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

FORM 10-Q

(Mark One)

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

For the quarterly period ended November 30, 2014

OR

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

Commission File No. 1-11288

ACTUANT CORPORATION

(Exact name of registrant as specified in its charter)

Wisconsin
(State of incorporation)

39-0168610
(I.R.S. Employer Id. No.)

**N86 W12500 WESTBROOK CROSSING
MENOMONEE FALLS, WISCONSIN 53051**
Mailing address: P. O. Box 3241, Milwaukee, Wisconsin 53201
(Address of principal executive offices)
(262) 293-1500
(Registrant's telephone number, including area code)

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 (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "accelerated filer," "large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.): Yes No

The number of shares outstanding of the registrant's Class A Common Stock as of December 31, 2014 was 61,678,585.

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FORWARD LOOKING STATEMENTS AND CAUTIONARY FACTORS

This quarterly report on Form 10-Q 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. Such forward-looking statements include statements regarding expected financial results and other planned events, including, but not limited to, anticipated liquidity, and capital expenditures. Words such as “may,” “should,” “could,” “anticipate,” “believe,” “estimate,” “expect,” “plan,” “project” and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. Therefore, actual future events or results may differ materially from these statements. We disclaim any obligation to publicly update or revise any forward-looking statements as a result of new information, future events or any other reason.

The following is a list of factors, among others, that could cause actual results to differ materially from the forward-looking statements:

- economic uncertainty or a prolonged economic downturn;
- challenging end market conditions in the truck, automotive, agricultural, industrial, production automation, oil & gas, energy, maintenance, power generation and infrastructure industries;
- failure to realize anticipated cost savings from restructuring activities and cost reduction efforts;
- increased competition in the markets we serve and market acceptance of existing and new products;
- our ability to successfully identify and integrate acquisitions and realize anticipated benefits/results from acquired companies;
- operating margin risk due to competitive pricing, operating inefficiencies, reduced production levels and material, labor and overhead cost increases;
- our international operations present special risks, primarily from currency exchange rate fluctuations, exposure to local economic and political conditions, export and import restrictions and controls on repatriation of cash;
- regulatory and legal developments including changes to United States taxation rules, health care reform, conflict mineral supply chain compliance and governmental climate change initiatives;
- the potential for a non-cash asset impairment charge, if operating performance at one or more of our businesses were to fall significantly below current levels;
- our ability to execute our share repurchase program, which depends in part, on our results of operations, liquidity and changes in the trading price of our common stock;

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- a significant failure in information technology (IT) infrastructure and systems, unauthorized access to financial and other sensitive data or cybersecurity threats;
- litigation, including product liability and warranty claims;
- inadequate intellectual property protection or if our products are deemed to infringe on the intellectual property of others;
- our level of indebtedness, ability to comply with the financial and other covenants in our debt agreements and fluctuations in interest rates;
- numerous other matters including those of a political, economic, business, competitive and regulatory nature contained from time to time in U.S. Securities and Exchange Commission ("SEC") filings, including, but not limited to, those factors listed in the "Risk Factors" section within Item 1A of Part I of the Form 10-K filed with the SEC on October 27, 2014.

When used herein, the terms "Actuant," "we," "us," "our" and the "Company" refer to Actuant Corporation and its subsidiaries. Actuant Corporation provides free-of-charge access to its Annual Report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments thereto, through its website, www.actuant.com, as soon as reasonably practical after such reports are electronically filed with the SEC.

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PART I—FINANCIAL INFORMATION

Item 1—Financial Statements

ACTUANT CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended November 30,	
	2014	2013
Net sales	\$ 327,765	\$ 339,556
Cost of products sold	200,789	207,776
Gross profit	126,976	131,780
Selling, administrative and engineering expenses	82,472	81,918
Amortization of intangible assets	6,286	6,215
Operating profit	38,218	43,647
Financing costs, net	6,191	6,750
Other (income) expense, net	(439)	1,141
Earnings from continuing operations before income tax expense	32,466	35,756
Income tax expense	7,792	2,751
Earnings from continuing operations	24,674	33,005
Earnings from discontinued operations, net of income taxes	—	3,032
Net earnings	\$ 24,674	\$ 36,037
Earnings from continuing operations per share:		
Basic	\$ 0.38	\$ 0.45
Diluted	\$ 0.38	\$ 0.44
Earnings per share:		
Basic	\$ 0.38	\$ 0.49
Diluted	\$ 0.38	\$ 0.48
Weighted average common shares outstanding:		
Basic	64,357	73,085
Diluted	65,599	75,011

See accompanying Notes to Condensed Consolidated Financial Statements

ACTUANT CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In thousands)
(Unaudited)

	Three Months Ended November 30,	
	2014	2013
Net earnings	\$ 24,674	\$ 36,037
Other comprehensive income (loss), net of tax		
Foreign currency translation adjustments	(63,275)	17,047
Pension and other postretirement benefit plans	362	50
Cash flow hedges	(50)	(94)
Total other comprehensive (loss) income, net of tax	(62,963)	17,003
Comprehensive (loss) income	\$ (38,289)	\$ 53,040

See accompanying Notes to Condensed Consolidated Financial Statements

ACTUANT CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share amounts)
(Unaudited)

	November 30, 2014	August 31, 2014
ASSETS		
Current assets		
Cash and cash equivalents	\$ 87,275	\$ 109,012
Accounts receivable, net	221,719	227,008
Inventories, net	164,517	162,620
Deferred income taxes	10,384	11,050
Other current assets	40,453	33,300
Total current assets	524,348	542,990
Property, plant and equipment		
Land, buildings and improvements	50,112	52,989
Machinery and equipment	280,361	281,763
Gross property, plant and equipment	330,473	334,752
Less: Accumulated depreciation	(166,558)	(165,651)
Property, plant and equipment, net	163,915	169,101
Goodwill	714,956	742,770
Other intangibles, net	346,214	365,177
Other long-term assets	38,031	36,841
Total assets	\$ 1,787,464	\$ 1,856,879
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Trade accounts payable	\$ 135,095	\$ 145,798
Accrued compensation and benefits	42,408	52,964
Current maturities of debt and short-term borrowings	7,619	4,500
Income taxes payable	9,664	38,347
Other current liabilities	58,594	57,512
Total current liabilities	253,380	299,121
Long-term debt, less current maturities	506,250	385,500
Deferred income taxes	92,699	96,970
Pension and postretirement benefit liabilities	14,558	15,699
Other long-term liabilities	58,843	57,878
Total liabilities	925,730	855,168
Shareholders' equity		
Class A common stock, \$0.20 par value per share, authorized 168,000,000 shares, issued 78,576,338 and 78,480,780 shares, respectively	15,715	15,695
Additional paid-in capital	96,099	93,449
Treasury stock, at cost, 15,511,517 and 12,195,359 shares, respectively	(493,042)	(388,627)
Retained earnings	1,374,333	1,349,602
Accumulated other comprehensive loss	(131,371)	(68,408)
Stock held in trust	(4,153)	(4,083)
Deferred compensation liability	4,153	4,083
Total shareholders' equity	861,734	1,001,711
Total liabilities and shareholders' equity	\$ 1,787,464	\$ 1,856,879

See accompanying Notes to Condensed Consolidated Financial Statements

ACTUANT CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Three Months Ended November 30,	
	2014	2013
Operating Activities		
Net earnings	\$ 24,674	\$ 36,037
Adjustments to reconcile net earnings to cash (used in) provided by operating activities:		
Depreciation and amortization	13,708	16,204
Benefit for deferred income taxes	(1,352)	(8,408)
Stock-based compensation expense	3,546	4,103
Amortization of debt discount and debt issuance costs	423	560
Other non-cash adjustments	146	(867)
Sources (uses) of cash from changes in components of working capital and other:		
Accounts receivable	(3,629)	7,040
Inventories	(6,500)	(11,634)
Prepaid expenses and other assets	(10,698)	(3,049)
Trade accounts payable	(7,398)	2,560
Income taxes payable	(28,007)	(3,189)
Accrued compensation and benefits	(9,963)	(2,595)
Other accrued liabilities	(68)	(3,816)
Cash (used in) provided by operating activities	(25,118)	32,946
Investing Activities		
Capital expenditures	(7,986)	(11,257)
Proceeds from sale of property, plant and equipment	225	1,913
Cash used in investing activities	(7,761)	(9,344)
Financing Activities		
Net borrowings (repayments) on revolver	123,869	(12,000)
Purchase of treasury shares	(104,415)	(15,352)
Stock option exercises, related tax benefits and other	2,287	10,562
Payment of contingent acquisition consideration	—	(414)
Cash dividend	(2,598)	(2,919)
Cash provided by (used in) financing activities	19,143	(20,123)
Effect of exchange rate changes on cash	(8,001)	2,077
Net (decrease) increase in cash and cash equivalents	(21,737)	5,556
Cash and cash equivalents – beginning of period	109,012	103,986
Cash and cash equivalents – end of period	\$ 87,275	\$ 109,542

See accompanying Notes to Condensed Consolidated Financial Statements

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Basis of Presentation

General

The accompanying unaudited condensed consolidated financial statements of Actuant Corporation ("Actuant," or the "Company") have been prepared in accordance with generally accepted accounting principles for interim financial reporting and with the instructions of Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. The condensed consolidated balance sheet data as of August 31, 2014 was derived from the Company's audited financial statements, but does not include all disclosures required by the United States generally accepted accounting principles. For additional information, including the Company's significant accounting policies, refer to the consolidated financial statements and related footnotes in the Company's fiscal 2014 Annual Report on Form 10-K.

In the opinion of management, all adjustments considered necessary for a fair statement of financial results have been made. Such adjustments consist of only those of a normal recurring nature. Operating results for the three months ended November 30, 2014 are not necessarily indicative of the results that may be expected for the entire fiscal year ending August 31, 2015.

New Accounting Pronouncements

In April 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update (ASU) 2014-08, *Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*, which includes amendments that change the requirements for reporting discontinued operations and requires additional disclosures about discontinued operations. Under the new guidance, only disposals representing a strategic shift in operations should be presented as discontinued operations. The guidance is effective for annual periods beginning on or after December 15, 2014. The adoption of this standard is not expected to have a material impact on the financial statements of the Company.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. Under ASU 2014-09, an entity will recognize revenue when it transfers promised goods or services to customers in an amount that reflects what it expects in exchange for the goods or services. It also requires more detailed disclosures to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. This guidance is effective for annual periods beginning on or after December 15, 2016. The Company is currently evaluating the impact of adopting this standard.

Note 2. Acquisitions

The Company completed one business acquisition during fiscal 2014. The acquisition resulted in the recognition of goodwill in the Company's consolidated financial statements because its purchase price reflects the future earnings and cash flow potential of this company, as well as the complementary strategic fit and resulting synergies this business is expected to bring to existing operations.

The Company makes an initial allocation of the purchase price at the date of a business acquisition, based upon its understanding of the fair value of the acquired assets and assumed liabilities. The Company obtains this information during due diligence and through other sources. If additional information is obtained about these assets and liabilities within the measurement period (not to exceed one year from the date of acquisition), including through asset appraisals and learning more about the newly acquired business, the Company will refine its estimates of fair value and adjust the purchase price allocation.

The Company acquired Hayes Industries Ltd. ("Hayes") on May 23, 2014 for \$30.5 million plus up to \$4.0 million of potential contingent consideration. This Industrial segment acquisition is headquartered in Sugar Land, Texas and maintains a leading position in the concrete tensioning market. Its products include patented encapsulated anchor systems, wedges and customized extruded cables. The purchase price allocation resulted in the recognition of \$14.4 million of goodwill (which is deductible for tax purposes) and \$10.6 million of intangible assets, including \$5.0 million of patents, \$3.3 million of customer relationships, \$2.0 million of tradenames and \$0.3 million for non-compete agreements. During the first quarter of fiscal 2015, goodwill related to the Hayes acquisition decreased by \$3.2 million, the result of purchase accounting adjustments to reflect the fair value of acquired fixed assets.

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The following unaudited pro forma results of operations of the Company for the three months ended November 30, 2014 and 2013, give effect to the Hayes acquisition as though the transaction and related financing had occurred on September 1, 2013 (in thousands, except per share amounts):

	Three Months Ended November 30,	
	2014	2013
Net sales		
As reported	\$ 327,765	\$ 339,556
Pro forma	327,765	346,146
Earnings from continuing operations		
As reported	\$ 24,674	\$ 33,005
Pro forma	24,674	32,916
Basic earnings per share from continuing operations		
As reported	\$ 0.38	\$ 0.45
Pro forma	0.38	0.45
Diluted earnings per share from continuing operations		
As reported	\$ 0.38	\$ 0.44
Pro forma	0.38	0.44

Note 3. Discontinued Operations and Divestiture Activities

On June 13, 2014, the Company completed the divestiture of its Recreational Vehicle ("RV") business for \$36.5 million in cash. This product line divestiture resulted in a \$13.5 million pre-tax gain on sale (\$2.8 million net of tax) during the fourth quarter of fiscal 2014. The results of the RV business (which had sales of \$6.7 million in the first quarter of fiscal 2014) are not material to the consolidated financial results and are included in results from continuing operations.

The former Electrical segment was primarily involved in the design, manufacture and distribution of a broad range of electrical products to the retail DIY, wholesale, OEM, solar, utility, marine and other harsh environment markets. On December 13, 2013, the Company completed the sale of the Electrical segment for net cash proceeds of \$252.4 million, which resulted in a pre-tax gain on disposal of \$34.5 million (\$26.3 million net of tax). The following table summarizes the results of discontinued operations (in thousands):

	Three Months Ended November 30, 2013
Net sales	\$ 63,012
Operating income	5,229
Income tax expense	(2,197)
Income from discontinued operations, net of income taxes	\$ 3,032

Note 4. Goodwill and Other Intangible Assets

The changes in the carrying value of goodwill for the three months ended November 30, 2014 are as follows (in thousands):

	Industrial	Energy	Engineered Solutions	Total
Balance as of August 31, 2014	\$ 100,266	\$ 350,627	\$ 291,877	\$ 742,770
Purchase accounting adjustments	(3,157)	—	—	(3,157)
Impact of changes in foreign currency rates	(1,827)	(18,626)	(4,204)	(24,657)
Balance as of November 30, 2014	\$ 95,282	\$ 332,001	\$ 287,673	\$ 714,956

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The gross carrying value and accumulated amortization of the Company's other intangible assets are as follows (in thousands):

	Weighted Average Amortization Period (Years)	November 30, 2014			August 31, 2014		
		Gross Carrying Value	Accumulated Amortization	Net Book Value	Gross Carrying Value	Accumulated Amortization	Net Book Value
Amortizable intangible assets:							
Customer relationships	15	\$ 314,131	\$ 119,923	\$ 194,208	\$ 325,164	\$ 117,706	\$ 207,458
Patents	11	31,265	17,995	13,270	31,678	17,494	14,184
Trademarks and tradenames	18	22,630	6,360	16,270	23,241	6,201	17,040
Non-compete agreements and other	4	7,134	6,644	490	7,373	6,783	590
Indefinite lived intangible assets:							
Tradenames	N/A	121,976	—	121,976	125,905	—	125,905
		<u>\$ 497,136</u>	<u>\$ 150,922</u>	<u>\$ 346,214</u>	<u>\$ 513,361</u>	<u>\$ 148,184</u>	<u>\$ 365,177</u>

The Company estimates that amortization expense will be \$18.4 million for the remainder of fiscal 2015. Amortization expense for future years is estimated to be as follows: \$24.4 million in fiscal 2016, \$23.4 million in 2017, \$23.1 million in fiscal 2018, \$22.9 million in fiscal 2019, \$22.2 million in fiscal 2020 and \$89.8 million thereafter. These future amortization expense amounts represent estimates, which may change based on future acquisitions and divestitures or changes in foreign currency exchange rates.

Note 5. Product Warranty Costs

The Company generally offers its customers a warranty on products they purchase, although warranty periods vary by product type and application. The reserve for future warranty claims is based on historical claim rates and current warranty cost experience. The following is a rollforward of the accrued product warranty reserve (in thousands):

	Three months ended November 30,	
	2014	2013
Beginning balance	\$ 4,056	\$ 7,413
Provision for warranties	1,180	230
Warranty payments and costs incurred	(1,424)	(1,232)
Impact of changes in foreign currency rates	(84)	53
Ending balance	<u>\$ 3,728</u>	<u>\$ 6,464</u>

Note 6. Debt

The following is a summary of the Company's long-term indebtedness (in thousands):

	November 30, 2014	August 31, 2014
Senior Credit Facility		
Revolver	\$ 123,000	\$ —
Term Loan	88,875	90,000
Total Senior Credit Facility	211,875	90,000
5.625% Senior Notes	300,000	300,000
Total Senior Indebtedness	511,875	390,000
Less: current maturities of long-term debt	(5,625)	(4,500)
Total long-term debt, less current maturities	<u>\$ 506,250</u>	<u>\$ 385,500</u>

The Company's Senior Credit Facility, which matures on July 18, 2018, includes a \$600 million revolving credit facility, a \$90 million term loan and a \$350 million expansion option, subject to certain conditions. Borrowings are subject to a pricing grid, which can result in increases or decreases to the borrowing spread above LIBOR, depending on the Company's leverage ratio, ranging from 1.00% to 2.50% in the case of loans bearing interest at LIBOR and from 0.00% to 1.50% in the case of loans bearing interest at the base rate. At November 30, 2014, the borrowing spread on LIBOR based borrowings was 1.25% (aggregating to 1.45%). In addition, a non-

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use fee is payable quarterly on the average unused credit line under the revolver ranging from 0.15% to 0.40% per annum. At November 30, 2014, the unused credit line under the revolver was \$474.4 million of which \$466.4 million was available for borrowings. Quarterly principal payments of \$1.1 million began on the term loan on September 30, 2014, increasing to \$2.3 million per quarter beginning on September 30, 2015, with the remaining principal due at maturity. The Senior Credit Facility, which is secured by substantially all of the Company's domestic personal property assets, also contains customary limits and restrictions concerning investments, sales of assets, liens on assets, dividends and other payments. The two financial covenants included in the Senior Credit Facility agreement are a maximum leverage ratio of 3.75:1 and a minimum interest coverage ratio of 3.50:1. The Company was in compliance with all financial covenants at November 30, 2014.

On April 16, 2012, the Company issued \$300 million of 5.625% Senior Notes due 2022 (the "Senior Notes"). The Senior Notes require no principal installments prior to their June 15, 2022 maturity, require semiannual interest payments in December and June of each year and contain certain financial and non-financial covenants. The Senior Notes include a call feature that allows the Company to repurchase them anytime on or after June 15, 2017 at stated redemption prices (ranging from 100.0% to 102.8%), plus accrued and unpaid interest.

Note 7. Fair Value Measurement

The Company assesses the inputs used to measure the fair value of financial assets and liabilities using a three-tier hierarchy. Level 1 inputs include quoted prices for identical instruments and are the most observable. Level 2 inputs include quoted prices for similar assets and observable inputs such as interest rates, foreign currency exchange rates, commodity rates and yield curves. Level 3 inputs are not observable in the market and include management's own judgments about the assumptions market participants would use in pricing the asset or liability. The following financial assets, measured at fair value, are included in the condensed consolidated balance sheet (in thousands):

	November 30, 2014	August 31, 2014
Level 1 Valuation:		
Cash equivalents	\$ 3,042	\$ 1,207
Investments	2,133	2,118
Level 2 Valuation:		
Foreign currency derivatives	\$ (2,109)	\$ (966)

The fair value of the Company's cash, accounts receivable, accounts payable, short-term borrowings and its variable rate long-term debt approximated book value at both November 30, 2014 and August 31, 2014 due to their short-term nature and the fact that the interest rates approximated market rates. The fair value of the Company's outstanding \$300 million of 5.625% Senior Notes was \$313.5 million and \$315.8 million at November 30, 2014 and August 31, 2014, respectively. The fair value of the Senior Notes was based on quoted inactive market prices and are therefore classified as Level 2 within the valuation hierarchy.

Note 8. Derivatives

The Company is exposed to market risk for changes in foreign currency exchange rates due to the global nature of its operations. In order to manage this risk the Company has hedged portions of its recognized balances and certain forecasted cash flows that are denominated in non-functional currencies. All derivatives are recognized in the balance sheet at their estimated fair value. On the date it enters into a derivative contract, the Company designates the derivative as a hedge of a recognized asset or liability ("fair value hedge") or 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"). The Company does not enter into derivatives for speculative purposes. Changes in the value of fair value hedges and non-designated hedges are recorded in earnings along with the gain or loss on the hedged asset or liability, while changes in the value of cash flow hedges are recorded in accumulated other comprehensive loss, until earnings are affected by the variability of cash flows.

The U.S. dollar equivalent notional value of short duration foreign currency forward contracts (fair value hedges or non-designated hedges) was \$192.7 million and \$219.9 million, at November 30, 2014 and August 31, 2014, respectively. Net foreign currency losses related to these derivative instruments were \$2.1 million and \$8.7 million, for the three months ended November 30, 2014 and 2013, respectively. These derivative losses offset foreign currency gains from the related revaluation of non-functional currency assets and liabilities (amounts included in other income and expense in the condensed consolidated statement of earnings).

Note 9. Capital Stock and Share Repurchase

The Company's Board of Directors previously authorized three separate stock repurchase authorizations (September 2011, March 2014 and October 2014) to repurchase up to 7,000,000 shares each (21,000,000 shares in total) of the Company's outstanding common stock. At November 30, 2014, total shares repurchased under these publicly announced programs were 15,511,517. During the first quarter of fiscal 2015, the Company repurchased 3,316,158 shares of common stock for \$104.4 million (\$31.46 per share).

The reconciliation between basic and diluted earnings per share from continuing operations is as follows (in thousands, except per share amounts):

	Three Months Ended November 30,	
	2014	2013
Numerator:		
Earnings from continuing operations	\$ 24,674	\$ 33,005
Denominator:		
Weighted average common shares outstanding - basic	64,357	73,085
Net effect of dilutive securities—stock based compensation plans	1,242	1,926
Weighted average common shares outstanding - diluted	65,599	75,011
Earnings per common share from continuing operations:		
Basic	\$ 0.38	\$ 0.45
Diluted	\$ 0.38	\$ 0.44
Anti-dilutive securities—stock based compensation plans (excluded from earnings per share calculation)	487	1

Note 10. Income Taxes

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 U.S. Federal statutory rate, permanent items, state tax rates and the ability to utilize various tax credits and net operating loss carryforwards. The Company adjusts the quarterly provision for income taxes based on the estimated annual effective income tax rate and facts and circumstances known at each interim reporting period.

The effective income tax rate from continuing operations was 24.0% and 7.7% for the three months ended November 30, 2014 and 2013, respectively. Effective income tax rates for the three months ended November 30, 2014 and 2013 reflect the benefits of tax minimization planning, taxable earnings derived in foreign jurisdictions with tax rates that are lower than the U.S. Federal statutory rate, and foreign tax credits. Income tax expense for the three months ended November 30, 2013 included a \$7.3 million discrete income tax benefit (net operating losses generated through the liquidation of a foreign entity).

The gross liability for unrecognized tax benefits, excluding interest and penalties, increased from \$32.3 million at August 31, 2014 to \$32.8 million at November 30, 2014. Substantially all of these unrecognized tax benefits, if recognized, would reduce the effective income tax rate. In addition, as of November 30, 2014 and August 31, 2014, the Company had liabilities totaling \$2.2 million and \$2.0 million, respectively, for the payment of interest and penalties related to unrecognized income tax benefits.

Note 11. Segment Information

The Company is a global manufacturer of a broad range of industrial products and systems and is organized in three reportable segments: Industrial, Energy and Engineered Solutions. The Industrial segment is primarily involved in the design, manufacture and distribution of branded hydraulic and mechanical tools to the maintenance, industrial, infrastructure and production automation markets. The Energy segment provides joint integrity products and services, customized offshore vessel mooring solutions, as well as rope and cable solutions to the global oil & gas, power generation and energy markets. The Engineered Solutions segment provides highly engineered position and motion control systems to OEMs in various vehicle markets, as well as a variety of other products to the industrial and agricultural markets.

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The following tables summarize financial information by reportable segment and product line (in thousands):

	Three Months Ended November 30,	
	2014	2013
Net Sales by Segment:		
Industrial	\$ 102,413	\$ 98,641
Energy	111,522	107,925
Engineered Solutions	113,830	132,990
	<u>\$ 327,765</u>	<u>\$ 339,556</u>
Net Sales by Reportable Product Line:		
Industrial	\$ 102,413	\$ 98,641
Energy	111,522	107,925
Vehicle Systems	58,468	71,649
Other	55,362	61,341
	<u>\$ 327,765</u>	<u>\$ 339,556</u>
Operating Profit:		
Industrial	\$ 26,705	\$ 26,897
Energy	12,442	8,923
Engineered Solutions	6,278	13,190
General Corporate	(7,207)	(5,363)
	<u>\$ 38,218</u>	<u>\$ 43,647</u>
	November 30, 2014	August 31, 2014
Assets:		
Industrial	\$ 293,531	\$ 307,058
Energy	746,982	788,915
Engineered Solutions	643,239	643,323
General Corporate	103,712	117,583
	<u>\$ 1,787,464</u>	<u>\$ 1,856,879</u>

In addition to the impact of changes in foreign currency exchange rates, the comparability of segment and product line information is also impacted by acquisition/divestiture activities. Corporate assets, which are not allocated, principally represent cash and cash equivalents, capitalized debt issuance costs and deferred income taxes.

Note 12. Contingencies and Litigation

The Company had outstanding letters of credit of \$15.0 million and \$14.0 million at November 30, 2014 and August 31, 2014, respectively, the majority of which secure self-insured workers compensation liabilities.

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, patent claims and other disputes. Operating results for the three months ended November 30, 2014 include a \$2.0 million charge for an adverse litigation matter. 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 can be reasonably estimated. In the opinion of management, the resolution of these contingencies, individually and in the aggregate, are not expected to 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 expenditures over the past two 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.

The Company remains contingently liable for lease payments of businesses that it previously divested or spun-off, in the event that such businesses are unable to fulfill their future lease payment obligations. The discounted present value of future minimum lease payments for these leases was \$19.6 million at November 30, 2014 (including \$13.4 million related to the divested Electrical segment).

Note 13. Guarantor Subsidiaries

As discussed in Note 6, "Debt" on April 16, 2012, Actuant Corporation (the "Parent") issued \$300 million of 5.625% Senior Notes. All material domestic wholly owned subsidiaries (the "Guarantors") fully and unconditionally guarantee (except for certain customary limitations) such debt on a joint and several basis. There are no significant restrictions on the ability of the Guarantors to make distributions to the Parent. 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.

Certain assets, liabilities and expenses have not been allocated to the Guarantors and non-Guarantors and therefore are included in the Parent column in the accompanying condensed consolidating financial statements. These items are of a corporate or consolidated nature and include, but are not limited to, tax provisions and related assets and liabilities, certain employee benefit obligations, prepaid and accrued insurance and corporate indebtedness. Intercompany activity primarily includes loan activity, purchases and sales of goods or services, investments and dividends. Intercompany balances also reflect certain non-cash transactions including transfers of assets and liabilities between the Parent, Guarantor and non-Guarantor, allocation of non-cash expenses from the Parent to the Guarantors and non-Guarantors and the impact of foreign currency rate changes.

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(in thousands)

	Three Months Ended November 30, 2014				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Net sales	\$ 40,266	\$ 77,591	\$ 209,908	\$ —	\$ 327,765
Cost of products sold	9,967	53,258	137,564	—	200,789
Gross profit	30,299	24,333	72,344	—	126,976
Selling, administrative and engineering expenses	19,072	17,467	45,933	—	82,472
Amortization of intangible assets	318	2,785	3,183	—	6,286
Operating profit	10,909	4,081	23,228	—	38,218
Financing costs, net	6,547	—	(356)	—	6,191
Intercompany expense (income), net	(5,732)	1,234	4,498	—	—
Other expense (income), net	465	(96)	(808)	—	(439)
Earnings before income tax expense	9,629	2,943	19,894	—	32,466
Income tax expense	2,310	706	4,776	—	7,792
Net earnings before equity in earnings of subsidiaries	7,319	2,237	15,118	—	24,674
Equity in earnings of subsidiaries	17,355	14,147	194	(31,696)	—
Net earnings	\$ 24,674	\$ 16,384	\$ 15,312	\$ (31,696)	\$ 24,674
Comprehensive loss	\$ (38,289)	\$ (6,600)	\$ (23,150)	\$ 29,750	\$ (38,289)

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(in thousands)

	Three Months Ended November 30, 2013				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Net sales	\$ 45,091	\$ 79,636	\$ 214,829	\$ —	\$ 339,556
Cost of products sold	12,072	55,255	140,449	—	207,776
Gross profit	33,019	24,381	74,380	—	131,780
Selling, administrative and engineering expenses	16,858	15,952	49,108	—	81,918
Amortization of intangible assets	318	2,575	3,322	—	6,215
Operating profit	15,843	5,854	21,950	—	43,647
Financing costs, net	6,779	3	(32)	—	6,750
Intercompany expense (income), net	(4,997)	(339)	5,336	—	—
Other expense (income), net	10,417	(293)	(8,983)	—	1,141
Earnings from continuing operations before income tax expense (benefit)	3,644	6,483	25,629	—	35,756
Income tax expense (benefit)	1,008	1,795	(52)	—	2,751
Net earnings before equity in earnings of subsidiaries	2,636	4,688	25,681	—	33,005
Equity in earnings of subsidiaries	34,222	13,333	3,200	(50,755)	—
Earnings from continuing operations	36,858	18,021	28,881	(50,755)	33,005
Earnings (loss) from discontinued operations	(821)	3,338	515	—	3,032
Net earnings	\$ 36,037	\$ 21,359	\$ 29,396	\$ (50,755)	\$ 36,037
Comprehensive income	\$ 53,040	\$ 38,797	\$ 27,671	\$ (66,468)	\$ 53,040

CONDENSED CONSOLIDATING BALANCE SHEETS
(in thousands)

	November 30, 2014				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
ASSETS					
Current assets					
Cash and cash equivalents	\$ 2,686	\$ 1,134	\$ 83,455	\$ —	\$ 87,275
Accounts receivable, net	18,436	42,765	160,518	—	221,719
Inventories, net	22,347	43,174	98,996	—	164,517
Deferred income taxes	4,960	—	5,424	—	10,384
Other current assets	13,970	1,454	25,029	—	40,453
Total current assets	62,399	88,527	373,422	—	524,348
Property, plant and equipment, net	7,577	26,273	130,065	—	163,915
Goodwill	15,354	306,882	392,720	—	714,956
Other intangibles, net	11,656	137,614	196,944	—	346,214
Investment in subsidiaries	2,179,271	1,106,103	31,067	(3,316,441)	—
Intercompany receivable	—	637,903	505,132	(1,143,035)	—
Other long-term assets	23,692	—	14,339	—	38,031
Total assets	<u>\$ 2,299,949</u>	<u>\$ 2,303,302</u>	<u>\$ 1,643,689</u>	<u>\$ (4,459,476)</u>	<u>\$ 1,787,464</u>
LIABILITIES & SHAREHOLDERS' EQUITY					
Current liabilities					
Trade accounts payable	\$ 16,025	\$ 25,736	\$ 93,334	\$ —	\$ 135,095
Accrued compensation and benefits	9,656	2,799	29,953	—	42,408
Current maturities of debt and short-term borrowings	5,625	—	1,994	—	7,619
Income taxes payable	14,463	(548)	(4,251)	—	9,664
Other current liabilities	18,267	4,743	35,584	—	58,594
Total current liabilities	64,036	32,730	156,614	—	253,380
Long-term debt, less current maturities	506,250	—	—	—	506,250
Deferred income taxes	46,882	—	45,817	—	92,699
Pension and postretirement benefit liabilities	8,259	—	6,299	—	14,558
Other long-term liabilities	44,794	4,191	9,858	—	58,843
Intercompany payable	767,994	—	375,041	(1,143,035)	—
Shareholders' equity	861,734	2,266,381	1,050,060	(3,316,441)	861,734
Total liabilities and shareholders' equity	<u>\$ 2,299,949</u>	<u>\$ 2,303,302</u>	<u>\$ 1,643,689</u>	<u>\$ (4,459,476)</u>	<u>\$ 1,787,464</u>

CONDENSED CONSOLIDATING BALANCE SHEETS
(in thousands)

	August 31, 2014				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
ASSETS					
Current assets					
Cash and cash equivalents	\$ 27,931	\$ 3,325	\$ 77,756	\$ —	\$ 109,012
Accounts receivable, net	22,811	38,511	165,686	—	227,008
Inventories, net	31,024	38,860	92,736	—	162,620
Deferred income taxes	7,503	—	3,547	—	11,050
Other current assets	3,871	1,057	28,372	—	33,300
Total current assets	93,140	81,753	368,097	—	542,990
Property, plant and equipment, net	9,096	22,879	137,126	—	169,101
Goodwill	44,700	280,693	417,377	—	742,770
Other intangibles, net	11,974	140,400	212,803	—	365,177
Investment in subsidiaries	2,286,068	806,414	237,207	(3,329,689)	—
Intercompany receivable	—	678,073	622,818	(1,300,891)	—
Other long-term assets	23,432	—	13,409	—	36,841
Total assets	<u>\$ 2,468,410</u>	<u>\$ 2,010,212</u>	<u>\$ 2,008,837</u>	<u>\$ (4,630,580)</u>	<u>\$ 1,856,879</u>
LIABILITIES & SHAREHOLDERS' EQUITY					
Current liabilities					
Trade accounts payable	\$ 20,014	\$ 25,673	\$ 100,111	\$ —	\$ 145,798
Accrued compensation and benefits	15,135	3,293	34,536	—	52,964
Income taxes payable	31,582	—	6,765	—	38,347
Current maturities of debt	4,500	—	—	—	4,500
Other current liabilities	19,081	3,989	34,442	—	57,512
Total current liabilities	90,312	32,955	175,854	—	299,121
Long-term debt	385,500	—	—	—	385,500
Deferred income taxes	47,543	—	49,427	—	96,970
Pension and postretirement benefit liabilities	8,668	—	7,031	—	15,699
Other long-term liabilities	42,647	4,138	11,093	—	57,878
Intercompany payable	892,029	—	408,861	(1,300,890)	—
Shareholders' equity	1,001,711	1,973,119	1,356,571	(3,329,690)	1,001,711
Total liabilities and shareholders' equity	<u>\$ 2,468,410</u>	<u>\$ 2,010,212</u>	<u>\$ 2,008,837</u>	<u>\$ (4,630,580)</u>	<u>\$ 1,856,879</u>

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
(in thousands)

Three Months Ended, November 30, 2014

	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Operating Activities					
Cash provided by (used in) operating activities	\$ 5,024	\$ (28,333)	\$ (1,809)	\$ —	\$ (25,118)
Investing Activities					
Capital expenditures	(226)	(1,140)	(6,620)	—	(7,986)
Proceeds from sale of property, plant and equipment	—	1	224	—	225
Cash used in investing activities	(226)	(1,139)	(6,396)	—	(7,761)
Financing Activities					
Net borrowings on revolver	121,875	—	1,994	—	123,869
Intercompany loan activity	(47,192)	27,281	19,911	—	—
Purchase of treasury shares	(104,415)	—	—	—	(104,415)
Stock option exercises, related tax benefits and other	2,287	—	—	—	2,287
Cash dividend	(2,598)	—	—	—	(2,598)
Cash provided by (used in) financing activities	(30,043)	27,281	21,905	—	19,143
Effect of exchange rate changes on cash	—	—	(8,001)	—	(8,001)
Net (decrease) increase in cash and cash equivalents	(25,245)	(2,191)	5,699	—	(21,737)
Cash and cash equivalents—beginning of period	27,931	3,325	77,756	—	109,012
Cash and cash equivalents—end of period	<u>\$ 2,686</u>	<u>\$ 1,134</u>	<u>\$ 83,455</u>	<u>\$ —</u>	<u>\$ 87,275</u>

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
(in thousands)

Three Months Ended, November 30, 2013

	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Operating Activities					
Cash provided by operating activities	\$ 17,415	\$ 3,461	\$ 12,070	\$ —	\$ 32,946
Investing Activities					
Proceeds from sale of property, plant and equipment	—	36	1,877	—	1,913
Capital expenditures	(1,208)	(1,270)	(8,779)	—	(11,257)
Cash used in investing activities	(1,208)	(1,234)	(6,902)	—	(9,344)
Financing Activities					
Principal repayments of term loans	(12,000)	—	—	—	(12,000)
Intercompany loan activity	(9,951)	(2,227)	12,178	—	—
Purchase of treasury shares	(15,352)	—	—	—	(15,352)
Payment of contingent acquisition consideration	—	—	(414)	—	(414)
Stock option exercises, related tax benefits and other	10,562	—	—	—	10,562
Cash dividend	(2,919)	—	—	—	(2,919)
Cash provided by (used in) financing activities	(29,660)	(2,227)	11,764	—	(20,123)
Effect of exchange rate changes on cash	—	—	2,077	—	2,077
Net increase (decrease) in cash and cash equivalents	(13,453)	—	19,009	—	5,556
Cash and cash equivalents—beginning of period	16,122	—	87,864	—	103,986
Cash and cash equivalents—end of period	\$ 2,669	\$ —	\$ 106,873	\$ —	\$ 109,542

Item 2 – Management’s Discussion and Analysis of Financial Condition and Results of Operations

Actuant Corporation, headquartered in Menomonee Falls, Wisconsin, is a Wisconsin corporation that was incorporated in 1910. We are a global diversified company that designs, manufactures and distributes a broad range of industrial products and systems to various end markets. Our business model, which is intended to create shareholder value, emphasizes cash flow generation. The model starts with core sales growth - through customer intimacy, new products, emerging market penetration and other aspects of our Growth + Innovation ("G + I") process. We further increase sales and profits through acquisitions and reinvestment in our businesses, including capital expenditures. The acquisitions add new capabilities, technologies, customers and geographic presence to make our businesses stronger. Finally, operational excellence processes including effective product sourcing, acquisition integration and leadership development are utilized to improve profitability and drive cash flow. When executed successfully, these steps lead to strong earnings and cash flow generation that we reinvest back into the business.

Our long-term goal is to grow annual diluted earnings per share faster than most multi-industry peers. We intend to leverage our market positions to generate annual core sales growth (sales growth excluding the impact of acquisitions, divestitures and foreign currency rate changes) that exceeds the annual growth rates of the gross domestic product in the geographic regions in which we operate. In addition to core sales growth, we are focused on acquiring complementary businesses. Following an acquisition, we seek to drive growth opportunities (additional cross-selling opportunities and deepen customer relationships) and cost reductions. We also focus on profit margin expansion and cash flow generation to achieve our financial objectives. Our LEAD ("Lean Enterprise Across Disciplines") business processes utilize various continuous improvement techniques to reduce costs, improve efficiencies and drive operational excellence across all locations and functions worldwide, thereby expanding profit margins. Strong cash flow generation is achieved by maximizing returns on assets and minimizing primary working capital needs. Our LEAD efforts also support our G + I initiative, a process focused on increasing core sales growth. The cash flow that results from efficient asset management and improved profitability is used to fund strategic acquisitions, common stock repurchases and internal growth opportunities.

Our businesses provide an array of products and services across multiple customers and geographies which results in significant diversification. The long-term sales growth and profitability of our segments is dependent not only on increased demand in end markets and the overall economic environment, but also on our ability to identify, consummate and integrate strategic acquisitions, develop and market innovative new products, expand our business activity geographically and continuously improve operational excellence.

Given our worldwide operations, the strengthening of the U.S. Dollar had a significant negative impact on our first quarter results and change in foreign currency exchange rates will continue to add volatility going forward. Slightly over one half of our first quarter sales were generated outside of the United States in currencies other than the U.S. Dollar. We saw the Euro, British Pound, Australian Dollar, Norwegian Krone and Swedish Krona all devalue 5-10% during the first quarter. This devaluation unfavorably impacted our results of operations given the translation of our international results into U.S. Dollars, and resulted in higher costs for certain of our international operations which incur costs or purchase components in U.S. Dollars.

Demand in most of our end markets is expected to remain inconsistent during the remainder of the fiscal year given the uneven demand we have been experiencing in several markets, including oil & gas, mining, off-highway equipment and agriculture. In aggregate, we expect consolidated core sales (sales excluding acquisitions, divestitures and changes in foreign currency exchange rates) change to range from (1)% to growth of 2%. While Industrial segment core sales were down slightly in the first quarter we expect the segment to generate 3-4% core sales growth for the fiscal year, driven by easier second half prior year comparables and increased Integrated Solutions sales. Our Energy segment generated solid core sales growth in the first quarter as Viking secured additional offshore mooring rental contracts in the Asia Pacific region and maintenance demand was strong for our products, rental assets and technical manpower services. However, the recent dramatic decline in oil prices has led to reduced rig counts and investments in new capital projects and lower exploration activity, which collectively will be headwinds for the Energy segment as the fiscal year progresses. Finally, reduced demand in vehicle markets (lower European truck and convertible auto build schedules) and a slowdown in the agriculture markets (given current crop prices) are contributing to unfavorable market trends for the Engineered Solutions segment and will likely result in core sales declines for the segment during the balance of the fiscal year.

Despite short-term challenges in several of our served markets, we continue to believe that our targeted energy, infrastructure, food/farm productivity and natural resources/sustainability strategies provide attractive long-term opportunities for sustainable growth, including acquisitions, geographic expansion, market share gains and new product development. We remain focused on maintaining our financial strength by adjusting our cost structure to reflect changes in demand levels and by proactively managing working capital and cash flow generation. Our priorities during the remainder of fiscal 2015 include a continued focus on growth initiatives (new product development, market share gains, geographic expansion and strategic acquisitions), operational excellence and cash flow generation.

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Results of Operations

The following table sets forth our results of operations (in millions, except per share amounts):

	Three Months Ended November 30,			
	2014		2013	
Net sales	\$ 328	100%	\$ 340	100%
Cost of products sold	201	61%	208	61%
Gross profit	127	39%	132	39%
Selling, administrative and engineering expenses	82	25%	82	24%
Amortization of intangible assets	6	2%	6	2%
Operating profit	39	12%	44	13%
Financing costs, net	6	2%	7	2%
Other expense, net	—	0%	1	0%
Earnings from continuing operations before income tax expense	33	10%	36	11%
Income tax expense	8	2%	3	1%
Earnings from continuing operations	25	8%	33	10%
Earnings from discontinued operations, net of income taxes	—	0%	3	1%
Net earnings	\$ 25	8%	\$ 36	11%
Diluted earnings per share from continuing operations	\$ 0.38		\$ 0.44	
Diluted earnings per share	\$ 0.38		\$ 0.48	

The comparability of operating results has been impacted by changes in foreign currency exchange rates, acquisitions, divestitures and the economic conditions in the end markets we serve. Consolidated sales for the first quarter of fiscal 2015 decreased 4% to \$328 million from \$340 million in the comparable prior year period. Consolidated core sales declined 1% in the quarter due to tepid market conditions in the Industrial segment and continued weak demand in the Engineered Solutions segment, which were partially offset by higher sales in the Energy segment. Reduced sales volumes, a \$2 million litigation charge and the unfavorable impact of changes in foreign currency exchange rates resulted in a decline in both consolidated operating profit and profit margin. Earnings per share from continuing operations declined to \$0.38 per share in the first quarter (compared to \$0.44 in the prior year), the result of reduced operating profits and a higher effective income tax rate, which were partially offset by reduced shares outstanding from stock buyback activity.

Segment Results

Industrial Segment

The Industrial segment is primarily involved in the design, manufacture and distribution of branded hydraulic and mechanical tools that are used in maintenance and other applications in a variety of industrial, energy, infrastructure and production automation markets. The following table sets forth the results of operations for the Industrial segment (in millions):

	Three Months Ended November 30,	
	2014	2013
Net sales	\$ 102	\$ 99
Operating profit	27	27
Operating profit %	26.1%	27.3%

Fiscal 2015 first quarter Industrial segment net sales increased \$3 million (3%) to \$102 million compared to the prior year. Excluding the impact of foreign currency rate changes (which unfavorably impacted sales comparisons by \$2 million) and the \$8 million of sales from the Hayes acquisition, core sales decreased 1% in the first quarter, the result of lower global Integrated Solutions activity. Slightly lower operating profit margins are the result of unfavorable acquisition mix.

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Energy Segment

The Energy segment provides joint integrity products and services, customized offshore vessel mooring solutions, as well as rope and cable solutions primarily used in maintenance activities in the global energy market. The following table sets forth the results of operations for the Energy segment (in millions):

	Three Months Ended November 30,	
	2014	2013
Net sales	\$ 112	\$ 108
Operating profit	12	9
Operating profit %	11.2%	8.3%

First quarter net sales increased \$4 million (3%) to \$112 million from the comparable prior year period. Excluding the impact of changes in foreign currency exchange rates (which unfavorably impacted sales comparison by \$3 million), core sales grew 6%. This growth was driven by increased maintenance spending by asset owners and improved mooring rental activity in Australia and Southeast Asia. Despite restructuring expenses and additional rent expense from the previously completed sale leaseback of rental assets, higher sales levels and reduced acquisition retention expense drove improved results from the Viking business and operating profit margin expansion for the Energy segment.

Engineered Solutions Segment

The Engineered Solutions segment provides highly engineered position and motion control, power transmission and instrumentation and display systems to OEMs in a variety of markets. The following table sets forth the results of operations for the Engineered Solutions segment (in millions):

	Three Months Ended November 30,	
	2014	2013
Net sales	\$ 114	\$ 133
Operating profit	6	13
Operating profit %	5.5%	9.9%

Fiscal 2015 first quarter Engineered Solutions net sales decreased \$19 million (14%) to \$114 million versus the comparable prior year period. Excluding foreign currency rate changes (which unfavorably impacted sales by \$4 million), and the \$7 million of prior year revenue from the divested RV product line, core sales decreased 7% in the first quarter. This decline was driven by reduced demand in the vehicle and agriculture markets. First quarter operating margin declined to 5.5% due to lower sales and significantly reduced absorption on lower production volumes.

General Corporate

General corporate expenses increased from \$5 million for the three months ended November 30, 2013 to \$7 million for the three months ended November 30, 2014, primarily the result of a \$2 million litigation charge.

Financing Costs, net

All debt is considered to be for general corporate purposes and therefore financing costs have not been allocated to our segments. Net financing costs were \$6 million and \$7 million for the three months ended November 30, 2014 and 2013, respectively. The decrease in interest expense is due to lower average borrowing levels, following the December 2013 sale of the former Electrical segment.

Income Taxes 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 U.S. Federal statutory rate, permanent items, state tax rates and the ability to utilize various tax credits and net operating loss carryforwards. The Company adjusts the quarterly provision for income taxes based on the estimated annual effective income tax rate and facts and circumstances known at each interim reporting period.

The effective income tax rate from continuing operations was 24.0% and 7.7% for the three months ended November 30, 2014 and 2013, respectively. Effective income tax rates for the three months ended November 30, 2014 and 2013 reflect the benefits of tax minimization planning, taxable earnings derived in foreign jurisdictions with tax rates that are lower than the U.S. Federal statutory

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rate, and foreign tax credits. Income tax expense for the three months ended November 30, 2014 is higher than the comparable period due to a \$7.3 million discrete income tax benefit (net operating losses generated through the liquidation of a foreign entity) in the first quarter of last year.

Discontinued Operations

We divested our former Electrical segment in December 2013 to focus on our businesses that are tied to targeted energy, infrastructure, food/farm productivity and natural resources/sustainability secular demand. The former Electrical segment designed, manufactured and distributed a broad range of electrical products to the retail DIY, wholesale, OEM, solar, utility and marine markets. The divestiture resulted in a pre-tax gain on disposal of \$34 million (see Note 3, "Discontinued Operations and Divestitures Activities" in the notes to the condensed consolidated financial statements for further discussion). The results of operations for the Electrical segment have been reported as discontinued operations for the prior year period, and are summarized below (in millions):

	Three Months Ended, November 30, 2013	
Net sales	\$	63
Operating income (loss)		5
Income tax expense		(2)
Income from discontinued operations, net of taxes	\$	<u>3</u>

Cash Flows and Liquidity

At November 30, 2014, cash and cash equivalents is comprised of \$83 million of cash held by foreign subsidiaries and \$4 million held by U.S. subsidiaries. In order to avoid unfavorable income tax consequences, we periodically utilize safe harbor provisions to make temporary short-term intercompany advances from our foreign subsidiaries to our U.S. parent. We have not, nor do we anticipate the need to, repatriate funds to the U.S. to satisfy domestic liquidity needs arising in the ordinary course of business. The following table summarizes our cash flows from operating, investing and financing activities (in millions):

	Three months ended November 30,	
	2014	2013
Net cash (used in) provided by operating activities	\$ (25)	\$ 33
Net cash used in investing activities	(8)	(9)
Net cash (used in) provided by financing activities	19	(20)
Effect of exchange rates on cash	(8)	2
Net (decrease) increase in cash and cash equivalents	\$ (22)	\$ 6

Cash flows used in operating activities during the three months ended November 30, 2014 were \$25 million, which is lower than the prior year, primarily the result of reduced cash earnings, increased working capital and higher income tax payments (partially attributable to prior year divestiture transactions). Net revolver borrowings of \$123 million were primarily used to fund the repurchase of approximately 3 million shares (\$104 million) of the Company's common stock, as well as \$8 million of capital expenditures and a \$3 million cash dividend during the first quarter of fiscal 2015.

Cash flows from operating activities during the three months ended November 30, 2013 were \$33 million, primarily consisting of net earnings, offset by an increase in working capital. Existing cash, coupled with operating cash flows and proceeds from stock option exercises, funded the repurchase of approximately 0.4 million shares of the Company's common stock (\$15 million) under the stock buyback program, our \$3 million annual dividend, \$11 million of capital expenditures and \$12 million of repayments on the revolver.

Our Senior Credit Facility, which matures on July 18, 2018, includes a \$600 million revolving credit facility, a \$90 million term loan and a \$350 million expansion option. Quarterly principal payments of \$1 million began on the term loan on September 30, 2014, increasing to \$2 million per quarter beginning on September 30, 2015, with the remaining principal due at maturity. At November 30, 2014, we had \$87 million of cash and cash equivalents and \$466 million of available capacity on the revolver, which we believe will be adequate to meet operating, debt service, stock buyback, acquisition funding and capital expenditure requirements for the foreseeable future. See Note 6, "Debt" in the notes to the condensed consolidated financial statements for further discussion.

Primary Working Capital Management

We use primary working capital as a percentage of sales (PWC %) as a key indicator of working capital management. We define this metric as the sum of net accounts receivable and net inventory less accounts payable, divided by the past three months sales annualized. The following table shows a comparison of primary working capital from continuing operations (in millions):

	November 30, 2014	PWC%	August 31 2014	PWC%
Accounts receivable, net	\$ 222	17 %	\$ 227	16 %
Inventory, net	165	13 %	163	12 %
Accounts payable	(135)	(11)%	(146)	(10)%
Net primary working capital	\$ 252	19 %	\$ 244	18 %

Excluding the \$10 million impact of changes in foreign currency exchange rates, primary working capital increased \$17 million in the quarter, the result of increased accounts receivable (\$4 million), higher inventory levels (\$6 million) to support long-term customer contracts and U.S. west coast port congestion and a \$7 million reduction in accounts payable.

Commitments and Contingencies

The Company has operations in numerous geographic locations that are subject to a range of environmental laws and regulations. Environmental expenditures over the past two 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.

The Company remains contingently liable for lease payments under leases of businesses that it previously divested or spun-off, in the event that such businesses are unable to fulfill their future lease payment obligations. The discounted present value of future minimum lease payments for these leases was \$20 million at November 30, 2014 (including \$13 million related to the divested Electrical segment).

We had outstanding letters of credit of approximately \$15 million and \$14 million at November 30, 2014 and August 31, 2014, respectively, the majority of which secure self-insured workers compensation liabilities.

Contractual Obligations

Our contractual obligations are discussed in Part 1, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" under the heading "Contractual Obligations" in our Annual Report on Form 10-K for the year ended August 31, 2014, and, as of November 30, 2014, have not materially changed.

Critical Accounting Policies (Goodwill and Long-Lived Assets)

Refer to the Critical Accounting Policies in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" included in the Annual Report on Form 10-K for the year-ended August 31, 2014 for information about the Company's policies, methodology and assumptions related to goodwill and long-lived assets.

Our Energy Segment contains three reporting units for goodwill impairment testing (Hydratight, Cortland and Viking). First quarter financial results for the Energy segment were in line with expectations and not significantly impacted by the recent volatility in the global energy markets. The products and services of our Hydratight business are primarily tied to required maintenance activities - where customer safety, production and uptime are essential. The financial results of our Cortland and Viking businesses are more susceptible to changes in oil prices, as customers reconsider the amount and timing of capital expenditures and investments in exploration or drilling activities. During the remainder of fiscal 2015, we continue to focus on growth initiatives within the Energy segment and adjusting our cost structure to reflect changes in demand levels. At November 30, 2014, goodwill related to the Cortland reporting unit was \$116 million, while goodwill from the recent Viking acquisition was \$91 million. Goodwill at these two reporting units is potentially at risk for impairment in future periods if oil & gas prices decline further or remain at depressed levels for extended periods, asset owners significantly reduce capital spending or suspend drilling and exploration activities or if there are other unfavorable developments in the global energy markets.

Item 3 – Quantitative and Qualitative Disclosures about Market Risk

The diverse nature of our business activities necessitates the management of various financial and market risks, including those related to changes in interest rates, foreign currency exchange rates and commodity costs.

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Interest Rate Risk: We manage interest expense using a mixture of fixed-rate and variable-rate debt. A change in interest rates impacts the fair value of our 5.625% Senior Notes, but not our earnings or cash flow because the interest on such debt is fixed. Our variable-rate debt obligations consist primarily of revolver and term loan borrowings under our Senior Credit Facility (see Note 6, “Debt” for further details). A ten percent increase in the average cost of our variable rate debt (from 1.45% to 1.58%) would result in a pre-tax increase in interest expense of approximately \$0.1 million for the three months ended November 30, 2014. From time to time, we may enter into interest rate swap agreements to manage our exposure to interest rate changes. At November 30, 2014, we were not a party to any interest rate swap contracts.

Foreign Currency Risk: We maintain operations in the U.S. and various foreign countries. Our more significant non-U.S. operations are located in Australia, the Netherlands, United Kingdom, Mexico and China, and have foreign currency risk relating to receipts from customers, payments to suppliers and intercompany transactions denominated in foreign currencies. Under certain conditions, we enter into hedging transactions (primarily forward foreign currency swaps) that enable us to mitigate the potential adverse impact of foreign currency exchange rate risk (see Note 8, “Derivatives” for further information). We do not engage in trading or other speculative activities with these transactions, as established policies require that these hedging transactions relate to specific currency exposures.

The strengthening of the U.S. dollar could also result in unfavorable translation effects on our results of operations and financial position as the result of foreign denominated operating results being translated into U.S. Dollars. To illustrate the potential impact of changes in foreign currency exchange rates on the translation of our results of operations, quarterly sales and operating profit were remeasured assuming a ten percent decrease in all foreign exchange rates compared with the U.S. Dollar. Using this assumption, quarterly sales and operating profit would have been \$17 million and \$2 million lower, respectively, for the three months ended November 30, 2014. This sensitivity analysis assumes that each exchange rate would change in the same direction relative to the U.S. dollar and excludes the potential effects that changes in foreign currency exchange rates may have on sales levels or local currency prices. Similarly, a ten percent decline in foreign currency exchange rates on our November 30, 2014 financial position would result in a \$75 million decrease in equity (accumulated other comprehensive loss), as a result of non U.S Dollar denominated assets and liabilities being translated into U.S. Dollars, our reporting currency.

Commodity Cost Risk: 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, such as steel and plastic resin, are subject to price fluctuations, which could have a negative impact on our results. We strive to pass along such commodity price increases to customers to avoid profit margin erosion and utilize LEAD initiatives to further mitigate the impact of commodity raw material price fluctuations as improved efficiencies across all locations are achieved.

Item 4 – Controls and Procedures

Evaluation of Disclosure Controls and Procedures.

Under the supervision and with the participation of our senior management, including our chief executive officer and chief financial officer, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), as of the end of the period covered by this quarterly report (the “Evaluation Date”). Based on this evaluation, our chief executive officer and chief financial officer concluded as of the Evaluation Date that our disclosure controls and procedures were effective such that the information relating to the Company, including consolidated subsidiaries, required to be disclosed in our Securities and Exchange Commission (“SEC”) reports (i) is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and (ii) is accumulated and communicated to the Company’s management, including our chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). There have been no changes in our internal control over financial reporting that occurred during the quarter ended November 30, 2014 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 2 – Unregistered Sales of Equity Securities and Use of Proceeds

In October 2014, our Board of Directors authorized a third stock repurchase program to acquire up to 7,000,000 shares of the Company’s outstanding Class A common stock. As of October 1, 2014 all 14,000,000 shares under the previous two share authorizations had been repurchased. The following table presents information regarding the repurchase of common stock during the three months ended November 30, 2014.

	Total Number of Shares Purchased	Average Price Paid per Share	Maximum Number of Shares That May Yet Be Purchased Under the Program
September 1 to September 30, 2014	1,342,400	\$ 33.08	—
October 1 to October 31, 2014	1,581,221	30.08	5,881,200
November 1 to November 30, 2014	392,537	31.47	5,488,663
	<u>3,316,158</u>	<u>\$ 31.46</u>	

Item 6 – Exhibits

(a) Exhibits

See “Index to Exhibits” on page 29, which is incorporated herein by reference.

SIGNATURE

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

ACTUANT CORPORATION

(Registrant)

Date: January 9, 2015

By: _____ /S/ ANDREW G. LAMPEREUR

Andrew G. Lampereur
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

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ACTUANT CORPORATION
(the “Registrant”)
(Commission File No. 1-11288)
QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTER ENDED NOVEMBER 30, 2014
INDEX TO EXHIBITS

Exhibit	Description	Filed Herewith	Furnished Herewith
10.1	Outside Directors' Deferred Compensation Plan (conformed through the Second Amendment)	X	
10.2	Actuant Corporation Deferred Compensation Plan (conformed through the Fourth Amendment)	X	
10.3	Actuant Corporation Supplemental Executive Retirement Plan (conformed through the First Amendment)	X	
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X	
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X	
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002		X
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002		X
101	The following materials from the Actuant Corporation Form 10-Q for the quarter ended November 30, 2014 formatted in Extensible Business Reporting Language (XBRL): (i) the Condensed Consolidated Statements of Earnings, (ii) the Condensed Consolidated Statements of Comprehensive Income (Loss), (iii) the Condensed Consolidated Balance Sheets, (iv) the Condensed Consolidated Statements of Cash Flows and (v) the Notes to Condensed Consolidated Financial Statements.	X	

ACTUANT CORPORATION
OUTSIDE DIRECTORS' DEFERRED COMPENSATION PLAN

(Conformed through the Second Amendment)

Actuant Corporation, a Wisconsin corporation, maintains the Actuant Corporation Outside Directors' Deferred Compensation Plan (the "Plan") for the benefit of non-employee Directors of the Company, to provide such Directors with certain deferred compensation benefits.

The Plan is designed to comply with the American Jobs Creation Act of 2004, as amended (the "Jobs Act"), and Section 409A of the Code, and final Treasury regulations issued thereunder, with respect to Non-Grandfathered Amounts under the Plan. "Grandfathered Amounts" shall mean the portion of the Participant's Deferred Shares Account balance under the Plan (as defined below) as of December 31, 2004, the right to which was earned and vested (within the meaning of Treasury Regulation §1.409A-6(a)(2)) as of December 31, 2004, plus the right to future contributions to the Account the right to which was earned and vested (within the meaning of Treasury Regulation. §1.409A-6(a)(2)) as of December 31, 2004, to the extent such contributions are actually made, each determined by reference to the terms of the Plan in effect as of October 3, 2004, but only to the extent such Plan terms have not been materially modified (within the meaning of Treasury Regulation §1.409A-6(a)(4)) after October 3, 2004. Grandfathered Amounts shall include any earnings (within the meaning of Treasury Regulation. §1.409A-1(o)) attributable thereto. "Non-Grandfathered Amounts" shall mean the Participant's Account balance under the Plan less any portion of the Participant's Deferred Shares Account balance under the Plan constituting Grandfathered Amounts. Prior to January 1, 2009, it is intended that the Plan be interpreted according to a good faith interpretation of the Jobs Act and Section 409A of the Code, and consistent with published guidance thereunder, including, without limitation, IRS Notice 2005-1 and the proposed and final Treasury regulations under Section 409A of the Code. Treatment of amounts deferred under the Plan pursuant to and in accordance with any transition rules provided under all IRS published guidance and other applicable authorities in connection with the Jobs Act or Section 409A of the Code, including, without limitation, the adoption of the transition rules prescribed under Q&As 20 and 21 of IRS Notice 2005-1, shall be expressly authorized hereunder and shall be administered in accordance with procedures established by the Company or the Committee, as the case may be. In the event of any inconsistency between the terms of the Plan and the Jobs Act or Section 409A of the Code with respect to Non-Grandfathered Amounts, the terms of the Jobs Act and Section 409A of the Code shall prevail and govern.

Section 1. Definitions

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

- 1.1 "Annual Deferral Amount" shall mean that portion of a Participant's compensation that Participant elects to have and is actually deferred for any annual term of office.
- 1.2 "Board of Directors", "Directors" or "Director" shall mean, respectively, the Board of Directors, the Directors or a Director of the Company.
- 1.3 "Committee" shall mean the Compensation Committee of the Board of Directors. The plan shall be administered by the Committee, as provided in Section 6.3.
- 1.4 "Company" shall mean Actuant Corporation
- 1.5 "Deferred Shares" shall mean the notional shares credited to Deferred Shares Accounts. The Market Price of Deferred Shares shall be equal to the Market Price of Shares.
- 1.6 "Deferred Shares Account" or "Account" shall mean the separate account established under the Plan for each Participant, as described in Section 3.2.
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- 1.7 “Market Price” shall mean the closing sale price for Shares on a specified date or, if Shares were not then traded, on the most recent prior date when Shares were traded, all as is quoted in The Wall Street Journal reports of New York Stock Exchange Composite Transactions.
- 1.8 “Participant” shall mean each Director of the Company who participates in the Plan in accordance with its terms and conditions.
- 1.9 “Plan” shall mean the Actuant Corporation Outside Directors’ Deferred Compensation Plan as set forth herein, or as it may be amended from time to time by the Board of Directors.
- 1.10 “Plan year” shall mean the calendar year.
- 1.11 “Shares” shall mean shares of Common Stock of the Company.
- 1.12 “Short-Term Payout” shall mean the payout set forth in Section 4.
- 1.13 “Treasurer” shall mean the Treasurer of the Company who shall have responsibility for those functions assigned under the Plan.

Section 2. Participation

- 2.1 Each Director who receives compensation under Section 3.1 is eligible to participate in the Plan. The effective date for his/her eligibility for participation in the Plan shall be the time of his/her first election as a Director for the ensuing term.
- 2.2 (a) Each eligible Director may elect to participate in the Plan in such form and manner as will be determined by the Committee.
- (b) Any election by the Director to participate in the Plan must be made (i) within the first 30 days after the Director first becomes eligible to participate in the Plan (within the meaning of Treasury Regulation §1.409A-2(a)(7)(ii)) with respect to compensation paid for services to be performed after the election, or (ii) if that 30-day period has expired, no later than the December 31 preceding the year in which the Director will earn the compensation to be deferred (or such earlier date as determined by the Committee). Such election shall remain in effect until the end of the calendar year for which the Director’s election is applicable. In the event that the Director does not timely elect by December 31 of a given calendar year to participate in such manner as shall be determined by the Committee, s/he shall be deemed to have elected to defer no compensation during the subsequent calendar year, and such deemed election shall be irrevocable for that subsequent calendar year.

Section 3. Compensation Deferred

- 3.1 A Participant may elect that the payment of all or a specified portion of the compensation otherwise payable to him in cash for services as a Director be deferred pursuant to the terms of this Plan. Such compensation includes retainer fees but does not include travel expense allowance or any other expense reimbursement.
- 3.2 (a) A Deferred Shares Account shall be established for each Participant which shall be notionally credited with the number of Shares that could be acquired with the amount deferred by the Participant under Section 3.1 above.
- (b) In the event of a reorganization, recapitalization, stock split, stock dividend, combination of shares, merger, consolidation, rights offering or any other change in the corporate structure or Shares of the Company, the Committee shall make such adjustment, if any, as it may deem appropriate in the number and kinds of Deferred Shares credited to the Deferred Shares Account.
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- 3.3 Each Participant will receive a statement of the balance in his/her Account not less frequently than annually.

Section 4. Short Term Payout

- 4.1 At the same time and in the same manner as a participant makes his/her election to defer his/her compensation into the Plan, all as determined by the Committee, a participant may elect to receive a future Short-Term Payout from the Plan with respect to the Annual Deferral Amount. The Short-Term Payout shall be a lump sum distribution of Shares equal to the number of the Deferred Shares in the Deferred Shares Account. Subject to the other terms and conditions of this Plan, each Short-Term Payout elected shall be paid within 60 days of the earlier of (i) the date selected by the Participant (which must be at least 5 years from the first day of the Plan Year for which the Director's deferral election is effective, or (ii) the date the Participant ceases to be a Director.

Section 5. Payment of Deferred Compensation

- 5.1 Upon the termination of a Participant's services as a Director, and except as provided in Section 4.1, the payment of the Deferred Shares remaining in his/her Deferred Shares Account shall commence within 60 days following the date the Participant ceases to be a Director and shall be paid in accordance with the method elected by the Participant in such form and manner as determined by the Committee, as provided in Section 5.2.
- 5.2 Subject to Section 2.2 and this Section 5, and except as provided in Section 4.1 a Participant may elect any of the following methods of payment of the balance or balances in his/her Account:
- (a) a lump sum distribution of Shares equal to the number of Deferred Shares in such account on the last business day before such payment, plus a cash payment equal to the amount of any excess which it has not been possible to convert into Deferred Shares in accordance with Section 3.2(a); or
 - (b) distributions in annual installments for a term of five or ten years, in each case in Shares equal to the number of Deferred Shares in such Account on the last business day before such distribution. The installment shares will be calculated by prorating the total number of Deferred Shares in the Deferred Shares Account equally over the applicable payout period. The first such payment shall be made in the calendar year following the year in which the Participant's services as a Director are terminated, and the last such payment will include a cash payment equal to the amount of any excess which it has not been possible to convert into Deferred Shares in accordance with Section 3.2(a) as well as the dividends earned on the undistributed Deferred Shares during the installment payout period.
- 5.3 In the event of a Participant's death before the balance in his/her Account is fully paid out, payment of such balance shall be made to the beneficiary or beneficiaries designated by the Participant in accordance with Section 5.5 or, if the Participant has made no such designation or no beneficiary survives, to the Participant's estate. In either case, such payment shall be made in the same manner as provided with respect to payments to the Participant.
- 5.4 To the extent required by law in effect at the time any distribution is made from the Plan, the Company shall withhold any taxes and such other amounts required to be withheld by Federal, state or local governments. Further, to the extent required by law, the Company shall report amounts deferred and/or amounts taxable under the Plan to the appropriate governmental authorities, including, without limitation, to the United States Internal Revenue Service.
- 5.5 Each Participant may, pursuant to such procedures as the Committee may specify, designate one or more beneficiaries. A Participant may designate different beneficiaries (or may revoke a prior beneficiary designation) at any time by delivering a new designation (or revocation of a prior designation) in like manner. Any designation or revocation shall be effective only if it is received by the Committee. However, when so received, the designation or revocation shall be effective as of the date the notice is executed (whether or not
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the Participant still is living), but without prejudice to the Committee on account of any payment made before the change is recorded. The last effective designation received by the Committee shall supersede all prior designations and shall apply to all amounts remaining in the Participant's Account. If a Participant dies without having effectively designated a beneficiary, or if no beneficiary survives the Participant, the Participant's Account shall be payable to his or her surviving spouse, or, if the Participant is not survived by his or her spouse, the Account shall be paid to his or her estate. If any individual to whom a benefit is payable under the Plan is a minor or legally incompetent, the Company or the Committee shall determine whether payment shall be made directly to the individual, any person acting as his/her custodian or legal guardian under the Uniform Transfers to Minors Act, his/her legal representative or a near relative, or directly for his/her support, maintenance or education. Any payment made in accordance with the preceding sentence shall be a complete discharge of any and all obligations to make such payment under the Plan on behalf of such individual.

- 5.6 Each Participant and (in the event of death) his/her Beneficiary shall keep the Company advised of his/her current address. If the Company is unable to locate a Participant to whom a Participant's Account is payable under this Section 5, the Participant's Account shall be held in suspense pending location of the Participant, without any prejudice to the Committee or the Company (and each of their respective authorized delegates), as the case may be, including, without limitation, for any additional tax liability resulting from such delay in payment. If the Company is unable to locate a Beneficiary to whom a Participant's Account is payable under this Section 5 within six (6) months (or, with respect to a Participant's Non-Grandfathered Amounts, such other period during which payment must commence under this Section 5 or, if later, such other period permitted under Section 409A of the Code) of the Participant's death, the Participant's Account shall be paid to the Participant's estate.
- 5.7 An amount equal to the number of Deferred Shares in the Participant's Account multiplied by the dividend (if any) paid on Shares on each dividend payment date shall be credited to the Participant's Account in the form of additional Deferred Shares as soon as practicable following the dividend payment date of such Shares.

Section 6. General

- 6.1 The Company shall establish a rabbi trust (the "Trust") to fund its future liability under the Plan. The Plan terms shall govern the rights of a Participant to receive distributions from the Plan. The Trust terms shall govern the rights of the Company, Participants and the creditors of the Company to the Trust assets. Participants and their beneficiaries shall have no legal or equitable rights, interests or claims in any property or assets of the Company. The right of any Participant or beneficiary to receive payment of any unpaid balance in any Account of the Participant shall be an unsecured claim against the general assets of the Company.
- 6.2 During a Participant's lifetime, any payment under the Plan shall be made only to him/her. No sum or other interest under the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, and any attempt by a Participant or any beneficiary under the Plan to do so shall be void. No interest under the Plan shall in any manner be liable for or subject to the debts, contracts, liabilities, engagements or torts of a Participant or beneficiary entitled thereto.
- 6.3 Except as otherwise provided herein, the Plan shall be administered by the Committee which shall have the authority, subject to the express provisions of the Plan, to adopt, amend and rescind rules and regulations relating to the Plan, and to interpret, construe and implement the provisions of the Plan. Notwithstanding the foregoing, the Committee shall retain and exercise such discretion reserved hereunder only to the extent such retention and exercise of discretion does not violate the requirements of Section 409A of the Code with respect to a Participant's Non-Grandfathered Amounts. The Committee shall have the power to delegate to any one or more of its members or to any other person, jointly or severally, the authority to perform for or on behalf of the Committee any one or more functions of the Committee under the Plan, as permitted under Section 409A of the Code and any other applicable laws.
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- 6.4 The Plan may at any time or from time to time be amended, modified, or terminated by the Board of Directors, provided that no amendment, modification or termination shall (a) adversely affect the balance in a Participant's Deferred Shares Account without his/her consent or (b) permit payment of such balance prior to the date specified pursuant to Sections 4.1 and 5.2 (except for payments provided in Section 6.5) without his/her consent.
- 6.5 If the Plan is terminated pursuant to this Section 6, the balances credited to the Accounts of the affected Participants shall be distributed to them at the time and in the manner set forth in Section 5; provided, however, that the Committee, in its sole discretion, may authorize accelerated distribution of Participants' Accounts as of any earlier date; provided that with respect to Non-Grandfathered Amounts, such discretion reserved to the Committee to accelerate the form and timing of the distribution of Participants' Accounts shall be exercised only to the extent the termination of the Plan arises pursuant to and in accordance with one of the following provisions:
- (a) Corporate Dissolution or Bankruptcy. The Plan is terminated and liquidated by the Company within 12 months of a corporate dissolution taxed under Section 331 of the Code, or with the approval of a bankruptcy court pursuant to Section 503(b)(1)(A) of the Bankruptcy Code, provided such amounts are included in the Participants' gross incomes in the latest of the following years (of, if earlier, the taxable year in which such amounts are actually or constructively received) (i) the calendar year in which the Plan is terminated and liquidated, (ii) the first calendar year in which amounts are no longer subject to a substantial risk of forfeiture, or (iii) the first calendar year in which the payment is administratively practicable.
 - (b) Change of Control Event. The Company takes irrevocable action to terminate and liquidate the Plan within the 30 days before or 12 months after the occurrence of a Change of Control (as defined in Section 409A of the Code and the regulations thereunder), provided that all other plans sponsored by the Company after the Change of Control with which the Plan is required to be aggregated under Section 409A of the Code are terminated and liquidated with respect to each Participant that experienced the Change of Control, so that all such Participants are required to receive a distribution of the amounts deferred under the Plan and such aggregated plans within 12 months of the date the Company took such irrevocable action to terminate and liquidate all such aggregated plans.
 - (c) Termination of All Similar Arrangements. The Plan is terminated and liquidated by the Company, provided (i) the termination and liquidation does not occur proximate to a downturn in the financial health of the Company; (ii) the Company terminates and liquidates all other plans required to be aggregated under Section 409A if the same Company had deferrals of compensation under all such aggregated plans, (iii) no payments are made on account of the terminations (other than payments that would have been payable in the absence of the plan terminations) within 12 months of the date the Company takes irrevocable action to terminate and liquidate all such aggregated plans, (iv) all payments are made within 24 months of the of the date the Company takes irrevocable action to terminate and liquidate all such aggregated plans, and (v) within three years following the date the Company takes irrevocable action to terminate and liquidate all such aggregated plans, the Company does not establish any new nonqualified deferred compensation plans that would otherwise have been aggregated with the Plan under Section 409A of the Code if the same Participant participated in both plans.
 - (d) Other. The Plan is terminated and liquidated pursuant to and in accordance such other events and conditions prescribed under Section 409A of the Code.
- 6.6 The Company shall, and hereby does, indemnify and hold harmless the Committee, the Company, and the members of the Committee (and each of their respective authorized delegates), from and against any and all losses, claims, damages or liabilities (including attorneys' fees and amounts paid in settlement of any claim) arising out of or resulting from the implementation of a duty, act or decision with respect to the Plan, so long as such duty, act or
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decision does not involve gross negligence or willful misconduct on the part of the Committee, the Company, or any such member of the Committee.

ACTUANT CORPORATION
DEFERRED COMPENSATION PLAN
(Conformed through the Fourth Amendment)

Actuant Corporation, a Wisconsin corporation, maintains the Actuant Corporation Deferred Compensation Plan (the "Plan") for the benefit of a select group of management and highly compensated employees of the Company and its participating Affiliates. The Plan is intended to provide such employees with certain deferred compensation benefits and certain benefits that cannot be provided under the Actuant Corporation 401(k) Plan due to the limitations on benefits under the provisions of Section 415 or 401(a)(17) of the Code or to the extent certain items of compensation are not considered in determining benefits under the Actuant Corporation 401(k) Plan, or cannot be deferred into the Actuant Corporation 401(k) Plan.

The Plan was originally established effective as of December 1, 2002. The Plan was most recently restated effective September 1, 2004, and has been amended from time to time thereafter.

The Plan is designed to comply with the American Jobs Creation Act of 2004, as amended (the "Jobs Act"), and Section 409A of the Code. Accordingly, the Plan has been amended to conform to the requirements of the Jobs Act and Section 409A of the Code, and final Treasury regulations issued thereunder, with respect to Non-Grandfathered Amounts under the Plan. Prior to January 1, 2008, it is intended that the Plan be interpreted according to a good faith interpretation of the Jobs Act and Section 409A of the Code, and consistent with published guidance thereunder, including, without limitation, IRS Notice 2005-1 and the proposed and final Treasury regulations under Section 409A of the Code. Treatment of amounts deferred under the Plan pursuant to and in accordance with any transition rules provided under all IRS published guidance and other applicable authorities in connection with the Jobs Act or Section 409A of the Code, including, without limitation, the adoption of the transition rules prescribed under Q&As 20 and 21 of IRS Notice 2005-1, shall be expressly authorized hereunder and shall be administered in accordance with procedures established by the Administrator or the Committee, as the case may be. In the event of any inconsistency between the terms of the Plan and the Jobs Act or Section 409A of the Code with respect to Non-Grandfathered Amounts, the terms of the Jobs Act and Section 409A of the Code shall prevail and govern.

SECTION 1

Definitions

The following words and phrases shall have the following meanings unless a different meaning is plainly required by the context:

- 1.1 **"Administrator"** shall mean the Company, as provided in Section 8.1.
- 1.2 **"Affiliate"** shall mean a corporation, trade or business which is, together with any Employer, a member of a controlled group of corporations or an affiliated service group or under common control (within the meaning of Section 414(b), (c) or (m) of the Code), but only for the period during which such other entity is so affiliated with any Employer.
- 1.3 **"Beneficiary"** shall mean the person or persons entitled to receive benefits under the Plan upon the death of a Participant, as provided in Section 6.7.
- 1.4 **"Board of Directors"** shall mean the Board of Directors of the Company, as constituted from time to time.

1.5 **“Change of Control”** shall mean the date on which the first of the following events occurs:

- (a) any one person or more than one person acting as a Group (within the meaning assigned to such term in Treasury Regulation §§1.409A-3(i)(5)(v)(B) and (vi) (D)) (excluding Affiliates) acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) all or substantially all of the business or assets from the Company (but in no event shall a Change of Control be deemed to have occurred where such acquired assets have a total Gross Fair Market Value (as defined below) of less than 40% of the total Gross Fair Market Value of all of the assets of the Company immediately before such acquisition or acquisitions);
- (b) any one person or more than one person acting as a Group (excluding Affiliates) acquires more than 50% of the total fair market value or total voting power of stock of the Company, provided that if such person or persons are considered either to own more than 50% of the total fair market value or total voting power of the stock of the Company or to possess Effective Control (as defined below) of the Company, the acquisition of additional stock or control, respectively, of the Company by the same person or persons is not considered to cause a Change of Control of the Company under this subsection (b); or
- (c) (i) any one person, or (ii) a majority of the Board of Directors is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board of Directors as constituted before the appointment or election.

‘Effective Control’ for purposes of this Plan means that any one person or more or more than one person acting as a Group acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the Company possessing 30% or more of the total voting power of the stock of the Company, provided that if such person or persons are considered either to own more than 50% of the total fair market value or total voting power of the stock of the Company or to possess Effective Control of the Company, the acquisition of additional stock or control, respectively, of the Company by the same person or persons is not considered to cause a change in the Effective Control of the Company.

The term ‘Gross Fair Market Value’ shall mean the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets. For purposes of determining stock ownership, the attribution rules described in Section 318(a) of the Code shall apply and stock underlying a vested option is considered owned by the individual who holds the vested option, provided that if a vested option is exercisable for stock that is not substantially vested (as defined by Treasury Regulation §§83-3(b) and (j)), the stock underlying the option shall not be treated as owned by the individual who holds the option. If payments from the Plan are made on account of a Change of Control event described in subsection (a) or (b), above, that occur because the Company purchases its stock held by the Participant or because the Company or a third party purchases a stock right held by the Company, or that are calculated by reference to the value of the Company’s stock, such payments shall be completed not later than 5 years after the Change of Control event. A Change of Control shall be subject to such further rules, conditions, limitations, restrictions, or clarifications prescribed under Section 409A of the Code, including, without limitation, Treasury Regulation §§1.409A-3(i)(5)(v), (vi) and (vii).

1.6 **“Code”** shall mean the Internal Revenue Code of 1986, as amended. Reference to a specific section of the Code shall include such section, any valid regulation promulgated thereunder, and any comparable provision of any future legislation amending, supplementing or superseding such section.

1.7 **“Committee”** shall mean the Company’s Compensation Committee, as it may be constituted from time to time. The members of the Compensation Committee are appointed by, and serve at the pleasure of, the Board of Directors.

1.8 **“Company”** shall mean Actuant Corporation, a Wisconsin corporation.

1.9 **“Compensation”** shall mean the base salary of a Participant and any CMM bonus paid to him or her under the Company’s CMM bonus plan for a given Plan Year. Effective January 1, 2011, Compensation shall also include eligible (as determined under Subsection 3.1(d) herein) Restricted Stock Units (RSUs) granted to any Eligible Employee in accordance with the Actuant Corporation 2009 Omnibus Incentive Plan or any other similar plan or program granting RSUs approved by the Company for deferral into this Plan.

1.10 **“Compensation Deferrals”** shall mean the notional amounts credited to Participants’ Accounts under the Plan pursuant to their deferral elections made in accordance with Section 3.1.

1.11 **“Disability”** or **“Disabled”** shall mean the mental or physical inability of a Participant to perform the regularly assigned duties of his or her employment, provided that such inability (a) has continued or is expected to continue for a period of at least 12 months and (b) is evidenced by the certificate of a physician satisfactory to the Committee stating that such inability exists and is likely to be permanent. The meaning of Disability or Disabled shall be subject to such further rules, conditions, limitations, restrictions, or clarifications as prescribed under Section 409A of the Code and Treasury Regulations and other guidance issued thereunder.

1.12 **“Eligible Compensation”** for a Plan Year shall mean an Eligible Employee’s “Eligible Compensation” as defined in the 401(k) Plan for the fiscal year of the Company ending in the preceding Plan Year, except that (a) the limitation under Section 401(a)(17) of the Code shall not apply, and (b) the Eligible Employee’s elective deferrals made pursuant to any non-qualified deferred compensation plan maintained by an Employer, including this Plan, shall be included.

1.13 **“Eligible Employee”** shall mean the following:

- (a) with respect to eligibility to receive Non-Qualified Core Contributions described in Section 3.2, an “Eligible Employee” shall be any employee whose Eligible Compensation exceeds the limitation under Section 401(a)(17) of the Code in any given fiscal year of the Company (as adjusted by the Internal Revenue Service for changes in the cost of living from time to time); and
- (b) with respect to eligibility to make Compensation Deferrals in accordance with Section 3.1, the Committee shall have discretion to determine whether an Eligible Employee may participate in the Plan by electing to make Compensation Deferrals. For these purposes an Eligible Employee shall include any employee whose Compensation, as defined in Subsection 1.9, annualized as of the date of determination, exceeds the limitation under Section 414(q)(1)(b) of the Code (as adjusted by the Internal Revenue Service for changes in the cost of living from time to time) that is applicable on the date of such determination. The Committee may make such determination by individual or employment classification prior to the beginning of each Plan Year, or, in the case of newly hired employees, upon such employee’s date of hire. Notwithstanding the foregoing, if an employee was an Eligible Employee in a prior Plan Year and made Compensation Deferrals in the prior Plan Year, such Eligible Employee shall continue to be deemed to be an Eligible Employee in the subsequent Plan Year, regardless of the amount of Eligible Compensation earned by such employee in such subsequent Plan Year.

1.14 **“Employers”** shall mean the Company and each of its Affiliates who adopts the Plan with the consent of the Company. With respect to an individual Participant, Employer shall mean the Company or its Affiliate that directly employs such Participant. To the extent (and only to the extent) required under Section 409A of the Code with respect to a Participant’s Non-Grandfathered Amounts under the Plan, including, without

limitation, for purposes of Sections 1.5, 1.26(b), 3.1, 3.2 (excluding the first paragraph therein), 6.1(b), 6.2(c), and 9.3 the “Employer” shall mean the person for whom the Participant performs services and with respect to whom the legally binding right to payments under the Plan arises, and all persons with whom such person would be considered a single employer under Section 414(b) or (c) of the Code.

1.15 “**ERISA**” shall mean the Employee Retirement Income Security Act of 1974, as amended. Reference to a specific section of ERISA shall include such section, any valid regulation promulgated thereunder, and any comparable provision of any future legislation amending, supplementing or superseding such section.

1.16 “**Financial Hardship**” shall mean a severe financial hardship to the Participant, which has been properly demonstrated to and approved by the Committee or its delegate in its sole discretion, resulting from:

- (a) an illness or accident of the Participant, Participant’s spouse, the Participant’s Beneficiary, or the Participant’s dependent (as defined in Section 152 of the Code, without regard to Sections 152(b)(1), (b)(2), and (d)(1)(B) of the Code);
- (b) the loss of the Participant’s property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by insurance); or
- (c) other similar extraordinary circumstances arising as a result of events beyond the control of the Participant, including, without limitation, (i) the imminent foreclosure of or eviction from the Participant’s primary residence, (ii) the payment of funeral expenses of the Participant’s spouse, the Participant’s Beneficiary, or the Participant’s dependent (as defined in Section 152 of the Code, without regard to Sections 152(b)(1), (b)(2), and (d)(1)(B) of the Code);

which would, if no cessation of deferrals were made in accordance with Section 2.2, result in severe financial burden to the Participant. Also, a Financial Hardship does not exist to the extent that the hardship may be relieved by (a) cessation of such Participant’s deferrals of the bonus portion of his Compensation pursuant to Section 2.2, (b) reimbursement or compensation by insurance or otherwise, or (c) liquidation of the Participant’s other assets (to the extent such liquidation would not itself cause severe financial hardship), but disregarding any additional compensation that due to the Financial Hardship is available under another nonqualified deferred compensation plan but has not actually been paid, or that is available due to the Financial Hardship under another plan that would provide for deferred compensation (within the meaning of Section 409A of the Code) except due to the application of the effective date provisions under Treasury Regulation §1.409A-(6).

1.17 “**401(k) Plan**” shall mean the Actuant Corporation 401(k) Plan, as amended from time to time.

1.18 “**Grandfathered Amounts**” shall mean the portion of the Participant’s Account balance under the Plan as of December 31, 2004, the right to which was earned and vested (within the meaning of Treasury Regulation §1.409A-6(a)(2)) as of December 31, 2004, plus the right to future contributions to the Account the right to which was earned and vested (within the meaning of Treasury Regulation. §1.409A-6(a)(2)) as of December 31, 2004, to the extent such contributions are actually made, each determined by reference to the terms of the Plan in effect as of October 3, 2004, but only to the extent such Plan terms have not been materially modified (within the meaning of Treasury Regulation §1.409A-6(a)(4)) after October 3, 2004. Grandfathered Amounts shall include any earnings (within the meaning of Treasury Regulation. §1.409A-1(o)) attributable thereto.

1.19 “**Investment Options**” shall mean the funds or other investment vehicles designated pursuant to Section 4.1.

1.20 **“Non-Grandfathered Amounts”** shall mean the Participant’s Account balance under the Plan less any portion of the Participant’s Account balance under the Plan constituting Grandfathered Amounts.

1.21 **“Non-Qualified Core Contributions”** shall mean the contributions made by Employers pursuant to Section 3.2.

1.22 **“Participant”** shall mean an Eligible Employee who (a) has become a Participant in the Plan pursuant to Section 2.1 and (b) has not ceased to be a Participant pursuant to Section 2.3.

1.23 **“Participant’s Account”** or **“Account”** shall mean as to any Participant the separate account maintained on the records of the Employers in order to reflect his or her interest under the Plan. Such Account shall include any amounts transferred from the Applied Power Inc. Executive Deferred Compensation Plan.

1.24 **“Plan”** shall mean the Actuant Corporation Deferred Compensation Plan, as set forth in this instrument and as hereafter amended from time to time, and, to the extent (and only to the extent) required under Section 409A of the Code with respect to a Participant’s Non-Grandfathered Amounts under the Plan, any other plan with which the Plan is required to be aggregated under Section 409A of the Code. This Plan is intended to constitute an account balance plan, as defined in Treasury Regulation §1.409A-1(c)(2)(i)(A).

1.25 **“Plan Year”** shall mean each 12-month period beginning January 1 and ending the following December 31. “Effective Date” shall mean September 1, 2004.

1.26 **“Termination of Employment”** shall mean (a) with respect to a Participant’s Grandfathered Amounts, the date on which the Participant ceases to perform services with all Employers and Affiliates, and (b) with respect to a Participant’s Non-Grandfathered Amounts under the Plan, the date of the Participant’s separation from service (within the meaning of Treasury Regulation §§1.409A-1(h) and 1.409A-2(i)(2)) for any reason, including by reason of death or Disability, with the Employer, except that in applying Sections 1563(a)(1), (2), and (3) of the Code for purposes of determining the controlled group of corporations under Section 414(b) of the Code, the language “at least 50 percent” is used instead of “at least 80 percent” each place it appears in Section 1563(a)(1), (2), and (3) of the Code, and in applying Treasury Regulation §1.414(c)-2 for purposes of determining trades or businesses (whether or not incorporated) that are under common control for purposes of Section 414(c) of the Code, “at least 50 percent” is used instead of “at least 80 percent” each place it appears in Treasury Regulation §1.414(c)-2. For purposes of subsection (b), above, (i) the employment relationship is treated as continuing intact while the Participant is on military leave, sick leave, or other bona fide leave of absence if the period of any such leave does not exceed six months, or if longer, so long as the Participant retains the right to reemployment with the Employer under an applicable statute or by contract, (ii) a leave of absence constitutes a bona fide leave of absence only if there is a reasonable expectation that the Participant will return to perform services for the Employer, and (iii) if the period of leave exceeds six months and the Participant does not retain a right to reemployment under an applicable law or by contract, the employment relationship is deemed to terminate on the first date immediately following such six-month period.

SECTION 2

Participation

2.1 Participation

Each Eligible Employee who was a Participant in the Plan immediately before the Effective Date shall continue as a Participant on and after the Effective Date, subject to the terms and provisions of the Plan. Each other Eligible Employee shall become a Participant in the Plan as of the earlier of the date on which an Eligible Employee’s initial deferral election to make Compensation Deferrals becomes irrevocable under Section 3.1(b) or the date on which an Eligible Employee first becomes eligible to receive Non-Qualified Core Contributions under Section 3.2.

2.2 Suspension of Bonus Deferrals Due to Hardship

The Committee, in its sole discretion, may cancel the Participant's Compensation Deferrals for the bonus portion of his or her Compensation due to a Financial Hardship or a hardship distribution pursuant to Treasury Regulation §1.401(k)-1(d)(3). However, an election to make Compensation Deferrals under Section 3.1 shall be irrevocable as to amounts deferred as of the effective date of any cancellation in accordance with this Section 2.2. Following any such cancellation of the Participant's Compensation Deferrals for the bonus portion of his or her Compensation, any later election by such Participant to make Compensation Deferrals will be subject to the provisions of Section 3.1(b) governing initial deferral elections.

2.3 Termination of Participation

An Eligible Employee who has become a Participant shall remain a Participant until his or her entire vested Account balance is distributed. However, an Eligible Employee who has become a Participant may or may not be an active Participant making Compensation Deferrals for a particular Plan Year, depending upon whether he or she has elected to make Compensation Deferrals for such Plan Year.

SECTION 3

Contributions

3.1 Compensation Deferrals

At the times and in the manner prescribed in this Section 3.1, each Eligible Employee may elect to defer portions of his or her Compensation and to have the amounts of such deferrals notionally credited to his or her Account under the Plan on the records of the Employer in accordance with such rules as the Committee may establish. The Administrator may establish rules and regulations regarding Compensation Deferrals, including minimum and maximum deferral requirements. An Eligible Employee's decision to make Compensation Deferrals under the Plan shall be entirely voluntary.

- (a) Election to Defer Compensation. Each Eligible Employee who makes an election to make Compensation Deferrals under this Section 3.1 shall make a separate Compensation Deferral election with respect to the salary portion and the bonus portion of his or her Compensation.
 - (b) Specific Timing and Method of Election. The Administrator, in its sole discretion, shall determine the manner and deadlines for Participants to make Compensation Deferral elections. Any employee designated as first becoming eligible to participate in the Plan may become a Participant by making a Compensation Deferral election in the time and manner determined by the Administrator. Such election shall apply only to the Participant's Compensation beginning on such eligibility date. Notwithstanding any provision of the Plan to the contrary, with respect to a Participant's Non-Grandfathered Amounts attributable to Compensation Deferrals, a Participant's election to make Compensation Deferrals for a Plan Year under this Section 3.1 shall be made by filing the appropriate deferral election form(s) with the Administrator before the end of whichever of the following periods applies to the Participant: (i) within the first 30 days after the employee "first becomes eligible to participate in the Plan" (within the meaning of Treasury Regulation §1.409A-2(a)(7)(ii)) with respect to Compensation paid for services to be performed after the election, or (ii) if that 30-day period has expired, no later than the later of either (A) the December 31 preceding the year in which the Eligible Employee will earn the Compensation (other than Performance-Based Compensation, as defined below) to be deferred (or such earlier date as determined by the Administrator), or (B) in the case of any Performance-Based Compensation (as defined in Treasury
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Regulation §1.409A-1(e)), the date that is six months before the end of the performance period (or such earlier date as determined by the Administrator), provided that for purposes of this subsection (b)(ii)(B) the Eligible Employee performed services continuously from the later of the beginning of the performance period or the date the performance criteria are established through the date the Eligible Employee made his or her election to defer such Performance-Based Compensation, and provided further that in no event may an election to defer Performance-Based Compensation be made after such Compensation has become readily ascertainable. In the case of an Eligible Employee who previously ceased being an Eligible Employee, the phrase 'first becomes eligible to participate in the Plan' in subsection (b)(i) above shall be interpreted to apply only where the Eligible Employee either (i) previously received payment of his or her total Account balance under the Plan, and on or before the date of the last payment was not eligible to continue (or elect to continue) to participate in the Plan for periods after the last payment (other than through an election of a different form and time of payment with respect to the amounts paid), or (ii) regardless of whether such Eligible Employee previously received payment of his or her total Account balance under the Plan, had not been eligible to participate in the Plan (other than the accrual of notional investment earnings under Section 4) at any time during the 24-month period ending on the date the Eligible Employee again becomes eligible to participate in the Plan. If an Eligible Employee fails to timely elect to make Compensation Deferrals for a Plan Year pursuant to and in accordance with this Section 3.1(b), he or she may not later elect to make Compensation Deferrals for that Plan Year. To the extent an Eligible Employee does timely elect to make Compensation Deferrals for a Plan Year pursuant to and in accordance with this subsection (b), such election shall be irrevocable upon the expiration of the applicable election period prescribed under this subsection (b).

- (c) Crediting of Compensation Deferrals Other Than RSU Deferrals. The amounts deferred pursuant to this Section 3.1 shall reduce the Participant's Compensation during the Plan Year and shall be credited to the Participant's Compensation Deferral Account as of the last day of the month in which the amounts (but for the deferral) would have been paid to the Participant. For each Plan Year, the exact dollar amount to be deferred from each Compensation payment shall be determined by the Administrator under such formulae as it shall adopt from time to time.
- (d) Special Rules for RSU Deferrals. Notwithstanding the foregoing, an Eligible Employee as defined in Subsection 1.13 may make an election to notionally defer into the Plan amounts attributable to RSUs (as defined in Section 1.9 above) granted to such Participant which are eligible for deferral into this Plan, as determined by the Company. RSUs are eligible for deferral into this Plan to the extent that the RSUs are scheduled to become vested no earlier than twelve months (and no later than the maximum number of months determined in the sole discretion of the Administrator) following the date such deferral election is effective. The Administrator, in its sole discretion, shall determine the manner and deadlines for Participants to make RSU Deferral elections, provided that any such election shall comply with the requirements of Section 409A of the Code and the regulations thereunder. To the extent an Eligible Employee timely elects to make RSU Deferrals for a Plan Year pursuant to and in accordance with this subsection (d), such election shall be irrevocable upon the expiration of the applicable election period determined by the Administrator. Because deferrals of RSUs are deemed under Section 409A of the Code to constitute subsequent changes in the timing of payment of such RSUs, (i) such RSU Deferral Election shall not take effect until at least 12 months after the date on which the election is effective; and (ii) in the case of an election related to a payment not on account of Disability, death, or Financial Hardship, the payment with respect to which the election is made must be deferred for a period of not less than five years from the date such payment would otherwise have been paid (i.e., the vesting date).
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RSUs shall be invested only in the Company Stock Fund Option described in Subsection 4.1(b). The amounts deferred pursuant to this Subsection (d) shall be credited to the Participant's RSU Deferral Account as of the date upon which the underlying RSUs would have vested. In the event that the Participant experiences a Termination of Employment, death or Disability during the period which begins on the date the Participant's RSU Deferral election becomes effective and ends on the day before the date the Participant's underlying RSUs would become vested, or in the event that the vesting of the RSUs is accelerated during such period (for example, as a result of a change of control or other applicable event), such RSU Deferral Election shall become null and void, and disposition of the attributable RSUs shall be made as if such RSU Deferral Election had never been made.

3.2 Non-Qualified Core Contributions

Employers shall make a Non-Qualified Core Contribution to the Plan for a Plan Year for each Eligible Employee designated by the Committee under Section 1.13 as being eligible to receive Non-Qualified Core Contributions, provided that such employee is employed by an Employer on the last day of the Plan Year or incurred a termination of employment with all Employers and Affiliates prior to the last day of such Plan Year by reason of Normal Retirement (as defined in the 401(k) Plan), death, or Disability. The Employer's Non-Qualified Core Contribution for the Plan Year with respect to an Eligible Employee will equal the difference between the Actuant Corporation Core Contribution allocable for the Plan Year for the Eligible Employee as described in Section 3.01 of the 401(k) Plan calculated based on such Eligible Employee's Eligible Compensation under this Plan and without regard to any benefit limitations imposed on such Eligible Employee's annual additions pursuant to Section 415 of the Code, minus the Actuant Corporation Core Contribution allocable for such Eligible Employee under the 401(k) Plan for the Plan Year. The Plan shall hold a Participant's Non-Qualified Core Contributions in his or her Non-Qualified Core Contribution Account. Participants shall not be eligible to elect the timing or form of payment of their Non-Qualified Core Contributions. Non-Qualified Core Contributions shall be paid in a lump sum within ninety days of Termination of Employment.

SECTION 4

Notional Investment of Contributions

4.1 Investment Options

The Administrator has designated two Investment Options, the Deemed Interest Crediting Option and the Company Stock Fund Option, for the notional investment of Participants' Accounts. The Investment Options are for recordkeeping purposes only and do not allow Participants to direct any Employer assets (or, if applicable, the assets of any trust related to the Plan). Each Participant's Account shall be adjusted pursuant to the Participant's notional investment elections made in accordance with this Section 4.

- (a) Deemed Interest Crediting Option. Compensation Deferrals (other than RSU Deferrals) invested in the Deemed Interest Crediting Option shall be credited with deemed interest as of the end of each month. A Participant's monthly interest credit with respect to the portion of the Participant's Account that is attributable to the Participant's service with the Employers during a particular Plan Year and that is invested in the Deemed Interest Crediting Option shall be equal to: (a) such portion of the Participant's Account as of the first day of the month, less any distributions of such portion of the Participant's Account during the month pursuant to Section 6, *multiplied by* (b) a rate equal to one-twelfth of the applicable "Deemed Interest Rate." The "Deemed Interest Rate" shall be a rate of interest determined annually by the Committee prior to the beginning of each Plan Year. The Deemed Interest Rate shall be announced to Participants prior to the deadline for election of Compensation Deferrals for that Plan Year. The Deemed Interest Rate for a
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Plan Year shall apply to all Compensation Deferrals attributable to service with the Employers during the applicable Plan Year for as long as those deferrals and contributions are maintained under the Plan; provided, however, that if the Participant elects a short-term payout for a Plan Year's Compensation Deferrals pursuant to and in accordance with Section 6.3, and thereafter elects to defer payment pursuant to and in accordance with Section 6.4, the Deemed Interest Rate on such Compensation Deferrals for Plan Years (or partial Plan Years) commencing after the effective date of the subsequent deferral election shall be the Deemed Interest Rate in effect for the year in which the Participant's subsequent deferral election is properly made.

- (b) Company Stock Fund Option. Compensation Deferrals and Non-Qualified Core Contributions made to each Participant's Account and invested in the Company Stock Fund Option shall be deemed to be invested in Class A Common Shares of Actuant Corporation commencing as of the "Share Purchase Date" next following the date such deferrals or contributions are contributed to the Plan. "Share Purchase Date" shall mean the "Trading Day" or days designated by the Committee following the end of each calendar month. "Trading Day" shall mean a day on which the New York Stock Exchange is open for trading. Notwithstanding the foregoing, RSU Deferrals made to each Participant's Account shall be deemed to be invested in Class A Common Shares of Actuant Corporation commencing as of the date such RSUs would otherwise have vested but for the contribution of such RSU Deferrals into the Plan. An amount equal to the number of Class A Common Shares of Actuant Corporation a Participant is deemed to own under the Company Stock Fund Option multiplied by the dividend (if any) paid on such Class A Common Shares on each dividend payment date shall be credited to the Participant's Account as soon as practicable following the dividend payment date and shall be deemed to be invested in additional Class A Common Shares of Actuant Corporation as though such dividends were a Compensation Deferral or a Non-Qualified Core Contribution the Participant elected to invest in the Company Stock Fund Option. The Company may, but is not required to, set aside Class A Common Shares in anticipation of its obligation to pay certain benefits under the Plan in the form of Class A Common Shares.

4.2 Investment Option Elections

A Participant may elect one or both of the Investment Options (allocated in specified whole percentages) for the notional investment of his or her Compensation Deferrals (other than RSU Deferrals) in accordance with the rules established from time to time by the Committee. Amounts attributable to RSUs deferred into this Plan and Non-Qualified Core Contributions made to this Plan shall be invested only in the Company Stock Fund Option described in Subsection 4.1(b). A Participant may change his or her investment election with respect to future Compensation Deferrals in accordance with the rules of the Committee. A Participant's investment election shall remain in effect until later changed in accordance with the rules of the Committee. If a Participant does not make an investment election, all Compensation Deferrals by the Participant (other than RSU Deferrals) made to the Plan in the Plan Year in which no investment election by the Participant is applicable will be deemed to be invested in the Deemed Interest Crediting Option.

4.3 One-Time Election to Change Investment Option

Each Eligible Employee who was a Participant in the Plan immediately before September 1, 2004 was given a one-time irrevocable election, during the time period designated by the Committee and announced to Participants, to transfer all or a specified whole percentage of his or her notional interest in the Deemed Interest Crediting Option as of August 31, 2004, plus any Compensation Deferrals and Non-Qualified Core Contributions made to the Plan on his or her behalf on or after September 1, 2004 but attributable to his or her service with an Employer prior to September 1, 2004, to the Company Stock Fund Option in accordance with rules established by the Committee for such purpose.

SECTION 5

Accounting

5.1 Participants' Accounts

For each Plan Year, at the direction of the Administrator, there shall be established and maintained on the records of the Employer, the following accounts for each Participant (to the extent applicable):

- (a) A "Compensation Deferral Account" to reflect the Compensation Deferrals (other than RSU Deferrals) made by the Participant during such Plan Year and the notional income, dividends, appreciation, and depreciation attributable thereto.
- (b) A "Non-Qualified Core Contribution Account" to reflect the Non-Qualified Core Contributions credited on behalf of the Participant and the notional income, dividends, appreciation, and depreciation attributable thereto.
- (c) An "RSU Deferral Account" to reflect RSU Deferrals made by the Participant effective for such Plan Year and the notional income, dividends, appreciation, and depreciation attributable thereto.

Except as expressly modified, all accounts maintained for a Participant are referred to collectively as the Participant's "Account."

5.2 Participants Remain Unsecured Creditors

All amounts credited to a Participant's Account under the Plan shall continue for all purposes to be a part of the general assets of the Employer. Each Participant's interest in the Plan shall make him or her only a general, unsecured creditor of the Employer. In the event that an Employer (other than the Company) becomes insolvent and therefore unable to make a payment or payments owed by it under the Plan, the Company shall make such payments; provided, however, that nothing in this sentence shall make any Participant anything other than a general, unsecured creditor of the Company.

5.3 Accounting Methods

The accounting methods or formulae to be used under the Plan for the purpose of maintaining the Participants' Accounts, including the calculation and crediting of notional income, dividends, appreciation, and depreciation, shall be determined by the Administrator, in its sole discretion. The accounting methods or formulae selected by the Administrator may be revised from time to time. No Participant or Beneficiary shall have any right to examine books, records, or account of the Employers in connection with amounts payable under the Plan.

5.4 Reports

Each Participant shall have access at any time to statements of his or her Account, reflecting the status of his or her interest in the Plan.

SECTION 6

Distributions

6.1 General Timing of Distributions

- (a) In General. Except as otherwise provided in this Section 6, payment of a Participant's Account shall commence within ninety days of the Participant's Termination of Employment, provided that with respect to a Participant's Non-Grandfathered Amounts, the Participant shall under no circumstances be permitted, directly or indirectly, to designate the taxable year of payment (other than an election that complies with the subsequent deferral election rules under Section 6.2(c) and the payment of RSU Deferrals described in Section 3.1(d)). Notwithstanding the foregoing, payments in any Plan Year shall only be made to the extent the Administrator reasonably anticipates that such payments are deductible for such Plan Year under Section 162(m) of the Code as of the date specified in Section 6.1. If, pursuant to the foregoing sentence, any amounts are not paid when originally scheduled, such amounts shall be paid in the first taxable year which the Administrator reasonably anticipates (or should reasonably anticipate) that such payments would be deductible under Section 162(m) of the Code. (During any such delay in payment, unpaid amounts shall continue to be credited with notional income, dividends, appreciation, and depreciation.) Notwithstanding the foregoing, distribution of a Participant's Account shall be made without regard to the deductibility of the payments under Section 162(m) of the Code if the time for distribution is accelerated pursuant to Section 6.5 (Change of Control) or Section 6.6 (Death or Disability).
- (b) Special Timing Rule for Specified Employees. Notwithstanding any provision in the Plan to the contrary, with respect to a Participant's Non-Grandfathered Amounts, payment as a result of a Participant's Termination of Employment to any Participant who is a Specified Employee (as of his or her Termination of Employment) shall not be made or commence before the date that is not less than six months after such Participant's Termination of Employment (or, if earlier, such Participant's date of death). For this purpose, a 'Specified Employee' shall have the meaning assigned to such term in Treasury Regulation §1.409A-1(i) at any time during the 12-month period, as determined by the Administrator ending with the annual date upon which key employees are identified by the Administrator (the 'Specified Employee Identification Date'). If a Participant is a Specified Employee as of the Specified Employee Identification Date, such Participant shall be treated as a Specified Employee for the entire 12-month period beginning on the effective date, as determined by the Administrator ending with the annual date following the Specified Employee Identification Date (but no later than the first day of the fourth month following the Specified Employee Identification Date) (the 'Specified Employee Effective Date'). In lieu of applying the foregoing definition of a Specified Employee, the Administrator may apply the alternative method described in Treasury Regulation §1.409A-1(i)(5) in good faith with respect to any payment under the Plan as belonging to the group of identified Specified Employees, to a maximum of 200 such Specified Employees, regardless of whether such employee is subsequently determined by the Employer, any governmental agency, or a court not to be a Specified Employee, as defined above by reference to Section 416 of the Code. In the event amounts under the Plan are payable to a Specified Employee in installments, the first annual installment shall be delayed not less than six months after such Participant's Termination of Employment, with all other annual installment payments payable as originally scheduled. During any delay in payment under this subsection (b), unpaid
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amounts shall continue to be credited with notional income, dividends, appreciation, and depreciation. To the extent not otherwise designated by the Employer in a separate document forming a part of the Plan applicable to all its nonqualified deferred compensation plans, the Specified Employee Identification Date for determining the Employer's Specified Employees is each December 31 and the Specified Employee Effective Date is each subsequent April 1 following the applicable Specified Employee Identification Date. To the extent not otherwise designated by the Employer in a separate document forming a part of the Plan, the definition of compensation used to determine Specified Employee status shall be determined under Treasury Regulation §1.415(c)-2(a).

6.2 Form of Payment

- (a) Form of Payment for Notional Investments in Deemed Interest Crediting Option This subsection (a) applies to the portion of a Participant's Account that is invested in the Deemed Interest Crediting Option only. Payment (or installment payments) of a Participant's notional investment in the Deemed Interest Crediting Option shall be made in cash. Each Participant shall indicate on his or her benefit election form the form of payment (i.e., installments or lump sum) for the Compensation Deferrals other than RSU Deferrals (and the notional income attributable thereto) to be made for the specific Plan Year covered by such benefit election form and invested in the Deemed Interest Crediting Option. Subject to any acceleration of payments required under this Section 6, a Participant may elect to receive such payment in one of the following forms of payment upon such Participant's Termination of Employment commencing as of the date specified in Section 6.1 (i) a lump sum payment, (ii) five annual installment payments, or (iii) ten annual installment payments; provided, however, that a Participant who elects to receive annual installments for five or ten years shall instead receive payment in a lump sum equal to the balance then credited to his or her Account pursuant to and in accordance with the applicable provisions of this Section 6 if: (A) such Participant's Termination of Employment occurs due to his or her death or Disability, or (B) distribution to such Participant is accelerated due to a Change of Control. Except as permitted under Section 6.2(c) or as otherwise permitted under Section 409A of the Code, a Participant's election as to the form of payment shall be irrevocable as of the date coinciding with the date on which the initial deferral election becomes irrevocable under Section 3.1(b) or 3.2, as the case may be, and shall apply to all amounts credited to the Participant's Account that are (iii) attributable to service with the Employers during the Plan Year with respect to which the election relates and (iv) invested in the Deemed Interest Crediting Option. If the Participant elected to receive five or ten annual installment payments, subject to any acceleration of payments required under this Section 6, his or her first installment shall be equal to 1/5th or 1/10th (respectively) of the balance then credited to his or her Account that is (v) attributable to service with the Employers during the Plan Year with respect to which the election relates and (vi) invested in the Deemed Interest Crediting Option. Each subsequent annual installment shall be paid to the Participant in each of the Participant's subsequent taxable years commencing with such Participant's second taxable year following the taxable year in which his or her Termination of Employment occurred and ending in the Participant's taxable year in which the final annual installment is due. The amount of each subsequent installment shall be equal to the balance then credited to the Participant's Account that is (vii) attributable to service with the Employers during the Plan Year with respect to which the election relates and (viii) invested in the Deemed Interest Crediting Option, divided by the number of annual installments remaining to be made. While a Participant's Account is in installment payout status, the unpaid balance credited to the Participant's Account shall continue to be credited with notional income.
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- (b) Form of Payment for Notional Investments in Company Stock Fund Option Subject to any acceleration of payments required under this Section 6, payment of a Participant's notional investment in the Company Stock Fund Option upon such Participant's Termination of Employment shall commence as of the date specified in Section 6.1 and, except as provided below, shall be paid in the form of a lump sum in whole Class A Common Shares of Actuant Corporation plus cash in an amount equal to the value of any fractional interest in a Class A Common Share of Actuant Corporation. Notwithstanding the foregoing, with respect to Compensation Deferrals invested in the Company Stock Fund Option other than RSU Deferrals, each Participant may indicate on his or her benefit election form the form of payment (i.e., installments or lump sum) for the Compensation Deferrals invested in the Company Stock Fund (and the notional income attributable thereto), to be made for the specific Plan Year covered by such benefit election form. Subject to any acceleration of payments required under this Section 6, a Participant may elect to receive such payment in one of the forms of payment (i.e., installments or lump sum) described in subsection (a), above, but subject to the acceleration of payment and subsequent deferral of payment provisions therein, upon such Participant's Termination of Employment commencing as of the date specified in Section 6.1. Except as permitted under Section 6.2(c) or as otherwise permitted under Section 409A of the Code, a Participant's election as to the form of payment shall be irrevocable as of the date coinciding with the date on which the initial deferral election becomes irrevocable under Section 3.1(b) or 3.2, as the case may be, and shall apply to all amounts credited to the Participant's Account that are (i) attributable to service with the Employers during the Plan Year with respect to which the election relates, and (ii) attributable to Compensation Deferrals invested in the Company Stock Fund Option. The amount of annual installment payments from the Company Stock Fund Option shall be determined in a manner substantially similar to the methodology applied to determine annual installment payments from the Deemed Interest Crediting Option, as described in subsection (a), above, except that payment of any annual installment shall be made in the form of whole Class A Common Shares of Actuant Corporation plus cash in an amount equal to the value of any fractional interest in a Class A Common Share of Actuant Corporation. Notwithstanding the foregoing, RSU Deferrals, which are always notionally invested in the Company Stock Fund, shall be paid only in the form of a lump sum. Non-Qualified Core Contributions, which are always notionally invested in the Company Stock Fund, shall be paid only in a lump sum within 90 days of the Participant's Termination of Employment.
- (c) Subsequent Change in Form or Timing of Payment Except to the extent otherwise permitted under Section 409A of the Code, notwithstanding any provision of the Plan to the contrary, including without limitation Section 6.4, with respect to a Participant's Non-Grandfathered Amounts, a Participant or the Employer, as the case may be, shall not be permitted to change or revoke the form or timing of payment with respect to the Participant's Compensation Deferrals (including RSU Deferrals) and/or Non-Qualified Core Contributions on or after the date on which such election would otherwise be irrevocable under Section 3.1(b), 3.1(d) or 3.2, as the case may be. Notwithstanding the foregoing, a Participant or the Employer shall be permitted to change or revoke, in the case of Compensation Deferrals other than RSU deferrals, the form (i.e., lump sum or installments) or timing of payment of such deferrals, or, in the case of RSU Deferrals, to change the timing of payment of the Participant's RSU Deferrals, provided that all of the following requirements are satisfied with respect to such Participant's or the Employer's subsequent election to change the form or timing of payment, but only to the extent such subsequent election to change the form or timing of payment is so authorized under rules established by the Administrator and approved by the Committee: (i) such election shall not take effect until at least 12 months after the date on which the election is made; (ii) in the case of an election related to a payment not on account of Disability, death, or
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Financial Hardship, the payment with respect to which the election is made must be deferred for a period of not less than five years from the date such payment would otherwise have been paid (or in the case of an installment payments treated as a single payment within the meaning of Treasury Regulation §1.409A-2(b)(2), five years from the date the first amount was scheduled to be paid); and (iii) in the case of an election related to a payment at a specified time or pursuant to a fixed schedule, such as a short-term payout election under Section 6.3, the election be made not less than 12 months before the date the payment is scheduled to be paid (or in the case of installment payments treated as a single payment within the meaning of Treasury Regulation §1.409A-2(b)(2), 12 months before the date the first amount was scheduled to be paid).

6.3 Short-Term Payout

A Participant may elect, on his or her Compensation Deferral election for any Plan Year, to receive a short-term payout of the Participant's Compensation Deferrals other than RSU Deferrals (and the notional income, dividends, appreciation, and depreciation attributable thereto) for that Plan Year. The short-term payout shall be a lump sum payment in cash (for notional investments in the Deemed Interest Crediting Option) or in whole Class A Common Shares of Actuant Corporation plus cash in an amount equal to the value of any fractional interest in a Class A Common Share of Actuant Corporation (for notional investments in the Company Stock Fund Option), as applicable. Subject to the other terms and conditions of this Plan, the short-term payout of Compensation Deferrals other than RSU Deferrals shall be paid within 90 days of the earlier of (a) the date selected by the Participant (which must be at least three years after the date on which the Participant's initial Compensation Deferral election for a Plan Year becomes irrevocable under Section 3.1(b)), or (b) the Participant's Termination of Employment.

6.4 Subsequent Deferral Elections for Short-Term Payouts

With respect to grandfathered amounts, a participant may defer payment of all or any portion of a short-term payout or an amount payable pursuant to a prior deferral election for a one-year period (or such longer period as is approved by the Committee); by filing a deferral election with the Committee at least six (6) months prior to the date any short-term payout becomes payable, provided that any such deferral election shall be effective only with the consent of the Committee. As it is in the Company's interest to defer payments of Compensation, the Committee shall be deemed to consent to a deferral election unless the Committee notifies the Participant in writing, within thirty business days after receipt of the deferral election, that consent is not given. Notwithstanding the foregoing, with respect to a Participant's Non-Grandfathered Amounts attributable to the portion of his or her Compensation Deferrals other than RSU Deferrals that are subject to a short-term payout deferral election pursuant to and in accordance with Section 6.3, or with respect to a Participant's RSU Deferrals, a Participant shall not be permitted to revoke the timing of payments with respect to Non-Grandfathered Amounts on or after the date on which the initial short-term deferral or RSU payment election for a Plan Year would otherwise be irrevocable under Sections 3.1(b) or 3.1(d), nor permitted to change the timing of such payments unless all of the following requirements are satisfied with respect to such Participant's subsequent election to change the timing of payment, but only to the extent such subsequent election is so authorized under rules established by the Administrator and approved by the Committee: (i) such election shall not take effect until at least 12 months after the date on which the election is made; (ii) in the case of an election related to a payment not on account of Disability, death, or Financial Hardship, the payment with respect to which the election is made must be deferred for a period of not less than five years from the date such payment would otherwise have been paid; and (iii) the election be made not less than 12 months before the date the payment is scheduled to be paid.

6.5 Change of Control

If there is a Change of Control, the balance then credited to a Participant's Account shall be distributed to him or her in a lump sum within 90 days after the date of the Change of Control.

6.6 Special Rule for Death or Disability

If a Participant dies or becomes Disabled, the balance then credited to his or her Account shall be distributed to the Participant (or his or her Beneficiary) in a lump sum within 90 days after the date of death or Disability.

6.7 Beneficiary Designations

Each Participant may, pursuant to such procedures as the Administrator may specify, designate one or more Beneficiaries. A Participant may designate different Beneficiaries (or may revoke a prior Beneficiary designation) at any time by delivering a new designation (or revocation of a prior designation) in like manner. Any designation or revocation shall be effective only if it is received by the Administrator. However, when so received, the designation or revocation shall be effective as of the date the notice is executed (whether or not the Participant still is living), but without prejudice to the Administrator on account of any payment made before the change is recorded. The last effective designation received by the Administrator shall supersede all prior designations. If a Participant dies without having effectively designated a Beneficiary, or if no Beneficiary survives the Participant, the Participant's Account shall be payable to his or her surviving spouse, or, if the Participant is not survived by his or her spouse, the Account shall be paid to his or her estate.

6.8 Financial Hardship

In the event that a Participant incurs a Financial Hardship, the Committee or its delegate, in its sole discretion and notwithstanding any contrary provision of the Plan, may determine that all or part of the Participant's Compensation Deferral Account shall be paid to him or her within 90 days of such Participant incurring such Financial Hardship; provided, however, that the amount paid to the Participant pursuant to this Section 6.8 shall be limited to the amount reasonably necessary to alleviate the Participant's Financial Hardship (which may include amounts necessary to pay any Federal, state, local, or foreign income taxes or penalties reasonably anticipated to result from the distribution).

6.9 Payments to Incompetents

If any individual to whom a benefit is payable under the Plan is a minor or legally incompetent, the Committee shall determine whether payment shall be made directly to the individual, any person acting as his or her custodian or legal guardian under the Uniform Transfers to Minors Act, his or her legal representative or a near relative, or directly for his or her support, maintenance or education.

6.10 Undistributable Accounts

Each Participant and (in the event of death) his or her Beneficiary shall keep the Administrator advised of his or her current address. If the Administrator is unable to locate a Participant to whom a Participant's Account is payable under this Section 6, the Participant's Account shall be held in suspense pending location of the Participant, without any prejudice to the Committee, the Administrator, or the Company (and each of their respective authorized delegates), as the case may be, including, without limitation, for any additional tax liability resulting from such delay in payment, provided that such unpaid amounts shall continue to be credited with notional income, dividends, appreciation, and depreciation. If the Administrator is unable to locate a Beneficiary to whom a Participant's Account is payable under this Section 6 within six (6) months (or, with respect to a Participant's Non-Grandfathered Amounts, such other period during which payment must commence under this Section 6 or, if later, such other period permitted under Section 409A of the Code) of the Participant's death, the Participant's Account shall be paid to the Participant's estate.

6.11 Committee Discretion

Within the specific time periods described in this Section 6, the Committee shall have sole discretion to determine the specific timing of the payment of any Account balance under the Plan. In addition and notwithstanding any contrary provision of the Plan, the Committee, in its sole discretion, may cause the balance credited to a Participant's Account to be paid to him or her in a lump sum at any time following the Participant's

termination of employment with all Employers and Affiliates. Notwithstanding the foregoing, the Committee shall retain and exercise such discretion reserved hereunder only to the extent such retention and exercise of discretion does not violate the requirements of Section 409A of the Code with respect to a Participant's Non-Grandfathered Amounts.

**6.12 Withholding;
Reporting**

To the extent required by law in effect at the time any distribution is made from the Plan, the Employers shall withhold any taxes and such other amounts required to be withheld. Further, to the extent required by law, the Employer shall report amounts deferred and/or amounts taxable under the Plan to the appropriate governmental authorities, including, without limitation, to the United States Internal Revenue Service.

SECTION 7

Participant's Interest in Account

Subject to Sections 5.2 (relating to creditor status) and 9.2 (relating to amendment and/or termination of the Plan), a Participant's interest in the balance credited to his or her Account at all times shall be 100% vested and nonforfeitable.

SECTION 8

Administration of the Plan

**8.1 Plan
Administrator**

The Company is hereby designated as the administrator of the Plan (within the meaning of Section 3(16)(A) of ERISA).

8.2 Committee

The Committee shall have the authority to control and manage the operation and administration of the Plan. Any member of the Committee may resign at any time by notice in writing mailed or delivered to the Secretary of the Company.

**8.3 Actions by
Committee**

Each decision of a majority of the members of the Committee then in office shall constitute the final and binding act of the Committee. The Committee may act with or without a meeting being called or held and shall keep minutes of all meetings held and a record of all actions taken by written consent.

**8.4 Powers of
Committee**

The Committee shall have all powers and discretion necessary or appropriate to supervise the administration of the Plan and to control its operation in accordance with its terms, including, but not by way of limitation, the following powers:

- (a) To interpret and determine the meaning and validity of the provisions of the Plan and to determine any question arising under, or in connection with, the administration, operation or validity of the Plan or any amendment thereto;
 - (b) To determine any and all considerations affecting the eligibility of any employee to become a Participant or remain a Participant in the Plan;
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- (c) To cause one or more separate Accounts to be maintained for each Participant;
- (d) To cause Compensation Deferrals, Non-Qualified Core Contributions, and notional income, dividends, appreciation, and depreciation to be credited to Participants' Accounts;
- (e) To establish and revise an accounting method or formula for the Plan, as provided in Section 5.3;
- (f) To determine the manner and form in which any distribution is to be made under the Plan;
- (g) To determine the status and rights of Participants and their spouses, Beneficiaries or estates;
- (h) To employ such counsel, agents and advisers, and to obtain such legal, clerical and other services, as it may deem necessary or appropriate in carrying out the provisions of the Plan;
- (i) To establish, from time to time, rules for the performance of its powers and duties and for the administration of the Plan;
- (j) To arrange for annual distribution to each Participant of a statement of benefits accrued under the Plan;
- (k) To establish a claims and appeal procedure satisfying the minimum standards of Section 503 of ERISA pursuant to which individuals or estates may claim Plan benefits and appeal denials of such claims;
- (l) To delegate to any one or more of its members or to any other person, severally or jointly, the authority to perform for and on behalf of the Committee one or more of the functions of the Committee under the Plan; and
- (m) To decide all issues and questions regarding Account balances, and the time, form, manner, and amount of distributions to Participants.

8.5 Decisions of Committee

Benefits under the Plan will be paid to a person only if the Committee or its delegate decides in its discretion that the person is entitled to such benefits. All actions, interpretations, and decisions of the Committee or its delegate shall be conclusive and binding on all persons, and shall be given the maximum possible deference allowed by law. No action at law or in equity shall be brought to recover benefits under this Plan until the appeal rights herein provided have been exercised and the Plan benefits requested in such appeal have been denied in whole or in part. After exhaustion of the Plan's claim procedures, any further legal action taken against the Plan or its fiduciaries by the Participant or other claimant must be filed in a court of law no later than 120 days after the Committee's final decision regarding the claim.

8.6 Administrative Expenses

Expenses incurred in the administration of the Plan by the Committee or otherwise, including legal fees and expenses, shall be paid by the Employers in such proportions and allocations as the Committee determines.

8.7 Eligibility to Participate

No member of the Committee who is also an employee of an Employer shall be excluded from participating in the Plan if otherwise eligible, but he or she shall not be entitled, as a member of the Committee, to act or pass upon any matters pertaining specifically to his or her own Account under the Plan.

8.8 Indemnification

Each of the Employers shall, and hereby does, indemnify and hold harmless the members of the Committee, from and against any and all losses, claims, damages or liabilities (including attorneys' fees and amounts paid, with the approval of the Board of Directors, in settlement of any claim) arising out of or resulting from the implementation of a duty, act or decision with respect to the Plan, so long as such duty, act or decision does not involve gross negligence or willful misconduct on the part of any such individual.

SECTION 9

Modification or Termination of Plan

9.1 Employers' Obligations Limited

The Employers intend to continue the Plan indefinitely, and to maintain each Participant's Account until it is scheduled to be paid to him or her in accordance with the provisions of the Plan. However, the Plan is voluntary on the part of the Employers, and the Employers do not guarantee to continue the Plan. The Company at any time may, by amendment of the Plan, suspend Compensation Deferrals or Non-Qualified Core Contributions or may discontinue Compensation Deferrals or Non-Qualified Core Contributions, with or without cause.

9.2 Right to Amend or Terminate

The Board of Directors reserves the right to alter, amend or terminate the Plan, or any part thereof, in such manner as it may determine, at any time and for any reason. The Company, in its sole discretion, may seek a private letter ruling from the Internal Revenue Service regarding the tax consequences of the Plan. If such a ruling is sought, the Committee shall have the right to adopt such amendments to the Plan, including retroactive amendments, as the Internal Revenue Service may require as a condition to the issuance of such ruling.

9.3 Effect of Termination

If the Plan is terminated pursuant to this Section 9, the balances credited to the Accounts of the affected Participants shall be distributed to them at the time and in the manner set forth in Section 6; provided, however, that the Committee, in its sole discretion, may authorize accelerated distribution of Participants' Accounts as of any earlier date; provided that with respect to Non-Grandfathered Amounts, such discretion reserved to the Committee to accelerate the form and timing of the distribution of Participants' Accounts shall be exercised only to the extent the termination of the Plan arises pursuant to and in accordance with one of the following provisions:

- (a) Corporate Dissolution or Bankruptcy. The Plan is terminated and liquidated by the Employer within 12 months of a corporate dissolution taxed under Section 331 of the Code, or with the approval of a bankruptcy court pursuant to Section 503(b)(1)(A) of the Bankruptcy Code, provided such amounts are included in the Participants' gross incomes in the latest of the following years (of, if earlier, the taxable year in which such amounts are actually or constructively received) (i) the calendar year in which the Plan is terminated and liquidated, (ii) the first calendar year in which amounts are no longer subject to a substantial risk of forfeiture, or (iii) the first calendar year in which the payment is administratively practicable.
 - (b) Change of Control Event. The Employer takes irrevocable action to terminate and liquidate the Plan within the 30 days before or 12 months after the occurrence of a
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Change of Control, provided that all other plans sponsored by the Employer after the Change of Control with which the Plan is required to be aggregated under Section 409A of the Code are terminated and liquidated with respect to each Participant that experienced the Change of Control, so that all such Participants are required to receive a distribution of the amounts deferred under the Plan and such aggregated plans within 12 months of the date the Employer took such irrevocable action to terminate and liquidate all such aggregated plans.

- (c) Termination of All Similar Arrangements. The Plan is terminated and liquidated by the Employer, provided (i) the termination and liquidation does not occur proximate to a downturn in the financial health of the Employer; (ii) the Employer terminates and liquidates all other plans required to be aggregated under Section 409A if the same Employer had deferrals of compensation under all such aggregated plans, (iii) no payments are made on account of the terminations (other than payments that would have been payable in the absence of the plan terminations) within 12 months of the date the Employer takes irrevocable action to terminate and liquidate all such aggregated plans, (iv) all payments are made within 24 months of the of the date the Employer takes irrevocable action to terminate and liquidate all such aggregated plans, and (vi) within three years following the date the Employer takes irrevocable action to terminate and liquidate all such aggregated plans, the Employer does not establish any new nonqualified deferred compensation plans that would otherwise have been aggregated with the Plan under Section 409A of the Code if the same Participant participated in both plans.
- (d) Other. The Plan is terminated and liquidated pursuant to and in accordance such other events and conditions prescribed under Section 409A of the Code.

SECTION 10

General Provisions

10.1 Inalienability

In no event may either a Participant, a former Participant or his or her Beneficiary, spouse or estate sell, transfer, anticipate, assign, hypothecate, or otherwise dispose of any right or interest under the Plan; and such rights and interests shall not at any time be subject to the claims of creditors nor be liable to attachment, execution or other legal process. Accordingly, for example, a Participant's interest in the Plan is not transferable pursuant to a domestic relations order.

10.2 Successors, Acquisitions, Mergers, Consolidations

The terms and conditions of the Plan shall inure to the benefit of and bind the Employers, the Participants, their successors, assigns and personal representatives.

10.3 Rights and Duties

Neither the Employers nor the Committee shall be subject to any liability or duty under the Plan except as expressly provided in the Plan, or for any action taken, omitted or suffered in good faith.

10.4 No Right to Employer Assets

No participant or other person shall acquire by reason of the Plan any right in or title to any assets, funds or property of the Employers whatsoever, including, without limiting the generality of the foregoing, any

specific funds, assets, or other property which the Employers, in their sole discretion, may set aside in anticipation of liability hereunder. Any benefit which become payable hereunder shall be paid from the general assets of the Employers. A Participant shall have only a contractual right to the amounts, if any, payable hereunder to that Participant. The Employer's obligations under this Plan are not secured or funded in any manner, even if the Company elects to establish a trust with respect to the Plan. Even though benefits provided under the Plan are not funded, the Company may establish a trust to assist in the payment of benefits. All investments under this Plan are notional and do not obligate the Company (or its delegates) to invest the assets of the Company or of any such trust in a similar manner.

10.5 No Enlargement of Employment Rights

Neither the establishment or maintenance of the Plan, the making of any Compensation Deferrals nor any action of any Employer or the Committee, shall be held or construed to confer upon any individual any right to be continued as an employee of the Employer nor, upon dismissal, any right or interest in any specific assets of the Employers other than as provided in the Plan. Each Employer expressly reserves the right to discharge any employee at any time.

10.6 Apportionment of Costs and Duties

All acts required of the Employers under the Plan may be performed by the Company for itself and its Affiliates, and the costs of the Plan may be equitably apportioned by the Committee among the Company and the other Employers. Whenever an Employer is permitted or required under the terms of the Plan to do or perform any act, matter or thing, it shall be done and performed by any officer or employee of the Employer who is thereunto duly authorized by the board of directors of the Employer.

10.7 Compensation Deferrals Not Counted Under Other Employee Benefit Plans

Compensation Deferrals under the Plan will not be considered for purposes of contributions or benefits under any other employee benefit plan sponsored by the Employers.

10.8 Applicable Law

The provisions of the Plan shall be construed, administered and enforced in accordance with applicable Federal law, and to the extent not preempted thereby or inconsistent therewith, with the laws of the State of Wisconsin, without regard to the conflicts of laws provisions of that State or any other jurisdiction. Without limiting the generality and applicability of the foregoing and notwithstanding any provision in the Plan to the contrary, if and to the extent that the payment of any Non-Grandfathered Amounts would otherwise violate the requirements of Section 409A of the Code, such Non-Grandfathered Amounts shall be paid under such other conditions determined by the Administrator or the Committee, as the case may be, that cause the payment of such Non-Grandfathered Amounts to comply with Section 409A of the Code and the Plan shall be construed and administered accordingly to achieve that objective.

10.9 Responsibility for Legal Effect

No representations or warranties, express or implied, are made by the Employers or the Committee and neither the Employers nor the Committee assumes any responsibility concerning the legal, tax, or other implications or effects of the Plan.

10.10 Severability

If any provision of the Plan is held invalid or unenforceable, its invalidity or unenforceability shall not affect any other provisions of the Plan, and in lieu of each provision which is held invalid or unenforceable, there shall be added as part of the Plan a provision that shall be as similar in terms to such invalid or unenforceable provision as may be possible and be valid, legal, and enforceable.

10.11 Captions

The captions contained in and the table of contents prefixed to the Plan are inserted only as a matter of convenience and for reference and in no way define, limit, enlarge or describe the scope or intent of the Plan nor in any way shall affect the construction of any provision of the Plan.

ACTUANT CORPORATION
SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

(Conformed through the First Amendment)

Actuant Corporation, a Wisconsin corporation, maintains the Actuant Corporation Supplemental Executive Retirement Plan (the "Plan") for the benefit of a select group of management and highly compensated employees of the Company and its Affiliates. The Plan is intended to provide such employees with certain supplemental retirement benefits. The Plan is an unfunded deferred compensation plan that is intended to qualify for the exemptions provided in Sections 201, 301, and 401 of ERISA.

The Plan was originally established during the Plan Year starting September 1, 2010, and taking into account Compensation paid beginning September 1, 2010 as described in Section 1.11.

The Plan is designed to comply with the American Jobs Creation Act of 2004, as amended (the "Jobs Act"), Section 409A of the Code, and final Treasury regulations and guidance issued thereunder. In the event of any inconsistency between the terms of the Plan and the Jobs Act or Section 409A of the Code, the terms of the Jobs Act and Section 409A of the Code shall prevail and govern.

SECTION 1

Definitions

The following words and phrases shall have the following meanings unless a different meaning is plainly required by the context:

1.1 "Administrator" shall mean the Company, as provided in Section 8.1.

1.2 "Affiliate" shall mean a corporation, trade or business which is, together with the Company, a member of a controlled group of corporations or an affiliated service group or under common control (within the meaning of Section 414(b), (c) or (m) of the Code), but only for the period during which such other entity is so affiliated with the Company.

1.3 "Age" means a Participant's age in whole years as of the last day of the Plan Year.

1.4 "Beneficiary" shall mean the person or persons entitled to receive benefits under the Plan upon the death of a Participant, as provided in Section 6.6.

1.5 "Board of Directors" shall mean the Board of Directors of the Company, as constituted from time to time.

1.6 "Change of Control" shall mean the date on which the first of the following events occur:

- (a) any one person or more than one person acting as a Group (within the meaning assigned to such term in Treasury Regulation §§1.409A-3(i)(5)(v)(B) and (vi)(D)) (excluding Affiliates) acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) all or substantially all of the business or assets from the Company (but in no event shall a Change of Control be deemed to have occurred where such acquired assets have a total Gross Fair Market Value (as defined below) of less than 40% of the total Gross Fair Market Value of all of the assets of the Company immediately before such acquisition or acquisitions);
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- (b) any one person or more than one person acting as a Group (excluding Affiliates) acquires more than 50% of the total fair market value or total voting power of stock of the Company, provided that if such person or persons are considered either to own more than 50% of the total fair market value or total voting power of the stock of the Company or to possess Effective Control (as defined below) of the Company, the acquisition of additional stock or control, respectively, of the Company by the same person or persons is not considered to cause a Change of Control of the Company under this subsection (b); or
- (c) (i) any one person, or (ii) a majority of the Board of Directors is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board of Directors as constituted before the appointment or election.

“Effective Control” for purposes of this Plan means that any one person or more than one person acting as a Group acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the Company possessing 30% or more of the total voting power of the stock of the Company, provided that if such person or persons are considered either to own more than 50% of the total fair market value or total voting power of the stock of the Company or to possess Effective Control of the Company, the acquisition of additional stock or control, respectively, of the Company by the same person or persons is not considered to cause a change in the Effective Control of the Company. The term “Gross Fair Market Value” shall mean the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets. For purposes of determining stock ownership, the attribution rules described in Section 318(a) of the Code shall apply and stock underlying a vested option is considered owned by the individual who holds the vested option, provided that if a vested option is exercisable for stock that is not substantially vested (as defined by Treasury Regulation §§83-3(b) and (j)), the stock underlying the option shall not be treated as owned by the individual who holds the option. If payments from the Plan are made on account of a Change of Control event described in subsection (a) or (b), above, that occur because the Company or an Affiliate purchases its stock held by the Participant or because the Company, an Affiliate, or a third party purchases a stock right held by the Company or Affiliate, or that are calculated by reference to the value of the Company or Affiliate’s stock, such payments shall be completed not later than 5 years after the Change of Control event. A Change of Control shall be subject to such further rules, conditions, limitations, restrictions, or clarifications prescribed under Section 409A of the Code, including, without limitation, Treasury Regulation §§1.409A-3(i)(5)(v), (vi) and (vii).

1.7 “Code” shall mean the Internal Revenue Code of 1986, as amended. Reference to a specific section of the Code shall include such section, any valid regulation promulgated thereunder, and any comparable provision of any future legislation amending, supplementing or superseding such section.

1.8 “Committee” shall mean the Supplemental Executive Retirement Plan Committee, as it may be constituted from time to time.

1.9 “Company” shall mean Actuant Corporation, a Wisconsin corporation.

1.10 “Company Contributions” shall mean the amounts credited to Participants’ Accounts under the Plan pursuant to Section 3.

1.11 “Compensation” shall mean the base salary of a Participant for a Plan Year beginning on or after September 1, 2010 and any bonuses paid to him or her under any of the Company’s or Affiliate’s incentive or bonus plans during such Plan Year. Any bonuses scheduled to be received by a Participant in the Plan Year following his or her final Plan Year of active participation in the Plan and not otherwise excluded below shall also be included as “Compensation” paid during his or her final Plan Year. Notwithstanding the foregoing, “Compensation” shall not include (a) any bonus or salary payments made pursuant to a Change of Control, (b) any earnings accrued or bonuses paid under the Actuant Corporation Medium Term Incentive Bonus Plan and the Actuant Corporation Long Term Incentive Plan, and (c) any payments or income received from stock options, restricted stock, or restricted stock units. With respect to any given Plan Year, the Committee also retains discretion to include in

“Compensation” any payments made to a Participant by his or her employer prior to such employer becoming an Affiliate.

1.12 “Disability” or “Disabled” shall mean the mental or physical inability of a Participant to perform the regularly assigned duties of his or her employment, provided that such inability (a) has continued or is expected to continue for a period of at least 12 months and (b) is evidenced by the certificate of a physician satisfactory to the Committee stating that such inability exists and is likely to be permanent.

1.13 “Eligible Employee” shall mean any executive serving on the Executive Leadership Team. Notwithstanding the foregoing, any executive serving on the Executive Leadership Team but working outside the United States on a permanent basis shall only be considered an “Eligible Employee” for the Plan Year if such individual submits a request for participation no less than 30 days prior to the beginning of the Plan Year and the Committee approves such request.

1.14 “ERISA” shall mean the Employee Retirement Income Security Act of 1974, as amended. Reference to a specific section of ERISA shall include such section, any valid regulation promulgated thereunder, and any comparable provision of any future legislation amending, supplementing or superseding such section.

1.15 “Participant” shall mean an Eligible Employee who (a) has become a Participant in the Plan pursuant to Section 2.1 and (b) has not ceased to be a Participant pursuant to Section 2.2.

1.16 “Participant’s Account” or “Account” shall mean as to any Participant the separate account maintained on the records of the Company in order to reflect his or her interest under the Plan.

1.17 “Plan” shall mean the Actuant Corporation Supplemental Executive Retirement Plan, as set forth in this instrument and as hereafter amended from time to time, and, to the extent (and only to the extent) required under Section 409A of the Code, any other plan with which the Plan is required to be aggregated under Section 409A of the Code. This Plan is intended to constitute an account balance plan, as defined in Treasury Regulation §1.409A-1(c)(2)(i)(A).

1.18 “Plan Year” shall mean each 12-month period beginning September 1 and ending the following August 31.

1.19 “Termination of Employment” shall mean the date of the Participant’s separation from service (within the meaning of Treasury Regulation §§1.409A-1(h) and 1.409A-2(i)(2)) for any reason, including by reason of death or Disability, with the Company and its Affiliates, except that in applying Sections 1563(a)(1), (2), and (3) of the Code for purposes of determining the controlled group of corporations under Section 414(b) of the Code, the language “at least 50 percent” is used instead of “at least 80 percent” each place it appears in Section 1563(a)(1), (2), and (3) of the Code, and in applying Treasury Regulation §1.414(c)-2 for purposes of determining trades or businesses (whether or not incorporated) that are under common control for purposes of Section 414(c) of the Code, “at least 50 percent” is used instead of “at least 80 percent” each place it appears in Treasury Regulation §1.414(c)-2. The employment relationship is treated as continuing intact while the Participant is on military leave, sick leave, or other bona fide leave of absence if the period of any such leave does not exceed six months, or if longer, so long as the Participant retains the right to reemployment with the Company or an Affiliate under an applicable statute or by contract. A leave of absence constitutes a bona fide leave of absence only if there is a reasonable expectation that the Participant will return to perform services for the Company or an Affiliate. If the period of leave exceeds six months and the Participant does not retain a right to reemployment under an applicable law or by contract, the employment relationship is deemed to terminate on the first date immediately following such six-month period.

1.20 “Years of Service” shall be determined in accordance with the following paragraphs:

- (a) An Eligible Employee shall be credited with one (1) Year of Service for each full, completed year of employment with the Company or an Affiliate.
Full
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years of employment shall be measured from the Eligible Employee's most recent employment date. Partial years of employment shall not be recognized. Years of employment ending prior to the effective date of the Plan are included in determining Years of Service.

- (b) If an Eligible Employee previously worked for the Company or an Affiliate, terminated employment, and was subsequently reemployed by the Company or an Affiliate, full years of employment accrued prior to the most recent reemployment date shall not be counted as Years of Service, except as shall be determined by the Committee in its sole discretion.
- (c) An Eligible Employee's service with a predecessor employer shall not be counted as Years of Service, except as shall be determined by the Committee in its sole discretion.

For purposes of determining the amount of the Company Contribution to which a Participant is entitled under Section 3, a Participant's total Years of Service for a Plan Year shall be determined as of the last day of such Plan Year.

SECTION 2

Participation

2.1 Participation

Each Eligible Employee shall become a Participant in the Plan as of the later of: (a) September 1, 2010 or (b) the date on which the employee becomes an Eligible Employee.

2.2 Termination of Participation

An Eligible Employee who has become a Participant shall remain a Participant until his or her entire vested Account balance is distributed. However, an Eligible Employee who has become a Participant may or may not be an active Participant receiving a Company Contribution for a particular Plan Year, depending upon whether he or she is still serving on the Executive Leadership Team.

SECTION 3

Company Contributions

The Company shall make a Company Contribution to the Plan for a Plan Year on behalf of each Participant, provided that such Participant is serving on the Executive Leadership Team on the last day of such Plan Year or incurred a termination of employment with the Company and all Affiliates prior to the last day of such Plan Year by reason of death, Disability, or another event approved by the Committee in its discretion. The amount of the Company Contribution will equal a percentage of the Participant's Compensation for that Plan Year, and such percentage of Compensation shall be based on the total of the Participant's Age and Years of Service, as determined in accordance with the following chart:

<u>Age + Years of Service</u>	<u>Percentage of Compensation</u>
Less than 50	3%
50-59	4%
60-69	5%
70 or more	6%

Notwithstanding the foregoing, the Committee has the discretion to make a Company Contribution to a Participant based on a fixed dollar amount or percentage of pay other than the percentage set forth above as determined by the Committee, so long as (a) such dollar amount or percentage is higher than the amount or percentage that would otherwise apply based on the chart above; and (b) the Committee communicates the new dollar amount or percentage to the Participant in writing for each Plan Year in which the new dollar amount or percentage applies.

An individual who first becomes a Participant during a Plan Year shall be eligible to receive a Company Contribution for that Plan Year based on Compensation paid during the entire Plan Year, so long as such Participant is otherwise serving on the Executive Leadership Team on the last day of such Plan Year or incurred a termination of employment with the Company and all Affiliates prior to the last day of such Plan Year by reason of death, Disability, or another event approved by the Committee in its discretion.

SECTION 4

Notional Investment of Contributions

The Administrator has designated one investment option, the Deemed Interest Crediting Option, for the notional investment of Participants' Accounts. All Company Contributions made to the Plan, and the deemed interest attributable thereto, shall be invested in the Deemed Interest Crediting Option. This investment option is for recordkeeping purposes only and does not allow Participants to direct any Company assets (or, if applicable, the assets of any trust related to the Plan).

Company Contributions shall be credited with deemed interest as of the end of each month. A Participant's monthly interest credit with respect to the portion of the Participant's Account that is attributable to the Participant's service with the Company or an Affiliate during a particular Plan Year shall be equal to: (a) such portion of the Participant's Account as of the first day of the month, less any distributions of such portion of the Participant's Account during the month pursuant to Section 6, *multiplied by* (b) a rate equal to one-twelfth of the applicable "Deemed Interest Rate." The "Deemed Interest Rate" shall be a rate of interest determined annually by the Committee prior to the beginning of each Plan Year. The Deemed Interest Rate shall be announced to Participants prior to the start of each Plan Year. The Deemed Interest Rate for a Plan Year shall apply to all Company Contributions attributable to service with the Company or an Affiliate during the applicable Plan Year for as long as those contributions are maintained under the Plan.

SECTION 5

Accounting

5.1 Participants' Accounts

For each Plan Year, at the direction of the Administrator, there shall be established and maintained on the records of the Company, a "Company Contribution Account" to reflect the Company Contributions made on the Participant's behalf during such Plan Year and the notional income attributable thereto. Except as expressly modified, all accounts maintained for a Participant are referred to collectively as the Participant's "Account."

5.2 Participants Remain Unsecured Creditors

All amounts credited to a Participant's Account under the Plan shall continue for all purposes to be a part of the general assets of the Company. Each Participant's interest in the Plan shall make him or her only a general, unsecured creditor of the Company.

5.3 Accounting Methods

The accounting methods or formulae to be used under the Plan for the purpose of maintaining the Participants' Accounts, including the calculation and crediting of notional income, shall be determined by the Administrator, in its sole discretion. The accounting methods or formulae selected by the Administrator may be revised from time to time. If a Participant has a question regarding the accounting methods or formulae applicable to the maintenance of his or her Account, the Participant may submit a written request to the Administrator for a written explanation and confirmation of such accounting methods or formulae. However, no Participant or Beneficiary shall have any right to examine books, records, or accounts of the Company in connection with amounts payable under the Plan.

5.4 Reports

Each Participant shall have access at any time to statements of his or her Account, reflecting the status of his or her interest in the Plan.

SECTION 6

Distributions

6.1 General Timing of Distributions

Payment of a Participant's Account shall commence upon the expiration of the six-month period following the Participant's Termination of Employment. In the event amounts under the Plan are payable in installments, the first annual installment shall be delayed not less than six months after such Participant's Termination of Employment, with all other annual installment payments payable as originally scheduled. During the delay in payment specified under this Section 6.1, unpaid amounts shall continue to be credited with notional income. Amounts contributed to the Plan on behalf of a Participant following commencement of his/her payments under the Plan shall be either (i) distributed in a lump sum to the Participant in the same tax year as the rest of the Participant's account balance under this Section, or (ii) with respect to amounts payable in installments under Section 6.2(b), divided by the appropriate fraction (1/5 or 1/10, as elected), and the resulting amount shall be distributed in the same tax year as the first installment payment, with the remainder included in the remainder of the Participant's account to be distributed as part thereof.

6.2 Form of Payment

- (a) Election. For each Plan Year in which a Participant is eligible to receive a Company Contribution, the Participant shall submit a benefit election form as to the form of payment for his or her Company Contribution (and associated notional income) for such Plan Year. The Administrator, in its sole discretion, shall determine the manner and deadlines for Participants to make these form of payment elections, and such election shall become irrevocable on the December 31 immediately prior to the start of such Plan Year. For a Participant who first becomes eligible to participate in the Plan in the middle of a Plan Year, the Participant's benefit election form must be submitted within the first 30 days after becoming an Eligible Employee. Such election shall become irrevocable upon the expiration of this 30-day period. Also, if the Participant first becomes eligible
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after December 31 of a given year, he or she shall also make a benefit election for the forthcoming Plan Year within the first 30 days after becoming an Eligible Employee, and such benefit election shall become irrevocable upon the expiration of the 30-day period. If the Participant fails to complete a benefit election form for a Plan Year, he or she shall receive his or her benefit (and associated notional income) for such Plan Year in accordance with his or her benefit election form for the immediately preceding Plan Year, and if no such benefit election form for the immediately preceding Plan Year exists, in the form of a lump sum.

- (b) Forms of Payment. Payment (or installment payments) of a Participant's Account shall be made in cash. Subject to any acceleration of payments required under this Section 6, a Participant may elect to receive such payment in one of the following forms of payment upon such Participant's Termination of Employment commencing as of the date specified in Section 6.1: (i) a lump sum payment, (ii) five annual installment payments, or (iii) ten annual installment payments; provided, however, that a Participant who elects to receive annual installments for five or ten years shall instead receive payment in a lump sum equal to the balance then credited to his or her Account pursuant to and in accordance with the applicable provisions of this Section 6 if: (A) such Participant's Termination of Employment occurs due to his or her death or Disability, or (B) distribution to such Participant is accelerated due to a Change of Control. If the Participant elected to receive five or ten annual installment payments, subject to any acceleration of payments required under this Section 6, his or her first installment shall be equal to 1/5th or 1/10th (respectively) of the balance then credited to his or her Account that is attributable to service with the Company or an Affiliate during the Plan Year with respect to which the election relates. Each subsequent annual installment shall be paid to the Participant in each of the Participant's subsequent taxable years commencing with such Participant's second taxable year following the taxable year in which his or her Termination of Employment occurred and ending in the Participant's taxable year in which the final annual installment is due. The amount of each subsequent installment shall be equal to the balance then credited to the Participant's Account that is attributable to service with the Company or an Affiliate during the Plan Year with respect to which the election relates, divided by the number of annual installments remaining to be made. While a Participant's Account is in installment payout status, the unpaid balance credited to the Participant's Account shall continue to be credited with notional income.
- (c) No Subsequent Change in Form or Timing of Payment Notwithstanding any provision of this Plan or Section 409A of the Code to the contrary, neither the Participant nor the Company is permitted to change or revoke the form or timing of payment with respect to a Participant's Company Contributions on or after the date on which such election becomes irrevocable.

6.3 Change of Control

If there is a Change of Control, the balance then credited to a Participant's Account shall be distributed to him or her in a lump sum within 90 days after the date of the Change of Control.

6.4 Special Rule for Death

If a Participant dies, the balance then credited to his or her Account shall be distributed to his or her Beneficiary in a lump sum within 90 days after the date of death.

6.5 Forfeiture of Company Contributions

If, prior to a Change of Control, the benefit of any Participant in the Plan becomes subject to any “clawback” or similar forfeiture policy adopted by the Company, then the portion of the Participant’s Account subject to such policy may be forfeited at the discretion of the Committee.

6.6 Beneficiary Designations

Each Participant may, pursuant to such procedures as the Administrator may specify, designate one or more Beneficiaries. A Participant may designate different Beneficiaries (or may revoke a prior Beneficiary designation) at any time by delivering a new designation (or revocation of a prior designation) in like manner. Any designation or revocation shall be effective only if it is received by the Administrator. However, when so received, the designation or revocation shall be effective as of the date the notice is executed (whether or not the Participant still is living), but without prejudice to the Administrator on account of any payment made before the change is recorded. The last effective designation received by the Administrator shall supersede all prior designations. If a Participant dies without having effectively designated a Beneficiary, or if no Beneficiary survives the Participant, the Participant’s Account shall be payable to his or her surviving spouse, or, if the Participant is not survived by his or her spouse, the Account shall be paid to his or her estate.

6.7 Payments to Incompetents

If any individual to whom a benefit is payable under the Plan is a minor or legally incompetent, the Committee shall determine whether payment shall be made directly to the individual, any person acting as his or her custodian or legal guardian under the Uniform Transfers to Minors Act, his or her legal representative or a near relative, or directly for his or her support, maintenance or education.

6.8 Undistributable Accounts

Each Participant and (in the event of death) his or her Beneficiary shall keep the Administrator advised of his or her current address. If the Administrator is unable to locate a Participant to whom a Participant’s Account is payable under this Section 6, the Participant’s Account shall be held in suspense pending location of the Participant, without any prejudice to the Committee, the Administrator, or the Company (and each of their respective authorized delegates), as the case may be, including, without limitation, for any additional tax liability resulting from such delay in payment, provided that such unpaid amounts shall continue to be credited with notional income. If the Administrator is unable to locate a Beneficiary to whom a Participant’s Account is payable under this Section 6 within six (6) months (or such other period during which payment must commence under this Section 6 or, if later, such other period permitted under Section 409A of the Code) of the Participant’s death, the Participant’s Account shall be paid to the Participant’s estate.

6.9 Committee Discretion

Within the specific time periods described in this Section 6, the Committee shall have sole discretion to determine the specific timing of the payment of any Account balance under the Plan. In addition and notwithstanding any contrary provision of the Plan, the Committee, in its sole discretion, may cause the balance credited to a Participant’s Account to be paid to him or her in a lump sum at any time following the Participant’s termination of employment with the Company and all Affiliates. Notwithstanding the foregoing, the Committee shall retain and exercise such discretion reserved hereunder only to the extent such retention and exercise of discretion does not violate the requirements of Section 409A of the Code.

6.10 Withholding; Reporting

To the extent required by law in effect at the time any distribution is made from the Plan, the Company shall withhold any taxes and such other amounts required to be withheld. Further, to the extent required by law, the Company shall report amounts deferred and/or amounts taxable under the Plan to the appropriate governmental authorities, including, without limitation, to the United States Internal Revenue Service.

SECTION 7

Participant's Interest in Account

Subject to Sections 5.2 (relating to creditor status) and 9.2 (relating to amendment and/or termination of the Plan), a Participant's interest in the balance credited to his or her Account shall become fully vested and nonforfeitable at the earliest of the following dates:

- (a) The date the Participant completes five Years of Service.
- (b) The date of the Participant's death while in the employ of the Company or an Affiliate.
- (c) The date of the Participant's Termination of Employment by reason of Disability.
- (d) The Participant's attainment of age 60 while in the employ of the Company or an Affiliate.

SECTION 8

Administration of the Plan

8.1 Plan Administrator

The Company is hereby designated as the administrator of the Plan (within the meaning of Section 3(16)(A) of ERISA).

8.2 Committee

The Committee shall have the authority to control and manage the operation and administration of the Plan. Any member of the Committee may resign at any time by notice in writing mailed or delivered to the Secretary of the Company.

8.3 Actions by Committee

Each decision of a majority of the members of the Committee then in office shall constitute the final and binding act of the Committee. The Committee may act with or without a meeting being called or held and shall keep minutes of all meetings held and a record of all actions taken by written consent.

8.4 Powers of Committee

The Committee shall have all powers and discretion necessary or appropriate to supervise the administration of the Plan and to control its operation in accordance with its terms, including, but not by way of limitation, the following powers:

- (a) To interpret and determine the meaning and validity of the provisions of the Plan and to determine any question arising under, or in connection with, the administration, operation or validity of the Plan or any amendment thereto;
 - (b) To determine any and all considerations affecting the eligibility of any employee to become a Participant or remain a Participant in the Plan;
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- (c) To cause one or more separate Accounts to be maintained for each Participant;
- (d) To cause Company Contributions and notional income to be credited to Participants' Accounts;
- (e) To establish and revise an accounting method or formula for the Plan, as provided in Section 5.3;
- (f) To determine the manner and form in which any distribution is to be made under the Plan;
- (g) To determine the status and rights of Participants and their spouses, Beneficiaries or estates;
- (h) To employ such counsel, agents and advisers, and to obtain such legal, clerical and other services, as it may deem necessary or appropriate in carrying out the provisions of the Plan;
- (i) To establish, from time to time, rules for the performance of its powers and duties and for the administration of the Plan;
- (j) To arrange for annual distribution to each Participant of a statement of benefits accrued under the Plan;
- (k) To establish a claims and appeal procedure satisfying the minimum standards of Section 503 of ERISA pursuant to which individuals or estates may claim Plan benefits and appeal denials of such claims;
- (l) To delegate to any one or more of its members or to any other person, severally or jointly, the authority to perform for and on behalf of the Committee one or more of the functions of the Committee under the Plan; and
- (m) To decide all issues and questions regarding Account balances, and the time, form, manner, and amount of distributions to Participants.

8.5 Decisions of Committee

Benefits under the Plan will be paid to a person only if the Committee or its delegate decides in its discretion that the person is entitled to such benefits. All actions, interpretations, and decisions of the Committee or its delegate shall be conclusive and binding on all persons, and shall be given the maximum possible deference allowed by law. No action at law or in equity shall be brought to recover benefits under this Plan until the appeal rights herein provided have been exercised and the Plan benefits requested in such appeal have been denied in whole or in part. After exhaustion of the Plan's claim procedures, any further legal action taken against the Plan or its fiduciaries by the Participant or other claimant must be filed in a court of law no later than 120 days after the Committee's final decision regarding the claim.

8.6 Administrative Expenses

Expenses incurred in the administration of the Plan by the Committee or otherwise, including legal fees and expenses, shall be paid by the Company in such proportions and allocations as the Committee determines.

8.7 Eligibility to Participate

No member of the Committee who is also an employee of the Company or an Affiliate shall be excluded from participating in the Plan if otherwise eligible, but he or she shall not be entitled, as a member of the Committee, to act or pass upon any matters pertaining specifically to his or her own Account under the Plan.

8.8 Indemnification

The Company and any Affiliates employing Participants shall, and hereby do, indemnify and hold harmless the members of the Committee, from and against any and all losses, claims, damages or liabilities (including attorneys' fees and amounts paid, with the approval of the Board of Directors, in settlement of any claim) arising out of or resulting from the implementation of a duty, act or decision with respect to the Plan, so long as such duty, act or decision does not involve gross negligence or willful misconduct on the part of any such individual.

8.9 Currency

The amount and notional investment of all Company Contributions shall be calculated in U.S. dollars at actual exchange rates, as established by the Committee. Any distributions from this Plan shall also be made in U.S. dollars.

SECTION 9

Modification or Termination of Plan

9.1 Employers' Obligations Limited

The Company intends to continue the Plan indefinitely, and to maintain each Participant's Account until it is scheduled to be paid to him or her in accordance with the provisions of the Plan. However, the Plan is voluntary on the part of the Company, and the Company does not guarantee to continue the Plan. The Company at any time may, by amendment of the Plan, suspend or discontinue Company Contributions, with or without cause. Complete discontinuance of all Company Contributions shall be deemed a termination of the Plan.

9.2 Right to Amend or Terminate

The Board of Directors reserves the right to alter, amend or terminate the Plan, or any part thereof, in such manner as it may determine, at any time and for any reason. The Board of Directors may delegate its authority under this subsection to any individuals or committee. The Company, in its sole discretion, may seek a private letter ruling from the Internal Revenue Service regarding the tax consequences of the Plan. If such a ruling is sought, the Committee shall have the right to adopt such amendments to the Plan, including retroactive amendments, as the Internal Revenue Service may require as a condition to the issuance of such ruling.

9.3 Effect of Termination

If the Plan is terminated pursuant to this Section 9, the balances credited to the Accounts of the affected Participants shall be distributed to them at the time and in the manner set forth in Section 6; provided, however, that the Committee, in its sole discretion, may authorize accelerated distribution of Participants' Accounts as of any earlier date; provided that such discretion reserved to the Committee to accelerate the form and timing of the distribution of Participants' Accounts shall be exercised only to the extent the termination of the Plan arises pursuant to and in accordance with one of the following provisions:

- (a) Corporate Dissolution or Bankruptcy. The Plan is terminated and liquidated by the Company within 12 months of a corporate dissolution taxed under Section 331 of the Code, or with the approval of a bankruptcy court pursuant to Section 503(b)(1)(A) of the Bankruptcy Code, provided such amounts are included in the Participants' gross incomes in the latest of the following years (of, if earlier, the taxable year in which such amounts
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are actually or constructively received): (i) the calendar year in which the Plan is terminated and liquidated, (ii) the first calendar year in which amounts are no longer subject to a substantial risk of forfeiture, or (iii) the first calendar year in which the payment is administratively practicable.

- (b) Change of Control Event. The Company takes irrevocable action to terminate and liquidate the Plan within the 30 days before or 12 months after the occurrence of a Change of Control, provided that all other plans sponsored by the Company and any of its Affiliates after the Change of Control with which the Plan is required to be aggregated under Section 409A of the Code are terminated and liquidated with respect to each Participant that experienced the Change of Control, so that all such Participants are required to receive a distribution of the amounts deferred under the Plan and such aggregated plans within 12 months of the date the Company took such irrevocable action to terminate and liquidate all such aggregated plans.
- (c) Termination of All Similar Arrangements. The Plan is terminated and liquidated by the Company, provided (i) the termination and liquidation does not occur proximate to a downturn in the financial health of the Company; (ii) the Company terminates and liquidates all other plans required to be aggregated under Section 409A if the same Participant had deferrals of compensation under all such aggregated plans, (iii) no payments are made on account of the terminations (other than payments that would have been payable in the absence of the plan terminations) within 12 months of the date the Company takes irrevocable action to terminate and liquidate all such aggregated plans, (iv) all payments are made within 24 months of the of the date the Company takes irrevocable action to terminate and liquidate all such aggregated plans, and (v) within three years following the date the Company takes irrevocable action to terminate and liquidate all such aggregated plans, the Company and its Affiliates do not establish any new nonqualified deferred compensation plans that would otherwise have been aggregated with the Plan under Section 409A of the Code if the same Participant participated in both plans.
- (d) Other. The Plan is terminated and liquidated pursuant to and in accordance such other events and conditions prescribed under Section 409A of the Code.

SECTION 10

General Provisions

10.1 Inalienability

In no event may either a Participant, a former Participant or his or her Beneficiary, spouse or estate sell, transfer, anticipate, assign, hypothecate, or otherwise dispose of any right or interest under the Plan; and such rights and interests shall not at any time be subject to the claims of creditors nor be liable to attachment, execution or other legal process. Accordingly, for example, a Participant's interest in the Plan is not transferable pursuant to a domestic relations order.

10.2 Successors, Acquisitions, Mergers, Consolidations

The terms and conditions of the Plan shall inure to the benefit of and bind the Company, the Participants, their successors, assigns and personal representatives.

10.3 Rights and Duties

Neither the Company nor the Committee shall be subject to any liability or duty under the Plan except as expressly provided in the Plan, or for any action taken, omitted or suffered in good faith.

10.4 No Right to Company Assets

No Participant or other person shall acquire by reason of the Plan any right in or title to any assets, funds or property of the Company whatsoever, including, without limiting the generality of the foregoing, any specific funds, assets, or other property which the Company, in its sole discretion, may set aside in anticipation of liability hereunder. Any benefit which becomes payable hereunder shall be paid from the general assets of the Company. A Participant shall have only a contractual right to the amounts, if any, payable hereunder to that Participant. The Company's obligations under this Plan are not secured or funded in any manner, even if the Company elects to establish a trust with respect to the Plan. Even though benefits provided under the Plan are not funded, the Company may establish a trust to assist in the payment of benefits. All investments under this Plan are notional and do not obligate the Company (or its delegates) to invest the assets of the Company or of any such trust in a similar manner.

10.5 No Enlargement of Employment Rights

Neither the establishment or maintenance of the Plan, the making of any Company Contributions nor any action of the Company or the Committee, shall be held or construed to confer upon any individual any right to be continued as an employee of the Company or any Affiliate nor, upon dismissal, any right or interest in any specific assets of the Employers other than as provided in the Plan. The Company and its Affiliates expressly reserve the right to discharge any employee at any time.

10.6 Apportionment of Costs and Duties

Whenever the Company is permitted or required under the terms of the Plan to do or perform any act, matter or thing, it shall be done and performed by any officer or employee of the Company who is thereunto duly authorized by the Board of Directors of the Company.

10.7 Company Contributions Not Counted Under Other Employee Benefit Plans

Company Contributions under the Plan will not be considered for purposes of contributions or benefits under any other employee benefit plan sponsored by the Company or any of its Affiliates.

10.8 Applicable Law

The provisions of the Plan shall be construed, administered and enforced in accordance with applicable Federal law, and to the extent not preempted thereby or inconsistent therewith, with the laws of the State of Wisconsin, without regard to the conflicts of laws provisions of that State or any other jurisdiction. Without limiting the generality and applicability of the foregoing and notwithstanding any provision in the Plan to the contrary, if and to the extent that the payment of any Accounts would otherwise violate the requirements of Section 409A of the Code, such Accounts shall be paid under such other conditions determined by the Administrator or the Committee, as the case may be, that cause the payment of such Accounts to comply with Section 409A of the Code and the Plan shall be construed and administered accordingly to achieve that objective.

10.9 Responsibility for Legal Effect

No representations or warranties, express or implied, are made by the Company or the Committee and neither the Company nor the Committee assumes any responsibility concerning the legal, tax, or other implications or effects of the Plan.

10.10 Severability

If any provision of the Plan is held invalid or unenforceable, its invalidity or unenforceability shall not affect any other provisions of the Plan, and in lieu of each provision which is held invalid or unenforceable, there shall be added as part of the Plan a provision that shall be as similar in terms to such invalid or unenforceable provision as may be possible and be valid, legal, and enforceable.

10.11 Captions

The captions contained in and the table of contents prefixed to the Plan are inserted only as a matter of convenience and for reference and in no way define, limit, enlarge or describe the scope or intent of the Plan nor in any way shall affect the construction of any provision of the Plan.

CERTIFICATION

I, Mark E. Goldstein, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Actuant Corporation;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, 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 and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting

Date: January 9, 2015

/s/ Mark E. Goldstein

Mark E. Goldstein President and Chief Executive Officer

CERTIFICATION

I, Andrew G. Lampereur, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Actuant Corporation;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, 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 and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting

Date: January 9, 2015

/s/ Andrew G. Lampereur

Andrew G. Lampereur

Executive Vice President and Chief Financial Officer

WRITTEN STATEMENT OF THE CHIEF EXECUTIVE OFFICER

Pursuant to 18 U.S.C. ss.1350, I, the undersigned President and Chief Executive Officer of Actuant Corporation (the "Company"), hereby certify, based on my knowledge, that the Quarterly Report on Form 10-Q of the Company for the quarterly period ended November 30, 2014 (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 as of and for the periods covered in the Report.

Date: January 9, 2015

/s/ Mark E. Goldstein

Mark E. Goldstein

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Actuant Corporation and will be retained by Actuant Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished to the Securities and Exchange Commission as an exhibit to the Form 10-Q and shall not be considered filed as part of the Form 10-Q.

WRITTEN STATEMENT OF THE CHIEF FINANCIAL OFFICER

Pursuant to 18 U.S.C. ss.1350, I, the undersigned Executive Vice President and Chief Financial Officer of Actuant Corporation (the "Company"), hereby certify, based on my knowledge, that the Quarterly Report on Form 10-Q of the Company for the quarterly period ended November 30, 2014 (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 as of and for the periods covered in the Report.

Date: January 9, 2015

/s/ Andrew G. Lampereur

Andrew G. Lampereur

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Actuant Corporation and will be retained by Actuant Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished to the Securities and Exchange Commission as an exhibit to the Form 10-Q and shall not be considered filed as part of the Form 10-Q.