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

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FORM 10-K

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<C> <S>
(Mark One)
[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended August 31, 2002

OR

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

</TABLE>

For the Transition period from to \_\_\_\_\_ to \_\_\_\_\_

Commission File No. 1-11288

ACTUANT CORPORATION
(Exact name of Registrant as specified in its charter)

<TABLE>

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

</TABLE>

6100 NORTH BAKER ROAD
MILWAUKEE, WISCONSIN 53209
Mailing address: P.O. Box 3241, Milwaukee, Wisconsin 53201
(Address of principal executive offices)

(414) 352-4160
(Registrant's telephone number, including area code)

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

<TABLE>

<CAPTION>

Table with 2 columns: (Title of each class), (Name of each exchange on which registered). Rows include Class A Common Stock and Senior Subordinated Notes due 2009, both registered on the New York Stock Exchange.

</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. [X]

As of October 31, 2002, the aggregate market value of Common Stock held by non-affiliates was approximately \$450.2 million and there were 11,612,016 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 10, 2003 are incorporated by reference into Part III hereof.

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Actuant Corporation provides free-of-charge access to our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments thereto, through our website, [www.actuant.com](http://www.actuant.com), as soon as reasonably practicable after such reports are electronically filed with the Securities and Exchange Commission.

FORWARD LOOKING STATEMENTS AND CAUTIONARY FACTORS

This document contains certain statements that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties. The terms "may," "should," "could," "anticipate," "believe," "estimate," "expect," "objective," "plan," and similar expressions are intended to identify forward-looking statements. Such forward-looking statements, including statements under the caption Outlook, are subject to inherent risks and uncertainties that may cause actual results or events to differ materially from those contemplated by such forward-looking statements. In addition to the assumptions and other factors referred to specifically in connection with such statements, factors that may cause actual results or events to differ materially from those contemplated by such forward-looking statements include, without limitation, general economic conditions and market conditions in the recreational vehicle, truck, automotive, industrial production, and construction industries in North America, Europe and, to a lesser extent, Asia, market acceptance of existing and new products, successful integration of acquisitions, operating margin risk due to competitive pricing and operating efficiencies, supply chain risk, material or labor cost increases, foreign currency risk, interest rate risk, the economy's reaction to terrorist actions or military actions, the length of economic downturns in the Company's markets, the resolution of contingent liabilities related to APW Ltd., the Company's ability to access capital markets, the Company's debt level, and other factors that may be referred to or noted in the Company's reports filed with the Securities and Exchange Commission from time to time.

When used herein, the terms "Actuant," "Applied Power," "we," "us," "our," and the "Company" refer to Actuant Corporation and its subsidiaries.

PART I

Item 1. Business

General

Headquartered in Milwaukee, Wisconsin, Actuant Corporation is a Wisconsin corporation incorporated in 1910. Actuant is a leading global manufacturer and marketer of a broad range of industrial products and systems, organized into two business segments, Tools & Supplies and Engineered Solutions. Tools & Supplies sells branded specialized electrical and industrial tools and supplies to hydraulic and electrical wholesale distributors, to catalog houses and through various retail distribution channels. Engineered Solutions' primary expertise is in designing, manufacturing and marketing customized motion control systems primarily for OEMs in diversified niche markets. We believe that our strong market positions are the result of a combination of our brand recognition, proprietary engineering and design competencies, dedicated service philosophy and global manufacturing and distribution capabilities.

Prior to July 31, 2000, the Company was known as Applied Power and consisted of two segments, Electronics and Industrial. The Electronics segment (the "Electronics Business" or "APW") focused on electronic enclosures, while the Industrial segment (the "Industrial Business") concentrated on the current Tools & Supplies and Engineered Solutions businesses, as well as other businesses that have been divested. On January 25, 2000, Applied Power's board of directors authorized various actions to enable Applied Power to distribute its Electronics Business to its shareholders in the form of a special dividend (the "spin-off" or "Distribution"). The Distribution took place on July 31, 2000.

During fiscal 2001, Actuant acquired the assets of Dewald Manufacturing, Inc. and divested the Mox-Med business, both of which are included in the Engineered Solutions segment. Actuant also divested the Quick Mold Change product line in the Tools & Supplies segment. During fiscal 2000, Actuant divested the Barry Controls, Air Cargo and Samuel Groves businesses that previously were included in the Engineered Solutions segment and the Norelem and automotive product lines of Enerpac, previously included in the Tools & Supplies segment.

These actions impact the comparability of the operating results. For further information, see Note 3, "Acquisitions and Divestitures" in the Notes to Consolidated Financial Statements.

On September 3, 2002, subsequent to our fiscal year-end, the Company acquired Heinrich Kopp AG ("Kopp"), headquartered in Kahl, Germany. Kopp is a leading provider of electrical products to the German and Austrian Home Center retail market. In the transaction, the Company acquired approximately 80% of the outstanding equity of Kopp for approximately \$17 million (including the assumption of debt and acquired cash). The Company was also granted an option to acquire, and the sellers were granted a put option to sell, the remaining outstanding equity commencing in October 2003 for approximately \$3 million. The results of operations of Kopp are not included in the Company's historical results contained herein.

#### Description of Business Segments

The Company operates two business segments, Tools & Supplies and Engineered Solutions.

**Tools & Supplies.** The Tools & Supplies segment sells a wide array of branded, specialized electrical and industrial tools and supplies to hydraulic and electrical wholesale tool distributors, to catalog houses and through various retail distribution channels. The segment's products include high-force hydraulic tools, electrical tools and consumables, which are sold directly to end-user markets including general industrial, residential, construction, and production automation, or to end-user markets through retail home centers ("Home Centers"), retail marine or retail automotive aftermarket distribution channels. Tools & Supplies provides over 14,000 SKUs, most of which are designed and manufactured by us in North America. In addition, the segment manages a global sourcing operation that supplements its manufactured product offerings. Major customers include Lowe's, The Home Depot, Ace Hardware, Snap-on, TruServ and W.W. Grainger. This group also sells to over 10,000 small OEM customers and over 4,000 wholesale electrical, marine and automotive aftermarket distributors.

The Tools & Supplies segment includes our Enerpac and Gardner Bender businesses. These two businesses share core competencies in product branding, distribution channel management, global sourcing, and managing the logistics of SKU-intensive product lines. We believe Enerpac is a leading global supplier of specialized high-force hydraulic systems and components for general industrial, construction and production automation markets.

The following is a summary of each of Enerpac's three major business lines:

**Industrial Tools.** We believe Enerpac is a leading global supplier of high-force hydraulic industrial tools operating at very high pressures of between 5,000 psi and 10,000 psi. The industrial tool line consists of over 2,000 products that are generally sold by industrial distributors to customers in the construction, mining, steel mill, cement, railway, oil and gas, and general maintenance industries. Enerpac's products allow users to apply controlled force and motion to increase productivity, reduce labor costs and make work safer and easier to perform.

**Workholding.** We also believe Enerpac is a leading supplier of hydraulic workholding components and systems. Workholding products hold parts in position in metal cutting machine tools during the machining process. The products are marketed through distributors to the automotive, machine tool and fixture design markets.

**Custom Products.** Enerpac's custom products consist of customized hydraulic products that are sold directly to OEM customers including Caterpillar, Parker-Hannifin and Snap-on. Enerpac's product development

staff works closely with OEM customers to develop hydraulic solutions for specific applications.

We believe Gardner Bender is a leading supplier of electrical tools and components to the North American retail Home Center, retail marine and retail automotive aftermarket and wholesale electrical markets, supplying over 10,000 SKUs through a variety of distribution channels. Gardner Bender maintains strong customer relationships with such leading retailers as Lowe's, The Home Depot, Menards, TruServ, Ace Hardware, Advance Auto Parts and West Marine.

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Gardner Bender's main product lines include the following:

- . Cable Ties, Staples, Fasteners and Wire Management
- . Wire Connectors, Solderless Terminals and Lugs
- . Conduit Bending and Conduit Fishing
- . Handtools
- . Electrical Testers and Meters
- . Electric Wire and Cable
- . Plugs, Sockets and Other Automotive Products

Engineered Solutions. We believe that the Engineered Solutions segment is a leading global designer and manufacturer of customized motion control systems for OEMs in a variety of niche industrial markets. The segment works with its customers to provide customized solutions in the RV, truck, automotive, and other markets. Products include RV slide-out and leveling systems, hydraulic cab-tilt systems for heavy-duty trucks, and electro-hydraulic automotive convertible top actuation systems. As a result of the segment's design and engineering quality, it has earned numerous customer awards within the past five years, including the Circle of Excellence vendor award from Fleetwood and the Paccar supplier award in Europe. It also received quality and performance certifications from such OEM customers as Ford, Freightliner, Oshkosh Truck and Peterbilt. We believe that the segment's principal brands, Power-Packer, Power Gear, Milwaukee Cylinder and Nielsen Sessions, are recognized for their engineering quality, integrated custom design and geographic reach. Engineered Solutions' customers include leading multinational corporations such as DAF/Leyland (Paccar), Fiat, Fleetwood, Mercedes-Benz, Renault, Scania and Volvo. We believe that Engineered Solutions' reputation for excellent engineering capabilities, global reach, technical service and established customer relationships with leading OEMs are the driving forces behind its leadership positions in several markets.

Engineered Solutions' main brands or businesses are summarized below:

Power-Packer. Under this brand Engineered Solutions manufactures hydraulic and electro-hydraulic motion control systems for OEM applications in the truck, automotive, medical and hydraulic landing gears for the off-highway truck and trailer markets. Products manufactured include hydraulic cab-tilt systems for heavy-duty cab-over-engine trucks, cab suspension systems, electro-hydraulic automotive convertible top actuation systems and self-contained hydraulic actuators for patient lifting and positioning applications within the medical market. The majority of sales of cab-tilt systems and convertible top actuation systems are generated in the European market. These systems are comprised of sensors, electronic controls, hydraulic cylinders, electronic motors and a hydraulic pump. Our convertible top actuation systems are utilized on both retractable soft and hard top vehicles. During fiscal 2002 Engineered Solutions was awarded actuation on the Renault Megane and the Chrysler PT Cruiser, building on fiscal 2001 North American model wins including the Cadillac XLR, the Chevrolet SSR, the Audi A-4, and the Volkswagen Beetle, among others.

Engineered Solutions also markets and produces a smaller, low-cost hydraulic cab-tilt system for medium duty trucks called the "Hy-Cab." This system replaces existing component supply or torsion bars that have historically been used for cab-tilt applications on medium sized trucks. The segment's patient positioning systems are incorporated into hospital beds, stretchers, examination chairs, surgery tables and transfer lifts.

Power Gear. Engineered Solutions designs, manufactures and markets both electric and hydraulic powered slide-out systems, hydraulic leveling systems and landing gears for the RV and off-highway truck and trailer markets under the Power Gear brand. Slide-out systems, which are typically comprised of sensors, electronic controls, and either hydraulic pumps and cylinders or electric motors, allow an RV owner to increase a room's size by telescoping a section of the room's wall outward. Leveling systems typically

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consist of four hydraulic cylinders, a 12-volt DC hydraulic motor pump and an electronic control system and are capable of leveling motor homes to within three degrees of fully horizontal. Power Gear augmented its slide-out and leveling system business with the acquisition of the assets of Dewald Manufacturing in March 2001.

Power Gear's trailer landing gear generally consists of two adjustable legs used to support the front end of a semi-trailer in a level position when disconnected from the towing vehicle. Hydraulic stabilizers quickly position and level off-highway equipment at remote sites.

Other Products. Engineered Solutions also supplies other niche markets with positioning products and industrial case hardware. Under the Milwaukee Cylinder brand, it produces a broad range of tie-rod hydraulic and pneumatic cylinders for a wide variety of applications including automated production lines, machine tools, machinery, boat drives and material handling. It also designs and manufactures highly specialized cylinders such as servo-actuators used in vibration and fatigue testing. Engineered Solutions offers a comprehensive line of case, container and industrial hardware marketed under the Nielsen Sessions brand. Products include a variety of hinges, latches, handles, caster plates and accessories.

#### International Business

Actuant is a global business. For fiscal 2002, we derived approximately 66% of our net sales in the United States, 26% from Europe, 5% from Asia, 2% from Canada and 1% from South and Latin America. Our European sales will increase in fiscal 2003 with the acquisition of Kopp. Our international sales are influenced by fluctuations in exchange rates of foreign currencies, foreign economic conditions and other factors associated with foreign trade. We serve a global customer base and have implemented a global infrastructure for the manufacturing, sourcing, distribution and sales of our products. Our global scale and infrastructure enable us to meet the needs of our customers with global operations, which support our strong relationships with many leading global OEMs.

#### Distribution and Marketing

Enerpac sells its products through a combination of distributors, direct sales personnel and manufacturers representatives. Enerpac's distributor network is one of its key competitive strengths and accounted for approximately 77% of its net sales. Enerpac employs approximately 110 territory managers that make joint sales calls to large end-users with distributor sales personnel, train end-user and distributor personnel on products and provide product application expertise.

Gardner Bender markets its electrical tools and supplies through an extensive distribution network, and has established strong positions in each of its major sales channels, including retail, distribution and direct sales.

Retail. Gardner Bender utilizes a combination of internal account managers and independent manufacturers representatives to serve its retail customers, including home centers, specialty marine and automotive aftermarket retailers, mass merchandisers and hardware cooperatives. Gardner Bender's sales and marketing personnel provide significant marketing support, including promotional planning, sales programs, retail point-of-purchase materials and displays, effective product packaging, strong merchandising, and advertising programs.

Distribution. Gardner Bender also sells its products to over 2,500 distributors through internal sales managers dedicated to the distributor channel and independent sales representatives. Due to the distributor channel's high level of fragmentation, Gardner Bender relies on independent manufacturers representatives to provide ongoing customer sales and service support.

Direct. Gardner Bender currently focuses the majority of its direct marketing efforts on small OEM companies. Sales to this channel require no internal field sales personnel or independent sales representatives, and are made through a combination of catalogs, telemarketers and the Internet.

Engineered Solutions' products are marketed directly to OEMs through a direct technical sales organization. Most product lines also have dedicated market managers as well as a technical support organization. Engineered Solutions has an experienced sales force, organized by end-market, that typically resides in the manufacturing facilities and reports to market sales leaders that are based in the primary engineering facilities for their

customers. Engineered Solutions' engineering capabilities, technical service and established customer relationships are key competitive advantages in winning new contracts.

#### Product Development and Engineering

We have earned a reputation for design and engineering expertise and for the creation of highly engineered innovative products. We maintain engineering staffs at several locations that design new products and make improvements to existing product lines. Research and development costs are expensed as incurred. Expenditures for research and development were \$3.1 million, \$3.1 million, and \$6.6 million in fiscal 2002, 2001 and 2000, respectively. Fiscal 2002 and 2001 research and development costs declined from fiscal 2000 levels as a result of the divestitures of Barry Controls and Air Cargo Equipment Corporation during fiscal 2000. We have developed several proprietary technologies and hold over 500 patents, including applications, across the world.

#### Competition

We have numerous competitors in each of our markets, but we believe that we are well positioned to compete successfully. Competition in each of our niches is primarily composed of small, regional competitors who often lack the infrastructure and financial resources to support global OEMs. We believe that our global scale and infrastructure help to build and maintain strong relationships with major OEMs.

#### Patents and Trademarks

We own numerous United States and foreign patents and trademarks. No individual patent or trademark is believed to be of such sufficient importance that its termination would have a material adverse effect on our businesses.

#### Manufacturing and Operations

We manufacture the majority of the products we sell, but strategically outsource components and finished goods from an established global network of qualified suppliers. Our manufacturing operations primarily consist of light assembly operations. We also have plastic injection molding capabilities and automated welding and painting lines. We have implemented single piece flow methodology in our manufacturing plants, which reduces inventory levels, lowers "re-work" costs and shortens lead time to customers. Components are purchased from a variety of suppliers. We have built strong relationships with our key suppliers over many years, and while we single source many of our components, we believe that in most cases there are several qualified alternative sources.

#### Order Backlogs and Seasonality

Excluding divested businesses, we had an order backlog of approximately \$49.8 million and \$46.7 million at August 31, 2002 and 2001, respectively. Substantially all orders are expected to be completed prior to the end of fiscal 2003. As illustrated in the following table, our sales are not subject to significant seasonal fluctuations:

Sales Percentages by Fiscal Quarter

<TABLE>  
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	2002	2001
	-----	-----
<S>	<C>	<C>
Quarter 1	24.5%	24.8%
Quarter 2	23.4%	24.0%
Quarter 3	25.9%	26.2%
Quarter 4	26.2%	25.0%
	-----	-----
	100.0%	100.0%

</TABLE>

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#### Employees

As of August 31, 2002, we employed approximately 2,120 people. The acquisition of Kopp has added approximately 1,100 employees since our fiscal year-end. Our employees are not subject to any collective bargaining agreements with the exception of approximately 65 Milwaukee Cylinder production employees and employees covered by government-mandated collective labor agreements in some international locations. We believe we enjoy good working relationships with our employees.

#### Environmental Matters

Our operations, like those of similar businesses, are subject to federal,

state, local and foreign laws and regulations relating to the protection of the environment, including those regulating discharges of hazardous materials into the air and water, the storage and disposal of such materials, and the clean-up of soil and groundwater contamination. Pursuant to certain environmental laws, a current or prior owner or operator of a site may be liable for the cost of an investigation and any remediation of contamination, and persons who arrange for disposal or treatment of hazardous materials may be liable for such costs at a disposal or treatment site, whether or not the person owned or operated it. These laws impose strict, and under certain circumstances, joint and several liability.

We believe that we are in material compliance with applicable environmental laws. Compliance with these laws has and will require expenditures on an ongoing basis. We have been identified by regulators as a potentially responsible party regarding remediation of several multi-party waste sites. Based on our investigations, we believe that we are a de minimis participant in those sites. In addition, soil and groundwater contamination has been identified at a few facilities that we operate or formerly owned or operated. We are also a party to several state and local environmental matters, and we have provided environmental indemnifications for several divested business units, and as such retain responsibility for certain potential environmental liabilities.

Environmental expenditures over the last three years have not been material, and we believe that the costs for known environmental matters are not likely to have a material adverse effect on our financial position, results of operations or cash flows. Nevertheless, more stringent environmental laws, unanticipated, burdensome remedy requirements, or discovery of previously unknown conditions could have a material adverse effect upon our financial condition and results of operations. Environmental remediation accruals of \$1.1 million and \$1.3 million were included in the Consolidated Balance Sheets at August 31, 2002 and 2001, respectively. For further information, see Note 16, "Contingencies and Litigation" in the Notes to Consolidated Financial Statements.

Other

For additional information regarding revenues, profits and losses, and total assets of each business segment, geographical financial information and information on customers, see Note 15, "Business Segment, Geographic and Customer Information" in Notes to Consolidated Financial Statements.

Item 2. Properties

We generally lease rather than own our operating facilities. The majority of our leases are short-term, and are renewable at our option.

Tools & Supplies

As of August 31, 2002, Tools & Supplies maintained 11 manufacturing facilities in the United States, Mexico, Europe and Asia and 17 distribution facilities and sales offices worldwide.

<TABLE>  
<CAPTION>

Facility	Square feet	Status
-----	-----	-----
<S>	<C>	<C>
Manufacturing and Administrative		
Glendale, Wisconsin (2).....	313,000	Leased
Columbus, Wisconsin.....	130,000	Leased
Veenendaal, The Netherlands....	97,000	Leased
San Diego, California.....	70,000	Leased
Pachuca, Mexico(1).....	61,000	Leased
Oklahoma City, Oklahoma.....	56,000	Leased
Tecate, Mexico.....	54,000	Leased
Alexandria, Minnesota.....	25,000	Owned
Shanghai Waigaogiao, China.....	23,000	Leased
Cotati, California.....	19,000	Leased
Wuxi, China.....	32,000	Leased
Distribution and Sales		
Reno, Nevada.....	55,000	Leased
Charlotte, North Carolina.....	36,000	Leased
Corsico (Milano), Italy.....	18,000	Owned
Mississauga, Ontario, Canada....	18,000	Leased
Lancaster, Pennsylvania.....	16,000	Leased
Toda-shi, Japan(1).....	15,000	Leased
Sydney, Australia.....	14,000	Leased
Scranton, Pennsylvania.....	13,000	Leased
Seoul, South Korea(1).....	13,000	Leased
Singapore.....	12,000	Leased

Ontario, California.....	12,000	Leased
Madrid, Spain.....	10,000	Leased
Taipei, Taiwan.....	3,000	Leased
Dusseldorf, Germany.....	3,000	Leased
Massey (Paris), France(1).....	3,000	Leased
Beijing, China.....	1,000	Leased
Osaka, Japan.....	1,000	Leased

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(1) Shared by both Tools & Supplies and Engineered Solutions segments.

(2) Shared by the Tools & Supplies segment, the Engineered Solutions segment and Actuant Corporate.

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#### Engineered Solutions

As of August 31, 2002, Engineered Solutions maintained nine manufacturing facilities throughout North America, Europe and Asia and five distribution and sales facilities.

<TABLE>

<CAPTION>

Facility	Square feet	Status
-----	-----	-----
<S>	<C>	<C>
Manufacturing and Administrative		
Glendale, Wisconsin(2).....	313,000	Leased
Oldenzaal, The Netherlands.....	124,000	Leased
Mishawaka, Indiana.....	101,000	Leased
Akishar, Turkey.....	79,000	Owned
Cudahy, Wisconsin.....	73,000	Owned
Pachuca, Mexico(1).....	61,000	Leased
Westfield, Wisconsin.....	40,000	Owned
Hartford, Connecticut.....	35,000	Owned
McMinnville, Oregon.....	23,000	Leased
Sao Paulo, Brazil.....	7,000	Leased
Distribution and Sales		
Toda-shi, Japan(1).....	15,000	Leased
Seoul, South Korea(1).....	13,000	Leased
Beaver Dam, Wisconsin.....	8,000	Leased
Massy (Paris), France(1).....	3,000	Leased
Torrijos, Toledo, Spain.....	2,000	Leased

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(1) Shared by both Tools & Supplies and Engineered Solutions segments.

(2) Shared by the Tools & Supplies segment, the Engineered Solutions segment and Actuant Corporate.

#### Item 3. Legal Proceedings

The Company is a party to various legal proceedings that have arisen in the normal course of business. These legal proceedings typically include product liability, environmental, labor and patent claims.

In connection with the disposition of Barry Wright Corporation in June 2000, Actuant agreed to indemnify the buyer for certain matters. The buyer made an indemnification claim for damages of approximately \$6 million involving a specific contract. Actuant is investigating the claim and investigating the buyer's compliance with the purchase agreement, but Actuant believes that it has viable defenses to the claim. The Company intends to vigorously defend the claim. The Company also has agreed to indemnify the buyers of other divested businesses for other matters, and in a few cases, the Company is in dispute over smaller amounts for claims relating to such divestitures. Based on the information presently available, management believes that all such claims will not have a material impact on the financial position or results of operations of the Company.

We self-insure a portion of our product liability by maintaining a retention provision under our insurance program. We have recorded reserves for estimated losses based on the specific circumstances of each case. Such reserves are recorded when it is probable that a loss has been incurred as of the balance sheet date and the amount of the loss can be reasonably estimated. In our opinion, the resolution of these contingencies is not likely to have a material adverse effect on our financial condition, results of operation or cash flows. For further information refer to Note 16, "Contingencies and Litigation" in the Notes to Consolidated Financial Statements.

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#### Item 4. Submission of Matters to a Vote of Security Holders



None.

Executive Officers of the Registrant

The names, ages and positions of all of the executive officers of the Company as of the record date of November 18, 2002 are listed below.

<TABLE>

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Name	Age	Position
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<S>	<C>	<C>
Robert C. Arzbaecher	42	President and Chief Executive Officer; Director
William S. Blackmore	46	Vice President--Engineered Solutions--Americas
Terry M. Braatz	45	Treasurer
Mark E. Goldstein	46	Vice President--Gardner Bender
Todd B. Hicks	44	Vice President--Enerpac
Ralph L. Keller	55	Vice President--Operations
Arthur Kerk	53	Vice President--Engineered Solutions--Europe and Asia
Brian K. Kobylinski	36	Vice President--Business Development
Andrew G. Lampereur	39	Vice President and Chief Financial Officer
Timothy J. Teske	35	Corporate Controller
Ronald P. Wiczorek	45	Vice President--Human Resources

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Robert C. Arzbaecher, President and Chief Executive Officer. Mr. Arzbaecher was named President and Chief Executive Officer of the Company on August 9, 2000. He served as Vice President and Chief Financial Officer of Applied Power starting in 1994 and Senior Vice President in 1998. He served as Vice President, Finance of Tools & Supplies from 1993 to 1994. He joined Applied Power Inc. in 1992 as Corporate Controller. From 1988 through 1991, Mr. Arzbaecher was employed by Grabill Aerospace Industries LTD, where he last held the position of Chief Financial Officer.

William S. Blackmore, Vice President--Engineered Solutions-Americas. Mr. Blackmore was appointed leader of the Engineered Solutions-Americas business in fiscal year 2002. Prior to joining Actuant, he served as President of Integrated Systems--Americas at APW Ltd. from 2000 to 2001 and as President, Rexnord Gear and Coupling Products ("Rexnord") from 1997 to 2000. Prior to 1997, Mr. Blackmore held various senior management positions at Rexnord and Pillar Industries.

Terry M. Braatz, Treasurer. Mr. Braatz was appointed Treasurer on August 9, 2000, shortly after joining the Company. Prior to joining Actuant, he held various financial management positions at Johnson Controls, Inc. from 1979 to 2000, including Manager, Internal Treasury and Manager, Corporate Finance.

Mark E. Goldstein, Vice President--Gardner Bender. Mr. Goldstein was appointed leader of the Gardner Bender business when he joined the Company in fiscal year 2001. Prior to joining Actuant he held senior sales, marketing and operations management positions at The Stanley Works, most recently as President, Stanley Door Systems. Mr. Goldstein was employed by The Stanley Works for 22 years.

Todd B. Hicks, Vice President--Enerpac. Mr. Hicks has held a variety of marketing and sales positions with Enerpac and the former Wright Line business unit of Applied Power prior to being promoted to his current position in 1999. He previously worked for General Electric in a number of marketing positions prior to joining Applied Power in 1987.

Ralph L. Keller, Vice President--Operations. Mr. Keller joined the Company in 1999 in his present position. Prior to joining Actuant, he held senior operating positions in multinational organizations, most recently with Whitecap, Inc., a subsidiary of Schmalbach Lubeca AG.

Arthur Kerk, Vice President--Engineered Solutions--Europe and Asia. Mr. Kerk joined Applied Power in 1995 as Commercial Director of Power-Packer Europe. A resident of The Netherlands, he was promoted to

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Managing Director of Power-Packer Europe in 1996, and subsequently was appointed as Leader of Engineered Solutions--Europe in 1997. Prior to joining Applied Power, he worked in sales management at Conex Union and as Managing Director of McKechnie in The Netherlands.

Brian K. Kobylinski, Vice President--Business Development. Mr. Kobylinski was appointed leader of business development for Actuant in fiscal year 2002. Prior to being promoted, he served as leader of the distribution and OEM channels of Gardner Bender, leader of Gardner Bender's Del City operation, Gardner Bender's Vice President of Marketing and Director of OEM sales. Prior to joining Applied Power Inc. in 1992, Mr. Kobylinski held various sales positions in the insurance industry.

Andrew G. Lampereur, Vice President and Chief Financial Officer. Mr. Lampereur joined Applied Power Inc. in 1993 as Corporate Controller, a position he held until 1996 when he was appointed Vice President of Finance for Gardner Bender. In 1998, Mr. Lampereur was appointed Vice President, General Manager for Gardner Bender. In 1999, he served as the business development and special projects leader for Applied Power. He was appointed to his present position on August 9, 2000. Prior to joining Applied Power Inc., Mr. Lampereur was the Corporate Controller of Fruehauf Trailer Corporation and held a number of financial management positions at Terex Corporation.

Timothy J. Teske, Corporate Controller. Mr. Teske was appointed Corporate Controller on May 4, 2001, shortly after joining the Company. Prior to joining Actuant, he held various financial management positions at Tenneco Automotive Inc from 1997 to 2001 and spent eight years with the international public accounting firm of Arthur Andersen LLP, last serving as audit and business advisory manager.

Ronald P. Wieczorek, Vice President--Human Resources. Mr. Wieczorek was appointed leader of human resources in fiscal 2002. Prior to being promoted, he served as human resources leader of Engineered Solutions--Americas. Prior to joining Applied Power Inc. in 1998, Mr. Wieczorek held various senior human resources positions, most recently with Watlow Gordon, Inc. where he served as a member of the general management leadership team.

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 ATU. At October 31, 2002, the approximate number of record shareholders of common stock was 1,657.

On January 25, 2001 we effected a one-for-five reverse stock split. Furthermore, in February 2002, the Company sold, pursuant to an underwritten public offering, 3,450,000 shares of its Class A common stock. The high and low sales prices of the common stock, which reflect the impact of these transactions, were as follows for the previous two years:

<TABLE>  
<CAPTION>

Fiscal		High	Low
Year	Period		
-----	-----	-----	-----
<S>	<C>	<C>	<C>
2002	June 1 to August 31	\$42.45	\$30.88
	March 1 to May 31	46.15	36.00
	December 1 to February 28	40.00	27.90
	September 1 to November 30	31.25	17.40
2001	June 1 to August 31	\$21.25	\$14.70
	March 1 to May 31	16.73	12.00
	December 1 to February 28	20.62	10.94
	September 1 to November 30	27.19	16.25

</TABLE>

No dividends have been declared or paid during fiscal 2001 and 2002. The Company's current credit agreements restrict its ability to pay dividends. We do not plan on declaring or paying dividends in the foreseeable future, but will instead retain cash flow for working capital needs, to fund acquisitions and to reduce outstanding debt.

Item 6. Selected Financial Data

The following selected historical financial data have been derived from the consolidated financial statements of Actuant. The data should be read in conjunction with these financial statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

The financial data presented in the following table reflect all business units other than the Electronics Business, which was distributed to shareholders in the spin-off as discussed in Item 1, "Business". Included in the table are the results of divested businesses until their respective dates of sale. As a result, the selected financial data in the following table are not fully representative of the group of business units that comprise Actuant as of August 31, 2002. We have included a separate adjusted financial data table in "Management's Discussion and Analysis of Financial Condition and Results of Operations" that includes only those units that comprise Actuant as of August 31, 2002.

<TABLE>  
<CAPTION>

	Year Ended August 31,				
	2002	2001(2)	2000	1999	1998(2)
	(in millions, except per share data)				
<S>	<C>	<C>	<C>	<C>	<C>
Statement of Earnings Data(1):					
Net sales.....	\$463.0	\$481.9	\$681.4	\$ 705.2	\$645.9
Gross profit.....	159.0	168.9	242.2	252.7	200.9
Operating expenses(3).....	85.4	90.7	145.0	144.5	179.0
Operating earnings.....	71.1	71.9	89.7	99.4	9.3
Net financing costs.....	32.7	49.2	37.7	41.2	12.5
Earnings from continuing operations(4)....	25.3	24.4	28.0	34.6	0.1
Diluted earnings per share from continuing operations(5).....	2.39	2.93	3.48	4.30	0.01
Cash dividends per share(5).....	--	--	0.23	0.30	0.30
Balance Sheet Data (at end of period) (1):					
Total assets.....	\$294.6	\$342.7	\$417.0	\$1,059.9	\$711.5
Net assets of discontinued operations(6)..	--	--	--	598.5	249.7
Total debt(7).....	192.6	327.3	432.5	521.2	225.2

</TABLE>

(1)The Company completed various acquisitions and divestitures that impact the comparability of the selected financial data presented in the table. For additional information, see Note 3, "Acquisitions and Divestitures" in the Notes to Consolidated Financial Statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations--Acquisitions and Divestitures."

(2)Operating results for fiscal 2001 and 1998 include restructuring and other non-recurring charges that were recognized in cost of sales and operating expenses. Such expenses totaled \$1.7 million and \$56.9 million on a pre-tax basis in fiscal 2001 and 1998, respectively.

(3)Operating expenses in fiscal 1999 include a \$7.8 million pre-tax charge due to the cancellation of a customer contract. In fiscal 2000, the Company recorded a \$1.4 million gain when it recognized recoveries of these contract costs in excess of what was anticipated when the loss was initially recorded. Operating expenses for fiscal 2000 include a \$12.4 million pre-tax charge for investment banking, legal, accounting and other fees and expenses associated with the Distribution. In addition, operating expenses include our

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general corporate expenses. These expenses, which include expenditures on resources and services that supported the Electronics Business in fiscal 1998 through 2000, were as follows:

<TABLE>  
<CAPTION>

Fiscal Period	Amount
(in millions)	
<S>	<C>
2002.....	\$ 5.0
2001.....	6.2
2000.....	17.6
1999.....	12.1
1998.....	17.5

</TABLE>

See "Management's Discussion and Analysis of Financial Condition and Results of Operations," and Note 7, "Restructuring and Other Non-recurring Items" in the Notes to Consolidated Financial Statements for further information.

(4)Earnings from continuing operations include a gain of \$18.5 million on the sale of Mox-Med, a \$0.7 million loss on the divestiture of QMC, and a \$1.5 million loss on the net present value of an idled lease in fiscal 2001. For fiscal 2000, earnings from continuing operations include a \$3.5 million loss on the sale of Norelem.

(5)All dividend and per share data have been adjusted for the reverse stock split effected on January 25, 2001. Quarterly dividends of \$0.075 per share were declared and paid by the Company for each of the quarters in fiscal 1999 and 1998, and for the first three quarters of fiscal 2000. Since that time no dividends have been declared. Actuant does not intend to pay dividends in the foreseeable future.

(6)Net assets of discontinued operations consist of the assets of the Electronics Business, which was spun-off to shareholders in July 2000.

(7)Debt in the table as of August 31, 1999 and 1998 reflects the debt balance after a reduction for debt allocated to the Electronics Business, which is

reported in net assets of discontinued operations.

#### Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

On July 31, 2000, Applied Power Inc. completed the spin-off of its Electronics Business ("APW") to shareholders, leaving the Industrial Business as the sole remaining operating business. Subsequent to the spin-off, Applied Power Inc. changed its name to Actuant Corporation. As you read the following review of the Company's financial condition and results of operations, you should also read our financial statements and related notes, which follow this discussion.

#### Critical Accounting Policies

The Company's significant accounting policies are disclosed in the Notes to Consolidated Financial Statements. The more critical of these policies include revenue recognition, inventory valuation, goodwill and other intangible asset accounting, and the use of estimates, which are summarized below.

**Revenue Recognition:** Revenue is recognized when title to the products being sold transfers to the customer, which is generally upon shipment.

**Inventories:** Inventories are comprised of material, direct labor and manufacturing overhead, and are stated at the lower of cost or market. Inventory cost is determined using the last-in, first-out ("LIFO") method for a portion of U.S. owned inventory (approximately 56% and 62% of total inventories at August 31, 2002 and 2001, respectively). The first-in, first-out or average cost method is used for all other inventories. If the LIFO method were not used, the inventory balance would be higher than the amount in the Consolidated Balance Sheet by approximately \$6.7 million and \$7.1 million at August 31, 2002 and 2001, respectively.

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**Goodwill and Other Intangible Assets:** Other intangible assets, consisting primarily of purchased patents, trademarks and noncompete agreements, are amortized over periods from three to twenty-five years. Goodwill is not amortized, but is subjected to annual impairment testing in accordance with the provisions of Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets."

**Use of Estimates:** As required under generally accepted accounting principles, the consolidated financial statements include estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses for the periods presented. They also affect the disclosure of contingencies. See Note 2, "Distribution and Discontinued Operations," Note 14, "Income Taxes", and Note 16, "Contingencies and Litigation" in the Notes to Consolidated Financial Statements for further information. Actual results could differ from those estimates and assumptions.

#### Results of Operations

#### Historical Financial Data

The financial data presented in the following table reflect all business units other than the Electronics Business, which was spun off to shareholders on July 31, 2000 (the "Distribution"). Financial data presented in the table include other divested business units, which are referred to as the "non-continuing" businesses, until their respective dates of sale. As a result, the historical financial data in the following table are not representative of the group of business units that comprise Actuant as of August 31, 2002. We have included a separate financial data table under "Unaudited Adjusted Historical Financial Data" below that excludes the results of the non-continuing businesses. The financial data presented in the following table also include the results of Dewald Manufacturing, which we acquired during fiscal 2001, from the date of acquisition. The acquisitions and divestitures impact the comparability of operating results from period to period.

<TABLE>  
<CAPTION>

	Year Ended August 31,		
	2002	2001	2000
	(in millions)		
<S>	<C>	<C>	<C>

#### Statement of Earnings Data:

Net sales.....	\$463.0	\$481.9	\$681.4
Gross profit.....	159.0	168.9	242.2
Operating expenses excluding general corporate expenses	80.4	84.6	127.4
General corporate expenses.....	5.0	6.2	17.6
Amortization of intangible assets.....	2.5	6.2	7.5
Operating earnings.....	71.1	71.9	89.7

Other Financial Data:			
Depreciation.....	9.9	10.3	15.1
Capital expenditures.....	10.0	6.7	11.4

## Acquisitions and Divestitures

We have completed one acquisition since the spin-off. During this time, we also divested several businesses and product lines that were no longer considered integral to our business strategy. The following table summarizes these acquisitions and significant divestitures, other than those impacting the Electronics business, that were completed during the last five years:

<TABLE>  
<CAPTION>

	Segment	Date	Approximate Annual Sales(2)
	-----	-----	-----
			(in millions)
<S>	<C>	<C>	<C>
Acquisitions(1):			
Dewald Manufacturing, Inc.....	Engineered Solutions	March 2001	\$ 24
Nielsen Sessions and Air Cargo	Engineered Solutions	July 1998	29
Del City Wire.....	Tools & Supplies	February 1998	16
Ancor Products.....	Tools & Supplies	January 1998	7
Divestitures(1):			
Mox-Med.....	Engineered Solutions	August 2001	\$ 18
Quick Mold Change ("QMC").....	Tools & Supplies	May 2001	6
Norelem.....	Tools & Supplies	August 2000	8
Barry Controls.....	Engineered Solutions	June 2000	120
Air Cargo Equipment.....	Engineered Solutions	May 2000	22
Samuel Groves.....	Engineered Solutions	October 1999	9
Moxness.....	Engineered Solutions	March 1998	6

</TABLE>

(1) This table excludes acquisitions and divestitures of businesses or business units that were part of our former Electronics Business.

(2) At the time of the transaction. Sales figures exclude sales from acquired business units that were part of the Electronics Business.

In addition to these divestitures, Gardner Bender's Everest product line and the Magnets business were transferred to the Electronics Business segment immediately prior to the Distribution. The acquisitions and divestitures impact the comparability of operating results from period to period. See Note 3, "Acquisitions and Divestitures" in the Notes to Consolidated Financial Statements for further information.

## Unaudited Adjusted Historical Financial Data

The financial information included in the following table, other than information with respect to general corporate expenses, has been adjusted to exclude the results of the non-continuing businesses. Historical net financing costs, income taxes, and balance sheet data have not been adjusted and are not presented in the following table.

<TABLE>  
<CAPTION>

	Year Ended August 31,		
	-----	-----	-----
	2002	2001	2000
	-----	-----	-----
	(in millions)		
<S>	<C>	<C>	<C>
Statement of Earnings Data(1):			
Adjusted net sales.....	\$463.0	\$461.0	\$499.0
Adjusted gross profit.....	159.0	159.4	175.8
Adjusted operating expenses excluding general corporate expenses(2).....	80.4	80.7	87.5
General corporate expenses.....	5.0	6.2	17.6
Adjusted amortization of intangible assets.....	2.5	5.8	5.7
Adjusted operating earnings(2).....	71.1	66.7	63.1
Other Financial Data(1):			
Adjusted depreciation.....	9.9	9.5	9.9
Adjusted capital expenditures.....	10.0	6.4	8.4

</TABLE>

(1) We have excluded the operating results of the non-continuing businesses from the financial data presented in this table. However, we completed one acquisition that is included in the data set forth in this table from its date of acquisition. This impacts the comparability of the adjusted financial data presented in the table. For additional information, see Note 3, "Acquisitions and Divestitures" in the Notes to Consolidated Financial Statements. The non-continuing businesses include Mox-Med, QMC, the Norelem and automotive product lines of Enerpac, Gardner Bender's Everest product line, Barry Controls, Air Cargo, Samuel Groves and Magnets. The Mox-Med and QMC businesses were divested in fiscal 2001. The Norelem and automotive product lines of Enerpac, Barry Controls, Air Cargo and Samuel Groves units were divested in fiscal 2000. Gardner Bender's Everest product line and the Magnets business were transferred to the Electronics Business segment immediately prior to the Distribution.

(2) For further information on non-recurring items included in operating expenses and operating earnings, see "Selected Financial Data" above and the discussion of operating expenses in this "Management's Discussion and Analysis of Financial Condition and Results of Operations".

Net Sales

The following table summarizes our net sales for the past three fiscal years:

<TABLE>  
<CAPTION>

	Year Ended August 31,		
	2002	2001	2000
	(in millions)		
<S>	<C>	<C>	<C>
Net Sales by Segment:			
Tools & Supplies.....	\$259.5	\$281.2	\$312.3
Less: Non-continuing T&S businesses(1) ..	--	3.3	20.7
Adjusted Tools & Supplies.....	\$259.5	\$277.9	\$291.6
Engineered Solutions.....	\$203.5	\$200.7	\$369.1
Less: Non-continuing ES businesses(2) ...	--	17.6	161.7
Adjusted Engineered Solutions.....	\$203.5	\$183.1	\$207.4
Total net sales.....	\$463.0	\$481.9	\$681.4
Less: Non-continuing businesses.....	--	20.9	182.4
Total adjusted net sales.....	\$463.0	\$461.0	\$499.0
Net Sales Change by Segment:			
Tools & Supplies.....	(7.7)%	(10.0)%	
Adjusted Tools & Supplies.....	(6.6)	(4.7)	
Engineered Solutions.....	1.4	(45.6)	
Adjusted Engineered Solutions.....	11.1	(11.7)	
Total net sales.....	(3.9)	(29.3)	
Total adjusted net sales.....	0.4	(7.6)	

</TABLE>

(1) The "Non-continuing T&S Businesses" are Norelem, Enerpac's automotive line of business, QMC and Gardner Bender's Everest product line.

(2) The "Non-continuing ES Businesses" are Barry Controls, Air Cargo, Samuel Groves, Mox-Med and Magnets.

Fiscal 2002 compared to Fiscal 2001

Total net sales decreased \$18.9 million, or 3.9%, from \$481.9 million in fiscal 2001 to \$463.0 million in fiscal 2002. This decline is due to the impact of businesses divested in fiscal 2001 and reduced sales in most of

the Tools & Supplies distribution channels, offset by increased sales to the recreational vehicle ("RV") market due to higher demand and the March 1, 2001 acquisition of Dewald. Excluding the results of divested businesses, total net sales increased \$2.0 million, or 0.4%, but decreased \$0.7 million if the impact of currency rate changes on translated results is excluded. Poor economic conditions, which began in the summer of 2000 and continued into fiscal 2001 and 2002, were exacerbated by the terrorist actions in the United States on September 11, 2001. Although the terrorist actions and poor economic conditions adversely impacted sales to our Tools & Supplies customers, the terrorist actions may have contributed to the increased Engineered Solutions sales,

especially RV sales, as consumers preferred to travel closer to home via land transport instead of air transportation.

Excluding the segment's non-continuing businesses, Tools & Supplies net sales decreased from \$277.9 million in fiscal 2001 to \$259.5 million in fiscal 2002, a 6.6% decline. This decline was driven by weaker economic conditions in North America and the negative impact of the September 11, 2001 terrorist actions. Sales in our more capital intensive distribution channels, sales to the electrical distribution market and sales to OEMs declined more than other markets in fiscal 2002. European and Asian revenues comprised the remainder of the decrease, which was partially offset by \$0.8 million of favorable currency impact on translated results.

Engineered Solutions net sales, excluding the segment's non-continuing businesses, increased \$20.4 million, or 11.1%, from \$183.1 million in fiscal 2001 to \$203.5 million in fiscal 2002. This increase is attributable to a 40% increase in sales to the RV market due to higher demand, the incremental impact of a full year of Dewald sales and a \$1.9 million favorable impact of foreign currency rate changes on translated results. Partially offsetting this, were decreases in demand from our medical, global truck and off-highway customers due to poor economic conditions. Dewald's sales for the two fiscal quarters prior to our mid-fiscal 2001 acquisition were approximately \$11.6 million.

#### Fiscal 2001 compared to Fiscal 2000

Total net sales decreased \$199.5 million, or 29.3%, from \$681.4 million in fiscal 2000 to \$481.9 million in fiscal 2001. The majority of this decline is due to the impact of businesses divested in fiscal 2000. After removing the impact of the divestitures, net sales decreased \$38.0 million, or 7.6%. This decrease results from the negative impact of currency rate changes on translated results of \$14.1 million and slower economic conditions, which impacted many of our businesses. Sales to RV, automotive and truck OEMs, as well as the construction and DIY markets, were all lower than in fiscal 2000 due to recessionary trends that began in the summer of fiscal 2000.

Excluding the segment's non-continuing businesses, Tools & Supplies net sales decreased from \$291.6 million in fiscal 2000 to \$277.9 million in fiscal 2001, a 4.7% decline. The negative impact of currency on translated results accounted for \$5.7 million of the \$13.7 million reduction, with the remainder being caused by generally weak economic conditions.

Engineered Solutions net sales, excluding the segment's non-continuing businesses, declined \$24.3 million, or 11.7%, from \$207.4 million in fiscal 2000 to \$183.1 million in fiscal 2001. Foreign currency rate changes caused \$8.4 million of the decrease. Sales to the RV industry decreased \$4.3 million, which is comprised of a decline of \$20.5 million in Power Gear RV sales, offset by \$16.2 million of sales from Dewald, an RV business we acquired at the beginning of the third quarter. RV industry demand was negatively impacted by weak economic conditions, as well as surplus finished goods inventory at OEMs. Sales to automotive and truck manufacturers declined \$6.5 million due to automotive model changeovers and generally less favorable economic conditions in fiscal 2001.

#### Gross Profit

The following table summarizes gross profit and gross profit margins for the past three fiscal years:

<TABLE>  
<CAPTION>

	Year Ended August 31,		
	2002	2001	2000
	(in millions)		
<S>	<C>	<C>	<C>
Gross Profit by Segment:			
Tools & Supplies.....	\$108.6	\$112.7	\$122.9
Less: Non-continuing T&S Businesses..	--	1.2	8.1
Adjusted Tools & Supplies.....	\$108.6	\$111.5	\$114.8
Engineered Solutions.....	\$ 50.4	\$ 56.2	\$119.3
Less: Non-continuing ES Businesses...	--	8.3	58.3
Adjusted Engineered Solutions....	\$ 50.4	\$ 47.9	\$ 61.0
Total gross profit.....	\$159.0	\$168.9	\$242.2
Less: Non-continuing Businesses.....	--	9.5	66.4
Total adjusted gross profit.....	\$159.0	\$159.4	\$175.8

Gross Profit Margins by Segment:			
Tools & Supplies.....	42.0%	40.1%	39.3%
Adjusted Tools & Supplies.....	42.0	40.1	39.4
Engineered Solutions.....	24.7	28.0	32.3
Adjusted Engineered Solutions.....	24.7	26.2	29.4
Total gross profit margin.....	34.3	35.0	35.5
Total adjusted gross profit margin...	34.3	34.6	35.2

</TABLE>

#### Fiscal 2002 Compared to Fiscal 2001

Total gross profit decreased \$9.9 million, or 5.9%, from \$168.9 in fiscal 2001 to \$159.0 in fiscal 2002, primarily due to reduced sales volumes resulting from divestitures. Excluding non-continuing businesses, gross profit declined from \$159.4 million in fiscal 2001 to \$159.0 million in fiscal 2002, with Tools & Supplies gross profit declining and Engineered Solutions gross profit increasing due to lower and higher sales volumes, respectively. Gross profit margins declined slightly due to the unfavorable mix resulting from the growth in our Engineered Solutions business and contraction in our Tools & Supplies business. Engineered Solutions margins were reduced due to the inefficiencies following RV plant consolidation activities, the impact of a full year of Dewald's lower margins, and increased engineering development and prototype costs for our new convertible top business. The gross margin increase in the Tools & Supplies business was driven by a focused effort to reduce costs.

Gross profit decreased \$4.1 million, or 3.6%, in the Tools & Supplies business, from \$112.7 million in fiscal 2001 to \$108.6 million in fiscal 2002. Excluding the non-continuing Tools & Supplies business, gross profit decreased \$2.9 million, or 2.6% from fiscal 2001 to fiscal 2002, due to the reduced Tools & Supplies sales. Gross profit margins, however, improved to 42.0% in fiscal 2002, from 40.1% in fiscal 2001 and 39.3% in fiscal 2000. Significant cost reduction efforts have been made in the hydraulic and electrical tools businesses, resulting in material cost reductions, personnel reductions, and facility downsizing. These cost reductions come in large part from a formal cost reduction program implemented in the Tools & Supplies business in mid-fiscal 2001 that is now being implemented across all Actuant businesses.

Engineered Solutions fiscal 2002 gross profit decreased \$5.8 million, or 10.3% from fiscal 2001. Excluding the non-continuing businesses, however, gross profit increased \$2.5 million, or 5.2%, from fiscal 2001 to fiscal 2002 as a result of the increased sales to the RV market. Adjusted gross profit margins decreased from 26.2% in fiscal 2001 to 24.7% in fiscal 2002 due to inefficiencies related to the consolidation of our RV manufacturing

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facilities, lower fixed cost absorption at our more vertically integrated Milwaukee Cylinder and Nielsen Sessions operations due to lower sales and production levels, and higher prototype costs in the automotive operations to support new platform development. In addition, fiscal 2002 includes a full year of sales from Dewald which historically had lower margins than our existing RV business.

#### Fiscal 2001 Compared to Fiscal 2000

Total gross profit decreased \$73.3 million, or 30.3%, from \$242.2 in fiscal 2000 to \$168.9 in fiscal 2001, primarily due to reduced sales volumes resulting from divestitures and weaker economic conditions. Excluding non-continuing businesses, gross profit declined to \$159.4 million in fiscal 2001 from \$175.8 million in fiscal 2000. Gross profit margins declined due to an unfavorable change in sales mix to lower margin businesses such as Dewald and the unfavorable currency impact on products produced in the United States and sold in Europe. These declines were partially offset by improved margins in the electrical tools and supplies business due to cost reductions.

Gross profit decreased \$10.2 million, or 8.3%, in the Tools & Supplies business, from \$122.9 million in fiscal 2000 to \$112.7 million in fiscal 2001. Excluding the non-continuing Tools & Supplies business, gross profit decreased from \$114.8 million in fiscal 2000 to \$111.5 million in fiscal 2001. Gross profit margins improved to 40.1% in fiscal 2001. The gross profit decrease is due to the corresponding decrease in net sales levels. The gross profit margin increase is due to cost reduction efforts in fiscal 2001.

Engineered Solutions fiscal 2001 gross profit decreased from fiscal 2000 as a result of divestitures, lower sales levels and sales mix. Excluding the non-continuing businesses, gross profit decreased by \$13.1 million, or 21.5%, from \$61.0 million in fiscal 2000 to \$47.9 million in fiscal 2001. Adjusted gross profit margins decreased from 29.4% in fiscal 2000 to 26.2% in fiscal 2001. This decrease is largely due to increased sales from lower margin businesses, such as Dewald. As a result of reduced RV slide out and leveling systems sales in fiscal 2001 due to lower demand, our absorption of fixed manufacturing costs declined, adversely impacting gross profit margins in Power Gear. In addition to reduced gross profit margins in Power Gear, margins have



declined in our more vertically integrated businesses, Nielson Sessions and Milwaukee Cylinder, as sales have declined due to the economic slowdown.

Operating Expenses

The following table summarizes operating expenses for the past three fiscal years:

<TABLE>  
<CAPTION>

	Year Ended August 31,		
	2002	2001	2000
	(in millions)		
<S>	<C>	<C>	<C>
Operating Expenses:			
Selling, administrative and engineering expenses	\$85.4	\$89.0	\$132.6
Amortization of intangible assets.....	2.5	6.2	7.5
Corporate reorganization expense.....	--	--	12.4
Restructuring charge.....	--	1.7	--
	-----	-----	-----
Totaling operating expenses.....	\$87.9	\$96.9	\$152.5
	=====	=====	=====

</TABLE>

Selling, Administrative and Engineering ("SAE") Expenses

The following table summarizes our SAE expenses for the past three fiscal years:

<TABLE>  
<CAPTION>

	Year Ended August 31,		
	2002	2001	2000
	(in millions)		
<S>	<C>	<C>	<C>
SAE Expenses by Segment:			
Tools & Supplies.....	\$59.6	\$63.0	\$ 66.4
Less: Non-continuing T&S businesses..	--	1.5	6.1
	-----	-----	-----
Adjusted Tools & Supplies.....	\$59.6	\$61.5	\$ 60.3
	=====	=====	=====
Engineered Solutions.....	\$20.8	\$19.8	\$ 48.6
Less: Non-continuing ES businesses...	--	2.3	33.8
	-----	-----	-----
Adjusted Engineered Solutions....	\$20.8	\$17.5	\$ 14.8
	=====	=====	=====
Combined segment SAE expenses.....	\$80.4	\$82.8	\$115.0
General corporate expenses.....	5.0	6.2	17.6
	-----	-----	-----
Total SAE expenses.....	85.4	89.0	132.6
Less: Non-continuing businesses.....	--	3.8	39.9
	-----	-----	-----
Total adjusted SAE expenses.....	\$85.4	\$85.2	\$ 92.7
	=====	=====	=====

</TABLE>

All of the general corporate expenses incurred by Actuant Corporation are included in SAE expenses. No portion of such expenses has been allocated to the two business segments or to the Electronics Business financial results, which are included in discontinued operations in the Consolidated Financial Statements.

Fiscal 2002 Compared to Fiscal 2001

Total SAE expenses decreased \$3.6 million, or 4.0%, from \$89.0 million in fiscal 2001 to \$85.4 million in fiscal 2002. SAE expenses from the non-continuing businesses and lower corporate expenses comprised \$3.8 million and \$1.2 million of the decrease, respectively. Adjusted SAE in the Tools & Supplies business decreased as a result of the cost reduction efforts while Adjusted Engineered Solutions SAE increased due to the inclusion of a full year's SAE costs for Dewald, non-accruable costs associated with the RV plant consolidation activities, and higher automotive engineering development costs.

SAE expenses in the Tools & Supplies business decreased \$3.4 million to \$59.6 million in fiscal 2002. The non-continuing Tools & Supplies business comprised \$1.5 million of the decline, with the remainder resulting from reduced variable SAE due to the reduced sales levels and the cost reduction efforts implemented during fiscal 2001 and 2002.

SAE expenses in the Engineered Solutions business increased \$1.0 million to \$20.8 million in fiscal 2002. Excluding the impact of the non-continuing businesses, SAE costs increased \$3.3 million, or 18.9%, from \$17.5 million in fiscal 2001 to \$20.8 million in fiscal 2002. SAE costs in the Engineered Solutions business were significantly influenced by the inclusion of a full year of SAE costs for Dewald which was acquired on March 1, 2001, non-accruable costs associated with the consolidation of the RV production facilities, and a high level of engineering development costs related to convertible top actuation for new automotive program wins.

#### Fiscal 2001 Compared to Fiscal 2000

Total SAE expenses decreased \$43.6 million, or 32.9%, from \$132.6 million in fiscal 2000 to \$89.0 million in fiscal 2001. This decrease was due to the elimination of SAE costs incurred by businesses divested in fiscal 2000 and the reduction in general corporate expenses discussed above, offset by increases in SAE costs in both of our business segments.

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SAE expenses for the Tools & Supplies segment decreased \$3.4 million, or 5.1%, from \$66.4 million in fiscal 2000 to \$63.0 million in fiscal 2001. Excluding the segment's non-continuing businesses, SAE expenses increased \$1.2 million, or 2.0%, from \$60.3 million in fiscal 2000 to \$61.5 million in fiscal 2001. This increase is a result of higher levels of information technology costs associated with a new business software system and increased marketing spending for tradeshows and promotions.

Engineered Solutions SAE expense decreased \$28.8 million, or 59.3%, from \$48.6 million in fiscal 2000 to \$19.8 million in fiscal 2001. Excluding the impact of the segment's non-continuing businesses, SAE expenses increased \$2.7 million, or 18.2%, from \$14.8 million in fiscal 2000 to \$17.5 million in fiscal 2001. This increase is due to a \$1.4 million recovery recorded in fiscal 2000 on a customer contract termination for which \$7.8 million was initially expensed in fiscal 1999, higher spending on new platform development costs associated with the convertible top product line and the inclusion of SAE expenses from Dewald, which was acquired on March 1, 2001.

#### Amortization of Intangible Assets

The following table summarizes amortization of intangible assets for the past three fiscal years:

<TABLE>  
<CAPTION>

	Year Ended August 31,		
	2002	2001	2000
	----	----	----
	(in millions)		
<S>	<C>	<C>	<C>
Total amortization expense.....	\$2.5	\$6.2	\$7.5
Less: Non-continuing businesses.....	--	0.4	1.8
	----	----	----
Total adjusted amortization expense....	\$2.5	\$5.8	\$5.7
	=====	=====	=====

</TABLE>

The decrease in amortization expense from fiscal 2001 to fiscal 2002 is primarily due to ceasing goodwill amortization in accordance with Statement of Financial Accounting Standards ("SFAS") No. 142. See Note 6, "Goodwill and Other Intangible Assets," in the Notes to Consolidated Financial Statements for more information regarding this change in accounting principle. The decrease in amortization expense from fiscal 2000 to fiscal 2001 primarily resulted from the divestiture of the Barry Controls and Air Cargo Equipment business units during fiscal 2000.

#### Corporate Reorganization Expense

Operating expenses for fiscal 2000 include a \$12.4 million pre-tax charge for investment banking, legal, accounting and other fees and expenses associated with the Distribution.

#### Restructuring Charges

The Company adopted plans to restructure portions of its operations during the fiscal third quarter of 2001. These plans were designed to reduce administrative and operational costs and resulted in a pre-tax charge of \$1.7 million. Of the charge, \$0.3 million related to the consolidation of the RV slide-out production facilities, \$0.6 million related to downsizing the cable tie production facility, and \$0.8 million related to other personnel reductions. The Company wrote down the fixed assets at the locations to be closed or downsized to their fair value, less costs to sell. In addition, the

Company eliminated approximately 36 positions. In fiscal 2002, the Company received net cash proceeds of approximately \$0.5 million from the sale of a former RV slide-out manufacturing facility. As of August 31, 2002, all restructuring initiatives contemplated by these plans have been completed.

Other Expense (Income)

Net Financing Costs

Net financing costs from continuing operations decreased to \$32.7 million for fiscal 2002 from \$49.2 million for fiscal 2001, due to the combined result of lower market interest rates and reduced debt levels. See "Liquidity and Capital Resources" below for further information regarding the composition of our debt and deleveraging.

Net financing costs from continuing operations increased to \$49.2 million in fiscal 2001 from \$37.7 million for fiscal 2000. The increase in the Company's financing costs was a result of higher interest rates and debt levels as a result of the Distribution. For example, the Company's senior subordinated notes carry a 13% interest rate compared to 8.75% under the prior financing agreements. During fiscal 2001, these cost increases were partially mitigated as the Company benefited, on its variable rate debt, from interest rate reductions in the marketplace.

Loss (Gain) on Sale of Businesses

During fiscal 2001 the Company sold its Mox-Med business. Cash proceeds from the sale were approximately \$40.5 million, which resulted in a net gain of \$18.5 million, \$11.1 million after tax, or \$1.34 per diluted share.

In August 2000, the Company completed the sale of Norelem, S.A., a product line in the Enerpac business which makes and distributes mechanical workholding products. Norelem, S.A. had annual sales of approximately \$8.0 million. The cash proceeds were approximately \$4.2 million and resulted in a pre-tax loss of approximately \$3.5 million.

Other (Income) Expense, net

Other (income) expense, net are comprised of the following:

<TABLE>  
<CAPTION>

	Year Ended August 31,		
	2002	2001	2000
	(in thousands)		
<S>	<C>	<C>	<C>
Gain on insurance recovery.....	\$(623)	\$ (983)	\$ --
(Gain) loss on QMC divestiture.....	(124)	738	1,300
Net present value of idled lease.....	--	1,531	--
Net foreign currency transaction gain	(311)	(1,247)	(665)
Other.....	199	446	352
Other (income) expense, net.....	\$(859)	\$ 485	\$ 987
	=====	=====	=====

</TABLE>

Income Tax Expense

The Company's income tax expense is impacted by a number of factors, including the amount of taxable earnings derived in foreign jurisdictions with tax rates that are higher or lower than the federal statutory rate, state tax rates in the jurisdictions where we do business, and our ability to utilize various tax credits. Our effective income tax rate on earnings from continuing operations for fiscal 2002 was 35.7%, compared to 40.3% for fiscal 2001. The decrease is primarily due to ceasing the amortization of goodwill in fiscal 2002, most of which was not deductible for income tax purposes, and lower overall effective tax rates in foreign jurisdictions. Our effective income tax rate on earnings from continuing operations for fiscal 2001 was consistent with that in fiscal 2000. For more information regarding the variations in our effective tax rates for the periods presented, see Note 14, "Income Taxes," in the Notes to Consolidated Financial Statements.

Discontinued Operations

See Note 2, "Distribution and Discontinued Operations" and Note 16, "Contingencies and Litigation" in the Notes to Consolidated Financial Statements for information regarding the results of our discontinued operations.

On November 7, 2002, APW Ltd. filed an amended Form 10-K for its fiscal year ended August 31, 2001, wherein it disclosed its restated consolidated financial

statements as of August 31, 2001 and 2000 and for the years ended August 31, 2001, 2000 and 1999. This restatement included periods prior to the Distribution in which APW Ltd. was included in the Company's consolidated financial statements as a discontinued operation. After discussions with APW Ltd. and an analysis of the restated financial statements, the Company has determined that the effect on the Company's consolidated financial statements as of and for the years ended August 31, 2000 and 1999 was not material and, therefore, does not require adjustment of the Company's consolidated financial statements.

Extraordinary Items

In fiscal 2002 and 2000, the Company recognized extraordinary losses, net of income taxes, of \$10.6 million and \$14.7 million, respectively, related to the early extinguishment of debt. See Note 8, "Debt" in the Notes to Consolidated Financial Statements for further information. In fiscal 2000, the Company also recognized an extraordinary gain, net of income taxes, of \$53.2 million related to the sale of some of its subsidiaries. See Note 3, "Acquisitions and Divestitures" in the Notes to Consolidated Financial Statements for further information.

Cumulative Effect of Change in Accounting Principle

The Company adopted SFAS No. 142, "Goodwill and Other Intangible Assets," on September 1, 2001. Under the transitional provisions of SFAS No. 142, the Company recorded a goodwill impairment loss associated with its Milwaukee Cylinder reporting unit of \$7.2 million in fiscal 2002. The impairment loss has been recorded as a cumulative effect of change in accounting principle in the accompanying Consolidated Statements of Earnings. See Note 6, "Goodwill and Other Intangible Assets," in the Notes to Consolidated Financial Statements for more information regarding this change in accounting principle.

Liquidity and Capital Resources

Cash and cash equivalents totaled \$3.0 million and \$26.6 million at August 31, 2002 and 2001, respectively. At August 31, 2001 the Company held approximately \$23.8 million of funds that relate to APW. See Note 2, "Distribution and Discontinued Operations" in the Notes to Consolidated Financial Statements for further information. During the fourth quarter of fiscal 2002, a majority of these funds were used to reduce debt under the Senior Secured Credit Facility. Our goal is to maintain low cash balances, utilizing any excess cash to pay down debt in an effort to minimize financing costs.

Since the Distribution on July 31, 2000, the Company has reduced its indebtedness from approximately \$451 million to approximately \$192 million as of August 31, 2002. This approximate \$259 million reduction was accomplished as follows:

<S>	<C>
Business divestitures, net of income taxes.....	\$ 33
Proceeds from accounts receivable securitization	25
Debt reduction from equity offering proceeds....	86
Dewald acquisition.....	(13)
Cash related to discontinued operations.....	21
Free cash flow from operations and other.....	107
	----
Total debt reduction.....	\$259
	====

</TABLE>

The Company generated cash from operating activities of continuing operations of \$29.7 million, \$95.1 million, and \$17.9 million in fiscal 2002, 2001 and 2000, respectively. Fiscal 2002 operating cash flows are less than those in fiscal 2001 because (1) the prior year operating cash flows include the proceeds from the accounts receivable securitization program of \$25.3 million, (2) fiscal 2001 includes the receipt of \$28.7 million of tax refunds, (3) interest payments on the 13% Senior Subordinated Notes (the "13% Notes") were \$5.6 million higher than in fiscal 2001 since only nine months of interest was paid in fiscal 2001 versus twelve months in fiscal 2002 and interest was due on the 13% Notes that were repurchased in the fourth quarter, and (4) income tax and transaction costs of approximately \$7.0 million were paid in fiscal 2002 related to the August 2001 sale of Mox-Med. Cash provided by continuing operations increased in fiscal 2001 as compared to fiscal 2000 primarily as a result of the discontinuance of the previous accounts receivable securitization program in fiscal 2000 prior to the Distribution, the subsequent sale of receivables in fiscal 2001 pursuant to the new securitization program, and the tax refunds received in fiscal 2001. Cash flows from operating activities of discontinued operations were \$43.4 million in fiscal 2000.

Since the Distribution, the Company has focused on improving working capital management. Its metric to track such performance is primary working capital as a percentage of trailing 90-day sales ("PWC as a Percentage of Sales"). Primary working capital equals inventory plus accounts receivable before securitization less trade accounts payable. At the time of the Distribution, the Company's PWC as a Percentage of Sales was approximately 23%. At the end of fiscal 2002, the percentage was reduced to approximately 19%. This reduction was accomplished through a focus on negotiating cost reductions from vendors, extending payment terms with vendors and better diligence in making collection calls on outstanding receivables.

Cash provided by (used in) investing activities of continuing operations was \$(4.8) million, \$28.1 million, and \$106.6 million in fiscal 2002, 2001 and 2000, respectively. Fiscal 2002 cash flows consisted of \$10.0 million of capital expenditures and the payment of the deferred purchase price related to the Dewald acquisition, partially offset by \$3.2 million of proceeds on the sale of fixed assets and \$2.9 million of recoveries under an insurance settlement. Fiscal 2001 cash flows consisted of \$6.7 million of capital expenditures and \$11.3 million of cash paid for acquisitions, offset by \$1.9 million of proceeds on the sale of fixed assets, \$2.4 million of insurance proceeds and \$41.7 million of cash proceeds from business unit divestitures. Fiscal 2000 cash flows consisted primarily of capital expenditures and cash used by discontinued operations offset by cash proceeds of \$169.7 from business unit divestitures.

Cash used in financing activities was \$48.5 million, \$106.3 million and \$183.3 million in fiscal 2002, 2001 and 2000, respectively. As described below, fiscal 2002 cash flows from financing activities primarily reflect the proceeds of the equity offering and Senior Secured Credit Facility refinancing, offset by debt repayments on both the 13% Notes and the Senior Secured Credit Facility and the payment of the redemption premiums on the 13% Notes. Fiscal 2001 cash flows primarily reflect net debt repayments. Fiscal 2000 cash flows primarily reflect net debt repayments, debt financing costs, early extinguishment fees, and cash used by discontinued operations.

The Company issued 3,450,000 shares of previously unissued shares of Class A Common Stock in February 2002 for \$30.50 per share (the "Equity Offering"). Cash proceeds from the Equity Offering, net of underwriting discounts, were approximately \$99.7 million. The primary objectives of the Equity Offering were to (1) redeem \$70 million of the 13% Notes prior to the April 2003 expiration of the optional redemption provision, (2) reduce overall debt to improve financial stability and flexibility, (3) increase the "float" of the Company's common stock in the capital markets, and (4) increase the awareness of Actuant Corporation among United States investors. See Note 8, "Debt" and Note 10, "Capital Stock" in the Notes to Consolidated Financial Statements for further information regarding the Equity Offering.

Proceeds from the Equity Offering were utilized as follows (in thousands):

<S>	<C>
Net cash proceeds.....	\$ 99,705
Debt retirement--13% Notes.....	(70,000)
Debt retirement--Senior Secured Credit Facility	(16,468)
Redemption premium on 13% Notes.....	(9,100)
Accrued interest on 13% Notes.....	(3,387)
Transaction expenses.....	(750)
	-----
	\$ --
	=====

</TABLE>

In March 2002, the Company used the proceeds from the Equity Offering to redeem \$70 million of the 13% Notes and pay down \$16.5 million of debt under the Senior Secured Credit Facility. In the third quarter of fiscal 2002, the Company refinanced a portion of the Senior Secured Credit Facility to generate \$1.3 million in annual interest savings. In conjunction with the refinancing, all outstanding Tranche B institutional term loans were extinguished and \$85.0 million of New Tranche A term loans were funded by existing bank lenders. At August 31, 2002, \$66.2 million of New Tranche A term loans, with a final maturity in June 2006, remained outstanding, bearing interest at LIBOR plus 2.25%. Such borrowing costs were reduced to LIBOR plus 2.00% in early October 2002 due to the improvement in our leverage ratio. The term loans are subject to a pricing grid, which allows for further increases or decreases in the spread depending on the Company's leverage ratio.

During the fourth quarter of fiscal 2002, the Company retired an additional \$10.4 million of its 13% Notes by acquiring them through open market purchases. As a result, the Company recorded a pre-tax extraordinary charge of \$2.1 million, or \$1.3 million after-tax, for the \$1.7 million bond redemption

premium payment and the \$0.4 million write-off of the associated debt discount and debt issuance costs. Subsequent to August 31, 2002 the Company retired an additional \$6.5 million of its 13% Notes in September 2002 by acquiring them through open market purchases. In addition, borrowings of \$10.6 million were incurred and \$5.4 million of debt was assumed related to the September 3, 2002 acquisition of Kopp AG. See Note 17, "Subsequent Event" in the Notes to Consolidated Financial Statements for further information.

Long-term debt outstanding at August 31, 2002, including the current portion of long-term debt payable on or before August 31, 2003, is payable as follows:

<TABLE>  
<CAPTION>

Year Ended August 31,	
-----	
<S>	<C>
2003.....	\$ 6.8 million
2004.....	\$ 11.9 million
2005.....	\$ 12.3 million
2006.....	\$ 40.0 million
2007.....	\$ -- million
Thereafter.....	\$118.6 million

</TABLE>

At August 31, 2002 the Company was a party to two interest rate swaps to convert variable rate debt to a fixed rate with a total notional value of \$50 million and one interest rate swap to convert fixed rate debt to a variable rate with a notional amount of \$25 million. See Note 1, "Summary of Significant Accounting Policies," and Note 8, "Debt" in the Notes to Consolidated Financial Statements for further information.

The Company leases certain facilities, computers, equipment and vehicles under various operating lease agreements, generally over periods from 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 that enable the Company to renew the lease based upon fair value rental rates on the date of expiration of the initial lease. Future obligations under non-cancelable operating leases in effect at August 31, 2002 are as follows: \$7.8 million in fiscal 2003; \$6.6 million in fiscal 2004; \$5.1 million in fiscal 2005; \$3.1 million in fiscal 2006; \$2.5 million in fiscal 2007; and \$8.7 million thereafter. See Note 9, "Leases," in the Notes to Consolidated Financial Statements for further information.

As discussed in Note 2, "Distribution and Discontinued Operations" in the Notes to Consolidated Financial Statements, the Company is contingently liable for certain lease agreements held by APW. If APW were unable to fulfill its obligations under the leases, the Company could be liable for such leases. The future breach of the lease agreements by APW could potentially have a material adverse effect on the Company's results of operations and financial position.

As more fully discussed in Note 4, "Accounts Receivable Financing" in the Notes to Consolidated Financial Statements, the Company is a party to an accounts receivable securitization arrangement. Trade receivables sold and being serviced by the Company were \$24.9 million and \$25.3 million at August 31, 2002 and August 31, 2001, respectively. If the Company were to discontinue this securitization program, at August 31, 2002 it would have been required to borrow approximately \$24.9 million to finance the working capital increase.

No dividend payments were declared or made during fiscal 2002, nor does the Company expect to pay dividends in the foreseeable future. Cash flow will instead be retained for working capital needs, acquisitions, and to reduce outstanding debt. At August 31, 2002, the Company had approximately \$97 million of availability under its Revolver. The Company's Senior Credit Agreement contains customary limits and restrictions concerning investments, sales of assets, liens on assets, interest and fixed cost coverage ratios, maximum

leverage, capital expenditures, acquisitions, excess cash flow, dividends, and other restricted payments. At August 31, 2002 the Company was in compliance with all debt covenants. For a summary of the Company's financing arrangements and borrowings outstanding at August 31, 2002, see Note 8, "Debt" in the Notes to Consolidated Financial Statements.

Pursuant to our agreement with APW regarding the \$23.8 million of Offset Funds, which is described in Note 2, "Distribution and Discontinued Operations" in the Notes to Consolidated Financial Statements, the Company will be required to pay an estimated \$18 to \$19 million to APW or other third parties as Distribution related contingencies are resolved. We estimate that these payments will be made sometime between fiscal 2004 and fiscal 2005, which payment will be funded by availability under our credit facilities and funds generated from operations. In addition, cash outflows will be required in fiscal 2003 and beyond to fund the remaining Kopp AG purchase price and restructuring cash flow requirements. See "Subsequent Event" below.

The primary focus of the Company since the Distribution has been to reduce debt. While the Company intends to continue to use available cash flow to reduce debt, cash may also be utilized to fund internal growth programs and acquisitions. The Company believes that availability under its credit facilities, plus funds generated from operations, will be adequate to meet its operating, debt service and capital expenditure requirements.

#### Subsequent Event

On September 3, 2002, the Company acquired Heinrich Kopp AG ("Kopp"). Kopp, headquartered in Kahl, Germany, is a leading provider of electrical products to the German Home Center retail market. In the transaction, the Company acquired approximately 80% of the outstanding equity of Kopp for approximately \$17 million (including the assumption of debt and acquired cash). The Company was also granted an option to acquire, and the Sellers were granted a put option to sell, the remaining outstanding equity commencing in October 2003 for approximately \$3 million. The transaction was funded by borrowings under existing credit agreements and will be accounted for using the purchase method of accounting. Neither the results of operations or the balance sheet of Kopp are included in the Company's historical results contained herein.

#### Seasonality and Working Capital

Since the Distribution, we have met our working capital needs and capital expenditure requirements through a combination of operating cash flow and availability under revolving credit facilities. Although there are modest seasonal factors within certain of our businesses, on a consolidated basis, we do not experience material changes in seasonal working capital or capital resource requirements.

Our receivables are derived from a diverse customer base in a number of industries. The largest single customer generated approximately 5.6%, 4.5% and 4.7% of fiscal 2002, 2001 and 2000 net sales, respectively.

#### Capital Expenditures

The majority of our manufacturing operations consist of the assembly of components that are sourced from a variety of vendors. We believe that our capital expenditure requirements are not as extensive as many other industrial companies given the assembly nature of our operations. Historical capital expenditures were as follows:

<TABLE>  
<CAPTION>

	Year Ended August 31,		
	2002	2001	2000
	-----	-----	-----
	(in millions)		
<S>	<C>	<C>	<C>
Total capital expenditures.....	\$10.0	\$6.7	\$11.4
Less: capital expenditures for non-continuing businesses	--	0.3	3.0
	-----	-----	-----
Adjusted capital expenditures.....	\$10.0	\$6.4	\$ 8.4
	=====	=====	=====

</TABLE>

Capital expenditures have historically been funded by operating cash flows and borrowings under revolving credit facilities. For the past three fiscal years, capital expenditures were invested primarily in machinery and equipment and computer systems. Fiscal 2002 capital expenditures were higher than the previous two fiscal years due to capital spending required as a result of the February 2001 fire at our plant in Oldenzaal, The Netherlands and higher spending relating to new automotive production lines to support our new convertible top business. There are no significant capital programs planned in the near future that would require expenditures in excess of the average capital expenditure levels over the past three years.

#### Raw Material Costs and Inflation

No meaningful measures of inflation are available because we have significant operations in countries with diverse rates of inflation and currency rate movements. However, we believe that the rate of inflation in recent years has been relatively low and has not had a significant effect on our results of operations. We source a wide variety of materials and components from a network of global suppliers. While such materials are typically available from numerous suppliers, commodity raw materials are subject to price fluctuations.

#### New Accounting Pronouncements

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," which supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of," and the accounting and reporting provisions of Accounting Principles Board Opinion No. 30 related to the disposal of a segment of a business. The provisions of SFAS No. 144 are effective for fiscal years beginning after December 15, 2001 and will be adopted by the Company effective September 1, 2002. The Company does not expect the adoption of SFAS No. 144 will have a material impact on the consolidated financial statements.

In April 2002, the FASB issued SFAS No. 145, "Recission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections," related to accounting for debt extinguishments, leases, and intangible assets of motor carriers. The provisions of SFAS No. 145 are effective for fiscal years beginning after May 15, 2002 and will be adopted by the Company effective September 1, 2002. The Company is currently reviewing the provisions of SFAS No. 145 to determine the impact on its results of operations and financial condition. However, the Company believes losses incurred in connection with the early retirement of debt will no longer be classified as extraordinary items. As required by SFAS No. 145, prior year financial statements will require reclassification.

#### Outlook

Including the September 3, 2002 acquisition of Heinrich Kopp AG discussed in Note 17, "Subsequent Event," to the Company's consolidated financial statements, but excluding any future acquisitions or divestitures, we believe our revenues for fiscal 2003 will range from \$545 million to \$575 million, earnings before interest, income taxes, depreciation, and amortization ("EBITDA") will range from \$90 million to \$95 million, and diluted earnings per share will range from \$2.75 to \$3.00. These estimates are dependent on, among other things, general economic and market conditions during fiscal 2003, foreign exchange and interest rates remaining at their present levels, and the successful integration of the Kopp acquisition. In addition to the various risk factors described in the document, you should also read the risk factors listed in the Company's registration statements filed with the Securities and Exchange Commission.

#### Item 7A. Quantitative and Qualitative Disclosures About Market Risk

The Company is exposed to market risk from changes in foreign exchange and interest rates and, to a lesser extent, commodities. To reduce such risks, we selectively use financial instruments. All hedging transactions are authorized and executed pursuant to clearly defined policies and procedures established by our board of directors,

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which strictly prohibit the use of financial instruments for trading purposes. A discussion of our accounting policies for derivative financial instruments is included in Note 1, "Summary of Significant Accounting Policies" of our consolidated financial statements.

**Currency Risk:** We have significant international operations. In most instances, our products are produced at manufacturing facilities located near the customer. As a result, significant volumes of finished goods are manufactured in countries for sale into those markets. For goods purchased from our other affiliates, we denominate the transaction in the functional currency of the producing operation.

We have adopted the following guidelines to manage our foreign exchange exposures:

- (i) increase the predictability of costs associated with goods whose purchase price is not denominated in the functional currency of the buyer;
- (ii) minimize the cost of hedging through the use of naturally offsetting positions (borrowing in local currency), netting, and pooling; and
- (iii) where possible, sell product in the functional currency of the producing operation.

Our identifiable foreign exchange exposures result primarily from the anticipated purchase of product from affiliates and third-party suppliers along with the repayment of intercompany loans with foreign subsidiaries denominated in foreign currencies. We periodically identify areas where we do not have naturally offsetting positions and then may purchase hedging instruments to protect anticipated exposures. There are no such hedging instruments in place at August 31, 2002 or through the date of this filing. Our financial position is not materially sensitive to fluctuations in exchange rates as any gains or losses on foreign currency exposures are generally offset by gains and losses on underlying payables, receivables and net investments in foreign subsidiaries.

**Interest Rate Risk:** We are exposed to interest rate risk from changes in



interest rates. We have periodically utilized interest rate swap agreements to manage overall financing costs and interest rate risk. At August 31, 2002 we were a party to three interest rate swap agreements. Together, two of these swap contracts convert \$50 million of the Company's floating rate debt, issued pursuant to the Senior Credit Agreement, to fixed rate debt. A third swap contract converts \$25 million of fixed rate senior subordinated debt to a variable rate. At August 31, 2002, the aggregate fair value of these contracts was approximately \$(0.8) million.

Our Senior Credit Agreement stipulates that the lower of 50% of our total debt or \$200.0 million be fixed interest rate obligations. We are in compliance with this requirement.

Item 8. Financial Statements and Supplementary Data

<TABLE>  
<CAPTION>

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All other schedules are omitted because they are not applicable, not required or because the required information is included in the consolidated financial statements or notes thereto.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Shareholders and Board of Directors of Actuant Corporation:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of earnings, shareholders' equity and cash flows present fairly, in all material respects, the financial position of Actuant Corporation and its subsidiaries at August 31, 2002 and 2001, and the results of their operations and their cash flows for each of the three years in the period ended August 31, 2002 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 6 to the consolidated financial statements, the Company adopted Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets," effective September 1, 2001.

PRICEWATERHOUSECOOPERS LLP  
Milwaukee, Wisconsin  
September 25, 2002

ACTUANT CORPORATION

CONSOLIDATED STATEMENTS OF EARNINGS  
(in thousands, except per share amounts)

<TABLE>  
<CAPTION>

	Year Ended August 31,		
	2002	2001	2000
<S>	<C>	<C>	<C>
Net sales.....	\$462,950	\$481,939	\$681,443
Cost of products sold.....	303,919	313,030	439,277
Gross profit.....	159,031	168,909	242,166
Selling, administrative and engineering expenses.....	85,446	88,985	132,591
Amortization of intangible assets.....	2,453	6,236	7,530
Corporate reorganization expense.....	--	--	12,388
Restructuring charge.....	--	1,740	--
Operating earnings.....	71,132	71,948	89,657
Other expense (income):			
Net financing costs.....	32,723	49,199	37,670
Loss (gain) on sale of businesses.....	--	(18,508)	3,467
Other (income) expense, net.....	(859)	485	987
Earnings from continuing operations before income tax expense.....	39,268	40,772	47,533
Income tax expense.....	14,016	16,417	19,488
Earnings from continuing operations.....	25,252	24,355	28,045
Discontinued operations, net of income taxes.....	(10,000)	(781)	585
Extraordinary gain (loss), net of income taxes:			
Early extinguishment of debt.....	(10,633)	--	(14,708)
Sale of subsidiaries.....	--	--	53,167
Net extraordinary gain (loss).....	(10,633)	--	38,459
Cumulative effect of change in accounting principle, net of income taxes	(7,200)	--	--
Net earnings (loss).....	\$ (2,581)	\$ 23,574	\$ 67,089
Basic earnings (loss) per share:			
Earnings from continuing operations.....	\$ 2.53	\$ 3.06	\$ 3.59
Discontinued operations, net of income taxes.....	(1.00)	(0.09)	0.07
Extraordinary items, net of income taxes.....	(1.07)	--	4.92
Cumulative effect of change in accounting principle, net of income taxes.....	(0.72)	--	--
Total.....	\$ (0.26)	\$ 2.97	\$ 8.58
Diluted earnings (loss) per share:			
Earnings from continuing operations.....	\$ 2.39	\$ 2.93	\$ 3.48
Discontinued operations, net of income taxes.....	(0.95)	(0.09)	0.07
Extraordinary items, net of income taxes.....	(1.00)	--	4.77
Cumulative effect of change in accounting principle, net of income taxes.....	(0.68)	--	--
Total.....	\$ (0.24)	\$ 2.84	\$ 8.32
Weighted average common shares outstanding:			
Basic.....	9,993	7,950	7,822
Diluted.....	10,583	8,305	8,062

</TABLE>

The accompanying notes are an integral part of these financial statements.

ACTUANT CORPORATION

CONSOLIDATED BALANCE SHEETS  
(in thousands, except share and per share amounts)

<TABLE>  
<CAPTION>

ASSETS  
-----

August 31,  
-----  
2002      2001  
-----

<u>&lt;S&gt;</u>	<u>&lt;C&gt;</u>	<u>&lt;C&gt;</u>
<b>Current Assets</b>		
Cash and cash equivalents.....	\$ 3,043	\$ 26,554
Accounts receivable, net of allowances of \$3,174 and \$3,790, respectively.....	58,304	54,971
Inventories, net.....	54,898	56,738
Deferred income taxes.....	9,127	5,833
Prepaid expenses.....	4,592	5,074
	-----	-----
<b>Total Current Assets.....</b>	<b>129,964</b>	<b>149,170</b>
<b>Property, Plant and Equipment</b>		
Land, buildings, and improvements.....	14,940	18,090
Machinery and equipment.....	100,870	95,107
	-----	-----
Gross property, plant and equipment.....	115,810	113,197
Less: Accumulated depreciation.....	(78,982)	(73,715)
	-----	-----
Property, Plant and Equipment, net.....	36,828	39,482
Goodwill.....	101,361	108,124
Other Intangibles, net of accumulated amortization of \$12,362 and \$18,827, respectively.....	18,466	20,916
Other Long-term Assets.....	7,992	25,024
	-----	-----
<b>Total Assets.....</b>	<b>\$ 294,611</b>	<b>\$ 342,716</b>
	=====	=====
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
-----		
<b>Current Liabilities</b>		
Short-term borrowings.....	\$ 2,993	\$ 1,568
Current maturities of long-term debt.....	6,788	--
Trade accounts payable.....	47,834	39,798
Accrued compensation and benefits.....	12,362	10,655
Accrued interest.....	5,953	10,602
Income taxes payable.....	18,365	26,787
Other current liabilities.....	17,971	21,532
	-----	-----
<b>Total Current Liabilities.....</b>	<b>112,266</b>	<b>110,942</b>
Long-term Debt, less current maturities.....	182,783	325,752
Deferred Income Taxes.....	4,409	3,907
Other Long-term Liabilities.....	38,772	41,869
<b>Shareholders' Equity</b>		
Class A common stock, \$0.20 par value per share, authorized 16,000,000 shares, issued and outstanding 11,595,417 and 8,013,306 shares, respectively.....	2,319	1,603
Additional paid-in capital.....	(523,419)	(623,867)
Retained earnings.....	499,156	501,737
Stock held in trust.....	(511)	--
Deferred compensation liability.....	511	--
Accumulated other comprehensive income (loss).....	(21,675)	(19,227)
	-----	-----
<b>Total Shareholders' Equity.....</b>	<b>(43,619)</b>	<b>(139,754)</b>
	-----	-----
<b>Total Liabilities and Shareholders' Equity.....</b>	<b>\$ 294,611</b>	<b>\$ 342,716</b>
	=====	=====

</TABLE>

The accompanying notes are an integral part of these financial statements.

ACTUANT CORPORATION  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(in thousands)

<TABLE>  
<CAPTION>

<u>&lt;S&gt;</u>	<u>Year Ended August 31,</u>		
	<u>2002</u>	<u>2001</u>	<u>2000</u>
	-----	-----	-----
<u>&lt;C&gt;</u>	<u>&lt;C&gt;</u>	<u>&lt;C&gt;</u>	
<b>Operating activities</b>			
Earnings from continuing operations.....	\$ 25,252	\$ 24,355	\$ 28,045
Adjustments to reconcile earnings from continuing operations to cash provided by operating activities of continuing operations:			
Depreciation and amortization.....	12,361	16,563	22,550
Amortization of debt discount and debt issuance costs.....	2,337	2,352	1,103
Loss (gain) on sale of assets.....	169	(267)	--
Loss (gain) on sale of businesses, net.....	--	(18,508)	3,457
Provision for deferred income taxes.....	1,371	1,107	324
Other.....	--	--	1,924

Changes in components of working capital:.....			
Accounts receivable.....	(984)	28,268	(57,999)
Inventories.....	2,500	11,150	(8,515)
Prepaid expenses and other assets.....	(2,108)	30,053	220
Trade accounts payable.....	6,705	(4,523)	7,338
Other liabilities.....	(17,862)	4,593	19,468
	-----	-----	-----
Cash provided by continuing operations.....	29,741	95,143	17,915
Cash provided by discontinued operations.....	--	--	43,360
	-----	-----	-----
Total cash provided by operating activities.....	29,741	95,143	61,275
Investing activities			
Proceeds from sale of property, plant and equipment.....	3,219	1,907	835
Capital expenditures.....	(10,044)	(6,709)	(11,441)
Business acquisitions.....	(785)	(11,250)	--
Proceeds from business and product line dispositions.....	--	41,692	169,733
Proceeds from insurance recovery.....	2,858	2,427	--
Net investing activities of discontinued operations.....	--	--	(52,510)
	-----	-----	-----
Cash provided by (used in) investing activities.....	(4,752)	28,067	106,617
Financing activities			
Net proceeds from issuance of common stock.....	99,705	--	--
Partial redemption of 13% senior subordinated notes.....	(80,442)	--	--
Net principal payments on debt.....	(56,888)	(106,897)	(85,240)
Debt financing costs and early extinguishment premiums.....	(12,108)	--	(33,899)
Stock option exercises.....	1,254	579	3,838
Dividends paid on common stock.....	--	--	(1,789)
Net financing activities of discontinued operations.....	--	--	(66,175)
	-----	-----	-----
Cash used in financing activities.....	(48,479)	(106,318)	(183,265)
Effect of exchange rate changes on cash.....	(21)	(234)	(272)
	-----	-----	-----
Net (decrease) increase in cash and cash equivalents.....	(23,511)	16,658	(15,645)
Effect of change in cash of discontinued operations.....	--	--	18,285
Cash and cash equivalents--beginning of year.....	26,554	9,896	7,256
	-----	-----	-----
Cash and cash equivalents--end of year.....	\$ 3,043	\$ 26,554	\$ 9,896
	=====	=====	=====

</TABLE>

The accompanying notes are an integral part of these financial statements.

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ACTUANT CORPORATION

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY  
(in thousands)

<TABLE>  
<CAPTION>

	Class A	Additional		Accumulated	Stock	Deferred	
Total	Common	Paid-in	Retained	Other	Held in	Compensation	
Shareholders'	Stock	Capital	Earnings	Comprehensive	Trust	Liability	
Equity				Income (Loss)			
	-----	-----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balance at August 31, 1999.....	\$ 7,796	\$ 12,388	\$412,863	\$ (15,218)	\$ --	\$ --	
417,829							
Net earnings.....	--	--	67,089	--	--	--	
67,089							
Currency translation adjustments, net of amounts transferred to APW Ltd.....	--	--	--	(1,773)	--	--	
(1,773)							
-----							
Total comprehensive income.....							
65,316							
-----							
Distribution of APW Ltd.....	--	(650,493)	--	--	--	--	
(650,493)							
Cash dividends.....	--	--	(1,789)	--	--	--	
(1,789)							
Stock option exercises.....	127	3,711	--	--	--	--	
3,838							
Tax benefit of stock option							

exercises.....	--	2,344	--	--	--	--	--
2,344							
-----							
Balance at August 31, 2000.....	7,923	(632,050)	478,163	(16,991)	--	--	
(162,955)							
Net earnings.....	--	--	23,574	--	--	--	
23,574							
Currency translation adjustments.....	--	--	--	(2,590)	--	--	
(2,590)							
Hedges of net investment in foreign subsidiaries.....	--	--	--	828	--	--	
828							
Additional minimum pension liability adjustment, net of taxes.....	--	--	--	(296)	--	--	
(296)							
Fair value of interest rate swaps, net of taxes.....	--	--	--	(178)	--	--	
(178)							
-----							
Total comprehensive income.....							
21,338							
-----							
1-for-5 reverse stock split.....	(6,350)	6,350	--	--	--	--	
--							
Restricted stock awards.....	--	24	--	--	--	--	
24							
Stock option exercises.....	30	549	--	--	--	--	
579							
Tax benefit of stock option exercises.....	--	1,260	--	--	--	--	
1,260							
-----							
Balance at August 31, 2001.....	1,603	(623,867)	501,737	(19,227)	--	--	
(139,754)							
Net loss.....	--	--	(2,581)	--	--	--	
(2,581)							
Currency translation adjustments.....	--	--	--	1,825	--	--	
1,825							
Hedges of net investment in foreign subsidiaries.....	--	--	--	(828)	--	--	
(828)							
Additional minimum pension liability adjustment, net of taxes.....	--	--	--	(3,087)	--	--	
(3,087)							
Fair value of interest rate swaps, net of taxes.....	--	--	--	(358)	--	--	
(358)							
-----							
Total comprehensive loss.....							
(5,029)							
-----							
Common stock offering.....	690	98,265	--	--	--	--	
98,955							
Restricted stock awards.....	--	14	--	--	--	--	
14							
Stock option exercises.....	26	1,228	--	--	--	--	
1,254							
Tax benefit of stock option exercises.....	--	941	--	--	--	--	
941							
Stock acquired and placed in rabbi trust for Director Deferred Compensation Plan.....	--	--	--	--	(511)	511	
--							
-----							
Balance at August 31, 2002.....	\$ 2,319	\$ (523,419)	\$ 499,156	\$ (21,675)	\$ (511)	\$ 511	\$
(43,619)							
=====							

</TABLE>

The accompanying notes are an integral part of these financial statements.

Note 1. Summary of Significant Accounting Policies

**Consolidation and Presentation:** The consolidated financial statements include the accounts of Actuant Corporation and its consolidated subsidiaries ("Applied Power," "Actuant," or the "Company"). In these notes, Actuant refers to Applied Power Inc. and its subsidiaries before the Distribution and Actuant Corporation and its subsidiaries after the Distribution. On January 9, 2001, Applied Power Inc. shareholders approved the change of the name of the Company to Actuant Corporation. Actuant consolidates companies in which it owns or controls more than fifty percent of the voting shares. The results of companies acquired or disposed of during the fiscal year are included in the consolidated financial statements from the effective date of acquisition or until the date of disposal. All significant intercompany balances, transactions and profits have been eliminated in consolidation.

**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. Inventory cost is determined using the last-in, first-out ("LIFO") method for a portion of U.S. owned inventory (approximately 56% and 62% of total inventories in 2002 and 2001, 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 Sheets by approximately \$6.7 million and \$7.1 million at August 31, 2002 and 2001, respectively.

**Property, Plant and Equipment:** Property, plant and equipment are stated at cost. Plant and equipment are depreciated on a straight-line method over the estimated useful lives of the assets, ranging from ten to thirty years for buildings and improvements and two to seven years for machinery and equipment. Capital leases and leasehold improvements are amortized over the life of the related asset or the life of the lease, whichever is shorter.

**Goodwill and Other Intangible Assets:** Other intangible assets, consisting primarily of purchased patents, trademarks and noncompete agreements, are amortized over periods from three to twenty-five years. Effective September 1, 2001, goodwill is no longer amortized, but is subjected to annual impairment testing in accordance with the provisions of Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets."

**Revenue Recognition:** Revenue is recognized when title to the products being sold transfers to the customer, which is generally upon shipment.

**Shipping and Handling Costs:** The Company records costs associated with shipping its products in cost of products sold.

**Research and Development Costs:** Research and development costs are expensed as incurred. Such costs incurred in the development of new products or significant improvements to existing products totaled approximately \$3.1 million, \$3.4 million and \$6.6 million in fiscal 2002, 2001 and 2000, respectively.

**Financing Costs:** Net financing costs represent interest expense, financing fees, amortization of debt issuance costs and accounts receivable financing costs, net of interest and investment income earned.

**Income Taxes:** The Company uses the liability method to record deferred income tax assets and liabilities relating to the expected future income tax consequences of transactions that have been recognized in the

ACTUANT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

consolidated financial statements. Under this method, deferred tax assets and liabilities are determined based on the temporary differences between financial statement carrying amounts and income tax basis of assets and liabilities using tax rates in effect in the years in which temporary differences are expected to reverse.

**Foreign Currency Translation:** The financial statements of the Company's foreign operations are translated into U.S. dollars using the exchange rate at each balance sheet date for assets and liabilities and the average exchange rate for each applicable period for revenues, expenses, and gains and losses. Translation adjustments are reflected in the balance sheet caption "Accumulated other comprehensive income (loss)." Net gains resulting from foreign currency transactions were \$0.3 million, \$1.2 million, and \$0.7 million in fiscal 2002,

2001 and 2000, respectively, and are recorded in "Other (income) expense, net" in the Consolidated Statements of Earnings.

Accounting for Derivatives and Hedging Activities: All derivatives are recognized on the balance sheet at their fair value. On the date a derivative contract is entered into, the Company designates the derivative as a hedge of a recognized asset or liability ("fair value" hedge), a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability ("cash flow" hedge), or a hedge of the net investment in a foreign operation. The Company does not enter into derivatives for speculative purposes. Changes in the fair value of a derivative that qualify as a fair value hedge are recorded in earnings along with the gain or loss on the hedged asset or liability. Changes in the fair value of a derivative that qualify as a cash flow hedge are recorded in other comprehensive income, until earnings are affected by the variability of cash flows. Changes in the fair value of a derivative used to hedge the net investment in a foreign operation are recorded in the cumulative translation adjustment accounts within equity.

At August 31, 2001 the Company was a party to one interest rate swap contract to convert \$25 million of its variable rate term debt to a fixed rate. In fiscal 2002, the Company entered into a second contract to convert a further \$25 million of its variable rate term debt to a fixed rate. Unrealized losses, net of income taxes, of \$0.4 million and \$0.2 million were recorded in other comprehensive income to recognize the fair value of these contracts for the years ended August 31, 2002 and 2001, respectively. Realized losses of \$0.1 million were recorded in "Net Financing Costs" in fiscal 2002 to recognize the portion of the contracts that became ineffective due to the pay down of term debt as a result of the common stock offering. See Note 10, "Capital Stock," for further information on the common stock offering. No realized losses were recorded in fiscal 2001 on these contracts. At August 31, 2002, the effective notional amount of these contracts was \$50 million. In fiscal 2002, the Company also entered into an interest rate swap contract to convert \$25 million of its fixed rate senior subordinated debt to a variable rate. Since the contract is considered to be "effective" as the terms of the contract exactly match the terms of the underlying debt, no net gain or loss has been recorded in earnings related to changes in the fair value of the contract. At August 31, 2002, the effective notional amount of this contract was \$25 million.

The Company has significant investments in foreign subsidiaries, and the net assets of these subsidiaries are exposed to currency exchange rate volatility. During fiscal 2002 and 2001, the Company utilized euro denominated debt agreements, entered into by the parent, to hedge its net investment in European subsidiaries. Gains and losses on the net investments in subsidiaries are offset by losses and gains in the euro denominated debt obligation of the parent. For the fiscal years ended August 31, 2002 and 2001, \$(0.8) million and \$0.8 million of net (losses) gains related to the Euro denominated debt agreement were included in the cumulative translation adjustment, respectively. The parent company had no euro denominated debt obligations outstanding at August 31, 2002.

Fair Value of Financial Instruments: The fair value of the Company's cash and cash equivalents, accounts receivable, accounts payable, short-term borrowings and its variable rate long-term debt approximated book

ACTUANT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

value as of August 31, 2002 and 2001 due to their short-term nature and the fact that the interest rates approximated year-end market rates of interest. The fair value of the Company's outstanding \$119.6 million 13% Subordinated Notes at August 31, 2002 was estimated to be \$140.5 million based on quoted market prices.

Use of Estimates: The consolidated financial statements have been prepared in accordance with generally accepted accounting principles, which require management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses for the periods presented. These estimates and assumptions could also affect the disclosure of contingencies. Actual results could differ from those estimates and assumptions.

New Accounting Pronouncements: In August 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," which supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of," and the accounting and reporting provisions of Accounting Principles Board Opinion No. 30 related to the disposal of a segment of a business. The provisions of SFAS No. 144 are effective for fiscal years beginning after December 15, 2001 and will be adopted by the Company effective September 1, 2002. The Company does not expect the adoption of SFAS No. 144 will have a material impact on the

consolidated financial statements.

In April 2002, the FASB issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections," related to accounting for debt extinguishments, leases, and intangible assets of motor carriers. The provisions of SFAS No. 145 are effective for fiscal years beginning after May 15, 2002 and will be adopted by the Company effective September 1, 2002. The Company is currently reviewing the provisions of SFAS No. 145 to determine the impact on its results of operations and financial condition. However, the Company believes losses incurred in connection with the early retirement of debt will no longer be classified as extraordinary items. As required by SFAS No. 145, prior year financial statements will require reclassification.

Reclassifications: Certain prior year amounts have been reclassified to conform to the fiscal 2002 presentation.

## Note 2. Distribution and Discontinued Operations

On January 25, 2000, Applied Power's board of directors authorized various actions to enable Applied Power to distribute its Electronics segment ("APW" or "APW Ltd.") to its shareholders (the "Distribution"). In the Distribution, Applied Power shareholders received, in the form of a special dividend, one share of APW common stock for each Applied Power common share. The board of directors approved the Distribution on July 7, 2000 and shares of APW were distributed to Applied Power shareholders of record at July 21, 2000, effective July 31, 2000.

The consolidated financial statements and related notes for fiscal 2000 have been reclassified to reflect the Company's former Electronics segment as a discontinued operation. Thus, the revenues, costs and expenses, and cash flows of the Electronics segment have been excluded from the respective captions in the accompanying consolidated financial statements. The net operating results of the Electronics segment for the year ended August 31, 2000 have been reported as "Discontinued operations, net of income taxes." For purposes of this presentation, the amount of debt allocated to continuing and discontinued operations was determined based on preliminary estimates of the amount of debt expected to be retained by Actuant and allocated to APW in the Distribution. The allocation of interest expense to continuing and discontinued operations for the period prior to

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## ACTUANT CORPORATION

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

the Distribution was based on the relative debt levels assigned. There were no general corporate expenses allocated to discontinued operations.

The following selected financial data for the Electronics business segment is presented for informational purposes only and does not necessarily reflect what the results of operations would have been had the segment operated as a stand-alone entity.

<TABLE>  
<CAPTION>

	Eleven Months Ended July 31, 2000 -----
<S>	<C>
Net sales.....	\$1,113,178 =====
Earnings before income tax expense.....	\$ 70,867
Income tax expense.....	68,199
Extraordinary loss, net of taxes.....	2,083 -----
Earnings from operations of discontinued Electronics segment, net of taxes.....	\$ 585 =====

</TABLE>

During the third quarter of fiscal 2002, APW and one of APW's wholly owned indirect subsidiaries, Vero Electronics, Inc. ("Vero"), commenced prepackaged bankruptcy cases in the United States Bankruptcy Court for the Southern District of New York. According to the disclosure statement of APW and Vero sent to creditors in May 2002, Vero's sole business is to lease and sublease a single parcel of real estate. No other subsidiaries of APW filed Chapter 11 cases. On July 31, 2002, APW and Vero emerged from bankruptcy.

In its bankruptcy filing, APW disclosed that it was rejecting the majority of the agreements entered into between APW and the Company at the time of the Distribution that govern a variety of indemnification matters between the



parties. Those agreements include the Tax Sharing and Indemnification Agreement ("TSA") in which APW agreed to indemnify the Company for income tax liabilities in excess of \$1.0 million which could arise from any audit or other administrative or judicial proceedings resulting in adjustments to the separate taxable income of APW or any of its subsidiaries which are included in the APW Group (as defined in the TSA) for periods prior to the Distribution, as well as all taxes related to the Distribution itself. If any audit adjustments were to result in an increased tax liability, such amounts, to the extent not paid by APW (or such APW subsidiaries), are now payable by the Company without the benefit of the right to seek indemnification from APW under the TSA.

In the third quarter of fiscal 2002, the Company recorded a non-cash charge of \$10.0 million, or \$0.82 per diluted share, in "Discontinued Operations, net of Income Taxes" as a result of the rejection of indemnification agreements by APW. This charge provides for a contingent amount that otherwise would have been subject to indemnification by APW.

On August 6, 2002, the Company and APW entered into an agreement which provides, among other things, that the right of offset asserted by the Company with respect to approximately \$23.8 million of funds (the "Offset Funds") which the Company held related to APW is an allowed secured claim which is unimpaired in the APW bankruptcy proceeding; and, further, that the Company may retain possession of the Offset Funds and may use such Offset Funds to, among other things, reimburse itself for certain estimated legal, accounting and other costs of approximately \$4.9 million and adjustments arising from the Company's spin-off of APW. In the event that such costs and adjustments exceed the Offset Funds, the Company will be responsible for any shortfall, and such excess amount could result in a materially adverse impact upon the Company's financial position and results of operations. Pursuant to the agreement with APW, the Company will be required to pay an estimated \$18 to \$19 million to APW or other third parties as Distribution related contingencies are resolved. The Company estimates

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#### ACTUANT CORPORATION

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

that these payments will be made sometime between fiscal 2004 and fiscal 2005. The Offset Funds of \$18.9 million and \$23.8 million have been recorded in "Other Long-term Liabilities" as of August 31, 2002 and 2001, respectively.

Prior to the Distribution, the Company, in the normal course of business, entered into certain real estate and equipment leases or guaranteed such leases on behalf of its subsidiaries, including those in its Electronics segment. In conjunction with the Distribution, the Company assigned its rights in the leases used in the Electronics segment to APW, but was not released as a responsible party from all such leases by the lessors. As a result, the Company remains contingently liable for such leases. The discounted present value of future minimum lease payments for such leases totals approximately \$21.7 million at August 31, 2002. APW subsidiaries that are parties to these leases have not filed Chapter 11 cases and, as such, none of those leases have been rejected in the bankruptcies noted above. As such, the Company will not be responsible for any current payments under such lease agreements as a result of the bankruptcy cases commenced by APW and Vero. However, the Company remains contingently liable for those leases if APW or its subsidiaries are unable to fulfill their obligations thereunder. A future breach of these leases could, therefore, potentially have a material adverse impact upon the Company's financial position and results of operations.

In the third quarter of fiscal 2001, the Company recorded an \$0.8 million loss, or \$0.09 per diluted share, in "Discontinued Operations, net of income taxes" to reflect a change in estimate for Electronics segment liabilities assumed by the Company as part of the Distribution.

#### Note 3. Acquisitions and Divestitures

##### Fiscal 2001

##### Acquisition

In March 2001, the Company, through a wholly owned subsidiary, acquired certain assets and assumed certain liabilities of Dewald Manufacturing, Inc. ("Dewald"). Dewald is engaged in the design and manufacture of recreational vehicle ("RV") slide out and leveling systems for the North American RV market. The results of operations of Dewald are included in the accompanying financial statements since the date of acquisition and are included in the Engineered Solutions segment in Note 15 "Business Segment, Geographic and Customer Information." The acquisition was accounted for as a purchase, and the purchase price of \$12.0 million (including deferred purchase price of \$1.0 million) was allocated to the fair value of the assets acquired and the liabilities assumed. The excess purchase price over the fair value of assets acquired, which approximated \$8.8 million, was recorded as goodwill. This acquisition was

funded by borrowings under Actuant's senior secured credit facility. In March 2002, the Company paid the deferred purchase price to the former owners of Dewald.

#### Divestitures

In May 2001, the Company sold the Quick Mold Change ("QMC") product line in the Tools & Supplies segment to the QMC business management team for approximately \$1.0 million. QMC had annual sales of approximately \$6.0 million. The sale resulted in a loss of approximately \$0.7 million, \$0.4 million after-tax, or \$0.05 per diluted share which is recorded in "Other (income) expense, net" in the Consolidated Statement of Earnings.

In August 2001, the Company completed the sale of Mox-Med, Inc. ("Mox-Med"), a business unit in the Engineered Solutions segment. Mox-Med had annual sales of approximately \$18.0 million at the time of the sale. Cash proceeds from the sale were approximately \$40.5 million, which resulted in a net gain of \$18.5 million, \$11.1 million after tax, or \$1.34 per diluted share. This gain is recorded in "Loss (gain) on sale of businesses" in

### ACTUANT CORPORATION

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

the Consolidated Statement of Earnings. The Company paid approximately \$7.0 million in income taxes and transaction fees related to the sale of Mox-Med during fiscal 2002.

#### Fiscal 2000

##### Acquisition

On January 28, 2000, Applied Power, through a wholly owned subsidiary, acquired all of the outstanding stock of Metalade of Pennsylvania, Inc. ("Metalade"). Metalade specializes in metal fabrication relating to electronic enclosures and was included in the Electronics segment of Applied Power. The purchase price of this acquisition totaled \$8.7 million. The acquisition was funded by borrowings under Applied Power's credit facilities. The acquisition has been accounted for using the purchase method. Metalade is included in discontinued operations in the Consolidated Statements of Earnings from the acquisition date. Allocations of the purchase price resulted in approximately \$6.7 million of goodwill.

##### Divestitures

In May 2000, the Company completed the sale of certain assets including Air Cargo Equipment Corporation ("ACE"), a business unit, to Teleflex Incorporated. ACE had annual sales of approximately \$22.0 million, and was included in the Engineered Solutions segment prior to divestiture. The total proceeds from the transaction, which was structured as both a sale of stock of the Air Cargo Equipment Corporation and the sale of other assets, were \$12.0 million. The ACE transaction resulted in a loss of \$12.2 million, net of tax.

In June 2000, the Company completed the sale of all outstanding capital stock of Barry Wright Corporation, a wholly-owned subsidiary of Applied Power Inc. Barry Wright Corporation, comprised of the Barry Controls Aerospace and Barry Controls Defense/Industrial divisions, and its UK subsidiary Barry Controls Ltd., were sold to Hutchison S.A. a subsidiary of the TotalFinaElf Group, a French based multi-national corporation. Barry Wright Corporation had annual sales of approximately \$122.0 million. The cash proceeds were approximately \$157.5 million. The sale of Barry Wright Corporation resulted in a gain of \$65.4 million, net of tax.

Both the loss on ACE and the gain on the sale of Barry Wright Corporation were reported as extraordinary items in the Consolidated Statements of Earnings due to meeting the following criteria; (i) the divestiture occurred within two years of a pooling of interests, (ii) the divestiture was not planned at the time of the pooling of interests and (iii) operations divested are material based on the relative criteria.

In August 2000, the Company completed the sale of Norelem, S.A., a product line in the Enerpac business which makes and distributes mechanical workholding products. Norelem, S.A. had annual sales of approximately \$8.0 million. The cash proceeds were approximately \$4.2 million and resulted in a pre-tax loss of approximately \$3.5 million. This loss is recorded in "Loss (gain) on sale of businesses" in the Consolidated Statement of Earnings.

In November 1999, a wholly-owned subsidiary of the Company completed the sale of the assets of Samuel Groves & Co. Ltd. Samuel Groves & Co. Ltd. had annual sales of approximately \$9.0 million. The cash proceeds were approximately \$3.0 million, which approximated the book value of such assets.

Note 4. Accounts Receivable Financing

During fiscal 2001, the Company established an accounts receivable securitization program whereby it sells certain of its trade accounts receivable to a wholly owned special purpose subsidiary which, in turn, sells

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ACTUANT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

participating interests in its pool of receivables to a financial institution (the "Purchaser"). The Purchaser receives an ownership and security interest in the pool of receivables. Participation interests in new receivables are purchased by the special purpose subsidiary and resold to the Purchaser as collections reduce previously sold participation interests. The Company has retained collection and administrative responsibilities on the participation interests sold. The Purchaser has no recourse against the Company for uncollectible receivables; however, the Company's retained interest in the receivable pool is subordinate to the Purchaser. The Company's retained interest in the receivable pool is recorded at fair value. The securitization program has a final maturity in May 2006, subject to the renewal of a 364 day back-up liquidity commitment provided by the Purchaser. At August 31, 2002, the total credit availability under the program was approximately \$35.0 million.

Prior to the Distribution, the Company utilized a similar trade accounts receivable financing program. This arrangement was dissolved prior to the Distribution; therefore, no accounts receivable financing program was in place as of August 31, 2000.

Sales of trade receivables are reflected as a reduction of accounts receivable in the accompanying Consolidated Balance Sheets and the proceeds received are included in cash flows from operating activities in the accompanying Consolidated Statements of Cash Flows. Trade receivables sold and being serviced by the Company were \$24.9 million and \$25.3 million at August 31, 2002 and 2001, respectively.

Accounts receivable financing costs of \$1.0 million, \$0.9 million, and \$3.5 million for the years ended August 31, 2002, 2001 and 2000, respectively, are included in net financing costs in the accompanying Consolidated Statements of Earnings. Total cash proceeds under the trade accounts receivable financing program were \$129.4 million and \$64.4 million for the years ended August 31, 2002 and 2001, respectively.

Note 5. Net Inventories

The nature of the Company's products is such that they generally have a very short production cycle. Consequently, the amount of work-in-process at any point in time is minimal. In addition, many parts or components are ultimately either sold individually or assembled with other parts making a distinction between raw materials and finished goods impractical to determine. Several other locations maintain and manage their inventories using a job cost system where the distinction of categories of inventory by state of completion is also not available.

As a result of these factors, it is neither practical nor cost effective to segregate the amounts of raw materials, work-in-process or finished goods inventories at the respective balance sheet dates, as segregation would only be possible as the result of physical inventories which are taken at dates different from the balance sheet dates.

Note 6. Goodwill and Other Intangible Assets

The Company adopted SFAS No. 142, "Goodwill and Other Intangible Assets," in fiscal 2002. Application of the non-amortization provisions of SFAS No. 142 resulted in an increase in net income of approximately \$3.2 million, or \$0.30 per diluted share, in fiscal 2002. Under the transitional provisions of SFAS No. 142, the Company recorded a goodwill impairment loss associated with its Milwaukee Cylinder reporting unit of \$7.2 million, or \$(0.85) per diluted share, in the first quarter of fiscal 2002 due to its declining results given general economic conditions at September 1, 2001. The fair value of the reporting unit was estimated considering both an income and market multiple approach. The impairment loss has been recorded as a cumulative effect of change in accounting principle on the accompanying Consolidated Statements of Earnings.

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ACTUANT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

The following sets forth a reconciliation of net income and earnings per share information for the years ended August 31, 2002, 2001 and 2000 adjusted for the non-amortization provisions of SFAS No. 142.

<TABLE>  
<CAPTION>

	For the Years Ended August 31,		
	2002	2001	2000
<S>	<C>	<C>	<C>
Net earnings (loss):			
Reported net earnings from continuing operations.....	\$25,252	\$24,355	\$28,045
Reported net earnings (loss).....	(2,581)	23,574	67,089
Add: Goodwill amortization of continuing operations, net of tax effect.....	--	2,372	2,593
Add: Goodwill amortization of discontinued operations, net of tax effect.....	--	--	11,715
Adjusted net earnings from continuing operations.....	25,252	26,727	30,638
Adjusted net earnings (loss).....	\$(2,581)	\$25,946	\$81,397
Basic earnings per share:			
Adjusted net earnings from continuing operations.....	\$ 2.53	\$ 3.36	\$ 3.92
Adjusted net earnings (loss).....	\$ (0.26)	\$ 3.26	\$ 10.41
Diluted earnings per share:			
Adjusted net earnings from continuing operations.....	\$ 2.39	\$ 3.22	\$ 3.80
Adjusted net earnings (loss).....	\$ (0.24)	\$ 3.12	\$ 10.10

</TABLE>

The changes in the carrying amount of goodwill for the years ended August 31, 2002 and 2001 are as follows:

<TABLE>  
<CAPTION>

	Tools & Supplies Segment		Engineered Solutions Segment	Total
	<C>	<C>	<C>	<C>
Balance as of August 31, 2000.....	\$44,451	\$ 71,897	\$116,348	
Goodwill of acquired businesses.....	--	8,291	8,291	
Amortization.....	(1,569)	(2,404)	(3,973)	
Goodwill written off related to sale of business unit.....	--	(12,613)	(12,613)	
Currency impact.....	--	71	71	
Balance as of August 31, 2001.....	42,882	65,242	108,124	
Transitional impairment charge.....	--	(7,200)	(7,200)	
Purchase price allocation adjustment.....	--	491	491	
Currency impact.....	--	(54)	(54)	
Balance as of August 31, 2002.....	\$42,882	\$ 58,479	\$101,361	

</TABLE>

ACTUANT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

The gross carrying amount and accumulated amortization of the Company's intangible assets other than goodwill as of August 31, 2002 and 2001 are as follows:

<TABLE>  
<CAPTION>

	August 31, 2002			August 31, 2001		
	Gross Carrying Amount	Accumulated Amortization	Net Book Value	Gross Carrying Amount	Accumulated Amortization	Net Book Value
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Patents.....	\$21,703	\$ 8,049	\$13,654	\$22,652	\$ 7,653	\$14,999
Trademarks.....	4,516	1,095	3,421	4,496	842	3,654
Non-compete agreements.....	3,268	2,562	706	10,509	9,038	1,471
Other.....	1,341	656	685	2,086	1,294	792
Total.....	\$30,828	\$12,362	\$18,466	\$39,743	\$18,827	\$20,916

</TABLE>

Amortization expense recorded on the intangible assets listed in the above table for the years ended August 31, 2002, 2001 and 2000 was \$2.5 million, \$2.2 million and \$3.1 million respectively. The reduction in gross carrying amount and accumulated amortization for non-compete agreements and other intangible assets in the table above reflect the removal of fully amortized intangible assets in fiscal 2002. The estimated amortization expense for each of the next five fiscal years, excluding intangible asset amortization for Kopp AG which was acquired subsequent to the Company's fiscal 2002 year end, is as follows:

<TABLE>

<S>	<C>
2003	\$2,182
2004	\$1,775
2005	\$1,597
2006	\$1,574
2007	\$1,574

</TABLE>

#### Note 7. Restructuring and Other Non-recurring Items

##### Fiscal 2001

The Company adopted plans to restructure portions of its operations during the fiscal third quarter of 2001. These plans were designed to reduce administrative and operational costs and resulted in a charge of \$1.7 million, \$1.0 million after-tax, or \$0.13 per diluted share. Of the pre-tax charge, \$0.3 million related to the consolidation of the RV slide-out production facilities, \$0.6 million related to downsizing the cable tie production facility, and \$0.8 million related to other personnel reductions. The Company wrote down the fixed assets at the locations to be closed or downsized to their fair value, less costs to sell, in the third quarter. As a result of these plans, the Company eliminated approximately 36 positions. In fiscal 2002, the Company received net cash proceeds of approximately \$0.5 million from the sale of a former RV slide-out manufacturing facility. As of August 31, 2002, all restructuring initiatives contemplated by these plans have been completed.

A rollforward of the restructuring reserve recorded is shown in the following table:

<TABLE>

<CAPTION>

	August 31, 2001		August 31, 2002
	Restructuring Reserve	Cash Payments	Restructuring Reserve
	-----	-----	-----
<S>	<C>	<C>	<C>
Severance.	\$ 182	\$ (182)	\$--
Exit Costs	820	(820)	--
	-----	-----	---
	\$1,002	\$(1,002)	\$--
	=====	=====	===

</TABLE>

In May 2001, the Company recorded a charge in "Other (income) expense, net" of \$1.5 million, \$0.9 million after-tax, or \$0.11 per diluted share, for the net present value of future lease and holding costs on a building that

#### ACTUANT CORPORATION

##### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

had been occupied by a former division. At the time the Company sold the divested business in 1996, it received a five-year sub-lease with renewal options. Due to a change in control at the parent company of the divested business, the renewal option was not exercised.

In February 2001, one of the Company's leased facilities in Oldenzaal, The Netherlands was damaged by fire. The fire damaged a portion of the building, as well as certain inventory and property, plant and equipment contained therein. Additionally, the fire temporarily impacted the shipment of product produced on the truck cab-tilt production line that is housed in the damaged facility. The Company was party to an insurance contract that covered the damaged inventory and equipment as well as the business interruption resulting from the fire. During the third quarter of fiscal 2001, a gain of \$1.0 million, \$0.6 million after-tax, or \$0.07 per diluted share, was recorded in "Other (income) expense, net" to reflect the difference between the book value of the assets destroyed and the minimum reimbursement received for such assets from the insurance carrier. In fiscal 2002, the Company settled its claim with the insurance company, and as a result received \$2.9 million from the insurance company and

recorded an additional gain of \$0.6 million, \$0.4 million after-tax. The new facility was operational as of May 31, 2002.

Fiscal 2000

In fiscal 2000, the Company recorded \$12.4 million of fees and expenses associated with the Distribution. Such legal, accounting, tax and investment banking fees and expenses are reported under the caption "Corporate reorganization expense" in the Consolidated Statements of Earnings.

In fiscal 2000, the Company recorded a \$6.6 million gain related to the unwinding of interest rate swap agreements. The interest rate swap agreements were unwound due to the anticipated spin-off of the Electronics business. Gains relating to terminations of qualifying hedges were deferred and recognized in income at the same time as the underlying hedged transactions. As of August 31, 2000, no deferred gain remained. These gains are included in the Consolidated Statements of Earnings as a reduction to "Net financing costs" and as a component of "Discontinued operations, net of income taxes."

In the fourth quarter of fiscal 2000, the Company approved the sale of the Norelem, S.A. product line within its Tools & Supplies segment. The Company recorded a total charge of approximately \$1.9 million to reduce the carrying amounts of the assets to estimated net realizable value. This charge is included in the Consolidated Statements of Earnings as a component of "Other (income) expense, net."

ACTUANT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

Note 8. Debt

The Company's indebtedness at the end of its two most recently completed fiscal years was as follows:

<TABLE>  
<CAPTION>

	August 31,	
	2002	2001
	-----	-----
<S>	<C>	<C>
Senior secured credit agreement		
Revolving credit borrowings.....	\$ --	\$ 13,250
Tranche A term loans.....	--	10,376
New Tranche A term loans.....	66,151	--
Tranche B term loans.....	--	90,487
	-----	-----
Sub-total--senior secured credit agreement.....	66,151	114,113
13% Senior subordinated notes, due 2009.....	119,558	200,000
Less: initial issuance discount.....	(1,206)	(2,322)
	-----	-----
Senior subordinated notes, net of discount.....	118,352	197,678
Euro denominated term loan.....	4,914	13,675
Other.....	154	286
	-----	-----
Total debt.....	189,571	325,752
Less: current maturities of long-term debt.....	(6,788)	--
	-----	-----
Total long-term debt, less current maturities.....	\$182,783	\$325,752
	=====	=====

</TABLE>

Immediately prior to the Distribution, all borrowings outstanding under a multi-currency revolving credit agreement, 8.75% senior subordinated notes due in 2009, and a commercial paper program were repaid with proceeds from a new APW Ltd. credit facility, Actuant's 13% Senior Subordinated Notes (the "13% Notes") and Actuant's new senior secured credit agreement (the "Senior Credit Agreement"). APW Ltd. retained the remainder of the outstanding debt in the Distribution. In conjunction with the refinancing, the Company recorded a \$14.7 million extraordinary loss (\$24.6 million, net of \$9.9 million of related tax benefits) for the make-whole payment required to tender the senior subordinated notes due in 2009, tender costs and the write-off of non-amortized capitalized debt issuance costs attributable to the retired debt. Following the Distribution, Actuant's long-term debt consisted of borrowings under 1) the Senior Credit Agreement, 2) the 13% Notes and 3) \$0.5 million of other debt.

The Company initially borrowed \$252.6 million under the Senior Credit Agreement, consisting of \$115.0 million of Tranche A Term loans ("Term Loan A"), \$125.0 million of Tranche B Term loans ("Term Loan B") and \$12.6 million of a \$100.0 million revolving credit line (the "Revolver"). All loans under the

Senior Credit Agreement could be (and continue to be) prepaid at any time without premium or penalty.

During the first quarter of fiscal 2002, the Company repaid all remaining balances outstanding under the Tranche A term loans. In May 2002, the Company completed an amendment to the Senior Credit Agreement, entering into an Amended and Restated Credit Agreement. In conjunction with the Amended and Restated Credit Agreement, a New Tranche A Term Loan in the amount of \$85.0 million was funded by existing bank lenders and all outstanding Tranche B institutional term loans were extinguished. The Company recorded a pre-tax extraordinary charge of \$2.3 million, or \$1.5 million after-tax, in connection with the refinancing to write-off a portion of the capitalized debt issuance costs from the original financing. The new Tranche A Term Loan, as well as the Revolver, have a final maturity in June 2006 and can be prepaid at any time without premium or penalty. At August 31, 2002, outstanding New Tranche A Term Loan and Revolver borrowings were at interest rates of approximately 4.10%, which represented LIBOR plus a 2.25% spread. Subsequent to year-end, the borrowing spread was reduced to LIBOR plus 2.00% due to improvement in the Company's leverage ratio. Borrowing

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#### ACTUANT CORPORATION

##### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

spreads under the Amended and Restated Credit Agreement are subject to a pricing grid, which can result in further increases or decreases in the borrowing spread depending on the Company's leverage ratio.

A non-use fee of 0.38% annually is payable quarterly on the average unused Revolver credit line. The unused and available Revolver credit line at August 31, 2002 was approximately \$97 million, which represents the \$100 million revolving credit line less approximately \$3 million of outstanding letters of credit issued under the Senior Credit Agreement. The Amended and Restated Credit Agreement contains customary limits and restrictions concerning investments, sales of assets, liens on assets, interest and fixed cost coverage ratios, maximum leverage, capital expenditures, acquisitions, excess cash flow, dividends and other restricted payments. The Amended and Restated Credit Agreement is secured by substantially all domestic assets of the Company and its domestic subsidiaries and a pledge of 66% of the stock of certain foreign subsidiaries. As of August 31, 2002, the Company was in compliance with all debt covenants.

Effective November 2000, a wholly-owned subsidiary of the Company entered into an unsecured financing arrangement which provides up to a maximum of Euro 20.0 million in borrowings. The facility includes a Euro 15.0 million term loan and a Euro 5.0 million working capital facility. The term loan has a term of 7 years, and is payable in ten semi-annual installments beginning January 2003. Proceeds from the Euro 15.0 million term loan were used to reduce indebtedness under the Senior Credit Agreement. In August 2002, an optional prepayment in the amount of Euro 10.0 million was made, reducing the outstanding term loan balance to approximately \$4.9 million. The term loan borrowing accrues interest at EURIBOR plus 1.10%, or approximately 4.45% at August 31, 2002.

Actuant's 13% Notes were issued at a price of 98.675% on July 31, 2000. The initial issuance discount is being amortized over the term of the notes, which mature in May 2009. The Notes carry a fixed 13.0% rate of interest, which is paid on November 1 and May 1 annually, and are U.S. Dollar denominated. There are no required principal payments on the Notes. In fiscal 2002, the Company exercised its right to redeem at 113% up to 35% of the 13% Notes prior to May 1, 2003 with the proceeds from a common stock offering. See Note 10, "Capital Stock," for further information on the common stock offering. Further, the Company has the right to redeem all or a portion of the 13% Notes at certain specified redemption prices on or after May 1, 2007. The 13% Notes are unsecured obligations of the Company, and are subordinate in right of payment to the prior payment in full of all senior debt as defined in the indenture. In conjunction with the issuance of the 13% Notes, a number of the Company's domestic subsidiaries have provided unconditional guarantees for their payment.

In March 2002, the Company used the proceeds from the common stock offering to redeem \$70 million of the 13% Notes and optionally prepay \$16.5 million of debt under the Senior Credit Agreement. The Company recorded a pre-tax extraordinary charge of \$12.0 million, or \$7.8 million after-tax, related to the redemption of the 13% Notes. The pre-tax charge consisted of the \$9.1 million bond redemption premium payment and a \$2.9 million non-cash write-off of the associated debt discount and debt issuance costs.

During the fourth quarter of fiscal 2002, the Company retired an additional \$10.4 million of its 13% Notes acquired through open market purchases. The Company recorded a pre-tax extraordinary charge of \$2.1 million, or \$1.3 million after-tax, for the \$1.7 million bond redemption premium payment and the \$0.4 million write-off of the associated debt discount and debt issuance costs. Subsequent to year-end, the Company retired in September 2002 an additional

\$6.5 million of its 13% Notes by acquiring them through open market purchases.

Short-term Debt: Short-term debt outstanding at August 31, 2002 consisted of foreign subsidiary overdraft borrowings. Certain of the Company's foreign subsidiaries are a party to unsecured non-committed lines of credit with various banks. Interest rates vary depending on the currency being borrowed.

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ACTUANT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

Aggregate Maturities: Long-term debt outstanding at August 31, 2002, including the current portion of long-term debt payable on or before August 31, 2003, is payable as follows:

<TABLE>  
<CAPTION>

Year Ended August 31,	
-----	
<S>	<C>
2003.....	\$ 6.8 million
2004.....	\$ 11.9 million
2005.....	\$ 12.3 million
2006.....	\$ 40.0 million
2007.....	\$ -- million
Thereafter.....	\$118.6 million

</TABLE>

The Company paid \$35.0 million, \$40.9 million, and \$67.2 million of interest in fiscal 2002, 2001 and 2000, respectively, which included both continuing and discontinued operations.

Note 9. Leases

The Company leases certain facilities, computers, equipment and vehicles under various lease agreements generally 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 that enable the Company to renew the lease based upon fair value rental rates on the date of expiration of the initial lease. The Company's policy is to not enter into capital leases.

Future obligations under non-cancelable operating leases in effect at August 31, 2002 are as follows: \$7.8 million in fiscal 2003; \$6.6 million in fiscal 2004; \$5.1 million in fiscal 2005; \$3.1 million in fiscal 2006; \$2.5 million in fiscal 2007; and \$8.7 million thereafter. Total rental expense under operating leases related to the continuing businesses was \$7.9 million, \$7.3 million and \$9.1 million in fiscal 2002, 2001 and 2000, respectively.

The Company is also contingently liable for leases entered into prior to the Distribution for the benefit of the Electronics segment. See Note 2, "Distribution and Discontinued Operations," and Note 16, "Contingencies and Litigation," for further information.

Note 10. Capital Stock

The authorized capital stock of the Company as of August 31, 2002 consisted of 16,000,000 shares of Class A Common Stock, \$0.20 par value, of which 11,595,417 shares were issued and outstanding and 1,500,000 shares of Class B Common Stock, \$0.20 par value, none of which were issued; and 160,000 shares of Cumulative Preferred Stock, \$1.00 par value ("Preferred Stock"), none of which have been issued. Holders of both classes of the Company's Common Stock are entitled to such dividends as the Company's board of directors may declare out of funds legally available, subject to any contractual restrictions on the payment of dividends or other distributions on the Common Stock. If the Company were to issue any of its Preferred Stock, no dividends could be paid or set apart for payment on shares of Common Stock, unless paid in Common Stock, until dividends on all of the issued and outstanding shares of Preferred Stock had been paid or set apart for payment and provision had been made for any mandatory sinking fund payments.

On January 9, 2001, the Company's board of directors authorized and the shareholders approved a reverse stock split effective January 25, 2001, whereby every five shares of Common Stock were converted into one

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ACTUANT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)



share of Common Stock. In addition, the shareholders approved a reduction in the authorized Class A common shares from 80 million to 16 million with a similar reduction for other capital stock. Unless otherwise indicated all references in the consolidated financial statements to the average number of common shares and related per share amounts have been restated to reflect the reverse stock split.

In February 2002, the Company sold, pursuant to an underwritten public offering, 3,450,000 shares of its Class A Common Stock at a price of \$30.50 per share. Cash proceeds from the offering, net of underwriting discounts, were approximately \$99.7 million. In addition to underwriting discounts, the Company incurred approximately \$0.8 million of additional accounting, legal and other expenses related to the offering that were charged to additional paid-in capital. The proceeds were used to redeem \$70 million of the 13% Notes and retire \$16.5 million of the Company's debt under the Senior Secured Credit Facility. See Note 8, "Debt" for further information.

#### Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share. All share and related per share amounts have been restated to reflect the reverse stock split.

<TABLE>  
<CAPTION>

	Year Ended August 31,		
	2002	2001	2000
<S>	<C>	<C>	<C>
Numerator:			
Net earnings from continuing operations.....	\$ 25,252	\$24,355	\$28,045
Discontinued operations, net of income taxes.....	(10,000)	(781)	585
Extraordinary items, net of income taxes.....	(10,633)	--	38,459
Cumulative effect of change in accounting principle, net of income taxes.....	(7,200)	--	--
Net earnings (loss).....	\$ (2,581)	\$23,574	\$67,089
Denominator (in thousands):			
Weighted average common shares outstanding for basic earnings (loss) per share.....	9,993	7,950	7,822
Net effect of dilutive stock options based on the treasury stock method using average market price.....	590	355	240
Weighted average common and equivalent shares outstanding for diluted earnings (loss) per share.....	10,583	8,305	8,062
Basic Earnings (Loss) Per Share:			
Net earnings from continuing operations.....	\$ 2.53	\$ 3.06	\$ 3.59
Discontinued operations, net of income taxes.....	(1.00)	(0.09)	0.07
Extraordinary items, net of income taxes.....	(1.07)	--	4.92
Cumulative effect of change in accounting principle, net of income taxes.....	(0.72)	--	--
Net earnings (loss).....	\$ (0.26)	\$ 2.97	\$ 8.58
Diluted Earnings Per (Loss) Share:			
Net earnings from continuing operations.....	\$ 2.39	\$ 2.93	\$ 3.48
Discontinued operations, net of income taxes.....	(0.95)	(0.09)	0.07
Extraordinary items, net of income taxes.....	(1.00)	--	4.77
Cumulative effect of change in accounting principle, net of income taxes.....	(0.68)	--	--
Net earnings (loss).....	\$ (0.24)	\$ 2.84	\$ 8.32

</TABLE>

#### ACTUANT CORPORATION

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

#### Note 11. Stock Option and Deferred Compensation Plans

At the date of the Distribution, all stock options outstanding were adjusted such that employees and directors received options only in the company for which they worked. The number of shares subject to these options, as well as their exercise prices, were adjusted so that the options outstanding immediately after the Distribution had equivalent economic terms to the options immediately before the Distribution.

Employee Plans

On January 9, 2001, shareholders of the Company approved the adoption of the Actuant Corporation 2001 Stock Plan (the "2001 Plan"). Previously, the Company had two nonqualified stock option plans for employees--the 1990 and 1996 plans. The Company does not intend to issue any additional options under the 1990 or 1996 plans, although options previously issued and outstanding under these plans remain exercisable pursuant to the provisions of the plans. Under the terms of the 2001 Plan, stock options may be granted to officers and key employees. At August 31, 2002, a total of 400,000 shares of Class A Common Stock were authorized for issuance under the 2001 Plan, none of which have been issued through exercises of option grants. At August 31, 2002, 400,000 shares were reserved for issuance under the 2001 Plan, consisting of 354,500 shares subject to outstanding options and 39,100 shares available for further option grants. Options generally have a maximum term of ten years and an exercise price equal to 100% of the fair market value of the Company's common stock at the date of grant. Options generally vest 50% after two years and 100% after five years.

The following table reflects the status and activity for the stock options issued under the employee stock option plans. The number of options and exercise prices presented prior to the Distribution and reverse stock split have not been adjusted to reflect the effect of the Distribution or the reverse stock split.

<TABLE>  
<CAPTION>

	Number of Options	Weighted Average Exercise Price
	-----	-----
<S>	<C>	<C>
Outstanding at August 31, 1999.....	2,485,290	\$17.27
Granted.....	1,703,133	13.66
Exercised.....	(647,588)	6.30
Cancelled.....	(168,311)	25.08
Adjustment due to Distribution.....	1,267,816	
	-----	
Outstanding at August 31, 2000.....	4,640,340	2.25
Adjustment for reverse stock split.	(3,710,582)	11.25
Granted.....	96,800	17.81
Exercised.....	(67,743)	6.65
Cancelled.....	(55,960)	11.86
	-----	
Outstanding at August 31, 2001.....	902,855	12.27
Granted.....	228,700	27.05
Exercised.....	(108,500)	8.69
Cancelled.....	(47,580)	17.98
	-----	
Outstanding at August 31, 2002.....	975,475	15.87
Exercisable at August 31, 2002.....	470,114	11.01

</TABLE>

ACTUANT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

Outside Director Plans

On January 9, 2001, shareholders of the Company approved the Actuant Corporation 2001 Outside Directors' Stock Option Plan (the "Director Plan") for outside members of the board of directors. Previously, the Company had other nonqualified stock option plans for the board of directors. However, no further options may be granted under these older plans, although options previously issued and outstanding under these plans remain exercisable pursuant to the provisions of the plans. At August 31, 2002, a total of 70,000 shares of Class A Common Stock were authorized for issuance under the Director Plan, none of which have been issued through exercises of option grants. At August 31, 2002, 70,000 shares were reserved for issuance under the Director Plan, consisting of 33,000 shares subject to outstanding options and 37,000 shares available for further option grants. Director stock options vest eleven months after date of grant and expire ten years from the option grant date. The options have an exercise price equal to 100% of the fair market value of the Company's common stock at the date of grant.

The following table reflects the status and activity for the stock options issued under the outside director plans. The number of options and exercise prices presented prior to the Distribution and reverse stock split have not been adjusted to reflect the effect of the Distribution and reverse stock split.

<TABLE>  
<CAPTION>

	Number of Options	Weighted Average Exercise Price
<S>	<C>	<C>
Outstanding at August 31, 1999.....	63,000	25.17
Granted.....	15,000	33.84
Adjustment due to Distribution.....	338,000	
Outstanding at August 31, 2000.....	416,000	2.04
Adjustment for reverse stock split. (332,800)		10.20
Granted.....	18,000	18.59
Exercised.....	(23,400)	5.48
Cancelled.....	(3,000)	18.59
Outstanding at August 31, 2001.....	74,800	13.34
Granted.....	18,000	31.10
Exercised.....	(23,400)	13.52
Cancelled.....	--	--
Outstanding at August 31, 2002.....	69,400	17.89
Exercisable at August 31, 2002.....	51,400	13.26

</TABLE>

The following table summarizes information concerning all stock options outstanding under the Employee and Outside Directors' stock option plans at August 31, 2002:

<TABLE>  
<CAPTION>

Range of Exercise Prices	Options Outstanding			Options Exercisable		
	August 31, 2002 Number Outstanding	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price	August 31, 2002 Number Exercisable	Weighted Average Exercise Price	
<S>	<C>	<C>	<C>	<C>	<C>	<C>
\$ 4.11 - \$10.66	347,200	4.55	\$ 8.00	269,200	\$ 7.22	
11.31 - 14.26	204,808	5.84	13.08	147,480	13.32	
18.59	252,167	8.06	18.59	104,834	18.59	
26.28 - 31.10	229,700	9.17	26.79	--	--	
36.18 - 42.17	11,000	9.84	39.03	--	--	
4.11 - 42.17	1,044,875	6.72	16.01	521,514	11.24	

</TABLE>

ACTUANT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

The Company applies Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations in accounting for its stock option plans. Accordingly, no compensation expense has been recognized for its stock-based compensation plans. If the Company had accounted for these stock options in accordance with SFAS No. 123, "Accounting for Stock-Based Compensation," the Company's earnings from continuing operations and related earnings per share would have changed to the pro forma amounts indicated below:

<TABLE>  
<CAPTION>

	As Reported			Pro Forma		
	Year Ended August 31, 2002	2001	2000	Year Ended August 31, 2002	2001	2000
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Earnings from continuing operations.....	\$25,252	\$24,355	\$28,045	\$24,419	\$23,903	\$28,000
Basic earnings from continuing operations per share.....	\$ 2.53	\$ 3.06	\$ 3.59	\$ 2.44	\$ 3.01	\$ 3.58
Diluted earnings from continuing operations per share.....	\$ 2.39	\$ 2.93	\$ 3.48	\$ 2.31	\$ 2.88	\$ 3.47

</TABLE>

The pro forma effects of applying SFAS No. 123 have not been allocated to discontinued operations and may not be representative of the effects on reported net earnings and earnings per share for future years since options vest over several years and additional awards are generally made each year.

The fair value of the Company's stock options used to calculate the preceding pro forma earnings and pro forma earnings per share amounts is the estimated fair value at grant date using the Black-Scholes option-pricing model. The weighted-average fair values per share of options granted in fiscal 2002, 2001 and 2000 are \$12.78, \$8.58, and \$1.07 respectively. The increase in the fiscal 2001 weighted-average fair value per share of options is due to the adjustment resulting from the reverse stock split and the Distribution. The following weighted-average assumptions were used in determining fair value:

<TABLE>  
<CAPTION>

	Year Ended August 31,		
	2002	2001	2000
<S>	<C>	<C>	<C>
Dividend yield.....	0.00%	0.00%	0.00%
Expected volatility.....	46.64%	47.27%	40.30%
Risk-free rate of return	3.18%	4.60%	5.60%
Expected life.....	5.5 years	5.3 years	5.3 years

</TABLE>

#### Outside Director Deferred Compensation Plan

The Company has a deferred compensation plan that enables outside members of the Company's board of directors to defer the fees earned for their services. The amount deferred is used to purchase shares of Company stock on the open market, which are placed in a rabbi trust. All distributions from the trust are required to be made in Company stock. Company shares held by the rabbi trust are accounted for in a manner similar to treasury stock and are recorded at cost as "Stock held in trust" within shareholders' equity with the corresponding deferred compensation liability also recorded within shareholders' equity. Since no investment diversification is permitted within the trust, changes in fair value are not recognized. The shares held in the trust are included in both the basic and diluted earnings per share calculations. The cost of the shares held in the trust at August 31, 2002 was \$0.5 million.

### ACTUANT CORPORATION

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

#### Note 12. Accumulated Other Comprehensive Income (Loss)

Accumulated other comprehensive income (loss) in the accompanying Consolidated Balance Sheets consists of the following:

<TABLE>  
<CAPTION>

	August 31,	
	2002	2001
<S>	<C>	<C>
Cumulative foreign currency translation adjustments	\$(17,756)	\$(19,581)
Minimum pension liability, net of tax.....	(3,383)	(296)
Derivatives qualifying as hedges, net of tax.....	(536)	650
Accumulated other comprehensive loss.....	\$(21,675)	\$(19,227)

</TABLE>

#### Note 13. Employee Benefit Plans

##### Defined Benefit Pension and Other Postretirement Benefit Plans

The Company provides defined benefit pension and other postretirement benefits to certain employees of domestic businesses it acquired who were entitled to those benefits prior to acquisition. In addition, the Company maintains defined benefit pension plans for certain employees in various foreign countries. During the year ended August 31, 2002, the Company merged two of its three domestic pension plans. As a result, at August 31, 2002, the defined benefit pension plans consisted of two domestic plans, which cover certain employees and executives of a business acquired in 1997, and foreign plans, which cover a limited number of employees. Trust assets consist primarily of participating units in common stock and bond funds. The domestic

plans are frozen and as a result, future benefits are no longer earned by plan participants. Future benefits are earned with respect to the foreign plans. At August 31, 2002 and 2001, the accrued benefit cost recognized in the Consolidated Balance Sheets with respect to the foreign defined benefit pension plans is \$422 and \$323, respectively.

Certain former employees of acquired businesses who retired before February 1, 1994 (and their dependents) have the option of being covered by one of several postretirement medical plans. Deferred vested employees who terminated employment before February 1, 1994 are also eligible for this postretirement benefit. In addition, retiree life insurance is available to all employees hired before 1988. The postretirement benefit liability related to these plans is unfunded. Most individuals receiving postretirement health care and life insurance benefits under the above programs are required to make monthly contributions to defray a portion of the cost. Retiree contributions are adjusted annually. The accounting for retiree health care benefits assumes retirees will continue to contribute toward the cost of such benefits. Retirees currently do not contribute toward the cost of life insurance.

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ACTUANT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

The following tables provide a reconciliation of benefit obligations, plan assets, funded status and net periodic benefit cost for those plans:

<TABLE>  
<CAPTION>

	Pension Benefits		Other Postretirement Benefits	
	Year Ended August 31,		Year Ended August 31,	
	2002	2001	2002	2001
<S>	<C>	<C>	<C>	<C>
Reconciliation of benefit obligations:				
Benefit obligation at beginning of year.....	\$13,110	\$12,243	\$ 7,080	\$ 6,468
Service cost.....	47	47	15	14
Interest cost.....	953	904	509	481
Actuarial loss (gain).....	615	569	(239)	623
Benefits paid.....	(706)	(653)	(446)	(506)
Benefit obligation at end of year.....	\$14,019	\$13,110	\$ 6,919	\$ 7,080
Reconciliation of plan assets:				
Fair value of plan assets at beginning of year.....	\$12,463	\$14,440	\$ --	\$ --
Actual return on plan assets.....	(1,010)	(1,412)	--	--
Contributions.....	56	6	--	--
Benefits paid from plan assets.....	(624)	(571)	--	--
Fair value of plan assets at end of year.....	\$10,885	\$12,463	\$ --	\$ --
Development of net amount recognized:				
Overfunded (unfunded) status of the plans.....	\$ (3,134)	\$ (647)	\$ (6,919)	\$ (7,080)
Unrecognized net loss (gain).....	5,195	2,564	(1,382)	(1,197)
Prepaid (accrued) benefit cost.....	\$ 2,061	\$ 1,917	\$ (8,301)	\$ (8,277)
Amounts recognized in the Consolidated Balance Sheets:				
Prepaid benefit cost.....	\$ --	\$ 2,294	\$ --	\$ --
Accrued benefit cost.....	(3,143)	(870)	(8,301)	(8,277)
Accumulated other comprehensive income.....	3,383	296	--	--
Deferred income taxes.....	1,821	197	--	--
	\$ 2,061	\$ 1,917	\$ (8,301)	\$ (8,277)
Weighted-average assumptions as of August 31:				
Discount rate.....	7.25%	7.50%	7.25%	7.50%
Expected return on plan assets.....	8.50%	8.50%		

<TABLE>  
<CAPTION>

Pension Benefits	Other Postretirement Benefits
Year Ended August 31,	Year Ended August 31

	2002	2001	2000	2002	2001	2000
	-----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Components of net periodic benefit cost:						
Service cost.....	\$ 47	\$ 47	\$ 52	\$ 15	\$ 14	\$ 15
Interest cost.....	953	904	844	509	481	436
Expected return on assets.....	(1,121)	(1,129)	(1,060)	--	--	--
Amortization of actuarial (gain) loss...	12	2	--	(54)	(131)	(218)
	-----	-----	-----	-----	-----	-----
Benefit cost (income).....	\$ (109)	\$ (176)	\$ (164)	\$470	\$ 364	\$ 233
	=====	=====	=====	=====	=====	=====

</TABLE>

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ACTUANT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

The health care cost trend rate used in the actuarial calculations was 12.0%, trending downward to 5.0% by the year 2010, and remaining level thereafter. A one percentage-point increase or decrease in the assumed health care cost trend rate would increase or decrease the postretirement benefit obligation by approximately \$0.5 million and would not have a material effect on aggregate service and interest cost components.

Defined Contribution Benefit Plans

The Company maintains a 401(k) Plan for eligible U.S. employees (the "401(k) Plan"). Substantially all of the Company's full-time U.S. employees are eligible to participate in the 401(k) Plan. Under the provisions of the 401(k) Plan, the plan administrator acquires shares of Class A Common Stock on the open market for Company contributions and allocates such shares to accounts set aside for each employees' retirement. Company core contributions generally equal 3% of each employee's annual cash compensation, subject to IRS limitations. Additionally, employees generally may contribute up to 19% of their base compensation. The Company also matches approximately 25% of each employee's contribution up to the employee's first 6% of compensation.

During the years ended August 31, 2002, 2001 and 2000, Company contributions to defined contribution benefit plans relating to continuing operations were approximately \$1.5 million, \$2.2 million and \$2.4 million, respectively.

Non-U.S. Benefit Plans

The Company contributes to a number of retirement programs, primarily government mandated, for employees outside the United States. Benefit expense under these programs amounted to approximately \$0.8 million, \$0.6 million and \$0.8 million in fiscal 2002, 2001 and 2000, respectively.

Note 14. Income Taxes

Income tax expense for continuing operations before discontinued operations, extraordinary items, and the change in accounting principle, is summarized below:

<TABLE>  
<CAPTION>

	Year Ended August 31,		
	2002	2001	2000
	-----	-----	-----
<S>	<C>	<C>	<C>
Currently payable:			
Federal.....	\$ 6,711	\$ 7,434	\$11,848
Foreign.....	5,332	6,855	5,468
State.....	602	1,021	1,848
	-----	-----	-----
Subtotals.....	12,645	15,310	19,164
	-----	-----	-----
Deferred:			
Federal.....	1,122	1,216	273
Foreign.....	72	(48)	8
State.....	177	(61)	43
	-----	-----	-----
Subtotals.....	1,371	1,107	324
	-----	-----	-----
Income tax expense	\$14,016	\$16,417	\$19,488
	=====	=====	=====

</TABLE>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

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 Federal statutory rate to the effective tax rate for continuing operations follows:

<TABLE>  
<CAPTION>

% of Pre-tax Earnings	Year Ended August 31,		
	2002	2001	2000
<S>	<C>	<C>	<C>
Federal statutory rate.....	35.0%	35.0%	35.0%
State income taxes, net of Federal effect.....	1.5	1.6	2.6
Non-deductible amortization and other expenses	--	2.7	6.6
Net effects of foreign tax rates and credits..	(1.7)	(0.8)	(2.8)
Other items.....	0.9	1.8	(0.4)
	----	----	----
Effective tax rate.....	35.7%	40.3%	41.0%
	=====	=====	=====

</TABLE>

Temporary differences and carryforwards that gave rise to the deferred tax assets and liabilities for continuing operations included the following items:

<TABLE>  
<CAPTION>

	Year Ended August 31,	
	2002	2001
<S>	<C>	<C>
Deferred income tax assets:		
Operating loss and state tax credit carryforwards.	\$ 9,723	\$ 5,358
Compensation related reserves.....	832	1,404
Deferred income.....	1,079	1,439
Inventory items.....	2,721	2,643
Postretirement benefit accruals.....	4,654	3,811
Book reserves and other items.....	6,503	7,275
	-----	-----
Total deferred income tax assets.....	25,512	21,930
Valuation allowance.....	(9,723)	(5,358)
	-----	-----
Net deferred income tax assets.....	15,789	16,572
Deferred income tax liabilities:		
Depreciation and amortization.....	9,963	11,171
Other items.....	1,108	3,475
	-----	-----
Deferred income tax liabilities.....	11,071	14,646
	-----	-----
Net deferred income tax asset.....	\$ 4,718	\$ 1,926
	=====	=====

</TABLE>

The valuation allowance primarily represents a reserve for foreign and state operating loss carryforwards for which utilization is uncertain. The increase in the valuation allowance represents the effect of current year increases in such losses. The majority of the foreign losses may be carried forward indefinitely. The state loss carryforwards expire in various years through 2017.

Cash paid for income taxes (net of refunds) was \$9.0 million, \$(4.3) million, and \$25.9 million during fiscal 2002, 2001 and 2000, respectively.

The Company's policy is to remit earnings from foreign subsidiaries only to the extent any resultant foreign income taxes are creditable in the United States. Accordingly, the Company does not currently provide for the additional United States and foreign income taxes which would become payable upon remission of undistributed earnings of foreign subsidiaries. Undistributed earnings from continuing operations on which additional income taxes have not been provided amounted to approximately \$40.3 million at August 31, 2002. If all such undistributed earnings were remitted, an additional provision for income taxes of approximately \$1.9 million would have been necessary as of August 31, 2002.

Earnings from continuing operations before income taxes from non-United States operations were \$17.3 million, \$19.6 million and \$17.0 million for fiscal 2002, 2001 and 2000, respectively.

See Note 16, "Contingencies and Litigation," for discussion of the Internal Revenue Service's audit of the Company's fiscal 2000 Federal income tax return.

Note 15. Business Segment, Geographic and Customer Information

The Company has two reportable segments: Tools & Supplies and Engineered Solutions, with separate and distinct operating management and strategies. The Tools & Supplies segment is primarily involved in the design, manufacture and distribution of tools and supplies to the construction, electrical wholesale, retail do-it-yourself, industrial and production automation markets. The Engineered Solutions segment focuses on developing and marketing value-added, customized motion control systems for original equipment manufacturers in the recreational vehicle, automotive, truck, and industrial markets. The Company has not aggregated individual operating segments within these reportable segments. The accounting policies of the segments are the same as described in Note 1, "Summary of Significant Accounting Policies." The Company evaluates segment performance based primarily on earnings before interest, taxes, depreciation, and amortization less a net asset carrying charge.

The following tables summarize financial information from continuing operations by reportable segment. The information for Earnings (Loss) from Continuing Operations before Income Tax Expense includes the effects of the merger, restructuring and other non-recurring items discussed in Note 7, "Restructuring and Other Non-recurring Items." Earnings (Loss) from Continuing Operations before Income Tax Expense for each reportable segment and geographic region does not include general corporate expenses, interest expense or currency exchange adjustments.

<TABLE>  
<CAPTION>

	Year Ended August 31,		
	2002	2001	2000
<S>	<C>	<C>	<C>
Net Sales:			
Tools & Supplies.....	\$259,508	\$281,223	\$312,310
Engineered Solutions.....	203,442	200,716	369,133
Totals.....	\$462,950	\$481,939	\$681,443
Earnings (Loss) from Continuing Operations before Income Tax Expense:			
Tools & Supplies.....	\$ 41,176	\$ 38,860	\$ 36,150
Engineered Solutions.....	17,429	20,543	53,529
General corporate and other.....	(19,337)	(18,631)	(42,146)
Totals.....	\$ 39,268	\$ 40,772	\$ 47,533
Depreciation and Amortization:			
Tools & Supplies.....	\$ 7,981	\$ 9,210	\$ 9,733
Engineered Solutions.....	3,897	6,696	12,043
General corporate and other (1).....	483	657	774
Totals.....	\$ 12,361	\$ 16,563	\$ 22,550

</TABLE>

ACTUANT CORPORATION

<TABLE>  
<CAPTION>

	Year Ended August 31,		
	2002	2001	2000
<S>	<C>	<C>	<C>
Capital Expenditures:			
Tools & Supplies.....	\$ 3,441	\$ 3,169	\$ 6,103
Engineered Solutions.....	6,060	3,345	4,787
General corporate and other.....	543	195	551
Totals.....	\$ 10,044	\$ 6,709	\$ 11,441



August 31,		
	2002	2001
Assets:		
Tools & Supplies.....	\$155,713	\$162,682
Engineered Solutions.....	120,169	124,490
General corporate and other.	18,729	55,544
Totals.....	\$294,611	\$342,716

</TABLE>

(1) Excludes amortization of debt issuance costs and debt discount of \$2,337, \$2,352, and \$1,103 for the years ended August 31, 2002, 2001, and 2000 respectively.

The following tables summarize financial information from continuing operations by geographic region. The information for Earnings (Loss) from Continuing Operations before Income Tax Expense includes the effects of the restructuring and other non-recurring items discussed in Note 7, "Restructuring and Other Non-recurring Items."

<TABLE>  
<CAPTION>

	Year Ended August 31,		
	2002	2001	2000
<S>	<C>	<C>	<C>
Net sales:			
North America.....	\$312,584	\$329,266	\$463,837
Europe.....	119,014	118,830	177,165
Asia Pacific.....	23,972	25,041	30,019
Latin America.....	7,380	8,802	10,422
Totals.....	\$462,950	\$481,939	\$681,443
Earnings (Loss) from Continuing Operations Before Income Tax Expense:			
North America.....	\$ 37,528	\$ 37,835	\$ 66,743
Europe.....	16,037	17,852	19,145
Asia Pacific.....	5,341	3,606	2,580
Latin America.....	(301)	110	1,211
General corporate and other.....	(19,337)	(18,631)	(42,146)
Totals.....	\$ 39,268	\$ 40,772	\$ 47,533

</TABLE>

ACTUANT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-- (Continued)

<TABLE>  
<CAPTION>

August 31,		
	2002	2001
<S>	<C>	<C>
Assets:		
North America.....	\$200,960	\$221,123
Europe.....	55,275	47,044
Asia Pacific.....	15,494	14,768
Latin America.....	4,153	4,237
General corporate and other.	18,729	55,544
Totals.....	\$294,611	\$342,716

</TABLE>

Corporate assets, which are not allocated, represent principally cash, capitalized debt issuance costs, and deferred income taxes, and, at August 31, 2001, \$10.0 million related to APW Ltd. See Note 2, "Distribution and Discontinued Operations" for further information.

The Company's largest customer accounted for 5.6%, 4.5%, and 4.7% of its sales in fiscal 2002, 2001 and 2000, respectively. Export sales from domestic operations were less than 3% of total net sales in each of the periods

presented.

#### Note 16. Contingencies and Litigation

The Company had outstanding letters of credit of \$7.6 million and \$8.3 million at August 31, 2002 and 2001, respectively. The letters of credit generally serve as collateral for liabilities included in the Consolidated Balance Sheets and indemnification obligations relating to divested businesses.

The Company is a party to various legal proceedings that have arisen in the normal course of its business. These legal proceedings typically include product liability, environmental, labor, patent claims, commission and divestiture disputes. The Company has recorded reserves for loss contingencies based on the specific circumstances of each case. Such reserves are recorded when it is probable that a loss has been incurred as of the balance sheet date and such loss can be reasonably estimated. In the opinion of management, the resolution of these contingencies will not have a material adverse effect on the Company's financial condition, results of operations or cash flows.

The Company has facilities in numerous geographic locations that are subject to a range of environmental laws and regulations. Environmental costs that have no future economic value are expensed. Liabilities are recorded when environmental remediation is probable and the costs are reasonably estimable. Environmental expenditures over the last three years have not been material. Management believes that such costs will not have a material adverse effect on the Company's financial position, results of operations or cash flows. Environmental remediation accruals of \$1.1 million and \$1.3 million were included in the Consolidated Balance Sheets at August 31, 2002 and 2001, respectively.

On August 9, 2000, Actuant's board of directors approved an executive stock purchase plan (the "Executive Stock Purchase Plan") to assist the Company's executive officers in meeting their Actuant stock ownership requirements. Under terms of the Executive Stock Purchase Plan, eligible officers may borrow funds of up to four times their respective base salaries under a company-arranged loan program for the sole purpose of acquiring Actuant common stock on the open market. Full recourse loans under the program are made between a domestic financial institution and the executive officer. The Company has provided a guarantee to the financial institution in the amount of the aggregate outstanding loan balance. It also reimburses participants for cash interest paid on such loans in excess of 4.0%. At August 31, 2002 and 2001, the aggregate amount of officer

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#### ACTUANT CORPORATION

##### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

loans under the program that were guaranteed by the Company was \$5.1 million and \$4.2 million, respectively, at an average borrowing cost of 4.7% and 8.1%, respectively. The fair value of the common stock purchased by the plan was \$9.8 million and \$4.6 million at August 31, 2002 and 2001, respectively. Expense recognized by the Company during fiscal 2002 and 2001 related to its share of the interest was \$0.1 million and \$0.2 million, respectively. Generally, the executive retains the risk of any market gain or loss on the shares purchased. If the purchased shares are sold four years or longer after their purchase, the Company has agreed to reimburse 50% of any realized loss on the sale. The Company has recently suspended the practice of providing new guarantees for the benefit of its executive officers under the Executive Stock Purchase Plan.

In September 2002, the Company was informed that its Federal income tax return for fiscal year 2000 will be subject to audit by the Internal Revenue Service ("IRS"). Company management believes that adequate reserves are maintained as of August 31, 2002 to cover a reasonable estimate of its potential exposure with respect to the income tax liabilities assumed in connection with the APW bankruptcy and related rejection of the TSA. Nonetheless, there can be no assurance that such reserves will be sufficient upon completion of the IRS audit and if not, there could be a material adverse impact on the Company's financial position and results of operations. See Note 2, "Distribution and Discontinued Operations," for a further discussion of certain contingencies related to the Distribution.

#### Note 17. Subsequent Event

On September 3, 2002, the Company acquired Heinrich Kopp AG ("Kopp"). Kopp, headquartered in Kahl, Germany, is a leading provider of electrical products to the German Home Center retail market. In the transaction, the Company acquired approximately 80% of the outstanding equity of Kopp for approximately \$17 million (including the assumption of debt and acquired cash). The Company was also granted an option to acquire, and the sellers were granted a put option to sell, the remaining outstanding equity commencing in October 2003 for approximately \$3 million. The transaction was funded by \$11 million of borrowings under existing credit agreements plus "acquired cash" on Kopp's

balance sheet and will be accounted for using the purchase method of accounting. Cash outflows will be required in fiscal 2003 and beyond to fund the remaining outstanding equity purchase and restructuring cash flow requirements.

Note 18. Guarantor Condensed Financial Statements

In connection with the Distribution, the Company issued the 13% Notes. All of the Company's material domestic wholly-owned subsidiaries (the "Guarantors") fully and unconditionally guarantee the 13% Notes on a joint and several basis. We believe separate financial statements and other disclosures concerning each of the Guarantors would not provide additional information that is material to investors. Therefore, the Guarantors are combined in the presentation below. There are no significant restrictions on the ability of the Guarantors to make distributions to Actuant. The following tables present the results of operations, financial position and cash flows of Actuant Corporation and its subsidiaries, the Guarantor and Non-Guarantor entities, and the eliminations necessary to arrive at the information for the Company on a consolidated basis.

General corporate expenses have not been allocated to subsidiaries, and are all included under the Actuant Corporation heading. As a matter of course, the Company retains certain assets and liabilities at the corporate level (Actuant Corporation column in the following tables) which are not allocated to subsidiaries including, but not limited to, certain employee benefit, insurance, financing, and tax liabilities. Income tax provisions for domestic Actuant Corporation subsidiaries are typically recorded using an estimate and finalized in total with an adjustment recorded at the corporate level. Additionally, substantially all of the indebtedness of the Company has historically been, and continues to be, carried at the corporate level and is therefore included in the Actuant Corporation column in the following tables. Intercompany balances include receivables/payables incurred in the normal course of business in addition to investments and loans transacted between subsidiaries of the Company or with Actuant.

ACTUANT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

CONDENSED CONSOLIDATING STATEMENTS OF EARNINGS

<TABLE>  
<CAPTION>

	Year Ended August 31, 2002				
	Actuant Corporation	Guarantors	Non Guarantors	Eliminations	Consolidated
Net sales.....	\$ 78,094	\$230,839	\$154,017	\$ --	\$462,950
Cost of products sold.....	36,966	162,663	104,290	--	303,919
Gross profit.....	41,128	68,176	49,727	--	159,031
Operating expenses.....	26,395	33,589	25,462	--	85,446
Amortization of intangible assets.....	9	2,419	25	--	2,453
Operating earnings.....	14,724	32,168	24,240	--	71,132
Other expense (income):					
Intercompany activity, net.....	(28,109)	2,637	(1,088)	26,560	--
Net financing costs.....	31,090	1,123	510	--	32,723
Other (income) expense, net.....	(472)	296	(683)	--	(859)
Earnings (loss) from continuing operations before income tax (benefit) expense.....	12,215	28,112	25,501	(26,560)	39,268
Income tax (benefit) expense.....	(1,545)	10,243	5,318	--	14,016
Earnings (loss) from continuing operations..	13,760	17,869	20,183	(26,560)	25,252
Discontinued operations, net of income taxes	(10,000)	--	--	--	(10,000)
Extraordinary loss, net of income taxes.....	(10,633)	--	--	--	(10,633)
Cumulative effect of change in accounting principle, net of income taxes.....	--	(7,200)	--	--	(7,200)
Net (loss) earnings.....	\$ (6,873)	\$ 10,669	\$ 20,183	\$ (26,560)	\$ (2,581)
	=====	=====	=====	=====	=====
	Year Ended August 31, 2001				
	Actuant Corporation	Guarantors	Non Guarantors	Eliminations	Consolidated
Net sales.....	\$ 77,869	\$247,505	\$156,565	\$ --	\$481,939
Cost of products sold.....	42,055	168,396	102,579	--	313,030

Gross profit.....	35,814	79,109	53,986	--	168,909
Operating expenses.....	27,825	36,944	25,956	--	90,725
Amortization of intangible assets.....	9	5,944	283	--	6,236
Operating earnings.....	7,980	36,221	27,747	--	71,948
Other expense (income):					
Intercompany activity, net.....	(30,850)	5,428	(18,073)	43,495	--
Net financing costs.....	47,741	244	1,214	--	49,199
Loss (gain) on sale of businesses.....	--	--	(38,686)	20,178	(18,508)
Other (income) expense, net.....	(425)	22	888	--	485
(Loss) earnings from continuing operations before income tax (benefit) expense.....	(8,486)	30,527	82,404	(63,673)	40,772
Income tax (benefit) expense.....	(9,123)	10,870	14,670	--	16,417
Earnings (loss) from continuing operations..	637	19,657	67,734	(63,673)	24,355
Discontinued operations, net of income taxes	(781)	--	--	--	(781)
Net (loss) earnings.....	\$ (144)	\$ 19,657	\$ 67,734	\$ (63,673)	\$ 23,574

</TABLE>

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ACTUANT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

CONDENSED CONSOLIDATING STATEMENTS OF EARNINGS

<TABLE>  
<CAPTION>

	Year Ended August 31, 2000				
	Actuant Corporation	Guarantors	Non Guarantors	Eliminations	Consolidated
<S>	<C>	<C>	<C>	<C>	<C>
Net sales.....	\$ 86,076	\$267,830	\$327,537	\$ --	\$681,443
Cost of products sold.....	50,802	177,090	211,385	--	439,277
Gross profit.....	35,274	90,740	116,152	--	242,166
Operating expenses.....	39,571	38,068	67,340	--	144,979
Amortization of intangible assets.....	9	5,851	1,670	--	7,530
Operating (loss) earnings.....	(4,306)	46,821	47,142	--	89,657
Other expense (income):					
Intercompany activity, net.....	(15,978)	(29,333)	4,433	40,878	--
Net financing costs.....	106,520	(70,091)	1,241	--	37,670
Loss on sale of businesses.....	--	--	3,467	--	3,467
Other (income) expense, net.....	(186)	1,743	(570)	--	987
(Loss) earnings from continuing operations before income tax (benefit) expense.....	(94,662)	144,502	38,571	(40,878)	47,533
Income tax (benefit) expense.....	(14,656)	29,791	4,391	(38)	19,488
(Loss) earnings from continuing operations.....	(80,006)	114,711	34,180	(40,840)	28,045
Discontinued operations, net of taxes.....	--	--	585	--	585
Extraordinary gain (loss), net of income taxes:					
Early extinguishment of debt.....	(14,708)	--	--	--	(14,708)
Sale of subsidiaries.....	65,353	--	(12,186)	--	53,167
Net extraordinary gain (loss).....	50,645	--	(12,186)	--	38,459
Net (loss) earnings.....	\$ (29,361)	\$114,711	\$ 22,579	\$ (40,840)	\$ 67,089

</TABLE>

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ACTUANT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

CONDENSED CONSOLIDATING BALANCE SHEET

<TABLE>  
<CAPTION>

August 31, 2002

	Actuant Corporation	Guarantors	Non Guarantors	Eliminations	Consolidated
ASSETS					
<S>	<C>	<C>	<C>	<C>	<C>
Current assets					
Cash and cash equivalents.....	\$ 1,835	\$ (228)	\$ 1,436	\$ --	\$ 3,043
Accounts receivable, net.....	2,534	2,730	53,040	--	58,304
Inventories, net.....	12,591	31,330	10,977	--	54,898
Deferred income taxes.....	8,313	9	805	--	9,127
Prepaid expenses.....	1,489	1,062	2,041	--	4,592
Total current assets.....	26,762	34,903	68,299	--	129,964
Property, plant and equipment, net.....	5,489	18,713	12,626	--	36,828
Goodwill.....	--	96,597	4,764	--	101,361
Other intangibles, net.....	--	18,428	38	--	18,466
Other long-term assets.....	6,667	835	490	--	7,992
Total assets.....	\$ 38,918	\$ 169,476	\$ 86,217	\$ --	\$294,611

LIABILITIES AND EQUITY					
Current liabilities					
Short-term borrowings.....	\$ 943	\$ --	\$ 2,050	\$ --	\$ 2,993
Current maturities of long-term debt...	3,839	--	2,949	--	6,788
Trade accounts payable.....	11,137	19,318	17,379	--	47,834
Accrued compensation and benefits.....	4,923	2,462	4,977	--	12,362
Accrued interest.....	5,855	45	53	--	5,953
Income taxes payable.....	7,166	10,115	1,084	--	18,365
Other current liabilities.....	6,941	8,468	2,562	--	17,971
Total current liabilities.....	40,804	40,408	31,054	--	112,266
Long-term debt, less current maturities...	180,818	--	1,965	--	182,783
Deferred income taxes.....	5,377	(1,016)	48	--	4,409
Other long-term liabilities.....	38,546	--	226	--	38,772
Intercompany balances, net.....	210,797	(157,796)	(209,956)	156,955	--
Total shareholders' equity (deficit).....	(437,424)	287,880	262,880	(156,955)	(43,619)
Total liabilities and shareholders' equity	\$ 38,918	\$ 169,476	\$ 86,217	\$ --	\$294,611

</TABLE>

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ACTUANT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

CONDENSED CONSOLIDATING BALANCE SHEET

<TABLE>  
<CAPTION>

	August 31, 2001				
	Actuant Corporation	Guarantors	Non Guarantors	Eliminations	Consolidated
ASSETS					
<S>	<C>	<C>	<C>	<C>	<C>
Current assets					
Cash and cash equivalents.....	\$ 25,785	\$ 621	\$ 148	\$ --	\$ 26,554
Accounts receivable, net.....	3,233	5,625	46,113	--	54,971
Inventories, net.....	14,606	31,920	10,212	--	56,738
Deferred income taxes.....	5,333	11	489	--	5,833
Prepaid expenses.....	1,132	498	3,444	--	5,074
Total current assets.....	50,089	38,675	60,406	--	149,170
Property, plant and equipment, net.....	4,335	25,923	9,224	--	39,482
Goodwill.....	--	103,219	4,905	--	108,124
Other intangibles, net.....	9	20,847	60	--	20,916
Other long-term assets.....	24,087	168	769	--	25,024
Total assets.....	\$ 78,520	\$188,832	\$ 75,364	\$ --	\$ 342,716
LIABILITIES AND EQUITY					
Current liabilities					
Short-term borrowings.....	\$ --	\$ --	\$ 1,568	\$ --	\$ 1,568
Trade accounts payable.....	10,062	17,297	12,439	--	39,798
Accrued compensation and benefits.....	4,608	1,698	4,349	--	10,655
Accrued interest.....	10,407	45	150	--	10,602
Income taxes payable.....	7,050	9,785	9,952	--	26,787
Other current liabilities.....	9,797	9,192	2,543	--	21,532

Total current liabilities.....	41,924	38,017	31,001	--	110,942
Long-term debt, less current maturities...	311,656	420	13,676	--	325,752
Deferred income taxes.....	5,043	(1,027)	(109)	--	3,907
Other long-term liabilities.....	41,631	--	238	--	41,869
Intercompany balances, net.....	178,956	(56,181)	(168,515)	45,740	--
Total shareholders' equity (deficit).....	(500,690)	207,603	199,073	(45,740)	(139,754)
Total liabilities and shareholders' equity	\$ 78,520	\$188,832	\$ 75,364	\$ --	\$ 342,716

</TABLE>

ACTUANT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

<TABLE>  
<CAPTION>

	Year Ended August 31, 2002				
	Actuant Corporation	Guarantors	Non Guarantors	Eliminations	Consolidated
<S>	<C>	<C>	<C>	<C>	<C>
Operating activities					
(Loss) earnings from continuing operations.....	\$ 13,760	\$ 17,869	\$ 20,183	\$ (26,560)	\$ 25,252
Adjustments to reconcile (loss) earnings from continuing operations to cash provided by (used in) operating activities of continuing operations:					
Depreciation and amortization.....	1,719	7,669	2,973	--	12,361
Amortization of debt discount and debt issuance costs.....	2,337	--	--	--	2,337
(Gain) loss on sale of assets.....	(3)	181	(9)	--	169
Provision for deferred income taxes.....	1,575	13	(217)	--	1,371
Changes in operating assets and liabilities, net.....	(33,532)	74,783	31,654	(84,654)	(11,749)
Cash provided by (used in) operating activities.....	(14,144)	100,515	54,584	(111,214)	29,741
Investing activities					
Proceeds from sale of property, plant and equipment.....	3	3,216	--	--	3,219
Capital expenditures.....	(2,064)	(2,182)	(5,798)	--	(10,044)
Business acquisitions.....	--	(785)	--	--	(785)
Proceeds from insurance recovery.....	--	--	2,858	--	2,858
Cash (used in) provided by investing activities.....	(2,061)	249	(2,940)	--	(4,752)
Financing activities					
Net proceeds from issuance of common stock.....	99,705	--	--	--	99,705
Partial redemption of 13% senior subordinated notes.....	(80,442)	--	--	--	(80,442)
Net principal payments on debt.....	(47,996)	--	(8,892)	--	(56,888)
Debt financing costs and early extinguishment premiums.....	(12,108)	--	--	--	(12,108)
Stock option exercises.....	1,254	--	--	--	1,254
Intercompany (receivables) payables.....	31,842	(101,613)	(41,443)	111,214	--
Cash (used in) provided by financing activities.....	(7,745)	(101,613)	(50,335)	111,214	(48,479)
Effect of exchange rate changes on cash.....	--	--	(21)	--	(21)
Net increase (decrease) in cash and cash equivalents.....	(23,950)	(849)	1,288	--	(23,511)
Cash and cash equivalents--beginning of year.....	25,785	621	148	--	26,554
Cash and cash equivalents--end of year.....	\$ 1,835	\$ (228)	\$ 1,436	\$ --	\$ 3,043

</TABLE>

ACTUANT CORPORATION

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

<TABLE>  
<CAPTION>

	Year Ended August 31, 2001				
	Actuant Corporation	Guarantors	Non Guarantors	Eliminations	Consolidated
<S>	<C>	<C>	<C>	<C>	<C>
Operating activities					
(Loss) earnings from continuing operations.....	\$ 637	\$ 19,657	\$ 67,734	\$ (63,673)	\$ 24,355
Adjustments to reconcile (loss) earnings from continuing operations to cash provided by (used in) operating activities of continuing operations:					
Depreciation and amortization.....	1,896	11,956	2,711	--	16,563
Amortization of debt discount and debt issuance costs.....	2,352	--	--	--	2,352
Gain on sale of assets.....	(267)	--	--	--	(267)
Gain on sale of business, net.....	--	--	(18,508)	--	(18,508)
Provision for deferred income taxes.....	895	(291)	503	--	1,107
Changes in operating assets and liabilities, net.....	22,574	(23,889)	31,017	39,839	69,541
Cash provided by (used in) operating activities.....	28,087	7,433	83,457	(23,834)	95,143
Investing activities					
Proceeds from sale of property, plant and equipment.....	1,907	--	--	--	1,907
Capital expenditures.....	(713)	(2,365)	(3,631)	--	(6,709)
Business acquisitions.....	--	--	(11,250)	--	(11,250)
Proceeds from business and product line dispositions.....	238	--	41,454	--	41,692
Proceeds from insurance recovery.....	--	--	2,427	--	2,427
Cash provided by (used in) investing activities.....	1,432	(2,365)	29,000	--	28,067
Financing activities					
Net principal (payments) borrowings on debt.....	(120,573)	--	13,676	--	(106,897)
Stock option exercises.....	579	--	--	--	579
Intercompany (receivables) payables.....	111,184	(5,168)	(129,850)	23,834	--
Cash (used in) provided by financing activities.....	(8,810)	(5,168)	(116,174)	23,834	(106,318)
Effect of exchange rate changes on cash.....	--	--	(234)	--	(234)
Net increase (decrease) in cash and cash equivalents.....	20,709	(100)	(3,951)	--	16,658
Cash and cash equivalents--beginning of year.....	5,076	721	4,099	--	9,896
Cash and cash equivalents--end of year.....	\$ 25,785	\$ 621	\$ 148	\$ --	\$ 26,554

</TABLE>

ACTUANT CORPORATION

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

<TABLE>  
<CAPTION>

	Year Ended August 31, 2000				
	Actuant Corporation	Guarantors	Non Guarantors	Eliminations	Consolidated
<S>	<C>	<C>	<C>	<C>	<C>
Operating activities					
(Loss) earnings from continuing operations.....	\$ (80,006)	\$ 114,711	\$ 34,180	\$ (40,840)	\$ 28,045
Adjustments to reconcile (loss) earnings					

from continuing operations to cash provided by (used in) operating activities of continuing operations:					
Depreciation and amortization.....	1,969	12,024	8,557	--	22,550
Amortization of debt discount and debt issuance costs.....	1,103	--	--	--	1,103
Loss on sale of business, net.....	--	--	3,457	--	3,457
Provision for deferred income taxes.....	7,385	1	(7,062)	--	324
Other.....	--	596	1,328	--	1,924
Changes in operating assets and liabilities, net.....	(79,864)	(44,734)	44,270	40,840	(39,488)
Cash (used in) provided by continuing operations.....	(149,413)	82,598	84,730	--	17,915
Cash provided by discontinued operations.....	--	--	43,360	--	43,360
Total cash (used in) provided by operating activities.....	(149,413)	82,598	128,090	--	61,275
Investing activities					
Proceeds from sale of property, plant and equipment.....	--	--	835	--	835
Capital expenditures.....	(729)	(5,612)	(5,100)	--	(11,441)
Proceeds from business and product line dispositions.....	150,759	--	18,974	--	169,733
Net investing activities of discontinued operations.....	--	--	(52,510)	--	(52,510)
Cash provided by (used in) investing activities.....	150,030	(5,612)	(37,801)	--	106,617
Financing activities					
Net principal payments on debt.....	(85,240)	--	--	--	(85,240)
Debt financing costs and early extinguishment premiums.....	(33,899)	--	--	--	(33,899)
Stock option exercises.....	3,838	--	--	--	3,838
Dividends paid on common stock.....	(1,789)	--	--	--	(1,789)
Intercompany (receivables) payables.....	122,283	(75,674)	(46,609)	--	--
Net financing activities of discontinued operations.....	--	--	(66,175)	--	(66,175)
Cash provided by (used in) financing activities.....	5,193	(75,674)	(112,784)	--	(183,265)
Effect of exchange rate changes on cash.....	--	--	(272)	--	(272)
Net increase (decrease) in cash and cash equivalents.....	5,810	1,312	(22,767)	--	(15,645)
Effect of change in cash of discontinued operations.....	--	--	18,285	--	18,285
Cash and cash equivalents--beginning of year.....	(734)	(591)	8,581	--	7,256
Cash and cash equivalents--end of year.....	\$ 5,076	\$ 721	\$ 4,099	\$ --	\$ 9,896

</TABLE>

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ACTUANT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

Note 19. Quarterly Financial Data (Unaudited)

Quarterly financial data for fiscal 2002 and fiscal 2001 is as follows:

<TABLE>

<CAPTION>

	Year Ended August 31, 2002				
	First	Second	Third	Fourth	Total
	(In millions, except per share amounts)				
	<C>	<C>	<C>	<C>	<C>
Net sales.....	\$113.2	\$108.4	\$120.0	\$121.4	\$463.0
Gross profit.....	38.0	36.7	41.6	42.7	159.0
Earnings from continuing operations.....	4.6	4.0	8.3	8.4	25.3
Loss from discontinued operations.....	--	--	(10.0)	--	(10.0)
Extraordinary items.....	--	--	(9.3)	(1.3)	(10.6)
Cumulative effect of accounting change.....	(7.2)	--	--	--	(7.2)
Net earnings (loss).....	\$ (2.6)	\$ 4.0	\$(11.0)	\$ 7.1	\$ (2.5)
Earnings from continuing operations per share					
Basic.....	\$ 0.57	\$ 0.46	\$ 0.71	\$ 0.72	\$ 2.53





<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Deducted from assets to Which they apply:								
Allowance for losses--								
Trade accounts receivable								
August 31, 2002.....	\$3,790	\$ --	\$ 735	\$ --	\$1,226	\$ --	\$ (125)	\$3,174
August 31, 2001.....	\$3,809	\$ --	\$1,396	\$ 125	\$1,537	\$ 114	\$ 111	\$3,790
August 31, 2000.....	\$4,070	\$ --	\$ 977	\$ --	\$ 202	\$ 846	\$ (190)	\$3,809
Allowance for losses--								
Inventory								
August 31, 2002.....	\$5,857	\$ --	\$1,667	\$ --	\$2,750	\$ --	\$ 130	\$4,904
August 31, 2001.....	\$5,349	\$ --	\$1,913	\$ 270	\$1,370	\$ 182	\$ (123)	\$5,857
August 31, 2000.....	\$9,306	\$ --	\$ 537	\$ --	\$ 760	\$3,404	\$ (330)	\$5,349
Valuation allowance--								
Income taxes								
August 31, 2002.....	\$5,358	\$ --	\$4,765	\$ --	\$ 357	\$ --	\$ (43)	\$9,723
August 31, 2001.....	\$6,091	\$ --	\$1,188	\$ --	\$ 785	\$1,096	\$ (40)	\$5,358
August 31, 2000.....	\$5,674	\$ --	\$ 790	\$ --	\$ 373	\$ --	\$ --	\$6,091

</TABLE>

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Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

PART III

Item 10. Directors and Executive Officers of the Registrant

The information required by this item is incorporated by reference from the "Election of Directors" and "Other Information--Section 16(a) Beneficial Ownership Reporting Compliance" sections of the Company's Proxy Statement for its Annual Meeting of Shareholders to be held on January 10, 2003 (the "2003 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 "Election of Directors," "Board Meetings, Committees and Director Compensation" and the "Executive Compensation" sections (other than the subsections thereof entitled "Report of the Compensation Committee of the board of directors on Executive Compensation" and "Performance Graph") of the 2003 Annual Meeting Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item is incorporated by reference from the "Equity Compensation Plan Information," "Certain Beneficial Owners" and "Election of Directors" sections of the 2003 Annual Meeting Proxy Statement.

Item 13. Certain Relationships and Related Transactions

The information required by this item is incorporated by reference from the "Executive Compensation" and "Certain Relationships and Related Transactions" sections of the 2003 Annual Meeting Proxy Statement.

Item 14. Controls and Procedures

The Company's chief executive officer and chief financial officer have concluded, based on their evaluation within 90 days of the filing date of this report, that the Company's disclosure controls and procedures are effective for gathering, analyzing and disclosing the information required to be disclosed in the reports filed under the Securities Exchange Act of 1934. There have been no significant changes in the Company's internal controls or in other factors that could significantly affect these controls subsequent to the date of the previously mentioned evaluation.

PART IV

Item 15. 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" set forth in Item 8, "Financial Statements and Supplementary Data" for a list of financial statements filed as part of this report.

2. Financial Statement Schedules

See "Index to Financial Statement Schedule" set forth in Item 8, "Financial Statements and Supplementary Data."

3. Exhibits

See "Index to Exhibits" beginning on page 73, which is incorporated herein by reference.

(b) Reports on Form 8-K:

The following reports on Form 8-K were filed during the last quarter of fiscal 2002:

Date of Report	Description
July 23, 2002	Announcement of the agreement to acquire 80% of the outstanding equity of Heinrich Kopp AG
August 9, 2002	Announcement of the agreement with a former subsidiary of the Registrant regarding a secured claim in the former subsidiary's bankruptcy case

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.

ACTUANT CORPORATION  
(Registrant)

By: /S/ ANDREW G. LAMPEREUR  
-----  
Andrew G. Lampereur  
Vice President and Chief  
Financial Officer  
(Principal Financial Officer)

Dated: November 18, 2002

POWER OF ATTORNEY

KNOWN ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Robert C. Arzbaecher and Andrew G. Lampereur, 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.\*

Signature	Title
/S/ ROBERT C. ARZBAECHER	Chairman of the Board, President and



internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 18, 2002

/S/ ROBERT C. ARZBAECHER

-----  
Robert C. Arzbaecher  
Chairman, Chief Executive Officer,  
and President

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#### CERTIFICATION

I, Andrew G. Lampereur, certify that:

1. I have reviewed this annual report on Form 10-K of Actuant Corporation;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 18, 2002

/S/ ANDREW G. LAMPEREUR

ACTUANT CORPORATION  
(the "Registrant")  
(Commission File No. 1-11288)

ANNUAL REPORT ON FORM 10-K

FOR THE FISCAL YEAR ENDED AUGUST 31, 2002

INDEX TO EXHIBITS

<TABLE>  
<CAPTION>

Exhibit	Description	Incorporated Herein By Reference To	Filed Herewith
<C>	<S>	<C>	<C>
2.1	Agreement and Plan of Merger, dated as of September 2, 1997, among Applied Power Inc., TVPA Corp. and Versa Technologies, Inc.	Exhibit (c)(1) to the Registrant's Tender Offer Statement on Schedule 14D-1 filed on September 5, 1997 (File No. 5-13342)	
2.2	(a) Agreement and Plan of Merger, dated as of April 6, 1998, by and among Applied Power Inc., ZERO Corporation and STB Acquisition Corporation	Appendix A to the Joint Proxy Statement/ Prospectus contained in the Registrant's Registration Statement on Form S-4 (File No. 333-58267)	
	(b) Certified copy of Certificate of Merger of STB Acquisition Corporation with and into ZERO Corporation, dated July 31, 1998	Exhibit 2.2 to the Registrant's Form 8-K Dated July 31, 1998	
3.1	Amended and Restated Articles of Incorporation	Exhibit 4.9 to the Registrant's Form 10-Q for quarter ended February 28, 2001	
3.2	Amended and Restated Bylaws of Actuant Corporation adopted November 7, 1991 and as last amended effective May 4, 2001	Exhibit 3.4 to the Registrant's Form 10-Q For quarter ended May 31, 2001	
3.3	Amendment No. 1 to Amended and Restated Bylaws effective November 7, 2002		X
4.1	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 the Registrant's Form 10-Q for quarter ended May 31, 1991	
4.2	Credit Agreement dated as of July 31, 2000 among Applied Power Inc. (doing business as Actuant Corporation), The Lenders Named Herein and Credit Suisse First Boston, as Lead Arranger, Collateral Agent and Administrative Agent, First Union National Bank Syndication Agent and ING (U.S.) Capital LLC Documentation Agent	Exhibit 10.8 to the Registrant's Form 8-K Dated as of August 14, 2000	

</TABLE>

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

<TABLE>  
<CAPTION>

Exhibit	Description	Incorporated Herein By Reference To	Filed Herewith
<C>	<S>	<C>	<C>
4.3	Registration Rights Agreement dated August 1, 2000, relating to \$200,000,000 Applied Power Inc. 13% Senior	Exhibit 10.11 to the Registrant's Form 8-K Dated as of August 14, 2000	

Subordinated Notes Due 2009

- |     |                                                                                                                                                                                                                                                                                                                                                      |                                                                                |
|-----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|
| 4.4 | Indenture, dated as of August 1, 2000, among Applied Power Inc. as issuer and the Subsidiary Guarantors and Bank One Trust Company, N.A.                                                                                                                                                                                                             | Exhibit 10.12 to the Registrant's Form 8-K Dated as of August 14, 2000         |
| 4.5 | Purchase Agreement dated July 21, 2000, between Applied Power Inc. and the Initial Purchasers named therein                                                                                                                                                                                                                                          | Exhibit 10.13 to the Registrant's Form 8-K Dated as of August 14, 2000         |
| 4.6 | Amendment No 1, dated as of April 9, 2001, to the Credit Agreement dated as of July 31, 2000, among Actuant Corporation, Credit Suisse First Boston as Lead Arranger, Collateral Agent and Administrative Agent, First Union National Bank, as Syndication Agent, ING (U.S.) Capital LLC, as Documentation Agent and the Lenders party thereto.      | Exhibit 4.10 to the Registrant's Form 10-Q For quarter ended May 31, 2001      |
| 4.7 | Amendment No. 2, dated as of November 28, 2001, to the Credit Agreement dated as of July 31, 2000, among Actuant Corporation, Credit Suisse First Boston as Lead Arranger, Collateral Agent and Administrative Agent, First Union National Bank, as Syndication Agent, ING (U.S.) Capital LLC, as Documentation Agent and the Lenders party thereto. | Exhibit 4.11 to the Registrant's Form 10-Q for quarter ended November 30, 2001 |
| 4.8 | Amended and Restated Credit Agreement dated as of May 22, 2002 among Actuant Corporation, the Lenders Named Therein, and Credit Suisse First Boston as Lead Arranger, Collateral Agent and Administrative Agent, Wachovia Bank, N.A. as Syndication Agent, and ING Capital LLC as Documentation Agent.                                               | Exhibit 4.12 to the Registrant's Form 10-Q for quarter ended May 31, 2002      |
| 4.9 | Amended and Restated Security Agreement by Actuant Corporation (formerly known as Applied Power, Inc.), as Borrower, and the Subsidiary Guarantors Party hereto and the Subsidiary Pledgors Party hereto and Credit Suisse First Boston, as Collateral Agent, dated as of July 31, 2000 and Amended and Restated as of May 22, 2002.                 | Exhibit 4.13 to the Registrant's Form 10-Q for quarter ended May 31, 2002      |

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<CAPTION>

Exhibit	Description	Incorporated Herein By Reference To	Filed Herewith
-----<C>	-----<S>	-----<C>	-----<C>
4.10	Amended and Restated Indemnity, Subrogation and Contribution Agreement dated as of May 22, 2002, among Actuant Corporation, a Wisconsin Corporation, each Guarantor Subsidiary of the Company, and Credit Suisse First Boston, as Collateral Agent for the Secured Parties.	Exhibit 4.14 to the Registrant's Form 10-Q for quarter ended May 31, 2002	
4.11	Amended and Restated Subsidiary Guarantee Agreement dated as of May 22, 2002, among each of the Guarantor Subsidiaries of Actuant Corporation and Credit Suisse First Boston, as Collateral Agent for the Secured Parties.	Exhibit 4.15 to the Registrant's Form 10-Q for quarter ended May 31, 2002	
10.1	(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 ("1990 Plan")  (b) Amendment to 1990 Plan adopted by board of directors on August 10, 1992 and approved by shareholders on January 7, 1993	Exhibit A to the Registrant's Proxy Statement dated December 5, 1990 For 1991 Annual Meeting of Shareholders  Exhibit 10.5(b) to the Registrant's Form 10-K for fiscal year ended August 31, 1992	

	(c) Amendment to 1990 Plan adopted by board of directors on May 8, 1997	Exhibit 10.4(c) to the Registrant's Form 10-K for the fiscal year ended August 31, 1997
10.2	Description of Fiscal 2001 Management Bonus Arrangements	Exhibit 10.5 to the Registrant's Form 10-K for the fiscal year ended August 31, 2000
10.3	(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 ("1989 Plan")	Exhibit 10.7 to the Registrant's Form 10-K for the fiscal year ended August 31, 1989
	(b) Amendment to 1989 Plan Adopted by board of directors on November 9, 1990 and approved by shareholders on January 7, 1991	Exhibit 10.7(b) to the Registrant's Form 10-K for the fiscal year ended August 31, 1990
	(c) Amendment to 1989 Plan Adopted by board of directors on October 31, 1996	Exhibit 10.7(c) to the Registrant's Form 10-K for fiscal year ended August 31, 1996 ("1996 10-K")
10.4..	Outside Directors' Deferred Compensation Plan adopted by Board of Directors on May 4, 1995	Exhibit 10.8 to the Registrant's Form 10-K for fiscal year ended August 31, 1995
10.5..	(a) 1996 Stock Plan adopted by board of directors on August 8, 1996 and proposed for shareholder approval on January 8, 1997	Annex A to the Registrant's Proxy Statement dated November 19, 1996 for 1997 Annual Meeting of Shareholders
	(b) Amendment to 1996 Stock Plan adopted by board of directors on May 8, 1997	Exhibit 10.10(b) to the Registrant's Form 10-K for the fiscal year ended August 31, 1997

</TABLE>

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<TABLE>  
<CAPTION>

Exhibit	Description	Incorporated Herein By Reference To	Filed Herewith
<C>	<S>	<C>	<C>
10.6.	Form of Contribution Agreement, Plan and Agreement Regarding Litigation, Claims and Other Liabilities between API and APW, dated as of July 21, 2000	Exhibit 10.11 to the Form 10 Registration Statement dated May 1, 2000 as amended	
10.7.	Form of General Assignment, Assumption and Agreement Regarding Litigation, Claims and Other Liabilities between API and APW, dated as of July 21, 2000	Exhibit 10.12 to the Form 10 Registration Statement dated May 1, 2000, as amended	
10.8.	Form of Transitional Trademark Use and License Agreement between API and APW, dated as of July 21, 2000	Exhibit 10.13 to the Form 10 Registration Statement dated May 1, 2000, as amended	
10.9.	Form of Insurance Matters Agreement between API and APW, dated as of July 21, 2000	Exhibit 10.14 to the Form 10 Registration Statement dated May 1, 2000, as amended	
10.10.	Form of Bill of Sale and Assumption of Liabilities between API and APW, dated as of July 21, 2000	Exhibit 10.15 to the Form 10 Registration Statement dated May 1, 2000, as amended	
10.11.	Form of Employee Benefits and Compensation Agreement between API and APW, dated as of July 21, 2000	Exhibit 10.16 to the Form 10 Registration Statement dated May 1, 2000, as amended	
10.12	Form of Tax Sharing and Indemnification Agreement between API and APW, dated as of July 21, 2000	Exhibit 10.17 to the Form 10 Registration Statement dated May 1, 2000, as amended	
10.13.	Form of Interim Administrative Services Agreement between API and APW, dated as of July 21, 2000	Exhibit 10.18 to the Form 10 Registration Statement dated May 1, 2000, as amended	
10.14.	Form of Confidentiality and Nondisclosure Agreement between API and APW, dated as of July 21, 2000	Exhibit 10.19 to the Form 10 Registration Statement dated May 1, 2000, as amended	
10.15.	Form of Patent Assignment between API and Wright Line Inc. (n/k/a APW Ltd.), dated as of July 21, 2000	Exhibit 10.20 to the Form 10 Registration Statement dated May 1, 2000, as amended	



10.16. Form of Change in Control Agreement for certain named executives (Messrs. Brian Kobylinski, Todd Hicks, Ralph Keller, Jerry Peiffer, Joe O'Connor, and Arthur Kerk)	Exhibit 10.21 to Registrant's Form 10-K for the fiscal year ended August 31, 2000
10.17. Actuant Corporation Executive Stock Purchase Plan	Exhibit 10.22 to the Registrant's Form 10-K for the fiscal year ended August 31, 2000
10.18. Actuant Corporation 2001 Stock Plan	Exhibit B to the Registrant's Proxy Statement, dated December 1, 2000 for the 2001 Annual Meeting of Shareholders

</TABLE>

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<CAPTION>

Exhibit	Description	Incorporated Herein By Reference To	Filed Herewith
<C>	<S>	<C>	<C>
10.19.	Actuant Corporation 2001 Outside Directors' Stock Option Plan	Exhibit C to the Registrant's Proxy Statement, dated December 1, 2000 for the 2001 Annual Meeting of Shareholders	
10.20	Receivables Sale Agreement dated as of May 30, 2001, among Actuant Corporation, Del City Wire Co., Inc., GB Tools and Supplies, Inc., Versa Technologies, Inc., and Engineered Solutions, L.P., as Originators, and Actuant Receivables Corporation, as Buyer	Exhibit 10.25 to the Registrant's Form 10-Q For quarter ended May 31, 2001	
10.21.	Receivables Purchase Agreement dated as of May 30, 2001, among Actuant Receivables Corporation, as Seller, Actuant Corporation, as Initial Servicer, Blue Ridge Asset Funding Corporation and Wachovia Bank, N.A., as Agent	Exhibit 10.26 to the Registrant's Form 10-Q for quarter ended May 31, 2001	
10.22.	Description of Fiscal 2002 Management Bonus Arrangements	Exhibit 10.27 to the Registrant's Form 10-K for the fiscal year ended August 31, 2001	
10.23.	Amendment No. 1, dated as of November 30, 2001, to the Receivables Sale Agreement dated as of May 31, 2001, among Actuant Corporation, Del City Wire Co., Inc., GB Tools and Supplies, Inc., Versa Technologies, Inc., and Engineered Solutions, L.P., as Existing Originators, Nielsen Hardware Corp., Actuant Receivables Corporation, as Buyer, and Wachovia Bank, N.A., as Agent	Exhibit 10.28 to the Registrant's Form 10-Q for quarter ended November 30, 2001	
10.24.	Amendment No. 1, dated as of November 30, 2001, to the Receivables Purchase Agreement dated as of May 31, 2001, among Actuant Receivables Corporation, as Seller, Actuant Corporation, as Initial Servicer, Blue Ridge Asset Funding Corporation and Wachovia Bank, N.A., as Agent.	Exhibit 10.29 to the Registrant's Form 10-Q for quarter ended November 30, 2001	
10.25.	Actuant Corporation Change in Control Agreement for Robert C. Arzbaecher dated January 7, 2002.	Exhibit 10.30 to the Registrant's Form 10-Q for quarter ended November 30, 2001	
10.26.	Actuant Corporation Change in Control Agreement for Andrew G. Lampereur dated January 7, 2002.	Exhibit 10.31 to the Registrant's Form 10-Q for quarter ended November 30, 2001	
10.27	Underwriting Agreement, dated February 7, 2002 among Actuant Corporation and First Union Securities, Inc. ; ABN AMRO Rothschild LLC ; Robert W. Baird & Co. Incorporated and Bear, Stearns & Co. Inc.	Exhibit 1.1 to the Registrant's Form 8-K dated February 7, 2002	

</TABLE>

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<TABLE>  
<CAPTION>

Exhibit <C>	Description <S>	Incorporated Herein By Reference To <C>	Filed Herewith <C>
10.28	Notice of Partial Redemption to the Holders of Applied Power, Inc. (N/K/A Actuant Corporation) 13% Series A Senior Subordinated Notes due 2009 (CUSIP No. 00508WAB2)	Exhibit 10.33 to the Registrant's Form 10-Q for quarter ended February 28, 2002	
10.29	Actuant Corporation Outside Directors' Deferred Compensation Plan	Exhibit 99.1 to the Registrant's Form S-8 dated May 24, 2002	
10.30	Actuant Corporation Change in Control Agreement for Mark E. Goldstein dated September 30, 2002		X
10.31	Description of Fiscal 2003 Management Bonus Arrangements		X
10.32	Share Sale and Purchase and Option Agreement between Horst Michaels, Anni Simoneit, Arno Michaels, Bianca Michaels, Ute Michaels, and Applied Power Holding GmbH and Actuant Corporation dated July 22, 2002.		X
10.33.	Actuant Corporation Change in Control Agreement for William Blackmore dated November 15, 2002		X
10.34.	Actuant Corporation Change in Control Agreement for Ronald Wieczorek dated November 8, 2002		X
10.35	Form of Indemnification Agreement for Directors and Officers		X
21	Subsidiaries of the Registrant		X
23	Consent of PricewaterhouseCoopers LLP		X
24	Power of Attorney	See Signature Page of this report	
99.1	Written Statements of the Chief Executive Officer		X
99.2	Written Statements of the Chief Financial Officer		X

</TABLE>

Amendment No.1 to Actuant Corporation  
Amended and Restated Bylaws

The following amendment to the Actuant Corporation Amended and Restated Bylaws has been approved by the Board of Directors and is effective as of November 7, 2002:

The last sentence of Section 3.02 of the Actuant Corporation Amended and Restated Bylaws is hereby deleted in its entirety.

ACTUANT CORPORATION  
CHANGE IN CONTROL AGREEMENT  
FOR  
MARK E. GOLDSTEIN

This Agreement is made as of September 30, 2002 (the "Effective Date"), between Actuant Corporation (the "Corporation"), a Wisconsin corporation and Mark E. Goldstein (the "Executive").

WHEREAS, the Executive is a valued employee of the Corporation; and

WHEREAS, the Corporation desires to enter into this Change in Control Agreement with the Executive to provide the Executive with contractual assurances to induce the Executive to remain as an employee of the Corporation notwithstanding the possibility, threat or occurrence of a Change in Control (as defined below) of the Corporation.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the Executive and the Corporation agree as follows:

1. Employment and Duties. The Corporation hereby employs Executive as Vice-President, Gardner Bender, with all powers and authority as are customary to this position, and Executive hereby accepts employment with the Corporation in accordance with the terms and conditions set forth herein. Executive shall have such executive responsibilities as is customary with this position and as the Corporation's Board of Directors or the President (as the case may be) shall from time to time assign to him. Executive agrees to devote his full time (excluding annual vacation time), skill, knowledge, and attention to the business of the Corporation and the performance of his duties under this Agreement.

2. Termination, Bonus, and Severance Pay.

a. As used in this Agreement, a Change in Control means:

(i) a sale of over 50% of the stock of the Corporation measured in terms of voting power, other than in a public offering; or

(ii) the sale by the Corporation of over 50% of its business or assets in one or more transactions over a consecutive 12-month period; or

(iii) a merger or consolidation of the Corporation with or into any other corporation or corporations such that the shareholders of the Corporation prior to the merger or consolidation do not own at least 50% of the surviving entity measured in terms of voting power; or

(iv) the acquisition by any means of more than 25% of the voting power or common stock of the Corporation by any person or group of persons

(with group defined by the definitions under Section 13(d)(3) of the Securities Exchange Act of 1934, as amended); or

(v) the election of directors constituting a majority of the Corporation's board of directors pursuant to a proxy solicitation not recommended by the Corporation's board of directors.

b. As used in this Agreement, a Triggering Event means:

(i) (a) reducing the base salary paid to the Executive or (b) a material reduction in Executive's bonus opportunity or (c) reducing the total aggregate value of the fringe benefits received by the Executive from the levels received by the Executive at the time of a Change in Control or during the 180 day period immediately preceding the Change in Control; or

(ii) a material change in the Executive's position or duties or the Executive's reporting responsibilities from the levels existing at the time of a Change in Control or during the 180 day period immediately preceding the Change in Control; or

(iii) a change in the location or headquarters where the Executive is normally expected to provide services to a location of 40 or more miles from the previous location existing at the time of the

Change in Control or during the 180 day period immediately preceding the Change in Control.

c. If the Corporation terminates Executive's employment within the period beginning six months prior to a Change in Control and ending 24 months following a Change in Control or Executive voluntarily terminates his services following a Triggering Event that occurs within 24 months following the date of a Change in Control, the Corporation shall pay to the Executive a lump sum equal to the sum of (a) the amount of the highest per annum base rate of salary in effect with respect to the Executive during the two-year period immediately prior to the termination of employment plus (b) the amount of the highest annual bonus or incentive compensation earned by the Executive under any cash bonus or incentive compensation plan of the Corporation during the three complete fiscal years of the Corporation immediately preceding the termination of employment. Such lump sum shall be paid by the Corporation to the Executive within twenty days after the Executive's termination of employment. In addition, the Corporation, at the Corporation's cost, shall continue to provide Executive with the welfare benefits and other perquisites Executive was receiving at the time of the Change in Control for a period of one year following Executive's termination of employment or such earlier date as Executive becomes employed by another employer and becomes eligible for welfare benefits. For purposes hereof, perquisites will include the Executive's right to lease a car or a car allowance, as the case may be.

d. Notwithstanding any provision herein, no amounts will be due under this Agreement in the event the Executive's employment is terminated by the Corporation for cause. The term "for cause" shall mean solely the following events:

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(i) Executive has been convicted of a felony which has adversely affected the Corporation's reputation;

(ii) Executive has materially misappropriated the Corporation's funds, property or opportunities; or

(iii) Executive has materially breached any of the provisions of this Agreement after having been provided by written notice a reasonable opportunity (not less than 15 business days) to cure such breach.

### 3. Certain Additional Payments by the Corporation.

a. In the event it shall be determined that the severance benefits payable to Executive under this Agreement or any other payments or benefits received or to be received by the Executive (whether payable pursuant to the terms of this Agreement, any other plan, agreement or arrangement) (the "Payments") would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code") or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment"). The Gross-Up Payment shall be in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and excise tax imposed on the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments.

b. Subject to the provisions of paragraph c. of this Section 3, all determinations required to be made under this Section 3, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by a certified public accounting firm designated by the Executive (the "Accounting Firm"), which shall provide detailed supporting calculations both to the Corporation and the Executive within twenty business days of the receipt of notice from the Executive that there has been a Payment, or such earlier time as is requested by the Corporation. All fees and expenses of the Accounting Firm shall be borne solely by the Corporation. Any Gross-Up Payment, as determined pursuant to this Section 3, shall be paid by the Corporation to the Executive within five days of the receipt of the Accounting Firm's determination. Any determination by the Accounting Firm shall be binding upon the Corporation and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Corporation should have been made ("Underpayment"), consistent with the calculations required to be made

hereunder. In the event that the Corporation exhausts its remedies pursuant to paragraph c. of this Section 3 and the Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred

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and any such Underpayment shall be promptly paid by the Corporation to or for the benefit of Executive.

c. The Executive shall notify the Corporation in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Corporation of the Gross-Up Payment. Such notification shall be given as soon as practicable but no later than ten business days after the Executive is informed in writing of such claim and shall describe the nature of such claim and the date on which such claim is requested to be paid. The Executive shall not pay such claim prior to the expiration of the thirty-day period following the date on which he gives such notice to the Corporation (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Corporation notifies the Executive in writing prior to the expiration of such period that it desires to contest such claim, the Executive shall:

(i) give the Corporation any information reasonably requested by the Corporation relating to such claim,

(ii) take such action in connection with contesting such claim as the Corporation shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Corporation,

(iii) cooperate with the Corporation in good faith in order effectively to contest such claim, and

(iv) permit the Corporation to participate in any proceedings relating to such claim;

provided, however, that the Corporation shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax or income tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this paragraph c. of Section 3, the Corporation shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forego any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct the Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Corporation shall determine; provided, however, that if the Corporation directs the Executive to pay such claim and sue for a refund, the Corporation shall advance the amount of such payment to the Executive, on an interest-free basis and shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax or income tax (including interest or penalties with respect thereto) imposed with respect to such advance or with respect to any imputed income with respect to such advance; and provided, further, that any extension of the statute of

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limitations relating to payment of taxes for the taxable year of the Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Corporation's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

d. If, after the receipt by the Executive of an amount advanced by the Corporation pursuant to paragraph c. of this Section 3, the Executive becomes entitled to receive any refund with respect to such claim, the Executive shall (subject to the Corporation's complying with the requirements of paragraph c. of this Section 3) promptly pay to the Corporation the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If after the receipt by the Executive of an amount advanced by the Corporation pursuant to paragraph c. of this Section 3, a determination is made that the Executive

shall not be entitled to any refund with respect to such claim and the Corporation does not notify the Executive in writing of its intent to contest such denial of refund prior to the expiration of thirty days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

4. Confidential Information. As a supplement to any other confidentiality provisions applicable to the Executive, Executive acknowledges that all Confidential Information is and shall continue to be the exclusive proprietary property of the Corporation, whether or not disclosed to or entrusted to the custody of Executive. Executive will not, either during the term hereof or at any time thereafter, disclose any Confidential Information, in whole or in part, to any person or entity other than to employees or affiliates of the Corporation, for any reason or purpose, unless the Corporation gives its prior written consent to such disclosure. Executive also will not, either during the term hereof or at any time thereafter, use in any manner any Confidential Information for his own purposes or for the benefit of any person or entity except the Corporation and its affiliates whether such use consists of duplication, removal, oral communication, disclosure, transfer or other unauthorized use thereof, unless the Corporation gives its prior written consent to such use. As used herein, the term "Confidential Information" refers to all information and materials not in the public domain belonging to, used by or in the business of the Corporation (the "Business") relating to its business strategies, products, pricing, customers, technology, programs, costs, employee compensation, marketing plans, developmental plans, computer programs, computer systems, inventions, developments, formulae, processes, designs, drawings, trade secrets of every kind and character and competitive information. "Confidential Information" also includes confidential information belonging to other companies and disclosed to the Executive by the Corporation.

5. Non-competition and Inventions.

a. During the period of employment of Executive and for a period of one year after Executive's termination of employment for any reason, Executive shall not directly or indirectly as a principal, agent, owner, employee, consultant, advisor, trustee,

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beneficiary, distributor, partner, co-venturer, officer, director, stockholder or in any other capacity, nor will any entity owned by Executive:

(i) divert or attempt to divert any business from the Corporation or engage in any act likely to cause any customer or supplier of the Corporation to discontinue or curtail its business with the Corporation or to do business with another entity, firm, business, activity or enterprise directly or indirectly competitive with the Corporation; or

(ii) contact, sell or solicit to sell or attempt to contact, sell or solicit to sell products competitive to those sold by the Corporation to any customer of the Corporation with which Executive had contact while performing services for the Corporation; or

(iii) solicit or attempt to solicit any employee of the Corporation for employment or retention.

Notwithstanding the provisions above, Executive may acquire securities of any entity the securities of which are publicly traded, provided that the value of the securities of such entity held directly or indirectly by Executive immediately following such acquisition is less than 5% of the total value of the then outstanding class or type of securities acquired.

b. Executive acknowledges and agrees that the restrictions set forth in this Section 5 are founded on valuable consideration and are reasonable in duration and geographic area in view of the circumstances under which this Agreement is executed and that such restrictions are necessary to protect the legitimate interests of the Corporation. If, in any judicial proceeding, a court shall refuse to enforce any separate covenant set forth herein, then such unenforceable covenant shall be deemed eliminated from this Section 4 for the purpose of that proceeding to the extent necessary to permit the remaining separate covenants to be enforced.

c. The Executive hereby sells, transfers and assigns to the Corporation the entire right, title and interest of the Executive in and to all inventions, ideas, disclosures and improvements, whether patented or unpatented, and copyrightable materials, made or conceived by the Executive, solely or jointly, or in whole or in part, during the period Executive is bound by this Agreement which (i) relate to methods, apparatus, designs, products, processes or devices sold, leased, used or under construction or development by the Corporation or any subsidiary or

(ii) otherwise relate to or pertain to the business, functions or operations of the Corporation or any subsidiary, or (iii) arise (wholly or partly) from the efforts of the Executive during the Term hereof in connection with his performance of his duties hereunder. The Executive shall communicate promptly and disclose to the Corporation, in such form as the Corporation requests, all information, details and data pertaining to the aforementioned inventions, ideas, disclosures and improvements; and, whether during the term hereof or thereafter, the Executive shall execute and deliver to the Corporation such formal transfers and assignments and such other papers and documents as may be required of the Executive to permit the

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Corporation to file and prosecute the patent applications and, as to copyrightable material, to obtain copyright thereon. This provision does not relate to any invention for which (i) no equipment, supplies, facilities or trade secret information of the Corporation was used and which was developed entirely on the Executive's own time and which does not relate (A) directly to the business of the Corporation, or (B) to the Corporation's actual or demonstrably anticipated research or development; or (ii) does not result in any work performed by the Executive for the Corporation.

d. The provisions in this paragraph are a supplement to any other confidentiality and non-compete provisions applicable to the Executive in any other agreements.

#### 6. Miscellaneous.

a. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Wisconsin, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

b. All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive, to his address appearing on the records of the Corporation.

If to the Corporation: Actuant Corporation  
6100 North Baker Road  
Milwaukee, WI 53209  
Attention: Chairman of the Audit Committee

With a copy to: Quarles & Brady LLP  
411 East Wisconsin Avenue  
Milwaukee, WI 53202  
Attention: Anthony W. Asmuth III, Esq.

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

c. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

d. The Corporation may withhold from any amounts payable under this Agreement such federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

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e. The Executive's or the Corporation's failure to insist upon strict compliance with any provisions hereof or any other provision of this Agreement or the failure to assert any right the Executive or the Corporation may have hereunder, including, without limitation, the right of the Executive to terminate employment for cause pursuant to this Agreement, shall not be deemed to be a waiver of such provision or right of any other provision or right of this Agreement.

f. The Executive and the Corporation acknowledge that, except as may otherwise be provided herein or under any other written agreement between



the Executive and the Corporation, the employment of the Executive by the Corporation is "at will" and the Executive's employment may be terminated by the Corporation at any time.

g. The Corporation agrees that if it breaches any payment obligation hereunder, the Corporation will pay all reasonable attorney fees and costs incurred by Executive in enforcing Executive's rights hereunder.

h. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

i. If the Corporation sells, leases, exchanges or otherwise disposes of, in a single transaction or series of related transactions, all or substantially all of its property and assets, or if the Corporation ceases to exist as a separate entity as a result of a merger, spin-off, reorganization or otherwise, then the Corporation will, as a condition precedent to any such transaction, cause effective provision to be made so that the person or entity acquiring such property and assets or succeeding to the business of the Corporation as the surviving entity of a merger, spin-off, reorganization or otherwise, as applicable, becomes bound by, and replaces the Corporation under, this Agreement.

7. Injunctive Relief. Executive acknowledges and agrees that irreparable injury will result to the Corporation in the event Executive breaches any covenant contained in this Agreement and that the remedy at law for such breach will be inadequate. Therefore, if Executive engages in any act in violation of the provisions of this Agreement, the Corporation shall be entitled, in addition to such other remedies and damages as may be available to it by law or under this Agreement, to injunctive or other equitable relief to enforce the provisions hereof.

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first above written.

Actuant Corporation

By: /s/ Robert C. Arzbaecher  
-----  
Robert C. Arzbaecher

/S/ Mark E. Goldstein  
-----  
Mark E. Goldstein

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## Executive Staff Fiscal 2003 Bonus Measurements

The fiscal 2003 bonus plan for executive staff will be based on year-over-year improvement in Actuant's Consolidated Combined Management Measure (CMM)

## Supporting Definitions:

Consolidated CMM = Operating Profit (before amortization) less Asset Carrying Charge of 20% of total debt, shareholders' equity and accumulated amortization of intangible assets

## Bonus Targets:

	0%	100% (Target)	250%
Consolidated CMM	\$29.1 million	\$33.1 million	\$41.1 million

Name	Functional Area	Proposed Bonus Payout @ 100%
Robert Arzbaecher	Chief Executive Officer	\$ 350,000
Andrew Lampereur	Chief Financial Officer	\$ 112,500
Ralph Keller	Vice President of Operations	\$ 82,000
Brian Kobylinski	Vice President of Business Development	\$ 61,250

## Business Unit Leader Fiscal 2003 Bonus Measurements

The fiscal 2003 bonus plan for business unit leaders will be based on year-over-year improvement in Business Unit CMM (80%) and year-over-year improvement in Actuant's CMM (20%).

## Supporting Definitions:

Business Unit CMM = Operating Profit (before amortization) less Asset Carrying Charge of 20% of Net Assets Employed

Net Assets Employed = Net accounts receivable + net inventory + prepaid assets + net fixed assets + other long-term assets (excluding intangible assets) - accounts payable - accrued current liabilities

## Bonus Targets:

Mark Goldstein; Vice President of Gardner Bender-

Gardner Bender CMM	0% payout: Less than or equal to 80% of prior year. 100% payout: 10% improvement over prior year 250% payout: 50% improvement over prior year
Consolidated CMM	See consolidated CMM scale above.
Bonus payout at 100%	\$119,250

[This is an English translation of the governing document.  
The governing document is in German.]

Share Sale and Purchase and Option Agreement

between

Horst Michaels ,  
Tulpenweg 13, 63755 Alzenau;

Anni Simoneit ,  
represented by Gertrud Eckert  
Markerstr. 31, 63755 Alzenau;

Arno Michaels ,  
Prentelweg 2 a, 81243 Munich;

Bianca Michaels ,  
Adolfsallee 7, 65185 Wiesbaden;

Ute Michaels,  
Meistersingerstr. 13, 81927 Munich, and  
(hereinafter together "Shareholders")

and

Applied Power Holding GmbH,  
Mundelheimer Weg 51, 40472 Dusseldorf  
(AG Dusseldorf, HRB 31197)

(hereinafter "Purchaser")

and

Actuant Corporation,  
6100 North Baker Road, Milwaukee, Wisconsin 53209, USA

(hereinafter "Actuant")

Date: 22 July 2002

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Preamble

The Shareholders are the sole shareholders of Heinrich Kopp AG, with its seat in Kahl am Main, registered with the Commercial Register of the Local Court of Aschaffenburg under HRB 4758 (hereinafter also referred to as "Kopp" or the "Company").

The Company develops, produces and sells electric and electronic devices, especially switch programs, low-voltage distribution assemblies and other electrical installation material. The Company operates production sites in Germany in Kahl, Hildburghausen and Ingolstadt, and -through foreign subsidiaries - in the Czech Republic and Tunisia. Distribution companies are located in Germany, Austria, Hungary and Poland.

The Company holds, directly or indirectly, 100% of the shares in Brunnquell GmbH Fabrik elektrotechnischer Apparate (Germany), Osterreichische Kopp Ges.m.b.H. (Austria), Kopp Elektrotechnika, spol. s.r.o. (Czech Republic), Magyar KOPP Kft. (Hungary), Kopp Elektrotechnika Sp. z o.o. (Poland), Profikontakt Elektrohandels GmbH, Condor Installationstechnik GmbH (Germany) and HEKO Electrotechnique S.A.R.L. (Tunisia). Finally, the Company holds a 10% interest in Indo Asian Fusegear PVT. Ltd. (India), a 26% interest in Avanti Kopp Electricals PVT. Ltd. (India) and a 0.9% interest in „Eiba" Societe Cooperative (Belgium). Furthermore, Osterreichische Kopp Ges.m.b.H. holds a 1.77% interest in TDZ Technologie- und Dienstleistungszentrum Rohrbach GmbH (Austria).

The Shareholders, for the purposes of finding a successor, have decided to look for a strategic partner to secure corporate success on a long-term basis and, therefore, intend to sell the majority of the shares of the Company. The Purchaser, a wholly-owned subsidiary of Actuant is interested in acquiring a majority interest in the Company. In addition, the Purchaser intends to grant a put option to certain of the Shareholders in respect of the sale of the remaining minority stake in the Company pursuant to the terms of this Agreement.

NOW, THEREFORE, the parties agree as follows:

The following terms in this Agreement shall have the following meaning, unless it is evident that something different is intended by the Parties:

<TABLE>	
<S>	<C>
"Actuant"	has the meaning as set forth on the cover page;
"Administrative Charges"	has the meaning as set forth in (S) 5 subpara. 3.6;
"Aggregate Limit of Liability"	has the meaning as set forth in (S) 5 subpara. 16.8;
</TABLE>	

"Assignee Entity"	has the meaning as set forth in (S) 18 subpara. 1;
"Closing"	has the meaning as set forth in (S) 4 subpara. 2;
"Companies"	has the meaning as set forth in (S) 1 subpara. 3;
"Companies' Financial Statements"	has the meaning as set forth in (S) 5 subpara. 2.1;
"Company"	has the meaning as set forth in the Preamble;
"Competing Products"	has the meaning as set forth in (S) 11 subpara. 1;
"Effective Date"	has the meaning as set forth in (S) 4 subpara. 1;
"Environmental Liability"	has the meaning as set forth in (S) 8.1.1;
"Environmental Pollution"	has the meaning as set forth in (S) 8.1.3;
"Environmental Provision"	has the meaning as set forth in (S) 5 subpara. 4;
"Environmental Reports"	has the meaning as set forth in (S) 8.1.2;
"Governmental Permission"	has the meaning as set forth in (S) 5 subpara. 9.2;
"Intellectual Property Rights"	has the meaning as set forth in (S) 5 subpara. 7.1;
"Kopp"	has the meaning as set forth in the Preamble;
"Kopp Group"	has the meaning as set forth in (S) 1 subpara. 3;
"Non-Compete Covenant"	has the meaning as set forth in (S) 11 subpara. 1;
"Option Purchase Price"	has the meaning as set forth in (S) 9 subpara. 5;
"Option Shares"	has the meaning as set forth in (S) 9 subpara. 1;
"Option Sellers"	has the meaning as set forth in (S) 9 subpara. 1;
"Participations"	has the meaning as set forth in (S) 1 subpara. 3;
"Purchaser"	has the meaning as set forth on the cover page;

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"Purchase Price"	has the meaning as set forth in (S) 3 subpara. 1;
"Put Option"	has the meaning as set forth in (S) 9 subpara. 1;
"Reference Day"	has the meaning as set forth in (S) 3 subpara. 5;
"Sellers"	has the meaning as set forth in (S) 2 subpara. 1;
"Shareholders"	has the meaning as set forth on the cover page;
"Shareholders' Agreement"	has the meaning as set forth in (S) 1 subpara. 2;
"Shares"	has the meaning as set forth in (S) 1 subpara. 1;
"Signing Date"	means the day of the conclusion of this Sale and Purchase Agreement;
"Subsidiaries"	has the meaning as set forth in (S) 1 subpara. 3;
"Territory"	has the meaning as set forth in (S) 11 subpara. 1;
"Working Capital"	has the meaning as set forth in (S) 3 subpara. 4.

(S) 1  
Object of Sale

1.1 The stated capital of the Company of EUR 10,000,000.00 (in words: Euro ten million) is divided into 130,500 registered ordinary shares without par value (Stuckaktien) and 43,500 registered non-voting preference shares without par value (Stuckaktien) held as follows:

Shareholder	Ordinary Shares/share registration number	Preference Shares	Total
Horst Michaels	107,037 / A1	(none)	107,037

Ute Michaels	(none)	25,679 / B2	25,679
Arno Michaels	2,649 / A3	5,883 / B3	8,532
Bianca Michaels	2,649 / A4	5,883 / B4	8,532
Anni Simoneit	18,165 / A2	6,055 / B1	24,220
Total	130,500	43,500	174,000

The aforementioned shares are hereinafter collectively referred to as "Shares".

The Shares are evidenced in collective share certificates (Sammelurkunden) the registration numbers of which are as set out in the above table.

- 1.2 The stated share capital of the Company is fully paid in and has not been repaid. The Shares are not subject to an obligation to make an additional contribution. The Shares are the unrestricted property of the respective Shareholders and are free from any third party rights. Except for the shareholders' agreement entered into between the Shareholders dated July 13, 1992 (hereinafter "Shareholders' Agreement"), there are no contractual commitments vis-a-vis third parties with respect to the Shares, especially no rights of pre-emption, obligations to offer, voting commitments, trust, or the like. The shareholders' rights and obligations are exclusively governed by the Articles of Association, the Shareholders' Agreement and statutory provisions.
- 1.3 Exhibit 1.3.1 contains a complete list of all legal entities in which the Company holds more than 50% of the voting rights (hereinafter "Subsidiaries"), stating the seat of the respective subsidiary and the participation quota. Exhibit 1.3.2 contains a complete list of all other interests of the Company in other legal entities, stating the seat of the respective legal entity and the participation quota (hereinafter "Participations"). The Company and the Subsidiaries are hereinafter also referred to as "Kopp Group" or the "Companies".

(S) 2  
Sale of Shares / Put Option

- 2.1 Horst Michaels, Arno Michaels, Bianca Michaels and Anni Simoneit (hereinafter the "Sellers") hereby sell, and the Purchaser hereby purchases, with economic effect as of the Effective Date ((S) 4 subpara. 1 of this Agreement), the following Shares, with all

rights and obligations to be derived therefrom, including the right to draw the profits pertaining to the fiscal year commencing January 1, 2002:

- Mr. Horst Michaels: all of his Shares,
- Mr. Arno Michaels: all of his Ordinary Shares,
- Ms. Bianca Michaels: all of her Ordinary Shares, and
- Ms. Anni Simoneit: all of her Shares.

- 2.2 With regard to all Shares held by Ute Michaels and all of the Preferred Shares held by Arno Michaels and Bianca Michaels the Purchaser grants a put option to Ute Michaels, Arno Michaels and Bianca Michaels in accordance with the provisions set out in (S) 9 hereof.

(S) 3  
Purchase Price / Purchase Price Adjustment

- 3.1 The purchase price for the Shares sold pursuant to (S) 2 subpara. 1 shall amount to

EUR 12,199,116.00  
(in words: twelve million one hundred ninety-nine  
thousand one hundred sixteen Euro)  
(hereinafter referred to as "Purchase Price").

The Purchase Price will be allocated internally between the Sellers as follows:

Mr. Horst Michaels	EUR 9,728,861.00	79.74%;
Ms. Anni Simoneit	EUR 2,017,599,00	16.54%;
Ms. Bianca Michaels	EUR 226,328.00	1.86%;and
Mr. Arno Michaels	EUR 226,328.00	1.86%.

3.2 The Purchase Price pursuant to (S)3.1 shall be due and payable as follows:

- a) a partial amount of EUR 10,699,116.00 (in words: ten million six hundred ninety-nine thousand one hundred sixteen Euro) shall be paid immediately at Closing ((S) 4 subpara. 2 of this Agreement), concurrently with (Zug um Zug) the transfer of the Shares sold pursuant to (S) 2.1 to the Purchaser, at no cost or expense to the Sellers to account no. 150737000, at Dresdner Bank Aschaffenburg, banking code 79580099.
- b) a partial amount of EUR 1,500,000.00 (in words: one million five hundred thousand Euro) shall be due one (1) year after Closing ((S)4 subpara. 2 of this

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Agreement) and shall be transferred to the account referred to in lit. a) at no cost or expense to the Sellers, unless the Purchaser is notified in writing of another account. The Purchaser hereby irrevocably waives its right of set-off against this claim and its right to invoke other objections or defenses, of whatever nature, against this claim, provided that there is no breach of the guarantees in (S) 5.1.1, first subparagraph, sentence 2 and second subparagraph, sentence 1. In such cases any amounts set-off or otherwise withheld shall be taken into account for the Aggregate Limit of Liability. Otherwise the Purchaser shall have no right of set-off with potential claims pursuant to (S) (S) 5, 6, 7 and/or 8 of this Agreement against the claim for payment of this partial amount of the Purchase Price or to invoke rights of retention (Zurückbehaltungsrechte) on such basis. As a security for the payment of this partial amount the Purchaser will deliver a bank guarantee to the Sellers at Closing in accordance with (S) 4.2 lit. b).

The Sellers will allocate and distribute these amounts among themselves.

3.3 The Purchase Price pursuant to para. 3.1 shall be subject to the adjustment pursuant to (S) (S) 3.5 to 3.8 and shall be increased by such amounts which will have been paid between the Signing Date of this Agreement and the Closing (i) by the Company to IKB Bank as repayment of the IKB Bank loan dated 2 September 1998 (as amended on 6 June 2000 and 26 October 2000) (present value: EUR 4,985,096.00, next instalment of EUR 383,469.00 due and payable on 30 September 2002) as well as (ii) by Kopp Elektrotechnika, spol. s.r.o., Czech Republic, to Kopp Elektrotechnika, spol. s.r.o. (Czech Republic) as repayment of the loan of HVB Czech Republic, Prague (present value: EUR 550,000.00, next instalment of EUR 55,000.00 due and payable on 2 January 2003).

3.4 The Purchase Price pursuant to (S) 3 subpara. 1 is based on the assumption that the added, non-consolidated Working Capital (as defined below) of the Companies as per the Reference Day defined in (S) 3.5 will be between EUR 31.5 million and EUR 37.5 million. For each of the Companies the Working Capital as per the Reference Day shall be calculated as follows:

- inventories (Sec. 266 para 2 B. I. German Commercial Code), booked and accounted for in accordance with the principles pursuant to (S)5.6.4, plus
- trade accounts receivable (Sec. 266 para 2 B. II. 1. German Commercial Code), booked and accounted for in accordance with the principles pursuant to (S) 5.6.5, first to third sentence, less
- trade accounts payable (Sec. 266 para 3 C. 4. German Commercial Code), plus

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- cash etc. (Sec. 266 para 2 B. IV. German Commercial Code) and other securities (Sec. 266 para 2 B. III. 3. German Commercial Code), less
- short-term liabilities in relation to credit institutions resulting out of credit lines (included in Sec. 266 para 3 C. 2. German Commercial Code).

Details of the calculation of the Working Capital are set out in Exhibit 3.4. Exhibit 3.4 further includes an overview of the development of the Working Capital of the Companies within the first six months of the business year 2002 and the planned development for the months of July and August 2002. For the avoidance of doubt, it is hereby clarified that the repayment of the loans pursuant to (S) 4.2 lit. f) shall be disregarded for the calculation of the Working Capital if the Reference Day pursuant to (S)



3.5 occurs after the Closing.

The Sellers and the Purchaser shall jointly procure that the Working Capital of the Companies as per the Reference Day shall be determined without undue delay, in any case within 30 days following Closing. The Working Capital shall be determined on the basis of non-consolidated, non-audited management accounts of the Companies based on sum and balance lists (Summen- und Saldenlisten) as per the Reference Day without physical stock-take and by applying the same principles and methods which have been applied for the calculation of the Working Capital for the first six months of the business year 2002 (Exhibit 3.4). As of the Closing the Purchaser shall grant and shall ensure, respectively, that the Sellers have full access to the books, records and documents of the Companies, to the extent necessary to calculate the Working Capital.

- 3.5 If the Closing occurs until the 15<sup>th</sup>/ of a calendar month (including the 15<sup>th</sup>/), the Working Capital shall be determined as per the end of the previous calendar month; if the Closing occurs after the 15<sup>th</sup>/ of a calendar month, the Working Capital shall be determined after the Closing as per the end of the then current calendar month (each referred to as "Reference Day"). In case the Reference Day occurs after Closing, the Purchaser shall be obliged to conduct the business of the Company from the Closing on until the Reference Day within the ordinary course of business. Any measures outside the ordinary course of business, such as the measures listed in (S) 5.14.2 which are taken without the consent of the Sellers, shall be disregarded for the purpose of the Working Capital calculation.
- 3.6 The Purchaser will procure that a draft of the Working Capital calculation will be submitted to the Sellers at the latest within 30 days following the Closing. The draft of the Working Capital calculation shall be deemed binding between the parties and the Working Capital shall be deemed Working Capital within the meaning of this Agreement if the Sellers do not object in writing to the Purchaser within 30 days following receipt of the draft Working Capital calculation and at the same time

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submitting a revised calculation of the Working Capital reflecting the changes required from the point of view of the Sellers.

- 3.7 In case of disagreement on the draft Working Capital calculation or on any item included therein, Sellers and Purchaser will first negotiate in good faith to amicably settle the dispute between them. The Working Capital calculation agreed between the parties within such negotiation shall be deemed Working Capital within the meaning of this Agreement. In case the Sellers and the Purchaser do not reach agreement within 14 days following receipt of the objections by the Sellers, the dispute shall be referred to the expert arbitrator pursuant to (S) 16.1 of this Agreement.
- 3.8 If and to the extent the Working Capital as per the Reference Day - as finally determined pursuant to the terms and conditions of (S) (S) 3.4 to 3.7 and 16.1, respectively - falls short of an amount of EUR 31.5 million, the Purchase Price shall be reduced by the amount by which the actual Working Capital falls short of the amount of EUR 31.5 million. If and to the extent the Working Capital as per the Closing exceeds an amount of EUR 37.5 million, the Purchase Price shall be increased by the amount by which the actual Working Capital exceeds the amount of EUR 37.5 million.

Any amount due and payable pursuant to this (S) 3.8 by either party shall be due and payable by the respective obliged party at no cost or expense for the recipient within five (5) business days after which the calculation of the Working Capital has become final and binding pursuant to the aforementioned provisions. The Sellers will allocate and distribute this amount among themselves. In the event that the balance is owed to the Sellers, payment shall be made to the account referred to in (S) 3.2 lit. a) and in the event that the balance is owed to the Purchaser to an account notified in writing by the Purchaser.

(S) 4  
Effective Date/Closing

- 4.1 The economic and fiscal effective date for the transfer of the Shares sold by the Sellers pursuant to (S) 2.1 shall be the expiry of the day on which all conditions precedent pursuant to (S) 14 para 1 of this Agreement have been fulfilled ("Effective Date").
- 4.2 The completion of the sale of the Shares sold by the Sellers pursuant to (S) 2.1 (hereinafter "Closing") shall take place at the latest five (5) bank working days after all conditions precedents pursuant to (S) 14 subpara. 1 have been fulfilled in the offices of Freyberg Close Brothers, Ulmenstra(beta)e 37, 60325 Frankfurt am Main, unless otherwise agreed between the parties. At Closing, the Sellers and the Purchaser shall confirm the

satisfaction of the conditions precedents defined in (S) 14 subpara. 1 for the completion of the sale of the Shares sold by the Sellers pursuant to (S) 2.1 and shall take the following measures:

- a) signing of the Share Transfer Agreements for transfer of the Shares sold pursuant to (S) 2 subpara. 1 hereof, drafts thereof are attached as Exhibit 4.2.1 hereto, and submission of share certificates to Purchaser concurrently with (Zug um Zug) the actions and measures to be taken by the Purchaser pursuant to this (S) 4.2;
- b) payment of the partial amount of the Purchase Price pursuant to (S) 3 subpara. 2 lit. a) and delivery of a bank guarantee of a reputable major bank to the Sellers in an amount of EUR 1,500,000.00 as security for the partial amount of the Purchase Price pursuant to (S) 3.2 lit. b) of this Agreement, due one year after Closing of this Agreement, in which the bank undertakes to pay on first demand of the Sellers. The bank guarantee shall at the minimum be valid until a point in time which is one (1) year and ten (10) banking days following the Closing;
- c) delivery of a guarantee, payable on first demand, valid until 31 August 2004, by a major German bank to the Purchaser to secure potential claims of Purchaser out of and in connection with this Agreement and its consummation up to an amount of EUR 2,400,000.00 in which the bank waives its rights under (S) (S) 768, 770 et seq. BGB (German Civil Code) and the possibility of deposit (Hinterlegung);
- d) execution of an agreement between the Company and Ms Anni Simoneit pursuant to which the loan of 23 April 1992/6 October 1997 granted by Ms. Simoneit to the Company (loan of DM 4,800,000.00) including accrued interest until the Closing shall be repaid on Closing;
- e) execution of an agreement between the Company and the Theodor-Simoneit-Stiftung, Alzenau, pursuant to which the loan of 1 July 1992/27 November 1995 granted by the Theodor-Simoneit-Stiftung to the Company (loan of DM 1,000,000.00) including accrued interest until the Closing shall be repaid on Closing;
- f) repayment of the loan granted by Ms Simoneit to the Company in the amount of DM 4,800,000.00 and the loan granted by the Theodor-Simoneit-Stiftung in the amount of DM 1,000,000.00, in both cases plus interest accrued until the Closing;

- g) delivery of written declarations of the members of the supervisory board from the shareholders' side, Gert Silber-Bonz, Dr. Bernd Michaels, Dr. Reinhard Lohse and Dipl.-Ing. Horst Lettner, as attached as draft version in Exhibit 4.2.2, according to which the aforementioned persons irrevocably resign from their position as members of the supervisory board of the Company as of the Closing;
- h) signing of a termination agreement by the Company and Mr. Horst Michaels as attached as draft in Exhibit 4.2.3, according to which Mr. Horst Michaels irrevocably resigns from his position as director and chairman of the board of directors of the Company as of the end of the day on which the Closing occurs and confirms that all rights and duties resulting from the service contract dated January 29, 1992 and the pension agreement dated January 29, 1992 are terminated as of the end of the day on which the Closing occurs and Mr. Horst Michaels irrevocably waives all of his pension claims resulting from his service contract;
- i) delivery of a written declaration of Mr. Horst Michaels addressed to Osterreichische Kopp Ges.m.b.H. and HEKO Electrotechnique S.A.R.L., respectively, as attached in a draft version in Exhibit 4.2.4, according to which Mr. Michaels irrevocably resigns from his position as managing director of the afore-mentioned companies as of the Closing, and confirms that all rights and duties resulting from the service contract with HEKO Electrotechnique S.A.R.L. dated January 2, 1991 are terminated as of the Closing;
- j) delivery of an agreement between the Shareholders terminating the Shareholders' Agreement at the latest with effect as of the Closing and waiver by all Shareholders of any of their rights under the Shareholders' Agreement in connection with the sale and transfer of the Shares to the Purchaser or another subsidiary of Actuant. The draft of the agreement is attached as Exhibit 4.2.5;
- k) delivery to the Shareholders of a bank guarantee, payable on first

demand and valid until 31 August 2003, by a reputable major bank to the Shareholders in the amount of EUR 1,395,600.00 to secure the Shareholders' claims resulting from (S) 9a.2 hereof;

- l) delivery of a bank guarantee, payable on first demand of the Option Sellers and valid until 31 October 2003, by a reputable major bank to the Option Sellers in the amount of EUR 2,879,337.00 to secure claims of the Option Sellers resulting from (S) 9 hereof;

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- m) delivery of a written statement by the Shareholders to the Purchaser setting forth changes which affect the guarantees in (S) 5 hereof since the Signing Date. For the avoidance of doubt, it is hereby agreed that the statement is given for information purposes only. No liability shall attach to the Shareholders solely based on the statement but only if and to the extent set forth in (S) 5 of this Agreement.
- n) delivery of a notarised power of attorney pursuant to which Ute Michaels, Arno Michaels and Bianca Michaels have appointed Horst Michaels as their representative for all actions and measures as shareholders of the Company and to receive notices (such as the calling of a shareholders' meeting) on their behalf. This power of attorney shall remain in place until 31 December 2003; until then it shall be irrevocable.

(S) 5  
Guarantees

The Shareholders hereby guarantee to the Purchaser with respect to the Company and, unless explicitly provided otherwise in this (S) 5, also to the Subsidiaries, within the scope defined in this Section by way of independent guarantees (selbständige Garantiever sprechen) pursuant to Sec. 311 subpara. 1 BGB (German Civil Code) that the statements set forth in (S) 5 are true and correct at the Signing Date, unless provisions explicitly refer to another time. The guarantees, contained in (S) 5.1, are also given as of the time of the Closing. Both parties confirm that they explicitly agree that the guarantees in this (S) 5 shall not be qualified as quality warranty (Beschaffheitsgarantie) within the meaning of Sec. 276, 444 BGB (German Civil Code). With a view to missing court precedents in respect of the new Sec. 444 BGB and based on the assumption that the Shareholders would have not given any "quality guarantees" within the meaning of Sec. 444 BGB if the statutory regime would apply, the Purchaser hereby explicitly waives to invoke Sec. 444 BGB or any statutory warranty claims the Purchaser would not have pursuant to the provisions of this (S) 5.

5.1 Corporate Matters

- 5.1.1 The statements on the corporate and ownership structure contained in (S) 1 hereof and the Exhibits pertaining to (S) 1 are correct. The Shareholders are entitled to dispose of the Shares without any limitation; this guarantee is not given by Ms Ute Michaels. The Company is entitled to dispose of its shares in the Subsidiaries without any limitation and is the unrestricted sole owner of such shares. To the extent shares in Subsidiaries are held by other Subsidiaries,

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the Subsidiaries holding the shares are entitled to dispose of these shares in the Subsidiaries without any limitation and the Subsidiaries are the unrestricted sole owners of such shares.

The Shares and all shares in the Subsidiaries (irrespective of which Company of the Kopp Group holds such shares) are each free of other encumbrances or other rights of other Shareholders or of third parties including rights of preemption, option and purchase rights regarding the shares in the Subsidiaries. Except for the shareholders' agreement entered into between the Shareholders dated July 13, 1992 there exist no agreements or rights to acquire or subscribe for any of the shares or other securities of the Companies. Unless otherwise disclosed in the Companies' Financial Statements there are no other shares held by the Kopp Group in any other companies or any obligations to acquire such shares. The Shareholders do not directly or indirectly own any companies engaged in the Kopp Group's scope of business anywhere in the world which are not members of the Kopp Group and are not mentioned in (S) 1 of this agreement with the exception of interests in listed companies not exceeding an amount of 10%.

The share capital of each of the Companies is fully paid in. Cash contributions have been made in full, and contributions in kind have

been made at most up to their market value. Contributions have not been repaid. The parties agree that the sale of the property in Miltenberg in December 2001 to a real estate company owned by the Shareholders does not qualify for a repayment of contributions. The Purchase Price due from the Shareholders for the sale of the property in Miltenberg has been paid by netting the purchase price with the distribution of the anticipated partial dividend resolved and caused to be distributed on 28 June 2002 in the amount of EUR 2,001,000.00.

There are no rights of Shareholders or third parties to subscribe or otherwise acquire new shares in the Companies, to convert any other rights into shares or to require the issue of new shares. Except as stated otherwise in this Agreement, no dividend distribution or any other distributions of such kind were made with regard to periods after the fiscal year ending December 31, 2001 by the Company. After 31 December 2001 no hidden distributions of profits have been made in respect of any of the Companies.

- 5.1.2 Kopp is a corporation validly incorporated and existing under the laws of the Federal Republic of Germany and the articles of association dated July 5, 2001. No shareholders' resolutions amending the articles of association exist that have not yet been registered with the Commercial Register.

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The Subsidiaries are companies validly founded and existing under the respective applicable law. Exhibit 5.1.2 contains the relevant valid articles of association currently in force. There are no shareholders' resolutions amending the articles of association and subject to registration that have not yet been registered with the Commercial Register, the company register or the competent register under the respective applicable law.

Insolvency proceedings or comparable proceedings pursuant to foreign law have not been applied for in relation to any of the companies of the Kopp Group by the Companies. The Shareholders are not aware of any pending applications filed by third parties for the commencement of any such insolvency or comparable proceedings abroad. None of the Companies of the Kopp Group is overindebted. The Purchaser is, however, aware that Condor Installationstechnik GmbH was overindebted and that the overindebtedness was eliminated as a result of the declaration of subordination (Rangrücktritt) made by the Company in March 2002.

- 5.1.3 Except as listed in Exhibit 5.1.3, the Companies are not party to control agreements, profit and loss transfer agreements, or other agreements between business enterprises within the meaning of (S) (S) 291 seq. AktG (German Stock Corporation Act) or any comparable foreign law provisions.

## 5.2. Consolidated Financial Statements of the Companies, Distributions

- 5.2.1 The Consolidated Financial Statements of the Companies for the fiscal years 2000 and 2001 (hereinafter referred to as "Companies' Financial Statements"), with respect to the German Companies audited and being provided with an unlimited audit certificate by Rhein-Main-Treuhand GmbH  
Wirtschaftsprüfungsgesellschaft/Steuerberatungsgesellschaft, in respect of the Austrian and Czech Companies audited and being provided with an unlimited audit certificate by Leitner & Leitner Wirtschaftsprüfungsgesellschaft, in respect of the Hungarian Company audited and being provided with an unlimited audit certificate by PROXY Konyvvizsgáló és Tanácsadó Kft. and in respect of the Tunisian Company unaudited, have been prepared in accordance with the respective applicable Generally Accepted Accounting Principles and the principles of balance sheet and valuation continuity and consistency. The Purchaser is, however, aware that as of 31 December 2001 the inventories of the Companies have no longer been valued pursuant to the LIFO-principle in deviation from previous practice. The Companies' Financial Statements give a

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true and fair view of the net worth, financial position and results of each of the Companies for the respective periods.

- 5.2.2 Except for the distributions pursuant to (S) 9a.1 no dividends have been paid after December 31, 2001.
- 5.2.3 The pension obligations of the Company vis-a-vis present or former directors and employees or vis-a-vis any pensioners and other third

party were booked at their going concern value (Teilwert) by applying a discount rate of 6 % and recognized actuarial principles, and by applying the 1998 calculation guidelines of Dr. Klaus Heubeck (Richttafeln 1998).

- 5.2.4 With the exception of any severance payments (Abfertigung) pursuant to Austrian law Exhibit 5.2.4a contains a complete and correct list of all pension obligations of the Companies as of 31 December 2001 including the names of the respective present and former directors and employees or pensioners or any other third parties. In respect of additional pension obligations coming into existence between 31 December 2001 and Closing the names of the persons entitled are shown in Exhibit 5.2.4b. A valuation of these pension obligations can only be made in a pension valuation as of 31 December 2002.
- 5.2.5 The closure of the occupational pension scheme (Versorgungsverordnung) for new hires joining the Company after December 31, 1997 is valid in accordance with the shop agreement with the work's council of June 5, 1998. All liabilities resulting from the shop agreement until December 31, 2001 and being not yet fulfilled have been fully recorded in the Financial Statements of the Company as of December 31, 2001.
- 5.2.6 Except for liabilities incurred after December 31, 2001 all liabilities of the Companies (including contingent liabilities) are reflected in the Companies' Financial Statements as of December 31, 2001. In particular all liabilities under the social compensation plan (Sozialplan) resulting from the closure of the Miltenberg site are fully and properly reflected in the Companies' Financial Statements as of December 31, 2001. The expenses in connection with the closure of the Miltenberg site which are not reflected in the Companies' Financial Statements of December 31, 2001 (disregarding rental payments pursuant to the rental agreement dated 28 December 2001) will not exceed EUR 10,000.00. As of the Closing the closure of the Miltenberg site will have been completed, with the exception of the termination of the rental agreement dated 28 December 2001 which will become effective only on 30 September 2002. After the Closing the Company will incur no additional costs in

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connection with the closure of the Miltenberg site, except for costs resulting from (i) accrued pension liabilities for employees who worked in Miltenberg, (ii) rentals resulting out of the rental agreement dated 28 December 2001 and (iii) the electricity supply agreement terminated with effect as of 31 December 2002.

- 5.2.7 Except as listed in Exhibit 5.2.7 the Companies are not bound by any sureties (Burgschaften), guarantees (apart from quality or similar warranties), comfort letters or commitments of a similar nature in favour of any third party.

### 5.3. Production Sites and Real Estate

- 5.3.1 Exhibit 5.3.1 contains a complete list of all production sites and real estate of the Companies, including real estate not necessary for the business.
- 5.3.2 The real estate listed in Exhibit 5.3.2.a is the sole property of the respective company of the Kopp Group; the other places of business are used by the Companies on the basis of the lease agreements or other arrangements giving a right of use listed in Exhibit 5.3.2.b.

The real estate listed in Exhibit 5.3.2a was acquired in accordance with the statutory provisions applicable at the time of acquisition. In particular, the acquisition of real estate by HEKO Electrotechnique S.A.R.L. was approved in advance by the Governor and the Central Bank of Tunisia.

- 5.3.3 The real property listed in Exhibits 5.3.2.a and 5.3.2.b (hereinafter referred to as the "Properties") comprises all the real properties used for the operation of the respective business by the Companies presently or - except of the closed Miltenberg plant - during the last twelve months prior to the Signing Date.

Due to law concerning neighbours and interests of adjoining owners there are no obligations of the Companies to pay indemnification to third parties for the use of real property owned by third parties

- 5.3.4 Except as listed in Exhibit 5.3.4, the buildings and other structures of the Properties have been properly maintained until the Signing Date; the buildings and other structures have no substantial

defects which would materially impair the normal continuation of the operations of the business as practiced in the past.

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To the best knowledge of the Shareholders all planning, zoning and other governmental regulations have been complied with in connection with the construction and the present use of buildings on the Properties. In particular (and without best knowledge qualifier),

- (i) the construction permits for the buildings erected on the Properties are valid and not subject to any pending or threatened proceedings; legally valid licenses have been granted for the use of all Properties situated in the Czech Republic;
- (ii) the Companies are not obligated to buy land adjacent to the Properties which may not be used for an expansion of the business;
- (iii) the Properties situated in Germany are registered by the authorities as an industrial or trading area pursuant to (S) (S) 9 and 1 subpara. 2 no. 9 of the Ordinance of the Use of Land of Construction Purposes (Baunutzungsverordnung) in the respective zoning plan; the Properties situated in Austria are registered as an industrial or trading area in the regional planning schemes or in the zoning plan in accordance with the Regional Planning Act of Upper Austria (Oberösterreichisches Raumordnungsgesetz); the other Properties situated abroad are admitted to be used for industrial or trading purposes in accordance with the relevant statutory rules (if any);
- (iv) there is no right of any party to rescind the contract pursuant to which the respective company of the Kopp Group acquired title to the Properties;
- (v) there are no pending disputes with any adjoining or neighbouring owner, in particular with respect to boundary walls and fences or with respect to any easement, right or mean of access to the Properties.

5.3.5 The Properties owned by the Companies are free of any third party rights or encumbrances (in particular pledges, easements, land charges and building rights) except for those set forth in Exhibit 5.3.5. After the Signing Date no third party rights or encumbrances will be registered on such Properties with respect to which Purchaser has not given its explicit prior written consent.

5.3.6 Except as reflected in the Companies Financial Statements as of December 31, 2001 there are currently no taxes or other administrative dues and fees, including development charges, (hereinafter jointly referred to as

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"Administrative Charges") outstanding for payment and until the Closing no Administrative Charges the payment of which has been requested will be unpaid with respect to any of the Properties situated in Germany and owned by the Companies.

5.3.7 Except as listed in Exhibit 5.3.7 the Properties owned by the Companies are not encumbered with construction charges (Baulasten) or comparable public-law charges in other jurisdictions.

5.3.8 The principal means of access to the Properties is (directly or indirectly over other Properties of the Companies) over public roads which are maintained at public expenses. The Properties situated in Germany enjoy the main service of water, drainage, electricity and (for the sites in Hildburghausen and Kaplice only) gas.

5.3.9 Except as listed in Exhibit 5.3.9 and except as required by encumbrances identified in Exhibit 5.3.5 there are no lease, rental or similar agreements pursuant to which third parties are entitled to the use or possession of Properties owned by the Companies or parts thereof or are entitled to require from the respective company of the Kopp Group the observance of restrictions in the use of such Properties or parts thereof.

5.3.10 The lease agreements listed in Exhibit 5.3.2.b are valid and binding and enforceable in accordance with their terms. The Companies have

not been in breach of any major provisions of any of these lease agreements which would entitle the respective party to a termination for an important reason (Kündigung aus wichtigem Grund) nor have they received notice to this effect from the respective landlord. None of the Companies is in default with rental payments. The lease agreement dated 28 December 2001 between the Company and the Miltenberg GbR in respect of the Miltenberg site has been terminated by the Company with effect as of 30 September 2002. Until the Closing all obligations out of the lease agreement have been properly fulfilled by the parties thereto.

There are no disputes with any neighbours, in particular with respect to boundary walls and fences or with respect to any easement, right or means of access to the premises.

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#### 5.4 Environmental

The conduct of the business of the Companies does not violate material applicable environmental laws, regulations and permits (hereinafter referred to as "Environmental Provisions") in a way that the respective authorities would have the legal right to close down the business of the Companies or otherwise substantially restrict the Companies' business. To the best knowledge of the Shareholders all notices to the respective authorities have been made which are necessary for the present business operations of the Companies according to the Environmental Provisions being in force at the Signing Date.

On the Signing Date the Shareholders are not aware of environmental problems and risks in respect of the Properties, except for the ones listed in the Environmental Reports and/or in Exhibit 5.4 or referenced therein.

#### 5.5 Products and Product Liability

5.5.1 Within the last three (3) years prior to the Signing Date there have been no lawsuits regarding product liabilities with a litigation value (Streitwert) of more than EUR 10,000.00 against any of the Companies. Exhibit 5.5.1 contains a complete list of all product liability claims against any of the companies of the Kopp Group within the last three (3) years prior to the Signing Date with a value exceeding EUR 10,000.00 in the individual case. On the Signing Date no product liability claims have been asserted which could result in a loss of any of the Companies over and above EUR 25,000.00 in the current business year and/or the following two business years.

5.5.2 To the Shareholders' best knowledge all products manufactured by the Companies conform to applicable legal requirements and quality standards which at the Signing Date are in force in Germany and have to be observed pursuant to administrative regulations and applicable laws and such legal requirement and quality standards in other countries where the Companies are selling their products. The Shareholders are not aware of any product recalls pending or decisions by competent authorities in respect of such a recall.

5.5.3 Exhibit 5.5.3a contains a complete list of the top ten customers and suppliers of the Companies based on turnover in the business year 2001.

With the exception of measures listed in Exhibit 5.5.3b and measures which the Companies are contractually bound to take, none of the Companies have, between 1 April 2002 and the Closing, granted any price reductions, rebates or

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allowances, in particular advertising expense subsidies (Werbekostenzuschüsse), to a customer, who in the business year 2001 has purchased goods from the Kopp Group with a value of more than two million Euro, or changed other major terms of the payment and delivery terms agreed with such customer or a supplier, provided always, that such measures have not been taken within the ordinary course of business, in particular in accordance with past practise, and will have a material negative effect for the business of the Kopp Group.

5.5.4 Except as set forth in Exhibit 5.5.4a there are no obligations for the Companies to purchase from their suppliers or sell to their customers minimum quantities. Except under the agreements listed in Exhibit 5.5.4b and except under agreements, in particular listing

agreements (Listungsvereinbarungen), with DIY stores (Baumärkten) or similar retailers (including oral agreements), the Companies are not bound by any agreements providing for a fixed term or subject to a notice period for termination in excess of six (6) months under which the Companies are required to manufacture and/or offer specific products or product lines.

## 5.6. Other Assets

- 5.6.1 All other fixed and current assets reflected in the Companies' Financial Statements for the fiscal year 2001 were, as of the 31 December 2001, the unrestricted property of the Companies and free from any third party rights, except for retentions of title or statutory liens in the ordinary course of business.
- 5.6.2 Except as listed in Exhibit 5.6.2 there are no liens, other security rights or interests or encumbrances on any of the assets of the Companies. Excepted are pledges and other encumbrances reflected in the land register, retentions of title, statutory liens or other security created in the ordinary course of business as security for obligations of the Companies and any assets which are used by the Companies based on valid rental or leasing agreements.
- 5.6.3 Exhibit 5.6.3 contains a list of all equipment (without car leasing contracts) leased by any company of the Kopp Group with a monthly rent exceeding EUR 5,000.00 in each case.
- 5.6.4 The current assets (Vorratsvermögen) - also during a business year - are accounted for based on uniform principles at historical costs (Anschaffungs-oder Herstellungskosten) without taking into account administration and sales

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overhead costs (Verwaltungs- und Vertriebsgemeinkosten) but taking into account discounts as described in detail in Exhibit 5.6.4. During a business year these discounts are accounted for in the same amounts as they have been accounted for when establishing the Financial Statements of the Companies as per 31 December 2001.

- 5.6.5 Trade accounts receivable (Forderungen aus Lieferungen und Leistungen) are only booked, if the respective deliveries or services have been made by the Companies. Specific cash discounts (Skonto) and other cash discounts are taken into account by continuing the value adjustments (Wertberichtigungsbeträge) made as per 31 December 2001. Subsequent discounts such as boni or advertising expense subsidies (Werbekostenzuschüsse) are accounted for by including the respective expenses in the profit and loss statement as per the end of each month the percentage share of turnover of which is equal to the respective percentage share before deduction of such expenses as shown in the Financial Statements of the Companies as per 31 December 2001. To the best knowledge of the Shareholders there are no receivables with a nominal value of more than EUR 50,000.00 the realization of which is in jeopardy and which have not been written down (including by way of lump sum adjustment (Pauschalwertberichtigung)).
- 5.6.6 Exhibit 5.6.6a includes a list of all bank accounts of the Companies setting out the respective balances as of 31 May 2002. Exhibit 5.6.6b includes a list of all loan agreements and credit lines of the Companies and, for each loan and credit line, the amount drawn down by the respective Company as of 31 May 2002.

## 5.7 Intellectual Property

- 5.7.1 The Companies own the patents, trademarks, utility models, software including source codes and other intellectual property rights (hereinafter collectively referred to as "Intellectual Property Rights") listed in Exhibit 5.7.1.a. The Companies have entered into the license agreements with respect to patents, trademarks, utility models or other intellectual property rights listed in Exhibit 5.7.1.b (license agreements for standard software like Microsoft Office are not listed).
- 5.7.2 Except as listed in Exhibit 5.7.1.b and 5.7.2.a all Intellectual Property Rights which are used or have been used in 2000 and 2002 in the business are owned by one company of the Kopp Group without any encumbrances or rights of third parties. With respect to any Intellectual Property Right all due and payable fees have been paid in full to the competent patent offices or other authorities.

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To the best knowledge of the Shareholders

- (i) there are no outstanding claims by third parties against any company of the Kopp Group regarding infringements of intellectual property rights;
- (ii) except as listed in Exhibit 5.7.2.b there are no obligations to pay a license fee to a third party for the use of intellectual property rights;
- (iii) none of the Intellectual Property Rights is the subject of any pending proceedings for opposition, cancellation, revocation or rectification;
- (iv) none of the Intellectual Property Rights has been declared invalid or has been limited in any significant respect by any authority and no such proceedings are pending;
- (v) the Companies do not violate any intellectual property rights of third parties. Except as disclosed in Exhibit 5.7.2.a third parties have not claimed violation vis-a-vis the Companies;
- (vi) no patent has lapsed which has generated sales in the business year 2001 of more than EUR 100,000.00 in the territory for which the respective patent was protected (except for cases in which the patent has lapsed only as a result of the maximum protection period having expired).

5.7.3 To the best knowledge of the Shareholders', except for the Companies of the Kopp Group, no other parties have the right to use the trademark "Kopp" for the sale of electrical products in the countries in which the Companies sell the products manufactured by them at the Signing Date. The Purchaser is however aware that Indo Kopp Limited and Avanti Kopp Electricals PVT Ltd. have the right to use the name "Kopp" as part of their company name and that these companies are currently selling electrical products under their respective company name in India.

#### 5.8. Taxes and Social Security Contributions

The Companies have duly and timely filed complete and correct tax returns and returns regarding social security contributions or will file such returns until Closing. All taxes, social security contributions and other public dues (including impositions pursuant to Austrian law (Vorschreibungen), charges, interest, fines and other amounts associated

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therewith) which are due or caused until December 31, 2001 have either been paid or have been accrued for in the Companies' Financial Statements as of December 31, 2001.

#### 5.9 Public Permits and Licenses

- 5.9.1 Exhibit 5.9.1 contains a list of all trading permissions (Gewerbeerlaubnis) and planning and building permissions (Baugenehmigungen), as well as with regard to the Companies based in the Czech Republic all licenses of use, of the last ten (10) years for each company of the Kopp Group.
- 5.9.2 Each of the Companies has obtained all public permits and licenses required for continuance of the business as currently conducted (hereinafter referred to as "Governmental Permissions"). The Companies presently operate their business in compliance with all Governmental Permissions and underlying legal provisions in the country the respective company is situated in with the exception of such deviations, which have no substantial adverse effects on the business operations of one of the Companies.
- 5.9.3 To the best knowledge of the Shareholders no company of the Kopp Group has received written notice in which (i) the retraction, the revocation or another termination of a Governmental Permission was threatened or declared or (ii) a public authority alleges that one of the Companies violates a provision essential for the business operations or a condition contained in a Governmental Provision.

#### 5.10. Employees

5.10.1 Exhibit 5.10.1.a contains a complete and accurate list of all employees employed by one of the Companies as of the Signing Date including the following data: age of employee, date of commencement of employment, special status (e.g. status of handicapped person if disclosed by the employee, maternity protection, member of or

candidate for German works council), annual salary in 2001 (in case of personnel recruited after 1 January 2002 the annual salary for 2002 calculated as of today).

Exhibit 5.10.1.b contains a complete list of all consultancy agreements concluded by one of the Companies and third parties with an annual salary exceeding EUR 50,000.00 or a period of cancellation of at least six (6) months.

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5.10.2 Exhibit 5.10.2 contains a complete list of all shop agreements with the works council (Betriebsvereinbarungen) of the Companies being in force at the Signing Date.

5.10.3 No service contract or employment agreement between any of the Companies and any of its directors or employees provides for any severance payment to be made by any of the Companies upon termination with a value exceeding a severance payment payable by operation of law or by stipulation in a social plan or in a shop agreement with the works council (Betriebsvereinbarung).

5.10.4 Within a period of six month prior to the Signing Date the

Companies have not entered into legally binding obligations for any increase in remuneration or benefits of their employees and they will not enter into such obligations prior to the Closing Date. Excepted are the increases and benefits disclosed in Exhibit 5.10.4 and such obligations, which result from ordinary business operations and are made following the provisions of collective bargaining agreements (Tarifabschlüsse) (in particular for the collective bargaining agreement of the Bayrische Metall- und Elektroindustrie with IG Metall) up to the amounts agreed in the respective collective bargaining agreement.

#### 5.11 Litigation

5.11.1 Except as listed in Exhibit 5.11.1 no litigation involving the Companies with an amount in dispute of more than EUR 10,000.00 in the individual case is pending or, to the best knowledge of the Shareholders has been threatened in writing.

5.11.2 Exhibit 5.11.2 contains a complete list of all disputes of the last two years with a litigation value (Streitwert) of more than EUR 10,000.00 in the individual case, except for dunning procedures (Mahnverfahren) and court actions for the recovery of payments (Zahlungsklagen) of the Companies against third parties.

#### 5.12. Legal Relationships within the Companies and with the Shareholders

5.12.1 Except as listed in Exhibit 5.12.1 there are no written agreements between any of the Companies and affiliated companies. These agreements and further oral agreements between the Companies, if any, can be terminated at any time.

5.12.2 Except as listed in Exhibit 5.12.2, no legal relationships exist between one of the Companies, on the one hand, and the Shareholders or affiliated companies

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of any of the Shareholders or persons related to the Shareholders, on the other hand.

#### 5.13 Material Contracts / Agency Contracts / Insurance Contracts

5.13.1 Exhibit 5.13.1 contains a complete list of all Material Contracts binding the Companies as of the Signing Date. A Material Contract under this Agreement is any contract either (i) with a duration of more than twelve (12) months, or (ii) with which the Companies have generated a turnover in the business year 2001 in excess of EUR 500,000.00 (in words: Euro five hundred thousand). All lease agreements for real estates or offices, license agreements and cooperation or joint venture agreements of any of the Companies are considered to be Material Contracts notwithstanding their duration or value.

5.13.2 Except as disclosed in Exhibit 5.13.2a (i) no Material Contract has been terminated by mutual agreement by any of the parties, (ii) no essential provisions of the Material Contract have been breached by any of the Companies and (iii) to the best knowledge of the Shareholders no third party breaches essential provisions of a Material Contract.

With the exception of contracts listed in Exhibit 5.13.2b no Material Contract grants to any party a right of extraordinary termination of the Material Contract in the case all shares of the Company are sold.

5.13.3 Exhibit 5.13.3 contains a complete list of all agency agreements existing as of the Signing Date binding any of the Companies.

None of the agency agreements provides for compensation claims in case of termination of such agency agreements exceeding the amount being owed by the Companies by operation of law.

5.13.4 Exhibit 5.13.4 contains a complete list of all insurance policies taken out as of the Signing Date as well as all liability insurance (except for vehicle liability insurance) which was in effect and valid during the last ten (10) years by any company of the Kopp Group (stating in each case the insurance company, risks covered and the limits). The insurance contracts taken out as of the Signing Date can not be terminated as a result of the consummation of this Agreement.

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5.14. Conduct of the Business between 1 January 2002 and Closing of this Agreement

5.14.1 In the period between 1 January 2002 and the Signing Date the business activities of the Companies have been conducted within the ordinary course of business. In particular,

- (i) except as listed in Exhibit 5.14.1a the assets of the Companies have not been disposed of (except current assets being sold within the ordinary course of business),
- (ii) no new share capital or other similar capital has been created or issued,
- (iii) except as listed in Exhibit 5.14.1b the Companies have not extended existing loan arrangements or entered into new or additional loan or financing arrangements,
- (iv) the Companies have not incurred any pension obligations and/or made any variation in existing pension obligations, except to the extent required by law or contracts, and
- (v) the Companies have not entered into, amended or terminated agreements, the execution, amendment or termination of which would not be within the ordinary course of business.

Excepted are in each case measures taken with the consent of the Purchaser or disclosed in this Agreement or its Exhibits.

5.14.2 In the period between Signing and Closing of this Agreement the Shareholders shall, to the extent legally permissible and possible, procure that the business activities of the Companies will be conducted within the ordinary course of business and in particular that

- (i) the assets of the Companies will not be disposed of, except current assets being sold in the ordinary course of business,
- (ii) no new share capital or other similar capital will be created or issued,
- (iii) except as listed in Exhibit 5.14.2 the Companies will not extend existing financing arrangements or enter into new or additional financing arrangements,

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- (iv) the Companies will not enter into, amend or terminate any contracts if and to the extent the execution, amendment or termination would not be within the ordinary course of business,
- (v) the Companies will not acquire or order current assets except in the ordinary course of business,
- (vi) the Companies will not place orders for fixed assets

exceeding EUR 100,000.00 (Euro one hundred thousand) in each individual case and/or EUR 250,000.00 (Euro two hundred fifty thousand) in the aggregate,

- (vii) except to the extent required by law or contracts the Companies will not incur any pension obligations, make any variation in existing pension obligations, and
- (viii) will not incur other obligations deviating from the ordinary past practice.

Excepted are in each case measures which are taken with the Purchaser's consent or disclosed in this Agreement or its Exhibits.

5.14.3 The orders for traded merchandise and for raw materials, maintenance materials and supplies placed by the Companies after the Signing Date but prior to the Closing upon which delivery is to be made after the Closing are in compliance with ordinary commercial practice as regards number, price, payment and other terms.

5.14.4 Binding offers or tenders made by the Companies to customers after the Signing Date but prior to the Closing as well as orders placed by customers or suppliers of the Companies prior to Closing of this Agreement which have been accepted by the Companies and all other agreements in respect of finished goods which have not been delivered on the Closing Date shall as regards volume, pricing arrangements, payment terms, delivery dates and all other major terms and conditions comply to the business practice of the Companies until the Signing Date.

#### 5.15 No Changes as a Result of the Consummation of this Agreement

5.15.1 Solely as a result of the change of control over the Companies by the consummation of this Agreement no supplier of the Companies will have the

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legal right of termination or to refuse fulfilment of his contractual obligations for the supply of the Companies and no license agreement, co-operation or joint venture agreement which any of the Companies is a party to can be terminated by third parties for this reason. The agreements disclosed in Exhibit 5.13.2b are excluded.

5.15.2 As a result of the consummation of this Agreement no investment grants or subsidies have to be repaid by any of the Companies.

The terms and conditions of any grants or subsidies made available to any of the Companies do not contain any provisions giving the authorities the legal right to require repayment of any amount granted to the Companies except in the event that the Companies do not comply with the respective terms and conditions of the grant or subsidy. To the Shareholders' best knowledge the Companies have not breached any material terms and conditions of the respective grants and subsidies in a way that would give the respective authority the legal right to request repayment of the grants and/or subsidies.

#### 5.16 Scope and other General Provisions regarding the Guarantees

5.16.1 To the extent independent guarantees included in this Agreement are given to Shareholders' best knowledge, the knowledge of the current members of the Company's management board (Vorstand) shall be imputable to Shareholders. The requirement of "best knowledge" shall be deemed fulfilled, if any of the Shareholders or any of the aforementioned persons has knowledge that the relevant facts and circumstances are not correct, would have had such knowledge after having made due and proper inquiries with the respective managing directors (Geschäftsführer) of the Subsidiaries or did not have such knowledge as a result of a grossly negligent (grobe Fahrlässigkeit) violation of his/her duties as a diligent businessman.

5.16.2 In the event that any of the independent guarantees included in this (S) 5 should turn out not to be correct, the Purchaser shall have the right to request that the Shareholders, within a reasonable period and at the latest within 30 days from receipt of Purchaser's request, put the Purchaser in the position it would have been in if the relevant guarantee had been correct. In case the Shareholders do not put the Purchaser in the position pursuant to this Agreement or in case this is impossible, the Purchaser shall have the right to request damages from the Shareholders.

- 5.16.3 The Shareholders shall be liable for claims as a result of a breach of any of the independent guarantees pursuant to this ss. 5 only if each asserted claim exceeds Euro 100,000.00 and the aggregate amount of such claims together with any claims under (S) 8 hereof exceeds Euro 500,000.00. If the above-mentioned threshold is exceeded, any amount, including the amount of Euro 500,000.00 can be asserted.
- 5.16.4 The Shareholders shall not be liable for claims as a result of a breach of any of the independent guarantees pursuant to this (S) 5 if and to the extent
- (i) in the Companies Financial Statements as of December 31, 2001 the circumstances giving rise to the breach have been accounted for, including, without limitation, accruals or value adjustments (including by way of lump sum adjustments (Pauschalwertberichtigung)) have been made for such circumstances,
  - (ii) the circumstances are insured under any of the insurance policies of the Companies, and in such event only for that portion which the Companies receive under an insurance policy within 120 days of submission to the insurance company. If and to the extent the insurance does not make payment within said period the Shareholders shall only be liable to the Purchaser pursuant to this (S) 5 concurrently with (Zug um Zug) an assignment of the claims against the insurance company to the Shareholders, or
  - (iii) the circumstances have been disclosed in this Agreement or in any of its Exhibits (circumstances shall be deemed disclosed not only if disclosed in the respective Exhibit to a single guarantee but also if disclosed in any other Exhibit).

Claims for breach of the guarantee pursuant to (S) 5.8 cannot be asserted if and to the extent such additional taxes (steuerlicher Mehraufwand) are equalised by future tax savings (zukunftige Steuerersparnisse), e.g. because of allocation to different tax periods, or would have been equalised in case of unchanged continuance of the Companies and further not if and to the extent the Purchaser seeks indemnification pursuant to (S) 6.

Claims for breach of the guarantee pursuant to (S) 5.4 cannot be asserted if and to the extent indemnification for such breach of guarantee can be sought according to (S) 8.2 or could, in principle, be sought according to (S) 8.2, but such indemnification is excluded pursuant to the other terms of (S) 8.

- 5.16.5 If and to the extent third parties assert claims or threaten to assert claims against any of the Companies which could result in a breach by Shareholders of the independent guarantees pursuant to this (S) 5, the Shareholders and, to the extent there is insurance coverage for the respective claim, also the insurance of the Companies shall be notified in writing without undue delay. The Shareholders shall be given the opportunity, to the largest extent possible, to defend such third party claims, including by way of court action. Costs in connection therewith, if any, shall be advanced by the Shareholders. The Purchaser shall grant and shall ensure, respectively, that the Shareholders have full access to the books, records and documents of the Purchaser and the Companies, and assumes the obligation to use its best efforts to give the Shareholders access to documents of third parties (especially court files and administrative files) to the extent necessary or useful to defend claims of third parties that may lead to claims of Purchaser against Shareholders and/or claims of Purchaser. No admission of liability, settlement or other measures shall be taken by Purchaser and the Companies which could negatively impact the chances to defend the claim without the prior consent of the Shareholders. In case the Shareholders do not notify the Purchaser within a reasonable period of time set by the Purchaser that they want to defend the third party claim, the Purchaser or the respective Company shall have the right to defend the third party claim at its own cost. The fact that the Shareholders do not defend a third party claim shall not be interpreted as admission that the underlying circumstances qualify as a breach of the guarantees pursuant to this (S) 5.

In case it turns out that that the circumstances underlying the

asserted third party claim qualify as a breach of any of the independent guarantees pursuant to this ss. 5, the costs of defending the third party claim shall be borne by the Shareholders; otherwise the costs shall be borne by the Purchaser.

- 5.16.6 Claims of the Purchaser pursuant to the above provisions shall become statute-barred two (2) years from Closing. Claims of the Purchaser for any breach of the independent guarantee pursuant to (S) 5 subpara. 4 shall become statute-barred five (5) years from Closing. The aforementioned statutes of limitations shall not apply to claims of Purchaser with respect to additional taxes, liabilities regarding social security contributions and other public dues. Such claims shall become statute-barred after expiration of six months following the date upon which an additional assessment or amended assessment by the competent authorities becomes final and binding.

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The running of the limitation period shall be stopped (gehemmt) pursuant to Sec. 209 German Civil Code (BGB) by the Purchaser giving timely notice in writing of a claim to the Shareholders with particulars of the claim, provided always that the Purchaser initiates arbitration proceedings within a period of three (3) months after the respective written notice of claim. The provision of Sec. 203 German Civil Code (BGB) shall not apply, unless the parties agree in writing on a case by case basis that pending negotiations shall interrupt the limitation period.

- 5.16.7 The Shareholders are themselves or through third parties which are bound by secrecy obligations as professionals entitled (at their own expense) to participate in the handling of tax field audits and audits with respect to social security contributions and other public dues covering the periods until the Closing. The Purchaser shall provide to Shareholders in writing with full information concerning any pending or current audit without undue delay, if possible within 14 days, and shall without undue delay notify Shareholders in writing of any attempt by the relevant authorities to make any charge (of whatever nature) or to disallow any relief or allowance (of any nature). The Purchaser shall procure that the Shareholders, to the extent necessary for them, have unrestricted access to the financial documents, records and other documents of the Companies for the period up to the Closing, and that all documents relating to taxes, social security contributions or other public dues, as well as all documents that need to be preserved pursuant to commercial provisions, are kept during the statutory preservation period.
- 5.16.8 Any liability of the Shareholders pursuant to (S) 5, (S) 6, (S) 7 and (S) 8 of this Agreement shall be limited to EUR 7,000,000.00 (Euro seven million) ("Aggregate Limit of Liability"). On 31 July 2003, the Aggregate Limit of Liability shall be reduced to EUR 6,000,000.00 (Euro six million) and on 31 July 2004 to EUR 5,000,000.00 (Euro five million). For any and all claims asserted by the Purchaser towards the Shareholders in writing until 31 July 2003 or 31 July 2004 in accordance with the provisions of (S) 5.16.6, second paragraph (the relevant date shall be the date of receipt by the Shareholders), the respective higher Aggregate Limit of Liability valid until 31 July shall be applicable.
- 5.16.9 Any claims or remedies of the Purchaser against the Shareholders, irrespective of their nature and legal grounds, except for claims and remedies explicitly granted by this (S) 5, shall, to the extent legally permissible, be deemed excluded and are hereby waived, in particular all claims resulting from breach of obligations (Sec. 280 German Civil Code - in particular for culpa in

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contrahendo, Sec. 311 para 2 German Civil Code), frustration of contract (Störung der Geschäftsgrundlage, Sec. 313 German Civil Code) and/or claims for reduction of the Purchase Price (Minderung). The right to rescind (Wandlung) and/or to withdraw from (Rücktritt) this Agreement is hereby specifically excluded, unless otherwise explicitly agreed herein or granted by a mandatory statutory law.

(S) 6

Liability of the Shareholders for Taxes and other Public Dues

- 6.1 The Shareholders shall indemnify the Purchaser and the Companies from all taxes and other public dues in respect of one of the Companies, which relate to periods until 31 December 2001. This indemnity shall apply irrespective of whether the taxes or public dues were known to the

Shareholders or not. The indemnity shall not apply to the extent that the facts or events triggering the tax or public dues have resulted, will result or would have resulted in case of unchanged continuation of the Companies in an effective reduction of the tax or public due burden before or after 31 December 2001 (shift of taxes from one period into the other).

- 6.2 The tax returns of the Companies, to the extent referring to periods until 31 December 2001, are to be made in coordination with the Shareholders and their advisors. The Purchaser hereby undertakes to notify the Shareholders without undue delay, if possible within 14 days, of claims for payment of additional taxes or public dues and of all other actions and measures of the tax authorities or social security authorities (Sozialversicherungsträger) which could affect potential rights/obligations of the Shareholders pursuant to this (S) 6. A breach by Purchaser of the undertaking to notify the Shareholders shall not affect justified claims of the Purchaser pursuant to this (S) 6, if as a result of the breach objections or defenses of the Shareholders vis-a-vis tax and social security authorities are not limited. In particular, the Purchaser shall ensure that the Shareholders are notified in writing within 14 days of the announcement or beginning of tax field audits (steuerliche Außenprüfungen) and field audits of social security authorities and shall give the Shareholders and/or Shareholders' advisors the opportunity to participate in all such audits relating to periods until the 31 December 2001.

Any actions, whether court actions or not, and any declarations to the tax authorities and/or social security authorities by the Purchaser also in respect of periods until 31 December 2001 shall only be filed/made with the prior consent of the Shareholders, to the extent potential rights and/or obligations of Shareholders pursuant to this (S) 6 may be affected. Any such consent shall not be unreasonably withheld. If as a result of

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a field audit or otherwise there are payment claims for periods until 31 December 2001, including without limitation for wage tax and social security contributions, the Purchaser shall be entitled to agree on a lump sum payment of such taxes or contributions only with the consent of the Shareholders. The consent to such lump sum payments shall be given by the Shareholders if a due and diligent business man would agree to such lump sum payments. If the Shareholders agree to such lump sum payments, the obligation of the Shareholders to indemnify and hold the Purchaser or the respective Companies harmless includes the aggregate amount payable based on such lump sum calculations.

- 6.3 The provisions of (S) (S) 5.16.4, 5.16.5, 5.16.6, 5.16.7 and 5.16.8 shall apply mutatis mutandis, but not (S) 5.16.3 and (S) 5.16.6 first sentence. All claims pursuant to this (S) 6 shall, together with all claims pursuant to (S) 5, (S) 7 and (S) 8, in the aggregate, be limited to the Aggregate Limit of Liability pursuant to (S) 5.16.8.

(S) 7

Indemnity for Neutron Claims and Risks in Relation to Properties Sold

- 7.1 The Shareholders shall indemnify and hold the Purchaser and the Companies harmless from all claims of Neutron Mikroelektronik GmbH, Maybachstrasse 17, 63456 Hanau resulting out of and in connection with the development and manufacturing agreement (Entwicklungs- und Fertigungsvertrag) between Neutron Mikroelektronik GmbH and the Company dated 11 November 1997 and all other claims of Neutron Mikroelektronik GmbH in relation to the development of new circuits, including court costs and attorney's fees up to the statutory amounts in Germany. There shall only be an obligation to indemnify and hold harmless to the extent a claim made by Neutron Mikroelektronik GmbH exceeds the amount accrued by the Company at the Signing Date in relation to the claims of Neutron Mikroelektronik GmbH (EUR 30,677.51).
- 7.2 The Shareholders shall indemnify and hold the Purchaser and the Companies harmless for a period of ten (10) years as of Closing from all claims, obligations and liabilities in relation to properties the use of which was abandoned by the Companies prior to Closing. In particular, this shall apply to the former operating site in Miltenberg.

The Purchaser shall procure that the Companies assign and transfer to the Shareholders any claims against insurance companies, if any, in connection with circumstances that result in an obligation of the Shareholders to indemnify pursuant to this (S) 7.2 (including without limitation for pollution of soil and groundwater) and further that the Companies, at the costs of the Shareholders, will use their best efforts to assist the Shareholders in pursuing such insurance claims.

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7.3 The provisions of (S) (S) 5.16.4 (i), 5.16.5 and 5.16.8 shall apply mutatis mutandis. Any claims pursuant to this (S) 7 shall become time barred three months after the claims of Neutron Mikroelektronik GmbH or other third parties have become time barred and shall together with all claims pursuant to (S) 5, (S) 6 and (S) 8, in the aggregate, be limited to the Aggregate Limit of Liability pursuant to (S) 5.16.8.

(S) 8

Indemnity for Environmental Liability

- 8.1 For the purposes of this (S) 8 the term "Environmental Liability", "Environmental Reports" and "Environmental Pollution" shall have the following meaning:
- 8.1.1 "Environmental Liability" means all costs and expenses - which are not only internal costs and expenses - incurred by the entities indemnified pursuant to this (S) 8 which are necessary to comply with final and binding orders of authorities or courts (including those based upon third party claims under private law) to clean up an Environmental Pollution or all costs and expenses - which are not only internal costs and expenses - which are required to remedy or prevent an immediate danger to the well-being or health of human beings caused by Environmental Pollution. Environmental Liability does not include lost profits or other consequential loss, in particular as a result of interruptions of business.
- 8.1.2 "Environmental Reports" means the environmental risk assessments of buildings, sealing of surface, soil and ground water prepared by Institut für Angewandte Geologie und Umweltanalytik Brehm regarding the Kopp sites in Kahl, Hildburghausen, Kaplice and Aigen, all dated May 14, 2002 as well as the 2nd Report on Soil Contamination regarding the Brunquell site in Ingolstadt, prepared by Harress Pickel Consult and dated February 25, 2002. Copies of the Environmental Reports are attached as Exhibit 8.1.2.
- 8.1.3 "Environmental Pollution" means all contamination of soil, soil-air, ground water or buildings which was caused prior to the Closing and could cause hazards or material disadvantages or material annoyance for the individual or the general public, in particular
- a) dangerous alterations to the soil within the meaning of Section 2 para. 3 of the Federal Soil Protection Act (Bundes-Bodenschutzgesetz), and thus all impairments to the functions of the soil which could cause
- hazards or material disadvantages or material annoyances for the individual or the general public;
- b) residual contamination within the meaning of Section 2 para. 5 of the Federal Soil Protection Act and thus both closed waste removal facilities and other real estate upon which waste has been treated, stored or deposited (former storage), and real estate of closed facilities and other real estate upon which environmentally hazardous materials were handled, with the exception of facilities, the shutting down of which requires approval pursuant to the Nuclear Energy Act (former plants), through which hazardous alterations to the soil or other dangers for the individual or the general public are caused.
- 8.2 The Shareholders shall indemnify the Purchaser and the Companies for a period of five (5) years from the Closing within the framework of the other provisions of this (S) 8 against all Environmental Liability.
- 8.3 There shall be no obligation to indemnify and hold harmless, if and to the extent
- 8.3.1 the Environmental Liability relates to Environmental Pollution which was caused after the Closing or Environmental Pollution which was caused prior to the Closing but aggravated by the Purchaser and/or the Companies after Closing by negligence on the part of the Companies. The determination whether or not Environmental Pollution was caused prior to or after the Closing or aggravated after the Closing shall be made - to the extent possible - on the basis of the Environmental Reports. The burden of proof for the fact that any Environmental Pollution was caused prior to the Closing shall be borne by the Purchaser. The burden of proof for the fact that any Environmental Pollution caused prior to the Closing was increased after the Closing by negligence on the part of the Purchaser and/or the Companies shall be borne by the Shareholders. To avoid any cases of doubt, it is hereby clarified that the Shareholders shall also be responsible pursuant to the terms and conditions of this (S) 8 (in



particular (S) 8 subpara. 3) to indemnify the Purchaser and the Companies for any such Environmental Liability based upon Environmental Pollution already mentioned in the Environmental Reports as potential risks ("A", "B" and "C" risks);

8.3.2 the respective Environmental Liability results from inspections or preparation and exploration measures conducted after the Closing outside the ordinary course of business of the relevant Company. The Environmental Liability

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resulting from inspections or measures conducted within the ordinary course of business of the relevant Company shall not be excluded;

8.3.3 the respective Environmental Liability is the result of a change of existing or the adoption of new laws after the Closing;

8.3.4 the respective Environmental Liability is the result of a material change in the use of the Properties of the Companies with the effect that the Property concerned is no longer used for industrial or trading purposes;

8.3.5 only third parties (except for insurance companies in which case (S) 8.3.6 shall apply) are liable for the Environmental Liability by virtue of a non-appealable official order, final and binding court judgment or any other enforceable title (settlement, etc.) without such third parties having any right of recourse against the Purchaser and/or the Companies after the assertion of claims. In case third parties are liable in addition to the Companies, the Purchaser may assert its claims against the Shareholders pursuant to (S) 8.2 only concurrently with (Zug um Zug) the assignment of potential recourse claims against such third parties;

8.3.6 the respective Environmental Liability is covered by an insurance policy and the insurance company effects payment within 120 days from notification of the damage. If the insurance company has not effected payment upon expiration of the aforementioned period, the Purchaser may assert its claims against the Shareholders under (S) 8 subpara. 2 only concurrently with (Zug um Zug) the assignment of the respective claims against the insurance company to the Shareholders; or

8.3.7 the Companies stop conducting business or Properties or buildings on such Properties are abandoned by the Companies. This limitation shall not apply to the sites in Hildburghausen and Ingolstadt.

Moreover, (S) 5.16.4 (i) and (ii) shall apply mutatis mutandis. The general duty to mitigate shall remain unaffected.

8.4 As soon as any of the entities indemnified becomes aware of any circumstances which could give rise to an obligation of the Shareholders to indemnify pursuant to this (S)8, the Purchaser shall be obliged to inform the Shareholders of all circumstances and to coordinate all measures with the Shareholders; this includes the right of access to the respective Properties and to review all records, to the extent necessary for a reasonable review by the Shareholders.

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In the event the Purchaser and the Shareholders can not agree on the measures to be taken within 14 days following receipt of the notice by the Shareholders, the Shareholders shall have the right to defend orders of authorities or third party claims at its own expense, including by way of court action. The provisions of (S)5.16.5 shall apply mutatis mutandis.

8.5 Claims for indemnification pursuant to this (S)8 can only be asserted if the respective Environmental Liability exceeds an amount of EUR 100,000.00 and the aggregate amount of all existing Environmental Liabilities together with any claims arising under (S) 5 exceeds an amount of EUR 500,000.00. If the threshold of EUR 500,000.00 is exceeded, any amount, including the amount of EUR 500,000.00 can be asserted. Any claims pursuant to this (S) 8 shall together with all claims pursuant to (S)5, (S)6 and (S)7, in the aggregate, be limited to the Aggregate Limit of Liability pursuant to (S)5.16.8.

(S)9  
Put Option

9.1 Subject to the condition precedent that the Closing of the Share Sale and Purchase Agreement pursuant to (S)4.2 occurs the Purchaser, by way of an otherwise unconditional and irrevocable offer, hereby grants the option to Ms. Ute Michaels, Ms. Bianca Michaels and Mr. Arno Michaels (hereinafter

referred to as "Option Sellers") to sell the preferred Shares referred to in (S)2.2. (the "Option Shares") to the Purchaser in accordance with the further provisions of this (S)9 (the "Put Option").

- 9.2 The Put Option can be exercised at the earliest on 1 October 2003 and at the latest on 31 December 2004 by written declaration of the Option Sellers to the Purchaser. The Put Option can only be exercised jointly and in the same way by the Option Sellers.
- 9.3 The Put Option shall be deemed to have been effectively exercised upon receipt by the Purchaser. The Purchaser shall send the Option Sellers a written acknowledgement of receipt of the exercise of the Put Option. The transfer of the Option Shares will be effected concurrently with (Zug um Zug) the payment of the Option Purchase Price on the basis of a share transfer agreement in accordance with the draft attached hereto as Exhibit 4.2.1.
- 9.4 The purchase price for the Option Shares shall amount to EUR 2,879,337.00 (in words: two million eight hundred seventy-nine thousand three hundred thirty-seven Euro) (the "Option Purchase Price") and shall be due and payable within five (5) banking days from receipt of the exercise of the Put Option concurrently with (Zug um Zug) the transfer of the Option Shares; payment shall be made at no cost or expense to

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the Option Sellers to the account no. 150737000 at Dresdner Bank Aschaffenburg, banking code 79580099.

The Option Purchase Price will be allocated internally between the Option Sellers as follows:

Ms. Ute Michaels	EUR	1,974,589.00	68.58%;
Mr. Arno Michaels	EUR	452,374,00	15.71%; and
Ms. Bianca Michaels	EUR	452,374.00	15.71%.

The Option Sellers will allocate and distribute the Option Purchase Price among themselves. The Option Purchase Price shall be fixed and non-adjustable.

The Purchaser hereby irrevocably waives its right of set-off (Aufrechnung) against this claim and its right to invoke other objections (Einwendungen) or defenses (Einreden), of whatever nature, against the claim for payment of the Option Purchase Price provided that there is no breach of the guarantees in (S) 9.7. In such cases any amounts set-off or otherwise withheld shall be taken into account for the Aggregate Limit of Liability. The Purchaser shall, in particular, have no right of set-off with potential claims pursuant to (S)(S)5, 6, 7 and/or 8 of this Agreement against the claim for payment of the Option Purchase Price or to invoke rights of retention (Zurückbehaltungsrechte) against such claim.

- 9.5 As a security for the payment of the Option Purchase Price the Purchaser shall, at the Closing ((S)4 subpara. 2 lit. 1) hereof), deliver a bank guarantee, payable on first written demand of the Option Sellers and valid until 31 October 2003, of a reputable major bank in the amount of EUR 2,879,337.00. The Option Sellers shall reimburse the Purchaser for the costs of the bank guarantee up to a maximum amount of EUR 57,586.00 (equal to 2% of the amount of the bank guarantee). Payment shall be made concurrently with the payment of the Option Purchase Price and against delivery of written evidence of the costs of the bank guarantee.
- 9.6 The sale of the Option Shares shall also comprise the right to draw all profits which have not been distributed until the exercise of the Put Option.
- 9.7 The Option Sellers hereby guarantee by way of an independent guarantee (selbständiges Garantieverprechen) pursuant to Sec. 311 para. 1 BGB (German Civil Code) with effect as of the day of the transfer in rem of the Option Shares to the Purchaser that they are the sole owners of the Option Shares and that the Option Shares are free of any third party rights. Further warranties and/or guarantees, as per the date of transfer of the Option Shares, are not assumed, irrespective of the legal

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basis, nature and substance thereof. The provisions set out in (S)5 sentences 3 and 4 and (S)5.16.9 shall apply mutatis mutandis also to the sale of the Option Shares.

As a consideration for the granting of the Put Option the Option Sellers have, however, already hereby given the guarantees pursuant to (S)5 and have agreed to the obligations to indemnify the Purchase pursuant to (S)(S)6, 7, and 8.

9.8 The Option Sellers hereby declare their agreement to change Sec. 5 para 3 sentence 2 of the articles of association of the Company to the effect that also the pledging of or granting of other encumbrances over shares of the Company shall require the approval of the Company.

(S)9a

Claim for Reimbursement of Corporation Tax

9a.1 In the Shareholders' Meeting of the Company of 28 June 2002 the Shareholders have resolved on the distribution of an anticipated partial dividend (Abschlagsdividende) in the amount of EUR 2,001,000.00 out of the profits for the business year 2001. This amount has already been dividended out. Prior to the Closing the Shareholders will pass a further resolution on the distribution of a further (partial) dividend in the amount EUR 6,168,300.00 and cause the Company to distribute this amount to the Shareholders. Therefore, until the Closing an aggregate amount of EUR 8,169,300.00 will have been distributed to the Shareholders as dividend out of the profits for the business year 2001.

9a.2 In addition to the Purchase Price pursuant to (S)3 (as adjusted pursuant to (S)3.4 - 3.5) and in addition to the Option Purchase Price payable in case of the exercise of the Put Option, if any, the Purchaser shall pay to the Shareholders as a compensation for the Company's claim for reimbursement of corporation tax (Korperschaftssteuererstattungsanspruch) resulting from the distributions pursuant to (S)9a.1 above an amount as is equal to the Company's claim for reimbursement of corporation tax. This amount shall bear interest as of 1 March 2003 at a rate of 6% p.a. and shall be due and payable on 31 July 2003 including accrued interest. The parties expect that as a result of the distributions pursuant to (S)9a.1 the Companies will have a claim for reimbursement of corporation tax in an amount of EUR 1,361,550.00.

The Shareholders hereby instruct the Purchaser to transfer the amount payable pursuant to this (S) 9a.2 to the account referred to in (S)3.2 unless the Shareholders notify the Purchaser of any other account in writing five (5) banking days prior to the due date. The Shareholders will allocate and distribute this amount among themselves. As

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a security for payment of this amount, the Purchaser will provide a bank guarantee of a reputable major bank to the Shareholders at Closing in accordance with the provisions set out in (S)4 subpara. 2 lit. k).

The Purchaser hereby undertakes, as of the Closing until the date of payment of the amount pursuant to this (S)9a.2, not to take any measures which could jeopardize the claim for reimbursement of corporation tax, in particular not to waive such claim.

9a.3 The Purchaser hereby irrevocably waives its right of set-off (Aufrechnung) against the claim pursuant to (S)9a.2, if and to the extent such claim has come into existence pursuant to (S)9a.1, and its right to invoke other objections (Einwendungen) or defenses (Einreden), of whatever nature, against this claim. The Purchaser shall, in particular, have no right of set-off with potential claims pursuant to (S)5, 6, 7 and/or 8 of this Agreement against a claim that has come into existence pursuant to (S)9a.2 or to invoke rights of retention (Zurückbehaltungsrechte) against such claim.

(S)10

Liability of the Shareholders

With respect to all liabilities resulting from this Agreement, the Shareholders shall be jointly and severally (gesamtschuldnerisch) liable.

(S)11

Non-Compete Covenant, Use of Name

11.1 For a period of 3 (three) years following the Closing, the Shareholders hereby covenant not to, whether directly or indirectly, manufacture or distribute products or otherwise assist in the manufacturing or distribution of products (e.g. by transfer of know-how or rendering consultancy services) within Europe, USA and Tunisia (hereinafter the "Territory") which directly or indirectly compete with the products manufactured and/or distributed by the Companies on the Closing and during the 12 months prior to the Closing (such products are hereinafter referred to as the "Competing Products" and this covenant by the Shareholders is hereinafter referred to as "Non-Compete Covenant"). During the term of the Non-Compete Covenant Shareholders shall also refrain from, whether directly or indirectly,

(i) acquiring or owning a direct or indirect ownership interest in enterprises which manufacture or distribute, or otherwise support

- (ii) taking other actions which would interfere with any contractual or customer relationship of the Companies in the Territory or otherwise intentionally interfere with the business of the Companies in the Territory.
- 11.2 In each case of a violation of the Non-Compete Covenant by Shareholders, the respective Shareholder violating the Non-Compete Covenant shall be obligated to pay to the Purchaser a contractual penalty (Vertragsstrafe) in the amount of Euro 250,000.00 (Euro two hundred fifty thousand). Should the Shareholders violating the Non-Compete Covenant despite a written warning of the Purchaser continue the violation, the Shareholders in violation shall pay for each month during part of which the violation is continuing a further contractual penalty in the amount of Euro 100,000.00 (Euro one hundred thousand). Sec. 343 BGB (German Civil Code) shall remain unaffected.
- In addition to the contractual penalty Purchaser has the right to seek injunctive relief in the event of a violation of the Non-Compete Covenant and to assert claims for damages against the violating Shareholders in excess of the amount of the contractual penalty.
- 11.3 The Non-Compete Covenant pursuant to this (S) 11 shall, however, not restrict Shareholders from owning or acquiring an interest in publicly traded entities not exceeding 10%.
- 11.4 The Shareholders hereby agree that the Kopp Group may continue to use the name "Kopp". After the Closing Shareholders shall refrain from using, directly or indirectly, any trade name or component thereof presently being used by the Kopp Group, including but not limited to, "Kopp", "Brunnquell", "Profikontakt", "Condor" and "HEKO".

(S)12  
Costs and Taxes

- 12.1 Each party shall bear its own costs and expenses that have been or will be incurred by it in connection with the preparation and conclusion of this Agreement, including the costs of its respective advisors.
- 12.2 The costs of this Agreement and its completion, especially any registration costs, as well as costs in connection with required antitrust approvals, shall be borne by Purchaser.
- 12.3 Any taxes, especially any taxes on capital gains, shall be borne by such party realising such capital gain.
- 12.4 Real estate transfer tax triggered as a result of the consummation of this Agreement, if any, shall be borne by the Purchaser.

(S)13  
Confidentiality

- 13.1 All parties mutually undertake to keep the content of this Agreement, in particular the Purchase Price, secret and confidential vis-a-vis third parties. This shall not apply to the extent a party is forced to disclose the same by statutory provisions, administrative decree or stock exchange rules. Even in such cases, the parties shall, however, inform each other prior to such disclosure and shall limit the same to the minimum required.
- 13.2 The Shareholders shall not disclose confidential information relating to the business of the Companies, unless such information is or becomes publicly known, is disclosed to the Shareholders from third parties (provided that such a third party is not a person who has worked for any of the companies in which Kopp held a majority interest during the last five years prior to the Closing) or is required to be disclosed by the Shareholders to a court or governmental authority.
- 13.3 Press releases shall be mutually agreed between the parties in advance. The same applies with respect to announcements and declarations of the Purchaser vis-a-vis employees, customers, suppliers or other business partners of the Kopp Group prior to Closing. After the signing of this Agreement and the publication of the press release both parties shall however have the right to make declarations to the press or other third parties without the consent of the respective other party, provided that the content of this Agreement is not disclosed. (S) 13.1 shall in any case remain unaffected.

(S)14  
Conditions Precedent, Right to Rescind

- 14.1 The Closing of this Agreement pursuant to (S)4 shall be subject to the following conditions precedent:
- 14.1.1 the Company having approved the transfer of all shares in the Company to the Purchaser or any other subsidiary of Actuant pursuant to (S)5 subpara. 3 of the Articles of Association of the Company;
- 14.1.2 the competent court having approved the sale of the shares in the Company by Anni Simoneit; and
- 14.1.3 (i) the Federal Cartel Office having cleared the transaction or the time limits to prohibit the transaction having expired without prohibition and (ii) the Austrian Cartel Court having cleared the transaction, the time limits to prohibit the transaction having expired without prohibition or the Cartel Court having notified that the review procedure has been aborted (eingestellt) or that no review will be conducted;

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The parties shall confirm in writing on the Closing Date that the above conditions have been fulfilled and/or waived (to the extent legally permissible).

- 14.2 The Purchaser and the Shareholders (the latter ones only jointly) shall be entitled to rescind this Agreement in writing if any of the conditions precedent set forth above in (S)14.1 have not been met by 31 October 2002 or such other date the parties may mutually agree to in writing.
- 14.3 If any circumstances arise between the Signing Date and the Closing of this Agreement which would have constituted a breach of the independent guarantees under (S)5 hereof if the guarantees had been provided as of the Closing resulting in a Material Adverse Impact on the Companies' Business Operations and such circumstances and the Adverse Impact continue to exist at the Closing, the Purchaser shall be entitled to rescind this Agreement until the Closing by written notice to the Shareholders. The right of rescission shall expire upon the Closing of this Agreement.

A "Material Adverse Impact on the Companies' Business Operations" within the meaning of this (S)14 subpara. 3 shall mean any impairment which has (not: might have) substantial adverse effects for the business operations of the Kopp Group as a whole so that the Purchaser cannot be reasonably expected to be bound to this Agreement. A Material Adverse Impact on the Companies' Business Operations shall, however, in any event, be found to exist only if the impairment - on balance - results in any loss, expenses or other liabilities of (i) the relevant Company concerned in an amount in excess of EUR 1,000,000.00 and (ii) the Kopp Group in an aggregate amount in excess of EUR 2,500,000.00.

If the parties fail to come to an agreement on the Closing Date with regard to the question of whether or not any impairment of the Companies' business is to be considered a Material Adverse Impact within the meaning of this (S)14 subpara. 3 and/or whether such impairment continues to exist at the Closing, the expert arbitrator

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shall make a decision in accordance with (S) 16 subpara. 1 hereof. The expert arbitrator shall make a decision as soon as possible, but in any case within ten working days. The decision shall be binding upon the parties. In addition, (S)16 subpara. 1 shall apply mutatis mutandis.

- 14.4 In the event of a rescission pursuant to (S)14 subparas. 2 or 3 above the provisions of this Agreement shall become null and void, with the exception however of the provisions as to costs and taxes ((S)12) and confidentiality ((S) 13) which shall continue to apply. In case of rescission, neither the Shareholders nor Purchaser shall have any claims of whatever nature against each other as a result of the recession, in particular no claims resulting from breach of obligations (Sec. 280 German Civil Code, in particular not in the cases of Sec. 311 para 2 German Civil Code - culpa in contrahendo) or frustration of contract (Störung der Geschäftsgrundlage, Sec. 313 German Civil Code).

(S)15

Actuant's Guarantee, Discharge of the Supervisory Board/Management Board,  
Actuant's Covenant

- 15.1 Actuant hereby guarantees to all or any of the Sellers the payment of the Purchase Price pursuant to (S) (S) 3.1, 3.2 and 3.3, the payment of any adjusted Purchase Price pursuant to (S) 3.8 by the Purchaser and the

fulfilment of all other payment obligations of the Company on the Closing resulting out of the agreements to be executed on the Closing pursuant to (S)4 subpara. 2. This guarantee shall expire upon the complete payment of the guaranteed amounts by the Purchaser or the Company.

- 15.2 The Purchaser shall procure that the members of the supervisory board from the shareholders' side who have resigned from their office with effect as of the Closing and Mr. Michaels as member of the management board of the Company shall be discharged (entlasten) within the next ordinary shareholders' meeting of the Company. The discharge (Entlastung) for the activities from 1 January 2002 until the Closing shall be resolved at the latest as part of the ordinary shareholders' meeting for the year 2003. The same shall apply mutatis mutandis for discharging (entlasten) Mr. Michaels as managing director/member of a management board of other Companies of the Kopp Group. Actuant hereby covenants that the Purchaser duly and properly fulfils all obligations pursuant to this Agreement which are not primarily payment obligations.

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(S)16  
Expert Arbitrator, Arbitration

- 16.1 If the parties fail to reach an agreement within the period set out in (S)3 subpara. 7 with respect to the draft Working Capital calculation, upon notice by either party, a public accountant nominated by the Chamber of Chartered Accountants (Wirtschaftsprüferkammer), Dusseldorf, shall be appointed as expert, whose determination of the disputed matter shall be binding and final among the parties. The parties shall be given an opportunity to present their views and opinions to the expert in writing or orally and to respond to the opinions of the respective other party in writing. The expert shall comment on any submissions made by the parties.

The expert shall be given any information requested orally and in writing and shall be granted access to any books, documents and papers of the Companies if and to the extent considered by him to be required to determine the Working Capital. Any consultants and representatives of the Companies bound by professional secrecy shall be released from such secrecy obligation if and to the extent considered by the expert to be required and shall further provide oral as well as written information.

The expert shall be bound by the arrangements set out herein and the Exhibits hereto. The expert shall be instructed to, authorised to and shall, if necessary, adjust the draft Working Capital calculation so as to comply with his decision. The draft Working Capital calculation as determined by the expert, whether as initially drafted or amended, shall constitute the final Working Capital calculation for the purposes of this Agreement.

Costs and expenses of the expert shall be advanced by the parties upon first demand in equal instalments and shall be borne by them upon conclusion of the procedure, in accordance with their success therein. On the basis of these principles, the expert shall ultimately decide on the allocation of his costs at his reasonable discretion. This shall not address the own costs of the parties and the costs of their advisors, which the parties shall bear themselves in any event.

- 16.2 All disputes arising out of and in connection with this Agreement, unless subject to the expert arbitrator's decision pursuant to (S) 16 subpara. 1 above, or its validity shall be finally settled by an arbitration panel pursuant to the rules and provisions of an arbitration agreement to be entered into between the parties separately and simultaneously herewith.

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(s)17  
Notices

Notices in connection with this Agreement shall be addressed and sent to the parties in writing and deemed to be served if delivered as follows:

- a. if to one or more of the Shareholders, Sellers and/or Option Sellers solely to:  
Mr. Horst Michaels:  
Tulpenweg 13  
63755 Alzenau

with a copy to:

Freshfields Bruckhaus Deringer  
Dr. Axel Epe  
Freiligrathstr. 1  
40479 Dusseldorf

b. if to the Purchaser to:  
Andrew G. Lampereur  
Chief Financial Officer  
Actuant Corporation  
6100 North Baker Road  
Milwaukee, WI 53209  
U.S.A.

with a copy to:  
Anthony W. Asmuth III, Esq.  
Quarles & Brady LLP  
411 East Wisconsin Avenue Suite 2040  
Milwaukee, Wisconsin 53202-4497  
U.S.A.

and:  
Bernd Thalmann, LL.M.  
Mayer, Brown, Rowe & Maw Gaedertz  
Bockenheimer Landstrasse 98-100  
60323 Frankfurt am Main

or to such addresses any of the above addressees shall designate by written notice to the other addressees. The parties agree that Mr. Michaels shall act as representative (Handlungs- und

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Zustellungsbevollmächtigter also in arbitration proceedings) for the Shareholders, Sellers and/or Option Sellers and that Mr. Michaels can appoint an authorized representative with address in Germany at any time he sees fit for all Shareholders, Sellers and/or Option Sellers.

(s)18

Transfer of all Rights and Obligations out of this Agreement

18.1 The Purchaser shall be entitled to transfer all rights and obligations resulting out of this Agreement and all agreements executed in consummation of this Agreement by way of transfer of contract (Vertragsübernahme) in its entirety to a, whether directly or indirectly, wholly owned subsidiary of Actuant (the "Assignee Entity"), subject to the condition that the Assignee Entity declares to the Shareholders in writing to assume all rights and obligations of the Purchaser out of this Agreement and the arbitration agreement of even date by way of transfer of contract (Vertragsübernahme). The Purchaser shall have this right prior and after Closing, in the latter case, however, only if at the same time all of the shares in the Company acquired in consummation of this Agreement are also transferred to the Assignee Entity. The Shareholders already hereby consent to the transfer of contract provided for in this (s)18.1.

18.2 Any obligations of Actuant out of this Agreement, including without limitation pursuant to (s)15, shall remain unaffected by a transfer of contract (Vertragsübernahme) pursuant to (s)18.1. Any guarantees, covenants etc. which Actuant has given in this Agreement in relation to obligations of the Purchaser, shall after a transfer of contract refer to the obligations assigned by the Assignee Entity pursuant to (s)18.1 without any further declarations required.

(s)19

Miscellaneous

19.1 This Agreement is subject to, and shall be governed by, the laws of Germany, excluding, however, the provisions of German international private law.

19.2 Amendments and alterations to this Agreement have to be in writing, unless notarisation is required. This shall also apply to a waiver of the written form.

19.3 If any provisions of this Agreement should be or become invalid, or if this Agreement does not address any specific situation, all other provisions of this Agreement shall not be affected thereby. Instead of such invalid provision, or in order to provide a provision to fill the gap, such provision shall be deemed to have been agreed upon that,

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as close as legally possible, complies with the purpose and intent of the parties with the invalid provision, especially with respect to any measure of performance, time or period provided therein, or which reflects what the parties would have agreed upon if they had considered such situation.

19.4. The Exhibits to this Agreement, as well as all amendments and alterations to this Agreement, constitute an integral part of this Agreement. Any reference to this Agreement includes all Exhibits, alterations and amendments thereto.

19.5 This Agreement has been executed in a German and an English version. In case of discrepancies between the German and the English version, the German version shall prevail. Where in the English version a German term has been inserted in brackets it alone shall be authoritative for the purpose of the interpretation of the relevant English term in this Agreement.

19.6 Mr. Horst Michaels and Ms. Ute Michaels hereby consent to each other to the entering into this Agreement pursuant to Sec. 1365 German Civil Code (BGB).

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[Signature page of the Share Sale and Purchase and Option Agreement dated 22 July 2002]

Frankfurt, this 22 day of July 2002

/s/ Horst Michaels

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(Horst Michaels)

/s/ Anni Simoneit

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(Anni Simoneit)

by Dr. Frank Heerstraben based on power of attorney dated 12 July 2002

/s/ Arno Michaels

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(Arno Michaels)

Based on Power of Attorney dated 20-6-2002

/s/ Bianca Michaels

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(Bianca Michaels)

/s/ Ute Michaels

-----  
(Ute Michaels)

Based on Power of Attorney dated 17-7-2002

Applied Power Holding GmbH

by:

/s/ B. Thalmann

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(B. Thalmann)

Based on Power of Attorney dated July 17, 2002

Actuant Corporation

by:

/s/ G.H.P. Boel

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Based on Power of Attorney dated 17-7-2002



ACTUANT CORPORATION  
CHANGE IN CONTROL AGREEMENT  
FOR  
WILLIAM BLACKMORE

This Agreement is made as of November 15, 2002 (the "Effective Date"), between Actuant Corporation (the "Corporation"), a Wisconsin corporation and William Blackmore (the "Executive").

WHEREAS, the Executive is a valued employee of the Corporation; and

WHEREAS, the Corporation desires to enter into this Change in Control Agreement with the Executive to provide the Executive with contractual assurances to induce the Executive to remain as an employee of the Corporation notwithstanding the possibility, threat or occurrence of a Change in Control (as defined below) of the Corporation.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the Executive and the Corporation agree as follows:

1. Employment and Duties. The Corporation hereby employs Executive as Vice-President, Engineered Solutions - Americas, with all powers and authority as are customary to this position, and Executive hereby accepts employment with the Corporation in accordance with the terms and conditions set forth herein. Executive shall have such executive responsibilities as is customary with this position and as the Corporation's Board of Directors or the President (as the case may be) shall from time to time assign to him. Executive agrees to devote his full time (excluding annual vacation time), skill, knowledge, and attention to the business of the Corporation and the performance of his duties under this Agreement.

2. Termination, Bonus, and Severance Pay.

a. As used in this Agreement, a Change in Control means:

(i) a sale of over 50% of the stock of the Corporation measured in terms of voting power, other than in a public offering; or

(ii) the sale by the Corporation of over 50% of its business or assets in one or more transactions over a consecutive 12-month period; or

(iii) a merger or consolidation of the Corporation with or into any other corporation or corporations such that the shareholders of the Corporation prior to the merger or consolidation do not own at least 50% of the surviving entity measured in terms of voting power; or

(iv) the acquisition by any means of more than 25% of the voting power or common stock of the Corporation by any person or group of persons

(with group defined by the definitions under Section 13(d)(3) of the Securities Exchange Act of 1934, as amended); or

(v) the election of directors constituting a majority of the Corporation's board of directors pursuant to a proxy solicitation not recommended by the Corporation's board of directors.

b. As used in this Agreement, a Triggering Event means:

(i) (a) reducing the base salary paid to the Executive or (b) a material reduction in Executive's bonus opportunity or (c) reducing the total aggregate value of the fringe benefits received by the Executive from the levels received by the Executive at the time of a Change in Control or during the 180 day period immediately preceding the Change in Control; or

(ii) a material change in the Executive's position or duties or the Executive's reporting responsibilities from the levels existing at the time of a Change in Control or during the 180 day period immediately preceding the Change in Control; or

(iii) a change in the location or headquarters where the Executive is normally expected to provide services to a location of 40 or more miles from the previous location existing at the time of the Change in Control or during the 180 day period immediately preceding the Change in Control.

c. If the Corporation terminates Executive's employment within the period beginning six months prior to a Change in Control and ending 24

months following a Change in Control or Executive voluntarily terminates his services following a Triggering Event that occurs within 24 months following the date of a Change in Control, the Corporation shall pay to the Executive a lump sum equal to the sum of (a) the amount of the highest per annum base rate of salary in effect with respect to the Executive during the two-year period immediately prior to the termination of employment plus (b) the amount of the highest annual bonus or incentive compensation earned by the Executive under any cash bonus or incentive compensation plan of the Corporation during the three complete fiscal years of the Corporation immediately preceding the termination of employment. Such lump sum shall be paid by the Corporation to the Executive within twenty days after the Executive's termination of employment. In addition, the Corporation, at the Corporation's cost, shall continue to provide Executive with the welfare benefits and other perquisites Executive was receiving at the time of the Change in Control for a period of one year following Executive's termination of employment or such earlier date as Executive becomes employed by another employer and becomes eligible for welfare benefits. For purposes hereof, perquisites will include the Executive's right to lease a car or a car allowance, as the case may be.

d. Notwithstanding any provision herein, no amounts will be due under this Agreement in the event the Executive's employment is terminated by the Corporation for cause. The term "for cause" shall mean solely the following events:

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(i) Executive has been convicted of a felony which has adversely affected the Corporation's reputation;

(ii) Executive has materially misappropriated the Corporation's funds, property or opportunities; or

(iii) Executive has materially breached any of the provisions of this Agreement after having been provided by written notice a reasonable opportunity (not less than 15 business days) to cure such breach.

### 3. Certain Additional Payments by the Corporation.

a. In the event it shall be determined that the severance benefits payable to Executive under this Agreement or any other payments or benefits received or to be received by the Executive (whether payable pursuant to the terms of this Agreement, any other plan, agreement or arrangement) (the "Payments") would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code") or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment"). The Gross-Up Payment shall be in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and excise tax imposed on the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments.

b. Subject to the provisions of paragraph c. of this Section 3, all determinations required to be made under this Section 3, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by a certified public accounting firm designated by the Executive (the "Accounting Firm"), which shall provide detailed supporting calculations both to the Corporation and the Executive within twenty business days of the receipt of notice from the Executive that there has been a Payment, or such earlier time as is requested by the Corporation. All fees and expenses of the Accounting Firm shall be borne solely by the Corporation. Any Gross-Up Payment, as determined pursuant to this Section 3, shall be paid by the Corporation to the Executive within five days of the receipt of the Accounting Firm's determination. Any determination by the Accounting Firm shall be binding upon the Corporation and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Corporation should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Corporation exhausts its remedies pursuant to paragraph c. of this Section 3 and the Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred

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and any such Underpayment shall be promptly paid by the Corporation to or for the benefit of Executive.

c. The Executive shall notify the Corporation in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Corporation of the Gross-Up Payment. Such notification shall be given as soon as practicable but no later than ten business days after the Executive is informed in writing of such claim and shall describe the nature of such claim and the date on which such claim is requested to be paid. The Executive shall not pay such claim prior to the expiration of the thirty-day period following the date on which he gives such notice to the Corporation (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Corporation notifies the Executive in writing prior to the expiration of such period that it desires to contest such claim, the Executive shall:

(i) give the Corporation any information reasonably requested by the Corporation relating to such claim,

(ii) take such action in connection with contesting such claim as the Corporation shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Corporation,

(iii) cooperate with the Corporation in good faith in order effectively to contest such claim, and

(iv) permit the Corporation to participate in any proceedings relating to such claim;

provided, however, that the Corporation shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax or income tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this paragraph c. of Section 3, the Corporation shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forego any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct the Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Corporation shall determine; provided, however, that if the Corporation directs the Executive to pay such claim and sue for a refund, the Corporation shall advance the amount of such payment to the Executive, on an interest-free basis and shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax or income tax (including interest or penalties with respect thereto) imposed with respect to such advance or with respect to any imputed income with respect to such advance; and provided, further, that any extension of the statute of

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limitations relating to payment of taxes for the taxable year of the Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Corporation's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

d. If, after the receipt by the Executive of an amount advanced by the Corporation pursuant to paragraph c. of this Section 3, the Executive becomes entitled to receive any refund with respect to such claim, the Executive shall (subject to the Corporation's complying with the requirements of paragraph c. of this Section 3) promptly pay to the Corporation the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If after the receipt by the Executive of an amount advanced by the Corporation pursuant to paragraph c. of this Section 3, a determination is made that the Executive shall not be entitled to any refund with respect to such claim and the Corporation does not notify the Executive in writing of its intent to contest such denial of refund prior to the expiration of thirty days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

4. Confidential Information. As a supplement to any other confidentiality provisions applicable to the Executive, Executive acknowledges that all

Confidential Information is and shall continue to be the exclusive proprietary property of the Corporation, whether or not disclosed to or entrusted to the custody of Executive. Executive will not, either during the term hereof or at any time thereafter, disclose any Confidential Information, in whole or in part, to any person or entity other than to employees or affiliates of the Corporation, for any reason or purpose, unless the Corporation gives its prior written consent to such disclosure. Executive also will not, either during the term hereof or at any time thereafter, use in any manner any Confidential Information for his own purposes or for the benefit of any person or entity except the Corporation and its affiliates whether such use consists of duplication, removal, oral communication, disclosure, transfer or other unauthorized use thereof, unless the Corporation gives its prior written consent to such use. As used herein, the term "Confidential Information" refers to all information and materials not in the public domain belonging to, used by or in the business of the Corporation (the "Business") relating to its business strategies, products, pricing, customers, technology, programs, costs, employee compensation, marketing plans, developmental plans, computer programs, computer systems, inventions, developments, formulae, processes, designs, drawings, trade secrets of every kind and character and competitive information. "Confidential Information" also includes confidential information belonging to other companies and disclosed to the Executive by the Corporation.

5. Non-competition and Inventions.

a. During the period of employment of Executive and for a period of one year after Executive's termination of employment for any reason, Executive shall not directly or indirectly as a principal, agent, owner, employee, consultant, advisor, trustee,

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beneficiary, distributor, partner, co-venturer, officer, director, stockholder or in any other capacity, nor will any entity owned by Executive:

(i) divert or attempt to divert any business from the Corporation or engage in any act likely to cause any customer or supplier of the Corporation to discontinue or curtail its business with the Corporation or to do business with another entity, firm, business, activity or enterprise directly or indirectly competitive with the Corporation; or

(ii) contact, sell or solicit to sell or attempt to contact, sell or solicit to sell products competitive to those sold by the Corporation to any customer of the Corporation with which Executive had contact while performing services for the Corporation; or

(iii) solicit or attempt to solicit any employee of the Corporation for employment or retention.

Notwithstanding the provisions above, Executive may acquire securities of any entity the securities of which are publicly traded, provided that the value of the securities of such entity held directly or indirectly by Executive immediately following such acquisition is less than 5% of the total value of the then outstanding class or type of securities acquired.

b. Executive acknowledges and agrees that the restrictions set forth in this Section 5 are founded on valuable consideration and are reasonable in duration and geographic area in view of the circumstances under which this Agreement is executed and that such restrictions are necessary to protect the legitimate interests of the Corporation. If, in any judicial proceeding, a court shall refuse to enforce any separate covenant set forth herein, then such unenforceable covenant shall be deemed eliminated from this Section 4 for the purpose of that proceeding to the extent necessary to permit the remaining separate covenants to be enforced.

c. The Executive hereby sells, transfers and assigns to the Corporation the entire right, title and interest of the Executive in and to all inventions, ideas, disclosures and improvements, whether patented or unpatented, and copyrightable materials, made or conceived by the Executive, solely or jointly, or in whole or in part, during the period Executive is bound by this Agreement which (i) relate to methods, apparatus, designs, products, processes or devices sold, leased, used or under construction or development by the Corporation or any subsidiary or (ii) otherwise relate to or pertain to the business, functions or operations of the Corporation or any subsidiary, or (iii) arise (wholly or partly) from the efforts of the Executive during the Term hereof in connection with his performance of his duties hereunder. The Executive shall communicate promptly and disclose to the Corporation, in such form as the Corporation requests, all information, details and data pertaining to the aforementioned inventions, ideas, disclosures and improvements; and, whether during the term hereof or thereafter, the Executive shall execute and deliver to the Corporation such formal transfers and assignments and

such other papers and documents as may be required of the Executive to permit the

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Corporation to file and prosecute the patent applications and, as to copyrightable material, to obtain copyright thereon. This provision does not relate to any invention for which (i) no equipment, supplies, facilities or trade secret information of the Corporation was used and which was developed entirely on the Executive's own time and which does not relate (A) directly to the business of the Corporation, or (B) to the Corporation's actual or demonstrably anticipated research or development; or (ii) does not result in any work performed by the Executive for the Corporation.

d. The provisions in this paragraph are a supplement to any other confidentiality and non-compete provisions applicable to the Executive in any other agreements.

6. Miscellaneous.

a. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Wisconsin, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

b. All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive, to his address appearing on the records of the Corporation.

If to the Corporation:           Actuant Corporation  
6100 North Baker Road  
Milwaukee, WI 53209  
Attention: Chairman of the Audit Committee

With a copy to:                 McDermott Will & Emery  
227 West Monroe Street  
Chicago, IL 60606-5096  
Attention: Helen R. Friedli

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

c. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

d. The Corporation may withhold from any amounts payable under this Agreement such federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

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e. The Executive's or the Corporation's failure to insist upon strict compliance with any provisions hereof or any other provision of this Agreement or the failure to assert any right the Executive or the Corporation may have hereunder, including, without limitation, the right of the Executive to terminate employment for cause pursuant to this Agreement, shall not be deemed to be a waiver of such provision or right of any other provision or right of this Agreement.

f. The Executive and the Corporation acknowledge that, except as may otherwise be provided herein or under any other written agreement between the Executive and the Corporation, the employment of the Executive by the Corporation is "at will" and the Executive's employment may be terminated by the Corporation at any time.

g. The Corporation agrees that if it breaches any payment obligation hereunder, the Corporation will pay all reasonable attorney fees and costs incurred by Executive in enforcing Executive's rights hereunder.

h. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

i. If the Corporation sells, leases, exchanges or otherwise disposes of, in a single transaction or series of related transactions, all or substantially all of its property and assets, or if the Corporation ceases to exist as a separate entity as a result of a merger, spin-off, reorganization or otherwise, then the Corporation will, as a condition precedent to any such transaction, cause effective provision to be made so that the person or entity acquiring such property and assets or succeeding to the business of the Corporation as the surviving entity of a merger, spin-off, reorganization or otherwise, as applicable, becomes bound by, and replaces the Corporation under, this Agreement.

7. Injunctive Relief. Executive acknowledges and agrees that irreparable injury will result to the Corporation in the event Executive breaches any covenant contained in this Agreement and that the remedy at law for such breach will be inadequate. Therefore, if Executive engages in any act in violation of the provisions of this Agreement, the Corporation shall be entitled, in addition to such other remedies and damages as may be available to it by law or under this Agreement, to injunctive or other equitable relief to enforce the provisions hereof.

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first above written.

Actuant Corporation

By: /s/ Robert C. Arzbaeher  
-----  
Robert C. Arzbaeher

/s/ William S. Blackmore  
-----  
William S. Blackmore

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ACTUANT CORPORATION  
CHANGE IN CONTROL AGREEMENT  
FOR  
RONALD WIECZOREK

This Agreement is made as of November 8, 2002 (the "Effective Date"), between Actuant Corporation (the "Corporation"), a Wisconsin corporation and Ronald Wieczorek (the "Executive").

WHEREAS, the Executive is a valued employee of the Corporation; and

WHEREAS, the Corporation desires to enter into this Change in Control Agreement with the Executive to provide the Executive with contractual assurances to induce the Executive to remain as an employee of the Corporation notwithstanding the possibility, threat or occurrence of a Change in Control (as defined below) of the Corporation.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the Executive and the Corporation agree as follows:

1. Employment and Duties. The Corporation hereby employs Executive as Vice-President, Human Resources, with all powers and authority as are customary to this position, and Executive hereby accepts employment with the Corporation in accordance with the terms and conditions set forth herein. Executive shall have such executive responsibilities as is customary with this position and as the Corporation's Board of Directors or the President (as the case may be) shall from time to time assign to him. Executive agrees to devote his full time (excluding annual vacation time), skill, knowledge, and attention to the business of the Corporation and the performance of his duties under this Agreement.

2. Termination, Bonus, and Severance Pay.

a. As used in this Agreement, a Change in Control means:

(i) a sale of over 50% of the stock of the Corporation measured in terms of voting power, other than in a public offering; or

(ii) the sale by the Corporation of over 50% of its business or assets in one or more transactions over a consecutive 12-month period; or

(iii) a merger or consolidation of the Corporation with or into any other corporation or corporations such that the shareholders of the Corporation prior to the merger or consolidation do not own at least 50% of the surviving entity measured in terms of voting power; or

(iv) the acquisition by any means of more than 25% of the voting power or common stock of the Corporation by any person or group of persons

(with group defined by the definitions under Section 13(d)(3) of the Securities Exchange Act of 1934, as amended); or

(v) the election of directors constituting a majority of the Corporation's board of directors pursuant to a proxy solicitation not recommended by the Corporation's board of directors.

b. As used in this Agreement, a Triggering Event means:

(i) (a) reducing the base salary paid to the Executive or (b) a material reduction in Executive's bonus opportunity or (c) reducing the total aggregate value of the fringe benefits received by the Executive from the levels received by the Executive at the time of a Change in Control or during the 180 day period immediately preceding the Change in Control; or

(ii) a material change in the Executive's position or duties or the Executive's reporting responsibilities from the levels existing at the time of a Change in Control or during the 180 day period immediately preceding the Change in Control; or

(iii) a change in the location or headquarters where the Executive is normally expected to provide services to a location of 40 or more miles from the previous location existing at the time of the Change in Control or during the 180 day period immediately preceding the Change in Control.

c. If the Corporation terminates Executive's employment within the period beginning six months prior to a Change in Control and ending 24

months following a Change in Control or Executive voluntarily terminates his services following a Triggering Event that occurs within 24 months following the date of a Change in Control, the Corporation shall pay to the Executive a lump sum equal to the sum of (a) the amount of the highest per annum base rate of salary in effect with respect to the Executive during the two-year period immediately prior to the termination of employment plus (b) the amount of the highest annual bonus or incentive compensation earned by the Executive under any cash bonus or incentive compensation plan of the Corporation during the three complete fiscal years of the Corporation immediately preceding the termination of employment. Such lump sum shall be paid by the Corporation to the Executive within twenty days after the Executive's termination of employment. In addition, the Corporation, at the Corporation's cost, shall continue to provide Executive with the welfare benefits and other perquisites Executive was receiving at the time of the Change in Control for a period of one year following Executive's termination of employment or such earlier date as Executive becomes employed by another employer and becomes eligible for welfare benefits. For purposes hereof, perquisites will include the Executive's right to lease a car or a car allowance, as the case may be.

d. Notwithstanding any provision herein, no amounts will be due under this Agreement in the event the Executive's employment is terminated by the Corporation for cause. The term "for cause" shall mean solely the following events:

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(i) Executive has been convicted of a felony which has adversely affected the Corporation's reputation;

(ii) Executive has materially misappropriated the Corporation's funds, property or opportunities; or

(iii) Executive has materially breached any of the provisions of this Agreement after having been provided by written notice a reasonable opportunity (not less than 15 business days) to cure such breach.

### 3. Certain Additional Payments by the Corporation.

a. In the event it shall be determined that the severance benefits payable to Executive under this Agreement or any other payments or benefits received or to be received by the Executive (whether payable pursuant to the terms of this Agreement, any other plan, agreement or arrangement) (the "Payments") would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code") or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment"). The Gross-Up Payment shall be in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and excise tax imposed on the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments.

b. Subject to the provisions of paragraph c. of this Section 3, all determinations required to be made under this Section 3, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by a certified public accounting firm designated by the Executive (the "Accounting Firm"), which shall provide detailed supporting calculations both to the Corporation and the Executive within twenty business days of the receipt of notice from the Executive that there has been a Payment, or such earlier time as is requested by the Corporation. All fees and expenses of the Accounting Firm shall be borne solely by the Corporation. Any Gross-Up Payment, as determined pursuant to this Section 3, shall be paid by the Corporation to the Executive within five days of the receipt of the Accounting Firm's determination. Any determination by the Accounting Firm shall be binding upon the Corporation and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Corporation should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Corporation exhausts its remedies pursuant to paragraph c. of this Section 3 and the Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred

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and any such Underpayment shall be promptly paid by the Corporation to or for the benefit of Executive.

c. The Executive shall notify the Corporation in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Corporation of the Gross-Up Payment. Such notification shall be given as soon as practicable but no later than ten business days after the Executive is informed in writing of such claim and shall describe the nature of such claim and the date on which such claim is requested to be paid. The Executive shall not pay such claim prior to the expiration of the thirty-day period following the date on which he gives such notice to the Corporation (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Corporation notifies the Executive in writing prior to the expiration of such period that it desires to contest such claim, the Executive shall:

(i) give the Corporation any information reasonably requested by the Corporation relating to such claim,

(ii) take such action in connection with contesting such claim as the Corporation shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Corporation,

(iii) cooperate with the Corporation in good faith in order effectively to contest such claim, and

(iv) permit the Corporation to participate in any proceedings relating to such claim;

provided, however, that the Corporation shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax or income tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this paragraph c. of Section 3, the Corporation shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forego any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct the Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Corporation shall determine; provided, however, that if the Corporation directs the Executive to pay such claim and sue for a refund, the Corporation shall advance the amount of such payment to the Executive, on an interest-free basis and shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax or income tax (including interest or penalties with respect thereto) imposed with respect to such advance or with respect to any imputed income with respect to such advance; and provided, further, that any extension of the statute of

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limitations relating to payment of taxes for the taxable year of the Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Corporation's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

d. If, after the receipt by the Executive of an amount advanced by the Corporation pursuant to paragraph c. of this Section 3, the Executive becomes entitled to receive any refund with respect to such claim, the Executive shall (subject to the Corporation's complying with the requirements of paragraph c. of this Section 3) promptly pay to the Corporation the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If after the receipt by the Executive of an amount advanced by the Corporation pursuant to paragraph c. of this Section 3, a determination is made that the Executive shall not be entitled to any refund with respect to such claim and the Corporation does not notify the Executive in writing of its intent to contest such denial of refund prior to the expiration of thirty days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

4. Confidential Information. As a supplement to any other confidentiality provisions applicable to the Executive, Executive acknowledges that all

Confidential Information is and shall continue to be the exclusive proprietary property of the Corporation, whether or not disclosed to or entrusted to the custody of Executive. Executive will not, either during the term hereof or at any time thereafter, disclose any Confidential Information, in whole or in part, to any person or entity other than to employees or affiliates of the Corporation, for any reason or purpose, unless the Corporation gives its prior written consent to such disclosure. Executive also will not, either during the term hereof or at any time thereafter, use in any manner any Confidential Information for his own purposes or for the benefit of any person or entity except the Corporation and its affiliates whether such use consists of duplication, removal, oral communication, disclosure, transfer or other unauthorized use thereof, unless the Corporation gives its prior written consent to such use. As used herein, the term "Confidential Information" refers to all information and materials not in the public domain belonging to, used by or in the business of the Corporation (the "Business") relating to its business strategies, products, pricing, customers, technology, programs, costs, employee compensation, marketing plans, developmental plans, computer programs, computer systems, inventions, developments, formulae, processes, designs, drawings, trade secrets of every kind and character and competitive information. "Confidential Information" also includes confidential information belonging to other companies and disclosed to the Executive by the Corporation.

5. Non-competition and Inventions.

a. During the period of employment of Executive and for a period of one year after Executive's termination of employment for any reason, Executive shall not directly or indirectly as a principal, agent, owner, employee, consultant, advisor, trustee,

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beneficiary, distributor, partner, co-venturer, officer, director, stockholder or in any other capacity, nor will any entity owned by Executive:

(i) divert or attempt to divert any business from the Corporation or engage in any act likely to cause any customer or supplier of the Corporation to discontinue or curtail its business with the Corporation or to do business with another entity, firm, business, activity or enterprise directly or indirectly competitive with the Corporation; or

(ii) contact, sell or solicit to sell or attempt to contact, sell or solicit to sell products competitive to those sold by the Corporation to any customer of the Corporation with which Executive had contact while performing services for the Corporation; or

(iii) solicit or attempt to solicit any employee of the Corporation for employment or retention.

Notwithstanding the provisions above, Executive may acquire securities of any entity the securities of which are publicly traded, provided that the value of the securities of such entity held directly or indirectly by Executive immediately following such acquisition is less than 5% of the total value of the then outstanding class or type of securities acquired.

b. Executive acknowledges and agrees that the restrictions set forth in this Section 5 are founded on valuable consideration and are reasonable in duration and geographic area in view of the circumstances under which this Agreement is executed and that such restrictions are necessary to protect the legitimate interests of the Corporation. If, in any judicial proceeding, a court shall refuse to enforce any separate covenant set forth herein, then such unenforceable covenant shall be deemed eliminated from this Section 4 for the purpose of that proceeding to the extent necessary to permit the remaining separate covenants to be enforced.

c. The Executive hereby sells, transfers and assigns to the Corporation the entire right, title and interest of the Executive in and to all inventions, ideas, disclosures and improvements, whether patented or unpatented, and copyrightable materials, made or conceived by the Executive, solely or jointly, or in whole or in part, during the period Executive is bound by this Agreement which (i) relate to methods, apparatus, designs, products, processes or devices sold, leased, used or under construction or development by the Corporation or any subsidiary or (ii) otherwise relate to or pertain to the business, functions or operations of the Corporation or any subsidiary, or (iii) arise (wholly or partly) from the efforts of the Executive during the Term hereof in connection with his performance of his duties hereunder. The Executive shall communicate promptly and disclose to the Corporation, in such form as the Corporation requests, all information, details and data pertaining to the aforementioned inventions, ideas, disclosures and improvements; and, whether during the term hereof or thereafter, the Executive shall execute and deliver to the Corporation such formal transfers and assignments and such other papers and documents as may be required of the Executive to

Corporation to file and prosecute the patent applications and, as to copyrightable material, to obtain copyright thereon. This provision does not relate to any invention for which (i) no equipment, supplies, facilities or trade secret information of the Corporation was used and which was developed entirely on the Executive's own time and which does not relate (A) directly to the business of the Corporation, or (B) to the Corporation's actual or demonstrably anticipated research or development; or (ii) does not result in any work performed by the Executive for the Corporation.

d. The provisions in this paragraph are a supplement to any other confidentiality and non-compete provisions applicable to the Executive in any other agreements.

6. Miscellaneous.

a. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Wisconsin, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

b. All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive, to his address appearing on the records of the Corporation.

If to the Corporation:                   Actuant Corporation  
6100 North Baker Road  
Milwaukee, WI 53209  
Attention: Chairman of the Audit Committee

With a copy to:                         McDermott Will & Emery  
227 West Monroe Street  
Chicago, IL 60606-5096  
Attention: Helen R. Friedli

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

c. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

d. The Corporation may withhold from any amounts payable under this Agreement such federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

e. The Executive's or the Corporation's failure to insist upon strict compliance with any provisions hereof or any other provision of this Agreement or the failure to assert any right the Executive or the Corporation may have hereunder, including, without limitation, the right of the Executive to terminate employment for cause pursuant to this Agreement, shall not be deemed to be a waiver of such provision or right of any other provision or right of this Agreement.

f. The Executive and the Corporation acknowledge that, except as may otherwise be provided herein or under any other written agreement between the Executive and the Corporation, the employment of the Executive by the Corporation is "at will" and the Executive's employment may be terminated by the Corporation at any time.

g. The Corporation agrees that if it breaches any payment obligation hereunder, the Corporation will pay all reasonable attorney fees and costs incurred by Executive in enforcing Executive's rights hereunder.

h. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

i. If the Corporation sells, leases, exchanges or otherwise disposes

of, in a single transaction or series of related transactions, all or substantially all of its property and assets, or if the Corporation ceases to exist as a separate entity as a result of a merger, spin-off, reorganization or otherwise, then the Corporation will, as a condition precedent to any such transaction, cause effective provision to be made so that the person or entity acquiring such property and assets or succeeding to the business of the Corporation as the surviving entity of a merger, spin-off, reorganization or otherwise, as applicable, becomes bound by, and replaces the Corporation under, this Agreement.

7. Injunctive Relief. Executive acknowledges and agrees that irreparable injury will result to the Corporation in the event Executive breaches any covenant contained in this Agreement and that the remedy at law for such breach will be inadequate. Therefore, if Executive engages in any act in violation of the provisions of this Agreement, the Corporation shall be entitled, in addition to such other remedies and damages as may be available to it by law or under this Agreement, to injunctive or other equitable relief to enforce the provisions hereof.

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first above written.

Actuant Corporation

By: /s/ Robert C. Arzbaecher  
-----  
Robert C. Arzbaecher

/s/ Ronald P. Wiczorek  
-----  
Ronald P. Wiczorek

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## INDEMNIFICATION AGREEMENT

THIS INDEMNIFICATION AGREEMENT ("Agreement") is made and entered into as of \_\_\_\_\_, 200\_\_ by and among Actuant Corporation, a Wisconsin corporation (the "Company"), and \_\_\_\_\_, a director and/or officer of the Company (the "Indemnitee").

## RECITALS

WHEREAS, damages sought against directors and officers in shareholder or similar litigation may be substantial, and the costs of defending such actions, and of judgments in favor of plaintiffs or of settlement therewith, may be prohibitive for individual directors and officers, without regard to the merits of a particular action and without regard to the culpability of, or the receipt of improper personal benefit by, any named director or officer; and

WHEREAS, the long period of time which may elapse before final disposition of such litigation may impose undue hardship and burden on a director or officer or his estate in maintaining a proper and adequate defense of himself or his estate against claims for damages; and

WHEREAS, the Company desires to retain the services of highly qualified individuals, to serve as directors and officers of the Company; and

WHEREAS, the Board of Directors of the Company (the "Board") has concluded that it is reasonable and prudent for the Company to enter into an agreement to indemnify in a reasonable and adequate manner the Indemnitee and to assume for itself maximum liability for expenses and damages in connection with claims lodged against Indemnitee for his decisions and actions as a director and/or officer of the Company.

NOW, THEREFORE, in consideration of the foregoing, and of other good and valuable consideration, the receipt and sufficiency of which is acknowledged by each of the parties hereto, the parties agree as follows:

## ARTICLE I

## DEFINITIONS

For purposes of this Agreement, the following terms shall have the meanings set forth below:

Section 1.1 "Board" shall mean the Board of Directors of the Company.

Section 1.2 "Change in Control" shall mean:

(i) a sale of over 50% of the stock of the Company measured in terms of voting power, other than in a public offering; or

(ii) the sale by the Company of over 50% of its business or assets in one or

more transactions over a consecutive 12-month period; or

(iii) a merger or consolidation of the Company with or into any other corporation or corporations such that the shareholders of the Company prior to the merger or consolidation do not own at least 50% of the surviving entity measured in terms of voting power; or

(iv) the acquisition by any means of more than 25% of the voting power or common stock of the Company by any person or group of persons (with group defined by the definitions under Section 13(d)(3) of the Securities Exchange Act of 1934, as amended); or

(v) the election of directors constituting a majority of the Company's board of directors pursuant to a proxy solicitation not recommended by the Company's board of directors.

Section 1.3 "Corporate Status" shall mean the status of a person who is or was a director or officer of the Company, or a member of any committee of the Board, and the status of a person who, while a director or officer of the Company, is or was serving at the request of the Company as a director, officer, partner, trustee, member of any governing or decision-making committee, manager, employee or agent of another foreign or domestic corporation, limited liability company, partnership, joint venture, trust, or enterprise and the status of a person who, while a director or officer of the Company, is or was serving an employee benefit plan because his or her duties to the Company also impose duties on, or otherwise involve services by, the person to the plan or to participants in or beneficiaries of the plan.

Section 1.4 "Disinterested Director" shall mean a director of the Company who

is not a party to the Proceeding in respect of which indemnification is being sought by the Indemnitee or a related Proceeding.

Section 1.5 "Expenses" shall mean, without limitation, all reasonable expenses incurred in connection with any Proceeding, including all fees, attorneys' fees and all other cost, charges, disbursements or expenses incurred in connection with a Proceeding.

Section 1.6 "Liabilities" shall mean all liabilities or obligations of any type whatsoever, including, without limitation, any obligation to pay a judgment, settlement, penalty, assessment, forfeiture or fine, including an excise tax with respect to an employee benefit plan, and Expenses incurred, paid or suffered in connection with any Proceeding.

Section 1.7 "Non-Indemnifiable Liabilities" shall mean Liabilities incurred because the director or officer breached or failed to perform a duty owed to the Company which breach or failure constitutes any of the following:

(i) a willful failure to deal fairly with the Company or its shareholders in connection with a matter in which the director or officer has a material conflict of interest;

(ii) a violation of criminal law, unless the director or officer had reasonable

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cause to believe that his or her conduct was lawful or no reasonable cause to believe that his or her conduct was unlawful;

(iii) a transaction from which the director or officer derived an improper personal profit; or

(iv) willful misconduct.

"Non-Indemnifiable Liabilities" shall also include Liabilities for which Indemnitee has previously received indemnification from any person.

Section 1.8 "Proceeding" shall mean any threatened, pending or completed civil, criminal, administrative or investigative action, suit, arbitration, or other proceeding, whether formal or informal, which involved foreign, federal, state or local law and which is brought by or in the right of the Company or any other person, including without limitation, any proceeding involving securities regulation.

Section 1.9 "Voting Securities" shall mean any securities of the Company that are entitled to vote generally in the election of directors.

## ARTICLE II

### NOTICE OF PROCEEDINGS AND DEFENSE OF CLAIMS

Section 2.1 Notice of Proceedings. The Indemnitee agrees to notify the Company promptly in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification or advancement of Expenses covered hereunder, but the Indemnitee's failure to so notify the Company shall not relieve the Company from any liability which it may have to the Indemnitee under this Agreement.

Section 2.2 Defense of Claims. The Company will be entitled to participate, at its own expense, in any Proceeding of which it has notice. The Company, jointly with any other indemnifying party similarly notified of any Proceeding, will be entitled to assume the defense of the Indemnitee therein, with counsel reasonably satisfactory to the Indemnitee, upon delivery of written notice to Indemnitee of its election to do so; provided, however, that the Company shall not be entitled to assume the defense of the Indemnitee in any Proceeding if there has been a Change in Control or if the Indemnitee has reasonably concluded that there may be a conflict of interest between the Company and the Indemnitee with respect to such Proceeding. After notice from the Company to the Indemnitee of its election to assume the defense of the Indemnitee and the retention by the Company of counsel reasonably satisfactory to Indemnitee, the Company will not be liable to the Indemnitee under this Agreement for any Expenses incurred thereafter by the Indemnitee in connection with the defense of any Proceeding, other than reasonable costs of investigation or as otherwise provided below. Notwithstanding the foregoing, the Indemnitee shall have the right to employ his own counsel in any such Proceeding if (i) the employment of counsel by the Indemnitee has been authorized by the Company; (ii) the Indemnitee shall have reasonably concluded that counsel employed by the Company may not adequately represent the Indemnitee due to a conflict of interest between the Company and the Indemnitee with respect to

such Proceeding and shall have so informed the Company; or (iii) the Company shall not in fact have employed counsel to assume the defense of the Indemnitee in such Proceeding or the counsel employed by the Company shall not, in fact, have assumed such defense or such counsel shall not be acting, in connection therewith, with reasonable diligence; and in each such case the fees and expenses of the Indemnitee's counsel shall be an Expense under this Agreement and shall therefore be advanced by the Company in accordance with this Agreement.

Section 2.3 Settlement of Claims. The Company shall not settle any Proceeding in any manner which would impose any liability, penalty or limitation on the Indemnitee without the written consent of the Indemnitee; provided, however, that the Indemnitee will not unreasonably withhold or delay consent to any proposed settlement. The Company shall not be liable to indemnify the Indemnitee under this Agreement or otherwise for any amounts paid in settlement of any Proceeding effected by the Indemnitee without the Company's written consent, which consent shall not be unreasonably withheld or delayed.

### ARTICLE III

#### PERIOD OF LIMITATIONS

No legal action shall be brought and no cause of action shall be asserted by or in the right of the Company against Indemnitee, Indemnitee's estate, spouse, heirs, executors or personal or legal representatives after the expiration of two years from the date of accrual of such cause of action, and any claim or cause of action of the Company shall be extinguished and deemed released unless asserted by the timely filing of a legal action within such two-year period; provided, however, that if any shorter period of limitations is otherwise applicable to any such cause of action, such shorter period shall govern.

### ARTICLE IV

#### INDEMNIFICATION

Section 4.1 General. In addition to the Company's specific obligations set forth below, the Company hereby agrees to indemnify the Indemnitee to the fullest extent required or permitted by the Company's Articles of Incorporation or Bylaws and by applicable law in effect on the date hereof and to such greater extent as applicable law may hereafter from time to time permit. For all matters for which the Indemnitee is entitled to indemnification under this Article IV, the Indemnitee shall be entitled to advancement of Expenses in accordance with Article V hereof. The Company's obligation to indemnify and advance Expenses pursuant to this Agreement shall apply to all Proceedings, regardless of whether the underlying events, acts or omissions occurred before or after the date hereof.

Section 4.2 Successful Defense. The Company shall indemnify Indemnitee, to the extent Indemnitee has been successful on the merits or otherwise in the defense of a Proceeding, for all Expenses incurred in a Proceeding to which Indemnitee is a party because of the Indemnitee's Corporate Status.

Section 4.3 As a Party to a Proceeding. The Company shall indemnify Indemnitee against all Liabilities, other than Non-Indemnifiable Liabilities, incurred by Indemnitee in a Proceeding to which Indemnitee is a party because of the Indemnitee's Corporate Status.

Section 4.4 Other Proceedings. Notwithstanding any other provision in this Agreement, the Company shall indemnify Indemnitee against all Liabilities incurred by Indemnitee with respect to a Proceeding either (i) as a witness in a Proceeding to which Indemnitee is not a party or (ii) as a plaintiff or petitioner because of Indemnitee's Corporate Status.

### ARTICLE V

#### ADVANCEMENT OF EXPENSES

Upon written request by Indemnitee who is a party to a Proceeding because of the Indemnitee's Corporate Status, the Company shall advance to the Indemnitee all Expenses which are incurred by or for Indemnitee in connection with the Proceeding, as incurred, provided that the Indemnitee provides the Company with all of the following: (i) a written affirmation of Indemnitee's good faith belief that Indemnitee has not breached or failed to perform Indemnitee's duties to the Company, and (ii) a written undertaking, executed personally or on Indemnitee's behalf, to repay the advanced Expenses and, if required by the Company, to pay reasonable interest on the advanced Expenses to

the extent that it is ultimately determined that indemnification of Indemnitee with respect to such Proceeding is not required nor ordered by a court of competent jurisdiction. Such undertaking shall be an unsecured, unlimited general obligation of Indemnitee and shall be accepted without reference to Indemnitee's ability to repay the advanced Expenses. The Company shall advance such Expenses within five (5) business days after the receipt by the Company of the documents to be delivered by Indemnitee pursuant to this Article. The Indemnitee hereby agrees to repay any Expenses advanced hereunder if it shall ultimately be determined that the Indemnitee is not entitled to be indemnified against such Expenses.

#### ARTICLE VI

##### PROCEDURE FOR PAYMENT OF LIABILITIES; DETERMINATION OF RIGHT TO INDEMNIFICATION

Section 6.1 Procedure for Payment. To obtain indemnification for Liabilities under this Agreement, the Indemnitee shall submit to the Company a written request for payment, including with such request such documentation as is reasonably available to the Indemnitee and reasonably necessary to determine whether, and to what extent, the Indemnitee is entitled to indemnification and payment hereunder. The Secretary of the Company, or such other person as shall be designated by the Board of Directors, promptly upon receipt of a request for indemnification shall advise the Board of Directors, in writing, of such request. Any indemnification payment due hereunder shall be paid by the Company within ten (10) business days following a determination, pursuant to this Article VI, that such indemnification payment is proper hereunder. Any indemnification payment due under Section 4.4 shall be paid by the Company within ten (10) business days of Indemnitee's request, without need for a determination pursuant to Section 6.2.

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Section 6.2 Forum for Determination. The Indemnitee shall be entitled to select from among the following means for determining Indemnitee's right to indemnification:

- (i) By a majority vote of a quorum of the Board consisting of Disinterested Directors. If a quorum of Disinterested Directors cannot be obtained, by majority vote of a committee duly appointed by the Board and consisting solely of 2 or more Disinterested Directors. Directors who are not Disinterested Directors may participate in the designation of members of the committee;
- (ii) By independent legal counsel selected by a quorum of the Board or its committee in the manner prescribed in (i) above or, if unable to obtain such a quorum or committee, by a majority vote of the full Board, including directors who are not Disinterested Directors;
- (iii) By a panel of 3 arbitrators consisting of one arbitrator selected by those directors entitled under (ii) above to select independent legal counsel, one arbitrator selected by Indemnitee and one arbitrator selected by the 2 arbitrators previously selected;
- (iv) By an affirmative vote of Voting Securities in accordance with Wisconsin law. 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; or
- (v) By order of a court of competent jurisdiction.

As soon as practicable, and in no event later than thirty (30) days after written notice of the Indemnitee's choice of forum pursuant to this Section 6.2, the Company shall, at its own expense, submit Indemnitee's claim for indemnification and any claim the Company has with respect to Non-Indemnifiable Liabilities. The fees and expenses of the selected forum in connection with making the determination contemplated hereunder shall be paid by the Company.

Section 6.3 Expenses under this Agreement. Notwithstanding any other provision in this Agreement to the contrary, the Company shall indemnify the Indemnitee against all Expenses incurred by the Indemnitee in connection with any hearing or proceeding under this Article VI involving the Indemnitee if the Indemnitee is successful in such claim and against all Expenses incurred by the Indemnitee in connection with any other action between the Company and the Indemnitee involving the interpretation or enforcement of the rights of the Indemnitee under this Agreement, if it is determined that the Indemnitee was entitled to indemnification in whole or in part thereunder.

#### ARTICLE VII

##### PRESUMPTIONS AND EFFECT OF CERTAIN PROCEEDINGS



Section 7.1 Effect of Other Proceedings. The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of no contest

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or an equivalent plea, shall not, by itself, create a presumption that indemnification is not required hereunder.

Section 7.2 Actions of Others. The knowledge and/or actions, or failure to act, of any other director, officer, agent or employee of the Company shall not be imputed to the Indemnitee for purposes of determining the right to indemnification under this Agreement.

#### ARTICLE VIII

##### INSURANCE

In the event that the Company maintains officers' and directors' or similar liability insurance to protect itself and any director or officer of the Company against any expense, liability or loss, such insurance shall cover the Indemnitee to at least the same degree as each other director and/or officer of the Company.

#### ARTICLE IX

##### MISCELLANEOUS

Section 9.1 Non-Exclusivity. The rights of the Indemnitee hereunder shall be in addition to any other rights to which the Indemnitee may at any time be entitled under any provision of law or the Articles of Incorporation or the Bylaws of the Company, as the same may be in effect from time to time, or any agreement, a vote of shareholders of the Company or a resolution of directors of the Company or otherwise, and to the extent that during the term of this Agreement the rights of the then-existing directors and officers of the Company are more favorable to such directors or officers than the rights currently provided to the Indemnitee under this Agreement, the Indemnitee shall be entitled to the full benefits of such more favorable rights. No amendment, alteration, rescission or replacement of this Agreement or any provision hereof which would in any way limit the benefits and protections afforded to an Indemnitee hereby shall be effective as to such Indemnitee with respect to any action or inaction by such Indemnitee in the Indemnitee's Corporate Status prior to such amendment, alteration, rescission or replacement.

Section 9.2 Subrogation. In the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of the Indemnitee, who shall execute all documents required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

Section 9.3 Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given (i) if delivered by hand, or by courier and receipted for by the party to whom said notice or other communication shall have been directed at the time indicated on such receipt; or (ii) if by U.S. certified or registered mail, with postage prepaid, on the third business day after the date on which it is so mailed:

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If to the Indemnitee, as shown with the Indemnitee's signature below.

If to the Company, to:

Actuant Corporation  
6100 North Baker Road  
Milwaukee, WI 53209  
Attention: Secretary

or to such other address as may have been furnished to the Indemnitee by the Company or to the Company by the Indemnitee, as the case may be.

Section 9.4 Governing Law. The parties agree that this Agreement shall be governed by, and construed and enforced in accordance with, the substantive laws of the State of Wisconsin, without application of the conflict of laws principles thereof.

Section 9.5 Binding Effect. Except as otherwise provided in this Agreement, this Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their heirs, executors, administrators,

successors, legal representatives and permitted assigns. The Company shall require any successor or assignee (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of its respective assets or business, by written agreement in form and substance reasonably satisfactory to the Indemnitee, to assume and agree to be bound by and to perform this Agreement in the same manner and to the same extent as the Company would be required to perform absent such succession or assignment. This Agreement shall continue in effect regardless of whether Indemnitee continues to serve as an executive officer, director, employee, agent or other representative of the Company.

Section 9.6 Waiver. No termination, cancellation, modification, amendment, deletion, addition or other change in this Agreement, or any provision hereof, or waiver of any right or remedy herein, shall be effective for any purpose unless specifically set forth in a writing signed by the party or parties to be bound thereby. The waiver of any right or remedy with respect to any occurrence on one occasion shall not be deemed a waiver of such right or remedy with respect to such occurrence on any other occasion.

Section 9.7 Entire Agreement. This Agreement, constitutes the entire agreement and understanding among the parties hereto in reference to the subject matter hereof; provided, however, that the parties acknowledge and agree that the Bylaws of the Company contain provisions on the subject matter hereof and that this Agreement is not intended to, and does not, limit the rights or obligations of the parties hereto pursuant to such Bylaws.

Section 9.8 Titles. The titles to the articles and sections of this Agreement are inserted for convenience of reference only and should not be deemed a part hereof or affect the construction or interpretation of any provisions hereof.

Section 9.9 Severability. Every provision of this Agreement is severable. In the event that the invalidity or any term or provision (including any provision within a single section, paragraph or section) is held by a court of competent jurisdiction to be invalid, void or otherwise unenforceable, the remaining terms and provisions shall remain enforceable to the fullest extent

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permitted by law. Furthermore, to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of this Agreement containing any provision held to be invalid, void or otherwise unenforceable, that is not itself invalid, void or otherwise enforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

Section 9.10 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together constitute one agreement binding on all the parties hereto.

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

ACTUANT CORPORATION

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

INDEMNITEE

\_\_\_\_\_  
(Name)

\_\_\_\_\_

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(Address)

<TABLE> <CAPTION> NAME OF SUBSIDIARY:	STATE/COUNTRY OF INCORPORATION:
<S>	<C>
Actuant Receivables Corporation	Nevada
Del City Wire Co., Inc.	Oklahoma
GB Tools and Supplies, Inc.	Wisconsin
New England Controls, Inc.	Connecticut
Calterm Taiwan, Inc.	Nevada
Calterm Taiwan, Inc. (Branch)	Taiwan
Grupo Industrial Baja Tec S.A. de C.V.	Mexico
AIC (Hong Kong) Ltd.	Hong Kong
Applied Power Investments II, Inc.	Nevada
Enerpac Middle East FZE	United Arab Emirates
Columbus Manufacturing, LLC	Wisconsin
Engineered Solutions L.P.	Indiana L.P.
Versa Technologies, Inc.	Delaware
Actuant Investments, Inc.	Nevada
Nielsen Hardware Corporation	Connecticut
VT Holdings II, Inc.	Nevada
</TABLE>	
<TABLE>	
<S>	<C>
Applied Power Asia Pte. Ltd.	Singapore
Applied Power Hytec Sdn Bhd	Malaysia
Enerpac Asia Pte. Ltd.	Singapore
Enerpac Hydraulic Technology (India) Pvt. Ltd.	India
Bangor Products Corp. (Inactive)	Pennsylvania
Enerpac Corp. (Inactive)	Wisconsin
Applied Power Japan Ltd.	Japan
Applied Power International S.A.	Switzerland
Enerpac B.V.	Netherlands
Applied Power International S.A. (branch)	Spain
Pertesco Ltd. (Inactive)	UK
Applied Power Italiana S.p.A.	Italy
Power Packer Espana S.A.	Spain
Applied Power (Mexico) S. de R.L. de C.V.	Mexico
Actuant European S.a.r.L.	Luxembourg
Applied Power Europe S.A.	France

&lt;/TABLE&gt;

<TABLE>	<C>
<S>	
Applied Power Europa B.V.	Netherlands
Ergun Kriko San, A.A.	Turkey
Power Packer Europa B.V.	Netherlands
Apitech Europa B.V. (Inactive)	Netherlands
Power Packer do Brazil Limitada	Brazil
Enerpac Limited	UK
Applied Power Australia Limited	Australia
Actuant International Corporation	Cayman Islands
Applied Power Korea Ltd.	South Korea
Applied Power China Ltd.	Free Trade Zone
Actuant Canada Corporation	Canada (Ontario)
Enerpac Canada Ltd.	Canada (New Brunswick)
Enerpac Canada L.P.	Canadian Limited Partnership
AP International Corp.	Barbados
Applied Power do Brasil Equipamentos Ltda. (Inactive)	Brazil
Applied Power Holding GmbH	Germany
Applied Power Distribution GmbH	Germany
Applied Power GmbH	Germany
Applied Power Moscow	Russia

</TABLE>

Consent of Independent Accountants

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 No. 333-47493, and Form S-8 Nos. 33-39719, 33-38720, 33-62658, 333-42353, 333-46469, 333-61279, 333-61281, 333-53702, 333-53704, 333-60564, 333-61389 and 333-89068 of Actuant Corporation of our reports dated September 25, 2002 relating to the financial statements and financial statement schedule, which appear in this Form 10-K.

PricewaterhouseCoopers LLP  
Milwaukee, Wisconsin  
November 18, 2002

WRITTEN STATEMENT OF THE CHIEF EXECUTIVE OFFICER

Pursuant to 18 U.S.C. (S)1350, I, the undersigned Chairman, Chief Executive Officer and President of Actuant Corporation (the "Company"), hereby certify, based on my knowledge, that the Annual Report on Form 10-K of the Company for the year ended August 31, 2002 (the "Report") fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 18, 2002

/s/ Robert C. Arzbaecher  
-----  
Robert C. Arzbaecher

WRITTEN STATEMENT OF THE CHIEF FINANCIAL OFFICER

Pursuant to 18 U.S.C. (S)1350, I, the undersigned Vice President and Chief Financial Officer of Actuant Corporation (the "Company"), hereby certify, based on my knowledge, that the Annual Report on Form 10-K of the Company for the year ended August 31, 2002 (the "Report") fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 18, 2002

/s/ Andrew G. Lampereur  
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Andrew G. Lampereur