preceding sentence after substituting the term "Alternate Reference Rate" for the term "Federal Funds Rate". A certificate of the Agent submitted to any Lender with respect to amounts owing under this Section 12.4(b) shall constitute rebuttable presumptive evidence of the amount owed to the Agent by such Lender pursuant to this Section.

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SECTION 12.5 Exculpation. The Agent shall be entitled to rely upon advice of counsel concerning legal matters, and upon this Agreement and any Note, security agreement, schedule, certificate, statement, report, notice or other writing which it believes to be genuine or to have been presented by a proper person. Neither the Agent nor any of its directors, officers, employees or agents shall (i) be responsible for any recitals, representations or warranties contained in, or for the execution, validity, genuineness, effectiveness or enforceability of, this Agreement, any Note or any other instrument or document delivered hereunder or in connection herewith, (ii) be deemed to have knowledge of an Event of Default or Unmatured Event of Default (other than any such event involving non-payment of any amount to be paid by the Borrowers to the Agent) until after having received actual notice thereof from the Borrowers or a Lender, (iii) be under any duty to inquire into or pass

upon any of the foregoing matters, or to make any inquiry concerning the performance by the Borrowers or any other obligor of its obligations, or (iv) in any event, be liable as such for any action taken or omitted by it or them, except for its or their own gross negligence or willful misconduct. The agency hereby created shall in no way impair or affect any of the rights and powers of, or impose any duties or obligations upon, the Agent in its individual capacity as a Lender.

SECTION 12.6 Credit Investigation. Each Lender acknowledges, and shall cause each Assignee or Participant to acknowledge in its assignment or participation agreement with such Lender, that it has (i) made and will continue to make such inquiries and has taken and will take such care on its own behalf as would have been the case had the Loans been made directly by such Lender or other applicable Person to the Borrowers without the intervention of the Agent or any other Lender and (ii) independently and without reliance upon the Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made and will continue to make its own credit analysis and decisions relating to this Agreement. Each Lender agrees and acknowledges, and shall cause each Assignee or Participant to agree and acknowledge in its assignment or participation agreement with such Lender, that the Agent makes no representations or warranties about the creditworthiness of the Borrowers or any other party to this Agreement or with respect to the legality, validity, sufficiency or enforceability of this Agreement, any Note or the value of any security therefor.

SECTION 12.7 Continental and Affiliates. Continental and each of its successors as Agent shall have the same rights and powers hereunder as any other Lender and may refrain from exercising the same as though it were not the Agent, and Continental and any such successor and its affiliates may accept deposits from, lend money to and generally engage, and continue

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to engage, in any kind of business with the Borrowers or any Affiliate thereof as if Continental or such successor were not the Agent hereunder.

SECTION 12.8 Resignation or Removal. The Agent may resign as such at any time upon at least 30 days' prior notice to the Company and the Lenders, and the Agent may be removed as such at any time by vote of the Required Lenders and notice to the Agent and the Company. In the event of any such resignation or removal, Lenders having an aggregate Percentage of more than 50% shall as promptly as practicable appoint a successor Agent. If no successor Agent shall have been so appointed, and shall have accepted such appointment, within 30 days after the retiring Agent's giving of notice of resignation or the Required Lenders' notice of removal to the retiring Agent, then the retiring Agent may, on behalf of the Lenders, appoint a successor Agent, which shall be a commercial Lender organized under the laws of the United States of America or of any State thereof or under the laws of another country which is doing business in the United States of America and having a combined capital, surplus and undivided profits of at least \$300,000,000. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from all further duties and obligations under this Agreement. After any retiring Agent's resignation or removal hereunder as Agent, the provisions of this Section 12 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement.

SECTION 13 GUARANTEE

13.1 Guarantee from Borrowers. In order to induce the Lenders to agree to make Loans to individual Borrowers under this Agreement, each Borrower hereby unconditionally and irrevocably guarantees, as primary obligor and not merely as surety) to and for the benefit of the Lenders and the Agent the due and punctual payment of all Obligations, including, without limitation, the Bid Loans and the Committed Loans (the "Guaranteed Indebtedness").

13.2 Expenses. Each Borrower irrevocably and unconditionally agrees to pay any and all expenses, including reasonable attorneys' fees and disbursements, incurred by any of the Lenders or the Agent in enforcing its or their rights under or in connection with this Section 13.

13.3 Waivers. Each Borrower agrees that the Guaranteed Indebtedness may be extended or renewed, in whole or in part, without notice to or further assent from it and without impairing

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its obligations under this Section 13. Each Borrower hereby waives (a) presentation to, demand of payment from, and protest and notice of protest to such Borrower concerning the Guaranteed Indebtedness, (b) protest for nonpayment of principal of or interest on the Guaranteed Indebtedness and (c) all other notices to which it might otherwise be entitled as guarantor of the Guaranteed Indebtedness.

13.4 No Impairment. The obligations of each Borrower under this Section 13 shall not be impaired by reason of any claim or waiver, release, surrender or compromise with respect to any other Borrower, and shall not be subject to any defense or set-off by reason of the unenforceability, in whole or in part, of the Guaranteed Indebtedness or any provision of this Agreement with respect to any other Borrower. The obligations of each Borrower hereunder with respect to its guaranty of the obligations of each other Borrower hereunder shall not be impaired by (a) any lack of validity or enforceability of this Agreement or any other Loan Document with respect to any other Borrower, (b) the failure of any of the Lenders or the Agent to assert any claim or demand or to enforce any right or remedy against any other Borrower or any other Person hereunder or under the other Loan Documents or with respect to this Agreement or the other Loan Documents, (c) any extension or renewal, in whole or in part, of this Agreement or any other Loan Documents, (d) any rescission, waiver, release, compromise, amendment or modification of, or any consent to departure from, any of the terms or provisions of this Agreement or the other Loan Documents or any agreement, (e) any failure by any Person in the performance of any obligation with respect to this Agreement or any other Loan Documents, (f) any act by the Agent or any Lender to obtain or retain a Lien upon or a security interest in any property to secure any Guaranteed Indebtedness, or to release any security for any of the Guaranteed Indebtedness, (g) any exchange, release or nonperfection of any Lien, (h) any bankruptcy of a Borrower or any other Person, or (i) any other act or omission which may or might in any manner vary the risk of a Borrower, or which would otherwise operate as a discharge of or other defense available to a Borrower, as a matter of law.

13.5 Waiver of Resort. Each Borrower agrees that this Section 13 constitutes a guaranty of payment and not merely of collection and waives any right to require that any resort be had by the Agent or any of the Lenders to any security held by it for the payment of the Guaranteed Indebtedness or to any balance or any deposit account or credit on the books of the Agent or any Lender in favor of any Borrower or any of their Subsidiaries.

13.6 Reinstatement. Each Borrower agrees that this Section 13 shall continue to be effective or be reinstated, as the case may be, if at any time any part of any payment of principal of,

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or interest on, the Guaranteed Indebtedness is stayed, rescinded or must otherwise be returned by any Lender or the Agents upon the bankruptcy or reorganization of any Borrower or any other Person.

13.7 Payment. Upon the failure of any Borrower to pay any of the Guaranteed Indebtedness when and as the same shall become due, whether at maturity, by acceleration or otherwise, each Borrower hereby promises to, and will, immediately on demand by any Lender or the Agent, pay or cause to be paid to the Lenders or the Agent, as the case may be, an amount equal to the full amount of the Guaranteed Indebtedness then due. All such payments shall be in the currency in which the Guaranteed Indebtedness is denominated.

13.8 Subrogation, Waivers, etc. Each Borrower hereby agrees that, until such time as all of the Obligations shall have been finally paid in full in cash and performed in full, all Commitments shall have terminated, and this guarantee shall have been discontinued as to all Borrowers, no payment made by or on account of any Borrower pursuant to this Section 13 shall entitle the other Borrower, by subrogation or otherwise, to any payment by such Borrower or from or out of any property of such Borrower, and neither of the Borrowers shall exercise any right or remedy against any other Borrower or any property of the other Borrower by reason of any performance by any Borrower of its obligations under this Section 13, including any claim or other rights which it may now or hereafter acquire against the other Borrower that arise from the existence, payment, performance or enforcement of the guarantee under this Section 13, including any right of subrogation, reimbursement, exoneration, contribution, indemnification, any right to participate in any claim or remedy of the Lenders or the Agent, as the case may be, against such Borrower or any collateral now or hereafter pledged to the Lenders, the Agent or any other Person acting on behalf of the Lenders by such Borrower, whether or not such claim, remedy or right arises in equity, at law or under contract, directly or indirectly, is for cash or other property or arises by set-off or in any other manner (as payment or security on account of such claim or other rights). If any amount shall be paid to any Borrower in violation of the preceding sentence and the Obligations shall not then have been paid in full, all Commitments shall not have terminated, such amount shall be deemed to have been paid to

such Borrower for the benefit of, and held in trust for the benefit of, the Lenders or the Agent, as applicable, and shall forthwith be paid to the Lenders or the Agent, as applicable. Each Borrower acknowledges that it has received and will receive direct and indirect benefits from the financing arrangements contemplated by this Agreement and the other Loan Documents and that the forbearance set forth in this

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Section 13.8 is knowingly granted in contemplation of such benefits.

13.9 Delay, etc. No delay on the part of any of the Lenders or either of the Agent in exercising any rights under this Section 13 or failure to exercise the same shall operate as a waiver of such rights. No notice to or demand on any Borrower shall be deemed to be a waiver of any obligation of any Borrower or the right of the Lenders or the Agent to take further action without notice or demand as provided herein, nor in any event shall any modification or waiver of the provisions of this Section 13 be effective unless such modification or waiver is in writing and signed by the Lenders, the Agent and each Borrower. Any such waiver shall apply only to the specific instance for which it is given.

SECTION 14 GENERAL.

SECTION 14.1 Waiver; Amendments. No delay on the part of the Agent or any Lender in the exercise of any right, power or remedy shall operate as a waiver thereof, nor shall any single or partial exercise by any of them of any right, power or remedy preclude other or further exercise thereof, or the exercise of any other right, power or remedy. No amendment, modification or waiver of, or consent with respect to, any provision of this Agreement or the Notes shall be effective unless the same shall be in writing and signed and delivered by the Agent, by both Borrowers and by Lenders having an aggregate Percentage of not less than the aggregate Percentage expressly designated herein with respect thereto or, in the absence of such designation as to any provision of this Agreement or the Notes, by the Required Lenders, and then any amendment, modification, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No amendment, modification, waiver or consent (i) shall extend or increase the amount of the Commitments, extend the due date for any amount payable hereunder, reduce or waive any fee payable hereunder, reduce the rate of interest payable on the Committed Loans, change the definition of "Required Lenders" in Section 1, amend or modify the second sentence of Section 14.11, or change the aggregate Percentage required to effect an amendment, modification, waiver or consent, without, in each case, the consent of all Lenders or (ii) shall extend the scheduled maturity or reduce the principal amount of, or rate of interest on, any Loan without the consent of the holder of such Loan. Amendments, modifications, waivers and consents of the type described in clause (ii) of the preceding sentence with respect to Bid Loans or Bid Notes may be effected with the written consent of the holder of such Bid Loans or Bid Notes and no consent of any other Lender shall be required in connection therewith. No provisions of Section 12 shall be amended, modified or waived without the Agent's consent.

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SECTION 14.2 Notices. Except as otherwise expressly provided in this Agreement, any notice hereunder shall be in writing and, if by facsimile, shall be deemed to have been given and received when sent, and, if mailed, shall be deemed to have been given and received three Business Days after the date when sent by registered or certified mail, postage prepaid, in each case addressed to the applicable party at the address shown below its signature hereto or at such other address as it may, by written notice received by the other parties to this Agreement, have designated as its address for such purpose. Any Lender giving any waiver, consent or notice to, or making any request upon, either Borrower hereunder shall promptly notify each other Lender and the Agent thereof. Any Lender giving a Payment Sharing Notice to the Agent shall promptly notify each other Lender and the Company thereof (but the failure to give or any delay in giving such notice to any such party shall not affect the effectiveness of such Payment Sharing Notice). Correspondence of the type described in Section 3.2 with respect to Bid Loans and notices of Committed Loan Requests made by either Borrower shall be directed to the persons specified for such purpose for each party or in subsequent writings among the parties. Additional copies of certain notices which any party may have requested need not be delivered at the same time as the primary notices to such party, but the party delivering such primary notices shall use reasonable efforts to distribute such copies on the same Business Day as that on which such primary notices were distributed. Notices given to the Company shall be deemed to be notices given to both the Company and APSA.

SECTION 14.3 Computations. Where the character or amount of

any asset or liability or item of income or expense is required to be determined, or any consolidation or other accounting computation is required to be made, for the purpose of this Agreement, such determination or calculation shall, at any time and to the extent applicable and except as otherwise specified in this Agreement, be made in accordance with GAAP.

SECTION 14.4 Assignments; Participations. Each Lender may assign, or sell participations in, its Loans and its Commitment to one or more other Persons in accordance with this Section 14.4 (and the Borrowers consent to the disclosure of any information provided to any Lender in connection herewith to any actual or prospective Assignee or Participant).

14.4.1 Assignments. Any Lender may at any time assign and delegate to any affiliate of such Lender or to any other Lender or, with the consent of the Company and the Agent (which consents shall not be unreasonably withheld or delayed), to any other commercial bank or other financial institution (any Person to whom an assignment and delegation is made being herein called an "Assignee") all or any

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fraction of such Lender's Committed Loans and Commitment (which assignment and delegation shall be of a constant, and not a varying, percentage of such assigning Lender's Committed Loans and Commitment); provided that (i) such assignment shall be in a minimum amount of \$5,000,000 (or if less, the entire amount of such assigning Lender's Commitment), (ii) such assignment shall be effected by an assignment agreement substantially in the form of Exhibit H, with appropriate insertions, and (iii) as of the date of such assignment and delegation, the Borrowers shall not be required to pay any amount under Section 6.4 or 7.1 that is greater than the Borrowers would have been required to pay had no assignment and delegation been made; and provided, further, that the Borrowers and the Agent shall be entitled to continue to deal solely and directly with such assigning Lender in connection with the interests so assigned and delegated to an Assignee until such assigning Lender or such Assignee shall have:

(i) provided evidence reasonably satisfactory to the Company and the Agent that, as of the date of such assignment and delegation, the Borrowers will not be required to pay any costs, fees, taxes or other amounts of any kind or nature with respect to the interest assigned in excess of those payable by the Borrowers with respect to such interest prior to such assignment; and

(ii) paid to the Agent for the account of the Agent a processing fee of \$3,500.

Upon receipt of the foregoing items (and, if requested by the Company or the Agent, after execution of one or more agreements supplemental to this Agreement among the assigning Lender, the Assignee, the Company and the Agent), (x) the Assignee shall be deemed automatically to have become a party hereto and to the extent that rights and obligations hereunder have been assigned and delegated to such Assignee shall have the rights and obligations of a Lender hereunder and under the other instruments and documents executed in connection herewith, and (y) unless such assignment is made to an affiliate of the assigning Lender without the consent of the Company (which shall not be unreasonably withheld), the assigning Lender, to the extent that rights and obligations hereunder have been assigned and delegated by it, shall be released from its obligations hereunder. The Agent may from time to time (and upon the request of the Company or any Lender after any change therein shall) distribute a revised Schedule I indicating any changes in the Lenders party hereto or the respective Percentages of such Lenders. Within five Business Days after the Company's receipt of notice from the Agent of the effectiveness of any such assignment and delegation, the Borrowers shall execute and deliver to the Agent (for

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delivery to the relevant Assignee) new Notes in favor of such Assignee. The assigning Lender, if not retaining any Commitment hereunder shall promptly mark the predecessor Notes "exchanged" and deliver them to the Company.

Notwithstanding the foregoing provisions of this Section 14.4.1, any Lender may at any time assign all or any portion of its Loans to a Federal Reserve Lender (but no such assignment shall release any Lender from any of its obligations hereunder).

14.4.2 Participations. Any Lender may at any time, sell to one or more commercial Lenders or other Persons (any such commercial bank or other Person being herein called a "Participant") participating

interests in any of its Loans, its direct or participation interest in any Letter of Credit, its Commitment or any other interest of such Lender hereunder; provided, however, that

(a) no participation contemplated by this Section 14.4.2 shall relieve such Lender from its Commitment or its other obligations hereunder;

(b) such Lender shall remain solely responsible for the performance of its Commitment and such other obligations;

(c) the Borrowers and the Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement;

(d) no Participant, unless such Participant is an affiliate of such Lender, or is itself a Lender, shall be entitled to require such Lender to take or refrain from taking any action hereunder, except that such Lender may agree with any Participant that such Lender will not, without such Participant's consent, take any actions of the type described in the third sentence of Section 14.1;

(e) the Borrowers shall not be required to pay any amount under this Agreement that is greater than the amount which the Company would have been required to pay had no participating interest been sold; and

(f) no Participant may further participate any interest hereunder (and each participation agreement shall contain a restriction to such effect).

Each Borrower acknowledges and agrees that, to the extent permitted by applicable law (but subject to the foregoing provisions of this Section 14.4.2), each Participant shall be

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considered a Lender for purposes of Sections 6.3, 7.1, 7.4, 13.5 and 13.6, and by its acceptance of a participation herein, each Participant agrees to be bound by the provisions of Section 6.2(c) as if such Participant were a Lender.

SECTION 14.5 Costs, Expenses and Taxes. Each Borrower agrees to pay on demand (a) all reasonable out-of-pocket costs and expenses of the Agent (including the reasonable fees and out-of-pocket expenses of counsel for the Agent and of local counsel, if any, who may be retained by said counsel) in connection with the preparation, execution, delivery and administration of this Agreement, the Notes and all other instruments or documents provided for herein or delivered or to be delivered hereunder or in connection herewith, and (b) all out-of-pocket costs and expenses (including reasonable attorneys' fees and legal expenses) incurred by the Agent and each Lender in connection with the enforcement of this Agreement, the Notes or any such other instruments or documents. In addition, each Borrower agrees to pay, and to save the Agent and the Lenders harmless from all liability for, any stamp or similar taxes which may be payable in connection with the execution and delivery of this Agreement, the borrowings hereunder, the issuance of the Notes or the execution and delivery of any other instruments or documents provided for herein or delivered or to be delivered hereunder or in connection herewith. All obligations provided for in this Section 14.5 shall survive termination of this Agreement.

SECTION 14.6 Regulation U. Each Lender represents that it in good faith is not relying, either directly or indirectly, upon any margin stock (as such term is defined in Regulation U promulgated by the Board of Governors of the Federal Reserve System) as collateral security for the extension or maintenance by it of any credit provided for in this Agreement.

SECTION 14.7 Captions. Section captions used in this Agreement are for convenience only and shall not affect the construction of this Agreement.

SECTION 14.8 Governing Law; Severability. This Agreement and each Note shall be a contract made under and governed by the laws of the State of Illinois applicable to contracts made and to be performed entirely within such State. All obligations of the Borrowers and the rights of the Agent and the Lenders expressed herein or in the Notes shall be in addition to and not in limitation of those provided by applicable law. Whenever possible each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without

invalidating the remainder of such provision or the remaining provisions of this Agreement.

SECTION 14.9 Counterparts; Effectiveness. This Agreement may be executed in any number of counterparts and by the different parties on separate counterparts and each such counterpart shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement. When counterparts of this Agreement executed by each party shall have been lodged with the Agent (or, in the case of any Lender as to which an executed counterpart shall not have been so lodged, the Agent shall have received telegraphic, telex or other written confirmation of execution of a counterpart hereof by such Lender), this Agreement shall become effective and the Agent shall so inform all of the parties hereto.

SECTION 14.10 Further Assurances. Each Borrower agrees to do such other acts and things, and to deliver to the Agent and each Lender such additional agreements, powers and instruments, as the Agent or any Lender may reasonably require or deem advisable to carry into effect the purposes of this Agreement or to better assure and confirm unto the Agent and each Lender their respective rights, powers and remedies hereunder.

SECTION 14.11 Successors and Assigns. This Agreement shall be binding upon each Borrower, the Lenders and the Agent and their respective successors and assigns, and shall inure to the benefit of each Borrower, the Lenders and the Agent and the respective successors and assigns of the Lenders and the Agent. Neither Borrower shall assign any rights or delegate any duties hereunder without the prior written consent of all Lenders.

SECTION 14.12 Waiver of Jury Trial. EACH OF THE BORROWERS, THE AGENT AND EACH LENDER HEREBY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS UNDER THIS AGREEMENT, ANY NOTE, AND ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION HERewith OR ARISING FROM ANY BANKING RELATIONSHIP EXISTING IN CONNECTION WITH THIS AGREEMENT, AND AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

SECTION 14.13 FORUM SELECTION AND SUBMISSION TO JURISDICTION. ANY CLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS MAY BE BROUGHT AND MAINTAINED BY THE AGENT OR ANY LENDER IN ANY STATE OR FEDERAL COURT HAVING SUBJECT MATTER JURISDICTION AND LOCATED IN CHICAGO, ILLINOIS. FOR THE PURPOSE OF ANY ACTION OR PROCEEDING INSTITUTED WITH RESPECT TO ANY SUCH CLAIM, EACH BORROWER HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION AND EXCLUSIVE VENUE OF SUCH COURTS, AGREES NOT TO INSTITUTE ANY LEGAL ACTION OR PROCEEDING AGAINST THE LENDER OR ANY OF ITS DIRECTORS,

OFFICERS, LENDERS OR PROPERTY, ARISING OUT OF OR RELATING TO THIS AGREEMENT OR OTHER LOAN DOCUMENTS, IN ANY COURTS OTHER THAN SUCH COURTS AND HEREBY IRREVOCABLY APPOINTS CT CORPORATION SYSTEM (THE "PROCESS AGENT"), WITH AN OFFICE ON THE DATE HEREOF AT 208 SOUTH LASALLE STREET, CHICAGO, ILLINOIS 60604, UNITED STATES, AS ITS AGENT TO RECEIVE ON BEHALF OF SUCH BORROWER AND ITS RESPECTIVE PROPERTY, SERVICE OF COPIES OF THE SUMMONS AND COMPLAINT AND ANY OTHER PROCESS WHICH MAY BE SERVED IN ANY SUCH ACTION OR PROCEEDING. SUCH SERVICE MAY BE MADE BY MAILING OR DELIVERING A COPY OF SUCH PROCESS TO SUCH BORROWER IN CARE OF THE PROCESS AGENT AT THE PROCESS AGENT'S ABOVE ADDRESS, AND EACH BORROWER HEREBY IRREVOCABLY AUTHORIZES AND DIRECTS THE PROCESS AGENT TO ACCEPT SUCH SERVICE ON ITS BEHALF. AS AN ALTERNATIVE METHOD OF SERVICE, EACH BORROWER ALSO IRREVOCABLY CONSENTS TO THE SERVICE OF ANY AND ALL PROCESS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES OF SUCH PROCESS TO SUCH BORROWER AT ITS ADDRESS SPECIFIED BELOW ITS SIGNATURE BY FIRST CLASS MAIL, POSTAGE PREPAID. EACH BORROWER AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING HEREIN CONTAINED SHALL PRECLUDE THE AGENT OR ANY LENDER FROM SERVING LEGAL PROCESS IN ANY MATTER PERMITTED BY LAW OR, AT ITS SOLE OPTION, FROM BRINGING AN ACTION OR PROCEEDING IN RESPECT HEREOF IN ANY OTHER COUNTRY, STATE OR PLACE HAVING JURISDICTION OVER SUCH ACTION. EACH BORROWER IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY HAVE OR HEREAFTER HAVE TO THE LAYING AND MAINTENANCE OF THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT LOCATED IN CHICAGO, ILLINOIS AND ANY CLAIM THAT ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

Delivered at Chicago, Illinois as of the day and year first above written.

APPLIED POWER INC.

By: _____
Title: _____

Address: 13000 West Silver Spring Drive
Butler, Wisconsin 53007

Telecopy No.: (414) 781-7403

Attention: Treasurer

Person to whom Bid Loan correspondence
should be addressed:

13000 West Silver Spring Drive
Butler, Wisconsin 53007
Attention: _____
Telephone: _____
Facsimile: _____

APPLIED POWER FINANCE S.A.

By: _____
Title: _____

Address: 13000 West Silver Spring Drive
Butler, Wisconsin 53007

Telecopy No.: (414) 781-7403

Attention: Treasurer
CONTINENTAL BANK,
in its individual corporate
capacity and as Agent

By: _____
Title: _____

231 South LaSalle Street
Chicago, Illinois 60697
Attention: Kurt W. Anstaett
Telephone: (312) 828-6624
Facsimile: (312) 987-5500

Person to whom Bid Loan correspondence
should be addressed:

Agency & Investor Services
Attn: Ralph Lopez
231 South LaSalle Street
Chicago, Illinois 60697
Telephone: (312) 828-3706
Facsimile: (312) 974-9102

Person to whom Committed Loan Requests
should be addressed:

Agency & Investor Services
Attn: Ralph Lopez
231 South LaSalle Street
Chicago, Illinois 60697
Telephone: (312) 828-3706
Facsimile: (312) 974-9102
ABN AMRO BANK N.V.

By: _____
Title: _____

By: _____
Title: _____

135 South LaSalle Street
Suite 425
Chicago, Illinois 60674-9135
Attention: Michiel Schwartz
Telephone: (312) 904-2994
Facsimile: (312) 606-8425

Person to whom Bid Loan correspondence
should be addressed:

Attention: Loan Administration
135 South LaSalle Street
Suite 425
Chicago, Illinois 60674-9135
Telephone: (312) 904-2961
Facsimile: (312) 606-8435

Person to whom Committed Loan Requests
should be addressed:

Attention: Loan Administration
135 South LaSalle Street
Suite 425
Chicago, Illinois 60674-9135
Telephone: (312) 904-2961
Facsimile: (312) 606-8435
PNC BANK, NATIONAL ASSOCIATION

By: _____
Title: _____

Fifth Avenue and Wood Street
Pittsburgh, Pennsylvania 15222

With Notice To:

500 West Madison Street
Suite 3140
Chicago, Illinois 60661
Attention: Richard T. Jander
Telephone: (312) 906-3440
Facsimile: (312) 906-3420

Person to whom Bid Loan correspondence
should be addressed:

Attention: Richard T. Jander
500 West Madison Street
Suite 3140
Chicago, Illinois 60661
Telephone: (312) 906-3440
Facsimile: (312) 906-3420

Person to whom Committed Loan Requests
should be addressed:

Attention: Richard T. Jander
500 West Madison Street
Suite 3140
Chicago, Illinois 60661
Telephone: (312) 906-3440
Facsimile: (312) 906-3421

RECEIVABLES PURCHASE AGREEMENT

DATED AS OF AUGUST 31, 1994

AMONG

APPLIED POWER INC.,

BARRY WRIGHT CORPORATION,

WRIGHT LINE INC.,

AND

GB ELECTRICAL, INC.

AS SELLERS

APPLIED POWER INC.

AS SELLERS' REPRESENTATIVE AND SERVICER

AND

PNC BANK, NATIONAL ASSOCIATION AND OTHER FINANCIAL INSTITUTIONS FROM TIME TO TIME PARTIES HERETO

AS PURCHASERS

AND

PNC BANK, NATIONAL ASSOCIATION

AS AGENT

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RECEIVABLES PURCHASE AGREEMENT

Dated as of August 31, 1994

THIS IS A RECEIVABLES PURCHASE AGREEMENT, among APPLIED POWER INC., a Wisconsin corporation having its principal office at 13000 W. Silver Spring Drive, Butler, Wisconsin 53007 ("API"), BARRY WRIGHT CORPORATION, a Massachusetts corporation having its principal office at 40 Guest Street, Brighton, Massachusetts ("BWC"), WRIGHT LINE INC., a Massachusetts corporation, having its principal office at 160 Gold Star Blvd., Worcester, Massachusetts ("WLI"), GB ELECTRICAL, INC., a Wisconsin corporation, having its principal office at 6101 N. Baker Road, Glendale, Wisconsin ("GB"; API, BWC, WLI and GB are collectively called "Sellers" and individually "Seller"), API, as representative of Sellers (in such capacity, the "Sellers' Representative"), PNC BANK, NATIONAL ASSOCIATION, a national banking association having its principal office at Fifth Avenue and Wood Street, Pittsburgh, Pennsylvania 15265 (together with the other financial institutions that may become parties hereto from time to time, "Purchasers"), and PNC BANK, NATIONAL ASSOCIATION, a national banking association having its principal office at Fifth Avenue and Wood Street, Pittsburgh, Pennsylvania 15265 ("PNC Bank"), as agent for the Purchasers (in such capacity, the "Agent"). Unless otherwise indicated, certain terms that are capitalized and used throughout this Agreement are defined in Schedule I.

Background

1. Each Seller has, and expects to have, Pool Receivables in which it intends to sell interests referred to herein as Undivided Interests. Sellers have requested Purchasers, and Purchasers have agreed, subject to the terms and conditions contained in this Agreement, to purchase such Undivided Interests from Sellers from time to time during the term of this Agreement.

2. Sellers and Purchasers also desire that, subject to the terms and conditions of this Agreement, certain of the daily Collections in respect of such Undivided Interests be reinvested in Pool Receivables through the sale by Sellers to Purchasers of additional Undivided Interests in the Pool Receivables, such daily reinvestment of Collections to be effected by an automatic daily adjustment to such Undivided Interests, and to be intended to permit each Purchaser to maintain its Total Investment fully invested in uncollected Pool Receivables.

3. PNC Bank has been requested, and is willing, to act as the Agent.

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained, the parties hereto agree as follows:

ARTICLE I

THE COMMITMENT

SECTION 1.01. Commitment. On the terms and subject to the conditions set forth in this Agreement (including Article V):

(a) Purchases. Each Purchaser shall purchase from Sellers undivided, percentage interests in Pool Receivables by making Purchases of Undivided Interests from time to time during the period from the date hereof to the Commitment Termination Date.

(b) Reinvestments. Pursuant to Section 3.01, each Purchaser shall make Reinvestments by permitting Servicer to cause certain of the Collections in respect of its Undivided Interests to be applied to the purchase of additional undivided percentage interests in the Pool Receivables, thereby resulting in an appropriate readjustment of such Undivided Interests.

Each Purchaser's obligation to make such Purchases and Reinvestments is herein called its "Commitment".

SECTION 1.02. Commitment Termination Date. The "Commitment Termination Date" shall be the earlier to occur of (i) August 30, 1997 (herein, as the same may be extended, called the "Scheduled Commitment Termination Date"), and (ii) the date of termination of the Commitment pursuant to Section 1.05 or Section 9.02.

SECTION 1.03. Purchase and Reinvestment Limits. Under no circumstances shall any Purchaser make any Purchase or Reinvestment to the extent that, after giving effect to such Purchase or Reinvestment, as the case may be:

(a) Purchase Limit. The Aggregate Purchasers' Investments under this Agreement would exceed an amount (the "Purchase Limit") equal to \$30,000,000, as such amount may be reduced pursuant to Section 1.05; or

(b) Participation Amounts Limit. The Aggregate Participation Amounts under this Agreement would exceed an

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amount (the Participation Amounts Limit") equal to 100% of the Net Pool Balance; or

(c) Percentage Limit. Any Purchaser's Total Investment would exceed its Percentage of the Purchase Limit.

SECTION 1.04. Making Purchases from Sellers. (a) Notice of Purchase. Each Purchase from Sellers by Purchasers shall be made on notice from Sellers to the Agent received by the Agent not later than 12:00 noon

(Pittsburgh time) on the second Business Day next preceding the date of such proposed Purchase. Each such notice of a proposed Purchase shall specify the desired amount (which shall not be less than \$250,000), the amount due to each Seller, the date (which shall be a Business Day) and duration of the initial Yield Period for such Purchase. The Agent shall promptly thereafter notify each Purchaser of such proposed Purchase.

(b) Funding of Purchase. On the date of each Purchase, each Purchaser shall, upon satisfaction of the applicable conditions set forth in Article V, make available to the Agent not later than 1:00 p.m. (Pittsburgh time) at its office at Fifth Avenue and Wood Street, Pittsburgh, Pennsylvania 15265 its Percentage of the amount of such Purchase in immediately available funds, and after receipt by the Agent of such funds, the Agent will make such funds immediately available to each Seller, in the amount set forth for such Seller in the notice delivered pursuant to Section 1.04, at such office not later than 2:00 p.m. (Pittsburgh time).

(c) Notice of Discount Rate. The Agent shall, on the date of each Purchase of an Undivided Interest and on the first day of each successive Yield Period for such Undivided Interest, notify the Sellers' Representative and each Purchaser of the Discount Rate for such Yield Period.

SECTION 1.05. Voluntary Termination of Commitment or Reduction of Purchase Limit. Sellers' Representative may, upon at least thirty days' notice to the Agent, terminate the Commitments in whole or reduce in part the unused portion of the Purchase Limit; provided, however, that (i) each partial reduction shall be in an amount equal to \$1,000,000 or an integral multiple thereof and (ii) after giving effect to such partial reduction, the remaining Purchase Limit will not be less than \$10,000,000.

SECTION 1.06. Investment Multiples; Number of Undivided Interests. No Undivided Interest, whether created by purchase pursuant to Section 1.04 or by reinvestment pursuant to Section 3.01 or by division pursuant to Section 3.07, shall have an

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initial related Purchasers' Investments of less than \$1,000,000 and each Undivided Interest when created, whether by purchase, division or combination, shall have a related Purchasers' Investments equal as near as practicable to an integral multiple of \$100,000. The number of Undivided Interests hereunder at any one time, after giving effect to any Purchase, division or combination, shall not exceed 5.

SECTION 1.07. Limitation of Ownership Interest. Nothing in this Agreement shall be interpreted as providing any Purchaser with an ownership interest in any Receivables that are not Pool Receivables.

ARTICLE II

UNDIVIDED INTEREST AND PURCHASERS' SHARE

SECTION 2.01. Undivided Interest. For purposes of this Agreement, "Undivided Interest" means, at any time, an undivided percentage ownership interest at such time in (i) all then outstanding Pool Receivables, (ii) all Related Security with respect to such Pool Receivables, and (iii) all Collections with respect to, and other proceeds of, such Pool Receivables. Such undivided percentage interest for any time for such Undivided Interest shall be computed as:

$$\begin{array}{rcl} \text{PA} & = & \text{PI} + \text{LR} \\ \text{---} & & \text{-----} \\ \text{NPB} & & \text{NPB} \end{array}$$

where:

PA = Participation Amount of such Undivided Interest = PI + LR;

PI = the Purchasers' Investments as to such Undivided Interest at the time of such computation, as determined per Section 2.03;

LR = the Loss Reserve as to such Undivided Interest, if any, at the time of such computation, as determined per Section 2.04; and

NPB = the Net Pool Balance at the time of such computation, as determined per Section 2.07.

The "related" Undivided Interest with respect to any of the foregoing items shall mean the Undivided Interest as to which such item is calculated. The then sum of all Participation Amounts of all Undivided Interests shall constitute "Aggregate

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Participation Amounts". Each Purchaser shall own its Percentage of each Undivided Interest, and any reference to a Purchaser's Undivided Interest shall refer to such Percentage thereof.

SECTION 2.02. Frequency of Computation of Undivided Interest. Each Undivided Interest shall be initially computed as of the opening of business of Servicer on the date of Purchase of such Undivided Interest from Sellers. Thereafter until such Undivided Interest shall be reduced to zero, such Undivided Interest shall be deemed to be automatically recomputed as of the close of business of Servicer on each day, and such Undivided Interest shall constitute the percentage ownership interest in Pool Receivables on such date held by the Purchasers with respect to such Undivided Interest. Such Undivided Interest shall become zero at such time as the Purchasers shall have received the Earned Discount for such Undivided Interest, shall have recovered the related Purchasers' Investments and shall have received all other amounts payable to Purchasers pursuant to this Agreement, and Servicer shall have received the accrued Servicer's Fee for such Undivided Interest. Such Undivided Interest shall remain constant from the time as of which any such computation or recomputation is made until the time as of which the next such recomputation, if any, shall be made.

SECTION 2.03. Purchasers' Investment. "Purchasers' Investments" as to any Undivided Interest means an amount equal to the original amount paid to Sellers for such Undivided Interest at the time of its acquisition by Purchasers pursuant to Sections 1.01 and 1.04 and by Reinvestments pursuant to Section 3.01, reduced from time to time by Collections received and distributed on account of such Purchasers' Investments pursuant to Sections 3.01 and 3.02. Each Purchaser's "Outstanding Investment" as to any Undivided Interest means an amount equal to such Purchaser's Percentage of the Purchasers' Investments as to such Undivided Interest. Each Purchaser's "Total Investment" at any time means the sum of all of such Purchaser's Outstanding Investments for all Undivided Interests. The "related" Purchasers' Investments with regard to a Yield Period or Undivided Interest means the Purchasers' Investments calculated with regard to such Yield Period or Undivided Interest, as the case may be. The then sum of the Dollar amount of all Purchasers' Investments for all Undivided Interests shall constitute "Aggregate Purchasers' Investments".

SECTION 2.04. Loss Reserve. The "Loss Reserve" for a related Undivided Interest means, at any time (i) prior to the occurrence of a Termination Event, zero, and (ii) after the occurrence and during the continuance of a Termination Event, an amount determined as follows:

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$$LR = RP \times PI$$

where:

LR = the Loss Reserve of such Undivided Interest at the time of computation;

PI = the Purchasers' Investments of such Undivided Interest on such day, as determined pursuant to Section 2.03; and

RP = the Recourse Percentage on such day.

If the Aggregate Participation Amounts exceed the Participation Amount Limit on the day on which a Termination Event occurs after giving effect to the inclusion of the Loss Reserve as set forth above, Sellers jointly and severally, on a recourse basis, agree to deposit into the Agent's Account an amount equal to such excess; such amounts shall be held by the Agent for the benefit of the Purchasers, and shall be applied to reduce Purchasers' Investments on the next occurring Settlement Date(s).

SECTION 2.05. Earned Discount. The "Earned Discount" for any Undivided Interest for each day in a related Yield Period means an amount determined as follows:

$$ED = PI \times DR \times 1/360;$$

where:

ED = Earned Discount of such Undivided Interest at the time of computation;

PI = the Purchasers' Investments of such Undivided Interest on such day, as determined pursuant to Section 2.03; and

DR = the Discount Rate for such Undivided Interest on such day during such Yield Period, as determined pursuant to Section 2.07.

Notwithstanding any other provision of this Agreement to the contrary, Earned Discount shall be a joint and several recourse obligation of the Sellers. No provision of this Agreement or the Certificates shall require the payment or permit the collection of Earned Discount in excess of the maximum permitted by applicable law. Earned Discount for any Undivided Interest shall not be considered paid by any distribution if at any time such distribution is rescinded or must otherwise be returned for any reason.

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SECTION 2.06. Servicer's Fee. The "Servicer's Fee" for any Undivided Interest at any time means (i) an amount accrued for each day equal to 1.00% per annum times the amount of the related Purchasers' Investments at the close of business on such day, times 1/360; or (ii) on Servicer's reasonable request from and after any time that API shall no longer be Servicer, an alternative amount charged by Servicer to perform its obligations under this Agreement. Notwithstanding any other provision to this Agreement to the contrary, Servicer's Fee shall be a joint and several recourse obligation of the Sellers.

SECTION 2.07. Certain Definitions. For purposes hereof, the following terms shall have the meanings as indicated:

"Bank Rate" for any Yield Period for the related Undivided Interest means an interest rate per annum equal to the Eurodollar Rate (Reserve Adjusted) for such Yield Period; provided, however, that if it shall become unlawful for the Agent to obtain funds in the interbank eurodollar market in order to make, fund or maintain any Purchase hereunder, or if such funds shall not be reasonably available to the Agent, then the "Bank Rate" for any Yield Period for such Undivided Interest shall be equal to the Alternate Reference Rate for such Yield Period.

"Discount Rate" for any Yield Period for any related Undivided Interest (or portion thereof) means:

(a) in the case of an Undivided Interest (or portion thereof) other than one referred to in clause (b), the sum of (1) the Bank Rate for such Undivided Interest (or such portion) for such Yield Period plus (2) the then applicable Spread; and

(c) in the case of an Undivided Interest (or portion thereof) funded at a time when a Termination Event or Unmatured Termination Event has occurred and is continuing, a rate per annum equal for each day during such Yield Period to the Alternate Reference Rate in effect on such day plus 2% per annum.

"Net Pool Balance" means at any time the Unpaid Balance of the Eligible Receivables in the Receivables Pool at such time, as reduced by (i) the sum of the aggregate amount by which the Unpaid Balance of all Pool Receivables of each Obligor exceeds the Concentration Limit for such Obligor at such time and (ii) the outstanding amounts payable by WLI to Arredi Tecnici Villa S.p.A. at such time. For purposes hereof, "Concentration Limit" for any Obligor means at any time the greater of (x) the Special Concentration Limit for such Obligor and (y) 2.5% of the aggregate Unpaid Balance of the Eligible Receivables in the Receivables Pool at such time. "Special Concentration Limit" for

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any Obligor means the amount designated for such Obligor on Schedule IC or the amount designated as such by the Agent in a writing delivered to Sellers' Representative; it being understood and agreed that the Agent, in setting any Special Concentration Limit for any Obligor, shall be entitled to consider, among other things, the credit exposure of each Purchaser to such Obligor arising in connection with this Agreement and other agreements to which such Purchaser is a party; provided that the Agent may change the Special Concentration Limit for any Obligor, at the Agent's sole discretion, at any time by written notice thereof to the Sellers' Representative. In the case of any Obligor that is an Affiliate of any other Obligor (an "Affiliated

Obligor"), the Concentration Limit, the Special Concentration Limit and the Receivables related thereto shall be calculated as if such Obligor and such Affiliated Obligor were one Obligor.

"Spread" means (i) at any time that the Debt to Capital Ratio exceeds 50%, 0.45% per annum and (ii) at all other times, 0.30% per annum.

SECTION 2.08. Purchasers' Share. "Purchasers' Share" of any Undivided Interest with regard to any Collections of Pool Receivables received (or deemed received) by any Seller or Servicer on any day shall be determined as an amount equal to such Collections, times:

(a) if such day is not a Liquidation Day, such Undivided Interest on such day expressed as a decimal, and

(b) if such day is a Liquidation Day, either (i) such Undivided Interest on the day immediately preceding the first Liquidation Day to have occurred during the then current Liquidation Period or (ii) if higher, upon the request of the Agent, such Undivided Interest on such Liquidation Day;

provided that after such time as an Undivided Interest shall equal zero the Purchasers' Share of Collections therefor shall also equal zero.

ARTICLE III

SETTLEMENTS

SECTION 3.01. Non-Liquidation Settlement Procedures for Collections. (a) Daily Procedure. On each day (other than a Liquidation Day) with regard to each Yield Period for each Undivided Interest, Servicer shall deem an amount equal to Purchasers' Share (as determined in Section 2.08) of Collections

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of Pool Receivables received or deemed received on such day to be received in respect of such Undivided Interest; and

(i) out of Purchasers' Share of such Collections of Pool Receivables in respect of such Undivided Interest, hold in trust for the benefit of Purchasers an amount equal to the Earned Discount and Servicer's Fee accrued through such day for such Undivided Interest and not previously so held for the benefit of Purchasers or paid by the Sellers,

(ii) apply an amount equal to the remainder of Purchasers' Share of such Collections (the "Remaining Collections") to reduce the Purchasers' Investments of such Undivided Interest (it being understood that such amount need not be physically paid to the Agent or the Purchasers under this clause (ii)),

(iii) after such reduction, apply such Remaining Collections to the Reinvestment, for the benefit of Purchasers, of additional undivided interests in Pool Receivables by recomputation of such Undivided Interest pursuant to Section 2.02 as of the end of such day, thereby increasing the related Purchasers' Investments, and

(iv) pay to Sellers' Representative such Remaining Collections.

The recomputed Undivided Interest shall constitute the percentage ownership interest in Pool Receivables on such day held by Purchasers with regard to such Undivided Interest.

(b) Settlement Date Procedure. On each Settlement Date for each Undivided Interest, for each day in the related Yield Period that is not a Liquidation Day for such Undivided Interest, Servicer shall deposit to the Agent's Account, the amounts set aside as described in Section 3.01(a)(i); it being understood that in the event that the amounts so set aside are insufficient to satisfy in full the Earned Discount and accrued Servicer's Fee payable with respect to such Undivided Interest, Sellers, jointly and severally, agree to deposit such deficit to the Agent's Account on such Settlement Date.

(c) Order of Application. Upon receipt by the Agent of funds distributed pursuant to subsection (b), the Agent shall distribute to each Purchaser such Purchaser's Percentage of such funds in payment of the Earned Discount on such Purchaser's Outstanding Investment related to such Undivided Interest and to Servicer in payment of the accrued Servicer's Fee payable with respect to such Undivided Interest. If there shall be insufficient funds on

deposit for the Agent to distribute funds in payment in full of the aforementioned amounts, the Agent shall

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distribute funds, first, to Purchasers in payment of the Earned Discount for such Undivided Interest, and second, in payment of the accrued Servicer's Fee payable with respect to such Undivided Interest.

SECTION 3.02. Liquidation Settlement Procedures for Collections.

(a) Daily Procedure. On each Liquidation Day with regard to each Yield Period for each Undivided Interest, Servicer shall set aside and hold in trust for Purchasers, Purchasers' Share of the Collections of Pool Receivables in respect of such Undivided Interest for such Liquidation Day by depositing such Collections within one Business Day of Servicer's receipt of good funds therefor into a bank account acceptable to the Agent located at PNC Bank in which no other funds shall be deposited.

(b) Settlement Date Procedure. On each Settlement Date for each Undivided Interest, if one or more Liquidation Days for such Undivided Interest occurs during the related Yield Period, Servicer shall deposit to the Agent's Account the amounts set aside pursuant to Section 3.02(a) and Sellers shall deposit to the Agent's Account the Earned Discount for such Undivided Interest, the Servicer's Fee payable with respect to such Undivided Interest and all other amounts owed by Sellers to the Purchasers hereunder, provided that the aggregate amount of such deposits shall not exceed the sum of (i) the Earned Discount for such Undivided Interest, (ii) the related Purchasers' Investments of such Undivided Interest, (iii) the aggregate of other amounts owed hereunder by Sellers to the Purchasers, and (iv) the accrued Servicer's Fee payable with respect to such Undivided Interest. Any amounts set aside pursuant to Section 3.02(a) and not required to be deposited to the Agent's Account pursuant to the next preceding sentence shall be held for application to the next maturing Undivided Interest.

(c) Order of Application. Upon receipt of funds deposited to the Agent's Account pursuant to Section 3.02(b), the Agent shall distribute (i) to each Purchaser, its Percentage of such funds (A) in payment of such Purchaser's Percentage of the Earned Discount for such Undivided Interest, (B) in reduction of the related Purchaser's Outstanding Investment and (C) in payment of any other amounts owed by Sellers hereunder to such Purchaser, in each case until reduced to zero, and (ii) any remaining funds to Servicer in payment of the accrued Servicer's Fee payable with respect to such Undivided Interest, also until reduced to zero. If there shall be insufficient funds on deposit for the Agent to distribute funds in payment in full of the aforementioned amounts, the Agent shall distribute funds, first, in payment of the Earned Discount for such Undivided Interest, second, in reduction of related Purchasers' Investments, third, in payment of other amounts payable to Purchasers, and fourth, in payment of

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the Servicer's Fee payable with respect to such Undivided Interest.

SECTION 3.03. General Settlement Procedures; Reduction of Purchaser's Investment.

(a) Deemed Collections. If on any day the Unpaid Balance of any Pool Receivable is (i) reduced as a result of any defective, rejected or returned merchandise or services, any cash discount, or any adjustment by any Seller or any Affiliate of any Seller (other than any adjustment permitted by Section 8.02(a)(i) unless the Agent shall reasonably object thereto within 30 days of being informed thereof) or (ii) reduced or cancelled as a result of a setoff in respect of any claim by the Obligor thereof against any Seller or any Affiliate of any Seller or any other Person (whether such claim arises out of the same or a related or an unrelated transaction), or (iii) reduced on account of the obligation of any Seller to pay to the related Obligor any rebate or refund, such Seller shall be deemed to have received on such day a Collection of such Receivable in the amount of such reduction or cancellation. If on any day any of the representations or warranties of any Seller set forth in Section 6.01(l) or (p) is no longer true with respect to a Pool Receivable, such Seller shall be deemed to have received on such day a Collection of such Pool Receivable in full.

(b) Unreinvested Collections. Collections that may not be reinvested by means of Reinvestments in an Undivided Interest on account of the application of the Participation Amounts Limit or the Purchase Limit pursuant to Section 2.01 shall be so reinvested as soon as practicable without violating such Participation Amounts Limit or Purchase Limit, as the case may be. To the extent and so long as such Collections may not be so reinvested, Servicer shall

hold such Collections in trust for the benefit of the Purchasers, for payment to the Agent on the Settlement Date for the Yield Period in which such Collections are accumulated, and the related Purchasers' Investments as to such Undivided Interest shall be deemed reduced in the amount to be paid to the Agent only when in fact so paid. During any Liquidation Period, upon one Business Day's written notice given by the Agent to Sellers' Representative, Servicer shall pay in immediately available funds such Collections to the Agent within one Business Day of receipt thereof by Servicer.

(c) Allocations of Obligor's Payments. Except as provided in Section 3.03(a) or as otherwise required by law or the underlying Contract, all Collections received from an Obligor of any Receivable shall be applied to Receivables then outstanding of such Obligor in the order of the age of such Receivables, starting with the oldest such Receivable, except if payment is designated by such Obligor for application to specific

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Receivables, in which case it shall be applied to such specified Receivables.

SECTION 3.04. Credit Recourse. As of the last day of each calendar month (a "Month End Date") during which a Liquidation Day has occurred, the "Recourse Amount" shall be an amount equal to the Recourse Percentage of the Aggregate Purchasers' Investments as of such Month End Date, if such Month End Date is the first date on which such Recourse Amount is being calculated, or the Recourse Amount as of the previous Month End Date in all other circumstances, minus the Unpaid Balances on such current Month End Date of Receivables that became Defaulted Receivables prior thereto (and on account of which the Recourse Amount had not been previously debited ("Recourse Unpaid Balances")) unless the Agent has notified Sellers' Representative in writing two Business Days' before such current Month End Date to refrain from so debiting the Recourse Amount with respect to any Defaulted Receivable, plus the Unpaid Balances on such current Month End Date of all Receivables that were previously debited in the calculation of the Recourse Amount on account of being Defaulted Receivables but were no longer Defaulted Receivables on such current Month End Date plus all Collections received or deemed received by any Seller or Servicer during such month then ending on account of Defaulted Receivables that had previously been debited in the calculation of the Recourse Amount, provided that, the Recourse Amount shall never exceed 100% of Aggregate Participation Amounts.

Sellers shall be deemed to have received Collections on each Month End Date for a month in which a Liquidation Day has occurred in an amount equal to the amount of the Recourse Unpaid Balances referred to above, but solely to the extent that, after giving effect to the credits above, the Recourse Amount does not become a negative number; provided that if the Loss Reserve is greater than zero, and Sellers have made the payment required by the last sentence of Section 2.04, Sellers shall have no obligation to make payments of deemed Collections pursuant to this Section 3.04. Such Collections shall be in addition to the Collections actually received on such date.

SECTION 3.05. Reporting. Prior to the twenty-fifth calendar day in each month (each a "Reporting Date") Servicer shall prepare and forward to the Agent for each Purchaser a Periodic Report, relating to each Undivided Interest, as of the close of business of Servicer on the next preceding Month End Date, including an aging of each Seller's Pool Receivables. At or prior to the day Servicer is required to make a deposit with respect to a Settlement Period pursuant to Section 3.01 or 3.02, Seller will advise the Agent of each Liquidation Day occurring during such Settlement Period and of the allocation of the amount of such deposit to each outstanding Undivided Interest; provided,

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however, that if API is not Servicer, API shall advise Servicer of the occurrence of each such Liquidation Day occurring during such Settlement Period at or prior to such Liquidation Day.

SECTION 3.06. Payments and Computations, Etc. All amounts to be paid or deposited by Sellers hereunder shall be paid or deposited in accordance with the terms hereof no later than 12:00 noon (Pittsburgh time) on the day when due in lawful money of the United States of America in immediately available funds to a special account in the name of the Agent, attention: Commercial Loan Operations, and maintained at PNC Bank's office at Fifth Avenue and Wood Street, Pittsburgh, Pennsylvania 15265, (the "Agent's Account"). Sellers, jointly and severally, or Servicer, as applicable, shall, to the extent permitted by law, pay to the Agent interest on all amounts not paid or deposited when due hereunder at 2% per annum above the Alternate Reference Rate, payable on demand, provided, however, that such interest rate shall not at any time exceed the maximum rate permitted by applicable law. Such interest

shall be retained by the Agent except to the extent that such failure to make a timely payment or deposit has continued beyond the date for distribution by the Agent of such overdue amount to the Purchasers, in which case such interest accruing after such date shall be for the account of, and distributed by the Agent, to the Purchasers ratably in accordance with their respective interests in such overdue amount. All computations of interest and all computations of Earned Discount and fees hereunder shall be made on the basis of a year of 360 days for the actual number of days (including the first but excluding the last day) elapsed.

SECTION 3.07. Dividing or Combining Undivided Interests.

(a) Division of Undivided Interests. Sellers' Representative may, on notice received by the Agent not later than 12:00 noon (Pittsburgh time) two Business Days before the last day of any Yield Period for any then existing Undivided Interest, divide such existing Undivided Interest on such last day into two or more new Undivided Interests, each such new Undivided Interests having Purchasers' Investments as designated in such notice and all such new Undivided Interests collectively having aggregate Purchasers' Investments equal to the Purchasers' Investments of such existing Undivided Interest.

(b) Combination of Undivided Interests. Sellers' Representative may, on notice received by the Agent not later than 12:00 noon (Pittsburgh time) two Business Days before the last day of any Yield Period for two or more existing Undivided Interests, or before the date of any proposed Purchase of an Undivided Interest pursuant to Sections 1.01 and 1.04, on such

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last day or such date of Purchase, as the case may be, combine into one new Undivided Interest such existing and/or proposed Undivided Interests or any combination thereof, such new Undivided Interest having Purchasers' Investments equal to the aggregate Purchasers' Investments of such Undivided Interests so combined.

(c) Effect of Division or Combination. On and after any division or combination of Undivided Interests as described above, each of the new Undivided Interests resulting from such division, or the new Undivided Interest resulting from such combination, as the case may be, shall be a separate Undivided Interest having Purchasers' Investments as set forth above, and shall take the place of such existing Undivided Interest or Undivided Interests or proposed Undivided Interest, as the case may be, in each case under and for all purposes of this Agreement.

SECTION 3.08. Treatment of Collections and Deemed Collections.

Each Seller shall forthwith deliver to Servicer all Collections deemed received by such Seller pursuant to Sections 3.03(a) and 3.04 and such Seller shall hold or distribute such Collections as Earned Discount, accrued Servicer's Fee, repayment of Purchasers' Investments, etc. to the same extent as if such Collections had actually been received on such date. If Collections are then being paid to the Agent, or lock boxes or accounts directly or indirectly owned or controlled by the Agent, Servicer shall forthwith cause such deemed Collections to be paid to the Agent or such lock boxes or accounts. So long as any Seller shall hold any Collections or deemed Collections required to be paid to Servicer or the Agent, it shall hold such Collections in trust and separate and apart from its own funds and shall clearly mark its records to reflect such trust.

SECTION 3.09. Repurchases for Administrative Convenience.

If on the last day of a Yield Period with respect to any Undivided Interest, the Purchasers' Investments equal or are less than 10% of the greatest amount of Aggregate Purchasers' Investments at any time prior to such last day, Sellers shall be entitled to repurchase all of the Undivided Interests from Purchasers on the respective Settlement Date. Sellers' Representative shall give the Agent at least three Business Days' prior written notice of such repurchase and upon payment of the repurchase price therefor, as hereinafter provided, the Purchasers shall be obligated to reconvey their entire interest in such Undivided Interest to the Seller or Sellers designated by Sellers' Representative pursuant to an assignment acceptable to the parties, but without representation or warranty except that the interest assigned is free of offset, liens and other encumbrances created by the assignor. Sellers, jointly and severally, shall pay such repurchase price in cash to the Agent

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in an amount equal to, for each Undivided Interest, the sum of (i) Earned Discount for such Undivided Interest, (ii) the related Purchasers' Investments

therefor, (iii) the aggregate of other amounts then owed hereunder by Sellers to the Purchasers, and (iv) the accrued Servicer's Fee payable with respect to such Undivided Interest. Upon receipt of the aforesaid repurchase price with regard to each Undivided Interest, the Agent shall distribute it (i) to Purchasers (pro rata based on their respective Percentages) (a) in payment of the Earned Discount for such Undivided Interest, (b) in reduction of the related Purchasers' Investments and (c) in payment of any other amounts owed by Sellers hereunder to Purchasers, in each case until reduced to zero, and (ii) to Servicer in payment of the accrued Servicer's Fee payable with respect to such Undivided Interest, also until reduced to zero.

SECTION 3.10 Sale of a Seller. In the event that API shall desire to sell any Seller (other than API) to any person (the "Acquiring Entity"), then, if the Agent shall so request, as a condition to the effectiveness of such sale, API shall require the Acquiring Entity to purchase the Pool Receivables generated by such Seller, on the last day of a Yield Period, for a purchase price, in cash, in an amount equal to (i) the Purchasers' Investments related to such Pool Receivables, (ii) Earned Discount on such portion of Purchasers' Investments, (iii) the accrued Servicer's Fee payable with respect to such portion of Purchasers' Investments and (iv) in the event that the Purchasers' Investments with respect to Pool Receivables generated by such Seller is greater than the Purchasers' Investments related to the Yield Period maturing on the date of repurchase, any costs incurred by Purchasers as a result of prepaying such excess portion of the Purchasers' Investments prior to the last day of a Yield Period. Upon receipt of the aforesaid repurchase price, the Agent shall distribute (i) to the Purchasers (pro rata based on their respective Percentages) (a) in payment of the Earned Discount for the related Purchasers' Investments and (b) in reduction of the related Purchasers' Investments (beginning with that portion related to the Yield Period ending on the date of repurchase, and then to the Purchasers' Investments related to the Yield Period next maturing), (ii) to Servicer in payment of the accrued Servicer's Fee payable with respect to such Purchasers' Investments, to the extent paid. In the event that API sells a Seller without the occurrence of such repurchase, then, notwithstanding the limitations on the Recourse Amount set forth in Section 3.04, API shall repurchase any Defaulted Receivable originally generated by such Seller.

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ARTICLE IV

FEEES AND YIELD PROTECTION

SECTION 4.01. Fees. (a) Arrangement Fee. Sellers shall pay to the Agent for its own account an arrangement fee as set forth in the letter from PNC Bank to API dated August 5, 1994 ("Arrangement Fee").

(b) Commitment Fee. From the date of the initial Purchase until the Commitment Termination Date, Sellers, jointly and severally, shall pay to each Purchaser a commitment fee ("Commitment Fee") for each day in such period equal to (x) 0.15% per annum (or, if the Debt to Capital Ratio exceeds 50%, 0.20% per annum) times (y) the excess, if any, of such Purchaser's Percentage of the Purchase Limit over such Purchaser's Total Investments on such day divided by (z) 360. Such Commitment Fee shall be paid in arrears, on each Month End Date and on the Commitment Termination Date, in the amount of such Commitment Fee that shall have accrued during the monthly or other period then ending for which no such fee shall have been paid.

SECTION 4.02. Yield Protection. (a) If (i) Regulation D of the Board of Governors of the Federal Reserve System or (ii) any Regulatory Change occurring after the date hereof

(A) shall subject an Affected Party to any tax, duty or other charge with respect to any Undivided Interest or Interests owned by or funded by it, its Certificate, if any, or any obligations or right to make Purchases or Reinvestments or to provide funding therefor, or shall change the basis of taxation of payments to the Affected Party of any Purchaser's Investments or Earned Discount made by or owed to or funded by it or any other amounts due under this Agreement in respect of any Undivided Interests owned by or funded by it or its obligations or rights, if any, to make Purchases or Reinvestments or to provide funding therefor (except for changes in the rate of tax on the overall net income of such Affected Party imposed by the United States of America or the jurisdiction in which such Affected Party's principal executive office is located); or

(B) shall impose, modify or deem applicable any reserve (including, without limitation, any reserve imposed by the Board of Governors of the Federal Reserve System, but excluding any reserve included in the determination of Earned Discount), special deposit or similar requirement against assets of, deposits or obligations with or for the account of (or with or for the account of any affiliate of),

or credit extended by, any Affected Party; or

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(C) shall change the amount of capital maintained or required or requested or directed to be maintained by such Affected Party; or

(D) shall impose any other condition affecting any Undivided Interests owned or funded by any Affected Party, its Certificates, if any, or its obligations or rights, if any, to make Purchases or Reinvestments or to provide funding therefor;

and the result of any of the foregoing is or would be

(x) to increase the cost to or to impose a cost on (I) an Affected Party funding or making or maintaining any Purchases or Reinvestments, or any commitment of such Affected Party with respect to any of the foregoing, or (II) the Agent for continuing its, or any Seller's, relationship with any Purchaser,

(y) to reduce the amount of any sum received or receivable by an Affected Party under this Agreement or under its Certificates, or

(z) in the reasonable determination of such Affected Party, to reduce the rate of return on the capital of an Affected Party as a consequence of its obligations hereunder or arising in connection herewith to a level below that which any such Affected Party could otherwise have achieved,

then within thirty days after demand by such Affected Party, each Seller, jointly and severally, shall pay directly to such Affected Party its pro rata share of such additional amount or amounts as will compensate such Affected Party for such additional or increased cost or such reduction.

(b) Each Affected Party will promptly notify Sellers' Representative and the Agent of any event of which it has knowledge occurring after the date hereof which will entitle such Affected Party to compensation pursuant to this Section 4.02; provided, however, no failure to give or delay in giving such notification shall adversely affect the rights of any Affected Party to such compensation; provided, further, however that no Affected Party shall be entitled to claim additional amounts pursuant to this Section 4.02 for any period occurring more than 120 days prior to the date of demand.

(c) In determining any amount provided for in this Section 4.02, the Affected Party may use any reasonable averaging and attribution methods that it shall deem applicable. Any Affected Party when making a claim under this Section 4.02 shall submit to Sellers' Representative a statement as to such increased cost or

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reduced return (including calculation thereof in reasonable detail), which statement shall, in the absence of manifest error, be conclusive and binding upon the Sellers.

ARTICLE V

CONDITIONS OF PURCHASES

SECTION 5.01. Conditions Precedent to Initial Purchase. The initial Purchase hereunder is subject to the condition precedent that the Agent shall have received on or before the date of such Purchase the following, each (unless otherwise indicated) dated such date, in form and substance satisfactory to the Agent:

(a) A Certificate duly executed by each Seller;

(b) A copy of the resolutions of the Board of Directors of each Seller approving this Agreement, the Certificate(s) and the other Agreement Documents to be delivered by it hereunder and the transactions contemplated hereby, certified by its Secretary or Assistant Secretary;

(c) Good standing certificates for each Seller issued by the Secretaries of State of Wisconsin and Massachusetts, as appropriate;

(d) A certificate of the Secretary or Assistant Secretary of each

Seller certifying the names and true signatures of the officers authorized on its behalf to sign this Agreement, the Certificate and the other Agreement Documents to be delivered by it hereunder (on which certificate the Agent and each Purchaser may conclusively rely until such time as the Agent shall receive from such Seller a revised certificate meeting the requirements of this subsection (d));

(e) The Articles of Incorporation of each Seller, duly certified by the Secretary of State of Wisconsin or Massachusetts, as appropriate, as of a recent date acceptable to Agent, together with a copy of the By-laws of each Seller, duly certified by the Secretary or an Assistant Secretary of such Seller;

(f) Acknowledgment copies of proper Financing Statements (Form UCC-1), filed on or prior to the date of the initial Purchase, naming each Seller as an assignor of Receivables or an undivided interest therein and the Agent, for the benefit of the Purchasers, as assignee, or other, similar instruments or documents, as may be necessary or, in the opinion of the Agent, desirable under the UCC or any comparable law of all appropriate

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jurisdictions to perfect Purchasers' ownership interests in all Undivided Interests in which an interest may be assigned to it hereunder;

(g) A search report provided in writing to the Agent by LEXIS Document Services, listing all effective financing statements that name any Seller as debtor and that are filed in the jurisdictions in which filings were made pursuant to subsection (f) above, together with copies of such financing statements (none of which shall cover any Receivables or Contracts);

(h) Duly executed copies of Lock-Box Notices to each of the Lock-Box Banks;

(i) A favorable opinion of Quarles & Brady, counsel to Sellers, in substantially the form of Exhibit 5.01(i);

(j) Such powers of attorney as the Agent shall reasonably request to enable Agent to collect all amounts due under any and all Pool Receivables;

(k) Evidence of the payment of the Arrangement Fee; and

(l) Duly executed copy of Part I of a Periodic Report together with a completed Schedule I thereto calculated as of July 31, 1994.

SECTION 5.02. Conditions Precedent to All Purchases and Reinvestments. Each Purchase (including the initial Purchase) hereunder and the right of Servicer to reinvest in Pool Receivables, on behalf of Purchasers, those Collections allocable to an Undivided Interest pursuant to Section 3.01 shall be subject to the further conditions precedent ("Conditions Precedent") that on the date of such Purchase or Reinvestment the following statements shall be true (and each Seller by accepting the amount of such Purchase, or a portion thereof, or by receiving the proceeds of such Reinvestment, or a portion thereof, shall be deemed to have certified that):

(i) The representations and warranties contained in Section 6.01 are correct on and as of such day as though made on and as of such day and shall be deemed to have been made on such day,

(ii) No event has occurred and is continuing, or would result from such Purchase or Reinvestment, which constitutes a Termination Event or Unmatured Termination Event,

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(iii) After giving effect to each proposed Purchase or Reinvestment, Aggregate Purchasers' Investments will not exceed the Purchase Limit and Aggregate Participation Amounts will not exceed the Participation Amounts Limit, and

(iv) The Commitment Termination Date shall not have occurred.

The absence of the occurrence of an Unmatured Termination Event shall not be a Condition Precedent to (i) any Reinvestment being made with the proceeds of Collections that were, on the same day, applied in reduction of the Purchasers' Investments, or (ii) any other Reinvestment or any Purchase on any day which does not cause the Aggregate Purchasers' Investments, after giving effect to such Reinvestment or Purchase (and any Reinvestment referred to in clause (i)

next above) to exceed the Aggregate Purchasers' Investments as of the opening of business on such day.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES

SECTION 6.01. Representations and Warranties of Sellers. Each Seller represents and warrants as follows:

(a) Organization and Good Standing. Such Seller is validly existing as a corporation in good standing under the laws of the State of its incorporation, with power and authority to own its properties and to conduct its business as such properties are presently owned and such business is presently conducted, and had at all relevant times, and now has, all necessary power, authority, and legal right to acquire and own the Pool Receivables.

(b) Due Qualification. Such Seller is duly qualified to do business as a foreign corporation in good standing, and has obtained all necessary licenses and approvals, in all jurisdictions where the failure to preserve and maintain such qualification, licenses or approvals would materially adversely affect (i) the interests of the Agent or any Purchaser hereunder, (ii) the ability of such Seller or Servicer to perform their respective obligations hereunder or (iii) the validity or enforceability of any Pool Receivable.

(c) Power and Authority; Due Authorization. Such Seller has (i) all necessary power, authority and legal right to (A) execute and deliver this Agreement and the documents to be executed and delivered in connection herewith (together, the "Agreement Documents"), (B) carry out the terms of the Agreement Documents, (C) sell and assign Undivided Interests on the terms

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and conditions herein provided and (ii) duly authorized such sale and assignment to Purchasers by all necessary corporate action; and such Seller has duly authorized by all necessary corporate action the execution, delivery, and performance of this Agreement and the other Agreement Documents.

(d) Valid Sale; Binding Obligations. This Agreement constitutes a valid sale, transfer, and assignment of the Undivided Interests to Purchasers, enforceable against creditors of, and purchasers from, such Seller; and this Agreement constitutes, and each other Agreement Document to be signed by such Seller when duly executed and delivered will constitute, a legal, valid and binding obligation of such Seller enforceable in accordance with its terms, except, in the case of all the foregoing clauses, as enforceability may be limited by bankruptcy, insolvency, reorganization, or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law.

(e) No Violation. The consummation of the transactions contemplated by this Agreement and the other Agreement Documents and the fulfillment of the terms hereof will not conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time) a default under, the articles of incorporation or by-laws of such Seller, or any indenture, loan agreement, mortgage, deed of trust, or other material agreement or instrument to which such Seller is a party or by which it is bound, or result in the creation or imposition of any Adverse Claim upon any of its properties pursuant to the terms of any such indenture, loan agreement, mortgage, deed of trust, or other agreement or instrument, other than this Agreement, or violate any law or any order, rule, or regulation applicable to such Seller of any court or of any federal or state regulatory body, administrative agency, or other governmental instrumentality having jurisdiction over such Seller or any of its properties.

(f) No Proceedings. There are no proceedings or investigations pending, or, to such Sellers' knowledge, threatened, before any court, regulatory body, administrative agency, or other tribunal or governmental instrumentality (A) asserting the invalidity of this Agreement or any other Agreement Document, (B) seeking to prevent the issuance of the Certificates or the consummation of any of the transactions contemplated by this or any other Agreement Document, (C) seeking any determination or ruling that might materially and adversely affect (i) the performance by such Seller or Servicer of its obligations under this Agreement, or (ii) the validity or enforceability of this Agreement, the Certificates, any other Agreement Document, the Receivables or the Contracts or (D)

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seeking to adversely affect the federal income tax attributes of the Certificates.

(g) Bulk Sales Act. No transaction contemplated hereby requires compliance with any bulk sales act or similar law.

(h) Government Approvals. No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by such Seller of this Agreement, the Certificates or any other Agreement Document except for the filing of the UCC Financing Statements referred to in Article V, all of which, at the time required in Article V, shall have been duly made and shall be in full force and effect.

(i) Financial Condition. (x) The consolidated balance sheets of API and its consolidated subsidiaries as at August 31, 1993, and the related statements of income, shareholders' equity and cash flows of API and its consolidated subsidiaries for the fiscal year then ended certified by Deloitte Touche, independent accountants, and the consolidated balance sheets of API and its consolidated subsidiaries as at May 31, 1994, and the related statements of income, shareholders' equity and cash flows of API and its consolidated subsidiaries for the nine month period then ended, copies of which have been furnished to the Agent, fairly present the consolidated financial position of API and its consolidated subsidiaries as at such date and the consolidated results of the operations of API and its consolidated subsidiaries for the period ended on such date, all in accordance with GAAP consistently applied, and (y) since August 31, 1993 there has been no material adverse change in the financial condition, business, business prospects or operations of any Seller or of API and its consolidated subsidiaries, taken as a whole, except as described in Exhibit 6.01(i).

(j) Litigation. No injunction, decree or other decision has been issued or made by any court, government or agency or instrumentality thereof that prevents, and, to such Seller's knowledge, no threat by any Person has been made to attempt to obtain any such decision that would prevent, such Seller from conducting a significant part of its business operations except as described in Exhibit 6.01(j).

(k) Margin Regulations. The use of all funds acquired by Sellers under this Agreement will not conflict with or contravene any of Regulations G, T, U and X promulgated by the Board of Governors of the Federal Reserve System from time to time.

(l) Quality of Title. Each Pool Receivable related to such Seller, together with the related Contract and all purchase orders and other agreements related to such Pool Receivable, is

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owned by such Seller, free and clear of any Adverse Claim (other than any Adverse Claim arising solely as the result of any action taken by a Purchaser or by the Agent) except as provided herein and when a Purchaser makes a Purchase it shall have acquired and shall continue to have maintained a valid and perfected first priority undivided percentage ownership interest to the extent of its Percentage of the Undivided Interest in each Pool Receivable, and in the Related Security and Collections with respect thereto, free and clear of any Adverse Claim (other than any Adverse Claim arising solely as the result of any action taken by a Purchaser or by the Agent) except as provided hereunder; and no effective financing statement or other instrument similar in effect covering any Pool Receivable, any interest therein, the Related Security or Collections with respect thereto is on file in any recording office except such as may be filed in favor of such Seller in accordance with the Contracts, in favor of the Agent, for the benefit of the Purchasers in accordance with this Agreement or in connection with any Adverse Claim arising solely as the result of any action taken by a Purchaser or by the Agent.

(m) Accurate Reports. No Periodic Report (if prepared by such Seller, or to the extent that information contained therein was supplied by such Seller), information, exhibit, financial statement, document, book, record or report furnished or to be furnished by any Seller to the Agent or any Purchaser in connection with this Agreement was or will be inaccurate in any material respect as of the date it was or will be dated or (except as otherwise disclosed to the Agent or such Purchaser, as the case may be, at such time) as of the date so furnished, or contained or will contain any material misstatement of fact or omitted or will omit to state a material fact or any fact necessary to make the statements contained therein not materially misleading.

(n) Offices. The chief place of business and chief executive office of such Seller are located at the address of such Seller referred to in Section 13.02 and the offices where such Seller keeps all its books, records and documents evidencing Pool Receivables, the related Contracts and all purchase orders and other agreements related to such Pool Receivables are located at the

addresses specified in Exhibit 6.01(n) (or at such other locations, notified to the Agent in accordance with Section 7.01(f), in jurisdictions where all action required by Section 8.05 has been taken and completed).

(o) Lock-Box Accounts. The names and addresses of all the Lock-Box Banks, together with the account numbers of the lock-box accounts of such Seller at such Lock-Box Banks, are specified in Exhibit 6.01(o) (or at such other Lock-Box Banks and/or with such other lock-box accounts as have been notified to the Agent in accordance with Section 7.03(d)).

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(p) Eligible Receivables. Each Receivable included in the Net Pool Balance as an Eligible Receivable on the date of any Purchase or Reinvestment shall in fact be an Eligible Receivable.

ARTICLE VII

GENERAL COVENANTS OF SELLERS

SECTION 7.01. Affirmative Covenants of Sellers. From the date hereof until the first day following the Commitment Termination Date on which all Undivided Interests shall be reduced to zero, each Seller will, unless the Agent shall otherwise consent in writing:

(a) Compliance with Laws, Etc. Comply in all material respects with all applicable laws, rules, regulations and orders with respect to the Pool Receivables and related Contracts.

(b) Preservation of Corporate Existence. Except as permitted by Section 7.03(e), preserve and maintain its corporate existence, rights, franchises and privileges in the jurisdiction of its incorporation, and qualify and remain qualified in good standing as a foreign corporation in each jurisdiction where the failure to preserve and maintain such existence, rights, franchises, privileges and qualification would materially adversely affect (i) the interests of the Agent or any Purchaser hereunder, (ii) the ability of such Seller or Servicer to perform their respective obligations hereunder or (iii) the validity or enforceability of any Pool Receivable.

(c) Audits. At any time and from time to time during regular business hours, permit the Agent and each Purchaser, or its agents or representatives, (i) to examine and make copies of and abstracts from all books, records and documents (including, without limitation, computer tapes and disks) in the possession or under the control of such Seller relating to Pool Receivables, including, without limitation, the related Contracts and purchase orders and other agreements, and (ii) to visit the offices and properties of such Seller for the purpose of examining such materials described in clause (i) next above, and to discuss matters relating to Pool Receivables or such Seller's performance hereunder with any of the officers or employees of Seller having knowledge of such matters.

(d) Keeping of Records and Books of Account. Maintain and implement administrative and operating procedures (including, without limitation, an ability to recreate records evidencing Pool Receivables in the event of the destruction of the originals thereof), and keep and maintain, all documents, books, records and other information reasonably necessary or advisable for the

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collection of all Pool Receivables (including, without limitation, records adequate to permit the daily identification of each new Pool Receivable and all Collections of and adjustments to each existing Pool Receivable).

(e) Performance and Compliance with Receivables and Contracts. At its expense timely and fully perform and comply with all material provisions, covenants and other promises required to be observed by it under the Contracts related to the Pool Receivables and all purchase orders and other agreements related to such Pool Receivables.

(f) Location of Records. Keep its chief place of business and chief executive office, and the offices where it keeps its records concerning the Pool Receivables, all related Contracts and all purchase orders and other agreements related to such Pool Receivables (and all original documents relating thereto), at the address(es) of such Seller referred to in Section 6.01(n) or, upon 30 days' prior written notice to the Agent, at such other locations in jurisdictions where all action required by Section 8.05 shall have been taken and completed.

(g) Credit and Collection Policies. Comply in all material respects with its Credit and Collection Policy in regard to each Pool Receivable and the

related Contracts.

(h) Collections. Instruct all Obligor to cause all Collections of Pool Receivables to be deposited directly with a Lock-Box Bank.

(i) Lock-Box Agreements. As promptly as possible, but in any event on or prior to September 21, 1994, deliver to the Agent copies of the Lock-Box Agreements, executed by each Lock-Box Bank.

(j) Termination Statement. Use its best efforts promptly to obtain and file a UCC termination statement from Sanwa Business Credit Corporation with respect to the UCC-1 financing statement filed against API with the Wisconsin Secretary of State.

SECTION 7.02. Reporting Requirements of Sellers. From the date hereof until the first day following the Commitment Termination Date on which all Undivided Interests shall be reduced to zero, API will, unless the Agent shall otherwise consent in writing, furnish, or cause to be furnished, to the Agent:

(a) Quarterly Financial Statements. Promptly when available and in any event within 60 days after the end of each Fiscal Quarter (except the last Fiscal Quarter of each Fiscal

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Year), consolidated balance sheets of API and its Subsidiaries as of the end of such Fiscal Quarter, consolidated statements of earnings and a consolidated statement of cash flow for such Fiscal Quarter and for the period beginning with the first day of such Fiscal Year and ending on the last day of such Fiscal Quarter of API and its respective Subsidiaries, with comparable information at the close of and for the corresponding Fiscal Quarter of the prior Fiscal Year and for the corresponding portion of such prior Fiscal Year, together with a certificate of an Authorized Financial Officer of API to the effect that such financial statements fairly present the financial condition and results of operations of API and its Subsidiaries as of the date and periods indicated (subject to normal year-end adjustments).

(b) Annual Financial Statements. Promptly when available and in any event within 90 days after the close of each Fiscal Year, a copy of the annual audit report of API and its Subsidiaries for such Fiscal Year, including therein consolidated balance sheets of API and its Subsidiaries as of the end of such Fiscal Year and consolidated statements of earnings and cash flow of API and its Subsidiaries for such Fiscal Year certified, without qualification as to going concern or scope, by independent auditors of recognized national standing selected by API and reasonably acceptable to the Agent, and an unaudited consolidating balance sheet and statements of earnings and cashflow of such Fiscal Year, with comparable information at the close of and for the prior Fiscal Year.

(c) Compliance Certificate. Concurrently with each set of financial statements delivered pursuant to subsections (a) and (b) next above, a certificate of an Authorized Financial Officer of API (a) to the effect that such officer is not aware of any Termination Event or Unmatured Termination Event that has occurred and is continuing or, if there is any such event, describing it in reasonable detail, and (b) containing a computation of each of (x) the financial ratios and restrictions set forth in Section 7.03.

(d) Reports to Holders and Exchanges. In addition to the reports required by subsections (a) and (b) next above, promptly upon the Agent's request, copies of any reports specified therein which API sends to any of its security holders, and any reports or registration statements that API files with the Securities and Exchange Commission or any national securities exchange other than registration statements relating to employee benefit plans, to stock plans for dealers and/or distributors and to registrations of securities for selling Security holders;

(e) ERISA. Promptly after the filing or receiving thereof, copies of all reports and notices with respect to any Reportable Event defined in Article IV of ERISA which any Seller files under

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ERISA with the Internal Revenue Service or the Pension Benefit Guaranty Corporation or the U.S. Department of Labor or which any Seller receives from such Corporation;

(f) Termination Events. As soon as possible and in any event within five Business Days after any Seller has become aware of the occurrence of each Termination Event and each Unmatured Termination Event, a written statement of

the chief financial officer or chief accounting officer of API setting forth details of such Termination Event or Unmatured Termination Event and the action that the related Seller proposes to take with respect thereto;

(g) Litigation. As soon as possible and in any event within fifteen Business Days of any Seller's knowledge thereof, notice of (i) any litigation, investigation or proceeding which may exist at any time which could have a material adverse effect on the business, operations, property or financial condition of any Seller or impair the ability of any Seller to perform its obligations under this Agreement, unless such Seller is insured (including self retention amounts consistent with past practice and the exercise of prudent business judgment) with respect thereto and the insurer, except to the extent covered by permitted self insurance, has assumed responsibility therefor in writing and (ii) any material adverse development in previously disclosed litigation; and

(h) Other. Promptly, from time to time, such other information, documents, records or reports respecting the Receivables or the conditions or operations, financial or otherwise, of any Seller as the Agent may from time to time reasonably request in order to protect the interests of the Agent or of any Purchaser under or as contemplated by this Agreement.

SECTION 7.03. Negative Covenants of Sellers. From the date hereof until the date following the Commitment Termination Date on which all Undivided Interests shall be reduced to zero, no Seller will, without the prior written consent of the Agent:

(a) Sales, Liens, Etc. Except as otherwise provided herein, sell, assign (by operation of law or otherwise) or otherwise dispose of, or create or suffer to exist any Adverse Claim upon or with respect to, any Seller's undivided interest in any Pool Receivable or related Contract or Related Security, or upon or with respect to any lock-box account to which any Collections of any Pool Receivable are sent, or assign any right to receive income in respect thereof.

(b) Extension or Amendment of Receivables. Except as otherwise permitted in Section 8.02, extend, amend or otherwise

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modify the terms of any Pool Receivable, or amend, modify or waive any term or condition of any Contract related thereto.

(c) Change in Business or Credit and Collection Policy. Make any change in the character of its business or in the Credit and Collection Policy, which change would, in either case, impair the collectability of any Pool Receivable.

(d) Change in Payment Instructions to Obligors. Add or terminate any bank as a Lock-Box Bank from those listed in Exhibit 6.01(o) or make any change in its instructions to Obligors regarding payments to be made to any Seller or payments to be made to any Lock-Box Bank, unless the Agent shall have received notice of such addition, termination or change and duly executed copies of a Lock-Box Agreement with each new Lock-Box Bank.

(e) Mergers, Acquisitions, Sales, etc. Be a party to any merger or consolidation, or purchase or otherwise acquire all or substantially all of the assets or any stock of any class of, or any partnership or joint venture interest in, any other Person, or, except in the ordinary course of its business, sell, transfer, convey or lease all or any substantial part of its assets, or sell or assign with or without recourse any Receivables (other than pursuant hereto), or permit any Subsidiary to do any of the foregoing, except for:

(i) any such merger or consolidation, sale, transfer, conveyance, lease or assignment of or by any Subsidiary into, with or to API or into, with or to any wholly-owned Subsidiary;

(ii) any such purchase or other acquisition by API of the assets or stock of any wholly-owned Subsidiary;

(iii) any sale, transfer, conveyance or lease of any asset (other than Receivables, except pursuant hereto) if (x) the aggregate book value (disregarding any write-downs of such book value other than ordinary depreciation and amortization) of all assets disposed of pursuant to this clause (iii) in any Fiscal Year are less than 15% of the total book value of tangible assets of API and its Subsidiaries as of the last day of the most recently ended Fiscal Year and (y) no Termination Event or Unmatured Termination Event exists or would result therefrom;

(iv) any acquisition if (A) after such acquisition API (if it is the acquiring entity) or a Subsidiary owns (1) at least a majority

of the securities of each class having ordinary voting power of, or a majority of the ownership interest in, the acquired Person or (2) more than 10% but less than a majority of the securities of each class having ordinary voting power of, or more than 10% but

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less than a majority of the ownership interest in, the acquired Person and, immediately after giving effect to any acquisition described in this subclause (2), the aggregate book value of all such minority Investments in the equity securities or other ownership interests of other Persons by API and its Subsidiaries does not exceed 20% of the consolidated tangible assets of API and its Subsidiaries, (B) no Termination Event or Unmatured Termination Event exists or would result therefrom and (C) prior to the consummation of such acquisition, API provides to each Purchaser a certificate of the chief financial officer of API (attaching computations to demonstrate compliance with all financial covenants hereunder) stating that such acquisition complies with this Section 7.03(e) and that any other conditions under this Agreement relating to such acquisition have been satisfied; or

(v) any sale of a Seller (other than API) if API has complied with all of the requirements of Section 3.10.

(f) Financial Covenants. (a) Minimum Shareholders' Equity. Permit at any time Shareholders' Equity for API to be less than the sum of \$81,500,000 plus 25% of Consolidated Net Income for each Fiscal Quarter ending after August 31, 1994 (excluding any Fiscal Quarter in which there is a loss).

(b) Fixed Charge Coverage Ratio. Permit the Fixed Charge Coverage Ratio to be less than 1.5:1.

(c) Debt to Capital Ratio. Permit at any time the Debt to Capital Ratio to exceed 58%.

ARTICLE VIII

ADMINISTRATION AND COLLECTION

SECTION 8.01. Designation of Servicer. (a) The servicing, administering and collection of the Pool Receivables shall be conducted by such Person ("Servicer") so designated from time to time in accordance with this Section 8.01. Until the Agent gives notice ("Successor Notice") to API of the designation of a new Servicer, API is hereby designated as, and hereby agrees to perform the duties and obligations of, Servicer pursuant to the terms hereof. The Agent agrees not to provide API with the Successor Notice until after the occurrence of any Termination Event ("Servicer Transfer Event"), in which case such Successor Notice may be given at any time in Agent's discretion.

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(b) Upon API's receipt of a Successor Notice, API agrees that it will terminate its activities as Servicer hereunder in a manner which the Agent believes will facilitate the transition of the performance of such activities to the new Servicer, and the Agent (or its designee) shall assume each and all of API's obligations to service and administer such Receivables, on the terms and subject to the conditions herein set forth and API shall use its best efforts to assist the Agent (or its designee) in assuming such obligations. If API disputes the occurrence of a Servicer Transfer Event, API may take appropriate action to resolve such dispute; provided that API must terminate its activities hereunder as Servicer and allow the newly designated Servicer to perform such activities on the date provided by the Agent as described above, notwithstanding the commencement or continuation of any proceeding to resolve the aforementioned dispute.

(c) Servicer may allow any Seller to service, administer and collect any Receivables generated by such Seller and may with the prior consent of the Agent, subcontract with any other person for servicing, administering or collecting the Pool Receivables, provided that, in each case, Servicer shall remain liable for the performance of the duties and obligations of Servicer pursuant to the terms hereof.

SECTION 8.02. Duties of Servicer. (a) Servicer shall take or cause to be taken all such actions as may be necessary or advisable to collect each Pool Receivable from time to time, all in accordance with applicable laws, rules and regulations, with reasonable care and diligence, and in accordance with the Credit and Collection Policy. Each of the Agent, each Purchaser and each Seller hereby appoints as its agent Servicer, from time to time designated pursuant to Section 8.01, to enforce its respective rights and interests in and

under the Pool Receivables, the Related Security and the Contracts. Servicer shall set aside for the account of Sellers and each Purchaser their respective allocable shares of the Collections of Pool Receivables in accordance with Sections 3.01 and 3.02 but shall not be required (unless otherwise requested by the Agent and subject to Section 3.08) to segregate the funds constituting such portions of such Collections, or to segregate the respective allocable shares of each Purchaser, prior to the remittance thereof in accordance with said Sections. If instructed by the Agent, Servicer shall segregate and deposit with a bank (which may be PNC Bank) designated by the Agent such allocable shares of Collections of Pool Receivables, set aside for Purchasers, on the first Business Day following receipt by Servicer of such Collections in immediately available funds. So long as no Termination Event or Purchase Termination Event shall have occurred and be continuing, each Seller, while API is Servicer, may, in accordance with the Credit and Collection Policy, (i)

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extend the maturity or adjust the Unpaid Balance of any Defaulted Receivable as it may reasonably determine to be appropriate to maximize Collections thereof, provided that, after giving effect to such extension of maturity the Aggregate Participation Amounts will not exceed the Participation Amounts Limit, and (ii) adjust the Unpaid Balance of any Receivable to reflect the reductions or cancellations described in the first sentence of Section 3.03(a). Each Seller shall hold in trust for each Purchaser all documents, instruments and records (including, without limitation, computer tapes or disks) that evidence or relate to Pool Receivables generated by such Seller.

(b) Servicer shall as soon as practicable following receipt turn over to Sellers (i) that portion of Collections of Pool Receivables not representing Purchasers' Undivided Interest therein, less, in the event API is no longer Servicer, all reasonable and appropriate out-of-pocket costs and expenses of such Servicer of servicing, collecting and administering the Pool Receivables to the extent not covered by the Servicer's Fee received by it and (ii) the Collections of any Receivable which is not a Pool Receivable. Servicer, if other than API, shall as soon as practicable upon demand deliver to API all documents, instruments and records in its possession that evidence or relate to Receivables of any Seller other than Pool Receivables, and copies of documents, instruments and records in its possession that evidence or relate to Pool Receivables. Servicer's authorization under this Agreement shall terminate after the Commitment Termination Date, upon receipt by each Purchaser of an amount equal to such Purchaser's Total Investment plus accrued Earned Discount thereon plus all other amounts owed to Purchaser and Sellers and (unless otherwise agreed to by the Agent and Servicer) Servicer under this Agreement.

SECTION 8.03. Rights of the Agent. (a) At any time following the occurrence of a Termination Event, the Agent is hereby authorized to give notice to the Lock-Box Banks of the transfer to the Agent of dominion and control over the lock-box accounts to which the Obligors of Pool Receivables shall make payments, as set forth in the Lock-Box Agreement, or to send the Lock-Box Notices, as the case may be. Each Seller hereby transfers to the Agent, effective when the Agent shall give such notice to the Lock-Box Banks, the exclusive dominion and control over such lock-box accounts, and shall take any further action that the Agent may reasonably request to effect such transfer. Further, at any time the Agent may notify the Obligors of Pool Receivables, or any of them, of the ownership of Undivided Interests by Purchasers.

(b) At any time after the occurrence of a Termination Event:

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(i) The Agent may direct the Obligors of Pool Receivables, or any of them, that payment of all amounts payable under any Pool Receivable be made directly to the Agent or its designee.

(ii) API shall, at the Agent's request and at API's expense, give notice of the ownership of the Pool Receivables by the Purchasers to each said Obligor and direct that payments be made directly to the Agent or its designee.

(iii) Each Seller shall, at the Agent's request, (A) assemble all of the documents, instruments and other records (including, without limitation, computer programs, tapes and disks) which evidence the Pool Receivables, and the related Contracts and Related Security, or which are otherwise necessary or desirable to collect such Pool Receivables, and shall make the same available to the Agent at a place selected by the Agent or its designee, and (B) segregate all cash, checks and other instruments received by it from time to time constituting Collections of Pool Receivables in a manner acceptable to the Agent and shall, promptly upon receipt, remit all such cash, checks and instruments, duly endorsed or with duly executed instruments of transfer, to the Agent or its designee.

(iv) Each of each Purchaser and each Seller hereby authorizes

the Agent to take any and all steps in any Seller's name and on behalf of any Seller and any Purchaser necessary or desirable, in the determination of the Agent, to collect all amounts due under any and all Pool Receivables, including, without limitation, endorsing any Seller's name on checks and other instruments representing Collections and enforcing such Pool Receivables and the related Contracts.

SECTION 8.04. Responsibilities of each Seller. Anything herein to the contrary notwithstanding:

(a) Each Seller shall perform all of its obligations under the Contracts related to the Pool Receivables generated by it and under the related purchase orders and other agreements to the same extent as if Undivided Interests had not been sold hereunder and the exercise by the Agent of its rights hereunder shall not relieve any Seller from such obligations.

(b) Neither the Agent nor any Purchaser shall have any obligation or liability with respect to any Pool Receivables, Contracts related thereto or any other related purchase orders or other agreements, nor shall any of them be obligated to perform any of the obligations of any Seller thereunder.

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(c) Each Seller hereby grants to Servicer an irrevocable power of attorney, with full power of substitution, coupled with an interest, to take in the name of such Seller all steps necessary or advisable to endorse, negotiate or otherwise realize on any writing or other right of any kind held or transmitted by such Seller or transmitted or received by any Purchaser (whether or not from such Seller) in connection with any Receivable.

SECTION 8.05. Further Action Evidencing Purchases. Each Seller agrees that from time to time, at its expense, it will promptly execute and deliver all further instruments and documents, and take all further action that the Agent may reasonably request in order to perfect, protect or more fully evidence the Undivided Interests purchased by Purchasers hereunder, or to enable any Purchaser or the Agent to exercise or enforce any of their respective rights hereunder or under their Certificates. Without limiting the generality of the foregoing, each Seller will upon the request of the Agent: (i) execute and file such financing or continuation statements, or amendments thereto or assignments thereof, and such other instruments or notices, as may be necessary or appropriate; (ii) mark conspicuously each Contract evidencing each Pool Receivable generated by it with a legend, acceptable to the Agent, evidencing that such Undivided Interests have been sold in accordance with this Agreement; and (iii) mark its master data processing records evidencing any Pool Receivables and related Contracts with such legend. Each Seller hereby authorizes the Agent to file one or more financing or continuation statements, and amendments thereto and assignments thereof, relative to all or any of the Pool Receivables and the Related Security now existing or hereafter arising in the name of such Seller. If any Seller fails to perform any of its agreements or obligations under this Agreement, the Agent may (but shall not be required to) itself perform, or cause performance of, such Agreement or obligation, and the expenses of the Agent incurred in connection therewith shall be payable by Sellers, jointly and severally, as provided in Section 12.01.

SECTION 8.06. Application of Collections. Any payment by an Obligor in respect of any indebtedness owed by it to a Seller shall, except as otherwise specified by such Obligor or otherwise required by contract or law and unless otherwise instructed by the Agent, be applied as a Collection of any Pool Receivable or Receivables of such Obligor to the extent of any amounts then due and payable thereunder before being applied to any other indebtedness of such Obligor.

ARTICLE IX

TERMINATION EVENTS

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SECTION 9.01. Termination Events. Each of the following events shall be a "Termination Event" hereunder:

(a) (i) Servicer (if API) shall fail to perform or observe any term, covenant or agreement hereunder in its capacity as Servicer (other than as referred to in clause (ii) next following) and such failure shall remain unremedied for three Business Days or (ii) either Servicer (if API) or any Seller shall fail to make any payment or deposit to be made by it hereunder when due; or

(b) Any representation or warranty made or deemed to be made by any

Seller (or any of its officers) under or in connection with this Agreement or any Periodic Report or Settlement Statement or other information or report delivered pursuant hereto shall prove to have been false or incorrect in any material respect when made; or

(c) Any Seller shall fail to perform or observe any other term, covenant or agreement contained in this Agreement on its part to be performed or observed and any such failure shall remain unremedied for ten Business Days after written notice thereof shall have been given by the Agent to Sellers' Representative; or

(d) A default shall have occurred and be continuing under or any instrument, contract, indenture or agreement evidencing, securing or providing for the issuance of indebtedness for borrowed money in excess of \$2,000,000 of, or guaranteed by, any Seller or any Affiliate of any thereof, which default if unremedied, uncured, or unwaived (with or without the passage of time or the giving of notice) would permit acceleration of the maturity of such indebtedness and such default shall have continued unremedied, uncured or unwaived for a period long enough to permit such acceleration and any notice of default required to permit acceleration shall have been given; or

(e) The Delinquency Ratio exceeds 14.5%; or

(f) An Event of Bankruptcy shall have occurred and remained continuing with respect to any Seller or any Affiliate of any thereof; or

(g) (i) Any litigation (including, without limitation, derivative actions), arbitration proceedings or governmental proceedings not disclosed in writing by Sellers' Representative to the Agent and Purchasers prior to the date of execution and delivery of this Agreement is pending against any Seller or (ii) any material development not so disclosed has occurred in any litigation (including, without limitation, derivative actions), arbitration proceedings or governmental proceedings so disclosed,

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which, in the case of clause (i) or (ii), in the reasonable opinion of the Agent is likely to materially adversely affect the financial position or business of any Seller or impair the ability of any Seller to perform its obligations under this Agreement; or

(h) Aggregate Participation Amounts shall exceed the Participation Amounts Limit; or

(i) The Pool Losses to Liquidations Ratio exceeds 12.75%; or

(j) There shall have occurred any event which materially adversely affects the collectability of the Pool Receivables or there shall have occurred any other event which materially adversely affects the ability of any Seller or Servicer to collect Pool Receivables or the ability of any Seller or Servicer to perform hereunder or the warranty in Section 6.01(i)(y) shall not be true at any time; or

(k) The Internal Revenue Service shall file notice of a lien pursuant to Section 6323 of the Internal Revenue Code with regard to any of the assets of any Seller and such lien shall not have been released and such lien shall not have been released within 8 Business Days, or the Pension Benefit Guaranty Corporation shall, or shall indicate its intention to, file notice of a lien pursuant to Section 4068 of the Employee Retirement Income Security Act of 1974 with regard to any of the assets of any Seller and such lien shall not have been released within 8 Business Days; or

(l) One Person, or a group of Persons acting in concert that are unacceptable to the Agent or the Purchasers obtain, in one or more transactions, control of more than 50% of the issued and outstanding shares of capital stock of API having the power to elect a majority of directors of API; or any Seller other than API ceases to be a wholly-owned Subsidiary of API; or

(m) The Dilution Ratio exceeds 8.5%; or

(n) The Net Charge-Off Ratio exceeds 2%.

SECTION 9.02. Remedies.

(a) Optional Termination. Upon the occurrence of a Termination Event (other than a Termination Event described in subsection (f) or (h) of Section 9.01), the Agent shall, at the request, or may, with the consent, of the Majority Purchasers, by notice to Sellers' Representative declare the Commitment Termination Date to have occurred.

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(b) Automatic Termination. Upon the occurrence of a Termination Event described in subsection (f) or (h) of Section 9.01, the Commitment Termination Date shall be deemed to have occurred automatically upon the occurrence of such event; provided however, that with respect to the occurrence of a Termination Event described in subsection (h) of Section 9.01 the settlement procedures described in Section 3.02 shall become applicable upon the occurrence of such event and no further Purchases or Reinvestments of Collections shall be made; and provided, further, that if the Aggregate Participation Amounts are reduced below the Participation Amounts Limit within 1 Business Day, and if no other Termination Event has occurred, then following such reduction, the Commitment shall be reinstated as if the Commitment Termination Date had not occurred upon the occurrence of such event.

(c) Additional Remedies. Upon any termination of the facility pursuant to this Section 9.02, the Agent and each Purchaser shall have, in addition to all other rights and remedies under this Agreement or otherwise, all other rights and remedies provided under the UCC of each applicable jurisdiction and other applicable laws, which rights shall be cumulative. Without limiting the foregoing the occurrence of a Termination Event shall not deny to any Purchaser any remedy in addition to termination of the Commitment to which such Purchaser may be otherwise appropriately entitled, whether at law or in equity.

ARTICLE X

THE AGENT

SECTION 10.01. Authorization and Action. Each Purchaser hereby appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Agent by the terms hereof, together with such powers as are reasonably incidental thereto.

SECTION 10.02. Agent's Reliance, Etc. Neither the Agent nor any of its directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or the Agent under or in connection with this Agreement (including, without limitation, the Agent's servicing, administering or collecting Pool Receivables as Servicer pursuant to Section 8.01), except for its or their own gross negligence or willful misconduct. Without limiting the generality of the foregoing, the Agent: (i) may consult with legal counsel (including counsel for Sellers), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (ii) makes no

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warranty or representation to any Purchaser and shall not be responsible to any Purchaser for any statements, warranties or representations made in or in connection with this Agreement; (iii) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement on the part of any Seller or to inspect the property (including the books and records) of any Seller; (iv) shall not be responsible to any Purchaser for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement, the Certificates or any other instrument or document furnished pursuant hereto; and (v) shall incur no liability under or in respect of this Agreement by acting upon any notice (including notice by telephone), consent, certificate or other instrument or writing (which may be by telex) believed by it to be genuine and signed or sent by the proper party or parties.

SECTION 10.03. Agent and Affiliates. With respect to any Certificate held by PNC Bank, it shall have the same rights and powers under this Agreement as would a Purchaser if it were holding such Certificate and may exercise the same as though it were not the Agent. PNC Bank and its Affiliates may generally engage in any kind of business with any Seller or any Obligor, any of their respective Affiliates and any Person who may do business with or own securities of any Seller or any Obligor or any of their respective Affiliates, all as if PNC Bank were not the Agent and without any duty to account therefor to any Purchaser.

SECTION 10.04. Indemnity. Each Purchaser agrees (which agreement shall survive any termination of this Agreement) to indemnify the Agent, on a pro rata basis, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may at any time be imposed on, incurred by, or asserted against the Agent in any way relating to or arising out of this Agreement, the Certificates and the other Agreement Documents, including the reimbursement of the Agent for all reasonable out-of-pocket expenses (including attorneys' fees) incurred by the Agent hereunder or in connection herewith or in enforcing the obligations of any Seller under this Agreement, the Certificates and the other Agreement Documents, in all cases as to which the Agent is not reimbursed by the Sellers; provided that no Purchaser shall be

liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements determined by a court of competent jurisdiction in a final proceeding to have resulted from the Agent's gross negligence or willful misconduct. The Agent shall not be required to take any action hereunder, under the Certificates or under any other Agreement Document, or to prosecute or defend any

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suit in respect of this Agreement, the Certificates or any other Agreement Document, unless indemnified to its satisfaction by the Purchasers against loss, costs, liability, and expense, which indemnity need not indemnify the Agent for its gross negligence or willful misconduct. If any indemnity in favor of the Agent shall become impaired, it may call for additional indemnity and cease to do the acts indemnified against until such additional indemnity is given. The Agent may delegate its duties hereunder to Affiliates, agents or attorneys-in-fact selected in good faith by the Agent.

SECTION 10.05. Successor. The Agent may resign as such at any time upon at least thirty days' prior notice to the Sellers' Representative and all Purchasers. If the Agent at any time shall resign, the Majority Purchasers may appoint a successor Agent; provided that, if such successor Agent is not a Purchaser, such successor Agent shall be reasonably acceptable to the Sellers' Representative. If the Majority Purchasers do not make such appointment within thirty days, the retiring Agent shall appoint a new Agent from among the Purchasers or, if no Purchaser accepts such appointment, from among commercial banking institutions or trust institutions generally. Upon the acceptance of any appointment as Agent by a successor Agent, such successor Agent shall thereupon become the Agent hereunder and shall be entitled to receive from the prior Agent such documents of transfer and assignment as such successor Agent may reasonably request, and the retiring Agent shall be discharged from its duties and obligations under this Agreement, the Certificates and the other Facility Documents. After any retiring Agent's resignation or removal hereunder as Agent, the provisions of this Agreement and the other Agreement Documents shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement.

SECTION 10.06. Credit Decisions. Each Purchaser acknowledges that it has, independently of the Agent and each other Purchaser, and based on the financial information referred to in Section 6.01(i) and such other documents, information, and investigations as it has deemed appropriate, made its own credit decision to make its Purchases from time to time. Each Purchaser also acknowledges that it will, independently of the Agent and each other Purchaser, and based on such other documents, information, and investigations as it shall deem appropriate at any time, continue to make its own credit decisions as to exercising or not exercising from time to time any rights and privileges available to it under this Agreement, the Certificates or the other Agreement Documents.

SECTION 10.07. Notices, etc. to Agent. The Agent shall give prompt notice to each Purchaser of each notice or request given to the Agent by any Seller pursuant to the terms of this

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Agreement and of each Termination Event or Unmatured Termination Event of which the Agent has actual knowledge. The Agent will promptly distribute to each Purchaser copies of all other communications and financial statements received by the Agent from any Seller for distribution to the Purchasers by the Agent in accordance with the terms of this Agreement. The Agent shall not be deemed to have actual knowledge of any event unless an authorized corporate officer of the Agent whose duties include administration of this Agreement has discovered or has received actual notice of such event.

ARTICLE XI

ASSIGNMENT OF UNDIVIDED INTERESTS

SECTION 11.01. Assignments. Any Purchaser may assign its Commitment and any Undivided Interest owned by it to any other Person proposed by Purchaser and consented to by the Agent and the Sellers' Representative, which consent shall not be unreasonably withheld, provided that such assignment (i) shall be in an amount at least equal to \$5,000,000 and (ii) shall not result in more than 4 Purchasers. Within five Business Days after notice of such proposed assignment, Sellers' Representative agrees to advise the Agent of its consent or non-consent thereto. All of the aforementioned assignments shall be upon such terms and conditions as the relevant Purchaser and the assignee may mutually agree. Each assigning Purchaser shall pay the Agent a fee of \$3,500 in connection with each such assignment, which fee shall be payable on the effective date of such assignment.

SECTION 11.02. Documentation. Each assignment by a Purchaser hereunder shall be evidenced by an Assignment. If requested by the Agent, Sellers agree to execute and deliver new Certificates in replacement of the original Certificate in order to reflect such assignment.

SECTION 11.03. Rights of Assignee. Upon the assignment of any Commitment and Undivided Interest (or portion thereof) from any Purchaser pursuant to this Article XI, the respective assignee receiving such assignment shall have all of the rights of a Purchaser hereunder with respect to such Undivided Interest (or portion thereof).

SECTION 11.04. Assignment by Sellers. No Seller shall assign its rights or obligations under this Agreement and the other Agreement Documents without the prior written consent of the Agent and each Purchaser.

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ARTICLE XII

INDEMNIFICATION

SECTION 12.01. Indemnities by Sellers. Without limiting any other rights which any such Person may have hereunder or under applicable law, Sellers, jointly and severally, hereby agree to indemnify each of the Agent, each Purchaser, PNC Bank, each of PNC Bank's Affiliates, their respective successors, transferees and assigns and all officers, directors, shareholders, controlling persons, employees and agents of any of the foregoing (each an "Indemnified Party"), forthwith on demand, from and against any and all damages, losses, claims, liabilities and related costs and expenses, including reasonable attorneys' fees and disbursements (all of the foregoing being collectively referred to as "Indemnified Amounts") awarded against or incurred by any of them arising out of or as a result of this Agreement or any of the other Agreement Documents or the transactions contemplated thereby or the use of the proceeds by the Sellers therefrom, including, without limitation, in respect of the ownership or funding of an Undivided Interest or in respect of any Receivable or any Contract, excluding, however, recourse (except as otherwise specifically provided in this Agreement) for Defaulted Receivables. Without limiting the foregoing, Sellers, jointly and severally, shall indemnify each Indemnified Party for Indemnified Amounts relating to or resulting from:

- (i) the transfer by any Seller of any interest in any Receivable other than an Undivided Interest;
- (ii) the breach of any representation or warranty made by any Seller (or any of its officers) under or in connection with this Agreement, any Periodic Report or any other information or report delivered by any Seller pursuant hereto, which shall have been false or incorrect in any material respect when made or deemed made;
- (iii) the failure by any Seller to comply with any applicable law, rule or regulation with respect to any Pool Receivable or the related Contract, or the nonconformity of any Pool Receivable or the related Contract with any such applicable law, rule or regulation;
- (iv) the failure to vest and maintain vested in each Purchaser an undivided percentage ownership interest, to the extent of each Undivided Interest owned by it hereunder, in the Receivables in, or purporting to be in, the Receivables Pool, free and clear of any Adverse Claim, other than an Adverse Claim arising solely as a result of an act of such Purchaser or the Agent (when used in this clause (iv), an Adverse Claim shall include any lien for taxes whether

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accrued and payable or not), whether existing at the time of the Purchase of such Undivided Interest or at any time thereafter;

(v) the failure to file, or any delay in filing, financing statements or other similar instruments or documents under the UCC of any applicable jurisdiction or other applicable laws with respect to any receivables in, or purporting to be in, the Receivables Pool, whether at the time of any Purchase, Reinvestment or at any subsequent time, or the failure of the Purchasers' interests in Pool Receivables to be perfected as a result of the failure to comply with the Federal Assignment of Claims Act, the laws of any foreign jurisdiction or otherwise;

- (vi) any dispute, claim, offset or defense (other than

discharge in bankruptcy) of the Obligor to the payment of any Receivable in, or purporting to be in, the Receivables Pool (including, without limitation, a defense based on such Receivable's or the related Contract's not being a legal, valid and binding obligation of such Obligor enforceable against it in accordance with its terms), or any other claim resulting from the sale of the merchandise or services related to such Receivable or the furnishing or failure to furnish such merchandise or services;

(vii) any failure of API, as Servicer or otherwise, to perform its duties or obligations in accordance with the provisions of Article VII;

(viii) any products liability claim arising out of or in connection with merchandise or services that are the subject of any Pool Receivable; or

(ix) any tax or governmental fee or charge (but not including taxes upon or measured by net income), all interest and penalties thereon or with respect thereto, and all out-of-pocket costs and expenses, including the reasonable fees and expenses of counsel in defending against the same, which may arise by reason of the purchase or ownership of any Undivided Interest, or other interest in the Pool Receivables or in any goods which secure any such Pool Receivables. If any Indemnified Party shall have notice of any attempt to impose or collect any tax or governmental fee or charge for which indemnification will be sought from Sellers hereunder, such Indemnified Party shall give prompt and timely notice of such attempt to Sellers' Representative and Sellers' Representative shall have the right, at its expense, to conduct or participate in any proceedings resisting or objecting to the imposition or collection of any such tax, governmental fee or charge.

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Indemnification hereunder shall be in an amount necessary to make the Indemnified Party whole after taking into account any tax consequences to the Indemnified Party of the payment of any of the aforesaid taxes and the receipt of the indemnity provided hereunder or of any refund of any such tax previously indemnified hereunder, including the effect of such tax or refund on the amount of tax measured by net income or profits which is or was payable by the Indemnified Party.

Notwithstanding anything to the contrary herein, an Indemnified Party shall refund to the Sellers any amount received from the Sellers for losses, damages, costs and expenses incurred by such Indemnified Party which a court of competent jurisdiction has found, in a final nonappealable order, resulted from such Indemnified Party's bad faith, gross negligence or willful misconduct (individually and not as a co-conspirator with a Seller or any Affiliate thereof). No Seller shall be liable for any settlement of any claim or action effected without its written consent at a time when no Termination Event had occurred and was continuing, provided such consent was not unreasonably delayed or withheld. If for any reason the indemnification provided above in this Section 12.01 is unavailable to an Indemnified Party or is insufficient to hold an Indemnified Party harmless to the extent contemplated by such indemnification, then Sellers, jointly and severally, shall contribute to the amount paid or payable by such Indemnified Party as a result of such loss, claim, damage or liability in such proportion as is appropriate to reflect not only the relative benefits received by such Indemnified Party on the one hand and Sellers on the other hand but also the relative fault of such Indemnified Party as well as any other relevant equitable considerations.

ARTICLE XIII

MISCELLANEOUS

SECTION 13.01. Amendments, Etc. No amendment or waiver of any provision of this Agreement nor consent to any departure by any Seller therefrom shall in any event be effective unless the same shall be in writing and signed by (i) Sellers, the Agent and the Majority Purchasers (with respect to an amendment) or (ii) the Agent and the Majority Purchasers (with respect to a waiver or consent by them) or Sellers (with respect to a waiver or consent by them), as the case may be, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given, provided, that, without the consent of each Purchaser, no such amendment or waiver shall (i) reduce the amount of, or change the date of payment of, any Earned Discount, any fee or such Purchaser's Outstanding

Investment, (ii) extend the Commitment Termination Date, (iii) change the definition of Majority Purchasers or this proviso or (iv) release any interest in Pool Receivables, except as expressly set forth herein. This Agreement, together with the other Agreement Documents, contains a final and complete integration of all prior expressions by the parties hereto with respect to the subject matter hereof and shall constitute the entire agreement among the parties hereto with respect to the subject matter hereof, superseding all prior oral or written understandings.

SECTION 13.02. Notices, Etc. All notices and other communications provided for hereunder shall, unless otherwise stated herein, be in writing (including facsimile communication) and shall be personally delivered or sent by certified mail, postage prepaid, or by facsimile, to the intended party at the address or facsimile number of such party set forth under its name on the signature pages hereof or at such other address or facsimile number as shall be designated by such party in a written notice to the other parties hereto. All such notices and communications shall be effective, (i) if personally delivered, when received, (ii) if sent by certified mail, three Business Days after having been deposited in the mail, postage prepaid, (iii) if sent by overnight delivery service, the next Business Day, and (iv) if transmitted by facsimile, when sent, receipt confirmed by telephone or electronic means, except that notices and communications pursuant to Article I shall not be effective until received.

SECTION 13.03. No Waiver; Remedies. No failure on the part of the Agent, any Purchaser, any Seller or the Sellers' Representative to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 13.04. Binding Effect; Assignability. This Agreement shall be binding upon and inure to the benefit of Sellers, the Agent, the Purchasers and their respective successors and permitted assigns, and the provisions of Section 4.02 and Article XII shall inure to the benefit of the Affected Parties and the Indemnified Parties, respectively, and their respective successors and assigns. This Agreement shall create and constitute the continuing obligations of the parties hereto in accordance with its terms, and shall remain in full force and effect until such time, after the Commitment Termination Date, as no Undivided Interest shall be outstanding. The rights and remedies with respect to any breach of any representation and warranty made by each Seller pursuant to Article VI and the

indemnification and payment provisions of Article XII and Sections 4.02 and 13.06 shall be continuing and shall survive any termination of this Agreement.

SECTION 13.05. Governing Law. This Agreement shall be governed by, and construed in accordance with, the internal laws of the State of Illinois, except to the extent that the validity or perfection of the interests of Purchasers in the Receivables, or remedies hereunder in respect thereof, are governed by the laws of a jurisdiction other than the State of Illinois.

SECTION 13.06. Costs, Expenses and Taxes. In addition to its obligations under Article XII, Sellers, jointly and severally, agree to pay on demand:

(a) all costs and expenses in connection with the preparation, execution and delivery of this Agreement, the Certificates, the other Agreement Documents and any other documents to be delivered hereunder, including, without limitation, any amendments, waivers, consents, supplements or other modifications to any Agreement Documents and the reasonable fees and expenses of counsel for the Agent, Purchasers and PNC Bank with respect thereto and all costs and expenses in connection with the administration (including periodic auditing) and enforcement of this Agreement or the Agreement Documents, including, without limitation, the reasonable fees and expenses of counsel, incurred by any Affected Party, including, those costs and expenses incurred with respect to advising the Agent, Purchasers, PNC Bank, PNC Bank's Affiliates and any other Affected Party as to their respective rights and remedies under this Agreement; and

(b) all stamp and other taxes and fees payable or determined to be payable in connection with the execution, delivery, filing and recording of this Agreement, the Certificates or the other documents to be delivered hereunder, and agrees to indemnify each Indemnified Party against any

liabilities with respect to or resulting from any delay in paying or omission to pay such taxes and fees.

SECTION 13.07. Captions and Cross References. The various captions (including, without limitation, the table of contents) in this Agreement are included for convenience only and shall not affect the meaning or interpretation of any provision of this Agreement. References in this Agreement to any underscored Section or Exhibit are to such Section or Exhibit of this Agreement, as the case may be.

SECTION 13.08. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so

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executed shall be deemed to be an original and all of which when taken together shall constitute one and the same Agreement.

SECTION 13.09. Allocation Among Sellers. API hereby agrees to take, or cause to be taken, all steps necessary to allocate the liabilities and the benefits under this Agreement among the Sellers on the basis of the aggregate Unpaid Amount of Pool Receivables generated by each such Seller from time to time. To the extent that any Seller makes a payment, whether from Collections of Receivables generated by such Seller or otherwise, for any liability hereunder, in excess of its pro rata share, such Seller shall have a claim for contribution, which claim shall be subordinated to all of the claims of the Purchaser, the Agent, the Affected Parties and the Indemnified Parties hereunder, against the other Sellers to the extent necessary to result in a pro rata payment by all of the Sellers. Each Seller hereby agrees to promptly pay any such claims for contribution.

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IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

Percentage
100%

PNC BANK, NATIONAL ASSOCIATION,
as a Purchaser

By

Name Printed: Richard T. Jander
Title: Assistant Vice President

Fifth Avenue and Wood Street
Pittsburgh, PA 15265

with notice to:

PNC Bank, National Association
500 West Madison, Suite 3140
Chicago, Illinois 60661
Phone: (312) 906-3440
Facsimile: (312) 906-3420
Attention: Richard T. Jander

PNC BANK, NATIONAL ASSOCIATION,
as the Agent

By

Name Printed: Richard T. Jander
Title: Assistant Vice President

Fifth Avenue and Wood Street
Pittsburgh, PA 15265

Eurodollar Office:

Fifth Avenue and Wood Street
Pittsburgh, PA 15265

with notice to:

PNC Bank, National Association
500 West Madison, Suite 3140
Chicago, Illinois 60661
Phone: (312) 906-3440
Facsimile: (312) 906-3420

Attention: Richard T. Jander

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APPLIED POWER INC.,
as a Seller and initial Servicer

By

Name Printed: Karen Trickle
Title: Assistant Treasurer

Address: 13000 W. Silver Spring Drive
Butler, Wisconsin 53007
Facsimile No.: 414/783-9790
Attention: Treasurer

BARRY WRIGHT CORPORATION,
as a Seller

By

Name Printed: Terence Dooher
Title: Treasurer

Address: 40 Guest Street
Brighton, Massachusetts 02135
Facsimile No.: 617/254-7381
Attention: Treasurer

GB ELECTRICAL, INC., as a Seller

By

Name Printed: Karen Trickle
Title: Assistant Treasurer

Address: 6101 N. Baker Road
Glendale, Wisconsin 53209
Facsimile No.: 414/228-1616
Attention: Vice President

WRIGHT LINE INC., as a Seller

By

Name Printed: Karen Trickle
Title: Assistant Treasurer

Address: 160 Gold Star Boulevard
Worcester, MA 01606
Facsimile No.: 508/752-4909
Attention: Treasurer

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DEFINITIONAL APPENDIX
TO RECEIVABLES PURCHASE AGREEMENT

SCHEDULE I

DEFINITIONS

1.1. Definitions. As used in this Agreement, unless the context requires a different meaning, the following terms have the meanings as indicated:

"Adverse Claim" means a lien, security interest, charge, or encumbrance, or other right or claim of any Person other than (i) a potential claim or right (that has not yet been asserted) of a trustee appointed for an Obligor in connection with any Event of Bankruptcy or (ii) an unfiled lien for taxes accrued but not yet payable.

"Affected Party" means each of each Purchaser, any permitted assignee of a Purchaser, the Agent, PNC Bank and any holding company of PNC Bank.

"Affiliate" when used with respect to a Person means any other Person controlling, controlled by, or under common control with, such Person.

"Affiliated Obligor" has the meaning set forth in the definition of "Net Pool Balance" in Section 2.07.

"Agent" has the meaning set forth in the preamble.

"Agent's Account" has the meaning set forth in Section 3.06.

"Aggregate Participation Amounts" has the meaning set forth in Section 2.01.

"Aggregate Purchasers' Investments" has the meaning set forth in Section 2.03.

"Agreement" means this Receivables Purchase Agreement, as it may be amended, supplemented or otherwise modified from time to time in accordance with the terms hereof.

"Agreement Documents" has the meaning set forth in Section 6.01(c).

"Alternate Reference Rate" means, on any date, a fluctuating rate of interest per annum equal to the higher of

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(a) the rate of interest most recently announced by PNC Bank at its principal office in Pittsburgh, Pennsylvania as its prime rate; and

(b) the Federal Funds Rate (as defined below) most recently determined by PNC Bank plus 1.0%.

For purposes of this definition, "Federal Funds Rate" means, for any period, a fluctuating interest rate per annum equal (for each day during such period) to

(i) the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York; or

(ii) if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by PNC Bank from three federal funds brokers of recognized standing selected by it.

The Alternate Reference Rate is not necessarily intended to be the lowest rate of interest determined by PNC Bank in connection with extensions of credit.

"API" has the meaning set forth in the preamble.

"Arrangement Fee" has the meaning set forth in Section 4.01(a).

"Authorized Financial Officer" of a Person means the chief financial officer, chief accounting officer, controller, treasurer, assistant treasurer or vice president - finance of such Person.

"Assignment" means an assignment, in substantially the form of Exhibit IA, by which a Purchaser's Commitment (or portion thereof) or its interest in Undivided Interests previously purchased hereunder may be assigned, with such changes as to which the assigning Purchaser, the related assignee and the Agent may agree.

"Bank Rate" has the meaning set forth in Section 2.07.

"Business Day" means a day on which both (a) the Agent at its principal office in Pittsburgh, Pennsylvania is open for

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business and (b) commercial banks in New York City are not authorized or required to be closed for business.

"BWC" has the meaning set forth in the preamble.

"Capital Lease" means, with respect to any Person, any lease of (or other agreement conveying the right to use) any real or personal property which, in conformity with GAAP, is accounted for as a capital lease on the balance sheet of such Person.

"Certificate" means a certificate of assignment, by Sellers to each Purchaser, in the form of Exhibit IB, evidencing each Undivided Interest owned by such Purchaser.

"Collections" means, with respect to any Receivable, all funds which either (a) are received by any Seller or Servicer from or on behalf of the related Obligor in payment of any amounts owed (including, without limitation, purchase prices, finance charges, interest and all other charges) in respect of such Receivable, or applied to such amounts owed by such Obligor (including, without limitation, insurance payments that any Seller or Servicer applies in the ordinary course of its business to amounts owed in respect of such Receivable and net proceeds of sale or other disposition of repossessed goods or other collateral or property of the Obligor or any other party directly or indirectly liable for payment of such Receivable and available to be applied thereon), or (b) are deemed to have been received by any Seller or any other Person as a Collection pursuant to Section 3.03 or 3.04; provided that, prior to such time as API shall cease to be the Servicer, late payment charges, collection fees and extension fees shall not be deemed to be Collections.

"Commitment" has the meaning set forth in Section 1.01.

"Commitment Fee" has the meaning set forth in Section 4.01(b).

"Commitment Termination Date" has the meaning set forth in Section 1.02.

"Computation Period" means any period of four consecutive Fiscal Quarters ending on the last day of a Fiscal Quarter.

"Conditions Precedent" has the meaning set forth in Section 5.02.

"Concentration Limit" has the meaning set forth in the definition of "Net Pool Balance" in Section 2.07.

"Consolidated Interest Expense" means, for any period, the consolidated interest expense of API and its Subsidiaries for

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such period, as determined in accordance with GAAP and in any event including, without duplication, all commissions, discounts and other fees and charges owed with respect to letters of credit and banker's acceptances, net costs under interest rate protection agreements and the portion of any Capital Leases allocable to consolidated interest expense.

"Consolidated Net Income" means, for any period, all amounts which, in conformity with GAAP, would be included under net income on a consolidated income statement of API and its Subsidiaries for such period.

"Contract" means a contract between a Seller and any Person, or an invoice from a Seller to any Person, in one of the forms of contracts or invoices, as appropriate, set forth in Exhibit IC or otherwise approved by the Agent, pursuant to or under which such Person shall be obligated to make payments to a Seller from time to time.

"Credit and Collection Policy" means those credit and collection policies and practices relating to Contracts and Receivables described in Exhibit ID, as modified without violating Section 7.03(c).

"Debt" of any Person means, without duplication, (a) all indebtedness of such Person for borrowed money, whether or not evidenced by bonds, debentures, notes or similar instruments, (b) all obligations of such Person as lessee under Capital Leases which have been recorded as liabilities on a balance sheet of such Person, (c) all obligations of such Person to pay the deferred purchase price of property or services (other than current accounts payable in the ordinary course of business), (d) all indebtedness secured by a Lien on the property of such Person, whether or not such indebtedness shall have been assumed by such Person (it being understood that if such Person has not assumed or otherwise become personally liable for any such indebtedness, the amount of the Debt of such Person in connection therewith shall be limited to the lesser of the face amount of such indebtedness or the fair market value of all property of such Person securing such indebtedness), (e) all obligations, contingent or otherwise, with respect to the face amount of all letters of credit (whether or not drawn) and banker's acceptances issued for the account of such Person, (f) all obligations of such Person in respect of Hedging Arrangements, (g) all Suretyship Liabilities of such Person and (h) all Debt (as defined above) of any partnership in which such Person is a general

partner. The amount of the Debt of any Person in respect of Hedging Arrangements shall be deemed to be the unrealized net loss position of such Person thereunder (determined for each counterparty individually, but netted for all Hedging Arrangements maintained with such counterparty).

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"Debt to Capital Ratio" means the ratio of (a) Funded Debt to (b) Total Capital.

"Defaulted Receivable" means a Receivable: (i) as to which any payment, or part thereof, remains unpaid for sixty (60) days from the original due date for such payment, (ii) as to which the obligor thereof is the obligor on any other Defaulted Receivable or with regard to which an Event of Bankruptcy has occurred and remains continuing, (iii) as to which payments have been extended, or the terms of payment thereof rewritten, without the Agent's consent or (iv) which, consistent with the Credit and Collection Policy, would be written off a Seller's books as uncollectible.

"Delinquent Receivable" means a Receivable that is not a Defaulted Receivable and: (i) as to which any payment, or part thereof, remains unpaid for thirty (30) days or more from the original due date for such payment; or (ii) which, consistent with the Credit and Collection Policy, would be classified as delinquent by a Seller.

"Discount Rate" has the meaning set forth in Section 2.07.

"Delinquency Ratio" means the percentage that (x) is the aggregate Unpaid Balances of all Delinquent Receivables as of a Month End Date was of (y) the aggregate Unpaid Balance of all Pool Receivables as of such Month End Date.

"Designated Obligor" means, at any time, all Obligors of any Seller except any such Obligor as to which the Agent has, at least three Business Days prior to the date of determination, given notice to Sellers' Representative that such Obligor shall not be considered a Designated Obligor.

"Dilution Ratio" means the percentage that (x) the aggregate amount of credits, offsets, reductions, discounts or adjustments to the Unpaid Balance of Pool Receivables granted or allowed by the Sellers, or any of them, during a month was of (y) the Unpaid Balance of all Pool Receivables as of the Month End Date for such month.

"Dollars" means dollars in lawful money of the United States of America.

"Earned Discount" has the meaning set forth in Section 2.05.

"Eligible Receivable" means, at any time and with respect to any Undivided Interest, a Receivable evidenced by a Contract:

(i) which, (i) if the perfection of Purchasers' undivided ownership interests therein is governed by the

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laws of a jurisdiction where the Uniform Commercial Code -- Secured Transactions is in force, constitutes an account or general intangible as defined in the Uniform Commercial Code as in effect in such jurisdiction, and (ii) if the perfection of Purchasers' undivided ownership interest therein is governed by the law of any jurisdiction where the Uniform Commercial Code -- Secured Transactions is not in force, Sellers have furnished to the Agent such opinions of counsel and other evidence as has reasonably been requested, establishing to the reasonable satisfaction of the Agent that Purchasers' undivided ownership interest and other rights with respect thereto are not significantly less protected and favorable than such rights under the Uniform Commercial Code;

(ii) the primary Obligor of which is not an Affiliate of any of the parties hereto, and is either a United States resident or is listed on Schedule IA;

(iii) if the primary Obligor of which is the United States government or a subdivision or agency thereof, the Unpaid Balance of all such Receivables owed by the United States government or a subdivision or agency thereof is less than 10% of the Net Pool Balance;

(iv) the Obligor of which is a Designated Obligor;

(v) the Obligor of which is not the Obligor of any Defaulted Receivable, the Unpaid Balance of which exceeds 25% of the aggregate Unpaid Balance of all Receivables of such Obligor;

(vi) which is not a Defaulted Receivable;

(vii) with regard to which the warranty in Section 6.01(1) is true and correct;

(viii) the balance of which is required to be paid within the number of days of the original billing date therefor set forth opposite the name of the Seller that generated such Receivable on Schedule IB, unless the Unpaid Balance of such Receivable, when combined with the Unpaid Balance of all other Pool Receivables that are the subject of extended terms, does not exceed 27% of the Net Pool Balance;

(ix) the sale of an Undivided Interest in which does not contravene or conflict with any law;

(x) which is denominated and payable only in Dollars drawn on an account in the United States;

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(xi) which arises under a Contract that has been duly authorized and that, together with such Receivable, is in full force and effect and constitutes the legal, valid and binding obligation of the Obligor of such Receivable enforceable against such Obligor in accordance with its terms and is not subject to any dispute, offset, counterclaim or defense whatsoever (except the discharge in bankruptcy of such Obligor);

(xii) which, together with the Contract related thereto, does not contravene in any material respect any laws, rules or regulations applicable thereto (including, without limitation, laws, rules and regulations relating to usury, truth in lending, fair credit billing, fair credit reporting, equal credit opportunity, fair debt collection practices and privacy) and with respect to which no party to the Contract related thereto is in violation of any such law, rule or regulation in any material respect if such violation would impair the collectability of such Receivable;

(xiii) which (A) satisfies all applicable requirements of the Credit and Collection Policy and (B) complies with such other criteria and requirements (other than those relating to the collectability of such Receivable) as the Agent may from time to time specify to Sellers' Representative following thirty days' notice;

(xiv) the face amount of which does not include any amounts representing sales tax; and

(xv) as to which the Agent has not notified Sellers' Representative that the Agent has determined, in its sole discretion, that such Receivable (or class of Receivables) is not acceptable for purchase hereunder.

"ERISA" means the U.S. Employee Retirement Income Security Act of 1974, as amended from time to time.

"Eurodollar Rate (Reserve Adjusted)" means, with respect to any Undivided Interest (or portion thereof) for any Yield Period, a rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) determined pursuant to the following formula:

$$\begin{array}{lcl} \text{Eurodollar Rate} & = & \text{Eurodollar Rate} \\ \text{(Reserve Adjusted)} & & \text{1-Eurodollar} \\ & & \text{Reserve Percentage} \end{array}$$

where: "Eurodollar Rate" means, with respect to any Undivided Interest (or portion thereof) for any Yield Period, the rate per annum at which Dollar deposits in immediately available funds are offered to the Eurodollar Office of the Agent two Eurodollar Business Days prior to the beginning of such Yield Period by

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major banks in the major interbank eurodollar market as at or about 12:00, noon, Pittsburgh time, for delivery on the first day of such Yield Period, for the number of days comprised therein and in an amount equal or comparable to the amount of the related Purchasers' Investments of such Undivided Interest (or such portion) for such Yield Period. "Eurodollar Business Day" means a day of the year on which dealings are carried on in the eurodollar interbank market

and banks are open for business in New York City. "Eurodollar Office" shall mean the office of the Agent designated as such with its signature hereto and, thereafter, such other office or offices of the Agent (as designated from time to time by notice from the Agent to Sellers' Representative) which shall be funding the Undivided Interests of the Agent hereunder or such other office or offices through which the Agent determines the Eurodollar Rate. A Eurodollar Office of the Agent may be, at the option of the Agent, either a domestic or foreign office. "Eurodollar Reserve Percentage" means, with respect to each Yield Period, the then applicable percentage (expressed as a decimal) prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining reserve requirements applicable to "Eurocurrency Liabilities" pursuant to Regulation D or any other then applicable regulation of the Board of Governors (or any successor) that prescribes reserve requirements applicable to "Eurocurrency Liabilities" as presently defined in Regulation D.

"Event of Bankruptcy" shall be deemed to have occurred with respect to a Person if either:

(a) a case or other proceeding shall be commenced, without the application or consent of such Person, in any court, seeking the liquidation, reorganization, debt arrangement, dissolution, winding up, or composition or readjustment of debts of such person, the appointment of a trustee, receiver, custodian, liquidator, assignee, sequestrator or the like for such Person or all or substantially all of its assets, or any similar action with respect to such Person under any law relating to bankruptcy, insolvency, reorganization, winding up or composition or adjustment of debts, and such case or proceeding shall continue undismissed, or unstayed and in effect, for a period of 60 consecutive days; or an order for relief in respect of such Person shall be entered in an involuntary case under the federal bankruptcy laws or other similar laws now or hereafter in effect; or

(b) such Person shall commence a voluntary case or other proceeding under any applicable bankruptcy, insolvency, reorganization, debt arrangement, dissolution or other similar law now or hereafter in effect, or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar

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official) for, such Person or for any substantial part of its property, or shall make any general assignment for the benefit of creditors, or shall fail to, or admit in writing its inability to, pay its debts generally as they become due, or, if a corporation or similar entity, its board of directors shall vote to implement any of the foregoing.

"Fiscal Quarter" means any fiscal quarter of a Fiscal Year.

"Fiscal Year" means the fiscal year of API and its Subsidiaries, which period shall be the 12-month period ending on August 31 of each year.

"Fixed Charge Coverage Ratio" means, for any Computation Period, the ratio of

- (a) the sum of
 - (i) Consolidated Net Income for such period,
- plus
 - (ii) the aggregate amount deducted in respect of federal, state, local and foreign income taxes in determining such Consolidated Net Income,
- plus
 - (iii) Consolidated Interest Expense for such period,
- plus
 - (iv) the aggregate amount deducted in respect of leases that were not Capital Leases in determining such Consolidated Net Income,
- plus
 - (v) the aggregate amount deducted in respect of amortization of intangible assets (including goodwill) in determining such Consolidated Net Income,

to

(b) the sum of

(i) Consolidated Interest Expense for such period,

plus

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(ii) the aggregate amount deducted in respect of leases that were not Capital Leases in determining such Consolidated Net Income.

"Funded Debt" of any Person at any date of determination means the sum of all Debt described in clauses (a) and (b) of the definition of "Debt".

"GAAP" means those U.S. generally accepted accounting principles applied in the preparation of the audited financial statements referred to in Section 6.01(i).

"GB" has the meaning set forth in the preamble.

"Hedging Arrangement" means any interest rate swap, cap or collar agreement, currency swap agreement or other arrangement designed to hedge interest rate and/or currency risk.

"Indemnified Amounts" has the meaning set forth in Section 12.01.

"Indemnified Party" has the meaning set forth in Section 12.01.

"Investment" means, with respect to any Person:

(a) any loan or advance made by such Person to any other Person; and

(b) any capital contribution made by such Person to, or ownership or similar interest held by such Person in, any other Person.

The amount of any Investment shall be the original principal or capital amount thereof less all returns of principal or equity thereon (and without adjustment by reason of the financial condition of such other Person) and shall, if made by the transfer or exchange of property other than cash, be deemed to have been made in an original principal or capital amount equal to the fair market value of such property.

"Liquidation Day" for any Undivided Interest means any of (i) each day which occurs on or after the date designated by the Agent to Sellers' Representative to be the "Liquidation Commencement Date", provided such date is designated on at least one Business Day's notice during a time when any of the conditions set forth in Section 5.02 are not satisfied, (ii) each day which occurs on or after the Commitment Termination Date for such Undivided Interest, or (iii) each day which occurs thirty days after Sellers' Representative shall have given written

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notice to the Agent that Sellers no longer wishes to sell undivided interests in the Receivables Pool to Purchasers. There shall be no Liquidation Day for any Undivided Interest after it shall equal zero.

"Liquidation Period" means one or more contiguous Liquidation Days.

"Liquidations" means for any period, the Collections of a Seller for such period.

"Lock-Box Agreement" means an agreement, in substantially the form of Exhibit IE-1, executed by a Seller and a Lock-Box Bank.

"Lock-Box Bank" means any of the banks holding one or more lock-box accounts for receiving Collections from Pool Receivables.

"Lock-Box Notice" means a notice to a Lock-Box Bank, in substantially the form of Exhibit IE-2, executed by a Seller.

"Loss Reserve" has the meaning set forth in Section 2.04.

"Majority Purchasers" means Purchasers having aggregate Percentages in excess of 67%.

"Month End Date" has the meaning set forth in Section 3.04.

"Net Charge-Off Ratio" means the percentage that (x) the aggregate net charge-offs and net write-offs of Pool Receivables recognized during any month was of (y) Liquidations of Pool Receivables during such month.

"Net Pool Balance" has the meaning set forth in Section 2.07.

"Obligor" means a Person obligated to make payments pursuant to a Receivable.

"Outstanding Investment" has the meaning set forth in Section 2.03.

"Participation Amounts" with respect to any Undivided Interest at any time means the sum of Purchasers' Investments and the Loss Reserve with respect to such Undivided Interest at such time.

"Participation Amounts Limit" has the meaning set forth in Section 1.03(b).

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"Percentage" with respect to any Purchaser, means the percentage set forth for such Purchaser on the signature page hereto, as it may be adjusted from time to time pursuant to an Assignment.

"Periodic Report" means a report, in substantially the form of Exhibit IF, furnished by Servicer to the Agent for each Purchaser pursuant to Section 3.05.

"Person" means an individual, partnership, corporation (including a business trust), joint stock company, trust, unincorporated association, joint venture, government or any agency or political subdivision thereof or any other entity.

"PNC Bank" has the meaning set forth in the preamble.

"Pool Losses to Liquidations Ratio" means the percentage that (x) the aggregate Unpaid Balances of all Defaulted Receivables recognized during the month ending on the most recent Month End Date was of (y) Liquidations of Pool Receivables during such period.

"Pool Receivable" means a Receivable in the Receivables Pool.

"Purchase" means a purchase by Purchasers of an Undivided Interest from Sellers pursuant to Article II; it being understood, that a Reinvestment is not a "Purchase".

"Purchase Limit" has the meaning set forth in Section 1.03(a).

"Purchase Termination Event" means any failure to satisfy the condition set forth in Section 5.02.

"Purchaser" has the meaning set forth in the preamble.

"Purchasers' Investments" has the meaning set forth in Section 2.03.

"Purchasers' Share" has the meaning set forth in Section 2.08.

"Receivable" means any right to payment from an obligor, whether constituting an account, chattel paper, instrument or general intangible, arising from the sale of products by a Seller in the ordinary course of its business, and includes the right to payment of any interest or finance charges and other obligations of such obligor with respect thereto.

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"Receivables Pool" means at any time all then outstanding Receivables which (i) were generated by a Seller in the ordinary course of business, and (ii) as to which the Obligors thereunder are Designated Obligors. If, with respect to any Undivided Interest, a Receivable is a Pool Receivable on the day immediately preceding the Termination Date for such Undivided Interest, such Receivable shall continue to be considered a Pool Receivable with respect to such Undivided Interest at all times thereafter.

"Recourse Amount" has the meaning set forth in Section 3.04.

"Recourse Percentage" means the greatest of (i) 16%, (ii) the Net

Charge-Off Ratio (rounded upwards to the nearest 1/10 of 1%) multiplied by 4 plus 11% and (iii) the Delinquency Ratio (rounded upwards to the nearest 1/10 of 1%) multiplied by 1.2.

"Recourse Unpaid Balances" has the meaning set forth in Section 3.04.

"Regulatory Change" means, relative to any Affected Party

(a) any change in (or the adoption, implementation, phase-in or commencement of effectiveness of) any

(i) United States federal or state law or foreign law applicable to such Affected Party;

(ii) regulation, interpretation, directive, requirement or request (whether or not having the force of law) applicable to such Affected Party of (A) any court, government authority charged with the interpretation or administration of any law referred to in clause (a) (i) or of (B) any fiscal, monetary or other authority having jurisdiction over such Affected Party; or

(iii) generally accepted accounting principles or regulatory accounting principles applicable to such Affected Party and affecting the application to such Affected Party of any law, regulation, interpretation, directive, requirement or request referred to in clause (a) (i) or (a) (ii) above; or

(b) any change in the application to such Affected Party of any existing law, regulation, interpretation, directive, requirement, request or accounting principles referred to in clause (a) (i), (a) (ii) or (a) (iii) above.

"Reinvestment" means the purchase of additional undivided interests that are added to a related Undivided Interest with

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proceeds of Collections that initially were applied to reduce such Undivided Interest pursuant to Section 3.01.

"Related Security" means, with respect to any Pool Receivable: (i) all of any Seller's right, title and interest in and to all security agreements or other agreements that relate to such Pool Receivable; (ii) all of any Seller's interest in the merchandise (including returned merchandise), if any, relating to the sale which gave rise to such Pool Receivable; (iii) all other security interests or liens and property subject thereto from time to time purporting to secure payment of such Pool Receivable, whether pursuant to the Contract related to such Pool Receivable or otherwise; (iv) all UCC financing statements covering any collateral securing payment of such Pool Receivable; and (v) all guarantees and other agreements or arrangements of whatever character from time to time supporting or securing payment of such Pool Receivable whether pursuant to the Contract related to such Pool Receivable or otherwise. The interest of the Purchasers' in any Related Security is only to the extent of the Purchasers' Undivided Interest, as more fully described in the definition of an Undivided Interest.

"Remaining Collections" has the meaning set forth in Section 3.01(a) (ii).

"Reporting Date" has the meaning set forth in Section 3.05.

"Repurchase Termination Date" for any Undivided Interest means that Business Day which Sellers' Representative designates, or, if any of the Conditions Precedent in Section 5.02 are not satisfied (other than the absence of an Unmatured Termination Event), such Business Day which the Agent designates, as the Repurchase Termination Date for such Undivided Interest by notice to the Agent (if Sellers' Representative so designates) or to Seller's Representative (if the Agent so designates) at least one Business Day prior to such Business Day.

"Scheduled Commitment Termination Date" has the meaning set forth in Section 1.02.

"Seller" and "Sellers" have the meanings set forth in the preamble.

"Sellers' Representative" has the meaning set forth in the preamble.

"Servicer" means at any time the Person then authorized pursuant to Article VIII to service, administer and collect Pool Receivables.

"Servicer Transfer Event" has the meaning set forth in Section 8.01(a).

"Servicer's Fee" has the meaning set forth in Section 2.07.

"Settlement" means the payments and other actions provided for on the last day of each Settlement Period.

"Settlement Date" means the last day of each Yield Period.

"Settlement Period" for any Undivided Interest means each period commencing on the first day of each Yield Period for such Undivided Interest and ending on the last day of such Yield Period, and, on and after the Termination Date for such Undivided Interest, such period (including, without limitation, a daily period) as shall be selected from time to time by the Agent or, in absence of any such selection, each period of thirty days from the last day of the immediately preceding Settlement Period; provided, however, that with respect to any Yield Period of one day as described in clause (ii) of the proviso clause of the definition of "Yield Period", the related Settlement Period shall be the first day following such Yield Period.

"Shareholders' Equity" means, at any date of determination, all amounts which would be included under shareholders' equity on a consolidated balance sheet of API and its Subsidiaries or APSA and its Subsidiaries, as the case may be.

"Special Concentration Limit" has the meaning set forth in the definition of "Net Pool Balance" in Section 2.07.

"Subsidiary" means a corporation of which any Seller and/or its other Subsidiaries own, directly or indirectly, such number of outstanding shares as have more than 50% of the ordinary voting power for the election of directors.

"Successor Notice" has the meaning set forth in Section 8.01(a).

"Suretyship Liability" means any agreement, undertaking or other contractual arrangement by which any Person guarantees, endorses or otherwise becomes or is contingently liable upon (by direct or indirect agreement, contingent or otherwise, to provide funds for payment, to supply funds to or otherwise to invest in a debtor, or otherwise to assure a creditor against loss) any indebtedness, obligation or other liability (including accounts payable) of any other Person (other than by endorsements of instruments in the course of collection), or guarantees the payment of dividends or other distributions upon the shares of any other Person. The amount of any Person's obligation under any Suretyship Liability shall (subject to any limitation set

forth therein) be deemed to be the principal amount of the indebtedness, obligation or other liability guaranteed thereby.

"Termination Date" for any Undivided Interest means the earlier of (i) the Repurchase Termination Date for such Undivided Interest and (ii) the Commitment Termination Date.

"Termination Event" has the meaning set forth in Section 9.01.

"Total Capital" at any date of determination means the sum of

(a) Funded Debt,

plus

(b) all federal, state, local and foreign income taxes carried as deferred income taxes in accordance with GAAP on the consolidated balance sheet of API and its Subsidiaries,

plus

(c) Shareholders' Equity of the Company and its Subsidiaries.

"Total Investment" has the meaning set forth in Section 2.03.

"UCC" means the Uniform Commercial Code as from time to time in effect in the applicable jurisdiction or jurisdictions.

"Undivided Interest" has the meaning set forth in Section 2.01.

"Unmatured Termination Event" means any event which, with the giving of notice or lapse of time, or both, would become a Termination Event.

"Unpaid Balance" of any Receivable means at any time the unpaid amount thereof (but excluding all late payment charges, delinquency charges, and extension or collection fees to the extent such charges or fees, if collected, would not be Collections).

"WLI" has the meaning set forth in the preamble.

"Yield Period" means with respect to any Undivided Interest (or portion thereof) (i) prior to the Termination Date, the period, commencing on the date of the initial Purchase of such Undivided Interest or on the prior Settlement Date, as the case

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may be, of one, two or three months, as designated by the notice by Sellers' Representative received by the Agent (including notice by telephone, confirmed in writing) not later than 12:00 noon (Pittsburgh time) two Business Days prior to such date of Purchase or Settlement Date, except that if the Agent shall not have received such notice prior to such day, such period shall be one month; and (ii) after the Termination Date, such number of days as the Agent shall select; provided, however, that (I) any such Yield Period which would otherwise end on a day which is not a Business Day shall be extended to the next succeeding Business Day (unless the related Undivided Interest shall be accruing Earned Discount at a rate determined by reference to the Eurodollar Rate (Reserve Adjusted), in which case if such succeeding Business Day is in a different calendar month, such Yield Period shall instead be shortened to the next preceding Business Day); (II) in the case of Yield Periods of one day for any Undivided Interest, (A) the initial Yield Period shall be the day of the related Purchase; (B) any subsequently occurring Yield Period which is one day shall, if the immediately preceding Yield Period is more than one day, be the last day of such immediately preceding Yield Period, and if the immediately preceding Yield Period is one day, be the day next following such immediately preceding Yield Period; and (C) any Yield Period of one day which occurs on a day immediately preceding a day which is not a Business Day shall be extended to the next succeeding Business Day; and (III) in the case of any Yield Period for any Undivided Interest which commences before the Termination Date for such Undivided Interest and would otherwise end on a date occurring after such Termination Date, such Yield Period shall end on such Termination Date and the duration of each such Yield Period which commences on or after the Termination Date for such Undivided Interest shall be of such duration as shall be selected by the Agent. The "related" Yield Period for any Undivided Interest at any time means the Yield Period pursuant to which Earned Discount is then accruing for such Undivided Interest.

1.2. Other Terms. All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles. All terms used in Article 9 of the UCC in the State of Illinois, and not specifically defined herein, are used herein as defined in such Article 9.

1.3. Computation of Time Periods. Unless otherwise stated in this Agreement, in the computation of a period of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each means "to but excluding".

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AGREEMENT

Agreement made this 9th day of May, 1994 by and between Applied Power Inc. ("API") and Richard G. Sim ("Sim").

WITNESSETH:

For and in consideration of the mutual promises of the parties and for other valuable consideration, receipt of which is hereby acknowledged by each party, the parties hereto agree as follows:

1. Employment Agreement. The Employment Agreement between API and Sim, dated July 5, 1985, and the First Amendment to the Employment Agreement, dated September 2, 1986, are hereby terminated, effective as of the date hereof.
2. Salary Continuation. Sim shall continue to receive his then current salary for a period of one year following his termination of employment with API, and a pro-rata portion of his bonus award earned for the fiscal year of termination as determined after the end of such fiscal year, if such termination occurs because of Sim's death or permanent disability that prevents him from fulfilling his duties to API.
3. Long-term Disability Benefit. API will maintain its present long-term disability benefit plan, or a substantially similar program providing comparable (or greater) benefits, as to Sim during the term of this Agreement. In the event Sim qualifies for long-term disability benefits under such plan, API shall supplement any plan benefit payable to Sim to the extent necessary to provide to Sim a total long-term disability benefit payment that is equal to thirty percent (30%) of his then base pay. Such supplemental amount shall be payable on the same terms and conditions, and based on the same definitions and procedures, as are set forth in the long-term disability plan and shall be provided to Sim at no cost to him.
4. Miscellaneous. This Agreement shall be governed by and construed under the laws of the State of Wisconsin. If any provision in this Agreement shall be held invalid and unenforceable for any reason, such provision shall be deemed deleted and shall not affect the validity and enforceability of all other provisions contained herein. No modification of this Agreement shall be effective unless made in writing and signed by the parties. This Agreement shall be binding upon and inure to the benefit of the parties, their respective successors, representatives and heirs.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

APPLIED POWER INC.

By: /s/ Richard M. Jones
Richard M. Jones Chairman,
Compensation Committee of the
Board of Directors

ATTEST:

/s/ David B. Wescoe

David B. Wescoe

/s/ Richard G. Sim

Richard G. Sim

EXCERPT FROM MINUTES OF THE APPLIED POWER INC.
COMPENSATION COMMITTEE MEETING
HELD ON MAY 3, 1994

FY94 CORPORATE BONUS PLAN Mr. Sim reviewed the status of the corporate bonus for fiscal 1994. Mr. Sim recommended that the Committee approve including \$.10 per share to the Company's earnings per share measure based upon the inclusion of the Wright Line unit in the Company's continuing operations. Following discussion, the Committee unanimously approved increasing the Company's earnings per share targets for fiscal 1994 bonus purposes by \$.10, from \$1.25 to \$1.35 per share.

Executive Staff F'95 Bonus Plan Criteria

Executive Staff Measurements

The fiscal 1995 bonus plan for executive staff will consist of the following:

- a) 40% Return on Net Assets (RONA)
- b) 40% Earnings Per Share (EPS)
- c) 20 % Personal Objectives

For all officers, personal objectives have been established which represent key program/project leadership activities for the current year.

Supporting Definitions:

Average Net Assets: Average quarterly net assets. Net assets equal total assets less current liabilities and debt included in current liabilities.

Earnings Per Share: Net Income divided by Average Number of Common Shares Outstanding during the period.

Return on Net Assets: After tax Income (excluding interest) divided by Average Net Assets. RONA is a financial indicator of the ability of the Company to generate profits utilizing available assets in an efficient manner.

Personal Objectives: Represent key program/project leadership activities for the current year.

NOTE: With regard to personal objectives, the objectives will serve as a guideline, however recommendations to the Committee by the CEO will take into account evolving priorities during the year.

Bonus recommendations are presented to the Compensation Committee for their approval after the fiscal year results are available.

Executive Staff F'95 Measurements and Bonus Plan

<TABLE>

<CAPTION>

Bonus Measurement: *	50%	100% (Target)	200%
<S>	<C>	<C>	<C>
40% Return on Net Assets	10.0%	11.0%	13.5%
40% Earnings Per Share	\$1.45	\$1.60	\$1.90
20% Personal Objectives	-	-	-

<CAPTION>

Name	Functional Area	Proposed Bonus Payout @ 100%
<S>	<C>	<C>
Sim *	CEO - API	\$232,000
Arzbaecher	CFO	\$70,000
Dorszynski	Tax & Treasury	\$29,000
Foote	Business Development	\$50,000
Knutson	Technology	\$35,000
Lampereur	Controller	\$28,000

</TABLE>

* Except in the case of Sim, where 50% of the bonus measurement is based on Return on Net Assets, 50% is based on Earnings Per Share and there is no provision for Personal Objectives.

Group Executive F'95 Measurements and Bonus Plan

Group Executive Measurements

The Fiscal 1995 bonus plans for Group Executive Operating Officers will consist of the following:

- a) 20% Applied Power Financial Results (RONA and EPS)
- b) 60% Group Business Results (1) (2)
- c) 20% Personal Objectives

The business unit financial targets for fiscal 1995 have been established based upon the business plans submitted by each business unit, current year Corporate contribution requirements for profitability, and agreed upon long term investments. Operating Officers will be eligible for the personal objective portion of the bonus if Corporate meets the established minimum financial threshold (RONA and EPS).

(1) CMM = Operating Profit - (20% x Monthly Net Assets)

(2) Targeted bonus plan levels for CMM may be modified during the plan year due

to mergers and acquisitions.

NOTE: With regard to personal objectives, the objectives will serve as a guideline, however recommendations to the Committee by the CEO will take into account evolving priorities during the year.

Bonus recommendations are presented to the Compensation Committee for their approval after the fiscal year results are available.

Group Executive F'95 Bonus Plan

Bonus Measurements:

- 20% Applied Power Financial Results (RONA and EPS)
- 60% Business Group Results (CMM)
- 20% Personal Objectives

<TABLE>
<CAPTION>

Name	Business Unit	CMM \$MM			Total Bonus Payout (1) @ 100% (Target)
		50%	100% (Target)	200%	
<S>	<C>	<C>	<C>	<C>	<C>
Albrecht	ESG	\$4	\$8	\$10	\$90,000
Deuster	DPG	\$14	\$17	\$19	\$100,000

</TABLE>

CMM = Operating Profit - (20% x Monthly Net Assets)

(1) 100% Total Bonus Payout Level for attaining API, Business Group CMM and Personal Objectives.

Business Unit F'95 Bonus Plan

Bonus Measurements:

- | | |
|---------------------------------------|-------------------------|
| Lecher: | van Eyck: |
| 80% Combined Management Measure (CMM) | 50% Sales |
| 20% Personal Objectives | 50% Personal Objectives |

<TABLE>
<CAPTION>

Name	Business Unit	CMM \$MM			Total Bonus Payout (1) @ 100% (Target)
		50%	100% (Target)	200%	
<S>	<C>	<C>	<C>	<C>	<C>
Lecher	GB Electrical	\$3.50	\$4.00	\$5.00	\$70,000
Sales					
van Eyck	Asian Operations (2)	\$30.00	\$32.00	\$36.00	Y8mm (3)

</TABLE>

CMM = Operating Profit - (20% x Monthly Net Assets)

- (1) 100% Total Bonus Payout Level for attaining CMM and Personal Objectives.
- (2) Asian Operations include operating responsibilities for ongoing business in Japan & Korea as well as overall business development for API business units.
- (3) Using 100 yen = \$1 US and 800 won = \$1 US.

APPLIED POWER INC.
 COMPUTATION OF EARNINGS PER SHARE
 (DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

<TABLE>
 <CAPTION>

	Years ended August 31,	
	1994	1993
----- PRIMARY 1992 -----	-----	-----
<S> <C>	<C>	<C>
Average shares outstanding 12,938	13,057	12,977
Net effect of dilutive options based on the treasury stock method using average market price 143	232	122
-----	-----	-----
Total 13,081	13,289	13,099
Net Earnings (Loss)		
Earnings from continuing operations before cumulative effect of accounting change \$ 8,453	\$ 16,896	\$ 7,086
Cumulative effect of accounting change Discontinued operations (32,858)	(348)	(4,355) (3,782)
-----	-----	-----
Net Earnings \$ (24,405)	\$ 16,548	\$ (1,051)
Primary Earnings (Loss) per share:		
Earnings from continuing operations before cumulative effect of accounting change \$ 0.65	\$ 1.27	\$ 0.54
Cumulative effect of of accounting change Discontinued operations (2.51)	(0.03)	(0.33) (0.29)
-----	-----	-----
Net Earnings \$ (1.87)	\$ 1.25	\$ (0.08)
=====	=====	=====
 FULLY DILUTED -----		
Average shares outstanding 12,938	13,057	12,977
Net effect of dilutive options based on the treasury stock method using the greater of average or year-end market price 147	420	127
-----	-----	-----
Total 13,085	13,477	13,104
Net Earnings (Loss):		
Earnings from continuing operations before cumulative effect of accounting change \$ 8,453	\$ 16,896	\$ 7,086
Cumulative effect of accounting change Discontinued operations (32,858)	(348)	(4,355) (3,782)
-----	-----	-----
Net Earnings \$ (24,405)	\$ 16,548	\$ (1,051)
Primary Earnings (Loss) per share:		
Earnings from continuing operations before cumulative effect of accounting change	\$ 1.25	\$ 0.54

\$ 0.65		
Cumulative effect of accounting change		(0.33)
Discontinued operations	(0.03)	(0.29)
(2.51)	-----	-----

Net Earnings	\$ 1.23	\$ (0.08)
\$ (1.87)	=====	=====
=====		

(B)

(A)

(A)
</TABLE>

(A) Antidilutive
(B) Dilution of less than 3%, therefore not presented in Consolidated Statement of Earnings.

EXHIBIT 21

The following table sets forth the name and jurisdiction of incorporation of the Registrant's significant subsidiaries. All subsidiaries are 100% owned except as noted.

Name of Subsidiary	Jurisdiction of Incorporation
UNITED STATES:	
Applied Power International Ltd.	Nevada
Applied Power Investments II Inc.	Nevada
Barry Controls Corporation	Delaware
Barry Wright Corporation	Massachusetts
Barry Wright Real Estate Corporation	Nevada
Columbus Products Corporation	Wisconsin
GB Electrical, Inc.	Wisconsin
Westfield Equipment Corporation	Wisconsin
Wright Line Inc.	Massachusetts
Wright Line Real Estate Corporation	Nevada
OUTSIDE THE UNITED STATES:	
AP International Corporation	Barbados
APITECH Europa B.V.	Netherlands
APITECH Hydraulic GmbH	Germany
Applied Power Asia Pte. Ltd.	Singapore
Applied Power Australia Limited	Australia
Applied Power Canada Ltd.	Ontario, Canada
Applied Power do Brasil Equipamente Ltda.	Brazil
Applied Power Europa B.V.	Netherlands
Applied Power Export Corp.	U.S. Virgin Islands
Applied Power Far East Ltd.	Japan
Applied Power Finance B.V.	Netherlands
Applied Power Finance S.A.	France
Applied Power GmbH	Germany
Applied Power International, S.A.	France
Applied Power International, S.A.	Switzerland
Applied Power Italiana S.p.A.	Italy
Applied Power Korea Ltd. (90% controlled)	South Korea
Applied Power (Mexico) S.A. de C.V.	Mexico
Applied Power Moscow	CIS
Applied Power New Zealand Limited	New Zealand
Barry Controls GmbH	Germany
Barry Controls U.K. Ltd.	United Kingdom
BCI Barry Controls International GmbH	Germany
DETEC	Germany
Enerpac Asia Pte. Ltd.	Singapore
Enerpac Hydraulic Technology (India) Pte. Ltd.	India
Enerpac Limited	United Kingdom
Enerpac Nederland B.V.	Netherlands
Enerpac S.A.	France
Power-Packer France S.A.	France
Norelem S.A.	France
Power-Packer do Brasil Limitada	Brazil
Power-Packer Espana, S.A.	Spain
Power-Packer Europa B.V.	Netherlands
Sanwa-Packer, Ltd. (34%)	Japan
Toyo Hydraulic Equipment Co., Ltd.	Japan
Applied Power Holding GmbH	Germany

All of the foregoing subsidiaries are included in the consolidated financial statements filed herewith.

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statements of Applied Power Inc. on Forms S-8 No. 33-18140, No. 33-21250, No. 33-24197, No. 33-38719, No. 33-38720 and No. 33-62658 of our reports dated September 30, 1994, which reports express an unqualified opinion and include an explanatory paragraph relating to the change in method of accounting for postretirement benefits to conform with Statement of Financial Accounting Standards No. 106, appearing in this Annual Report on Form 10-K of Applied Power Inc. for the year ended August 31, 1994

DELOITTE & TOUCHE LLP
Milwaukee, Wisconsin
November 17, 1994

<TABLE> <S> <C>

<ARTICLE> 5

<MULTIPLIER> 1,000

<CURRENCY> U.S. DOLLARS

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<INTEREST-EXPENSE>	11,362
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<INCOME-CONTINUING>	16,896
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<CHANGES>	0
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<EPS-DILUTED>	1.23

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