

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, 1995

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)

<TABLE>
<S> WISCONSIN <C> 39-0168610
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)
</TABLE>

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:

<TABLE>
<S> CLASS A COMMON STOCK, NEW YORK STOCK EXCHANGE
\$.20 PAR VALUE PER SHARE (Name of each exchange on which registered)
(Title of each class)
</TABLE>

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 October 31, 1995, the aggregate market value of Common Stock held by non-affiliates was approximately \$413.4 million, and there were 13,408,190 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 11, 1996 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 divided into three business segments:

<TABLE>	<C>
<S>	
Distributed 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	
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 M -- "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.

All numbers in the report are in thousands of US Dollars unless otherwise indicated.

DESCRIPTION OF BUSINESS SEGMENTS

DISTRIBUTED PRODUCTS

Distributed Products, 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 Distributed Products businesses supply approximately 5,000 SKU's each to a broad customer base. Geographic expansion offers a source of growth potential for the Distributed Products 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 approximately 5,000 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.

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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 ("OEMs").

Enerpac has engineering, manufacturing and warehousing operations in the United States, the Netherlands, Mexico, France, South Korea and Japan, with sales and service operations in a number of other countries. The manufacturing operations in the Netherlands were recently consolidated into the United States, with the Netherlands' location primarily serving as a European warehouse. 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 tripled its sales since being acquired by the Company in 1988. It has completed three acquisitions between October, 1993 and September, 1995, including Palmer Industries (a manufacturer of plastic and metal staples), New England Controls (an electrical switch manufacturer) and Vision Plastics (a plastic cable tie manufacturer). GB'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 multitestors; and electrical switches.

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, Wal-Mart, 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, North Carolina, California and Connecticut. GB's products are primarily distributed through its International 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 Asia.

ENGINEERED SOLUTIONS

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

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throughout Europe, Japan, South Korea, South America 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 license agreement. Air suspension systems improve the ride characteristics of trucks, enhance driver comfort and safety while reducing 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 control, 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™ 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, Palfinger, 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 Delphi that are part of the system that provides a semi-active suspension capability in certain Cadillac models. Sales to GM Delphi 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

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components for a variety of applications including computers, appliances, power 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 held for sale and included in discontinued operations since the third quarter of 1992. For further information, refer to Note B -- "Discontinued Operations" in Notes to Consolidated Financial Statements.

During the past three 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 (LAN's), multi-media, engineering test and development and scientific laboratory 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 cabinets, workstations and work surfaces used in the computerized 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 direct salespeople, sales representatives and dealers, depending on the country. Products are primarily sold to commercial and governmental end-users. Sales to the government, which have averaged approximately 30% of total Wright Line net sales over the past three years, are made pursuant to a contract between Wright Line and the US Government's General Services Administration.

COMPETITION

The Company competes on the basis of product design, quality, availability, performance, customer service and price. The Company believes that its technical skills, global presence, shared technology base, close working relationships with customers as well as its 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 \$8,725, \$7,446 and \$5,878 in fiscal years 1995, 1994 and 1993, 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

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(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, 1995, the Company had approximately \$88,200 in backlog orders, compared to approximately \$81,200 at August 31, 1994. Substantially all orders are expected to be completed prior to August 31, 1996. 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, 1995, Applied Power employed 2,840 people on a full-time basis, 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 seven 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 its financial position. Liabilities are recorded when environmental remediation is probable, and the costs can be reasonably estimated. Environmental remediation accruals of \$573 and \$567 were included in the Consolidated Balance Sheet at August 31, 1995 and 1994, respectively. For further information, refer to Note N -- "Contingencies and Litigation" in Notes to Consolidated Financial Statements.

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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

	<C>	<C>
DISTRIIBUTED PRODUCTS		
Enerpac		
Columbus, Wisconsin.....	130,000	Leased
Veenendaal, Netherlands.....	97,000	Owned

Pachuca, Mexico.....	69,000	Leased
Troyes, France.....	67,000	Leased
Tokyo, Japan.....	45,000	Leased
Seoul, South Korea.....	22,000	Leased
GB Electrical		
Glendale, Wisconsin.....	239,000	Leased
Matthews, North Carolina.....	33,000	Owned
Alexandria, Minnesota.....	25,000	Owned
Milford, Connecticut.....	11,000	Owned
San Diego, California.....	21,000	Owned
ENGINEERED SOLUTIONS		
Power-Packer		
Oldenzaal, Netherlands.....	74,000	Owned
Westfield, Wisconsin.....	48,000	Leased
APITECH		
Butler, Wisconsin.....	48,000	Leased
Barry Controls		
Brighton, Massachusetts.....	227,000	Leased
Burbank, California.....	126,000	Leased
Hersham, England.....	39,000	Leased
WRIGHT LINE		
Worcester, Massachusetts.....	225,000	Owned

</TABLE>

In addition to these properties, the Company utilizes a number of smaller facilities in South Korea, Spain, Italy, Canada, Brazil, France, Germany, Australia, Russia, Singapore, India, China, the United Kingdom and the United States. The Company's headquarters are based in a 68,000 square foot leased office 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 is currently making additions to the Wright Line facility in Worcester which are expected to be completed within the next year. The Company intends to construct, lease or acquire a larger manufacturing and warehousing facility in South Korea within the next two years to support its expansion in that emerging market. Funding for this project 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

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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 are listed below.

<TABLE>

<CAPTION>

NAME	AGE	POSITION
<S>	<C>	<C>
Richard G. Sim.....	51	Chairman, President and Chief Executive Officer; Director
William J. Albrecht.....	44	Senior Vice President, Engineered Solutions
Robert G. Deuster.....	45	Senior Vice President, Distributed Products
Gustav H.P. Boel.....	52	Vice President, President of Enerpac
Philip T. Burkart.....	38	Vice President, President of Wright Line Inc.
Theodore M. Lecher.....	44	Vice President, President GB Electrical, Inc.
Robert C. Arzbaeher.....	35	Vice President, Chief Financial Officer
Louis E. Font.....	42	Vice President, Human Resources
Dale A. Knutson.....	63	Vice President, Technology
Philip M. Van Praag.....	49	Vice President, Chief Information Officer
Douglas R. Dorszynski.....	43	Vice President, Tax and Treasurer

Andrew G. Lampereur.....	32	Controller
Anthony W. Asmuth III.....	53	Secretary

</TABLE>

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

William J. Albrecht was named Senior Vice President of Engineered Solutions 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 Distributed Products 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.

Gustav H.P. Boel was elected Vice President of the Company and named President of Enerpac in November, 1995. From 1991 until that time, he was Managing Director of Power-Packer Europe. From 1990 to 1991, Mr. Boel was Technical Director for Groeneveld, located in Holland. Prior to 1990, he spent nineteen years with Enerpac in the Netherlands, where he last held the position of Managing Director.

Philip T. Burkart was elected Vice President of the Company in November, 1995 and named the President of Wright Line Inc. in August, 1994. From 1990 to 1994, Mr. Burkart held various positions within Wright Line Inc. including: General Manager, Vice President, Marketing and Operations and Director of Marketing. Prior to joining the Company, Mr. Burkart was a Marketing Manager for GE Medical Systems.

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

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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.

Robert C. Arzbaecher was named Vice President and Chief Financial Officer in October, 1994. He had served as Vice President, Finance of Distributed Products 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.

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 Distributed Products. 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.

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.

Philip M. Van Praag was named Vice President and Chief Information Officer in November, 1995. Prior to joining the Company in 1994 as Chief Information Officer, Mr. Van Praag was with R.R. Donnelley & Sons since 1989, where he last held the position of Director of Information Systems. From 1979 to 1989, Mr. Van Praag held various positions with Hughes Aircraft Company.

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.

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. Quarles & Brady performs legal services for the Company and certain of its subsidiaries. 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, 1995, the approximate number of record shareholders of common stock was 468. 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>
1995.....	June 1 to August 31	\$33 3/8	\$24 1/2
	March 1 to May 31	27	23 1/4
	December 1 to February 28	25 3/4	20 3/4
	September 1 to November 30	25 1/8	21 5/8
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

</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,				
	1995	1994	1993	1992	1991
<S>	<C>	<C>	<C>	<C>	<C>
Net Sales.....	\$527.1	\$433.6	\$398.7	\$404.3	\$400.6
Gross Profit.....	201.4	163.5	151.0	154.9	157.1
Earnings (Loss)					
Continuing Operations.....	25.0	16.9	7.1 (1)	8.5 (1)	10.8 (1)
Discontinued Operations.....	--	(0.4)	(3.8)	(32.9)	(2.9)
Extraordinary Loss.....	(4.9)	--	--	--	--
Cumulative Effect of Accounting Change.....	--	--	(4.4)	--	--
Net Earnings (Loss).....	\$ 20.1	\$ 16.5	\$ (1.1)	\$ (24.4)	\$ 7.9
Earnings (Loss) Per Share					
Continuing Operations.....	\$ 1.82	\$ 1.27	\$ 0.54 (1)	\$ 0.65 (1)	\$ 0.83 (1)
Discontinued Operations.....	--	(0.03)	(0.29)	(2.51)	(0.23)
Extraordinary Loss.....	(0.36)	--	--	--	--
Cumulative Effect of Accounting Change.....	--	--	(0.33)	--	--
Net Earnings (Loss) Per Share.....	\$ 1.46	\$ 1.25	\$ (0.08)	\$ (1.87)	\$ 0.60
Dividends Per Common Share.....	\$ 0.12	\$ 0.12	\$ 0.12	\$ 0.12	\$ 0.12

</TABLE>

<TABLE>
<CAPTION>

	AUGUST 31,				
	1995	1994	1993	1992	1991
<S>	<C>	<C>	<C>	<C>	<C>

Total Assets.....	\$332.9	\$317.4	\$306.3	\$301.5	\$326.2
Long-term Obligations.....	\$ 74.3	\$ 88.7	\$ 97.5	\$108.0	\$118.6
Shareholders' Equity.....	\$131.7	\$107.3	\$ 88.0	\$ 96.6	\$116.8
Actual Shares Outstanding.....	13.4	13.2	13.0	13.0	12.9

</TABLE>

(1) Earnings from Continuing Operations for 1993, 1992 and 1991 reflect after-tax restructuring charges of \$5.0 (\$0.38 per share), \$3.1 (\$0.24 per share) and \$3.0 (\$0.23 per share), respectively. In addition, 1992 includes a liquidation of LIFO inventory which had the effect of increasing earnings by \$1.3 (\$0.10 per share).

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

(DOLLARS IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

<TABLE>
<CAPTION>

RESULTS OF CONTINUING OPERATIONS	YEARS ENDED AUGUST 31,			PERCENTAGE OF NET SALES		
	1995	1994	1993	1995	1994	1993
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Net Sales.....	\$527.1	\$433.6	\$398.7	100.0%	100.0%	100.0%
Gross Profit.....	201.4	163.5	151.0	38.2	37.7	37.9
Operating Expenses.....	149.2	121.3	117.3	28.3	28.0	29.4
Restructuring Expenses.....	--	--	7.7	--	--	1.9
Operating Earnings.....	52.2	42.2	26.0	9.9	9.7	6.5
Other Expenses.....	15.3	16.9	16.4	2.9	3.9	4.1
Earnings Before Income Taxes.....	36.9	25.3	9.6	7.0	5.8	2.4
Income Tax Expense.....	11.9	8.4	2.5	2.3	1.9	0.6
Earnings Before Accounting Change and Extraordinary Loss.....	25.0	16.9	7.1	4.7	3.9	1.8
Extraordinary Loss.....	(4.9)	--	--	0.9	--	--
Cumulative Effect of Accounting Change.....	--	--	(4.4)	--	--	1.1
Net Earnings.....	\$ 20.1	\$ 16.9	\$ 2.7	3.8%	3.9%	0.7%

</TABLE>

The preceding table sets forth the results of continuing operations of the Company for the years ended August 31, 1995, 1994 and 1993.

The Company recorded restructuring charges, extraordinary losses 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, extraordinary losses and the cumulative effect of accounting changes:

<TABLE>
<CAPTION>

EARNINGS COMPARISON	1995	1994	1993
<S>	<C>	<C>	<C>
Earnings from Continuing Operations.....	\$20.1	\$16.9	\$ 2.7
Restructuring -- after tax.....	--	--	5.0
Extraordinary Loss.....	4.9	--	--
Cumulative Effect of Accounting Change.....	--	--	4.4
Totals.....	\$25.0	\$16.9	\$12.1

</TABLE>

Earnings have grown over the last three years as a result of higher sales volume, improved operating margins and lower financing costs.

NET SALES

Net sales increased 22% in 1995 with all three segments posting double-digit sales growth percentages. Ignoring the favorable impact on translated sales from the weaker US Dollar, sales increased 18% over 1994.

<TABLE>
<CAPTION>

GEOGRAPHIC SALES	SALES			PERCENTAGE CHANGE FROM PRIOR YEAR		
	1995	1994	1993	1995	1994	1993
<S>	<C>	<C>	<C>	<C>	<C>	<C>
North America.....	\$323.0	\$279.6	\$259.7	16%	8%	4 %
Latin America.....	12.0	11.3	10.2	6	11	6
Europe.....	136.8	99.2	87.3	38	14	(14)

Japan and Asia Pacific.....	55.3	43.5	41.5	27	5	(2)
	-----	-----	-----	----	----	----
Totals.....	\$527.1	\$433.6	\$398.7	22%	9%	(1)%
	=====	=====	=====	=====	=====	=====

</TABLE>

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Improving economic conditions experienced in the last half of fiscal 1994 carried into 1995, with significant strengthening in Europe and North America. Sales in Japan and Asia Pacific increased 27% in 1995, but were 14% higher in real terms. The weak US Dollar relative to the Japanese Yen during 1995 distorts this comparison. Conversely, Latin America sales growth in real terms was 23%, but the significant devaluation of the Mexican Peso in December, 1994 unfavorably impacted the translation into US Dollars.

<TABLE>
<CAPTION>

SEGMENT SALES	SALES			PERCENTAGE CHANGE FROM PRIOR YEAR		
	1995	1994	1993	1995	1994	1993
	-----	-----	-----	----	----	----
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Distributed Products.....	\$264.9	\$222.0	\$212.9	19%	4%	1 %
Engineered Solutions.....	192.2	162.3	147.6	18	10	2
Wright Line.....	70.0	49.3	38.2	42	29	(19)
	-----	-----	-----	--	--	---
Totals.....	\$527.1	\$433.6	\$398.7	22%	9%	(1)%
	=====	=====	=====	==	==	===

</TABLE>

Total sales from Distributed Products, which consists of Enerpac and GB Electrical, increased 19% in 1995, benefiting from improved economic conditions in North America and Europe, further expansion into developing markets in Southeast Asia, Latin America, and South America and approximately \$4.0 million from minor acquisitions. The impact of the weaker US Dollar favorably impacted Distributed Products sales in 1995 relative to 1994, as sales generated by units outside the US translated into higher US Dollars in 1995. Ignoring currency rate changes, Distributed Products sales grew 16% in 1995.

Engineered Solutions, consisting of Barry Controls, APITECH and Power-Packer, had an 18% increase in sales in 1995. Ignoring currency rate changes, sales grew 14%. The majority of the growth took place in Power-Packer which enjoyed a 45% increase in sales, resulting from strong demand from European OEM truck and automobile manufacturers. Barry Controls and APITECH had sales increases of 5% and 4%, respectively. In addition to improved economic conditions, Engineered Solutions sales grew from the sale of products introduced in recent years. Sales of the LAN Management System ("LMS") product line, which was introduced in the second half of 1993, continued to have a significant impact on Wright Line sales, which grew 42% in 1995. Sales to government agencies increased 25% in 1995, also having a considerable impact on Wright Line's growth.

Total sales in 1994 were 9% higher than 1993, reflecting geographic expansion and the start of improved economic conditions in North America. With the exception of the truck and automotive sectors in Europe, sales in Europe and Japan in 1994 were lower than the prior year due to weak economic conditions. Sales in 1994 of newly introduced products, such as Power-Packer's multi-cylinder convertible top actuation systems, Barry Control's Duo-Plexx and industrial products, APITECH's suspension and motion control systems and Wright Line's LMS product line more than offset declines in cyclical markets that Barry Controls competes in, including commercial aerospace and defense. Foreign currency translation did not materially impact the sales comparison between 1994 and 1993.

Price changes and acquisitions have not had a significant impact on the comparability of net sales during the last three years.

GROSS PROFIT

Gross profit increased to \$201.4 million in 1995, compared to \$163.5 million and \$151.0 million in 1994 and 1993, respectively. The improvement in gross profit resulted primarily from the sales increases in 1995 and 1994.

<TABLE>
<CAPTION>

GROSS PROFIT PERCENTAGES BY SEGMENT	1995	1994	1993
	----	----	----
<S>	<C>	<C>	<C>
Distributed Products.....	42.1%	43.4%	45.4%
Engineered Solutions.....	28.8	28.1	27.3
Wright Line.....	48.8	42.6	36.5
	----	----	----

Totals..... 38.2% 37.7% 37.9%
=====

</TABLE>

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Items influencing overall gross profit percentages include relative sales mix between Distributed Products, Engineered Solutions and Wright Line, as well as production levels. Engineered Solutions' gross profit percentages are lower than either Wright Line or Distributed Products because a much higher proportion of its sales are made to OEM customers (which generate lower margins than non-OEM customers). As a result, the lower the proportion of its sales to total Company sales, the higher the Company's overall gross profit percentage. Gross profit percentages from Distributed Products were lower in 1995 and 1994, relative to 1993, as a result of inefficiencies during the consolidation of Enerpac manufacturing, higher discounts to distributors and increased shipments to OEM customers. Engineered Solutions and Wright Line gross profit percentages improved in 1994 due to the benefits of prior year restructuring, as well as higher production levels. Both achieved additional improvement in 1995 due to favorable product mix and the impact of higher production levels on fixed manufacturing costs.

<TABLE>
<CAPTION>

OPERATING EXPENSES	EXPENSES			PERCENTAGE CHANGE FROM PRIOR YEAR		
	1995	1994	1993	1995	1994	1993
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Engineering.....	\$ 17.1	\$ 13.5	\$ 12.3	27%	10%	13%
Selling and Marketing.....	89.0	72.0	68.1	24	6	1
Administration.....	43.1	35.8	36.9	20	(3)	7
Totals.....	\$149.2	\$121.3	\$117.3	23%	3%	4%

</TABLE>

OPERATING EXPENSES

Engineering expense increased 39% over the last two years to \$17.1 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 \$68.1 million in 1993 to \$72.0 million in 1994 and \$89.0 million in 1995. The majority of the increase since 1993 related to variable selling expenses, primarily commissions. Wright Line has a direct salesforce whose compensation is commission-based. As a result of its 83% sales growth over the last two years, its selling and marketing expenses have increased significantly. As Wright Line becomes a larger part of the total Company, it will exert more influence on the year-to-year growth in operating expenses. In addition to variable selling costs, total operating costs have increased as a result of expenditures for geographic expansion into emerging markets. During the last few years, the Company opened sales offices in Russia, India and China, and has significantly increased its presence in Latin America and Southeast Asia.

Administration expense increased 17% from 1993 to 1995. Geographic expansion expenditures, higher information technology, legal and bonus costs and the impact of minor acquisitions were the primary reasons for the increase.

RESTRUCTURING EXPENSE

The Company recorded \$7.7 million of pre-tax restructuring charges (\$0.38 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. Substantially all of the restructuring costs had been incurred as of August 31, 1995, consisting of severance and consolidation expenditures.

<TABLE>
<CAPTION>

OTHER EXPENSE (INCOME)	1995	1994	1993
<S>	<C>	<C>	<C>
Net financing costs.....	\$10.3	\$11.4	\$12.5
Amortization expense.....	3.3	5.1	4.9
Other -- net.....	1.7	0.4	(1.0)

</TABLE>

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OTHER EXPENSE (INCOME)

The reduction in financing costs during the last three years reflects lower market interest rates and reduced debt levels. The Company refinanced certain debt in 1995, which also had the impact of lowering its financing costs. For further information, see "Liquidity and Capital Resources" below.

Amortization expense increased in 1994 due to incremental amortization of intangible assets added in 1993 and 1994 from acquisitions (see "Liquidity and Capital Resources" below), but declined in 1995 as certain intangible assets from the GB Electrical acquisition in 1988 became fully amortized.

"Other -- net" includes foreign exchange (gains) losses and miscellaneous other (income) expense. A net foreign exchange gain was realized in 1993, while the Mexican Peso devaluation in 1995 caused a \$1.3 million foreign exchange loss in 1995.

INCOME TAX EXPENSE

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. 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.

EXTRAORDINARY LOSS

The Company recorded an extraordinary loss of \$4.9 million, or \$0.36 per share, in 1995 in connection with the March 30, 1995 extinguishment of its \$64.4 million 9.92% Senior Unsecured Notes. The pre-tax extraordinary loss of \$7.3 million was comprised of an estimated make whole provision of \$4.1 million, costs associated with the cancellation of underlying interest rate swap agreements of \$3.0 million and the write-off of \$0.2 million of deferred financing costs. For further information, see Note G -- "Long-term Debt" in Notes to Consolidated Financial Statements.

ADOPTION OF NEW ACCOUNTING PRONOUNCEMENTS

The Company adopted Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other than Pensions" ("SFAS 106"), on September 1, 1992, which 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 (\$0.33 per share) in 1993. For further information, see Note K -- "Postretirement Benefits" in Notes to Consolidated Financial Statements.

The adoption of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS 109") in 1993 had no material impact on net earnings or cash flows. 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.

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 UK and the US in 1994. The net assets and results of operations for the retained Wright Line business were reclassified from discontinued to continuing operations for the periods it was held for sale. 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. For further information, see Note B -- "Discontinued Operations" in Notes to Consolidated Financial Statements.

LIQUIDITY AND CAPITAL RESOURCES

Outstanding debt at August 31, 1995 totaled \$87.0 million, a reduction of \$16.5 million since the beginning of the year. End-of-year debt to total capital was approximately 37%, its lowest point since 1989. Approximately \$23.8 million of cash was generated from operating activities in 1995, \$16.0 million of which was used to fund capital expenditures. Dividends of \$1.6 million were paid during the year. The Company utilized approximately \$2.8 million of cash during 1995 to acquire New England Controls, Inc., and Enerpac's master distributor in Brazil. The resulting cash flow was used to reduce debt.

Increases in primary working capital (net receivables plus net inventory less trade accounts payable) used approximately \$22.4 million of cash during 1995 as a result of higher sales volume (receivables) and geographic expansion (inventory). The Company believes that primary working capital will grow further in 1996 as a result of anticipated business expansion.

The Company extinguished all \$64.4 million of its 9.92% Senior Unsecured Notes on March 30, 1995. The funds used to retire the debt and disburse the make whole payments totaling \$4.0 million were obtained from new borrowings, including those under a temporary expansion of the Company's then existing \$40.0 million multi-currency revolving credit agreement. The Company replaced the original \$40.0 million multi-currency credit agreement and the temporary \$40.0 million expansion with the proceeds from a new \$120.0 million multi-currency credit agreement in August, 1995. The new facility expires August, 2000. To reduce interest rate risk associated with the refinancing, the Company entered into interest rate caps on a notional \$60.0 million in borrowings that limits the maximum applicable base rate (three month LIBOR) to 8.0%. Currently, the Company incurs interest at a rate of .45 of 1% above IBOR. The interest rate caps expire in March, 1997. For additional information, see Note G -- "Long-term Debt" in Notes to Consolidated Financial Statements.

The Company also replaced its former \$25.0 million accounts receivable financing facility in 1995 with a new facility that expires in August, 1998 and provides up to \$50.0 million of multi-currency accounts receivable financing. An incremental \$11.2 million of receivables were financed in 1995, bringing the total balance financed to \$36.2 million at August 31, 1995. Proceeds were used to reduce debt. For additional information, see Note D -- "Accounts Receivable Financing" in Notes to Consolidated Financial Statements.

<TABLE>
<CAPTION>

TOTAL CAPITALIZATION	DOLLARS			PERCENTAGE OF TOTAL CAPITALIZATION		
	1995	1994	1993	1995	1994	1993
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Total Debt.....	\$ 87.0	\$103.5	\$117.9	37%	45%	53%
Shareholders' Equity.....	131.7	107.3	88.0	56	48	39
Deferred Taxes.....	16.4	16.8	17.6	7	7	8
Totals.....	\$235.1	\$227.6	\$223.5	100%	100%	100%

</TABLE>

Outstanding indebtedness declined \$14.4 million in 1994. The Company generated \$22.5 million of cash in operating activities during the year and used \$12.7 million on capital expenditures and \$2.4 million for acquisitions. Dividends of \$1.6 million were also paid. Total borrowings decreased \$6.9 million in 1993. Cash of \$12.7 million was generated from operations. Major expenditures included \$12.2 million for fixed asset additions. Dividends totaling \$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 non-committed lines and the \$120.0 million multi-currency credit agreement totaled \$41.0 million and \$46.0 million, respectively, as of August 31, 1995. The Company believes that such availability, plus funds generated from operations will be adequate to fund operating activities, including modestly higher capital expenditures and working capital, for the foreseeable future.

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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 (IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

Quarterly financial data for 1995 and 1994 is as follows:

<TABLE>
<CAPTION>

	1995			
	FIRST	SECOND	THIRD	FOURTH
<S>	<C>	<C>	<C>	<C>
Continuing Operations				
Net Sales.....	\$125.8	\$124.5	\$139.4	\$137.4
Gross Profit.....	48.2	47.3	53.6	52.3
Earnings Before Extraordinary Loss.....	5.5	4.6	7.3	7.6
Extraordinary Loss.....	--	(4.9)	--	--
Net Earnings(Loss).....	\$ 5.5	\$ (0.3)	\$ 7.3	\$ 7.6
Earnings(Loss) Per Share				
Continuing Operations.....	\$ 0.40	\$ 0.34	\$ 0.53	\$ 0.55

Extraordinary Loss.....	--	(0.36)	--	--
	-----	-----	-----	-----
Net Earnings(Loss) Per Share.....	\$ 0.40	\$(0.02)	\$ 0.53	\$ 0.55
	=====	=====	=====	=====

<CAPTION>

	1994			
	FIRST	SECOND	THIRD	FOURTH
	-----	-----	-----	-----
<S>	<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 Before Discontinued Operations.....	2.9	3.3	5.4	5.3
Discontinued Operations.....	(0.3)	--	--	--
	-----	-----	-----	-----
Net Earnings(Loss).....	\$ 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)	--	--	--
	-----	-----	-----	-----
Net Earnings(Loss) Per Share.....	\$ 0.20	\$ 0.25	\$ 0.40	\$ 0.40
	=====	=====	=====	=====

</TABLE>

The Consolidated Financial Statements are included on pages 20 to 34 and are incorporated by reference herein.

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

None.

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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 11, 1996 (the "1996 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 1996 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 1996 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. Consolidated Financial Statements

See "Index to Consolidated Financial Statements and Financial Statement Schedules" on page 18, the Independent Auditors' Report on page 19 and the Consolidated Financial Statements on pages 20 to 34, all of which are incorporated herein by reference.

2. Financial Statement Schedules

See "Index to Consolidated Financial Statements and Financial Statement Schedules" on page 18 and the Financial Statement Schedule on page 35, all of which are incorporated herein by reference.

3. Exhibits

See "Index to Exhibits" on pages 37 to 39, which is incorporated

herein by reference.

(b) Reports on Form 8-K:

The Company filed a Current Report on Form 8-K dated as of August 16, 1995 announcing that its GB Electrical unit had signed a letter of intent to acquire the business of Vision Plastics Manufacturing Company.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES

<TABLE> <CAPTION>

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Consolidated Balance Sheet as of August 31, 1995 and 1994.....	21
Consolidated Statement of Shareholders' Equity for the years ended August 31, 1995, 1994 and 1993.....	22
Consolidated Statement of Cash Flows for the years ended August 31, 1995, 1994 and 1993.....	23
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</TABLE>

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, 1995 and 1994, and the related consolidated statements of earnings, shareholders' equity, and cash flows for each of the three years in the period ended August 31, 1995. Our audits also included the consolidated financial statement schedule listed in the Index at Item 14. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Applied Power Inc. and subsidiaries at August 31, 1995 and 1994, and the results of their operations and their cash flows for each of the three years in the period ended August 31, 1995 in conformity with generally accepted accounting principles. Also, in our opinion, such consolidated financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As discussed in Note K 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 29, 1995

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

<TABLE>
<CAPTION>

	YEARS ENDED AUGUST 31,		
	1995	1994	1993
<S>	<C>	<C>	<C>
Net sales.....	\$527,058	\$433,644	\$398,727
Cost of products sold.....	325,621	270,120	247,741
Gross Profit.....	201,437	163,524	150,986
Engineering, selling and administrative expenses.....	149,210	121,315	117,295
Restructuring expenses.....	--	--	7,721
Operating Earnings from Continuing Operations.....	52,227	42,209	25,970
Other Expense(Income)			
Net financing costs.....	10,291	11,362	12,469
Amortization of intangible assets.....	3,369	5,092	4,914
Other -- net.....	1,694	457	(1,003)
Earnings from Continuing Operations Before Income Tax			
Expense.....	36,873	25,298	9,590
Income Tax Expense.....	11,868	8,402	2,504
Earnings from Continuing Operations.....	25,005	16,896	7,086
Discontinued Operations, net of income taxes			
Loss(Income) from operations previously offset against			
reserve for estimated loss on disposition.....	--	(348)	1,618
Provision for loss on disposition.....	--	--	(5,400)
Loss from Discontinued Operations.....	0	(348)	(3,782)
Earnings before Extraordinary Loss and Cumulative Effect of			
Accounting Change.....	25,005	16,548	3,304
Extraordinary Loss from Early Extinguishment of Debt, net of			
\$2,423 tax benefit.....	(4,920)	--	--
Cumulative Effect of Accounting Change -- Postretirement			
Benefits.....	--	--	(4,355)
Net Earnings(Loss).....	\$ 20,085	\$ 16,548	\$ (1,051)
Earnings(Loss) Per Share			
Continuing Operations.....	\$ 1.82	\$ 1.27	\$ 0.54
Discontinued Operations.....	--	(0.03)	(0.29)
Extraordinary Loss.....	(0.36)	--	--
Cumulative Effect of Accounting Change.....	--	--	(0.33)
Net Earnings(Loss) Per Share.....	\$ 1.46	\$ 1.25	\$ (0.08)
Weighted Average Shares Outstanding (In Thousands).....	13,746	13,289	13,099

The accompanying notes are an integral part of these financial statements

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APPLIED POWER INC.

CONSOLIDATED BALANCE SHEET
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

<TABLE>
<CAPTION>

	AUGUST 31,	
	1995	1994
<S>	<C>	<C>
ASSETS		
Current Assets		
Cash and cash equivalents.....	\$ 911	\$ 1,907
Accounts receivable, less allowances of \$3,593 and \$3,131,		
respectively.....	71,000	64,259
Inventories.....	103,358	94,949
Prepaid income tax.....	10,297	7,972
Prepaid expenses.....	4,898	5,722
Total Current Assets.....	190,464	174,809
Other Assets.....	6,274	6,390
Goodwill, net of accumulated amortization of \$11,256 and \$9,404,		
respectively.....	57,346	56,708
Other Intangibles, net of accumulated amortization of \$18,798 and		
\$17,141, respectively.....	10,427	11,750

Property, Plant and Equipment		
Property.....	1,909	1,643
Plant.....	28,850	27,724
Machinery and equipment.....	122,615	109,425
	-----	-----
	153,374	138,792
Less: Accumulated depreciation.....	(84,939)	(71,047)
	-----	-----
Net Property, Plant and Equipment.....	68,435	67,745
	-----	-----
Total Assets.....	\$332,946	\$317,402
	=====	=====

LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities		
Short-term borrowings.....	\$ 12,620	\$ 14,707
Trade accounts payable.....	37,530	35,219
Accrued compensation and benefits.....	19,707	16,335
Income taxes payable.....	7,575	8,190
Current maturities of long-term debt.....	187	10,792
Other current liabilities.....	19,828	16,722
	-----	-----
Total Current Liabilities.....	97,447	101,965
Long-term Debt, less current portion.....	74,156	77,956
Deferred Income Tax.....	16,386	16,768
Other Deferred Liabilities.....	13,271	13,402
Shareholders' Equity		
Class A common stock, \$0.20 par value per share, authorized 40,000,000 shares, issued and outstanding 13,406,590 and 13,152,454 shares, respectively.....	2,681	2,630
Additional paid-in capital.....	28,328	23,648
Retained earnings.....	94,285	75,802
Cumulative translation adjustments.....	6,392	5,231
	-----	-----
Total Shareholders' Equity.....	131,686	107,311
	-----	-----
Total Liabilities and Shareholders' Equity.....	\$332,946	\$317,402
	=====	=====

</TABLE>

The accompanying notes are an integral part of these financial statements

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APPLIED POWER INC.

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

<TABLE>
<CAPTION>

	YEARS ENDED AUGUST 31, 1995, 1994 AND 1993			
	CLASS A COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	CUMULATIVE TRANSLATION ADJUSTMENTS
<S>	<C>	<C>	<C>	<C>
Balances at September 1, 1992.....	\$2,592	\$ 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	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	23,648	75,802	5,231
Net earnings for the year.....	--	--	20,085	--
Cash dividends declared -- \$0.12 per share.....	--	--	(1,602)	--
Exercise of stock options.....	51	4,168	--	--
Other.....	--	512	--	--
Currency translation adjustments.....	--	--	--	1,161
	-----	-----	-----	-----
Balances at August 31, 1995.....	\$2,681	\$ 28,328	\$ 94,285	\$ 6,392
	=====	=====	=====	=====

</TABLE>

The accompanying notes are an integral part of these financial statements

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APPLIED POWER INC.

CONSOLIDATED STATEMENT OF CASH FLOWS
(DOLLARS IN THOUSANDS)

<TABLE>
<CAPTION>

	YEARS ENDED AUGUST 31,		
	1995	1994	1993
<S>	<C>	<C>	<C>
Net Income from Continuing Operations.....	\$ 20,085	\$ 16,896	\$ 2,731
Adjustments to reconcile earnings from continuing operations to net cash provided by operating activities:			
Depreciation and amortization.....	18,456	19,406	19,767
Other non-cash charges.....	4,920	--	8,710
Provision for deferred taxes.....	(2,707)	(789)	(6,425)
Changes in operating assets and liabilities, excluding the effects of business acquisitions and disposals:			
Accounts receivable.....	(15,413)	(12,855)	(2,073)
Inventories.....	(8,170)	(7,182)	(9,515)
Prepaid expenses and other assets.....	(2,077)	3,156	2,167
Trade accounts payable.....	1,231	8,509	694
Other liabilities.....	7,499	(4,663)	(3,339)
Net Cash Provided by Operating Activities.....	23,824	22,478	12,717
Investing Activities			
Proceeds on the sale of property, plant and equipment.....	614	1,342	2,073
Additions to property, plant and equipment.....	(15,986)	(12,707)	(12,217)
Business acquisitions.....	(2,758)	(2,446)	--
Other.....	162	142	627
Net Cash Used in Investing Activities.....	(17,968)	(13,669)	(9,517)
Financing Activities			
Proceeds from issuance of long-term debt.....	116,055	13,959	3,484
Principal payments on long-term debt.....	(123,997)	(33,755)	(12,528)
Refinancing expenditures.....	(4,370)	--	--
Net (repayments) borrowings on short-term credit facilities.....	(2,092)	(5,700)	4,926
Net commercial paper (repayments) borrowings.....	(6,671)	9,947	--
Additional receivables financed.....	11,200	--	--
Dividends paid on common stock.....	(1,602)	(1,569)	(1,558)
Stock option exercises and other.....	4,219	1,879	754
Net Cash Used in Financing Activities.....	(7,258)	(15,239)	(4,922)
Effect of Exchange Rate Changes on Cash.....	406	132	(436)
Net Cash Used in Continuing Operations.....	(996)	(6,298)	(2,158)
Discontinued Operations Activities			
Proceeds from sale of Datafile.....	--	6,222	--
Other.....	--	663	31
Net Cash Provided by Discontinued Operations.....	0	6,885	31
Net (Decrease) Increase in Cash and Cash Equivalents.....	(996)	587	(2,127)
Cash and Cash Equivalents -- Beginning of Year.....	1,907	1,320	3,447
Cash and Cash Equivalents -- End of Year.....	\$ 911	\$ 1,907	\$ 1,320

</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 periods of fifteen to forty years. Other intangible assets, consisting primarily of purchased patents, trademarks and noncompete agreements, are amortized over periods from two to seventeen years. The Company periodically evaluates the carrying value of intangible assets in accordance with Statement of Financial Accounting Standards ("SFAS") No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of."

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 totaled approximately \$8,725, \$7,446 and \$5,878 in 1995, 1994 and 1993, respectively.

Financing Costs: Net financing costs represents interest expense on debt obligations, investment income, and accounts receivable financing costs.

Income Taxes: The Company accounts for income taxes in accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes." For further information, see Note L -- "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 stock options, which are considered 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 -- net in the Consolidated Statement of Earnings.

Financial Instruments: The Company utilizes interest rate swap and cap 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. At August 31, 1995, the Company had one immaterial forward contract expiring on September 1, 1995, which hedged an existing exposure. Other than foreign currency forward

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contracts and interest rate swap and cap agreements, the Company does not utilize or trade derivative financial instruments.

Reclassifications: Certain amounts shown for 1994 and 1993 have been reclassified to conform to the current year presentation.

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 \$6,222. A short time later, Wright Line sold its Tapeseal product line to a third party for future compensation.

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 \$31,307 (\$2.51 per share) and \$5,400 (\$0.41 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 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.

NOTE C -- ACQUISITIONS

The Company acquired all of the outstanding stock of New England Controls, Inc. ("NECON") on June 28, 1995 for approximately \$2,059 in cash. Approximately \$1,536 of the purchase price was assigned to Goodwill. NECON, based in Milford, Connecticut, manufactures electrical switches for the electrical wholesale, retail and OEM markets. The operating results of NECON subsequent to June 28, 1995 are included in the Consolidated Statement of Earnings.

On September 1, 1994, the Company acquired the assets of Enerpac's master distributor in Brazil for \$699 in cash. Approximately \$350 of the purchase price was assigned to Goodwill. The operating results of this business subsequent to such date are included in the Consolidated Statement of Earnings.

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.

All acquisitions were accounted for using the purchase method.

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NOTE D -- ACCOUNTS RECEIVABLE FINANCING

As a part of its overall financing strategy, the Company sells to financial institutions undivided participation interests in designated pools of accounts receivable, with limited recourse. 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. In August, 1995, the Company entered into a new multi-currency accounts receivable financing agreement that allows up to the equivalent of \$50,000 of sold receivables at any one time. Previously, the Company was a party to an agreement that provided up to \$30,000 of accounts receivable financing for US Dollar denominated receivables. The new accounts receivable financing agreement expires in August, 1998.

At August 31, 1995 and 1994, accounts receivable were reduced by \$36,200 and \$25,000, respectively, representing receivable interests sold under this program.

Accounts receivable financing costs totaling \$1,892, \$1,076 and \$795 for the years ended August 31, 1995, 1994 and 1993, respectively, are included in the accompanying Consolidated Statement of Earnings.

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 58% and 59% of total inventories in 1995 and 1994, 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 \$10,296 and \$9,748 at August 31, 1995 and 1994, respectively.

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 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 non-committed lines of credit

with banks aggregating approximately \$12,620 and \$14,707 at August 31, 1995 and 1994, respectively. Interest rates vary depending on the currency being borrowed. The weighted average interest rate on the short-term borrowings was 9.38% at August 31, 1995. The amount of unused available borrowings under such lines of credit was approximately \$41,000 at August 31, 1995.

NOTE G -- LONG-TERM DEBT

<TABLE>
<CAPTION>

	AUGUST 31,	
	1995	1994
Borrowings under:		
<S>	<C>	<C>
\$120,000 Multi-currency revolving credit agreement.....	\$70,717	\$ --
\$40,000 Multi-currency revolving credit agreement.....	--	13,959
9.92% Senior Unsecured Notes.....	--	64,492
Commercial paper.....	3,276	9,947
Other notes.....	350	350
Total long-term debt.....	74,343	88,748
Less current maturities.....	(187)	(10,792)
Long-term Debt, less current portion.....	\$74,156	\$ 77,956

</TABLE>

Refinancing: During the second quarter of 1995, the Company recorded an extraordinary loss of \$4,920 (\$0.36 per share) in anticipation of the March 30, 1995 extinguishment of the outstanding \$64,350 9.92%

Senior Unsecured Notes. The pre-tax extraordinary loss of \$7,343 was comprised of an estimated make whole provision of \$4,050, costs associated with the cancellation of underlying interest rate swap agreements of \$3,047, and the write-off of deferred financing costs of \$246.

Funds used to retire the Senior Unsecured Notes and pay the make whole obligation were obtained from new borrowings under an existing \$40,000 Multi-currency revolving credit agreement and a temporary \$40,000 expansion to the existing Multi-currency revolving credit agreement. These borrowings were extinguished on August 21, 1995, and all amounts outstanding were simultaneously reborrowed under a new \$120,000 Multi-currency revolving credit agreement (the "New Multi-currency Credit Agreement").

The New Multi-currency Credit Agreement provides total unsecured credit availability of \$120,000, bears interest at a floating rate of IBOR plus .3 - .5 of 1% annually, and expires in August, 2000. Interest is payable monthly. Pursuant to the agreement, borrowings may be denominated in various currencies at the Company's option. A commitment fee, currently computed at a rate of .175 of 1% annually, is payable quarterly on the average unused credit line. The unused credit line at August 31, 1995 was \$46,007.

The New Multi-currency Credit Agreement contains 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 agreement requires the Company to maintain certain financial ratios. As of August 31, 1995, the Company was in compliance with all debt covenants. Under the most restrictive covenant, approximately \$35,795 of retained earnings was available for the payment of future dividends on common stock as of August 31, 1995.

Commercial paper outstanding at August 31, 1995 and 1994 totaled \$3,276 and \$9,947, respectively, net of discount, and carried average interest rates of 5.94% and 4.73%, respectively. The Company has the ability and intent to maintain these commercial paper obligations, classified as long term, for more than one year. Amounts outstanding as commercial paper reduce the amount available for borrowing under the New Multi-currency Credit Agreement.

Interest Rate Financial Instruments: As part of its interest rate management program, the Company periodically enters into interest rate swap and cap agreements with respect to portions of its outstanding debt. Interest rate swap agreements typically convert the variable nature of debt to fixed rate, or vice versa. Interest rate caps limit the maximum interest rate that is paid. As of August 31, 1995, the Company had interest rate caps in place on a notional \$60,000 in borrowings that limits the maximum applicable base rate (three month LIBOR) to 8.0%. Currently, the Company incurs interest at .45 of 1% above IBOR. The interest rate caps expire in March, 1997, and were recorded at a value of \$225 at August 31, 1995.

Fair Values: The fair value of the Company's short-term borrowings and long-term debt approximated book value as of August 31, 1995. 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, 1995. The fair value of the Company's interest rate cap agreement and foreign currency forward exchange contract at August 31, 1995 approximated book value.

Aggregate Maturities: Aggregate maturities of long-term debt outstanding at August 31, 1995, were: \$187 in 1996; \$75 in 1997; \$81 in 1998; \$7 in 1999 and \$73,993 in 2000.

The Company paid \$10,363, \$10,695 and \$11,894 for financing costs in 1995, 1994 and 1993, respectively, excluding the make whole payments associated with refinancing the 9.92% Senior Unsecured Debt.

NOTE H -- LEASES

The Company leases certain facilities, computers, 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.

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Future obligations on non-cancelable operating leases in effect at August 31, 1995 were: \$10,941 in 1996; \$9,745 in 1997; \$7,491 in 1998; \$4,992 in 1999; \$4,530 in 2000; and \$21,778 thereafter.

Total rental expense under operating leases was \$11,076, \$11,379 and \$12,250 in 1995, 1994 and 1993, respectively.

NOTE I -- INCENTIVE STOCK OPTION PLANS

At August 31, 1995, 2,127,835 shares of Class A common stock were reserved for issuance under the Company's stock option plans.

Employee Plans: The Company has three non-qualified 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. 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.

Options may be granted to officers and key employees. Options generally 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 summary of option activity under the three plans is as follows:

<TABLE>
<CAPTION>

	NUMBER OF SHARES	PRICE RANGE
	-----	-----
<S>	<C>	<C>
Outstanding at September 1, 1992.....	1,473,901	\$ 2.21 - \$26.75
Granted.....	314,125	15.13 - 16.88
Granted under reload provision.....	6,259	15.13
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
Granted.....	227,740	24.13 - 29.25
Exercised.....	(250,136)	2.21 - 24.13
Cancelled.....	(119,450)	15.44 - 29.25
	-----	-----
Outstanding at August 31, 1995.....	1,443,689	\$ 2.21 - \$29.25
	-----	-----
Exercisable at August 31, 1995.....	811,564	\$ 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 option activity under this plan is as follows:

<TABLE>
<CAPTION>

	NUMBER OF SHARES	PRICE RANGE
	-----	-----
<S>	<C>	<C>
Outstanding at September 1, 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
Granted.....	5,000	25.00
Exercised.....	(4,000)	12.75 - 24.13
	-----	-----
Outstanding at August 31, 1995.....	20,000	\$12.75 - \$25.00
	-----	-----
Exercisable at August 31, 1995.....	15,000	\$12.75 - \$24.13
	=====	=====

</TABLE>

NOTE J -- EMPLOYEE STOCK OWNERSHIP AND RETIREMENT 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 plan administrator acquires shares of Class A common stock on the open market and allocates such shares to accounts set aside for Company employees' retirements. Contributions equal 3% of each employee's annual cash compensation except "initial participants," who received no allocation of shares until 1995. During the years ended August 31, 1995, 1994 and 1993, pre-tax expense related to the ESOP Plan was \$1,720, \$534 and \$450, respectively.

The Company also offers an employee 401(K) Savings Plan (the "Savings Plan") to encourage eligible employees to save on a regular basis for their retirements. All full-time US employees are eligible to participate in the Savings Plan, and generally may contribute up to 15% of their base compensation. Effective January 1, 1995, the Company's annual match equals approximately 25% of each participant's first 3% of earnings. Expense attributable to the Savings Plan was \$643, \$293 and \$307 for 1995, 1994 and 1993, respectively.

Non-US Employees: The Company contributes to a number of retirement programs for employees outside the US. Pension expense amounted to \$821, \$631 and \$1,213 in 1995, 1994 and 1993, respectively. 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 K -- 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. 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.

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 1995, 1994 and 1993 included the following components:

<TABLE>
<CAPTION>

1995	1994	1993
------	------	------

	-----	----	----
	<C>	<C>	<C>
<S>			
Service cost of benefits earned.....	\$ 9	\$ 9	\$ 12
Interest cost on accumulated postretirement benefit obligation.....	482	553	694
Amortization of unrecognized gain.....	(180)	(91)	--
	-----	----	----
Total Postretirement Benefit Expense.....	\$ 311	\$471	\$706
	=====	=====	=====

</TABLE>

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

<TABLE>
<CAPTION>

	AUGUST 31,	
	1995	1994
	-----	-----
	<C>	<C>
<S>		
Retirees.....	\$4,887	\$5,686
Vested former employees.....	1,419	1,595
Active employees.....	238	229
	-----	-----
Subtotal.....	6,544	7,510
Unrecognized gain.....	3,037	1,966
	-----	-----
Accumulated Postretirement Benefit Obligation.....	\$9,581	\$9,476
	=====	=====

</TABLE>

The Company's postretirement benefit obligations are not funded. Benefits paid in 1995, 1994 and 1993 were \$24, \$202 and \$420 lower than that expensed during those years, respectively.

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 both 1995 and 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 L -- INCOME TAXES

Income tax expense for continuing operations consists of the following:

<TABLE>
<CAPTION>

	1995	1994	1993
	-----	-----	-----
	<C>	<C>	<C>
<S>			
Currently Payable:			
Federal.....	\$ 7,007	\$ 4,475	\$ 5,926
Foreign.....	6,313	3,621	2,590
State.....	1,255	1,095	413
	-----	-----	-----
Subtotals.....	14,575	9,191	8,929
	-----	-----	-----
Deferred (Credits):			
Federal.....	(2,582)	(2,166)	(4,390)
Foreign.....	230	1,672	(1,845)
State.....	(355)	(295)	(190)
	-----	-----	-----
Subtotals.....	(2,707)	(789)	(6,425)
	-----	-----	-----
Totals.....	\$11,868	\$ 8,402	\$ 2,504
	=====	=====	=====

</TABLE>

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Components of deferred income tax benefits include the following:

<TABLE>
<CAPTION>

	1995	1994	1993
	-----	-----	-----
	<C>	<C>	<C>
<S>			
Compensation and other employee benefits.....	\$ (443)	\$ (962)	\$ (149)
Inventory items.....	26	(519)	(201)
Depreciation and amortization.....	(956)	(1,798)	(3,366)
Restructuring expenses.....	574	2,504	(2,366)
Deferred income.....	(1,225)	(119)	(29)
Book reserves and other items.....	(683)	105	(314)
	-----	-----	-----
Totals.....	\$ (2,707)	\$ (789)	\$ (6,425)

</TABLE>

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

<TABLE>
<CAPTION>

	PERCENT OF PRE-TAX EARNINGS		
	1995	1994	1993
Federal statutory rate.....	35.0%	35.0%	34.0%
State income taxes, net of Federal effect.....	1.6	2.1	1.8
Non-deductible amortization.....	1.2	1.8	5.3
Adjustment of deferred tax balances.....	--	--	(6.4)
Net effects of foreign tax rates and credits.....	(5.6)	(4.2)	(8.0)
Other items.....	--	(1.5)	(0.6)
Effective Tax Rate.....	32.2%	33.2%	26.1%

</TABLE>

Temporary differences and carryforwards which gave rise to the deferred tax assets and liabilities included the following items:

<TABLE>
<CAPTION>

DEFERRED TAX ASSETS:	1995	1994
Operating loss and foreign tax credit carryforwards.....	\$ 4,167	\$ 5,551
Compensation and other employee benefits.....	5,698	5,255
Inventory items.....	4,446	4,563
Restructuring expenses.....	550	1,124
Deferred income.....	1,711	486
Book reserves and other items.....	2,501	1,339
	19,073	18,318
Valuation allowance.....	(4,700)	(5,551)
	14,373	12,767
DEFERRED TAX LIABILITIES:		
Depreciation and amortization.....	11,485	12,441
Inventory items.....	3,364	3,455
Other items.....	5,613	5,667
	20,462	21,563
NET DEFERRED TAX LIABILITY.....	\$(6,089)	\$(8,796)

</TABLE>

The valuation allowance primarily represents foreign loss and foreign tax credit carryforwards for which utilization is uncertain. The majority of the foreign losses may be carried forward indefinitely; however, the foreign tax credit carryforwards expire in 1996 and 1997.

Income taxes paid during 1995, 1994 and 1993 were \$12,280, \$9,191 and \$5,080, respectively.

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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 additional income taxes have not been provided amounted to approximately \$33,000 at August 31, 1995. If all such undistributed earnings were remitted, an additional provision for income taxes of approximately \$2,400 would have been necessary as of August 31, 1995.

Earnings from continuing operations before income taxes from non-US operations were \$16,156, \$12,041 and \$2,293 for 1995, 1994 and 1993, respectively.

NOTE M -- SEGMENT INFORMATION

The Company's operations are classified into three business segments: Distributed Products, Engineered Solutions and Wright Line. Distributed

Products, 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. Engineered Solutions, 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:

<TABLE> <CAPTION> NET SALES:	1995	1994	1993
	-----	-----	-----
<S>	<C>	<C>	<C>
Distributed Products.....	\$264,823	\$222,076	\$212,924
Engineered Solutions.....	192,219	162,296	147,564
Wright Line.....	70,016	49,272	38,239
	-----	-----	-----
Totals.....	\$527,058	\$433,644	\$398,727
	=====	=====	=====
OPERATIONS BEFORE INCOME TAXES:			
Distributed Products.....	\$ 37,379	\$ 32,023	\$ 29,739
Engineered Solutions.....	15,200	12,314	4,526
Wright Line.....	8,587	4,242	(2,372)
General corporate and other.....	(24,293)	(23,281)	(22,303)
	-----	-----	-----
Totals.....	\$ 36,873	\$ 25,298	\$ 9,590
	=====	=====	=====
DEPRECIATION:			
Distributed Products.....	\$ 4,826	\$ 4,165	\$ 3,855
Engineered Solutions.....	7,800	7,346	7,631
Wright Line.....	2,406	2,761	3,329
General corporate and other.....	55	42	38
	-----	-----	-----
Totals.....	\$ 15,087	\$ 14,314	\$ 14,853
	=====	=====	=====
CAPITAL EXPENDITURES:			
Distributed Products.....	\$ 6,440	\$ 5,917	\$ 4,884
Engineered Solutions.....	6,321	5,957	6,159
Wright Line.....	2,955	769	753
General corporate and other.....	270	64	421
	-----	-----	-----
Totals.....	\$ 15,986	\$ 12,707	\$ 12,217
	=====	=====	=====

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<TABLE> <CAPTION>	AUGUST 31,		
	1995	1994	1993
	-----	-----	-----
<S>	<C>	<C>	<C>
Distributed Products.....	\$163,053	\$148,737	\$131,868
Engineered Solutions.....	129,682	128,190	127,481
Wright Line.....	25,969	23,838	18,618
Net assets held for sale.....	--	--	12,035
General corporate.....	14,242	16,637	16,315
	-----	-----	-----
Totals.....	\$332,946	\$317,402	\$306,317
	=====	=====	=====

Summarized financial information by geographic region is as follows:

<TABLE> <CAPTION> NET SALES:	1995	1994	1993
	-----	-----	-----
<S>	<C>	<C>	<C>
North America.....	\$323,015	\$279,613	\$259,692
Latin America.....	12,022	11,300	10,154
Europe.....	136,813	99,215	87,346
Japan and Asia Pacific.....	55,208	43,516	41,535
	-----	-----	-----
Totals.....	\$527,058	\$433,644	\$398,727
	=====	=====	=====
OPERATIONS BEFORE INCOME TAXES:			
North America.....	\$ 37,777	\$ 32,672	\$ 23,855
Latin America.....	954	512	1,662
Europe.....	15,208	8,352	(820)
Japan and Asia Pacific.....	7,227	7,043	7,196

General corporate and other.....	(24,293)	(23,281)	(22,303)
Totals.....	\$ 36,873	\$ 25,298	\$ 9,590
	=====	=====	=====

</TABLE>

<TABLE>
<CAPTION>

ASSETS:	AUGUST 31,		
	1995	1994	1993
<S>	<C>	<C>	<C>
North America.....	\$192,032	\$192,103	\$183,412
Latin America.....	11,967	11,053	9,358
Europe.....	77,505	64,919	57,927
Japan and Asia Pacific.....	37,200	32,690	27,270
Net assets held for sale.....	--	--	12,035
General corporate.....	14,242	16,637	16,315
Totals.....	\$332,946	\$317,402	\$306,317
	=====	=====	=====

</TABLE>

Operations before income taxes for each business and geographic segment do not include general corporate expenses, amortization expense, interest expense or currency exchange adjustments. Sales between business segments and geographic 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 1995, 1994 or 1993. 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 N -- CONTINGENCIES AND LITIGATION

The Company had outstanding letters of credit totaling \$1,300 and \$1,640 at August 31, 1995 and 1994, 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

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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 \$573 and \$567 were included in the Consolidated Balance Sheet at August 31, 1995 and 1994, respectively.

NOTE O -- SUBSEQUENT EVENT

On September 29, 1995, the Company completed the acquisition of substantially all of the assets and certain liabilities of Vision Plastics Manufacturing Company ("Vision"). Certain proprietary technology rights and patents related to the business are to be acquired in a separate transaction that is expected to close in January, 1996. Total consideration for the two transactions is approximately \$21,500, and will be funded by proceeds from borrowings under existing credit facilities. Vision, based in San Diego, California, manufactures plastic cable ties which are sold through electrical wholesale, retail and OEM channels.

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APPLIED POWER INC. AND SUBSIDIARIES

SCHEDULE VIII -- VALUATION AND QUALIFYING ACCOUNTS

<TABLE>

<CAPTION>

DESCRIPTION	ADDITIONS			DEDUCTIONS		BALANCE AT END OF PERIOD
	BALANCE AT BEGINNING OF PERIOD	CHARGED TO COSTS AND EXPENSES	NET ACQUIRED	ACCOUNTS 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, 1995.....	\$3,131	\$1,255	--	\$ 793	--	\$3,593
August 31, 1994.....	\$3,053	\$1,379	--	\$ 1,301	--	\$3,131
August 31, 1993.....	\$3,412	\$ 739	--	\$ 1,098	--	\$3,053
Allowance for losses -- inventory						
August 31, 1995.....	\$6,268	\$5,413	--	\$ 3,310	--	\$8,371
August 31, 1994.....	\$4,854	\$3,998	--	\$ 2,584	--	\$6,268
August 31, 1993.....	\$5,377	\$2,030	--	\$ 2,553	--	\$4,854

</TABLE>

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)

By: /s/ ROBERT C. ARZBAECHER

Robert C. Arzbaecher
Vice President and Chief Financial Officer

Dated: November 16, 1995

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
<C>	<S>
/s/ RICHARD G. SIM	Chairman of the Board, President and Chief Executive Officer; Director
Richard G. Sim	
/s/ ROBERT C. ARZBAECHER	Vice President and Chief Financial Officer (Principal Financial Officer)
Robert C. Arzbaecher	
/s/ ANDREW G. LAMPEREUR	Controller (Principal Accounting Officer)
Andrew G. Lampereur	

/s/ H. RICHARD CROWTHER	Director

H. Richard Crowther	
/s/ JACK L. HECKEL	Director

Jack L. Heckel	
/s/ RICHARD M. JONES	Director

Richard M. Jones	
/s/ RICHARD A. KASHNOW	Director

Richard A. Kashnow	
/s/ L. DENNIS KOZLOWSKI	Director

L. Dennis Kozlowski	
/s/ RAYMOND S. TROUBH	Director

Raymond S. Troubh	

</TABLE>

* Each of the above signatures is affixed as of November 16, 1995

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APPLIED POWER INC.

ANNUAL REPORT ON FORM 10-K
FOR THE FISCAL YEAR ENDED AUGUST 31, 1995

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 increasing the number of directors to seven, adopted November 7, 1995)		X
4 +			
4.1	Articles III, IV and V of Amended and Restated Articles of Incorporation, as amended	See Exhibit 3.1 above	
4.2	Agreement 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	Exhibit 19.2(a)-(g) to Form 10-Q for quarter ended May 31, 1991	
4.3	Multicurrency Credit Agreement, dated as of August 22, 1995 between Applied Power Inc. and Applied Power Finance S.A., as borrowers, various financial institutions, as lenders, Bank of America National Trust and Savings Association, as agent, and BA Securities, Inc., as arranger		X

</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.

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<TABLE>
<CAPTION>

EXHIBIT	DESCRIPTION	INCORPORATED HEREIN BY REFERENCE TO	FILED HEREWITH
<S>	<C>	<C>	<C>
4.4	Amended and Restated Receivables Purchase Agreement, dated as of August 30, 1995, between Applied Power Inc., Barry Wright Corporation, Wright Line Inc., GB Electrical, Inc., and certain other subsidiaries from time to time parties thereto, as sellers, and PNC Bank, National Association, and other financial institutions from time to time parties thereto, as purchasers		X
101*	Employment Agreement dated May 9, 1994 between Applied Power Inc. and Richard G. Sim (superseding Employment Agreement dated July 5, 1985, as amended)	Exhibit 10.1 to Form 10-K for the fiscal year ended August 31, 1994 ("1994 10-K")	
10.2*	(a) Applied Power Inc. 1985 Stock Option Plan adopted by Board of Directors on August 1, 1985 and approved by shareholders on January 6, 1986, as amended (b) Amendment adopted by Board of Directors on November 8, 1989 and approved by shareholders on January 13, 1990 (c) Amendment adopted by Board of Directors on August 9, 1990	Exhibit 10.2(a) to Form 10-K for fiscal year ended August 31, 1989 ("1989 10-K") Exhibit 10.2(b) to 1989 10-K Exhibit 10.2(c) to 1990 10-K for fiscal year ended August 31, 1990 ("1990 10-K")	
10.3*	(a) Applied Power Inc. 1987 Nonqualified Stock Option Plan adopted by Board of Directors on November 3, 1987 and approved by shareholders January 7, 1988 (b) Amendment adopted by Board of Directors on November 8, 1989 and approved by shareholders on January 13, 1990	Exhibit 10-8 to Form 10-K for fiscal year ended August 31, 1987 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 (b) Amendment adopted by Board of Directors on August 10, 1992, and approved by shareholders on January 7, 1993	Exhibit A to Proxy Statement dated December 5, 1990 for 1991 Annual Meeting of Shareholders Exhibit 10.5(b) to Form 10-K for fiscal year ended August 31, 1992	
10.5*	(a) Description of Fiscal 1995 Management Bonus Arrangement	Exhibit 10.6 to 1994 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.

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<TABLE>
<CAPTION>

EXHIBIT	DESCRIPTION	INCORPORATED HEREIN BY REFERENCE TO	FILED HEREWITH
<S>	<C>	<C>	<C>
10.6*	Description of Fiscal 1996 Management Bonus Arrangement		X
10.7*	(a) Applied Power Inc. 1989 Outside Directors' Stock Option Plan adopted by Board of Directors on November 8, 1989 and approved by shareholders on January 13, 1990 (b) Amendment adopted by Board of Directors on November 9, 1990, and	Exhibit 10.7 to 1989 10-K Exhibit 10.7(b) to 1990 10-K	

	approved by shareholders on January 7, 1991	
108*	Outside Directors' Deferred Compensation Plan	X
11	Statement regarding 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>

- - - - -

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

AMENDED AND RESTATED BYLAWS

of

APPLIED POWER INC.

ADOPTED

NOVEMBER 7, 1991

and

AS LAST AMENDED ON NOVEMBER 7, 1995

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) 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

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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 property. 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 share-

holders. 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 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 cor-

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poration 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 seven (7). 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, 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

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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 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.

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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 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.

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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 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.

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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.

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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,

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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 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 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

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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) 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 intan-

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gible 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 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

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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.

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

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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.

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:

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(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 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).

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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 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.

(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 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.

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(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, 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 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.

MULTICURRENCY CREDIT AGREEMENT

dated as of August 22, 1995

among

APPLIED POWER INC.,

APPLIED POWER FINANCE S.A.,

VARIOUS FINANCIAL INSTITUTIONS,

and

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION,

as Agent

Arranged by

BA SECURITIES, INC.

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MULTICURRENCY CREDIT AGREEMENT

THIS MULTICURRENCY CREDIT AGREEMENT (this "Agreement") dated as of August 22, 1995 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 "Bank" and individually each a "Bank"), and BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION as agent for the Banks.

ARTICLE I

CERTAIN DEFINITIONS AND INTERPRETATION

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" has the meaning specified in Section 2.7(c).

"Absolute Rate Bid Loan" means a Bid Loan that bears interest at a rate determined with reference to the Absolute Rate.

"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" means BofA in its capacity as agent for the Banks hereunder, and any successor agent arising under Section 8.9.

"Agent-Related Persons" means BofA and any successor agent arising under Section 8.9, together with their respective Affiliates (including, in the case of BofA, the Arranger), and the officers, directors, employees, agents and attorneys-in-fact of such Persons and Affiliates.

"Agent's Payment Office" means (a) in respect of payments in Dollars, the address for payments set forth on Schedule 10.02 or such other address as the Agent may from time to time specify in accordance with Section 10.2, and, (b) in the case of payments in any Offshore Currency, such address as the Agent may from time to time specify in accordance with Section 10.2.

"Agreed Alternative Currency" has the meaning specified in Section 2.5(e).

"Agreement" means this Multicurrency Credit Agreement.

"Applicable Currency" means, as to any particular payment or Loan, Dollars or the Offshore Currency in which it is denominated or is payable.

"Applicable Margin" means, with respect to Offshore Rate Loans, the rate set forth opposite "Offshore Margin" on the Pricing Grid for the applicable Pricing Level.

"Applicable Non-Use Fee Rate" means the rate set forth opposite "Non-Use Fee" on the Pricing Grid for the applicable Pricing Level.

"APSA" - see the Preamble.

"Arranger" means BA Securities, Inc., a Delaware corporation.

"Assignee" - has the meaning specified in Section 10.8.

"Assignment and Acceptance Agreement" - see Section 10.8.

"Attorney Costs" means and includes all reasonable fees

and disbursements of any law firm or other external counsel, the reasonable allocated cost of internal legal services and all reasonable disbursements of internal counsel.

"Authorized Officer" means, relative to each Borrower, those of its officers whose signatures and incumbency shall have been certified to the Banks pursuant to Section 4.1(b).

"BAI" means Bank of America Illinois and, in the case of Bid Loans, Bank of America Illinois or its designated Affiliate making such Bid Loans.

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"Banking Day" means any day other than a Saturday, Sunday or other day on which commercial banks in New York City, Chicago or San Francisco are authorized or required by law to close and (a) with respect to disbursements and payments in Dollars, a day on which dealings are carried on in the applicable offshore Dollar interbank market, and (b) with respect to any disbursements and payments in and calculations pertaining to any Offshore Currency Loan, a day on which commercial banks are open for foreign exchange business in London, England, and on which dealings in the relevant Offshore Currency are carried on in the applicable offshore foreign exchange interbank market in which disbursement of or payment in such Offshore Currency will be made or received hereunder.

"Base Rate" means, for any day, the higher of: (a) 0.50% per annum above the latest Federal Funds Rate; and (b) the rate of interest in effect for such day as publicly announced from time to time by BofA in San Francisco, California, as its "reference rate." (The "reference rate" is a rate set by BofA based upon various factors including BofA's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate.) Any change in the reference rate announced by BofA shall take effect at the opening of business on the day specified in the public announcement of such change.

"Base Rate Loan" means a Committed Loan that bears interest based on the Base Rate.

"Bid Borrowing" means a Borrowing hereunder consisting of one or more Bid Loans made to the Company on the same day by one or more Banks.

"Bid Loan" means a Loan by a Bank to the Company under Section 2.6.

"Bid Loan Bank" means, in respect of any Bid Loan, the Bank making such Bid Loan to the Company.

"Bid Note" means, a promissory note of the Company, substantially in the form of Exhibit F-1, duly completed, evidencing Bid Loans made to the Company, as such Note may be replaced, amended or otherwise modified from time to time.

"BofA" means Bank of America National Trust and Savings Association, a national banking association.

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

Borrowing means a borrowing hereunder consisting of Loans of the same Type made to a Borrower on the same day by the Banks or (in the case of Bid Borrowings) under Article II, and may be a Committed Borrowing or a Bid Borrowing and, other than in the case of Base Rate Loans, having the same Interest Period.

"Borrowing Date" means any date on which a Borrowing occurs under Section 2.3.

"Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks in New York City, Chicago or San Francisco are authorized or required by law to close

and, if the applicable Business Day relates to any Offshore Rate Loan, means a Banking Day.

"Canadian Dollars" means lawful money of Canada.

"Capital Adequacy Regulation" means any guideline, request or directive of any central bank or other Governmental Authority, or any other law, rule or regulation, whether or not having the force of law, in each case, regarding capital adequacy of any bank or of any corporation controlling a bank.

"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.

"Closing Date" means the date on which all conditions precedent set forth in Section 4.1 are satisfied or waived by all Banks (or, in the case of Section 4.1(g), waived by the Person entitled to receive such payment).

"Code" means the Internal Revenue Code of 1986.

"Commitment", as to each Bank, has the meaning specified in Section 2.1.

"Committed Borrowing" means a Borrowing hereunder consisting of Committed Loans made on the same day by the Banks ratably according to their

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respective Pro Rata Shares and, in the case of Offshore Rate Loans, having the same Interest Periods.

"Committed Loan" means a Loan by a Bank to a Borrower under Section 2.1, and may be an Offshore Rate Loan or a Base Rate Loan (each, a "Type" of Committed Loan).

"Committed Note" means a promissory note of a Borrower substantially in the form of Exhibit F-2, 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.

"Competitive Bid Request" has the meaning specified in Section 2.7(a).

"Compliance Certificate" means a certificate substantially in the form of Exhibit C.

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

"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.

"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.

"Conversion/Continuation Date" means any date on which, under Section 2.4, a Borrower (a) converts Committed Loans of one Type to another Type, or (b) continues as Committed Loans of the same Type, but with a new Interest Period, Committed Loans having Interest Periods expiring on such date.

"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 Swap Contracts, (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 Swap Contracts shall be deemed to be the unrealized net loss position of such Person thereunder (determined for each counterparty individually, but netted for all Swap Contracts maintained with such counterparty).

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

"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.

"Determination Date" has the meaning specified in Section 2.5(a).

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

"Disclosure Schedule" means the Disclosure Schedule attached hereto as Schedule 1.01.

"Dollar Equivalent" means, at any time, (a) as to any amount denominated in Dollars, the amount thereof at such time, and (b) as to any amount denominated in an Offshore Currency, the equivalent amount in Dollars as determined by the Agent at such time on the basis of the Spot Rate for the purchase of Dollars with such Offshore Currency on the most recent Determination Date provided for in Section 2.5(a).

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

"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.

"Eligible Assignee" means (a) a commercial bank organized under the laws of the United States, or any state thereof, and having a combined capital and surplus of at least \$100,000,000; (b) a commercial bank organized under the laws of any other country which is a member of the Organization for Economic Cooperation and Development, or a political subdivision of any such country, and

having a combined capital and surplus of at least \$100,000,000, provided that such bank is acting through a branch or agency located in the United States; and (c) a Person that is primarily engaged in the business of commercial banking and that is (i) a Subsidiary of a Bank, (ii) a Subsidiary of a Person of which a Bank is a Subsidiary, or (iii) a Person of which a Bank is a Subsidiary.

"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.

"Eurodollar Reserve Percentage" has the meaning specified in the definition of "Offshore Rate".

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"Event of Default" means any of the events described in Section 7.1.

"Existing Credit Agreements" means the Credit Agreement dated as of August 22, 1994, as amended, among the Borrowers, various financial institutions and Bank of America Illinois (formerly Continental Bank), as Agent.

"Federal Funds Rate" means, for any day, the rate set forth in the weekly statistical release designated as H.15(519), or any successor publication, published by the Federal Reserve Bank of New York (including any such successor, "H.15(519)") on the preceding Business Day opposite the caption "Federal Funds (Effective)"; or, if for any relevant day such rate is not so published on any such preceding Business Day, the rate for such day will be the arithmetic mean as determined by the Agent of the rates for the last transaction in overnight Federal funds arranged prior to 9:00 a.m. (New York City time) on that day by each of three leading brokers of Federal funds transactions in New York City selected by the Agent.

"Fee Letter" has the meaning specified in Section 2.13(a).

"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,

plus

(iii) Consolidated Interest Expense for such period,

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plus

- (iv) the aggregate amount deducted in respect of leases that were not Capital Leases 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.

"FRB" means the Board of Governors of the Federal Reserve System, and any Governmental Authority succeeding to any of its principal functions.

"French Francs" means lawful money of the Republic of France.

"FX Trading Office" means the Foreign Exchange Trading Center #5193, San Francisco, California, of BofA, or such other of BofA's offices as BofA may designate from time to time.

"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".

"Further Taxes" means any and all present or future taxes, levies, assessments, imposts, duties, deductions, fees, withholdings or similar charges (including, without limitation, net income taxes and franchise taxes), and all liabilities with respect thereto, imposed by any jurisdiction on account of Taxes or Other Taxes payable or paid pursuant to Section 3.1.

"GAAP" means generally accepted accounting principles set forth from time to time in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the U.S. accounting profession), which except as provided in Section 1.3 are

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applicable to the circumstances as of the date of determination.

"Governmental Authority" means any nation or government, any state or other political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, and any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing.

"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.

"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 Banks 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.

"Indemnified Liabilities" has the meaning specified in Section 10.5.

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"Indemnified Person" has the meaning specified in Section 10.5.

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

"Interest Payment Date" means, as to any Loan other than a Base Rate Loan, the last day of each Interest Period applicable to such Loan and, as to any Base Rate Loan, the last Business Day of each February, May, August and November and each date such Committed Loan is converted into another Type of Committed Loan, provided, however, that (a) if any Interest Period for an Offshore Rate Loan exceeds three months, the date that falls three months after the beginning of such Interest Period and after each Interest Payment Date thereafter is also an Interest Payment Date, and (b) as to any Bid Loan, such intervening dates prior to the maturity thereof as may be specified by the Company and agreed to by the applicable Bid Loan Bank in the applicable Competitive Bid shall also be Interest Payment Dates.

"Interest Period" means, (a) as to any Offshore Rate Loan, the period commencing on the Borrowing Date of such Loan, or (in the case of any Offshore Rate Loan in Dollars) on the Conversion/Continuation Date on which the Loan is converted into or continued as an Offshore Rate Loan, and ending on the date one, two, three or, if available for the requested Applicable Currency, six months thereafter as selected by the Borrower in its Notice of Borrowing, Notice of Conversion/Continuation or Competitive Bid Request, as the case may be and (b) as to any Absolute Rate Bid Loan, a period of not less than 7 days and not more than 183 days as selected by the Company in the applicable Competitive Bid Request;

provided that:

(i) if any Interest Period would otherwise end on a day that is not a Business Day, that Interest Period shall be extended to the following Business Day unless, in the case of an Offshore Rate Loan, the result of such extension would be to carry such Interest Period into another calendar month, in which event such Interest Period shall end on the preceding Business Day;

(ii) any Interest Period pertaining to an Offshore Rate Loan that begins on the last Business Day

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of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and

(iii) no Interest Period for any Loan shall extend beyond the Termination Date.

"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.

"Invitation for Competitive Bids" means a solicitation for Competitive Bids, substantially in the form of Exhibit H.

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

"Lending Office" means, as to any Bank, the office or offices of such Bank specified as its "Lending Office" or "Domestic Lending Office" or "Offshore Lending Office", as the case may be, on Schedule 10.2, or such other office or offices as such Bank may from time to time notify the Company and the Agent.

"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.

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"Loan" means an extension of credit by a Bank or to the Company under Article II, and may be a Committed Loan or a Bid Loan.

"Loan Documents" means this Agreement, any Notes, the Fee Letter and all other documents delivered to the Agent or any Bank in connection herewith.

"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.

"Minimum Tranche" means, in respect of Committed Loans comprising part of the same Borrowing, or to be converted or continued under Section 2.4, (a) in the case of Base Rate Loans, \$4,000,000 or any multiple of \$1,000,000 in excess thereof, and (b) in the case of Offshore Rate Loans, the Dollar Equivalent amount of \$4,000,000 or any multiple of 1,000,000 units of the Applicable Currency in excess thereof.

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

"Notice of Borrowing" means a notice in substantially the form of Exhibit A.

"Notice of Conversion/Continuation" means a notice in substantially the form of Exhibit B.

"Obligations" means all advances, debts, liabilities, obligations, covenants and duties arising under any Loan Document, owing by the Company to any Bank, the Agent, or any Indemnified Person, whether direct or indirect (including those acquired by assignment), absolute or contingent, due or to become due, now existing or hereafter arising.

"Offshore Currency" means Guilders, Sterling, Deutsche Marks, Yen, French Francs, Italian Lira, and Swiss Francs and, with respect to the Company only, Canadian Dollars.

"Offshore Currency Loan" means any Offshore Rate Loan denominated in an Offshore Currency.

"Offshore Rate" means, for any Interest Period, with respect to Offshore Rate Loans comprising part of the same Borrowing, the rate of interest per annum (rounded upward to the next 1/16th of 1%) determined by the Agent as follows:

$$\text{Offshore Rate} = \frac{\text{IBOR}}{1.00 - \text{Eurodollar Reserve Percentage}}$$

Where,

"Eurodollar Reserve Percentage" means for any day for any Interest Period the maximum reserve percentage (expressed as a decimal, rounded upward to the next 1/100th of 1%) in effect on such day (whether or not applicable to any Bank) under regulations issued from time to time by the FRB for determining the maximum reserve requirement (including any emergency, supplemental or other marginal reserve requirement) with respect to Eurocurrency funding (currently referred to as "Eurocurrency liabilities"); and

"IBOR" means the rate of interest per annum determined by the Agent as the rate at which U.S. Dollar (or other Applicable Currency as requested) deposits in the approximate amount of BAI's Offshore Rate Loan for such Interest Period would be offered by BofA's Grand Cayman Branch, Grand Cayman B.W.I. (or such other office as may be designated for such purpose by BofA), to major banks in the offshore U.S. Dollar (or other Applicable Currency as requested) interbank market at their request at approximately 11:00 a.m. (New York City time) two Business Days prior to the commencement of such Interest Period.

The Offshore Rate shall be adjusted automatically as to all Offshore Rate Loans then outstanding as of the effective date of any change in the Eurodollar Reserve Percentage.

"Offshore Rate Loan" means a Committed Loan that bears interest based on the Offshore Rate, and may be an Offshore Currency Loan or a Loan denominated in Dollars.

"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.

"Other Taxes" means any present or future stamp, court or documentary taxes or any other excise or property taxes, charges or similar levies which arise from any payment made hereunder or from the execution, delivery, performance, enforcement or registration of, or otherwise with respect to, this Agreement or any other Loan Documents.

"Overnight Rate" means, for any day, the rate of interest per annum at which overnight deposits in the Applicable Currency, in an amount approximately equal to the amount with respect to which such rate is being determined, would be offered for such day by BofA's London Branch to major banks in the London or other applicable offshore interbank market.

"Participant" has the meaning specified in Section 10.8(d).

"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.

"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 \$50,000,000.

"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.

"Pricing Grid" means the Pricing Grid set forth on Schedule 1.02.

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"Pricing Level" means the Pricing Level on the Pricing Grid which is applicable from time to time in accordance with Section 2.12.

"Pro Rata Share" means, as to any Bank at any time, the percentage equivalent (expressed as a decimal, rounded to the ninth decimal place) at such time of such Bank's Commitment divided by the combined Commitments of all Banks.

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

"Required Banks" means Banks having an aggregate Pro Rata Share of the Commitments of 55% or more; provided that after the Commitments have been irrevocably terminated (through lapse of time, pursuant to Section 7.2 or otherwise), "Required Banks" shall mean one or more Banks having an aggregate of 55% or more of the sum of the principal amount of all outstanding Loans.

"Requirement of Law" means, as to any Person, any law (statutory or common), treaty, rule or regulation or determination of an arbitrator or of a Governmental Authority, in each case applicable to or binding upon the Person or any of its property or to which the Person or any of its property is subject.

"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.

"Same Day Funds" means (a) with respect to disbursements and payments in Dollars, immediately available funds, and (b) with respect to disbursements and payments in an Offshore Currency, same day or other funds as may be determined by the Agent to be customary in the place of disbursement or payment for the settlement of international banking transactions in the relevant Offshore Currency.

"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.

"Spot Rate" for a currency means the rate quoted by BofA as the spot rate for the purchase by BofA of such currency with another currency through its FX Trading Office at approximately 8:00 a.m. (San Francisco time) on the date

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two Banking Days prior to the date as of which the foreign exchange computation is made.

"Sterling" means lawful money of the United Kingdom.

"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.

"Swap Contract" means any agreement, whether or not in writing, relating to any transaction that is a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction, currency swap, cross-currency rate swap, swaption, currency option or any other, similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swiss Francs" means lawful money of Switzerland.

"Tangible Net Assets" means, as of any date, the consolidated total assets of the Company and its Subsidiaries minus all intangible assets of the Company and its Subsidiaries, as each would be shown on a consolidated balance sheet of the Company and its Subsidiaries prepared in accordance with GAAP as of that date.

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"Taxes" means any and all present or future taxes, levies, assessments, imposts, duties, deductions, fees, withholdings or similar charges, and all liabilities with respect thereto, excluding, in the case of each Bank and the Agent, respectively, taxes imposed on or measured by its net income by the jurisdiction (or any political subdivision thereof) under the laws of which such Bank or the Agent, as the case may be, is organized or maintains a lending office.

"Termination Date" means the earlier to occur of (a) August 22, 2000, or (b) the date on which the Commitments terminate pursuant to Section 7.2 or are reduced to zero pursuant to Section 2.8.

"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.

"United States" or "U.S." means the United States of

America, its 50 States, the District of Columbia and the Commonwealth of Puerto Rico.

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

"Yen" means lawful money of Japan.

1.2 Other Interpretive Provisions. (a) The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms.

(b) The words "hereof", "herein", "hereunder" and similar words refer to this Agreement as a whole and not to any particular provision of this Agreement; and Section, Schedule and Exhibit references are to this Agreement unless otherwise specified.

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(c) (i) The term "documents" includes any and all instruments, documents, agreements, certificates, indentures, notices and other writings, however evidenced.

(ii) The term "including" is not limiting and means "including without limitation."

(iii) In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including"; the words "to" and "until" each mean "to but excluding", and the word "through" means "to and including."

(d) Unless otherwise expressly provided herein, (i) references to agreements (including this Agreement) and other contractual instruments shall be deemed to include all subsequent amendments and other modifications thereto, but only to the extent such amendments and other modifications are not prohibited by the terms of any Loan Document, and (ii) references to any statute or regulation are to be construed as including all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting the statute or regulation.

(e) The captions and headings of this Agreement are for convenience of reference only and shall not affect the interpretation of this Agreement.

(f) This Agreement and other Loan Documents may use several different limitations, tests or measurements to regulate the same or similar matters. All such limitations, tests and measurements are cumulative and shall each be performed in accordance with their terms. Unless otherwise expressly provided, any reference to any action of the Agent or the Banks by way of consent, approval or waiver shall be deemed modified by the phrase "in its/their sole discretion."

(g) This Agreement and the other Loan Documents are the result of negotiations among and have been reviewed by counsel to the Agent, the Borrowers and the other parties, and are the products of all parties. Accordingly, they shall not be construed against the Banks or the Agent merely because of the Agent's or Banks' involvement in their preparation.

1.3 Accounting Principles. 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

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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.

1.4 Currency Equivalents Generally. For all purposes of this Agreement (but not for purposes of the preparation of any financial statements delivered pursuant hereto), the equivalent in any Offshore Currency or other currency of an amount in Dollars, and the equivalent in Dollars of an amount in any Offshore Currency or other currency, shall be determined at the

ARTICLE II

THE CREDITS

2.1 Amounts and Terms of Commitments. Each Bank severally agrees, on the terms and conditions set forth herein, to make loans to the Borrowers (each such loan, a "Committed Loan") from time to time on any Business Day during the period from the Closing Date to the Termination Date, in an aggregate principal Dollar Equivalent amount not to exceed at any time outstanding the amount set forth opposite the Bank's name in Schedule 2.1 under the heading "Commitment" (such amount as the same may be reduced pursuant to Section 2.8 or as a result of one or more assignments pursuant to Section 10.8, the Bank's "Commitment"); provided, however, that, after giving effect to any Borrowing of Committed Loans, the aggregate principal Dollar Equivalent amount of all outstanding Loans shall not exceed the combined Commitments; provided, further, that in no event shall the aggregate principal Dollar Equivalent of all outstanding Committed Loans of APSA exceed the lesser of (x) \$40,000,000 and (y) the combined Commitments. Within the limits of each Bank's Commitment, and subject to the other terms and conditions hereof, the Borrowers may borrow under this Section 2.1, prepay pursuant to Section 2.9 and reborrow pursuant to this Section 2.1.

2.2 Loan Accounts.

The Committed Loans made by each Bank shall be evidenced by a Committed Note from each Borrower payable to the order of such Bank. The Bid Loans made by each Bank shall be evidenced by a Bid Note from the Company payable to the order of such Bank. Each Bank shall record in its records, or at its option on the Schedule attached to its Committed Note or Bid Note, as the case may be, all such Committed Loans or Bid Loans, as the case may be, and any repayment in whole or part thereof. The loan accounts or records or schedules, as the case may be, maintained by the Agent and each Bank shall be rebuttable presumptive evidence of the amount of the Loans made by the Banks

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to each Borrower and the interest and payments thereon. Any failure so to record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Borrowers hereunder to pay any amount owing with respect to the Loans.

2.3 Procedure for Committed Borrowing.

(a) Each Committed Borrowing shall be made upon a Borrower's irrevocable written notice delivered to the Agent in the form of a Notice of Borrowing (which notice must be received by the Agent prior to 8:00 a.m. (San Francisco time) (i) two Business Days prior to the requested Borrowing Date, in the case of Offshore Rate Loans denominated in Dollars; and (ii) three Business Days prior to the requested Borrowing Date, in the case of Offshore Currency Loans and (iii) on the requested Borrowing Date, in the case of Base Rate Loans, specifying:

(A) the amount of the Committed Borrowing, which shall be in an aggregate amount not less than the Minimum Tranche;

(B) the requested Borrowing Date, which shall be a Business Day;

(C) the Type of Loans comprising the Committed Borrowing;

(D) the duration of the Interest Period applicable to such Committed Loans included in such notice. If the Notice of Borrowing fails to specify the duration of the Interest Period for any Committed Borrowing comprised of Offshore Rate Loans, such Interest Period shall be one month; and

(E) in the case of a Borrowing comprised of Offshore Currency Loans, the Applicable Currency;

provided, however, that with respect to the Borrowing to be made on the Closing Date, the Notice of Borrowing for Offshore Rate Loans and an appropriate indemnification letter shall be delivered to the Agent not later than 8:00 a.m. (San Francisco time) three Business Days before the Closing Date.

(b) The Dollar Equivalent amount of any Borrowing in an Offshore Currency will be determined by the Agent for such Borrowing on the Determination Date therefor in accordance with Section 2.5(a). Upon receipt of the Notice of Borrowing, the Agent will promptly notify each Bank thereof and of the amount of such Bank's Pro Rata Share of the Borrowing. In the case of a Borrowing comprised of Offshore Currency Loans, such notice will provide the approximate amount of each Bank's Pro Rata Share of

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the Borrowing, and the Agent will, upon the determination of Dollar Equivalent amount of the Borrowing as specified in the Notice of Borrowing, promptly notify each Bank of the exact amount of such Bank's Pro Rata Share of the Borrowing.

(c) Each Bank will make the amount of its Pro Rata Share of each Borrowing available to the Agent for the account of the Company at the Agent's Payment Office on the Borrowing Date requested by the Borrower in Same Day Funds and in the requested currency (i) in the case of a Borrowing comprised of Loans in Dollars, by 11:00 a.m. (San Francisco time), (ii) in the case of a Borrowing comprised of Offshore Currency Loans, by such time as the Agent may determine to be necessary for such funds to be credited on such date in accordance with normal banking practices in the place of payment. The proceeds of all such Loans will then be made available to the Borrower by the Agent by wire transfer in accordance with written instructions provided to the Agent by the Borrower of like funds as received by the Agent; provided that the Agent shall disburse such funds as it has received from the Banks to the Borrower (x) in the case of Loans denominated in Dollars, no later than 1:00 p.m. (San Francisco time) and (y) in the case of Offshore Currency Loans, no later than two hours after the funding deadline specified by the Agent under clause (ii) above.

(d) After giving effect to any Committed Borrowing, there may not be more than eight different Interest Periods in effect in respect of all Committed Loans and Bid Loans together then outstanding.

2.4 Conversion and Continuation Elections for Committed Borrowings.

(a) The Borrowers may, upon irrevocable written notice to the Agent in accordance with Section 2.4(b):

(i) elect, as of any Business Day, in the case of Base Rate Loans, or as of the last day of the applicable Interest Period, in the case of any other Type of Committed Loans denominated in Dollars, to convert any such Committed Loans (or any part thereof in an amount not less than the Minimum Tranche) into Committed Loans in Dollars of any other Type; or

(ii) elect, as of the last day of the applicable Interest Period, to continue any Committed Loans having Interest Periods expiring on such day (or any part thereof in an amount not less than the Minimum Tranche);

provided, that if at any time the aggregate amount of Offshore Rate Loans in respect of any Committed Borrowing is reduced, by

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payment, prepayment, or conversion of part thereof to be less than \$4,000,000, such Offshore Rate Loans shall automatically convert into Base Rate Loans, and on and after such date the right of the Borrowers to continue such Committed Loans as, and convert such Committed Loans into, Offshore Rate Loans shall terminate.

(b) The Borrowers shall deliver a Notice of Conversion/Continuation to be received by the Agent not later than 8:00 a.m. (San Francisco time) at least (i) two Business Days in advance of the Conversion/Continuation Date, if the Committed Loans are to be converted into or continued as Offshore Rate Loans denominated in Dollars; (ii) three Business Days in advance of the Conversion/Continuation Date, if the Committed Loans are to be converted into or continued as Offshore Currency Loans; and (iii) on the Conversion/Continuation Date, if the Loans denominated in Dollars are to be converted into Base Rate Loans, specifying:

(A) the proposed Conversion/Continuation

Date;

(B) the aggregate amount of Committed Loans to be converted or continued;

(C) the Type of Committed Loans resulting from the proposed conversion or continuation;

(D) other than in the case of conversions into Base Rate Loans, the duration of the requested Interest Period; and

(E) if applicable, the Applicable Currency.

(c) If upon the expiration of any Interest Period applicable to Offshore Rate Loans in Dollars, the Borrowers have failed to select timely a new Interest Period to be applicable to such Offshore Rate Loans, as the case may be, or if any Default or Event of Default then exists, the Borrowers shall be deemed to have elected to convert such Offshore Rate Loans into Base Rate Loans denominated in Dollars effective as of the expiration date of such Interest Period. If the Borrowers have failed to select a new Interest Period to be applicable to Offshore Currency Loans prior to the third Business Day in advance of the expiration date of the current Interest Period applicable thereto as provided in Section 2.4(b), or if any Default or Event of Default shall then exist, subject to the provisions of Section 2.5(d), the Borrowers shall be deemed to have elected to pay such Offshore Currency Loans and borrow Base Rate Loans denominated in Dollars.

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(d) The Agent will promptly notify each Bank of its receipt of a Notice of Conversion/Continuation, or, if no timely notice is provided by the Company, the Agent will promptly notify each Bank of the details of any automatic conversion. All conversions and continuations shall be made ratably according to the respective outstanding principal amounts of the Committed Loans with respect to which the notice was given held by each Bank.

(e) Unless the Required Banks otherwise agree, during the existence of a Default or Event of Default, the Borrowers may not elect to have a Committed Loan in Dollars converted into or continued as an Offshore Rate Loan or an Offshore Currency Loan.

(f) After giving effect to any conversion or continuation of Committed Loans, there may not be more than eight different Interest Periods in effect in respect of all Committed Loans and Bid Loans together then outstanding.

2.5 Utilization of Revolving Commitments in Offshore Currencies.

(a) The Agent will determine the Dollar Equivalent amount with respect to any (i) Borrowing comprised of Offshore Currency Loans as of the requested Borrowing Date and as of any requested continuation date, (ii) outstanding Offshore Currency Loans as of the last Banking Day of each month, and, during the occurrence and continuation of an Event of Default, such other dates as may be requested by the Required Banks (but in no event more frequently than once a week) (each such date under clauses (i) and (ii) a "Determination Date").

(b) In the case of a proposed Borrowing comprised of Offshore Currency Loans, the Banks shall be under no obligation to make Offshore Currency Loans in the requested Offshore Currency as part of such Borrowing if the Agent has received notice from the Required Banks by 12:30 p.m. (San Francisco time) three Business Days prior to the day of such Borrowing that deposits in the relevant Offshore Currency (in the applicable amounts) are not being offered to such Banks in the interbank eurocurrency market for such Interest Period in which event the Agent will give notice to the Borrower no later than 1:30 p.m. (San Francisco time) on the third Business Day prior to the requested date of such Borrowing that the Borrowing in the requested Offshore Currency is not then available, and notice thereof also will be given promptly by the Agent to the Banks. If the Agent shall have so notified the Borrower that any such Borrowing in a requested Offshore Currency is not then available, the Notice of Borrowing relating to such requested Borrowing

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shall be deemed to be withdrawn, the Borrowing requested therein shall not occur and the Agent will promptly so notify each Bank.

(c) In the case of a proposed continuation of Offshore Currency Loans for an additional Interest Period pursuant to Section 2.4, the Banks shall be under no obligation to continue such Offshore Currency Loans if the Agent has received notice from the Required Banks by 12:30 p.m. (San Francisco time) three Business Days prior to the day of such continuation that deposits in the relevant Offshore Currency (in the applicable amounts) are not being offered to such Banks in the interbank eurocurrency market for such Interest Period in which event the Agent will give notice to the Borrower not later than 1:30 p.m. (San Francisco time) on the third Business Day prior to the requested date of such continuation that the continuation of such Offshore Currency Loans in the relevant Offshore Currency is not then available, and notice thereof also will be given promptly by the Agent to the Banks. If the Agent shall have so notified the Borrower that any such continuation of Offshore Currency Loans is not then available, any Notice of Continuation with respect thereto shall be deemed withdrawn and such Offshore Currency Loans shall be repaid on the last day of the Interest Period with respect to any such Offshore Currency Loans.

(d) Notwithstanding anything herein to the contrary, during the existence of a Default or an Event of Default, unless the Required Banks otherwise agree, all outstanding Offshore Currency Loans shall be redenominated and converted into Base Rate Loans in Dollars on the last day of the Interest Period applicable to any such Offshore Currency Loans.

(e) The Borrowers shall be entitled to request that Committed Loans hereunder also be permitted to be made in any other lawful currency constituting a eurocurrency (other than Dollars), in addition to the eurocurrencies specified in the definition of "Offshore Currency" herein, that in the opinion of the Agent and the Banks is at such time freely traded in the offshore interbank foreign exchange markets and is freely transferable and freely convertible into Dollars (an "Agreed Alternative Currency"). The Borrower shall deliver to the Agent any request for designation of an Agreed Alternative Currency in accordance with Section 10.2, to be received by the Agent not later than 10:00 a.m. (San Francisco time) at least ten Business Days in advance of the date of any Borrowing hereunder proposed to be made in such Agreed Alternative Currency. Upon receipt of any such request the Agent will promptly notify the Banks thereof, and each Bank will respond to such request within two Business Days of receipt thereof. Each Bank may grant or accept such request in its sole discretion. The Agent will promptly notify the Borrowers of the acceptance or rejection of any such

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request and, if accepted, the time requirements for requesting Borrowings in such Agreed Alternative Currency.

2.6 Bid Borrowings. In addition to Committed Borrowings pursuant to Section 2.3, each Bank severally agrees that the Company may, as set forth in Section 2.7, from time to time request the Banks prior to the Termination Date to submit offers to make Bid Loans in Dollars to the Company; provided, however, that the Banks may, but shall have no obligation to, submit such offers and the Company may, but shall have no obligation to, accept any such offers and, if such offers are accepted by the Company, to make such Bid Loans; and provided, further, that at no time shall (a) the outstanding aggregate principal amount of all Bid Loans made by all Banks, plus the outstanding aggregate principal amount of all Committed Loans made by all Banks exceed the combined Commitments; or (b) the number of Interest Periods for Bid Loans then outstanding plus the number of Interest Periods for Committed Loans then outstanding exceed eight. APSA shall not be entitled to request Bid Loans and the Company shall only be entitled to request Bid Loans in Dollars.

2.7 Procedure for Bid Borrowings.

(a) When the Company wishes to request the Banks to submit offers to make Bid Loans hereunder, it shall transmit to the Agent by telephone call followed promptly by facsimile transmission a notice in substantially the form of Exhibit I (a "Competitive Bid Request") so as to be received no later than 8:00 a.m. (San Francisco time) one Business Day prior to the date of a proposed Bid Borrowing, specifying:

(i) the date of such Bid Borrowing, which shall be a Business Day;

(ii) the aggregate amount of such Bid Borrowing, which shall be a minimum amount of \$5,000,000 or in multiples of

\$1,000,000 in excess thereof; and

(iii) the duration of the Interest Period applicable thereto, subject to the provisions of the definition of "Interest Period" herein.

Subject to Section 2.7(c), the Company may not request Competitive Bids for more than three Interest Periods in a single Competitive Bid Request and may not request Competitive Bids more than once in any period of five Business Days.

(b) Upon receipt of a Competitive Bid Request, the Agent will promptly send to the Banks by facsimile transmission an Invitation for Competitive Bids, which shall constitute an

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invitation by the Company to each Bank to submit Competitive Bids offering to make the Bid Loans to which such Competitive Bid Request relates in accordance with this Section 2.7.

(c) (i) Each Bank may at its discretion submit a Competitive Bid containing an offer or offers to make Bid Loans in response to any Invitation for Competitive Bids. Each Competitive Bid must comply with the requirements of this Section 2.7(c) and must be submitted to the Agent by facsimile transmission at the Agent's office for notices set forth on the signature pages hereto not later than 6:30 a.m. (San Francisco time) on the proposed date of Borrowing; provided that Competitive Bids submitted by BAI (or any Affiliate of BAI) in the capacity of a Bank may be submitted, and may only be submitted, if BAI or such Affiliate notifies the Agent of the terms of the offer or offers contained therein not later than 6:15 a.m. (San Francisco time) on the proposed date of Borrowing.

(ii) Each Competitive Bid shall be in substantially the form of Exhibit J, specifying therein:

(A) the proposed date of Borrowing;

(B) the principal amount of each Bid Loan for which such Competitive Bid is being made, which principal amount (x) may be equal to, greater than or less than the Commitment of the quoting Bank, (y) must be \$5,000,000 or in multiples of \$1,000,000 in excess thereof, and (z) may not exceed the principal amount of Bid Loans for which Competitive Bids were requested;

(C) the rate of interest per annum expressed in multiples of 1/1000th of one basis point (the "Absolute Rate") offered for each such Bid Loan; and

(D) the identity of the quoting Bank.

A Competitive Bid may contain up to three separate offers by the quoting Bank with respect to each Interest Period specified in the related Invitation for Competitive Bids.

(iii) Any Competitive Bid shall be disregarded if it:

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(A) is not substantially in conformity with Exhibit H or does not specify all of the information required by Section 2.7(c) (ii);

(B) contains qualifying, conditional or similar language;

(C) proposes terms other than or in addition to those set forth in the applicable Invitation for Competitive Bids; or

(D) arrives after the time set forth in Section 2.7(c) (i).

(d) Promptly on receipt and not later than 7:00 a.m. (San

Francisco time) on the proposed date of Borrowing of an Absolute Rate Bid Loan, the Agent will notify the Company of the terms (i) of any Competitive Bid submitted by a Bank that is in accordance with Section 2.7(c), and (ii) of any Competitive Bid that amends, modifies or is otherwise inconsistent with a previous Competitive Bid submitted by such Bank with respect to the same Competitive Bid Request. Any such subsequent Competitive Bid shall be disregarded by the Agent unless such subsequent Competitive Bid is submitted solely to correct a manifest error in such former Competitive Bid and only if received within the times set forth in Section 2.7(c). The Agent's notice to the Company shall specify (1) the aggregate principal amount of Bid Loans for which offers have been received for each Interest Period specified in the related Competitive Bid Request; and (2) the respective principal amounts and Absolute Rates so offered. Subject only to the provisions of Sections 3.2, 3.5 and 4.2 hereof and the provisions of this Section 2.7(d), any Competitive Bid shall be irrevocable except with the written consent of the Agent given on the written instructions of the Company.

(e) Not later than 7:30 a.m. (San Francisco time) on the proposed date of Borrowing, the Company shall notify the Agent of its acceptance or non-acceptance of the offers so notified to it pursuant to Section 2.7(d). The Company shall be under no obligation to accept any offer and may choose to reject all offers. In the case of acceptance, such notice shall specify the aggregate principal amount of offers for each Interest Period that is accepted. The Company may accept any Competitive Bid in whole or in part; provided that:

(i) the aggregate principal amount of each Bid Borrowing may not exceed the applicable amount set forth in the related Competitive Bid Request;

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(ii) the principal amount of each Bid Borrowing must be \$5,000,000 or in any multiple of \$1,000,000 in excess thereof;

(iii) acceptance of offers may only be made on the basis of ascending Absolute Rates within each Interest Period; and

(iv) the Company may not accept any offer that is described in Section 2.7(c)(iii) or that otherwise fails to comply with the requirements of this Agreement.

(f) If offers are made by two or more Banks with the same Absolute Rates for a greater aggregate principal amount than the amount in respect of which such offers are accepted for the related Interest Period, the principal amount of Bid Loans in respect of which such offers are accepted shall be allocated by the Agent among such Banks as nearly as possible (in such multiples, not less than \$1,000,000, as the Agent may deem appropriate) in proportion to the aggregate principal amounts of such offers. Determination by the Agent of the amounts of Bid Loans shall be conclusive in the absence of manifest error.

(g) (i) The Agent will promptly notify each Bank having submitted a Competitive Bid if its offer has been accepted and, if its offer has been accepted, of the amount of the Bid Loan or Bid Loans to be made by it on the date of the Bid Borrowing.

(ii) Each Bank, which has received notice pursuant to Section 2.7(g)(i) that its Competitive Bid has been accepted, shall make the amounts of such Bid Loans available to the Agent for the account of the Company at the Agent's Payment Office, by 11:00 a.m. (San Francisco time) on such date of Bid Borrowing, in funds immediately available to the Agent for the account of the Company at the Agent's Payment Office.

(iii) Promptly following each Bid Borrowing, the Agent shall notify each Bank of the ranges of bids submitted and the highest and lowest Bids accepted for each Interest Period requested by the Company and the aggregate amount borrowed pursuant to such Bid Borrowing.

(h) If, on or prior to the proposed date of Borrowing, the Commitments have not been terminated and if, on such proposed date of Borrowing all applicable conditions to funding referenced in Sections 3.2, 3.5 and 4.2 hereof are satisfied, the Banks whose offers the Company has accepted will fund each Bid Loan so

accepted. Nothing in this Section 2.7 shall be construed as a right of first offer in favor of the Banks or to otherwise limit the ability of the Company to request and accept credit facilities from any Person (including any of the Banks), provided that no Default or Event of Default would otherwise arise or exist as a result of the Company executing, delivering or performing under such credit facilities.

2.8 Voluntary Termination or Reduction of Commitments. The Company may, upon not less than five Business Days' prior notice to the Agent, terminate the Commitments, or permanently reduce the Commitments by an aggregate minimum Dollar Equivalent amount of \$5,000,000 or any Dollar Equivalent multiple of \$1,000,000 in excess thereof; unless, after giving effect thereto and to any prepayments of Loans made on the effective date thereof, the then-outstanding principal Dollar Equivalent amount of the Loans would exceed the amount of the combined Commitments then in effect. Once reduced in accordance with this Section, the Commitments may not be increased. Any reduction of the Commitments shall be applied to each Bank according to its Pro Rata Share.

2.9 Optional Prepayments.

(a) Subject to Section 3.4, the Borrowers may, at any time or from time to time, by giving the Agent irrevocable notice not later than (i) 8:30 a.m. (San Francisco time) on the date of the proposed prepayment, in the case of Base Rate Loans and (ii) 8:30 a.m. (San Francisco time) two Business Days prior to the proposed payment date, in the case of Offshore Rate Loans, ratably prepay Committed Loans in whole or in part, in minimum Dollar Equivalent amounts of \$4,000,000 or any multiple of \$1,000,000 in excess thereof. Such notice of prepayment shall specify the date and amount of such prepayment and the Type(s) of Committed Loans to be prepaid and the Applicable Currency. The Agent will promptly notify each Bank of its receipt of any such notice, and of such Bank's Pro Rata Share of such prepayment. If such notice is given by a Borrower, such Borrower shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein, together with accrued interest to each such date on the amount prepaid and any amounts required pursuant to Section 3.4.

(b) Bid Loans may not be voluntarily prepaid.

2.10 Currency Exchange Fluctuations. If on any Determination Date the Agent shall have determined that the aggregate Dollar Equivalent principal amount of all Loans then outstanding exceeds the combined Commitments of the Banks by more than \$500,000, due to a change in applicable rates of exchange between Dollars and Offshore Currencies, then the Agent shall

give notice to the Borrowers that a prepayment is required under this Section, and the Borrowers agree thereupon to make prepayments of Loans such that, after giving effect to such prepayment the aggregate Dollar Equivalent amount of all Loans does not exceed the combined Commitments. Prepayments of Loans under this Section 2.10 shall be applied (and, to the extent necessary, made in the Applicable Currency) to repay first, Base Rate Loans and second, Offshore Rate Loans. Any prepayment of an Offshore Rate Loan shall be subject to the provisions of Section 3.4.

2.11 Repayment.

(a) The Borrowers shall repay to the Banks on the Termination Date the aggregate principal amount of all Committed Loans outstanding on such date.

(b) The Company shall repay each Bid Loan on the last day of the relevant Interest Period.

2.12 Interest.

(a) Each Committed Loan shall bear interest on the outstanding principal amount thereof from the applicable Borrowing Date at a rate per annum equal to the Offshore Rate plus the Applicable Margin or the Base Rate, as the case may be (and subject to the Borrower's right to convert to other Types of Loans under Section 2.4). Each Bid Loan shall bear interest on the outstanding principal amount thereof from the relevant Borrowing Date at a rate per annum equal to the Absolute Rate.

(b) Interest on each Loan shall be paid in arrears on

each Interest Payment Date. Interest shall also be paid on the date of any prepayment of Committed Loans under Section 2.8, 2.9 or 2.10 for the portion of the Loans so prepaid and upon payment (including prepayment) in full thereof and, during the existence of any Event of Default, interest shall be paid on demand of the Agent at the request or with the consent of the Required Banks.

(c) Any change in the Applicable Margin or Applicable Non-Use Fee Rate resulting from a change in the Pricing Level in accordance with the Pricing Grid shall be effective 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 6.1(a) or 6.1(b) on the 60th day (or, if applicable, the 90th day) after any Fiscal Quarter, commencing on such 60th or 90th day, as applicable, until the date such financial statements are delivered, the Pricing Level in effect shall be in Pricing Level VI.

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(d) 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 (i) for any Base Rate Loan the sum of two percent (2%) plus the Base Rate from time to time in effect; and (ii) for any Offshore Rate 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 Base Rate from time to time in effect or, if such Loan is denominated in another Applicable Currency, at a rate per annum equal to the sum of the Applicable Margin for Offshore Rate 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 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 transferrable 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 Offshore Rate Loan or, if the Agent is not placing deposits in such Applicable Currency in the interbank market, then the Agent's cost of funds in such Applicable Currency for such period).

2.13 Fees.

(a) Arrangement, Agency Fees. The Company shall pay an arrangement fee to the Arranger for the Arranger's own account, and shall pay an agency fee to the Agent for the Agent's own account, as required by the letter agreement ("Fee Letter") between the Company, the Arranger and the Agent dated July 18, 1995.

(b) Non-Use Fees. The Company shall pay to the Agent for the account of each Bank a non-use fee on the average daily unused portion of such Bank's Commitment, computed on a quarterly basis in arrears on the last Business Day of each February, May, August and November commencing November 30, 1995 based upon the daily utilization for that quarter as calculated by the Agent, equal to the Applicable Non-Use Fee Rate. Such non-use fee shall accrue from the Closing Date to the Termination Date and shall be due and payable quarterly in arrears on the last Business Day of each February, May, August and November commencing on August 30, 1995 through the Termination Date, with the final payment to be made on the Termination Date. For purposes of calculating the non-use fee, Bid Loans shall not be deemed usage of the Commitments. The non-use fees provided in this Section 2.13(b)

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shall accrue at all times after the above-mentioned commencement date, including at any time during which one or more conditions in Article IV are not met.

2.14 Computation of Fees and Interest.

(a) All computations of fees and interest shall be made on the basis of a 360-day year and actual days elapsed (which results

in more interest being paid than if computed on the basis of a 365-day year). Interest and fees shall accrue during each period during which interest or such fees are computed from the first day thereof to the last day thereof.

(b) For purposes of determining utilization of each Bank's Commitment in order to calculate the non-use fee due under Section 2.13(b), the amount of any outstanding Offshore Currency Loan on any date shall be determined based upon the Dollar Equivalent amount as of the most recent Determination Date with respect to such Offshore Currency Loan.

(c) Each determination of an interest rate or a Dollar Equivalent amount by the Agent shall be conclusive and binding on the Company and the Banks in the absence of manifest error.

2.15 Payments by the Borrower.

(a) All payments to be made by the Borrower shall be made without set-off, recoupment or counterclaim. Except as otherwise expressly provided herein, all payments by the Borrower shall be made to the Agent for the account of the Banks at the Agent's Payment Office, and, with respect to principal of, interest on, and any other amounts relating to, any Offshore Currency Loan, shall be made in the Offshore Currency in which such Loan is denominated or payable, and, with respect to all other amounts payable hereunder, shall be made in Dollars. Such payments shall be made in Same Day Funds, and (i) in the case of Offshore Currency payments, no later than such time on the dates specified herein as may be determined by the Agent to be necessary for such payment to be credited on such date in accordance with normal banking procedures in the place of payment, and (ii) in the case of any Dollar payments, no later than 11:00 a.m. (San Francisco time) on the date specified herein. The Agent will promptly distribute to each Bank its Pro Rata Share (or other applicable share as expressly provided herein) of such principal, interest, fees or other amounts, in like funds as received. Any payment which is received by the Agent later than 11:00 a.m. (San Francisco time), or later than the time specified by the Agent as provided in clause (i) above (in the case of Offshore Currency payments), shall be deemed to have been received on the following Business Day and any applicable interest or fee shall continue to accrue.

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(b) Subject to the provisions set forth in the definition of "Interest Period" herein, whenever any payment is due on a day other than a Business Day, such payment shall be made on the following Business Day, and such extension of time shall in such case be included in the computation of interest or fees, as the case may be.

(c) Unless the Agent receives notice from the Borrower prior to the date on which any payment is due to the Banks that the Borrower will not make such payment in full as and when required, the Agent may assume that the Borrower has made such payment in full to the Agent on such date in immediately available funds and the Agent may (but shall not be so required), in reliance upon such assumption, distribute to each Bank on such due date an amount equal to the amount then due such Bank. If and to the extent the Borrower has not made such payment in full to the Agent, each Bank shall repay to the Agent on demand such amount distributed to such Bank, together with interest thereon at the Federal Funds Rate for each day from the date such amount is distributed to such Bank until the date repaid.

2.16 Payments by the Banks to the Agent.

(a) Unless the Agent receives notice from a Bank on or prior to the Closing Date or, with respect to any Borrowing after the Closing Date, at least one Business Day prior to the date of such Committed Borrowing, that such Bank will not make available as and when required hereunder to the Agent for the account of the Borrower the amount of that Bank's Pro Rata Share of the Committed Borrowing, the Agent may assume that each Bank has made such amount available to the Agent in immediately available funds on the Borrowing Date and the Agent may (but shall not be so required), in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent any Bank shall not have made its full amount available to the Agent in immediately available funds and the Agent in such circumstances has made available to the Borrower such amount, that Bank shall on the Business Day following such Borrowing Date make such amount available to the Agent, together with interest at the Federal Funds Rate for each day during such period. A notice of the Agent submitted to any Bank with respect to amounts owing under this Section 2.16(a) shall be conclusive, absent manifest error. If such amount is so made available, such payment to the Agent shall constitute such Bank's Loan on the date of Borrowing for all purposes of this Agreement. If such amount is not made available to the Agent on the Business Day following

the Borrowing Date, the Agent will notify the Borrower of such failure to fund and, upon demand by the Agent, the Borrower shall pay such amount to the Agent for the Agent's account, together with interest thereon for each day elapsed since the date of such Committed Borrowing, at a rate per annum

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equal to the interest rate applicable at the time to the Committed Loans comprising such Committed Borrowing.

(b) The failure of any Bank to make any Committed Loan on any Borrowing Date shall not relieve any other Bank of any obligation hereunder to make a Committed Loan on such Borrowing Date, but no Bank shall be responsible for the failure of any other Bank to make the Committed Loan to be made by such other Bank on any Borrowing Date.

2.17 Sharing of Payments, Etc. If, other than as expressly provided elsewhere herein, any Bank shall obtain on account of the Committed Loans made by it any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) in excess of its Pro Rata Share, such Bank shall immediately (a) notify the Agent of such fact, and (b) purchase from the other Banks such participations in the Committed Loans made by them as shall be necessary to cause such purchasing Bank to share the excess payment pro rata with each of them; provided, however, that if all or any portion of such excess payment is thereafter recovered from the purchasing Bank, such purchase shall to that extent be rescinded and each other Bank shall repay to the purchasing Bank the purchase price paid therefor, together with an amount equal to such paying Bank's ratable share (according to the proportion of (i) the amount of such paying Bank's required repayment to (ii) the total amount so recovered from the purchasing Bank) of any interest or other amount paid or payable by the purchasing Bank in respect of the total amount so recovered. The Borrowers agree that any Bank so purchasing a participation from another Bank may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off, but subject to Section 10.10) with respect to such participation as fully as if such Bank were the direct creditor of such Borrower in the amount of such participation. The Agent will keep records (which shall be conclusive and binding in the absence of manifest error) of participations purchased under this Section and will in each case notify the Banks following any such purchases or repayments.

ARTICLE III

TAXES, YIELD PROTECTION AND ILLEGALITY

3.1 Taxes.

(a) Any and all payments by the Borrowers to each Bank or the Agent under this Agreement and any other Loan Document shall be made free and clear of, and without deduction or withholding for, any Taxes. In addition, the Borrowers shall pay all Other Taxes and Further Taxes.

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(b) If the Company shall be required by law to deduct or withhold any Taxes, Other Taxes or Further Taxes from or in respect of any sum payable hereunder to any Bank or the Agent, then:

(i) the sum payable shall be increased as necessary so that, after making all required deductions and withholdings (including deductions and withholdings applicable to additional sums payable under this Section) such Bank or the Agent, as the case may be, receives and retains an amount equal to the sum it would have received and retained had no such deductions or withholdings been made;

(ii) the Borrowers shall make such deductions and withholdings;

(iii) the Borrowers shall pay the full amount deducted or withheld to the relevant taxing authority or other authority in accordance with applicable law; and

(iv) the Borrowers shall also pay to each Bank or the Agent for the account of such Bank, at the time interest is paid, Further Taxes in an amount that the respective Bank specifies

as necessary to preserve the after-tax yield the Bank would have received if such Taxes, Other Taxes or Further Taxes had not been imposed.

(c) Each Borrower agrees to indemnify and hold harmless each Bank and the Agent for the full amount of (i) Taxes, (ii) Other Taxes, and (iii) Further Taxes in the amount that the respective Bank reasonably specifies as necessary to preserve the after-tax yield the Bank would have received if such Taxes, Other Taxes or Further Taxes had not been imposed, and any liability (including penalties, interest, additions to tax and expenses) arising therefrom or with respect thereto, whether or not such Taxes, Other Taxes or Further Taxes were correctly or legally asserted. Payment under this indemnification shall be made within 30 days after the date the Bank or the Agent makes written demand therefor.

(d) Within 30 days after the date of any payment by the Borrowers of Taxes, Other Taxes or Further Taxes, the Borrowers shall furnish to each Bank or the Agent the original or a certified copy of a receipt evidencing payment thereof, or other evidence of payment satisfactory to such Bank or the Agent.

(e) If a Borrower is required to pay additional amounts to any Bank or the Agent pursuant to Section 3.1(b) or (c) then such Bank shall use reasonable efforts (consistent with legal and regulatory restrictions) to change the jurisdiction of

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its Lending Office so as to eliminate any such additional payment by the Borrowers which may thereafter accrue, if such change in the sole judgment of such Bank is not otherwise disadvantageous to such Bank.

3.2 Illegality.

(a) If any Bank determines that the introduction of any Requirement of Law, or any change in any Requirement of Law, or in the interpretation or administration of any Requirement of Law, has made it unlawful, or that any central bank or other Governmental Authority has asserted that it is unlawful, for any Bank or its applicable Lending Office to make Offshore Rate Loans (including Offshore Rate Loans in any Applicable Currency), then, on notice thereof by the Bank to the Borrowers through the Agent, any obligation of that Bank to make Offshore Rate Loans shall be suspended until the Bank notifies the Agent and the Borrowers that the circumstances giving rise to such determination no longer exist.

(b) If a Bank determines that it is unlawful to maintain any Offshore Rate Loan, the Borrowers shall, upon its receipt of notice of such fact and demand from such Bank (with a copy to the Agent), prepay in full such Offshore Rate Loans of that Bank then outstanding, together with interest accrued thereon and amounts required under Section 3.4, either on the last day of the Interest Period thereof, if the Bank may lawfully continue to maintain such Offshore Rate Loans to such day, or immediately, if the Bank may not lawfully continue to maintain such Offshore Rate Loan. If a Borrower is required to so prepay any Offshore Rate Loan, then concurrently with such prepayment, such Borrower shall borrow from the affected Bank, in the amount of such repayment, a Base Rate Loan.

(c) If the obligation of any Bank to make or maintain Offshore Rate Loans has been so terminated or suspended, the Company may elect, by giving notice to the Bank through the Agent that all Loans which would otherwise be made by the Bank as Offshore Rate Loans shall be instead Base Rate Loans.

(d) Before giving any notice to the Agent under this Section, the affected Bank shall designate a different Lending Office with respect to its Offshore Rate Loans if such designation will avoid the need for giving such notice or making such demand and will not, in the judgment of the Bank, be illegal or otherwise disadvantageous to the Bank.

3.3 Increased Costs and Reduction of Return.

(a) If any Bank determines that, due to either (i) the introduction of or any change in or in the interpretation of any

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law or regulation after the Closing Date or (ii) the compliance by that Bank

with any guideline or request from any central bank or other Governmental Authority after the Closing Date (whether or not having the force of law), there shall be any increase in the cost to such Bank of agreeing to make or making, funding or maintaining any Offshore Rate Loans, then the Borrowers shall be liable for, and shall from time to time, within 10 days after demand (with a copy of such demand to be sent to the Agent), pay to the Agent for the account of such Bank, additional amounts as are sufficient to compensate such Bank for such increased costs.

(b) If any Bank shall have determined that (i) the introduction after the Closing Date of any Capital Adequacy Regulation, (ii) any change after the Closing Date in any Capital Adequacy Regulation, (iii) any change after the Closing Date in the interpretation or administration of any Capital Adequacy Regulation by any central bank or other Governmental Authority charged with the interpretation or administration thereof, or (iv) compliance by the Bank (or its Lending Office) or any corporation controlling the Bank with any Capital Adequacy Regulation adopted after the Closing Date, affects or would affect the amount of capital required or expected to be maintained by the Bank or any corporation controlling the Bank and (taking into consideration such Bank's or such corporation's policies with respect to capital adequacy and such Bank's desired return on capital) determines that the amount of such capital is increased as a consequence of its Commitment, loans, credits or obligations under this Agreement, then, upon demand of such Bank to the Borrowers through the Agent, the Borrowers shall pay to the Bank, from time to time as specified by the Bank, additional amounts sufficient to compensate the Bank for such increase.

3.4 Funding Losses. The Borrowers shall reimburse each Bank and hold each Bank harmless from any loss or expense which the Bank may sustain or incur as a consequence of:

(a) the failure of the Borrowers to make on a timely basis any payment of principal of any Offshore Rate Loan;

(b) the failure of the Borrowers to borrow, continue or convert a Committed Loan after the Borrowers have given (or is deemed to have given) a Notice of Borrowing or a Notice of Conversion/Continuation;

(c) the failure of the Borrowers to make any prepayment of any Committed Loan in accordance with any notice delivered under Section 2.8;

(d) the prepayment (including pursuant to Section 2.8, 2.9 or 2.10) or other payment (including after acceleration

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thereof) of any Offshore Rate Loan or Absolute Rate Bid Loan on a day that is not the last day of the relevant Interest Period; or

(e) the automatic conversion under Section 2.4 of any Offshore Rate Loan to a Base Rate Loan on a day that is not the last day of the relevant Interest Period;

including any such loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain its Offshore Rate Loans or from fees payable to terminate the deposits from which such funds were obtained.

3.5 Inability to Determine Rates. If the Required Banks determine that for any reason adequate and reasonable means do not exist for determining the Offshore Rate for any requested Interest Period with respect to a proposed Offshore Rate Loan, or that the Offshore Rate for any requested Interest Period with respect to a proposed Offshore Rate Loan does not adequately and fairly reflect the cost to such Banks of funding such Loan, the Agent will promptly so notify the Company and each Bank. Thereafter, the obligation of the Banks to make or maintain Offshore Rate Loans hereunder shall be suspended until the Agent upon the instruction of the Required Banks revokes such notice in writing. Upon receipt of such notice, the Borrowers may revoke any Notice of Borrowing or Notice of Conversion/Continuation then submitted by it. If the Borrowers do not revoke such Notice, the Banks shall make, convert or continue the Committed Loans, as proposed by the Borrowers, in the amount specified in the applicable notice submitted by the Borrowers, but such Committed Loans shall be made, converted or continued as Base Rate Loans instead of Offshore Rate Loans. In the case of any Offshore Currency Loans, the Borrowing or continuation shall be in an aggregate amount equal to the Dollar Equivalent amount of the originally requested Borrowing or continuation in the Offshore Currency, and to that end any outstanding Offshore Currency Loans which are the subject of any continuation shall be redenominated and converted into Base Rate Loans in Dollars with effect from the last day of the Interest Period with respect to any such Offshore Currency Loans.

3.6 Certificates of Banks. Any Bank claiming reimbursement or compensation under this Article III shall deliver to the Borrowers (with a copy to the Agent) a certificate setting forth in reasonable detail the amount payable to the Bank hereunder and such certificate shall be conclusive and binding on the Borrowers in the absence of manifest error. In determining the amount payable to the Bank pursuant to this Article III, each Bank shall act reasonably and in good faith and will, to the extent the increased costs or reductions in amounts received or receivable relate to such Bank's loans in general (including the Loans) and are not specifically attributable to the Loans and other amounts

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due hereunder, use averaging and attribution methods which are reasonable and which cover all loans similar to the Loans made by such Bank.

3.7 Substitution of Banks. Upon the receipt by the either Borrower from any Bank (an "Affected Bank") of a claim for compensation under Section 3.1, 3.2 or 3.3, the Company may: (i) request the Affected Bank to cooperate with the Company in its efforts to obtain a replacement bank or financial institution satisfactory to the Company to acquire and assume all or a ratable part of all of such Affected Bank's Loans and Commitment (a "Replacement Bank"); (ii) request one more of the other Banks to acquire and assume all or part of such Affected Bank's Loans and Commitment; or (iii) designate a Replacement Bank. Any such designation of a Replacement Bank under clause (i) or (iii) shall be subject to the prior written consent of the Agent (which consent shall not be unreasonably withheld).

3.8 Survival. The agreements and obligations of the Borrowers in this Article III shall survive the payment of all other Obligations.

ARTICLE IV

CONDITIONS PRECEDENT

4.1 Conditions of Initial Loans. The obligation of each Bank to make its initial Committed Loan hereunder, and to receive through the Agent the initial Competitive Bid Request, is subject to the condition that the Agent have received on or before the Closing Date all of the following, in form and substance satisfactory to the Agent, and in sufficient copies for each Bank:

(a) Credit Agreement. This Agreement executed by each party hereto.

(b) Notes. A Bid Note of the Company payable to the order of each Bank and one Committed Note of each Borrower payable to the order of each Bank.

(c) 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 and the other documents provided for in this Agreement to be executed by such Borrower.

(d) 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

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to sign this Agreement 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 Bank may conclusively rely on such certificate until formally advised by a like certificate of any changes therein).

(e) Opinion of Counsel for the Company. The opinion of Quarles & Brady, counsel for the Company, and Salans Hertzfeld & Heilbronn, counsel for APSA, in the form of Exhibit D.

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

(g) Termination of Existing Credit Agreement. 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.

(h) Other Documents. Such other approvals, opinions, documents or materials as the Agent or any Bank may request.

4.2 Conditions to All Borrowings. The obligation of each Bank to make any Committed Loan to be made by it and the obligation of any Bank to make any Bid Loan as to which the Company has accepted the relevant Competitive Bid (including its initial Loan) is subject to the satisfaction of the following conditions precedent on the relevant Borrowing Date:

(a) Notice of Borrowing. As to any Committed Loan, the Agent shall have received (with, in the case of the initial Loan only, a copy for each Bank) a Notice of Borrowing.

(b) Continuation of Representations and Warranties. The representations and warranties in Article V (excluding, except in the case of the initial Loan hereunder, Sections 5.6 and 5.8) shall be true and correct on and as of such Borrowing Date with the same effect as if made on and as of such Borrowing Date.

(c) No Existing Default. No Default or Event of Default shall exist or shall result from such Borrowing.

Each Notice of Borrowing and Competitive Bid Request submitted by the Company hereunder shall constitute a representation and warranty by the Company hereunder, as of the date of each such notice or request and as of each Borrowing Date that the conditions in Section 4.2 are satisfied.

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ARTICLE V

REPRESENTATIONS AND WARRANTIES

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

5.1 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 other Loan Documents and to engage in the transactions contemplated by this Agreement.

5.2 Authorization; No Conflict. The execution and delivery of this Agreement, the borrowings hereunder, the execution and delivery of the other Loan Documents, and the performance by the Company of its obligations under this Agreement and the other Loan Documents 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 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.

5.3 Validity and Binding Nature. This Agreement and each other Loan Document constitute the 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.

5.4 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 Bank, including (i) the audited consolidated

balance sheet at August 31, 1994 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, 1995 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, 1994 and related consolidated statements of earnings and shareholders equity of APSA and its Subsidiaries and (iv) the unaudited consolidated balance sheet dated May 31, 1995 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 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 Banks 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.

5.5 No Material Adverse Change. Since August 31, 1994, no event has occurred or condition has arisen that has had or is reasonably likely to have a Material Adverse Effect.

5.6 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 5.6 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 5.4.

5.7 Liens. None of the assets of the Company or any Subsidiary is subject to any Lien, except as permitted by Section 6.9.

5.8 Subsidiaries. Item 5.08 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.

5.9 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 1994 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.

5.10 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.

5.11 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

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or ultimate, of purchasing or carrying any Margin Stock or maintaining or extending credit to others for such purpose.

5.12 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.

5.13 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 5.13 of the Disclosure Schedule, and, except as disclosed in items 2 and 3 of Item 5.13 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 5.13 of the Disclosure Schedule, and, except as disclosed in items 2 and 3 of Item 5.13 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 5.13 of the Disclosure Schedule, and, except as disclosed in items 2 and 3 of Item 5.13 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

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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 5.13 of the Disclosure Schedule, and, except as disclosed in items 2 and 3 of Item 5.13 of the Disclosure Schedule, none of the matters disclosed on such Schedule has had or is reasonably likely to have a Material Adverse Effect.

5.14 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.

5.15 Information. All information heretofore or contemporaneously herewith furnished by the Borrowers or any Subsidiary to any Bank 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 Bank 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.

5.16 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.

5.17 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 6.9 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 6.9.

5.18 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 Materi-

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ally Adverse Effect, except as may be disclosed in Item 5.18 of the Disclosure Schedule.

5.19 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 5.19 of the Disclosure Schedule.

ARTICLE VI

COVENANTS

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

6.1 Reports, Certificates and Other Information. Furnish to the Agent and each Bank:

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

(i) 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 Banks, (ii) 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 (iii) 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.

(b) Interim Reports. Promptly when available and in any event within 60 days after the end of each Fiscal Quarter (except the last

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).

(c) Compliance Certificate. Concurrently with each set of financial statements delivered pursuant to Section 6.1(a) and 6.1(b), a Compliance Certificate executed by the chief financial officer or the Treasurer of the Company.

(d) 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.

(e) 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: (i) the occurrence of an Event of Default or a Default; (ii) any litigation, arbitration or governmental investigation or proceeding not previously disclosed by the Company to the Banks 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; (iii) 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 (iv) any

other event or occurrence which has had or is reasonably likely to have a Material Adverse Effect.

(f) Other Information. From time to time such other information concerning the Company and its Subsidiaries as any Bank or the Agent may reasonably request.

6.2 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 Bank 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 Bank or the Agent or any representative thereof), and to examine (and, at the Company's or such Subsidiary's expense, make copies of) any of its books or other corporate records.

6.3 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 5.19 of the

6.4 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.

6.5 Maintenance of Existence, etc. Maintain and preserve, and (subject to Section 6.7) 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).

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6.6 Financial Ratios and Restrictions.

(a) Minimum Shareholders Equity. Not permit at any time (i) Shareholders Equity for the Company to be less than the sum of \$91,000,000 plus 25% of Consolidated Net Income for each Fiscal Quarter ending on or after February 28, 1995 (excluding any Fiscal Quarter in which there is a loss) and (ii) Shareholders Equity for APSA to be less than \$1.

(b) Fixed Charge Coverage Ratio. Not permit the Fixed Charge Coverage Ratio to be less than 1.5:1.0.

(c) Debt to Capital Ratio. Not permit at any time the Debt to Capital Ratio to exceed 58%.

6.7 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:

(a) 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;

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

(c) (i) the Permitted Receivables Securitization and (ii) any sale, transfer, conveyance or lease of any asset provided that (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 (c)(ii) in any Fiscal Year do not exceed 15% of Tangible Net Assets (measured as of the last day of the most recently ended Fiscal Year) and (y) no Event of Default or Default exists or would result therefrom; or

(d) any acquisition if (i) (A) such acquisition is an acquisition of assets, or (B) such acquisition is by merger and the Company or a wholly-owned Subsidiary is the surviving Corporation, or (C) after such acquisition the Company (if it is the acquiring entity) or a Subsidiary owns (x) at least a majority of the securities of each class having ordinary voting power of, or a majority of the

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ownership interest in, the acquired Person or (y) 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 (y), 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 Tangible Net Assets of the Company and its Subsidiaries, (ii) no Event of Default or Default exists or would result therefrom and (iii) prior to the consummation of such acquisition, the Company provides to each Bank notice of such acquisition and, if the purchase price of such acquisition is \$5,000,000 or more, a certificate of the chief financial officer or the treasurer of the Company (attaching computations to demonstrate compliance with all financial covenants hereunder) stating that such acquisition complies with this Section 6.7 and that any other conditions under this Agreement relating to such acquisition have been satisfied.

6.8 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.

6.9 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 6.09 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 (whether real or

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personal property) 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 \$3,000,000; (f) attachments, judgments and other similar Liens, for sums not exceeding \$2,000,000, 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 \$6,000,000.

6.10 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.

6.11 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).

6.12 Employee Benefit Plans. Maintain, and cause each Subsidiary to maintain, each Pension Plan in compliance in all

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material respects with all applicable Requirements of Law and regulations.

6.13 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.

6.14 Environmental Matters.

(a) Environmental Obligations. (i) 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; (ii) use and operate, and cause each Subsidiary to use and operate, all of its facilities and properties in material compliance with all Environmental Laws; (iii) 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; (iv) handle, and cause each Subsidiary to handle, all Hazardous Materials in material compliance with all applicable Environmental Laws; and (v) 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.

(b) 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.

6.15 Unconditional Purchase Obligations. Not, and not permit any Subsidiary to, enter into or be a party to any

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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.

6.16 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.

6.17 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 6.18 shall prohibit any transaction expressly permitted by Section 6.11.

6.18 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 6.7 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.

6.19 Negative Pledges; Subsidiary Payments. The Company will not, nor will it permit any Subsidiary to, enter into any agreement (excluding this Agreement) (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.

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ARTICLE VII

EVENTS OF DEFAULT AND THEIR EFFECT

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

(a) Non-Payment of Loans, etc. Default in the payment when due of the principal of any Loan; or default, and continuance thereof for five Business Days, in the payment when due of any interest on any Loan or any fees or other amounts payable by the Borrowers hereunder.

(b) 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.

(c) 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 Bank is false or misleading in any material respect on the date as of which the facts therein set forth are stated or certified.

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

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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.

(e) Non-Compliance with Certain Covenants. Failure by the Borrowers to comply with or to perform any provision of Section 6.6 through 6.10, 6.16, 6.18 or 6.19.

(f) 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 7.1), and

continuance of such failure for 30 days after notice thereof to the Company from the Agent or any Bank.

(g) 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.

(h) Judgments. Final judgments which exceed an aggregate of \$2,000,000 (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 stayed pending appeal within 30 days after entry or filing of such judgments.

(i) Change of Control. An Impermissible Change of Control shall occur.

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

(k) Guarantee. The obligations of either Borrower under Article IX shall cease to be in full force and effect or either Borrower shall contest in any manner the validity, binding nature or enforceability of Article IX with respect to itself or the other Borrower.

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7.2 Effect of Event of Default. If any Event of Default described in Section 7.1(d) 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 Banks, and shall upon written request of the Required Banks, 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 Bank 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 7.1(a) or Section 7.1(d) may be waived by the written concurrence of all of the Banks, and the effect as an Event of Default of any other event described in Section 7.1 may be waived by the written concurrence of the Required Banks.

ARTICLE VIII

THE AGENT

8.1 Appointment and Authorization; Agent. Each Bank hereby irrevocably (subject to Section 8.9) appoints, designates and authorizes the Agent to take such action on its behalf under the provisions of this Agreement and each other Loan Document and to exercise such powers and perform such duties as are expressly delegated to it by the terms of this Agreement or any other Loan Document, together with such powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary contained elsewhere in this Agreement or in any other Loan Document, the Agent shall not have any duties or responsibilities, except those expressly set forth herein, nor shall the Agent have or be deemed to have any fiduciary relationship with any Bank, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Agent. Without limiting the generality of the foregoing sentence, the use of the term "agent" in this Agreement with reference to the Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead, such term is used merely as a matter of market custom,

and is intended to create or reflect only an administrative relationship between independent contracting parties.

8.2 Delegation of Duties. The Agent may execute any of its duties under this Agreement or any other Loan Document by or through agents, employees or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Agent shall not be responsible for the negligence or misconduct of any agent or attorney-in-fact that it selects with reasonable care.

8.3 Liability of Agent. None of the Agent-Related Persons shall (i) be liable for any action taken or omitted to be taken by any of them under or in connection with this Agreement or any other Loan Document or the transactions contemplated hereby (except for its own gross negligence or willful misconduct), or (ii) be responsible in any manner to any of the Banks for any recital, statement, representation or warranty made by the Company or any Subsidiary or Affiliate of the Company, or any officer thereof, contained in this Agreement or in any other Loan Document, or in any certificate, report, statement or other document referred to or provided for in, or received by the Agent under or in connection with, this Agreement or any other Loan Document, or the validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document, or for any failure of the Borrowers or any other party to any Loan Document to perform its obligations hereunder or thereunder. No Agent-Related Person shall be under any obligation to any Bank to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of the Company or any of the Company's Subsidiaries or Affiliates.

8.4 Reliance by Agent.

(a) The Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter, telegram, facsimile, telex or telephone message, statement or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel (including counsel to the Company), independent accountants and other experts selected by the Agent. The Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Required Banks as it deems appropriate and, if it so requests, it shall first be indemnified to its satisfaction by the Banks against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any

such action. The Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other Loan Document in accordance with a request or consent of the Required Banks and such request and any action taken or failure to act pursuant thereto shall be binding upon all of the Banks.

(b) For purposes of determining compliance with the conditions specified in Section 4.1, each Bank that has executed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter either sent by the Agent to such Bank for consent, approval, acceptance or satisfaction, or required thereunder to be consented to or approved by or acceptable or satisfactory to the Bank.

8.5 Notice of Default. The Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default, except with respect to defaults in the payment of principal, interest and fees required to be paid to the Agent for the account of the Banks, unless the Agent shall have received written notice from a Bank or the Company referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". The Agent will notify the Banks of its receipt of any such notice. The Agent shall take such action with respect to such Default or Event of Default as may be requested by the Required Banks in accordance with Article VII; provided, however, that unless and until the Agent has received any such request, the Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable or in the best interest of the Banks.

8.6 Credit Decision. Each Bank acknowledges that none of the

Agent-Related Persons has made any representation or warranty to it, and that no act by the Agent hereinafter taken, including any review of the affairs of the Company and its Subsidiaries, shall be deemed to constitute any representation or warranty by any Agent-Related Person to any Bank. Each Bank represents to the Agent that it has, independently and without reliance upon any Agent-Related Person and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, prospects, operations, property, financial and other condition and creditworthiness of the Company and its Subsidiaries, and all applicable bank regulatory laws relating to the transactions contemplated hereby, and made its own decision to enter into this Agreement and to extend credit to the Borrowers hereunder. Each Bank also represents that it will, independently and without reliance upon any Agent-Related Person and based on such documents and

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information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, property, financial and other condition and creditworthiness of the Borrowers. Except for notices, reports and other documents expressly herein required to be furnished to the Banks by the Agent, the Agent shall not have any duty or responsibility to provide any Bank with any credit or other information concerning the business, prospects, operations, property, financial and other condition or creditworthiness of the Borrowers which may come into the possession of any of the Agent-Related Persons.

8.7 Indemnification of Agent. Whether or not the transactions contemplated hereby are consummated, the Banks shall indemnify upon demand the Agent-Related Persons (to the extent not reimbursed by or on behalf of the Borrowers and without limiting the obligation of the Borrowers to do so), pro rata, from and against any and all Indemnified Liabilities; provided, however, that no Bank shall be liable for the payment to the Agent-Related Persons of any portion of such Indemnified Liabilities resulting solely from such Person's gross negligence or willful misconduct. Without limitation of the foregoing, each Bank shall reimburse the Agent upon demand for its ratable share of any costs or out-of-pocket expenses (including Attorney Costs) incurred by the Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, any other Loan Document, or any document contemplated by or referred to herein, to the extent that the Agent is not reimbursed for such expenses by or on behalf of the Borrowers. The undertaking in this Section shall survive the payment of all Obligations hereunder and the resignation or replacement of the Agent.

8.8 BAI in Individual Capacity. BAI and its Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, acquire equity interests in and generally engage in any kind of banking, trust, financial advisory, underwriting or other business with the Company and its Subsidiaries and Affiliates as though BofA were not the Agent hereunder and without notice to or consent of the Banks. The Banks acknowledge that, pursuant to such activities, BAI or its Affiliates may receive information regarding the Company or its Affiliates (including information that may be subject to confidentiality obligations in favor of the Company or such Subsidiary) and acknowledge that neither BAI nor the Agent shall be under any obligation to provide such information to them. With respect to its Loans, BAI shall have the same rights and powers under this

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Agreement as any other Bank and may exercise the same as though BAI were not the Agent.

8.9 Successor Agent. The Agent may, and at the request of the Required Banks shall, resign as Agent upon 30 days' notice to the Banks. If the Agent resigns under this Agreement, the Required Banks shall appoint from among the Banks a successor agent for the Banks. If no successor agent is appointed prior to the effective date of the resignation of the Agent, the Agent may appoint, after consulting with the Banks and the Company, a successor agent from among the Banks. Upon the acceptance of its appointment as successor agent hereunder, such successor agent shall succeed to all the rights, powers and duties of the retiring Agent and the term "Agent" shall mean such successor agent and the retiring Agent's

appointment, powers and duties as Agent shall be terminated. After any retiring Agent's resignation hereunder as Agent, the provisions of this Article VIII and Sections 8.4 and 8.5 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement. If no successor agent has accepted appointment as Agent by the date which is 30 days following a retiring Agent's notice of resignation, the retiring Agent's resignation shall nevertheless thereupon become effective and the Banks shall perform all of the duties of the Agent hereunder until such time, if any, as the Required Banks appoint a successor agent as provided for above.

8.10 Withholding Tax.

(a) If any Bank is a "foreign corporation, partnership or trust" within the meaning of the Code and such Bank claims exemption from, or a reduction of, U.S. withholding tax under Sections 1441 or 1442 of the Code, such Bank agrees with and in favor of the Agent, to deliver to the Agent:

(i) if such Bank claims an exemption from, or a reduction of, withholding tax under a United States tax treaty, two properly completed and executed copies of IRS Forms 1001 before the payment of any interest in the first calendar year and before the payment of any interest in each third succeeding calendar year during which interest may be paid under this Agreement;

(ii) if such Bank claims that interest paid under this Agreement is exempt from United States withholding tax because it is effectively connected with a United States trade or business of such Bank, two properly completed and executed copies of IRS Form 4224 before the payment of any interest is due in the first taxable year of such Bank and in each succeeding taxable year of such Bank during which interest may be paid under this Agreement; and

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(iii) such other form or forms as may be required under the Code or other laws of the United States as a condition to exemption from, or reduction of, United States withholding tax.

Such Bank agrees to promptly notify the Agent of any change in circumstances which would modify or render invalid any claimed exemption or reduction.

(b) If any Bank claims exemption from, or reduction of, withholding tax under a United States tax treaty by providing IRS Form 1001 and such Bank sells, assigns, grants a participation in, or otherwise transfers all or part of the Obligations of either Borrower to such Bank, such Bank agrees to notify the Agent of the percentage amount in which it is no longer the beneficial owner of Obligations of either Borrower to such Bank. To the extent of such percentage amount, the Agent will treat such Bank's IRS Form 1001 as no longer valid.

(c) If any Bank claiming exemption from United States withholding tax by filing IRS Form 4224 with the Agent sells, assigns, grants a participation in, or otherwise transfers all or part of the Obligations of either Borrower to such Bank, such Bank agrees to undertake sole responsibility for complying with the withholding tax requirements imposed by Sections 1441 and 1442 of the Code.

(d) If any Bank is entitled to a reduction in the applicable withholding tax, the Agent may withhold from any interest payment to such Bank an amount equivalent to the applicable withholding tax after taking into account such reduction. However, if the forms or other documentation required by Section 8.10(a) are not delivered to the Agent, then the Agent may withhold from any interest payment to such Bank not providing such forms or other documentation an amount equivalent to the applicable withholding tax imposed by Sections 1441 and 1442 of the Code, without reduction.

(e) If the IRS or any other Governmental Authority of the United States or other jurisdiction asserts a claim that the Agent did not properly withhold tax from amounts paid to or for the account of any Bank (because the appropriate form was not delivered, was not properly executed, or because such Bank failed to notify the Agent of a change in circumstances which rendered the exemption from, or reduction of, withholding tax ineffective, or for any other reason) such Bank shall indemnify the Agent fully for all amounts paid, directly or indirectly, by the Agent as tax or otherwise, including penalties and interest, and including any taxes imposed by any jurisdiction on the amounts payable to the Agent under this Section,

together with all costs and expenses (including Attorney Costs). The obligation of the

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Banks under this Section 8.10(e) shall survive the payment of all Obligations and the resignation or replacement of the Agent.

ARTICLE IX

GUARANTEE

9.1 Guarantee from Borrowers. In order to induce the Banks 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 Banks and the Agent the due and punctual payment of all Obligations, including, without limitation, the Bid Loans and the Committed Loans (the "Guaranteed Indebtedness").

9.2 Expenses. Each Borrower irrevocably and unconditionally agrees to pay any and all expenses, including reasonable attorneys' fees and disbursements, incurred by any of the Banks or the Agent in enforcing its or their rights under or in connection with this Section 9.

9.3 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 its obligations under this Section 9. 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.

9.4 No Impairment. The obligations of each Borrower under this Section 9 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 Banks 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

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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 Bank 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.

9.5 Waiver of Resort. Each Borrower agrees that this Section 9 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 Banks 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 Bank in favor of any Borrower or any of their Subsidiaries.

9.6 Reinstatement. Each Borrower agrees that this Section 9 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, or interest on, the Guaranteed Indebtedness is stayed, rescinded or must otherwise be returned by any Bank

or the Agents upon the bankruptcy or reorganization of any Borrower or any other Person.

9.7 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 Bank or the Agent, pay or cause to be paid to the Banks 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.

9.8 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 9 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

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under this Section 9, 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 9, including any right of subrogation, reimbursement, exoneration, contribution, indemnification, any right to participate in any claim or remedy of the Banks or the Agent, as the case may be, against such Borrower or any collateral now or hereafter pledged to the Banks, the Agent or any other Person acting on behalf of the Banks 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 Banks or the Agent, as applicable, and shall forthwith be paid to the Banks 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 Section 9.8 is knowingly granted in contemplation of such benefits.

9.9 Delay, etc. No delay on the part of any of the Banks or either of the Agent in exercising any rights under this Section 9 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 Banks 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 9 be effective unless such modification or waiver is in writing and signed by the Banks, the Agent and each Borrower. Any such waiver shall apply only to the specific instance for which it is given.

ARTICLE X

MISCELLANEOUS

10.1 Amendments and Waivers. No amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent with respect to any departure by either Borrower therefrom, shall be effective unless the same shall be in writing and signed by the Required Banks (or by the Agent at the written request of the Required Banks) and the Borrowers and acknowledged by the Agent, and then any such waiver or consent shall be effective only in the specific instance and for the specific

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purpose for which given; provided, however, that no such waiver, amendment, or consent shall, unless in writing and signed by all the Banks and the Borrowers and acknowledged by the Agent, do any of the following:

(a) increase or extend the Commitment of any Bank (or reinstate any Commitment terminated pursuant to Section 7.2);

(b) postpone or delay any date fixed by this Agreement or any other Loan Document for any payment of principal, interest, fees or other amounts due to the Banks (or any of them) hereunder or under any other Loan Document;

(c) reduce the principal of, or the rate of interest specified herein on any Loan, or (subject to clause (ii) below) any fees or other amounts payable hereunder or under any other Loan Document;

(d) change the percentage of the Commitments or of the aggregate unpaid principal amount of the Loans which is required for the Banks or any of them to take any action hereunder;

(e) release either Guarantor; or

(f) amend this Section, or Section 2.17, Article IX or any provision herein providing for consent or other action by all Banks;

and, provided further, that (i) no amendment, waiver or consent shall, unless in writing and signed by the Agent in addition to the Required Banks or all the Banks, as the case may be, affect the rights or duties of the Agent under this Agreement or any other Loan Document, and (ii) the Fee Letters may be amended, or rights or privileges thereunder waived, in a writing executed by the parties thereto.

10.2 Notices.

(a) All notices, requests, consents, approvals, waivers and other communications shall be in writing (including, unless the context expressly otherwise provides, by facsimile transmission, provided that any matter transmitted by a Borrower by facsimile (i) shall be immediately confirmed by a telephone call to the recipient at the number specified on Schedule 10.2, and (ii) shall be followed promptly by delivery of a hard copy original thereof) and mailed, faxed or delivered, to the address or facsimile number specified for notices on Schedule 10.2; or, as directed to the Company or the Agent, to such other address as shall be designated by such party in a written notice to the other parties, and as directed to any other party, at such other

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address as shall be designated by such party in a written notice to the Company and the Agent.

(b) All such notices, requests and communications shall, when transmitted by overnight delivery, or faxed, be effective when delivered for overnight (next-day) delivery, or transmitted in legible form by facsimile machine, respectively, or if mailed, upon the third Business Day after the date deposited into the U.S. mail, or if delivered, upon delivery; except that notices pursuant to Article II or VIII shall not be effective until actually received by the Agent.

(c) Any agreement of the Agent and the Banks herein to receive certain notices by telephone or facsimile is solely for the convenience and at the request of the Borrowers. The Agent and the Banks shall be entitled to rely on the authority of any Person purporting to be a Person authorized by the Borrowers to give such notice and the Agent and the Banks shall not have any liability to the Borrowers or other Person on account of any action taken or not taken by the Agent or the Banks in reliance upon such telephonic or facsimile notice. The obligation of the Borrowers to repay the Loans shall not be affected in any way or to any extent by any failure by the Agent and the Banks to receive written confirmation of any telephonic or facsimile notice or the receipt by the Agent and the Banks of a confirmation which is at variance with the terms understood by the Agent and the Banks to be contained in the telephonic or facsimile notice.

10.3 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Agent or any Bank, any right, remedy, power or privilege hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

10.4 Costs and Expenses. Each Borrower shall:

(a) whether or not the transactions contemplated hereby are consummated, pay or reimburse BofA (including in its capacity as Agent) within five Business Days after demand (subject to Section 4.1(g)) for all reasonable costs and expenses incurred by BofA (including in its capacity as Agent) in connection with the development, preparation, delivery, administration and

execution of, and any amendment, supplement, waiver or modification to (in each case, whether or not consummated), this Agreement, any Loan Document and any other documents prepared in connection herewith or therewith, and the consummation of the transactions contemplated hereby and thereby,

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including reasonable Attorney Costs incurred by BofA (including in its capacity as Agent) with respect thereto; and

(b) pay or reimburse the Agent, the Arranger and each Bank within five Business Days after demand (subject to Section 4.1(f)) for all reasonable costs and expenses (including Attorney Costs) incurred by them in connection with the enforcement, attempted enforcement, or preservation of any rights or remedies under this Agreement or any other Loan Document during the existence of an Event of Default or after acceleration of the Loans (including in connection with any "workout" or restructuring regarding the Loans, and including in any Insolvency Proceeding or appellate proceeding).

10.5 Borrower Indemnification. Whether or not the transactions contemplated hereby are consummated, each Borrower shall indemnify, defend and hold the Agent-Related Persons, and each Bank and each of its respective officers, directors, employees, counsel, agents and attorneys-in-fact (each, an "Indemnified Person") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, charges, expenses and disbursements (including Attorney Costs) of any kind or nature whatsoever which may at any time (including at any time following repayment of the Loans and the termination, resignation or replacement of the Agent or replacement of any Bank) be imposed on, incurred by or asserted against any such Person in any way relating to or arising out of this Agreement or any document contemplated by or referred to herein, or the transactions contemplated hereby, or any action taken or omitted by any such Person under or in connection with any of the foregoing, including with respect to any investigation, litigation or proceeding (including any insolvency proceeding or appellate proceeding) related to or arising out of this Agreement or the Loans or the use of the proceeds thereof, or related to any Offshore Currency Transactions entered into in connection herewith, whether or not any Indemnified Person is a party thereto (all the foregoing, collectively, the "Indemnified Liabilities"); provided, that the Company shall have no obligation hereunder to any Indemnified Person with respect to Indemnified Liabilities resulting from the gross negligence or willful misconduct of such Indemnified Person. The agreements in this Section shall survive payment of all other Obligations.

10.6 Payments Set Aside. To the extent that a Borrower makes a payment to the Agent or the Banks, or the Agent or the Banks exercise their right of set-off, and such payment or the proceeds of such set-off or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Agent or such Bank in its discretion) to be repaid to a

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trustee, receiver or any other party, in connection with any Insolvency Proceeding or otherwise, then (a) to the extent of such recovery the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such set-off had not occurred, and (b) each Bank severally agrees to pay to the Agent upon demand its pro rata share of any amount so recovered from or repaid by the Agent.

10.7 Successors and Assigns. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that neither Borrower may assign or transfer any of its rights or obligations under this Agreement without the prior written consent of the Agent and each Bank.

10.8 Assignments, Participations, etc.

(a) Any Bank may, with the written consent of the Company at all times other than during the existence of an Event of Default and the Agent, which consents shall not be unreasonably withheld, at any time assign and delegate to one or more Eligible Assignees (provided that no written consent of the Company or the Agent shall be required in connection with any assignment and delegation by a Bank to an Eligible Assignee that is an Affiliate of such Bank) (each an "Assignee") all, or any ratable part of all, of the Loans, the Commitments and the other rights and obligations of such Bank hereunder, in a minimum amount of \$5,000,000; provided, however, that the Borrowers and the Agent may continue to deal solely and directly with

such Bank in connection with the interest so assigned to an Assignee until (i) written notice of such assignment, together with payment instructions, addresses and related information with respect to the Assignee, shall have been given to the Borrowers and the Agent by such Bank and the Assignee; (ii) such Bank and its Assignee shall have delivered to the Company and the Agent an Assignment and Acceptance in the form of Exhibit E ("Assignment and Acceptance") and (iii) the assignor Bank or Assignee has paid to the Agent a processing fee in the amount of \$3,000.

(b) From and after the date that the Agent notifies the assignor Bank that it has received (and provided its consent with respect to) an executed Assignment and Acceptance and payment of the above-referenced processing fee, (i) the Assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, shall have the rights and obligations of a Bank under the Loan Documents, and (ii) the assignor Bank shall, to the extent that rights and obligations hereunder and under the other Loan Documents have been assigned by it pursuant to such Assignment and Acceptance, relinquish its

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rights and be released from its obligations under the Loan Documents.

(c) Immediately upon each Assignee's making its processing fee payment under the Assignment and Acceptance, this Agreement shall be deemed to be amended to the extent, but only to the extent, necessary to reflect the addition of the Assignee and the resulting adjustment of the Commitments arising therefrom. The Commitment allocated to each Assignee shall reduce such Commitments of the assigning Bank pro tanto.

(d) Any Bank may at any time sell to one or more commercial banks or other Persons not Affiliates of the Company (a "Participant") participating interests in any Loans, the Commitment of that Bank and the other interests of that Bank (the "Originating Bank") hereunder and under the other Loan Documents; provided, however, that (i) the Originating Bank's obligations under this Agreement shall remain unchanged, (ii) the Originating Bank shall remain solely responsible for the performance of such obligations, (iii) the Borrower and the Agent shall continue to deal solely and directly with the Originating Bank in connection with the Originating Bank's rights and obligations under this Agreement and the other Loan Documents, and (iv) no Bank shall transfer or grant any participating interest under which the Participant has rights to approve any amendment to, or any consent or waiver with respect to, this Agreement or any other Loan Document, except to the extent such amendment, consent or waiver would require unanimous consent of the Banks as described in the first proviso to Section 10.1. In the case of any such participation, the Participant shall be entitled to the benefit of Sections 3.1, 3.3 and 10.5 as though it were also a Bank hereunder provided that all amounts payable by the Borrowers hereunder shall be determined as if such Originating Bank had not sold such participation. If amounts outstanding under this Agreement are due and unpaid, or shall have been declared or shall have become due and payable upon the occurrence of an Event of Default, each Participant shall be deemed to have the right of set-off in respect of its participating interest in amounts owing under this Agreement to the same extent as if the amount of its participating interest were owing directly to it as a Bank under this Agreement.

(e) Notwithstanding any other provision in this Agreement, any Bank may at any time create a security interest in, or pledge, all or any portion of its rights under and interest in this Agreement in favor of any Federal Reserve Bank in accordance with Regulation A of the FRB or U.S. Treasury Regulation 31 CFR Section 203.14, and such Federal Reserve Bank may enforce such pledge or security interest in any manner permitted under applicable law.

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10.9 Confidentiality. Each Bank agrees to take and to cause its Affiliates to take normal and reasonable precautions and exercise due care to maintain the confidentiality of all information identified as "confidential" or "secret" by the Company and provided to it by the Company or any Subsidiary, or by the Agent on such Company's or Subsidiary's behalf, under this Agreement or any other Loan Document, and neither it nor any of its Affiliates shall use any such information other than in connection with or in enforcement of this Agreement and the other Loan Documents or in connection with other business now or hereafter existing or contemplated with the Company

or any Subsidiary; except to the extent such information (i) was or becomes generally available to the public other than as a result of disclosure by the Bank, or (ii) was or becomes available on a non-confidential basis from a source other than the Company, provided that such source is not bound by a confidentiality agreement with the Company known to the Bank; provided, however, that any Bank may disclose such information (A) at the request or pursuant to any requirement of any Governmental Authority to which the Bank is subject or in connection with an examination of such Bank by any such authority; (B) pursuant to subpoena or other court process; (C) when required to do so in accordance with the provisions of any applicable requirement of law; (D) to the extent reasonably required in connection with any litigation or proceeding to which the Agent, any Bank, or their respective Affiliates may be party; (E) to the extent reasonably required in connection with the exercise of any remedy hereunder or under any other Loan Document; (F) to such Bank's independent auditors and other professional advisors; (G) to any Participant or Assignee, actual or potential, provided that such Person agrees in writing to keep such information confidential to the same extent required of the Banks hereunder; (H) as to any Bank or its Affiliate, as expressly permitted under the terms of any other document or agreement regarding confidentiality to which the Company or any Subsidiary is party or is deemed party with such Bank or such Affiliate; and (I) to its Affiliates.

10.10 Set-off. In addition to any rights and remedies of the Banks provided by law, if an Event of Default exists or the Loans have been accelerated, each Bank is authorized at any time and from time to time, without prior notice to either Borrower, any such notice being waived by each Borrower to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held by, and other indebtedness at any time owing by, such Bank to or for the credit or the account of each Borrower against any and all Obligations owing to such Bank, now or hereafter existing, irrespective of whether or not the Agent or such Bank shall have made demand under this Agreement or any Loan Document and although such Obligations may be contingent or unmaturing. Each Bank agrees promptly to notify the Company and

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the Agent after any such set-off and application made by such Bank; provided, however, that the failure to give such notice shall not affect the validity of such set-off and application.

10.11 Notification of Addresses, Lending Offices, Etc. Each Bank shall notify the Agent in writing of any changes in the address to which notices to the Bank should be directed, of addresses of any Lending Office, of payment instructions in respect of all payments to be made to it hereunder and of such other administrative information as the Agent shall reasonably request.

10.12 Counterparts. This Agreement may be executed in any number of separate counterparts, each of which, when so executed, shall be deemed an original, and all of said counterparts taken together shall be deemed to constitute but one and the same instrument.

10.13 Severability. The illegality or unenforceability of any provision of this Agreement or any instrument or agreement required hereunder shall not in any way affect or impair the legality or enforceability of the remaining provisions of this Agreement or any instrument or agreement required hereunder.

10.14 No Third Parties Benefited. This Agreement is made and entered into for the sole protection and legal benefit of the Borrowers, the Banks, the Agent and the Agent-Related Persons, and their permitted successors and assigns, and no other Person shall be a direct or indirect legal beneficiary of, or have any direct or indirect cause of action or claim in connection with, this Agreement or any of the other Loan Documents.

10.15 Governing Law and Jurisdiction.

(a) THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF ILLINOIS; PROVIDED THAT THE AGENT AND THE BANKS SHALL RETAIN ALL RIGHTS ARISING UNDER FEDERAL LAW.

(b) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF ILLINOIS OR OF THE UNITED STATES FOR THE NORTHERN DISTRICT OF ILLINOIS, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF THE BORROWERS, THE AGENT AND THE BANKS CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE NON-EXCLUSIVE JURISDICTION OF THOSE COURTS. EACH OF THE BORROWERS, THE AGENT, AND THE BANKS IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF THIS AGREEMENT OR ANY DOCUMENT RELATED

HERETO. THE BORROWERS, THE AGENT, AND THE BANKS EACH WAIVE PERSONAL SERVICE OF ANY SUMMONS, COMPLAINT OR OTHER PROCESS, WHICH MAY BE MADE BY ANY OTHER MEANS PERMITTED BY ILLINOIS LAW.

10.16 Waiver of Jury Trial. THE BORROWERS, THE BANKS, AND THE AGENT EACH WAIVE THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT, THE OTHER LOAN DOCUMENTS, OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY ANY OF THE PARTIES AGAINST ANY OTHER PARTY OR ANY AGENT-RELATED PERSON, PARTICIPANT OR ASSIGNEE, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE. THE BORROWERS, THE BANKS, AND THE AGENT EACH AGREE THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS OR ANY PROVISION HEREOF OR THEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS.

10.17 Judgment. If, for the purposes of obtaining judgment in any court, it is necessary to convert a sum due hereunder or any other Loan Document in one currency into another currency, the rate of exchange used shall be that at which in accordance with normal banking procedures the Agent could purchase the first currency with such other currency on the Business Day preceding that on which final judgment is given. The obligation of the Borrowers in respect of any such sum due from it to the Agent hereunder or under the other Loan Documents shall, notwithstanding any judgment in a currency (the "Judgment Currency") other than that in which such sum is denominated in accordance with the applicable provisions of this Agreement (the "Agreement Currency"), be discharged only to the extent that on the Business Day following receipt by the Agent of any sum adjudged to be so due in the Judgment Currency, the Agent may in accordance with normal banking procedures purchase the Agreement Currency with the Judgment Currency. If the amount of the Agreement Currency so purchased is less than the sum originally due to the Agent in the Agreement Currency, the Company agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Agent or the Person to whom such obligation was owing against such loss. If the amount of the Agreement currency so purchased is greater than the sum originally due to the Agent in such currency, the Agent agrees to return the amount of any excess to the Company (or to any other Person who may be entitled thereto under applicable law).

10.18 Entire Agreement. This Agreement, together with the other Loan Documents, embodies the entire agreement and understanding among the Company, the Banks and the Agent, and supersedes all prior or contemporaneous agreements and understandings of such Persons, verbal or written, relating to the subject matter hereof and thereof.

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

APPLIED POWER INC.

By: /s/ Douglas R. Dorszynski

Title: Treasurer

APPLIED POWER FINANCE S.A.

By: /s/ Douglas R. Dorszynski

Title: Authorized Agent

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BANK OF AMERICA NATIONAL TRUST AND
SAVINGS ASSOCIATION,
as Agent

By: /s/ Matthew A. Gabel

Title: Vice President

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BANK OF AMERICA ILLINOIS

By: /s/ M.H. Claggett

Title: Vice President

S-3

ABN AMRO BANK N.V.

By: /s/ R. Michiel Schwartz

Title: Vice President

By: /s/ David C. Sagers

Title: Vice President

S-4

PNC BANK, NATIONAL ASSOCIATION

By: /s/ Richard T. Janders

Title: Assistant Vice President

S-5

HARRIS TRUST AND SAVINGS BANK

By: /s/ Andrew A. Peterson

Title: Vice President

S-6

SOCIETE GENERALE

By: /s/ Susan Hummel

Title: Assistant Vice President

By: /s/ Joseph Philbin

Title: Vice President Team Leader

S-7

THE SANWA BANK, LIMITED, CHICAGO BRANCH

By: /s/ Kenneth C. Eichwald

Title: Vice President and Manager

S-8

THE FIRST NATIONAL BANK OF BOSTON

By: /s/ Tina S. Marshall

Title: Managing Director

S-9

BANK ONE, MILWAUKEE, N.A.

By: /s/ Ronald J. Carey

Title: Vice President

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AMENDED AND RESTATED
RECEIVABLES PURCHASE AGREEMENT

DATED AS OF AUGUST 30, 1995

AMONG

APPLIED POWER INC.,

BARRY WRIGHT CORPORATION,

WRIGHT LINE INC.,

GB ELECTRICAL, INC.

AND

CERTAIN OTHER SUBSIDIARIES
FROM TIME TO TIME PARTIES HERETO

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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AMENDED AND RESTATED
RECEIVABLES PURCHASE AGREEMENT

Dated as of August 30, 1995

THIS IS AN AMENDED AND RESTATED 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, GB, together with other Subsidiaries of API that may become parties hereto from time to time pursuant to Section 1.08, 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. Sellers, Sellers' Representative, PNC Bank as Purchaser and PNC Bank, as Agent entered into the Receivables Purchase Agreement, dated as of August 31, 1994, as amended by the First Amendment to Receivables Purchase Agreement, dated as of May 4, 1995 (the "Original Purchase Agreement"). The parties hereto wish to amend and restate the Original Purchase Agreement in its entirety as set forth herein.

2. 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 the Agent, on behalf of Purchasers, and the Agent 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.

3. 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 the Agent, on behalf of 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.

4. 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 hereby amend and restate the Original Purchase Agreement in its entirety and 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. The Agent, on behalf of Purchasers, 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, the Agent, on behalf of Purchasers, shall make Reinvestments by permitting Servicer to cause certain of the Collections in respect of the 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 fund 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, 1998 (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.

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SECTION 1.03. Purchase and Reinvestment Limits. Under no circumstances shall any Purchaser fund 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 Aggregahasers' Investments under this Agreement would exceed an amount (the "Purchase Limit") equal to \$50,000,000, 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 amount (the "Participation Amounts Limit") equal to 100% of the Net Pool Balance; or

(c) Percentage Limit. The Dollar Amount of any Purchaser's Total Investment would exceed its Percentage of the Purchase Limit; or

(d) Foreign Currency Limit. That portion of the Aggregate Purchasers' Investments that is funded in Approved Currencies other than U.S. Dollars would exceed \$20,000,000 (the "Foreign Currency Limit"); or

(e) Foreign Receivables Limit. The aggregate Unpaid Balance of Receivables denominated in the Approved Currency in which such Purchase or Reinvestment was made is less than the sum of the Purchasers' Investments of each Undivided Interest funded in such Approved Currency (the "Foreign Receivables Limit").

SECTION 1.04. Making Purchases from Sellers. (a) Notice of Purchase. Each Purchase from Sellers by the Agent, on behalf of Purchasers, shall be made on notice from Sellers' Representatives to the Agent received by the Agent not later than 12:00 noon (Pittsburgh time) on the fourth Business Day next preceding the date of such proposed Purchase. Each such notice of a proposed Purchase shall specify the desired Dollar Amount thereof (which shall not be less than \$1,000,000 in the aggregate for all Sellers), the amount due to each Seller, the date (which shall be a Business Day), the currency in which such Purchase is to be made (which shall be an Approved Currency), the amount of such Purchase in such Approved Currency and the 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 such account as the Agent may designate its Percentage of the amount of such Purchase

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in immediately available funds, in the Approved Currency designated in the notice delivered by Sellers' Representatives pursuant to paragraph (a) 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; Foreign Currency Limit. The Agent

shall, two Business Days prior to the date of each Purchase of an Undivided Interest and two Business Days prior to the first day of each successive Yield Period for such Undivided Interest, (i) calculate the Dollar Amount of the Purchasers' Investments in each Undivided Interest that is denominated in an Approved Currency other than U.S. Dollars and (ii) notify the Sellers' Representative and each Purchaser of the Discount Rate for such Yield Period and whether the Sellers have exceeded the Foreign Currency Limit.

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 initial Dollar Amount of the related Purchasers' Investments of less than \$1,000,000 and each Undivided Interest when created, whether by purchase, division or combination, shall have a Dollar Amount of the related Purchasers' Investments equal as near as practicable to an integral multiple of \$100,000. No Undivided Interest will have related Purchasers' Investments funded in more than one currency. The number of Undivided Interests hereunder at any one time, after giving effect to any Purchase, division or combination, shall not exceed ten (10).

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.

SECTION 1.08. Addition of Sellers. Additional Subsidiaries of API that are organized under the laws of a foreign country, or subdivision thereof, may be added as Sellers hereunder, provided

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that the following conditions are satisfied on or before the date of such addition:

(a) Sellers' Representative shall have given the Agent and each Purchaser at least five (5) Business Days' prior written notice of such proposed addition and the identity of the proposed additional Seller;

(b) such proposed additional Seller has executed and delivered to the Agent an agreement substantially in the form attached hereto as Exhibit 1.08(b) (each, a "Joinder Agreement") and a Certificate;

(c) such proposed additional Seller has delivered to the Agent a certificate of its Secretary or Assistant Secretary or Authorized Agent certifying the names and true signatures of the officers authorized on its behalf to sign the Joinder Agreement and the other Agreement Documents to be delivered by it (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 (c));

(d) such proposed additional Seller has delivered to the Agent a copy of its organizational documents, duly certified by its Secretary or Assistant Secretary;

(e) no event has occurred and is continuing, or would result from such addition, which constitutes a Termination Event or Unmatured Termination Event; and

(f) the Commitment Termination Date shall not have occurred.

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:

PA = PI + LR
--- -----
NPB NPB

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where:

PA = Participation Amount of such Undivided Interest = PI + LR;

PI = the Dollar Amount of 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 Participation Amounts". Each Purchaser shall be entitled to 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 Agent, on behalf of its 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 in the Approved Currency of such Undivided Interest, shall have recovered the related Purchasers' Investments in the Approved Currency of such Undivided Interest 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

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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 each Undivided Interest that is denominated in U.S. Dollars 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:

LR = RP x 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 of Undivided Interests denominated in U.S. Dollars 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:

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- ED = $PI \times DR \times 1/360$ (or $1/365$ (366) in the case of any Undivided Interest denominated in British Pounds Sterling);

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 Certificate 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. Earned Discount shall be calculated and paid in the Approved Currency of the related Undivided Interest.

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 Dollar 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 Eurocurrency Rate (Reserve Adjusted) for such Yield Period; provided, however, that if it shall become unlawful for the Agent to obtain funds in the interbank market in the related currency 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

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shall be equal to the Alternate Reference Rate for such Yield Period.

"Discount Rate" for any Yield Period for any related Undivided Interest means:

(a) in the case of an Undivided Interest other than one referred to in clause (b), the sum of (1) the Bank Rate for such Undivided Interest for such Yield Period plus (2) the then applicable Spread; and

(b) in the case of an Undivided Interest 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 higher of (A) the Bank Rate for such Undivided Interest, plus 2% and (B) the Alternate Reference Rate in effect on such day plus 2% per annum.

"Net Pool Balance" means at any time the Dollar Amount of 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 that are denominated in U.S. Dollars 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 that are denominated in U.S. Dollars at such time. "Special Concentration Limit" for (1) the United States government, or any agency thereof, means 10% of the aggregate Unpaid Balance of the Eligible Receivables in the Receivables Pool that are denominated in U.S. Dollars at such time and (2) for any other 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 Required Purchasers may change the Special Concentration Limit for any Obligor, at their sole discretion, at any time by written notice thereof to the Sellers' Representative, the Agent and all of the Purchasers. 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

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calculated as if such Obligor and such Affiliated Obligor were one Obligor.

"Spread" means the percentage set forth under the then applicable Debt to Capital Ratio on Schedule ID.

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 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

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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 payable in the Approved Currency of such Undivided Interest 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 in the Approved Currency of such Undivided Interest.

(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 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.

(d) Currencies. Each Undivided Interest, and the Earned Discount thereon, shall be payable in the Approved Currency in which such Undivided Interest was originally funded by the Purchasers.

SECTION 3.02. Liquidation Settlement Procedures for Collections.

(a) Daily Procedure. On each Liquidation Day with

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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 in the Approved Currency of 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 denominated in the same Approved Currency.

(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 the Servicer's Fee payable with respect to such Undivided Interest.

SECTION 3.03. General Settlement Procedures; Reduction of Purchaser's Investment.

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(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, the Purchase Limit, the Foreign Receivables Limit or the Foreign Purchase Limit pursuant to Section 2.01 shall be so reinvested as soon as practicable without violating such Participation Amounts Limit, Purchase Limit, the Foreign Receivables Limit or Foreign 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 Receivables, in which case it shall be applied to such specified Receivables.

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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 that portion of the Aggregate Purchasers' Investments funded in U.S. Dollars 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 denominated in U.S. Dollars (other than Receivables the Obligor of which is the United States government or a

subdivision or agency thereof) 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 such Defaulted Receivable, plus the Unpaid Balances on such current Month End Date of all Receivables denominated in U.S. Dollars 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 sum of (1) 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 clause (1), plus (2) the aggregate amount of the Unpaid Balances of all Receivables denominated in a currency other than U.S. Dollars that became Defaulted Receivables during such month, plus (3) the aggregate amount of the Unpaid Balances of all Receivables the Obligor of which is the United States government, or a subdivision or an agency thereof, that became Defaulted Receivables during such month. 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, as of the close of business of Servicer on the

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next preceding Month End Date, which Periodic Report shall include (i) the aggregate Unpaid Balance of all Pool Receivables denominated in each Approved Currency, (ii) a calculation of the Foreign Currency Limit as of the Settlement Date immediately preceding such Month End Date, and (iii) an aging of each Seller's Pool Receivables that are denominated in U.S. Dollars and are payable by Obligors that are residents of the United States. 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, 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 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, or at such other account or accounts as are designated by the Agent to the Sellers' Representative (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 the higher of (i) 2% above the Bank Rate then applicable to such overdue amount and (ii) 2% per annum above the Alternate Reference Rate, in each case, 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 (or, in the case of Earned Discount for Undivided Interests denominated in British Pounds Sterling, 365/366 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) four 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) four Business Days before the last day of any Yield Period for two or more existing Undivided Interests denominated in the same Approved Currency, or before the date of any proposed Purchase of an Undivided Interest denominated in the same Approved Currency pursuant to Sections 1.01 and 1.04, on such 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 in the Approved Currency of the related Receivable 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 Aggregate 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 four Business Days' prior written notice of such repurchase and upon payment of the repurchase price therefor, as hereinafter provided, the Agent and 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 in an amount equal to, for each Undivided Interest, the sum of (i) Earned Discount for such Undivided Interest in the Approved Currency of such Undivided Interest, (ii) the related Purchasers' Investments therefor in the Approved Currency of such Undivided Interest, (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 Majority Purchasers 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 the Approved Currency in which such Pool Receivables are denominated, 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

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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), and (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. In any event, any Seller that has been sold shall no longer be entitled to sell or reinvest in Undivided Interests in Receivables pursuant to this Agreement.

ARTICLE IV

FEES AND YIELD PROTECTION

SECTION 4.01. Fees. (a) Agent's Fee. Sellers shall pay to the Agent for its own account such fees as the Agent and API may agree to from time to time.

(b) Commitment Fee. From the date of the initial Purchase until the Commitment Termination Date, Sellers, jointly and severally, shall pay to the Agent, for the account of each Purchaser, a commitment fee ("Commitment Fee") for each day in such period equal to (x) the percentage set forth below the then applicable Debt to Capital Ratio on Schedule ID times (y) such Purchaser's Percentage of the excess, if any, of the Purchase Limit over the Aggregate Purchasers' Investments on the Determination Date immediately preceding the first day of the related Yield Period divided by (z) 360. Such Commitment Fee shall be paid in arrears, on each Settlement Date and on the Commitment Termination Date, in the amount of such Commitment Fee that shall have accrued during the period from the immediately preceding Settlement Date to such Settlement Date or other period then ending for which no such fee shall have been paid.

SECTION 4.02. Yield Protection. (a) If any Regulatory Change occurring after the date hereof

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(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, 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

(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, 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 the Certificate, 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

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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 shall act reasonably and in good faith and will, to the extent the increased costs or reductions in amounts received or receivable relate to such Affected Party's purchases of similar assets in general and are not specifically attributable to the Purchases or Reinvestments and other amounts due hereunder, use any reasonable averaging and attribution methods and which cover all similar purchases made by such Affected Party. 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 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 PRECEDENT

SECTION 5.01. Conditions Precedent to Effectiveness. The effectiveness of this Amended and Restated Receivables Purchase Agreement 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 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 domestic 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 domestic 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 amendments to the Financing Statements filed pursuant to the Original Purchase Agreement, which amendments shall have been filed on or prior to the date hereof;

(g) A search report provided in writing to the Agent by CT Corporation, listing all effective financing statements that name any domestic 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) A favorable opinion of Quarles & Brady, counsel to Sellers, in substantially the form of Exhibit 5.01(h);

(i) Evidence of the payment of any applicable Agent's fee; and

(j) Duly executed copy of Part I of a Periodic Report together with a completed Schedule I thereto calculated as of July 31, 1995.

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,

(iii) After giving effect to each proposed Purchase or Reinvestment, (1) Aggregate Purchasers' Investments will not exceed the Purchase Limit, (2) Aggregate Participation Amounts will not exceed the Participation Amounts Limit, (3) the Dollar Amount of that portion of the Aggregate Purchasers' Investments that is not denominated in U.S. Dollars will not exceed the Foreign Currency Limit and (4) the aggregate Unpaid Balance of Receivables denominated in the Approved Currency in which such Purchase or Reinvestment is made is not less than the sum of the Purchasers' Investments of each Undivided Interest funded in such Approved Currency, 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:

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(a) Organization and Good Standing. Such Seller is validly existing as a corporation in good standing under the laws of the jurisdiction 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 and conditions herein provided and (ii) duly authorized such sale and assignment to the Agent, on behalf of the 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 the Agent, on behalf of the 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

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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 Certificate 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 Certificate, any other Agreement Document, the Receivables or the Contracts or (D) seeking to adversely affect the federal income tax attributes of the Certificate.

(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 Certificate 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, 1994, 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, 1995, 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 and each

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Purchaser, 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, 1994 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 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 the Agent, on behalf of the Purchasers, makes a Purchase it shall have acquired and shall continue to have maintained a valid and, in the case of Pool Receivables denominated in U.S. Dollars, perfected first priority undivided percentage ownership interest to the extent 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

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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)).

(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, including those with respect to the Pool Receivables and related Contracts, except where the failure to so comply would not materially adversely affect (i) the interests of the Agent or any Purchaser hereunder, (ii) the ability of such Seller or Servicer

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to perform their respective obligations hereunder or (iii) the validity or enforceability of any Pool Receivable.

(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 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 denominated in U.S. Dollars, all related Contracts and all purchase orders and other

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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, in the case of a domestic Seller, 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 of Pool Receivables that are denominated in U.S. Dollars that are located in the United States to cause all Collections of Pool Receivables to be deposited directly with a Lock-Box Bank.

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 and each Purchaser:

(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 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

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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 or any Purchaser'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 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

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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 or any Purchaser 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 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. If such Seller is a domestic Seller, 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 a substantial portion of the business of, or 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

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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) provided that 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 (1) (A) such acquisition is an acquisition of assets, or (B) such acquisition is by merger and API or a wholly-owned Subsidiary is the surviving corporation, or (C) after such acquisition API (if it is the acquiring entity) or a Subsidiary owns (x) 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 (y) 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 (y), 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, (2) no Termination Event or Unmatured Termination Event exists or would result therefrom and (3) prior to the consummation of any such acquisition the purchase price of which is in excess of \$5,000,000, API provides to the Agent and each Purchaser a certificate of the chief financial officer or treasurer 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

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(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. (i) Minimum Shareholders' Equity. (x) Permit at any time Shareholders' Equity for API to be less than the sum of \$91,000,000 plus 25% of Consolidated Net Income for each Fiscal Quarter ending on or after February 28, 1995 (excluding any Fiscal Quarter in which there is a loss) or (y) Permit at any time Shareholders' Equity of Applied Power S.A. to be less than \$1.00.

(ii) Fixed Charge Coverage Ratio. Permit the Fixed Charge Coverage Ratio to be less than 1.5:1.

(iii) 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.

(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.

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(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) 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

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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. 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 the Agent, on behalf of the Purchasers.

(b) At any time after the occurrence of a Termination Event:

(i) The Agent may direct the Obligors of Pool Receivables that are denominated in U.S. Dollars, 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 that are denominated in U.S. Dollars by the Agent, on behalf of 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 that are denominated in U.S. Dollars, and the related Contracts and Related Security, or which are otherwise necessary or

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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 that are denominated in U.S. Dollars 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.

(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

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enforce any of their respective rights hereunder or under the Certificate. Without limiting the generality of the foregoing, each domestic 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 domestic 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

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 Servicer (or any of their respective officers) under or in connection with this Agreement or any

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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 average of the Delinquency Ratios for any three successive Month End Dates exceeds 15%; 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, 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 that portion of the Aggregate Purchasers' Investments that is funded in Approved Currencies other than U.S. Dollars exceeds the Foreign Currency Limit, or the aggregate Unpaid Balance of Receivables denominated in any Approved Currency is less than the sum of the Purchasers'

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Investments of each Undivided Interest funded in such Approved Currency; or

(i) The average of the Default Ratios for any three successive Month End Dates exceeds 7.25%; 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 Majority 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 average of the Dilution Ratios for any three successive Month End Dates exceeds 8%; or

(n) The average of the Net Charge-Off Ratios for any three successive Month End Dates 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.

(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;

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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 one 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 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

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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 Certificate 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 Undivided Interest held by PNC Bank, it shall have the same rights and powers under this Agreement as would a Purchaser if it were holding such Undivided Interest 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 Certificate 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 Certificate or under any other Agreement Document, or to prosecute or defend any suit in respect of this Agreement, the Certificate 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

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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 Agreement 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 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

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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 six (6) 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.

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.

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

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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 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

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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 VIII;

(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), including withholding taxes, 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. 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

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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

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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

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or perfection of the interests of the Agent or the 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 XIII, 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 Certificate, 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 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

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Sellers on the basis of the amount of the Purchases and Reinvestments received by each such Seller from time to time hereunder. 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 Purchasers, 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
50%

PNC BANK, NATIONAL ASSOCIATION,
as a Purchaser

By /s/ Richard T. Jander

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

AMENDED AND RESTATED
RECEIVABLES PURCHASE
AGREEMENT

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Percentage
20%

THE SANWA BANK, LIMITED,
as a Purchaser

By /s/ Tomomi Omura

Name Printed: Tomomi Omura
Title: Assistant General Manager

10 South Wacker Drive, Ste. 3115
Chicago, Illinois 60606
Attention: Tomomi Omura
Phone: (312) 368-3017
Facsimile: (312) 346-6677

AMENDED AND RESTATED
RECEIVABLES PURCHASE
AGREEMENT

S-2

Percentage
30%

SOCIETE GENERALE,
as a Purchaser

By /s/ Joseph Philbin

Name Printed: Joseph Philbin
Title: Vice President Team Leader

By /s/ Susan Hummel

Name Printed: Susan Hummel
Title: Assistant Vice President

181 West Madison Street, Suite 3400
Chicago, Illinois 60602
Attention: Susan Hummel
Phone: (312) 578-5157
Facsimile: (312) 578-5099

AMENDED AND RESTATED
RECEIVABLES PURCHASE
AGREEMENT

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PNC BANK, NATIONAL ASSOCIATION,
as the Agent

By /s/ Richard T. Jander

Name Printed: Richard T. Jander
Title: Assistant Vice President

Fifth Avenue and Wood Street
Pittsburgh, PA 15265

Eurocurrency 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

AMENDED AND RESTATED
RECEIVABLES PURCHASE
AGREEMENT

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APPLIED POWER INC.,
as a Seller and initial Servicer

By /s/ Douglas R. Dorszynski

Name Printed: Douglas R. Dorszynski
Title: Vice President, Tax and
Treasurer

Address: 13000 W. Silver Spring Drive
Butler, Wisconsin 53007
Phone: 414/781-6600

Facsimile No.: 414/783-9790
Attention: Treasurer

BARRY WRIGHT CORPORATION,
as a Seller

By /s/ Douglas R. Dorszynski

Name Printed: Douglas R. Dorszynski
Title: Vice President, Tax and
Treasurer

Address: 40 Guest Street
Brighton, Massachusetts 02135
Facsimile No.: 617/254-7381
Attention: Treasurer

GB ELECTRICAL, INC., as a Seller

By /s/ Douglas R. Dorszynski

Name Printed: Douglas R. Dorszynski
Title: Vice President, Tax and
Treasurer

Address: 6101 N. Baker Road
Glendale, Wisconsin 53209
Facsimile No.: 414/228-1616
Attention: Treasurer

AMENDED AND RESTATED
RECEIVABLES PURCHASE
AGREEMENT

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WRIGHT LINE INC., as a Seller

By /s/ Douglas R. Dorszynski

Name Printed: Douglas R. Dorszynski
Title: Vice President, Tax and
Treasurer

Address: 160 Gold Star Boulevard
Worcester, MA 01606
Facsimile No.: 508/752-4909
Attention: Treasurer

AMENDED AND RESTATED
RECEIVABLES PURCHASE
AGREEMENT

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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 the Original Purchase Agreement for as long as it was in effect, and thereafter this Amended and Restated Receivables Purchase Agreement, as it may be further 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).

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"Alternate Reference Rate" means, on any date, a fluctuating rate of interest per annum equal to the higher of

(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.

"Approved Currency" means each of U.S. Dollars, French Francs, Dutch Guilders, British Pounds Sterling, German Deutschemarks, Japanese Yen and Canadian Dollars.

"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.

"Authorized Agent" with respect to any foreign Seller means an officer of such Seller or an Affiliate thereof that has been authorized by such Seller through the granting of a power of attorney or otherwise, to execute and deliver documents on behalf of such Seller.

"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 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 the Agent, on behalf of the Purchasers, in the form of Exhibit IB, evidencing each Undivided Interest owned by the Agent, on behalf of the Purchasers.

"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 Obligors 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 Obligors (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 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,

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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).

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

"Default Ratio" means the percentage that (x) the aggregate Unpaid Balance of all Defaulted Receivables denominated in U.S. Dollars directly invoiced by a domestic Seller as of a Month End Date was of (y) the aggregate Unpaid Balance of all Pool Receivables denominated in U.S. Dollars directly invoiced by a domestic Seller as of such Month End Date.

"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: (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.

"Delinquency Ratio" means the percentage that (x) the aggregate Unpaid Balances of all Delinquent Receivables denominated in U.S. Dollars directly invoiced by a domestic Seller as of a Month End Date was of (y) the aggregate Unpaid Balance of all Pool Receivables denominated in U.S. Dollars directly invoiced by a domestic Seller 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, on behalf of the Majority Purchasers, has, at least three Business Days prior to the date of determination, given notice to Sellers'

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Representative that such Obligor shall not be considered a Designated Obligor.

"Determination Date" means with respect to any Purchase or Reinvestment, or any other calculation of the Dollar Amount, the date that is two Business Days prior to the date of such Purchase, Reinvestment or calculation.

"Dilution Ratio" means the percentage that (x) the aggregate amount of credits, offsets, reductions, discounts or adjustments to the Unpaid Balance of Pool Receivables denominated in U.S. Dollars and directly invoiced by a domestic Seller granted or allowed by the Sellers, or any of them, during a month was of (y) the Unpaid Balance of all Pool Receivables denominated in U.S. Dollars and directly invoiced by a domestic Seller as of the Month End Date for such month.

"Discount Rate" has the meaning set forth in Section 2.07.

"Dollar Amount" means:

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

(b) with respect to an amount of any other Approved Currency or an amount denominated in such Approved Currency, the amount of U.S. 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 Approved 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., Pittsburgh time, on the applicable Determination Date for the delivery of U.S. Dollars on the applicable date contemplated in this Agreement.

"Dollars" or "U.S. 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, if the perfection of Purchasers' undivided ownership interests therein is governed by the 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;

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(ii) the primary Obligor of which is not an Affiliate of any of the parties hereto, and, if such Receivable is denominated in U.S. Dollars, is either a United States resident or is listed on Schedule IA;

(iii) the Obligor of which is a Designated Obligor;

(iv) 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;

(v) which is not a Defaulted Receivable;

(vi) with regard to which the warranty in Section 6.01(1) is true and correct;

(vii) if such Receivable is denominated in U.S. Dollars, 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 denominated in U.S. Dollars that are the subject of extended terms, does not exceed 27% of the aggregate Unpaid Balance of all Eligible Receivables denominated in U.S. Dollars;

(viii) the sale of an Undivided Interest in which does not contravene or conflict with any law or require the consent of the related Obligor;

(ix) which is denominated and payable only in U.S. Dollars drawn on an account in the United States or in another Approved Currency;

(x) 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);

(xi) 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;

(xii) 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;

(xiii) the face amount of which does not include any amounts representing sales tax; and

(xiv) as to which the Agent has not notified Sellers' Representative that the Required Purchasers have determined, in their 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.

"Eurocurrency 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:

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

where: "Eurocurrency Rate" means, with respect to any Undivided Interest (or portion thereof) for any Yield Period, the rate per annum at which deposits in the currency of such Undivided Interest in immediately available funds are offered to the Eurocurrency Office of the Agent two Eurocurrency Business Days prior to the beginning of such Yield Period by major banks in the major interbank eurodollar market as at or about 10:00 a.m., 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. "Eurocurrency 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. "Eurocurrency 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 Eurocurrency Rate. A Eurocurrency Office of the Agent may be, at the option of the Agent, either a domestic or foreign office. "Eurocurrency 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 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.

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"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

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

"Foreign Currency Limit" has the meaning set forth in Section 1.03(d).

"Foreign Receivables Limit" has the meaning set forth in Section 1.03(e).

"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".

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"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.

"Joinder Agreement" has the meaning set forth in Section 1.08(b).

"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 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.

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"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, 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 that are denominated in U.S. Dollars and payable by Obligors located in the United States.

"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 denominated in U.S. Dollars and directly invoiced by a domestic Seller recognized during any month was of (y) Liquidations of Pool Receivables denominated in U.S. Dollars and directly invoiced by a domestic Seller 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.

"Original Purchase Agreement" has the meaning set forth in Paragraph 1 of the Background.

"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).

"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.

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"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, limited liability company, government or any agency or political subdivision thereof or any other entity.

"PNC Bank" has the meaning set forth in the preamble.

"Pool Receivable" means a Receivable in the Receivables Pool.

"Purchase" means a purchase by the Agent, on behalf of the 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.

"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.

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"Recourse Amount" has the meaning set forth in Section 3.04.

"Recourse Percentage" means the greater of (i) 16% and (ii) three times the highest Default Ratio that has occurred during the preceding 12 successive months.

"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 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

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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

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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 Applied Power S.A. 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.

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"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 API 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 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) four 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 Eurocurrency 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".

Executive Staff Measurements:

The fiscal 1996 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 and/or project leadership activities for the current year.

Supporting Definitions:

Average Net Assets or Average Quarterly Net Assets = Total assets - current liabilities (debt excluded from current liabilities).

Earnings Per Share = Net Income / Average Number of Common Shares Outstanding during the period.

Return on Net Assets = After tax Income (excluding interest) / 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 = Key program and/or project leadership activities for the current year. (Personal objectives serve as a guideline. However, recommendations to the Committee by the CEO take into account evolving priorities during the year).

EXECUTIVE STAFF F'96 MEASUREMENTS AND BONUS PLAN

Bonus Measurement:*

<TABLE>
<CAPTION>

	50%	100% (Target)	200%
<S>	<C>	<C>	<C>
40% Return on Net Assets	13.50%	15.00%	17.00%
40% Earnings Per Share	\$2.10	\$2.50	\$2.90
20% Personal Objectives	--	--	--

</TABLE>

<TABLE>
<CAPTION>

Name	Functional Area	Proposed Bonus Payout @ 100%
<S>	<C>	<C>
Sim*	CEO - API	\$300,000
Arzbaecher	CFO	\$ 80,000
Dorszynski	Tax & Treasury	\$ 32,000
Font	Human Resources	\$ 50,000
Knutson	Technology	\$ 38,000

</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.

EXECUTIVE OPERATING OFFICERS MULTI-BUSINESS UNITS F'96 BONUS PLAN MEASUREMENTS

Multi-Business Unit Leader Measurements:

The fiscal 1996 bonus plan for multi-business unit leaders will consist of the following:

- a) 20% Applied Power Financial Results (RONA and EPS)
- b) 60% Business Unit Results(1)(2)
- c) 20% Personal Objectives

The business unit financial targets for fiscal 1996 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.

(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: Personal objectives will take into account evolving priorities during the year as determined by the CEO.

MULTI-BUSINESS UNIT LEADER F'96 BONUS PLAN MEASUREMENTS

F'96 Bonus Measurements:

- a) 20% Applied Power Financial Results (RONA and EPS)
- b) 60% Business Unit Results(1) (2)
- c) 20% Personal Objectives

<TABLE>
<CAPTION>

Name	Business Unit	50%	CMM \$MM 100% (Target)	200%	Total Bonus Payout (1) @ 100% (Target)
<S>	<C>	<C>	<C>	<C>	<C>
Albrecht (2)	Engineered Solutions	\$9.0 MM	\$12.5 MM	\$17.0 MM	\$100,000
Boel	Enerpac (3)	\$11.0 MM	\$13.0 MM	\$17.0 MM	\$90,000

</TABLE>

CMM = Internal Operating Profit - (20% x Monthly Net Assets)

- (1) 100% Total Bonus Payout Level for attaining API, Business Group CMM and Personal Objectives.
- (2) Engineered Solutions measurement does not include Apitech - Mobile business.
- (3) Enerpac Americas, Europe and QMC (excludes Asia Pacific)

EXECUTIVE OPERATING OFFICERS -
SINGLE BUSINESS UNIT F'96 BONUS PLAN MEASUREMENTS

Bonus Measurements for Wright Line and GB Electrical:
100% Operating Profit

1996 Target Objective - Wright Line \$16.0 million Operating Profit (62% improvement over F'95) (1)
GB Electrical \$13.1 million Operating Profit (35% improvement over F'95) (2)

Measures/Payout Scale

<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Burkart MARKET (WL) (1) 57,000	Operating Profit (\$)	10.1MM	11MM	12MM	13MM	14MM	15MM	16MM	17MM
	Bonus (\$)	0	22,500	45,000	67,500	90,000	112,500	144,000	178,500
Lecher MARKET (GB) (2) 86,500	Operating Profit (\$)	12MM	12.5MM	13.1MM	13.5MM	14MM	14.5MM	15MM	15.5MM
	Bonus (\$)	0	28,835	57,669	86,500	131,812	164,764	189,600	214,500

Plan description: Business must exceed prior year's operating profits to qualify for any bonus. As profits increase, there is a step linear relationship to bonus potential.

- (1) Based on Wright Line's internal operating profit (excludes acquisition write-up amortization).
- (2) Based on GB consolidated external operating profit, including Vision Plastics.

APPLIED POWER INC.
OUTSIDE DIRECTORS'
DEFERRED COMPENSATION PLAN

SECTION 1. DEFINITIONS

The following words and terms shall have the indicated meanings wherever they appear in the Plan:

- 1.1. "Annual Deferral Amount" shall mean that portion of a Participant's compensation that a Participant elects to have and is actually deferred for any annual term of office.
- 1.2. "Board of Directors", "Directors" or "Director" shall mean, respectively, the Board of Directors, the Directors or a Director of the Company.
- 1.3. "Committee" shall mean the Compensation Committee of the Board of Directors.
- 1.4. "Company" shall mean Applied Power Inc.
- 1.5. "Deferred Shares Account" or "Account" shall mean the separate account established under the Plan for each Participant, as described in Section 3.2.
- 1.6. "Market Price" shall mean the closing sale price for Shares on a specified date or, if Shares were not then traded, on the most recent prior date when Shares were traded, all as is quoted in The Wall Street Journal reports of New York Stock Exchange Composite Transactions.
- 1.7. "Notice Form" shall mean the form attached hereto and marked as Exhibit A or any other document which incorporates information substantially similar to Exhibit A.
- 1.8. "Participant" shall mean each Director of the Company who participates in the Plan in accordance with its terms and conditions.
- 1.9. "Phantom Shares" shall mean the units credited to Deferred Shares Accounts. The Market Price of Phantom Shares shall be equal to the Market Price of Shares.
- 1.10. "Plan" shall mean the Applied Power Inc. Outside Directors' Deferred Compensation Plan as set forth herein, or as it may be amended from time to time by the Board of Directors.
- 1.11. "Shares" shall mean shares of Class A Common Stock of the Company.
- 1.12. "Short-Term Payout" shall mean the payout set forth in Section 4.
- 1.13. "Treasurer" shall mean the Treasurer of the Company who shall have responsibility for those functions assigned under the Plan.

SECTION 2. PARTICIPATION

- 2.1. Each Director who receives compensation under Section 3.1 is eligible to participate in the Plan.
- 2.2. (a) Each eligible Director on the date the Plan is adopted may elect to participate in the Plan as of May 15, 1995 by providing a Notice Form to the Treasurer prior to that date. Thereafter, a Director, or a nominee for that office, may elect to participate in the Plan by giving a properly completed Notice Form to the Treasurer. The effective date for his participation in the Plan shall be the time of his election to that office for the ensuing term. Such election shall remain in effect until (x) the termination of the Participant's services as a Director, or (y) he provides a subsequent Notice Form to the Treasurer requesting the termination or the modification of such election.

(b) Except as provided in Sections 2.2(c), an election to modify a

prior election to defer compensation shall operate only prospectively and must be made by the Participant prior to the commencement of the term of office to which such compensation pertains. An election to terminate a prior election can be made at any time. After such termination, a re-election to start deferrals is treated like a modification and notice of such must be received prior to the commencement of the term of office to which such compensation pertains.

(c) A Participant may change his beneficiary at any time by providing a Notice Form to the Treasurer. A Participant may change the method or time of payment of compensation at any time by providing a Notice Form to the Treasurer, however; such change shall apply only to prospective deferrals.

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SECTION 3. COMPENSATION DEFERRED

3.1. A Participant may elect that the payment of all or a specified portion of the compensation otherwise payable to him in cash for services as a Director be deferred until such time as elected by the Participant pursuant to the terms of this Plan. Such compensation includes retainer fees and attendance fees but does not include travel expense allowance or any other expense reimbursement. At the time of making any such election, a Participant shall elect that such compensation be deferred in the form of a Deferred Shares Account.

3.2 (a) An unfunded Deferred Shares Account shall be established for each Participant. On the tenth day of each calendar month, the Account shall be credited with the number of full Phantom Shares equal to the number of full Shares which could have been purchased at the market price of Shares on such date with (i) the amount of compensation which the Participant elected to defer during the preceding calendar month, (ii) any dividends that would have been payable to the Participant during the preceding calendar month if the number of Phantom Shares in the Participant's Account had been Shares, and (iii) any excess resulting from the prior month. If the amount in (i), (ii) and (iii) is not evenly divisible by such market price, the excess shall be carried over to the next month.

(b) The Company shall not acquire any Shares in connection with Deferred Shares Accounts under this Plan, and no participant shall have any right to receive shares in any distribution from this Plan.

(c) In the event of a reorganization, recapitalization, stock split, stock dividend, combination of shares, merger, consolidation, rights offering or any other change in the corporate structure or Shares of the Company, the Committee shall make such adjustment, if any, as it may deem appropriate in the number and kinds of Phantom Shares credited to the Deferred Shares Account.

3.3. Each Participant will receive a statement of the balance in his Account not less frequently than annually.

SECTION 4. SHORT TERM PAYOUT

4.1 A participant may elect to receive a future Short-Term Payout from the Plan with respect to the Annual Deferral Amount. The Short-Term Payout shall be a lump sum payment in cash equal to the value of the Phantom Shares in the Deferred Shares Account based on the Market Price of such Phantom Shares on the last business day before such

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payment plus the amount of any excess which it has not been possible to convert into Phantom Shares in accordance with Section 3.2(a). Subject to the other terms and conditions of this Plan, each Short-Term Payout elected shall be paid within 60 days of the earlier of (i) the date selected by the Participant (which must be at least 5 years after the date of the Participant's deferral election), or (ii) the date the Participant ceases to be a

Director. A properly completed election form making an irrevocable request for a Short-Term Payout is required to be submitted to the Treasurer prior to the term of office for which the Annual Deferral Amount relates.

SECTION 5. PAYMENT OF DEFERRED COMPENSATION

5.1. Upon the termination of a Participant's services as a Director, the payment of the Phantom Shares remaining in his Deferred Shares Account shall commence within 60 days following the date the Participant ceases to be a Director and shall be paid in accordance with the method elected by the Participant on the applicable Notice Form or Forms, as provided in Section 5.2.

5.2. Subject to Section 2.2 and this Section 5, and except as provided in Section 4.1 a Participant may elect any of the following methods of payment of the balance or balances in his Account:

(a) a lump sum payment in cash equal to the sum of (i) the value of the Phantom Shares in such account based on the Market Price of such Phantom Shares on the last business day before such payment, and (ii) the amount of any excess which it has not been possible to convert into Phantom Shares in accordance with Section 3.2(a); or

(b) payments in annual installments for a term of five or ten years, in each case in cash equal to the value of the Phantom Shares in such Account based on the Market Price of such Phantom Shares on the last business day before such payment. The installment shares will be calculated by prorating the total number of Phantom Shares in the Deferred Shares Account equally over the applicable payout period. The last such payment will include the amount of any excess which it has not been possible to convert into Phantom Shares in accordance with Section 3.2(a) as well as the dividends earned on the undistributed Phantom Shares during the installment payout period; or

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(c) conversion of such Account, effective with the last day of the month during which his services as a Director terminate, into a Cash Account based on the market price of Shares on the last day of such month. Thereafter payments will be made in annual installments, including interest, for a term of five or ten years. Interest on the unpaid Cash Account balance shall be credited annually on January 1st and calculated at a rate of one percent (1%) plus the rate shown for U.S. Treasury Notes with an original maturity of five (5) years and with a remaining maturity closest to five (5) years, in the "representative mid-afternoon over-the-counter quotations supplied by the Federal Reserve Bank of New York City, based on transactions of \$1 million or more," as reported in The Wall Street Journal published on the last business day preceding December 1 immediately preceding the calendar period.

5.3. In the event of a Participant's death before the balance in his Account is fully paid out:

(a) Payment of such balance shall be made to the beneficiary or beneficiaries designated by the Participant or, if the Participant has made no such designation or no beneficiary survives, to the Participant's estate. In either case, such payment shall be made in the same manner as provided with respect to payments to the Participant.

(b) If the balance in any such Account is to be paid to the estate of the Participant in installments, the Committee may, at its discretion and upon receipt of an application therefor from the duly appointed administrator or executor of such estate, direct that the balance in the Account be paid to the estate in a lump sum at such time as is specified by the Committee.

SECTION 6. GENERAL

6.1. The right of any Participant, beneficiary or estate to receive

payment of any unpaid balance in any Account of the Participant shall be an unsecured claim against the general assets of the Company.

- 6.2. During a Participant's lifetime, any payment under the Plan shall be made only to him. No sum or other interest under the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, and any attempt by a Participant or any beneficiary under the Plan to do so shall be void. No interest under the Plan shall in any manner be liable for or subject to the debts, contracts,

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liabilities, engagements or torts of a Participant or beneficiary entitled thereto.

- 6.3. Except as otherwise provided herein, the Plan shall be administered by the Committee which shall have the authority, subject to the express provisions of the Plan, to adopt, amend and rescind rules and regulations relating to the Plan, and to interpret, construe and implement the provisions of the Plan.

- 6.4. The Plan may at any time or from time to time be amended, modified, or terminated by the Board of Directors, provided that no amendment, modification or termination shall (a) adversely affect the balance in a Participant's Deferred Shares Account without his consent or (b) permit payment of such balance prior to the date specified pursuant to Sections 4.1 and 5.2 (except for payments provided in Section 5.3) without his consent.

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APPLIED POWER INC.
OUTSIDE DIRECTORS'
DEFERRED COMPENSATION PLAN

NOTICE FORM

I hereby elect to defer, under the terms and conditions of the Applied Power Inc. Outside Directors' Deferred Compensation Plan, the payment of eligible compensation otherwise due to me for my services as a Director as set forth below:

1. Amount of Deferral into a Deferred Shares Account:
_____ None _____ All _____ %

COMPLETE SECTION 2 IF REQUESTING A SHORT-TERM PAYOUT OR SECTION 3 IF REQUESTING PAYOUT AT TERMINATION.

2. Short-Term Payout Election:

_____ I elect to receive a lump sum payment of my Annual Deferral Amount, payable within 60 days of the earlier of (i) _____ (the date must be at least five years after the date of this election), or (ii) the date I cease to be a Director.

3. Method of Payment from Deferred Shares Account at Termination (choose a., b., or c.):

- a. _____ a lump sum; OR
b. _____ annual installments over _____ years (select 5 or 10), each such installment to equal the value of the Phantom Shares in the account based on the market price of Shares on the last business day before the payment; OR
c. _____ annual installments over _____ years (select 5 or 10), based on a conversion of the Deferred Shares Account into a Cash Account based on the market

price of Shares on the last day of the month during which my services as a Director terminate. Such unpaid Cash Account balance shall earn interest at one percent (1%) plus the rate for U.S. Treasury Notes with an original maturity of five years.

APPLIED POWER INC.
OUTSIDE DIRECTORS'
DEFERRED COMPENSATION PLAN

NOTICE FORM

4. Beneficiary or Beneficiaries to whom payment is to be made (as above specified) in the event of my death before receiving payment of the entire balance in my Account:

Name Address

Name Address

I understand that the use of this form will supersede any prior election I have made with respect to such Items. With respect to Items 1, 2 and 3, I understand that my election is applicable only to compensation deferred prospectively after this date.

Date Name

Received by the Treasurer of Applied Power Inc.:

By: -----

Date: -----

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

<TABLE>
<CAPTION>

	YEARS ENDED AUGUST 31,		
	1995	1994	1993
<S>	<C>	<C>	<C>
PRIMARY			
Average shares outstanding.....	13,280	13,057	12,977
Net effect of dilutive options based on the treasury stock method using average market price.....	466	232	122
Total.....	13,746	13,289	13,099
Net Earnings (Loss):			
Earnings from continuing operations.....	\$25,005	\$16,896	\$ 7,086
Discontinued operations.....	--	(348)	(3,782)
Extraordinary loss.....	(4,920)	--	--
Cumulative effect of accounting change.....	--	--	(4,355)
Net Earnings (Loss).....	\$20,085	\$16,548	\$(1,051)
Primary Earnings (Loss) per share:			
Earnings from continuing operations.....	\$ 1.82	\$ 1.27	\$ 0.54
Discontinued operations.....	--	(0.03)	(0.29)
Extraordinary loss.....	(0.36)	--	--
Cumulative effect of accounting change.....	--	--	(0.33)
Net Earnings (Loss).....	\$ 1.46	\$ 1.25	\$(0.08)
FULLY DILUTED			
Average shares outstanding.....	13,280	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.....	678	420	127
Total.....	13,958	13,477	13,104
Net Earnings (Loss):			
Earnings from continuing operations.....	\$25,005	\$16,896	\$ 7,086
Discontinued operations.....	--	(348)	(3,782)
Extraordinary loss.....	(4,920)	--	--
Cumulative effect of accounting change.....	--	--	(4,355)
Net Earnings (Loss).....	\$20,085	\$16,548	\$(1,051)
Primary Earnings (Loss) per share:			
Earnings from continuing operations.....	\$ 1.79	\$ 1.25	\$ 0.54
Discontinued operations.....	--	(0.03)	(0.29)
Extraordinary loss.....	(0.35)	--	--
Cumulative effect of accounting change.....	--	--	(0.33)
Net Earnings (Loss).....	\$ 1.44	\$ 1.23	\$(0.08)
	(A)	(A)	(A)

</TABLE>

(A) Dilution of less than 3%, therefore not presented in Consolidated Statement of Earnings.

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.

<TABLE>
<CAPTION>

NAME OF SUBSIDIARY	JURISDICTION OF INCORPORATION

<S>	<C>
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
New England Controls, Inc.	Connecticut
Westfield Equipment Corporation	Wisconsin
Wright Line Inc.	Massachusetts
Wright Line Real Estate Corporation	Nevada

OUTSIDE THE UNITED STATES:	

AP International Corporation	Barbados
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.	US Virgin Islands
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 (67%)	Germany
Enerpac Asia Pte. Ltd.	Singapore
Enerpac Hydraulic Technology (India) Pte. Ltd.	India
Shanghai Blackhawk Machinery Co. Ltd.	China
Enerpac Ltd.	United Kingdom
Enerpac Nederland B.V.	Netherlands
Enerpac B.V.	France
Power-Packer France S.A.	France
Norelem S.A.	France
Power-Packer do Brasil Ltd.	Brazil
Power-Packer Espana, S.A.	Spain
Power-Packer Europa B.V.	Netherlands
Sanwa-Packer, Ltd. (34%)	Japan
Applied Power Japan, Ltd.	Japan
Applied Power Holding GmbH	Germany

All of the foregoing subsidiaries are included in the consolidated financial statements filed herewith.

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 report dated September 29, 1995, which report expresses an unqualified opinion and includes 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, 1995.

DELOITTE & TOUCHE LLP
Milwaukee, Wisconsin
November 15, 1995

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