

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 QUARTER ENDED MAY 31, 1996

OR

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

COMMISSION FILE NO. 1-11288

APPLIED POWER INC.

(Exact name of Registrant as specified in its charter)

WISCONSIN

39-0168610

(State of incorporation)

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

13000 WEST SILVER SPRING DRIVE
BUTLER, WISCONSIN 53007
MAILING ADDRESS: P. O. BOX 325, MILWAUKEE, WISCONSIN 53201

(Address of principal executive offices) (Zip Code)

(414) 781-6600

(Registrant's telephone number)

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 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 X NO
----- -----

Number of outstanding shares of Class A Common Stock: 13,582,874 as of June 30, 1996.

The Index to Exhibits appears on Page 14.

1

APPLIED POWER INC.

INDEX

Page No.

PART I - FINANCIAL INFORMATION

Item 1 - Unaudited Condensed Consolidated Financial Statements

Condensed Consolidated Statement of Earnings - Three and Nine Months Ended May 31, 1996 and May 31, 1995	3
Condensed Consolidated Balance Sheet - May 31, 1996 and August 31, 1995	4

Condensed Consolidated Statement of Cash Flows - Nine Months Ended May 31, 1996 and May 31, 1995	5
Notes to Condensed Consolidated Financial Statements	6
Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations	8
PART II - OTHER INFORMATION	
Item 6 - Exhibits and Reports on Form 8-K	12
SIGNATURE	13

PART I - FINANCIAL INFORMATION

ITEM 1 - FINANCIAL STATEMENTS

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

<TABLE>
<CAPTION>

	Three Months Ended		Nine Months Ended	
	MAY 31, 1996	May 31, 1995	MAY 31, 1996	

May 31, 1995				

<S>	<C>	<C>	<C>	<C>
Net Sales	\$ 147,569	\$ 139,353	\$ 423,919	\$
389,653				
Cost of Products Sold	92,124	85,717	262,727	
240,553				

Gross Profit	55,445	53,636	161,192	
149,100				
Engineering, Selling and Administrative Expenses	38,871	39,378	116,529	
110,199				

Operating Earnings	16,574	14,258	44,663	
38,901				
Other Expense (Income):				
Net interest expense	1,977	2,508	6,091	
8,162				
Amortization of intangible assets	1,096	611	2,804	
2,656				
Other - net	37	236	(284)	
1,650				

Earnings Before Income Tax Expense	13,464	10,903	36,052	
26,433				
Income Tax Expense	4,319	3,598	11,547	
9,049				

Earnings Before Extraordinary Item	9,145	7,305	24,505	
17,384				
Extraordinary Loss from Early Extinguishment of Debt, net of income taxes of \$2,423 (4,920)	-	-	-	

Net Earnings 12,464	\$ 9,145	\$ 7,305	\$ 24,505	\$
=====	=====	=====	=====	
Primary Earnings (Loss) Per Share:				
Earnings Before Extraordinary Item 1.27	\$.65	\$.53	\$ 1.75	\$
Extraordinary Loss (0.36)	-	-	-	
-----	-----	-----	-----	----
Earnings Per Share 0.91	\$.65	\$.53	\$ 1.75	\$
=====	=====	=====	=====	
Weighted Average Common and Equivalent Shares 13,685	13,994	13,764	13,968	
=====	=====	=====	=====	
Fully Diluted Earnings (Loss) Per Share:				
Earnings Before Extraordinary Item 1.27	\$.65	\$.53	\$ 1.75	\$
Extraordinary Loss (0.36)	-	-	-	
-----	-----	-----	-----	----
Earnings Per Share 0.91	\$.65	\$.53	\$ 1.75	\$
=====	=====	=====	=====	
Weighted Average Common and Equivalent Shares 13,736	13,994	13,768	13,968	
=====	=====	=====	=====	

</TABLE>

See accompanying Notes to Condensed Consolidated Financial Statements

3

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

<TABLE>
<CAPTION>

	MAY 31, 1996	August 31, 1995
	(UNAUDITED)	
<S>	<C>	<C>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 4,118	\$ 911
Net accounts receivable	71,403	71,000
Net inventories	116,028	103,358
Prepaid taxes and expenses	15,556	15,195
	-----	-----
Total Current Assets	207,105	190,464
Other Assets		
Goodwill	6,264	6,274
Other Intangibles	59,001	57,346
Net Property, Plant and Equipment	31,349	10,427
	75,164	68,435
	-----	-----
Total Assets	\$378,883	\$332,946
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Short-term borrowings	\$ 17,987	\$ 12,620
Trade accounts payable	40,060	37,530
Accrued compensation and benefits	16,993	19,707
Income taxes payable	9,522	7,575
Current maturities of long-term debt	-	187
Other current liabilities	24,695	19,828
	-----	-----
Total Current Liabilities	109,257	97,447

Long-Term Debt, less current maturities	84,188	74,156
Deferred Income Taxes	14,496	16,386
Other Deferred Liabilities	13,462	13,271
Shareholders' Equity		
Common stock, \$0.20 par value per share, authorized 40,000,000 shares, issued and outstanding 13,573,874 and 13,406,590 shares, respectively	2,714	2,681
Additional paid-in capital	32,828	28,328
Retained earnings	117,578	94,285
Cumulative translation adjustments	4,360	6,392
	-----	-----
Total Shareholders' Equity	157,480	131,686
	-----	-----
Total Liabilities and Shareholders' Equity	\$378,883	\$332,946
	=====	=====

</TABLE>

See accompanying Notes to Condensed Consolidated Financial Statements

4

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

<TABLE>
<CAPTION>

	Nine Months Ended	
	MAY 31, 1996	May 31, 1995
	-----	-----
<S>	<C>	<C>
Operating Activities		
- - - - -		
Net Earnings	\$ 24,505	\$ 12,464
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Non-cash charge - Extraordinary loss on debt extinguishment	-	4,920
Depreciation and amortization	15,785	13,749
Provision for deferred taxes	(1,847)	(1,663)
Changes in operating assets and liabilities, excluding the effects of business acquisitions and disposals:		
Accounts receivable	(4,598)	(8,913)
Inventories	(8,477)	(6,525)
Prepaid expenses and other assets	(173)	160
Trade accounts payable	1,043	1,011
Other liabilities	(726)	3,806
Income taxes payable	1,782	(3,888)
	-----	-----
Net Cash Provided By Operating Activities	27,294	15,121
Investing Activities		
- - - - -		
Proceeds on the sale of property, plant and equipment	758	595
Additions to property, plant and equipment	(17,628)	(10,618)
Cash used for business acquisitions	(35,848)	(699)
Proceeds from sale of product lines	5,181	-
Other	3	151
	-----	-----
Net Cash Used In Investing Activities	(47,534)	(10,571)
Financing Activities		
- - - - -		
Extinguishment of private placement debt	-	(64,350)
Make-whole provision - extinguishment	-	(3,960)
Net borrowings under long-term credit agreements	13,119	58,356
Net borrowings on short-term credit facilities	5,600	5,733
Net commercial paper repayments	(3,276)	(5,691)
Additional receivables financed	9,033	5,000
Dividends paid on common stock	(1,212)	(1,194)
Stock options exercised	603	2,670
Other	(48)	-
	-----	-----
Net Cash Provided By (Used In) Financing Activities	23,819	(3,436)

Effect of Exchange Rate Changes on Cash	(372)	222
	-----	-----
Net Increase in Cash and Cash Equivalents	3,207	1,336
Cash and Cash Equivalents - Beginning of Period	911	1,907
	-----	-----
Cash and Cash Equivalents - End of Period	\$ 4,118	\$ 3,243
	=====	=====

</TABLE>

See accompanying Notes to Condensed Consolidated Financial Statements

5

APPLIED POWER INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

NOTE A - BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements of Applied Power Inc. (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. For additional information, refer to the consolidated financial statements and footnotes thereto in the Company's 1995 Annual Report on Form 10-K.

In the opinion of management, all adjustments considered necessary for a fair presentation have been made. Such adjustments consist of only those of a recurring nature, other than the extraordinary charge discussed in Note D - "Extraordinary Charge" and the foreign exchange loss discussed in Note E - "Foreign Currency Exchange Loss." Operating results for the three and nine months ended May 31, 1996 are not necessarily indicative of the results that may be expected for the fiscal year ending August 31, 1996.

NOTE B - ACQUISITIONS

On May 15, 1996, CalTerm, Inc. was merged with a wholly-owned subsidiary of the Company. Consideration included 122,810 shares of Applied Power Inc. Class A Common Stock (valued at approximately \$3,930) and approximately \$1,038 in cash. In addition, the Company assumed approximately \$6,000 of outstanding debt which was extinguished by the Company shortly after the merger. In conjunction with the acquisition, a warehouse operated by CalTerm in Reno, Nevada was purchased for approximately \$2,300 and there were payments of \$1,000 for non-compete agreements. Three individuals received employment agreements and related stock options. Cash payments required were funded through borrowings under existing credit facilities. Goodwill of \$2,151 was recorded as a result of this transaction. Headquartered in San Diego, California, CalTerm is a supplier of electrical consumables and tools primarily to the retail automotive aftermarket. The results of operations of CalTerm subsequent to the acquisition date are included in the Condensed Consolidated Statement of Earnings.

On February 23, 1996, the Company's Wright Line division acquired the European distribution rights for its products for cash of \$1,250 plus forgiveness of accounts receivable outstanding of \$723 from its European distributor. Goodwill of approximately \$1,900 was generated in conjunction with the transaction.

On December 8, 1995, the Company acquired the remaining 10% minority interest in Applied Power Korea. Cash of \$388 was used in the acquisition, which generated goodwill of approximately \$340. The results of operations of this subsidiary have historically been included in the Condensed Consolidated Statement of Earnings.

On October 26, 1995, the Company's Enerpac division acquired the assets of Designed Fluid-Air Systems, Inc. ("DFAS"). Consideration included \$298 in cash plus future royalties over the next five years not to exceed \$500 in the aggregate. Approximately \$100 of the purchase price was assigned to Goodwill. DFAS, located in Oswego, Illinois, designs, fabricates and assembles customized quick die change systems utilizing hydraulic, pneumatic and electrical components. The operating results of DFAS subsequent to the acquisition date are included in the Condensed Consolidated Statement of Earnings.

On September 29, 1995, the Company completed the acquisition of substantially all of the assets and certain liabilities of Vision Plastics Manufacturing Company ("Vision") for \$3,557 in cash. Included in the liabilities assumed was \$1,357 of outstanding mortgage debt, which was subsequently extinguished by the Company during the first quarter. On January 10, 1996, in a separate

transaction, the Company acquired certain proprietary technology rights and patents related to Vision. Total consideration for the two transactions of approximately \$21,500 was funded by proceeds from borrowings under existing credit facilities. Intangible assets of \$19,942 were recorded which included approximately \$950 of Goodwill. Vision, based in San Diego, California, manufactures plastic cable ties which are sold through electrical wholesale, retail and OEM channels. The operating results of Vision subsequent to September 29, 1995 are included in the Condensed Consolidated Statement of Earnings.

6

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

All acquisitions were accounted for using the purchase method.

NOTE C - SALES OF PRODUCT LINES

On January 24, 1996, the Company sold substantially all of the assets and liabilities of its APITECH mobile equipment product line. Total consideration from the transaction, which included future collection of retained accounts receivable, is approximately \$5,200, which approximated the book value of the product line.

On December 13, 1995, the Company's GB Electrical subsidiary sold its HIT spring steel product line for approximately \$2,400 in cash. Proceeds from the sale approximated the book value of the product line.

NOTE D - EXTRAORDINARY CHARGE

During the second quarter of fiscal 1995, the Company recorded an extraordinary loss of \$4,920 (\$0.36 per share) in anticipation of the March 30, 1995 extinguishment of \$64,350 of 9.92% Senior Unsecured Notes. The pre-tax extraordinary loss of \$7,343 is comprised of a make whole provision of \$4,050, costs associated with the cancellation of underlying interest rate swap agreements of \$3,047 and the write-off of deferred finance costs of \$246.

The funds used to retire the debt and pay the make whole obligation were obtained from new borrowings under an existing \$40,000 multi-currency revolving credit agreement and a temporary \$40,000 expansion to the existing multi-currency revolving credit agreement. These borrowings were extinguished on August 21, 1995, and all amounts outstanding were simultaneously reborrowed under a new \$120,000 multi-currency revolving credit agreement. In conjunction with the refinancing, the Company entered into interest rate caps on a notional \$60,000 in borrowings that limit the maximum applicable base rate (three month LIBOR) to 8.0%. Currently the Company incurs interest at .3% - .45% above three month LIBOR. The interest rate caps expire in March, 1997.

NOTE E - FOREIGN CURRENCY EXCHANGE LOSS

Earnings from continuing operations for the nine months ended May 31, 1995 include a \$1,331 foreign currency exchange loss (\$0.06 per share, after tax) for the devaluation of the Mexican peso. Applied Power S.A. de C.V., the Company's Mexican subsidiary, had certain U.S. Dollar denominated liabilities which were impacted by the devaluation. During the second quarter of fiscal 1995, the Company restructured various financial obligations of its Mexican subsidiary to reduce the earnings impact of any potential further devaluation of the peso.

7

ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

RESULTS OF OPERATIONS

The Company reported record sales and earnings per share for the quarter ended May 31, 1996, despite being negatively impacted approximately 3% by the

strengthening U.S. Dollar. Net earnings for the quarter were \$9,145, or \$0.65 per share, compared to \$7,305, or \$0.53 per share, for the third quarter of the prior year. For the first nine months of fiscal 1996, earnings before extraordinary charges were \$24,505, or \$1.75 per share, a 38% improvement over comparable prior year earnings of \$17,384, or \$1.27 per share. A combination of increased sales and lower financing costs contributed to the improved results. Foreign currency translation had a negligible impact on results for the nine month period ended May 31, 1996. Operating results for the nine month period ended May 31, 1995 include a \$1,331, or \$0.06 per share, foreign exchange loss related to the devaluation of the Mexican peso (discussed below).

<TABLE>
<CAPTION>

SALES BY SEGMENT

	Three Months Ended			Nine Months Ended		
	MAY 31, 1996	May 31, 1995	Change	MAY 31, 1996	May 31, 1995	Change
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Distributed Products	\$ 71,120	\$ 69,257	3%	\$207,790	\$194,109	7%
Engineered Solutions	54,223	52,555	3%	148,511	144,832	3%
Wright Line	22,226	17,541	27%	67,618	50,712	33%
Total	\$147,569	\$139,353	6%	\$423,919	\$389,653	9%

</TABLE>

All three business segments posted year-over-year third quarter sales gains. In addition, sales for the first nine months of fiscal 1996 increased 9% over the comparable prior year period, again showing increases at all business segments.

Sales from Distributed Products grew by 3% and 7% for the three and nine month periods ended May 31, 1996, respectively. The third quarter figures include the effect of the strengthening U.S. Dollar, which negatively impacted current period sales by approximately 3%. Of the \$13,681 year-to-date increase in Distributed Products sales, approximately \$7,600 was the net result of acquisitions and dispositions subsequent to the third quarter of fiscal 1995. The remaining incremental sales dollars were primarily brought about by the strengthening of several European economies through the second quarter of fiscal 1996 and continued geographic expansion into developing markets.

Engineered Solutions generated 3% sales increases for both the three and nine months ended May 31, 1996 over the prior year comparable periods. Excluding the foreign currency effect, a 6% growth in Engineered Solutions sales was noted for the third quarter. The sale of its APITECH mobile equipment product line in January, 1996 resulted in \$3,000 in reduced sales in year-to-date totals compared to the corresponding prior year nine month period. The introduction of new vibration isolation technology as well as increased sales in commercial aerospace components more than offset the sales loss of the mobile equipment product line and combined to produce the overall increase.

The year-to-year sales growth of 33% experienced by Wright Line is attributable to the continued strong demand for its existing and new technical environment solutions, its expanded direct sales force throughout 1996 and geographic expansion throughout the U.S. and into Europe and Asia.

8

<TABLE>
<CAPTION>

GROSS PROFIT BY SEGMENT

	Three Months Ended			Nine Months Ended		
	MAY 31, 1996	May 31, 1995	Change	MAY 31, 1996	May 31, 1995	Change
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Distributed Products	\$27,782	\$29,790	(7)%	\$ 84,486	\$ 82,516	2%
Engineered Solutions	16,973	15,221	12%	44,671	41,505	8%
Wright Line	10,690	8,625	24%	32,035	25,079	28%
Total	\$55,445	\$53,636	3%	\$161,192	\$149,100	8%

</TABLE>

The Company's third quarter and year-to-date gross profit increased 3% and 8%,

respectively, over the comparable prior year periods, which was primarily attributable to the increased sales volume. The Company's overall nine month gross profit percentage remained relatively constant at approximately 38%.

As with sales, Distributed Products gross profit was negatively impacted by the currency fluctuations discussed previously. In addition, certain warehousing costs were reclassified in fiscal 1996 from selling expenses to gross profit, thereby reducing margins in comparison to the prior year with no net effect on overall profitability.

The increases noted in gross profit at Engineered Solutions and Wright Line were primarily due to the sales increases generated within these segments.

<TABLE>
<CAPTION>

OPERATING EXPENSES

	Three Months Ended			Nine Months Ended		
	MAY 31, 1996	May 31, 1995	Change	MAY 31, 1996	May 31, 1995	Change
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Engineering	\$ 4,540	\$ 4,223	8 %	\$ 13,530	\$ 11,828	14 %
Selling	24,930	23,054	8 %	74,943	65,050	15 %
Administration	9,401	12,101	(22) %	28,056	33,321	(16) %
Total	\$38,871	\$39,378	(1) %	\$116,529	\$110,199	6 %

</TABLE>

Third quarter operating expenses decreased 1% from the third quarter of fiscal 1995. The prior year amount included costs associated with the downsizing within Distributed Products. Alternately, year-to-date operating expenses were 6% higher than that reported in the comparable prior year period, reflecting the impact of higher sales levels, acquisitions and continued emphasis on development of new product technology. In total, operating expenses are approximately 28% of sales for each of the nine month periods presented.

Engineering expenses have continued to increase over prior year comparable periods and are up 14% for the nine months ended May 31, 1996. Acquisitions completed during the year have added insignificant amounts to engineering expenses for the nine month period ended May 31, 1996. The increase is attributable to new product development expenditures, primarily within Engineered Solutions. The Company believes that its investment in technology in all businesses will continue to provide it with growth opportunities and will enhance its competitive advantage.

Selling expense increases of 8% and 15% for the three and nine month periods ended May 31, 1996, respectively, are primarily sales volume driven, consisting of incremental commissions, advertising and general selling costs. Wright Line has a direct sales force whose compensation is substantially commission-based. As a result of its 33% sales growth over the comparable prior year nine month period, its selling expenses increased at a similar rate, from \$15,709 to \$21,490. Businesses acquired have added approximately \$469 in selling expenses for the nine month period ended May 31, 1996.

The Company's administrative expenses for the third quarter decreased 22% from the prior year. The prior year third quarter included approximately \$1,100 of costs associated with downsizing the European operations. The third quarter and year-to-date fiscal 1996 results include approximately \$347 and \$711, respectively, of additional administrative expenses resulting from acquisitions, which were partially offset by decreases due to the product line dispositions. Overall, administrative expenses for the nine month period ended May 31, 1996 decreased \$5,265, or 16%, over the comparable prior year period. The reduction was distributed throughout all business segments and reflects the results of cost control measures initiated in anticipation of the slowing economy predicted for both the U.S. and Europe.

Interest expense for the three and nine months ended May 31, 1996 decreased significantly from comparable prior year periods due to the combination of lower borrowing rates and lower debt outstanding for a substantial portion of the period. Debt increased in the second and third quarters of fiscal 1996 as a result of the Vision and CalTerm acquisitions. For further information, refer to the Liquidity and Capital Resources discussion below.

Amortization expense for the quarter ended May 31, 1996 increased substantially from the comparable prior year period primarily due to the patents and trademarks purchased from Vision in January, 1996. Year-to-date amortization was only slightly above the fiscal 1995 amount due to the GB Electrical intangible assets which became fully amortized during the second quarter of fiscal 1995.

Included in other expense for the nine months ended May 31, 1995 is a \$1,331 loss attributable to the Mexico peso devaluation which occurred during the second quarter of fiscal 1995. The Company's Mexican subsidiary had certain U.S. Dollar denominated liabilities which were impacted by the devaluation. At that time, the Company restructured various financial obligations of its Mexican subsidiary to reduce the earnings impact of any potential further devaluation of the peso, which has subsequently been insignificant.

The Company recorded an extraordinary loss, net of tax, of \$4,920 (\$0.36 per share) in February, 1995 in anticipation of the March 30, 1995 extinguishment of \$64,350 of 9.92% Senior Unsecured Notes. The pre-tax extraordinary loss of \$7,343 was comprised of a make whole provision of \$4,050, costs associated with the cancellation of underlying interest rate swap agreements of \$3,047, and the write-off of deferred financing costs of \$246. The refinancing provided the Company more flexibility as to prepayment and geographic placement of debt, as well as lower interest rate costs. For further information, refer to Liquidity and Capital Resources below.

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents totaled \$4,118 and \$911 at May 31, 1996 and August 31, 1995, respectively. In order to minimize interest expense, the Company maintains low cash balances by using available cash to reduce short-term debt. The higher cash balance on hand at the end of the third quarter of fiscal 1996 represented the timing of cash received during the last few days of the quarter which was subsequently applied to the debt balance in early June, 1996.

Cash generated from operations, after considering non-cash items and changes in operating assets and liabilities, totaled \$27,294 for the nine months ended May 31, 1996, compared to \$15,121 for the comparable prior year period. Stronger earnings from continuing operations coupled with improved management of accounts receivable and the collection of receivables retained from completed dispositions accounted for the majority of the year-over-year operating cash flow increase.

Cash used in investing activities totaled \$47,534 for the first nine months of fiscal 1996, of which \$35,848 was used for the acquisitions of Vision, CalTerm, the remaining interest in the Company's Korean subsidiary, DFAS and the European distribution rights for Wright Line. Acquisition costs were partially offset by the proceeds received on the sale of the HIT and APITECH mobile equipment product lines totaling \$5,181. In addition, \$17,628 was used for capital expenditures. Higher capital expenditures relative to the prior year reflect the paint line and building additions at Wright Line and warehouse improvements at GB Electrical.

10

<TABLE>

<CAPTION>

TOTAL CAPITALIZATION	MAY 31, 1996		August 31, 1995	
<S>	<C>	<C>	<C>	<C>
Shareholders' Equity	\$157,480	58%	\$131,686	56%
Total Debt	102,175	37%	86,963	37%
Deferred Taxes	14,496	5%	16,386	7%
Total	\$274,151	100%	\$235,035	100%

</TABLE>

During the nine months ended May 31, 1996, outstanding debt increased \$15,212, due primarily to cash outflow for business acquisitions completed during the period. The short-term portion of total debt outstanding was \$17,987 and \$12,807 at May 31, 1996 and August 31, 1995, respectively. Incremental debt requirements were kept minimal by virtue of strong operating cash inflows, proceeds from sales of product lines and an increase in accounts receivable financed. As a result, debt as a percentage of total capitalization at May 31, 1996, at 37%, is consistent with the ratio at the beginning of fiscal 1996. Dividends of \$1,212 were paid, while the exercise of stock options generated an additional \$603 of cash, in the nine month period ended May 31, 1996.

The Company entered into an interest rate swap agreement on a notional \$15,000 in debt in December, 1995. The swap converts the interest rate for a term of seven years from a floating rate to a fixed rate of approximately 6.18%. In May, 1996, three additional swap agreements were initiated. The first switched the interest rate on another notional \$10,000 in debt from a variable rate to a fixed rate of 7.12% for a period of five years. For the same five year period, the interest rate on approximately \$5,500 in debt denominated in Japanese Yen was changed from a floating rate to a fixed 3.38% rate. Approximately \$5,000 in debt denominated in German Marks was also converted from a floating rate to a fixed rate of 4.35% for a two year period.

The Company anticipates that the funds generated from operations and available under credit facilities will be adequate to meet operating, debt service and capital expenditure requirements for the foreseeable future.

OUTLOOK

The Company believes that it is positioned to continue to deliver strong year-over-year improvements in operating results. Including the effect of the recent CalTerm merger, the fourth quarter is expected to have stronger sales growth than the third quarter, ending fiscal 1996 with sales between \$570,000 and \$580,000 and earnings of \$2.35 to \$2.45 per share.

The above estimates for fiscal 1996 represent forward looking statements subject to the safe harbor created by the Private Securities Litigation Reform Act of 1995. Management cautions that these projections are based on current estimates of future performance and are highly dependent upon a variety of factors which could cause actual results to differ from these estimates. These factors include the economic environment in the industrial production, trucking, construction, aerospace, automotive, and defense industries in both North America and Europe. The Company's results are also subject to continued market acceptance of Wright Line's technical environment solutions, operating margin risk due to competitive pricing, foreign currency fluctuations, and interest rate risk.

11

PART II - OTHER INFORMATION

ITEM 6 - EXHIBITS AND REPORTS ON FORM 8-K

- (a) See Index to Exhibits on page 14, which is incorporated herein by reference.
- (b) There were no reports on Form 8-K filed during the three months ended May 31, 1996 or thereafter through the date of this report.

12

SIGNATURE

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

APPLIED POWER INC.

(Registrant)

Date: July 12, 1996

By: /s/Robert C. Arzbaecher

Robert C. Arzbaecher
Vice President and

Chief Financial Officer
(Principal Financial Officer
and duly authorized to sign
on behalf of the registrant)

13

APPLIED POWER INC.
INDEX TO EXHIBITS
FISCAL 1996 THIRD QUARTER 10-Q

<TABLE>
<CAPTION>

Exhibit Number	Description	Page No.
-----	-----	-----
<S>	<C>	<C>
11	Computation of Earnings Per Share	15
27	Financial Data Schedule	16

</TABLE>

14

EXHIBIT 11

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

<TABLE>
<CAPTION>

	Three Months Ended		Nine Months Ended	
	MAY 31, 1996	May 31, 1995	MAY 31, 1996	May 31, 1995
--				
<S>	<C>	<C>	<C>	<C>
PRIMARY:				

Average shares outstanding	13,471	13,307	13,430	13,251
Net effect of dilutive options based on the treasury stock method using average market price	523	457	538	434
-				
Total	13,994	13,764	13,968	
13,685				
=====				
Net earnings(loss):				
Earnings before extraordinary item	\$ 9,145	\$ 7,305	\$24,505	\$17,384
Extraordinary loss on debt extinguishment				
(4,920)				
-				
Net Earnings	\$ 9,145	\$ 7,305	\$24,505	\$12,464
=====				
Primary earnings(loss) per share:				
Earnings before extraordinary item	\$.65	\$ 0.53	\$ 1.75	\$ 1.27
Extraordinary loss on debt extinguishment				
(0.36)				
-				
Net Earnings	\$.65	\$ 0.53	\$ 1.75	\$ 0.91
=====				
FULLY DILUTED:				

Average shares outstanding	13,471	13,307	13,430	13,251
Net effect of dilutive options based on the treasury stock method using the greater of average or period-end market price	523	461	538	485
-				
Total	13,994	13,768	13,968	
13,736				
=====				
Net earnings(loss):				
Earnings before extraordinary item	\$ 9,145	\$ 7,305	\$24,505	\$17,384
Extraordinary loss on debt extinguishment				
(4,920)				
-				
Net Earnings	\$ 9,145	\$ 7,305	\$24,505	\$12,464
=====				
Fully diluted earnings(loss) per share:				
Earnings before extraordinary item	\$.65	\$ 0.53	\$ 1.75	\$ 1.27
Extraordinary loss on debt extinguishment				
(0.36)				
-				
Net Earnings	\$.65	\$ 0.53	\$ 1.75	\$ 0.91
=====				

</TABLE>

<TABLE> <S> <C>

<ARTICLE> 5

<LEGEND>

This schedule contains summary financial information extracted from the unaudited financial statements of Applied Power Inc. for the nine month period ended May 31, 1996 and is qualified in its entirety by reference to such financial statements.

</LEGEND>

<S>	<C>
<PERIOD-TYPE>	YEAR
<FISCAL-YEAR-END>	AUG-31-1996
<PERIOD-END>	MAY-31-1996
<CASH>	4,118
<SECURITIES>	0
<RECEIVABLES>	75,539
<ALLOWANCES>	4,136
<INVENTORY>	116,028
<CURRENT-ASSETS>	207,105
<PP&E>	163,400
<DEPRECIATION>	88,236
<TOTAL-ASSETS>	378,883
<CURRENT-LIABILITIES>	109,257
<BONDS>	84,188
<PREFERRED-MANDATORY>	0
<PREFERRED>	0
<COMMON>	2,714
<OTHER-SE>	154,766
<TOTAL-LIABILITY-AND-EQUITY>	378,883
<SALES>	423,919
<TOTAL-REVENUES>	423,919
<CGS>	262,727
<TOTAL-COSTS>	262,727
<OTHER-EXPENSES>	0
<LOSS-PROVISION>	0
<INTEREST-EXPENSE>	6,091
<INCOME-PRETAX>	36,052
<INCOME-TAX>	11,547
<INCOME-CONTINUING>	24,505
<DISCONTINUED>	0
<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	24,505
<EPS-PRIMARY>	1.75
<EPS-DILUTED>	1.75

</TABLE>