

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 May 31, 2001

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

6100 NORTH BAKER ROAD  
MILWAUKEE, WISCONSIN 53209  
Mailing address: P. O. Box 325, Milwaukee, Wisconsin 53201  
(Address of principal executive offices)

(414) 352-4160  
(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   
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The number of shares outstanding of the registrant's Class A Common Stock as of June 30, 2001 was 7,970,984.

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\*No response to this item is included herein for the reason that it is inapplicable or the answer to such item is negative.

Risk Factors That May Affect Future Results

This quarterly report on Form 10-Q contains certain statements, which are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties. The terms "anticipate," "believe," "estimate," "expect," "objective," "plan," "project" and similar expressions are intended to identify forward-looking statements. Such forward-looking statements are subject to inherent risks and uncertainties that may cause actual results or events to differ materially from those contemplated by such forward-looking statements. In addition to the assumptions and other factors referred to specifically in connection with such statements, factors that may cause actual results or events to differ materially from those contemplated by such forward-looking statements include, without limitation, general economic conditions and market conditions in the recreational vehicle, truck, automotive, industrial production, and construction industries in North America, Europe and, to a lesser extent, Asia, market acceptance of existing and new products, successful integration of acquisitions, competitive pricing, foreign currency risk, interest rate risk, the Company's ability to access capital markets, the Company's high debt level which results in less financial flexibility in terms of debt covenants and debt availability, and other factors that may be referred to or noted in the Company's reports filed with the Securities and Exchange Commission from time to time.

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PART I - FINANCIAL INFORMATION

Item 1 - Financial Statements (unaudited)

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

<TABLE>  
<CAPTION>

Months Ended	Three Months Ended		Nine
	May 31,		May
31,			
-----	-----		-----
2000	2001	2000	2001
-----	-----	-----	-----
<S>	<C>	<C>	<C>
<C>			
Net Sales.....	\$ 123,935	\$ 178,527	\$ 354,790
\$ 535,655			
Cost of Products Sold.....	80,729	112,497	228,778
341,816			
-----			
Gross Profit.....	43,206	66,030	126,012
193,839			
Engineering, Selling and Administrative Expenses.....	23,405	34,761	66,673
103,329			
Amortization of Intangible Assets.....	1,725	1,946	4,593
5,902			
Contract Termination Recovery.....	-	-	-
(1,446)			
Restructuring Charge.....	1,740	-	1,740
-			
Corporate Reorganization Expenses.....	-	962	-
4,449			
-----			
Operating Earnings.....	16,336	28,361	53,006
81,605			
Other Expense (Income):			
Net Financing Costs.....	12,094	8,952	37,594
22,274			
Accounts Receivable Securitization Costs.....	617	798	617
5,618			
Other, net.....	1,177	(172)	(120)
(824)			
-----	-----	-----	-----

Earnings from Continuing Operations before Income Tax Expense... 54,537	2,448	18,783	14,915
Income Tax Expense..... 19,584	990	6,715	6,074
-----			
Earnings from Continuing Operations..... 34,953	1,458	12,068	8,841
Discontinued Operations, net of Income Taxes..... 34,231	(781)	12,892	(781)
Extraordinary Item, net of Income Taxes Loss on Sale of Subsidiary..... (12,186)	-	(12,186)	-
-----			
Net Earnings..... \$ 56,998	\$ 677	\$ 12,774	\$ 8,060
=====			
Basic Earnings Per Share:			
Continuing Operations..... \$ 4.48	\$ 0.18	\$ 1.54	\$ 1.11
Discontinued Operations..... 4.38	(0.10)	1.65	(0.10)
Extraordinary Item..... (1.56)	--	(1.56)	--
-----			
Total..... 7.30	\$ 0.09	\$ 1.63	\$ 1.02
=====			
Diluted Earnings Per Share:			
Continuing Operations..... 4.34	\$ 0.18	\$ 1.50	\$ 1.07
Discontinued Operations..... 4.25	(0.09)	1.60	(0.09)
Extraordinary Item..... (1.51)	--	(1.51)	--
-----			
Total..... \$ 7.07	\$ 0.08	\$ 1.59	\$ 0.97
=====			
Weighted Average Common Shares Outstanding:			
Basic..... 7,809	7,948	7,819	7,937
Diluted..... 8,060	8,235	8,047	8,297

See accompanying Notes to Condensed Consolidated Financial Statements

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

<TABLE>  
<CAPTION>

	May 31, 2001	August 31, 2000
	-----	-----
	(Unaudited)	
ASSETS		
-----		
<S>	<C>	<C>
Current Assets:		
Cash and cash equivalents.....	\$ 632	\$ 9,896
Accounts receivable, net.....	54,772	83,553
Inventories, net.....	59,041	67,599
Deferred income taxes.....	4,526	4,542
Other current assets.....	7,891	38,124
	-----	-----
Total Current Assets.....	126,862	203,714

Property, Plant and Equipment, net.....	44,503	49,168
Goodwill, net.....	121,672	116,348
Other Intangible Assets, net.....	22,255	21,040
Other Long-term Assets.....	25,995	26,711
	-----	-----
Total Assets.....	\$ 341,287	\$ 416,981
	=====	=====

LIABILITIES AND SHAREHOLDERS' EQUITY  
-----

Current Liabilities:		
Short-term borrowings.....	\$ 364	\$ 1,259
Trade accounts payable.....	34,992	43,455
Accrued compensation and benefits.....	12,914	16,365
Income taxes payable.....	13,761	39,852
Other current liabilities.....	25,180	25,312
	-----	-----
Total Current Liabilities.....	87,211	126,243
Long-term Debt.....	388,855	431,215
Deferred Income Taxes.....	4,176	4,486
Other Long-term Liabilities.....	17,825	17,992
Shareholders' Equity:		
Class A common stock, \$0.20 and \$1.00 par value, authorized 16,000,000 and 80,000,000 shares, issued and outstanding 7,960,664 and 7,922,910 shares, respectively.....		
	1,592	7,923
Additional paid-in capital.....	(625,282)	(632,050)
Accumulated other comprehensive income.....	(19,313)	(16,991)
Retained earnings.....	486,223	478,163
	-----	-----
Total Shareholders' Deficit.....	(156,780)	(162,955)
	-----	-----
Total Liabilities and Shareholders' Equity.....	\$ 341,287	\$ 416,981
	=====	=====

</TABLE>

See accompanying Notes to Condensed Consolidated Financial Statements

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

<TABLE>  
<CAPTION>

	Nine Months Ended May 31, 2001	Nine Months Ended May 31, 2000
	-----	-----
	<C>	<C>
<S>		
Operating Activities		
-----		
Net earnings from continuing operations.....	\$ 8,841	\$ 22,766
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization.....	12,369	18,224
Extraordinary loss on sale of subsidiary.....	-	12,186
Other non-cash items.....	(549)	-
Changes in operating assets and liabilities, excluding the effects of business acquisitions:		
Accounts receivable.....	28,354	(24,505)
Inventories.....	8,814	(4,971)
Other assets.....	29,570	2,402
Trade accounts payable.....	(9,287)	7,268
Other accrued liabilities.....	(7,472)	(7,890)
Income taxes payable.....	(25,828)	1,700
	-----	-----
Cash provided by continuing operations.....	44,812	27,180
Cash provided by discontinued operations.....	-	17,704
	-----	-----
Net cash provided by operating activities.....	44,812	44,884
Investing Activities		
-----		
Proceeds from the sale of property, plant and equipment.....	1,907	703
Proceeds from insurance recovery.....	1,118	-
Additions to property, plant and equipment.....	(5,277)	(9,170)

Business acquisitions.....	(11,250)	-
Business dispositions and other.....	1,192	15,233
Net investing activities of discontinued operations.....	-	(42,206)
	-----	-----
Net cash used in investing activities.....	(12,310)	(35,440)
Financing Activities		
- -----		
Net (repayments) borrowings of debt.....	(42,257)	(36,514)
Dividends paid on common stock.....	-	(1,757)
Proceeds from stock option exercises.....	437	1,893
Net financing activities of discontinued operations.....	-	11,657
	-----	-----
Net cash used in financing activities.....	(41,820)	(24,721)
Effect of exchange rate changes on cash.....	54	(173)
	-----	-----
Net decrease in cash and cash equivalents.....	(9,264)	(15,450)
Effect of change in cash of discontinued operations.....	-	15,002
Cash and cash equivalents - beginning of period.....	9,896	7,256
	-----	-----
Cash and cash equivalents - end of period.....	\$ 632	\$ 6,808
	=====	=====

</TABLE>

See accompanying Notes to Condensed Consolidated Financial Statements

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ACTUANT CORPORATION  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(1) Basis of Presentation

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On January 9, 2001, Applied Power Inc. shareholders approved the change of the name of the Company to Actuant Corporation. The accompanying unaudited condensed consolidated financial statements of Actuant Corporation ("Applied Power," "Actuant," or the "Company") have been prepared in accordance with generally accepted accounting principles for interim financial reporting and 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, 2000 was derived from audited financial statements, but does not include all disclosures required by generally accepted accounting principles. For additional information, refer to the consolidated financial statements and related footnotes in the Company's fiscal 2000 Annual Report on Form 10-K.

In the opinion of management, all adjustments considered necessary for a fair presentation of financial results have been made. Such adjustments consist of only those of a normal recurring nature. Operating results for the nine months ended May 31, 2001 are not necessarily indicative of the results that may be expected for the entire fiscal year ending August 31, 2001.

On January 9, 2001, our shareholders approved a reverse stock split whereby every five shares of common stock were converted into one share of common stock. In addition, our shareholders approved a reduction in our authorized Class A common shares from 80 million to 16 million with a similar reduction for other capital stock. Where appropriate, these changes are reflected in these financial statements for all periods presented.

Prior year's financial statements have been reclassified where appropriate to conform to current year presentations.

(2) Distribution and Discontinued Operations

-----

On January 27, 2000, Applied Power's board of directors authorized various actions to enable Applied Power to distribute its Electronics segment ("APW Ltd.") to its shareholders (the "Distribution"). In the Distribution, Applied Power shareholders received, in the form of a special dividend, one share of APW Ltd. common stock for each Applied Power common share. As a result, APW Ltd. became a separately traded, publicly held company. The Distribution was approved by the board of directors on July 7, 2000 and shares of APW Ltd. were distributed to Applied Power shareholders of record at July 21, 2000, effective July 31, 2000.

Accordingly, the Condensed Consolidated Statement of Earnings and the Condensed Consolidated Statement of Cash Flows for the nine months ended May 31, 2000 have been reclassified to reflect the Company's former Electronics segment as a discontinued operation. Thus, the revenues, costs and expenses, and cash flows of the former Electronics segment have been excluded from the respective

captions in the accompanying condensed consolidated financial statements. The net operating results of the former Electronics segment have been reported, net of applicable taxes, as "Discontinued Operations, net of Income Taxes." The net operating results of the discontinued operations include financing costs related to the debt allocated to the Electronics segment.

An \$0.8 million loss was recorded in "Discontinued Operations, net of Income Taxes" for the three months ended May 31, 2001 to reflect a change in estimate for Electronics segment liabilities assumed by the Company as part of the Distribution.

### (3) Acquisitions and Divestitures

On March 1, 2001, the Company, through a wholly owned subsidiary, acquired certain assets and assumed certain liabilities of Dewald Manufacturing, Inc. ("Dewald"). Dewald is engaged in the design and manufacture of recreational vehicle ("RV") slide out and leveling systems for the North American RV market. The results of operations of Dewald are included in the accompanying financial statement since the date of acquisition. The acquisition was accounted for as a purchase, and the purchase price of \$13.4 million (including deferred purchase price of \$1.8 million and transaction costs) was allocated to the fair value of the assets acquired and the liabilities assumed. The excess purchase price over the fair value of assets acquired, which approximates \$8.3 million, was recorded as goodwill and is being amortized over 20 years. This acquisition was funded by borrowings under Actuant credit facilities.

In May 2001, the Company sold its Tools and Supplies Quick Mold Change ("QMC") business to the QMC

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management team for approximately \$1.0 million. The QMC business had revenue of approximately \$6.0 million and a net loss of approximately \$0.3 million in the last twelve months. The sale resulted in a loss of approximately \$0.6 million, \$0.4 million after-tax, or \$0.05 per diluted share which is recorded in "Other Expense (Income), Other."

In May 2001, the Company recorded a charge in "Other Expense (Income), Other" of \$1.5 million, \$0.9 million after-tax, or \$0.11 per diluted share, for the net present value of future lease and holding costs on a building that had been occupied by a former subsidiary. At the time the Company sold the divested business, it received a five-year sub-lease with renewal options. Due to a change in control at the parent company of the divested business, the renewal option was not exercised. We were unsuccessful in subletting the building during the quarter.

On May 26, 2000, the Company completed the sale of Air Cargo Equipment Corporation, a business unit in the Engineered Solutions segment. The total consideration from the transaction, which was structured as both a sale of stock of the Air Cargo Equipment Corporation and a sale of other assets, was \$12.0 million, resulting in an extraordinary loss of \$13.9 million, \$12.2 million after tax, or \$1.51 per diluted share.

During the fourth quarter of fiscal 2000, the Company divested other businesses and discontinued certain product lines, which significantly impacts the comparability of financial information presented. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" for further discussion.

### (4) Sale of Trade Accounts Receivable

During the quarter ended May 31, 2001, the Company sold certain domestic trade accounts receivable in a securitization transaction. In this transaction, the Company retained servicing responsibilities and a subordinated interest in the receivables sold. The investors have no recourse against the Company for failure of debtors to pay when due, and the Company's retained interest in the receivable pool is subordinate to the investor's interests. The Company's retained interest in the receivable pool is recorded at fair value, which was determined based on historical default rates for the trade receivables. The Company recorded a discount on the receivables sold of \$0.2 million and transaction costs of \$0.4 million, both of which are included in "Accounts Receivable Securitization Costs." The Company received \$30 million for sold receivables, which was used to reduce indebtedness under its senior credit agreement.

### (5) Restructuring Charge

The Company adopted plans to restructure portions of its operations in the fiscal third quarter of 2001. These plans are designed to reduce administrative and operational costs and resulted in a charge of \$1.7 million, \$1.0 million after-tax, or \$0.13 per diluted share. Of the pre-tax charge, \$0.3 million related to the consolidation of our RV slide production facilities, \$0.6 related to downsizing our cable tie production facility, and \$0.8 million related to other personnel reductions. The company wrote down the fixed assets at the locations to be closed or downsized to their fair value, less costs to sell, in

the third quarter. We expect net cash proceeds of approximately \$0.5 million from the ultimate disposal of these assets, which should be completed by the third quarter of fiscal 2002. As a result of these plans, we have terminated approximately 36 people.

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

<TABLE>  
<CAPTION>

in thousands	Fiscal 2001 Third Quarter Restructuring Charge	Cash Payments	Charged to Asset Accounts	May 31, 2001 Restructuring Reserve
<S>	<C>	<C>	<C>	<C>
Severance	\$ 822	\$ (225)	\$ -	\$ 597
Exit Costs	820	-	-	820
Asset Impairments	98	-	(98)	-
	\$ 1,740	\$ (225)	\$ (98)	\$ 1,417

</TABLE>

(6) Inventories, Net

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

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

(7) Earnings Per Share

The reconciliations between basic and diluted earnings per share are as follows (in thousands, except per share amounts):

<TABLE>  
<CAPTION>

Ended	Three Months Ended		Nine Months	
	May 31,		May 31,	
	2001	2000	2001	
2000				-
<S>	<C>	<C>	<C>	
Numerator:				
Earnings from continuing operations.....	\$ 1,458	\$ 12,068	\$ 8,841	\$
34,953				
Earnings (loss) from discontinued operations.....	(781)	12,892	(781)	
34,231				
Extraordinary loss, net of tax.....	-	(12,186)	-	
(12,186)				
Net earnings.....	\$ 677	\$ 12,774	\$ 8,060	\$
56,998				
Denominator:				
Weighted average common shares outstanding for				
basic earnings per share.....	7,948	7,819	7,937	
7,809				
Net effect of dilutive stock options based on the				
treasury stock method using average market price.....	287	228	360	
251				
Weighted average common and equivalent				

8,060	shares outstanding for diluted earnings per share.....	8,235	8,047	8,297
=====				
Basic Earnings Per Share:				
4.48	Earnings from continuing operations.....	\$ 0.18	\$ 1.54	\$ 1.11
4.38	Earnings (loss) from discontinued operations.....	(0.10)	1.65	(0.10)
(1.56)	Extraordinary loss, net of tax.....	-	(1.56)	-
-----				
7.30	Basic earnings per share.....	\$ 0.09	\$ 1.63	\$ 1.02
=====				
Diluted Earnings Per Share:				
4.34	Earnings from continuing operations.....	\$ 0.18	\$ 1.50	\$ 1.07
4.25	Earnings (loss) from discontinued operations.....	(0.09)	1.60	(0.09)
(1.51)	Extraordinary loss, net of tax.....	-	(1.51)	-
-----				
7.07	Diluted earnings per share.....	\$ 0.08	\$ 1.59	\$ 0.97
=====				

</TABLE>

Note: Earnings per share data may not total due to rounding.

(8) Comprehensive Income

-----

The components of comprehensive income are as follows (in thousands):

	Three Months Ended May 31,		Nine Months Ended May 31,	
	2001	2000	2001	
2000				
<S>	<C>	<C>	<C>	<C>
56,998	Net earnings.....	\$ 677	\$ 12,774	\$ 8,060
(12,199)	Foreign currency translation adjustments.....	(379)	(9,604)	(2,265)
-	Unrealized loss on interest rate swap.....	(57)	-	(57)
-----				
44,799	Comprehensive income.....	\$ 241	\$ 3,170	\$ 5,738
=====				

</TABLE>

(9) Plant Fire

-----

In February 2001, one of the Company's facilities in Oldenzaal, The Netherlands was damaged by fire. The fire damaged a portion of the leased building, as well as certain inventory and property, plant and equipment contained therein. Additionally, the fire impacted the shipment of product produced on the truck cab-tilt production line that is housed in the damaged facility. The Company is party to an insurance contract that is expected to cover the damaged inventory and equipment as well as the business interruption resulting from the fire. The costs incurred through May 31, 2001 and the net book value of lost assets total \$1.5 million. The Company received advance payments of \$1.5 million from the insurance carrier during the third quarter in partial settlement of the insurance contract. Of the \$1.5 million received, \$1.1 million related to recovery on fixed assets destroyed and the remaining \$0.4 million related to recovery of business interruption costs. A gain of \$1.0 million, \$0.6 million after-tax, or \$0.07 per diluted share, was recorded in "Other Expense (Income),



Other" to reflect the difference between the book value of the assets destroyed and the minimum reimbursement from the insurance carrier received in the quarter. Approximately \$1.0 million of costs associated with the fire loss are recorded in other current assets at May 31, 2001 in the Condensed Consolidated Balance Sheet, which represents amounts expected to be recovered from our insurance carrier. Future insurance recoveries under our insurance policy are probable, and will be recorded net of additional costs associated with the fire, when estimable.

(10) Segment Information

The Company is organized and managed along the lines of its two business segments: Tools & Supplies and Engineered Solutions. Tools & Supplies products include high-force hydraulic tools, electrical tools and consumables, which are sold to a variety of distribution markets including general industrial, construction, production automation, retail do-it-yourself ("DIY"), retail marine and retail automotive aftermarket. Engineered Solutions works with customers to provide customized solutions in the recreational vehicle ("RV"), truck, automotive, medical, and other markets. Products include RV slide-out and leveling systems, hydraulic cab-tilt systems for heavy-duty trucks, electro-hydraulic automotive convertible top actuation systems and extruded and molded silicone products for the medical market. "General corporate and other" as indicated below primarily includes general corporate expenses, financing costs on third party debt and foreign currency exchange adjustments.

The following table summarizes financial information by reportable segment (in thousands):

<TABLE>  
<CAPTION>

	Three Months Ended May 31,		Nine Months Ended May 31,	
	2001	2000	2001	2000
Net Sales:				
Tools & Supplies.....	\$ 68,427	\$ 79,590	\$ 207,111	\$ 230,165
Engineered Solutions.....	55,508	98,937	147,679	305,490
Total.....	\$ 123,935	\$ 178,527	\$ 354,790	\$ 535,655
Earnings Before Income Tax Expense:				
Tools & Supplies.....	\$ 10,493	\$ 14,976	\$ 33,928	\$ 41,248
Engineered Solutions.....	8,998	17,792	24,722	55,412
Corporate and other.....	(17,043)	(13,985)	(43,735)	(42,123)
Total.....	\$ 2,448	\$ 18,783	\$ 14,915	\$ 54,537

</TABLE>

(11) Recent Events

On March 21, 2001, the Company announced that it is in preliminary discussion with a number of parties regarding the possible sale of its Mox-Med business, which is part of the Engineered Solutions segment. Mox-Med provides molded and extruded silicone products for the medical and housewares industries, and has annual net sales of approximately \$20 million. In the event we complete a divestiture of Mox-Med, the net proceeds would be used to reduce our outstanding debt.

(12) Guarantor Condensed Financial Statements

In connection with the Distribution, Actuant issued 13% Senior Subordinated Notes due 2009. All of our material domestic wholly-owned subsidiaries (the "Guarantors") fully and unconditionally guarantee the 13% notes on a joint and several basis. We believe separate financial statements and other disclosures concerning each of the Guarantors would not provide additional information that is material to investors. Therefore, the Guarantors are combined in the presentation below. There are no significant restrictions on the ability of the Guarantors to make distributions to

Actuant. The following tables present the results of operations, financial position and cash flows of Actuant Corporation and its subsidiaries, the Guarantors and non-guarantor entities, and the eliminations necessary to arrive at the information for the Company on a condensed consolidated basis.

CONDENSED CONSOLIDATING STATEMENTS OF EARNINGS  
(Dollars in thousands)

<TABLE>  
<CAPTION>

Three Months Ended May 31, 2001

	Actuant Corporation	Guarantors	Non Guarantors	Eliminations	Consolidated
<S>	<C>	<C>	<C>	<C>	<C>
Net sales.....	\$ 19,100	\$ 64,447	\$ 40,388	--	\$ 123,935
Cost of products sold.....	11,560	42,365	26,804	--	80,729
Gross profit.....	7,540	22,082	13,584	--	43,206
Operating expenses.....	7,440	9,992	7,713	--	25,145
Amortization of intangible assets.....	2	1,639	84	--	1,725
Operating earnings.....	98	10,451	5,787	--	16,336
Other expense(income):					
Intercompany activity, net.....	(2,009)	1,431	578	--	--
Net financing costs.....	12,166	8	537	--	12,711
Other, net.....	(511)	12	1,676	--	1,177
(Loss) Earnings from continuing operations before income tax (benefit) expense.....	(9,548)	9,000	2,996	--	2,448
Income tax (benefit) expense.....	(2,082)	3,154	(82)	--	990
(Loss) Earnings from continuing operations	(7,466)	5,846	3,078	--	1,458
Loss from discontinued operations	--	--	(781)	--	(781)
Net (loss) earnings.....	\$ (7,466)	\$ 5,846	\$ 2,297	--	\$ 677

</TABLE>

<TABLE>  
<CAPTION>

Three Months Ended May 31, 2000

	Actuant Corporation	Guarantors	Non Guarantors	Eliminations	
Consolidated					
<S>	<C>	<C>	<C>	<C>	<C>
Net sales.....	\$ 22,082	\$ 51,642	\$ 104,803	\$ --	\$ 178,527
Cost of products sold.....	12,974	33,395	66,128	--	112,497
Gross profit.....	9,108	18,247	38,675	--	66,030
Operating expenses.....	8,847	7,475	19,401	--	35,723
Amortization of intangible assets.....	2	996	948	--	1,946
Operating earnings.....	259	9,776	18,326	--	28,361
Other expense(income):					
Intercompany activity, net.....	485	3,350	2,243	(6,078)	--
Net financing costs.....	9,257	148	345	--	9,750
Other, net.....	(333)	2	159	--	
(172)					
Earnings(Loss) from continuing operations before income tax (benefit) expense.....	(9,150)	6,276	15,579	6,078	18,783
Income tax (benefit) expense.....	(2,253)	2,916	5,378	674	6,715
Earnings(Loss) from continuing operations..	(6,897)	3,360	10,201	5,404	12,068
Earnings from discontinued operations.....	--	--	12,892	--	12,892
Earnings before extraordinary item.....	(6,897)	3,360	23,093	5,404	24,960
Extraordinary loss.....	--	--	(12,186)	--	
(12,186)					

--	Net (loss) earnings.....	\$ (6,897)	\$ 3,360	\$ 10,907	\$ 5,404	\$ 12,774
		=====	=====	=====	=====	=====

</TABLE>

10

CONDENSED CONSOLIDATING STATEMENTS OF EARNINGS  
(Dollars in thousands)

<TABLE>  
<CAPTION>

	Nine Months Ended May 31, 2001				
	Actuant Corporation	Guarantors	Non Guarantors	Eliminations	Consolidated
<S>	<C>	<C>	<C>	<C>	<C>
Net sales.....	\$ 57,742	\$ 177,349	\$ 119,699	--	\$ 354,790
Cost of products sold.....	34,994	115,782	78,002	--	228,778
	-----	-----	-----	-----	-----
-					
Gross profit.....	22,748	61,567	41,697	--	126,012
Operating expenses.....	18,664	29,191	20,558	--	68,413
Amortization of intangible assets.....	7	4,370	216	--	4,593
	-----	-----	-----	-----	-----
-					
Operating earnings.....	4,077	28,006	20,923	--	53,006
Other expense (income):					
Intercompany activity, net.....	(4,297)	2,649	1,648	--	--
Net financing costs.....	37,197	8	1,006	--	38,211
Other, net.....	(329)	26	183	--	(120)
	-----	-----	-----	-----	-----
-					
(Loss) Earnings from continuing operations before income tax (benefit) expense.....	(28,494)	25,323	18,086	--	14,915
Income tax (benefit) expense.....	(9,068)	9,403	5,739	--	6,074
	-----	-----	-----	-----	-----
-					
(Loss) Earnings from continuing operations.	(19,426)	15,920	12,347	--	8,841
Loss from discontinued operations.....	--	--	(781)	--	(781)
	-----	-----	-----	-----	-----
-					
Net (loss) earnings.....	\$ (19,426)	\$ 15,920	\$ 11,566	--	\$ 8,060
	=====	=====	=====	=====	=====

</TABLE>

<TABLE>  
<CAPTION>

	Nine Months Ended May 31, 2000				
Consolidated	Actuant Corporation	Guarantors	Non Guarantors	Eliminations	
<S>	<C>	<C>	<C>	<C>	<C>
Net sales.....	\$ 63,449	\$ 155,340	\$ 316,866	\$ --	\$ 535,655
Cost of products sold.....	37,423	101,638	202,755	--	341,816
	-----	-----	-----	-----	-----
--					
Gross profit.....	26,026	53,702	114,111	--	193,839
Operating expenses.....	26,139	22,444	57,749	--	106,332
Amortization of intangible assets.....	7	3,041	2,854	--	5,902
	-----	-----	-----	-----	-----
--					
Operating earnings.....	(120)	28,217	53,508	--	81,605
Other expense (income):					
Intercompany activity, net.....	330	9,527	5,857	(15,714)	--
Net financing costs.....	23,219	3,509	1,164	--	27,892
Other, net.....	(846)	141	(119)	--	--
(824)	-----	-----	-----	-----	-----
--					
Earnings (Loss) from continuing operations before income tax (benefit) expense.....	(22,823)	15,040	46,606	15,714	54,537
Income tax (benefit) expense.....	(8,180)	8,875	15,124	3,765	19,584
	-----	-----	-----	-----	-----
--					
Earnings (Loss) from continuing operations..	(14,643)	6,165	31,482	11,949	34,953
Earnings from discontinued operations.....	--	--	34,231	--	34,231

--					
Earnings before extraordinary item.....	(14,643)	6,165	65,713	11,949	69,184
Extraordinary loss..... (12,186)	--	--	(12,186)	--	
--					
Net (loss) earnings.....	\$ (14,643)	\$ 6,165	\$ 53,527	\$ 11,949	\$ 56,998

</TABLE>

11

CONDENSED CONSOLIDATING BALANCE SHEET  
(Dollars in thousands)

<TABLE>  
<CAPTION>

May 31, 2001					
Consolidated	Actuant Corporation	Guarantors	Non Guarantors	Eliminations	
<S>	<C>	<C>	<C>	<C>	<C>
ASSETS					
Current assets					
Cash and cash equivalents.....	\$ 917	\$ (99)	\$ (186)	--	\$ 632
Accounts receivable, net.....	2,838	9,260	42,674	--	54,772
Inventories, net.....	9,046	39,767	10,228	--	59,041
Deferred income taxes.....	3,165	6	1,355	--	4,526
Other current assets.....	3,434	774	3,683	--	7,891
--					
Total current assets.....	19,400	49,708	57,754	--	126,862
Property, plant and equipment, net.....	2,961	33,044	8,498	--	44,503
Goodwill, net.....	--	116,916	4,756	--	121,672
Other intangibles, net.....	12	22,163	80	--	22,255
Other long-term assets.....	25,020	174	801	--	25,995
--					
Total assets.....	\$ 47,393	\$222,005	\$ 71,889	--	\$ 341,287

LIABILITIES AND EQUITY					
Current liabilities					
<S>	<C>	<C>	<C>	<C>	<C>
Short-term borrowings.....	\$ --	\$ --	\$ 364	--	\$ 364
Trade accounts payable.....	5,809	16,047	13,136	--	34,992
Accrued compensation and benefits....	5,186	3,282	4,446	--	12,914
Income taxes payable.....	4,609	7,822	1,330	--	13,761
Other current liabilities.....	9,196	9,106	6,878	--	25,180
--					
Total current liabilities.....	24,800	36,257	26,154	--	87,211
Long-term debt.....	375,745	420	12,690	--	388,855
Deferred income taxes.....	2,969	(1,027)	2,234	--	4,176
Other long-term liabilities.....	17,564	--	261	--	17,825
Intercompany balances, net.....	741,124	(58,868)	(682,256)	--	--
Total shareholders' (deficit) equity.....	(1,114,809)	245,223	712,806	--	(156,780)
--					
Total liabilities and shareholders' equity.	\$ 47,393	\$222,005	\$ 71,889	--	\$ 341,287

</TABLE>

12

CONDENSED CONSOLIDATING BALANCE SHEET  
(Dollars in thousands)

<TABLE>  
<CAPTION>

August 31, 2000					
Consolidated	Actuant Corporation	Guarantors	Non Guarantors	Eliminations	
<S>	<C>	<C>	<C>	<C>	<C>

ASSETS				
Current assets				
Cash and cash equivalents.....	\$ 5,076	\$ 721	\$ 4,099	--
\$ 9,896				
Accounts receivable, net.....	13,837	36,870	32,846	--
83,553				
Inventories, net.....	10,528	45,317	11,754	--
67,599				
Deferred income taxes.....	3,965	6	571	--
4,542				
Other current assets.....	33,593	567	3,964	--
38,124				
--	-----	-----	-----	-----
Total current assets.....	66,999	83,481	53,234	--
203,714				
Property, plant and equipment, net.....	5,010	35,473	8,685	--
49,168				
Goodwill, net.....	--	111,246	5,102	--
116,348				
Other intangibles, net.....	19	20,911	110	--
21,040				
Other long-term assets.....	26,098	133	480	--
26,711				
--	-----	-----	-----	-----
Total assets.....	\$ 98,126	\$ 251,244	\$ 67,611	--
416,981	=====	=====	=====	=====

LIABILITIES AND EQUITY				
Current liabilities				
Short-term borrowings.....	\$ --	\$ --	\$ 1,259	--
\$ 1,259				
Trade accounts payable.....	6,602	25,210	11,643	--
43,455				
Accrued compensation and benefits.....	7,405	4,164	4,796	--
16,365				
Income taxes payable.....	(23,518)	30,660	32,710	--
39,852				
Other current liabilities.....	7,671	8,534	9,107	--
25,312				
--	-----	-----	-----	-----
Total current liabilities.....	(1,840)	68,568	59,515	--
126,243				
Long-term debt.....	430,675	540	--	--
431,215				
Deferred income taxes.....	5,769	(741)	(542)	--
4,486				
Other long-term liabilities.....	17,818	(462)	636	--
17,992				
Intercompany balances, net.....	687,060	(51,241)	(635,819)	--
--				
Total shareholders' (deficit) equity.....	(1,041,356)	234,580	643,821	--
(162,955)				
--	-----	-----	-----	-----
Total liabilities and shareholders' equity.....	\$ 98,126	\$ 251,244	67,611	--
\$ 416,981	=====	=====	=====	=====

</TABLE>

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS  
(Dollars in thousands)

<TABLE>  
<CAPTION>

	Nine Months Ended May 31, 2001			
	Actuant Corporation	Guarantors	Non Guarantors	Eliminations
Consolidated				
--	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
<C>				
Operating activities				
Net earnings(loss) from continuing operations.....	\$ (19,426)	\$ 15,920	\$ 12,347	--

\$ 8,841				
Adjustments to reconcile net earnings (loss) to cash provided by operating activities:				
Depreciation and amortization.....	1,440	8,871	2,058	--
12,369				
Other non-cash items.....	(549)	--	--	--
(549)				
Changes in operating assets and liabilities, net.....	66,747	(262)	(42,334)	--
24,151				
-----	-----	-----	-----	-----
Cash provided by (used in) operations.....	48,212	24,529	(27,929)	--
44,812				
Investing activities				
Proceeds from the sale of PP&E.....	1,907	--	--	--
1,907				
Proceeds from insurance settlement.....	--	--	1,118	--
1,118				
Additions to property, plant and equipment.....	(760)	(1,921)	(2,596)	--
(5,277)				
Business acquisitions.....	--	(11,250)	--	--
(11,250)				
Business dispositions and other.....	--	238	954	--
1,192				
-----	-----	-----	-----	-----
Cash used in investing activities.....	1,147	(12,933)	(524)	--
(12,310)				
Financing activities				
Net (repayments) borrowings of debt.....	(54,643)	(120)	12,506	--
(42,257)				
Stock option exercises and other.....	437	--	--	--
437				
Intercompany (receivables) payables.....	688	(12,296)	11,608	--
--				
-----	-----	-----	-----	-----
Cash (used in) provided by financing activities.....	(53,518)	(12,416)	24,114	--
(41,820)				
Effect of exchange rate changes on cash.....	--	--	54	--
54				
-----	-----	-----	-----	-----
Net decrease in cash and cash equivalents.....	(4,159)	(820)	(4,285)	--
(9,264)				
Cash and cash equivalents--beginning of period.....	5,076	721	4,099	--
9,896				
-----	-----	-----	-----	-----
Cash and cash equivalents--end of period.....	\$ 917	\$ (99)	\$ (186)	--
\$ 632				
=====	=====	=====	=====	=====

</TABLE>

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CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS  
(Dollars in thousands)

<TABLE>  
<CAPTION>

	Nine Months Ended May 31, 2000				
	Actuant Corporation	Guarantors	Non Guarantors	Eliminations	
	-----	-----	-----	-----	-----
Consolidated					--
<S>	<C>	<C>	<C>	<C>	<C>
Operating activities					
Net earnings(loss) from continuing operations...	\$ (14,643)	\$ 6,165	\$ 19,295	\$ 11,949	\$
22,766					
Adjustments to reconcile net earnings (loss) from continuing operations to cash provided by (used in) operating activities:					
Depreciation and amortization.....	1,760	6,162	10,302	--	
18,224					
Extraordinary loss on sale of subsidiary...	--	--	12,186	--	

12,186					
Changes in operating assets and liabilities, net.....	4,016	5,517	(23,580)	(11,949)	
(25,996)					
-----	-----	-----	-----	-----	-
Cash provided by (used in) operating activities..	(8,867)	17,844	18,203	--	
27,180					
Discontinued operations.....	--	--	17,704	--	
17,704					
-----	-----	-----	-----	-----	-
Total cash provided by (used in) operating activities.....	(8,867)	17,844	35,907	--	
44,884					
Investing activities					
Proceeds from the sale of property, plant and equipment.....	14	123	566	--	
703					
Additions to property, plant and equipment.	(610)	(3,806)	(4,754)	--	
(9,170)					
Business dispositions and other.....	--	--	15,233	--	
15,233					
Discontinued operations.....	--	--	(42,206)	--	
(42,206)					
-----	-----	-----	-----	-----	-
Cash used in investing activities.....	(596)	(3,683)	(31,161)		
(35,440)					
Financing activities					
Net repayments of debt.....	(36,514)	--	--	--	
(36,514)					
Dividends paid on common stock.....	(1,757)	--	--	--	
(1,757)					
Stock option exercises and other.....	1,893	--	--	--	
1,893					
Intercompany (receivables) payables.....	44,159	(14,430)	(29,729)	--	
--					
Discontinued operations.....	--	--	11,657	--	
11,657					
-----	-----	-----	-----	-----	-
Cash (used in) provided by financing activities..	7,781	(14,430)	(18,072)	--	
(24,721)					
Effect of exchange rate changes on cash.....	--	--	(173)	--	
(173)					
-----	-----	-----	-----	-----	-
Net (decrease) increase in cash and cash equivalents.....	(1,682)	(269)	(13,499)	--	
(15,450)					
Effect of change in cash of discontinued operations.....	--	--	15,002	--	
15,002					
Cash and cash equivalents--beginning of period.....	(721)	(209)	8,186		
7,256					
-----	-----	-----	-----	-----	-
Cash and cash equivalents--end of period.....	\$ (2,403)	\$ (478)	\$ 9,689	\$ --	\$
6,808					
=====	=====	=====	=====	=====	

</TABLE>

Item 2 - Management's Discussion and Analysis of Financial Condition and

Results of Operations

On January 9, 2001 Applied Power Inc. changed its name to Actuant Corporation. Throughout this "Management's Discussion and Analysis of Financial Condition and Results of Operations" when we refer to "Actuant," "Applied Power," or the "Company," we mean Actuant Corporation and its subsidiaries. Also on January 9, 2001, our shareholders approved a reverse stock split whereby every five shares of common stock were converted into one share of common stock. Where appropriate, this change is reflected in this Form 10-Q for all periods presented.

The Distribution

On January 27, 2000, Applied Power's board of directors authorized various actions to enable Applied Power to distribute its Electronics segment ("APW Ltd.") to its shareholders (the "Distribution"). In the Distribution, Applied Power shareholders received, in the form of a special dividend, one share of APW Ltd. common stock for each Applied Power common share. As a result, APW Ltd. became a separately traded, publicly held company. The Distribution was approved by the board of directors on July 7, 2000 and shares of APW Ltd. were distributed to Applied Power shareholders of record at July 21, 2000, effective July 31, 2000. Applied Power now trades separately on The New York Stock Exchange ("NYSE") under the ticker symbol "ATU." APW Ltd. trades on the NYSE under the ticker symbol "APW."

As a result of the Distribution, the Company's Electronics segment is presented as "discontinued operations" in the accompanying financial statements.

Results of Operations

During fiscal years 2001 and 2000, we divested several businesses and discontinued certain product lines that were no longer considered integral to our business strategy, collectively referred to as the "non-continuing businesses." The following table summarizes the significant divestitures that were completed:

<TABLE>  
<CAPTION>

Divestitures	Segment	Date	Approximate Annual Sales/(1)/
			(in millions)
Quick Mold Change ("QMC")	Tools & Supplies	May 2001	6
Norelem	Tools & Supplies	August 2000	8
Barry Controls	Engineered Solutions	June 2000	120
Air Cargo	Engineered Solutions	May 2000	22
Samuel Groves	Engineered Solutions	October 1999	9

(1) At the time of the transactions.

The comparability of operating results from period to period is impacted by the non-continuing businesses. The tables included in "Results of Continuing Operations" below show the effect, by segment, of the non-continuing businesses on reported results.

Results from Continuing Operations for the Three and Nine Months Ended May 31, 2001 and 2000

Earnings from continuing operations were \$1.5 million, or \$0.18 per diluted share, and \$12.1 million, or \$1.50 per diluted share, for the three months ended May 31, 2001 and 2000, respectively. Earnings from continuing operations for the nine months ended May 31, 2001 and 2000 were \$8.8 million, or \$1.07 per diluted share, and \$35.0 million, or \$4.34 per diluted share, respectively. The Company's operating results for the three and nine month periods ended May 31, 2001 and 2000 include earnings from the divested businesses listed above, which were disposed of in the periods indicated. Furthermore, our current capital structure is different than that which existed during the comparable periods in the prior year since we entered into new credit agreements and issued new subordinated debt in conjunction with the Distribution. Also included are various one time credits or charges recognized during the periods. As a result, certain adjustments must be made to make the results in the Condensed Consolidated Statements of Earnings comparable.

Removing the impact of the divested businesses, the impact of our new capital structure, non-recurring recoveries for contract terminations and insurance settlements, and non-recurring costs associated with product line dispositions, restructuring charges, and excess corporate expenses recognized prior to the Distribution, earnings from continuing operations would have been \$4.1 million, or \$0.50 per diluted share, and \$7.4 million, or \$0.92 per diluted share, for the three months ended May 31, 2001 and 2000, respectively. For the nine months ended May 31, 2001 and 2000,

earnings from continuing operations would have been \$11.8 million, or \$1.43 per diluted share, compared to \$19.3 million, or \$2.39 per diluted share, respectively. This reduction in earnings is due to the impact of currency rates on translated results and slowing economic conditions, especially in the RV market. Following is a discussion of the comparative operating results for the three and nine-month periods ended May 31, 2001 and 2000.



Net Sales by Segment  
(in thousands)

<TABLE>  
<CAPTION>

	Three Months Ended May 31,			Nine Months Ended May 31,		
	2001	2000	Change	2001	2000	Change
---						
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Tools & Supplies.....	\$ 68,427	\$ 79,590	(14.0)%	\$ 207,111	\$ 230,165	(10.0)%
Less: non-continuing / (1) / .....	1,122	5,199		3,339	16,450	
Adjusted Tools & Supplies.....	\$ 67,305	\$ 74,391	(9.5)%	\$ 203,772	\$ 213,715	(4.7)%
Engineered Solutions.....	\$ 55,508	\$ 98,937	(43.9)%	\$ 147,679	\$ 305,490	(51.7)%
Less: non-continuing / (2) / .....	-	41,057		-	129,600	
Adjusted Engineered Solutions..	\$ 55,508	\$ 57,880	(4.1)%	\$ 147,679	\$ 175,890	(16.0)%
Total net sales.....	\$ 123,935	\$ 178,527	(30.6)%	\$ 354,790	\$ 535,655	(33.8)%
Less: Non-continuing / (1) (2) / .....	1,122	46,256		3,339	146,050	
Adjusted net sales.....	\$ 122,813	\$ 132,271	(7.2)%	\$ 351,451	\$ 389,605	(9.8)%

</TABLE>

- (1) "Non-continuing" represents the divested Tools & Supplies businesses, which include Norelem, the automotive line of business, the TAM product line and QMC.
- (2) "Non-continuing" represents the divested Engineered Solutions businesses, which include Barry Controls, Air Cargo, Samuel Groves and Magnets.

Adjusted net sales declined \$9.5 million, or 7.2%, and \$38.2 million, or 9.8%, for the three and nine months ended May 31, 2001, respectively, compared to the prior year periods. The \$38.2 million decline in revenue from fiscal 2000 resulted from a \$10.8 million reduction in RV market sales, negative currency impact of \$11.3 million due to the impact of foreign currency rate changes on translated results, and overall weaker economic conditions which adversely impacted sales to most of our markets.

Tools & Supplies

Adjusted net sales for the Tools & Supplies segment declined from the comparable prior year periods by \$7.1 million and \$9.9 million for the three and nine-months ended May 31, 2001, respectively. Excluding the effect of foreign currency rate changes, which caused \$1.4 million of the third quarter decline and \$4.4 million of the nine month sales decline, Tools & Supplies sales decreased 7.6% and 2.6% compared to the three and nine months ended May 31, 2000, respectively. This decline was driven primarily by the softening U.S. economy. Hydraulic tool sales were down 5.2% and electrical tools and supply sales were down 10.3% in the quarter, as compared to the prior fiscal year period.

Engineered Solutions

Adjusted net sales for the Engineered Solutions segment decreased from the prior year periods by \$2.4 million and \$28.2 million for the three and nine months ended May 31, 2001, respectively. The impact of foreign exchange rates on translated results caused sales declines of \$1.5 million and \$6.9 million for the three and nine months ended May 31, 2001, respectively, as compared to the prior year periods. Our sales to the North American RV market increased in the quarter by \$3.3 million due to \$8.0 million of sales from Dewald, a business acquired at the beginning of the quarter. The North American RV market started slowing in the third quarter of fiscal 2000, with the slowing continuing into the current quarter. Engineered Solutions sales to its largest RV customer were 40% lower in the third quarter of 2001 as compared to the third quarter of 2000 due to weak end user demand and the OEM market share changes. The majority of the remainder of the sales decline for the quarter, after factoring out currency impact and sales to the RV market, resulted from reduced sales to automotive and truck manufacturers of approximately \$3.4 million, reflecting the impact of slower economic conditions.

The \$28.2 million adjusted net sales decline experienced during the nine months ended May 31, 2001 primarily resulted from a \$10.8 million reduction in sales to the RV market and \$6.9 million from foreign currency rate changes. The majority of

the remainder of the decline resulted from slower economic conditions that lowered sales to truck and automobile manufacturers by \$6.9 million.

Gross Profit Margins By Segment

<TABLE>  
<CAPTION>

	Three Months Ended May 31,		Nine Months Ended May 31,	
	2001	2000	2001	2000
<S>	<C>	<C>	<C>	<C>
Tools & Supplies.....	40.8%	42.5%	40.9%	40.9%
Adjusted Tools & Supplies.....	40.8%	41.0%	41.0%	40.6%
Engineered Solutions.....	27.6%	32.6%	28.0%	32.6%
Adjusted Engineered Solutions.....	27.6%	31.8%	28.0%	30.4%
Total gross profit margin.....	34.9%	37.0%	35.5%	36.2%
Total adjusted gross profit margin.....	34.8%	37.0%	35.5%	36.0%

</TABLE>

Tools & Supplies

Adjusted gross profit margins in our Tools & Supplies segment decreased in the quarter, as compared to the prior fiscal quarter. Our production levels were lower than normal, which reduced inventory in line with our goal of lowering working capital employed in the business, but resulted in lower margins. In addition, we experienced high opening order discounts and buybacks associated with significant line fills at two large retail customers which negatively impacted margins in the quarter. For the nine months ended May 31, 2001, these third quarter reductions were offset by our efforts to eliminate low margin SKUs and other costs reduction initiatives undertaken in the period, which resulted in higher gross profit margins.

Engineered Solutions

Engineered Solutions' adjusted gross profit margins decreased in the quarter and year-to-date as compared to the prior fiscal year periods. The quarter over quarter decline is largely due to higher sales of lower margin business, primarily attributable to Dewald. While Dewald sales were very strong in the quarter, sales in our higher margin business units declined. As integration activities continue with implementation of world class performance program initiatives, Dewald margins should improve. We are reducing employment and fixed costs at plants that supply our RV customers, through attrition and by closing one plant.

Engineering, Selling, and Administrative Expense by Segment  
(in thousands)

<TABLE>  
<CAPTION>

	Three Months Ended May 31,			Nine Months Ended May 31,		
	2001	2000	Change	2001	2000	Change
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Tools & Supplies.....	\$ 16,536	\$17,896	(7.6)%	\$48,256	\$ 50,215	(3.9)%
Less: non-continuing/(1)/.....	415	1,616		1,512	4,785	
Adjusted Tools & Supplies...	\$ 16,121	\$16,280	(1.0)%	\$46,744	\$ 45,430	2.9%
Engineered Solutions.....	\$ 5,453	\$13,419	(59.4)%	\$14,511	\$ 41,061	(64.7)%
Less: non-continuing/(2)/.....	-	8,535		-	28,033	
Adjusted Engineered Solutions	\$ 5,453	\$ 4,884	11.7%	\$14,511	\$ 13,028	11.4%
General Corporate.....	\$ 1,416	\$ 3,446	(58.9)%	\$ 3,906	\$ 12,053	(67.6)%
Total ESA.....	\$ 23,405	\$34,761	(32.7)%	\$66,673	\$103,329	(35.5)%
Less: Non-continuing/(1)/(2)/..	415	10,151		1,512	32,818	
Adjusted ESA .....	\$ 22,990	\$24,610	(6.6)%	\$65,161	\$ 70,511	(7.6)%

</TABLE>

- (1) "Non-continuing" represents the divested Tools & Supplies businesses, which include Norelem, the automotive line of business, the TAM product line, and QMC.
- (2) "Non-continuing" represents the divested Engineered Solutions businesses, which include Barry Controls, Air Cargo, Samuel Groves and Magnets.

Adjusted engineering, selling and administrative ("ESA") expenses decreased \$1.6 million and \$5.4 million for the three and nine months ended May 31, 2001, as compared to the prior year periods. The decrease is due largely to a reduction in corporate expenses which, for fiscal 2000, included costs related to both the former Industrial and Electronics business segments of Applied Power. None of these expenses have been allocated to the discontinued operation's financial results.

#### Tools & Supplies

Tools & Supplies adjusted ESA expenses for the fiscal third quarter were flat year over year, but increased 2.9% for the nine months ended May 31, 2001, as compared to the prior year period. This increase in adjusted Tools & Supplies ESA expenses is primarily caused by higher levels of information technology ("IT") costs associated with a new computer system and increased marketing spending associated with tradeshows and promotions.

#### Engineered Solutions

Engineered Solutions adjusted ESA expenses increased by 11.7% for the fiscal 2001 third quarter and 11.4% for the nine months ended May 31, 2001, as compared to the prior year periods. These increases are a result of higher spending on new platform development associated with our convertible top product line and the inclusion of ESA expenses from Dewald, which was acquired on March 1, 2001.

#### Amortization Expense

Amortization expense was lower in the current year periods compared to the prior year primarily due to the non-continuing businesses.

#### Contract Termination Recovery

During the first quarter of fiscal 2000, the Company recovered approximately \$1.4 million of a contract termination charge originally expensed in fiscal 1999 by the Engineered Solutions segment.

#### Restructuring Charge

The Company adopted plans to restructure portions of its operations in the third quarter of fiscal 2001. These plans are designed to reduce administrative and operational costs and resulted in a charge of \$1.7 million, \$1.0 million after-tax,

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or \$0.13 per diluted share. Of the pre-tax charge, \$0.3 million related to the consolidation of our RV slide production facilities, \$0.6 million related to the downsizing of our cable tie production facility, and \$0.8 million related to a staff reduction plan. The company wrote down the fixed assets at the locations to be closed or downsized to their fair value, less costs to sell, in the third quarter. We expect net cash proceeds of approximately \$0.5 million from the ultimate disposal of these assets, which should be complete by the third quarter of fiscal 2002. As a result of these plans, we have terminated approximately 36 people.

#### Other Expense (Income)

Net financing costs for the three and nine-month periods ended May 31, 2001 increased \$3.1 million and \$15.3 million, respectively, compared to the prior fiscal year periods. The increased costs are the result of the realignment of debt in the Distribution. The current credit facilities have higher interest rates than that which had been previously incurred by the Company. Current borrowings consist of those under a senior secured credit agreement (the "Senior Credit Agreement") and the Senior Subordinated Notes, which carry a 13% interest rate.

Accounts Receivable Securitization Costs for fiscal 2001 is comprised of a discount of \$0.2 million and transaction costs of \$0.4 million related to the May 2001 sale of receivables.

Other, net for the three months ended May 31, 2001 is comprised of the following:

	Three Months Ended May 31, 2001 -----
Gain on Insurance recovery.....	\$ (983)
Loss on sale of QMC.....	619
Net present value of idled lease.....	1,531
Net foreign currency transaction gain.....	(344)
Other.....	354
	-----

Other, net..... \$ 1,177  
=====

Other, net for the three months ended May 31, 2000 and for the nine months ended May 31, 2001 and 2000 is comprised primarily of foreign currency gains and losses.

Discontinued Operations and Extraordinary Items

As a result of the Distribution, the results of operations for the Company's Electronics segment is presented as discontinued operations in the financial statements. Earnings from discontinued operations were \$12.9 million, or \$1.60 per diluted share, and \$34.2 million, or \$4.25 per diluted share, for the three and nine months ended May 31, 2000, respectively. An \$0.8 million loss was recorded in "Discontinued Operations, net of Income Taxes" for the three months ended May 31, 2001 to reflect a change in estimate for Electronics segment liabilities assumed by the Company as part of the Distribution.

On May 26, 2000, the Company completed the sale of Air Cargo Equipment Corporation, a business unit in the Engineered Solutions segment. The total consideration from the transaction, which was structured as both a sale of stock of the Air Cargo Equipment Corporation and a sale of other assets, was \$12.0 million, resulting in an extraordinary loss of \$13.9 million, \$12.2 million after tax, or \$1.51 per diluted share.

Liquidity and Capital Resources

Cash and cash equivalents totaled \$0.6 million at May 31, 2001 and \$9.9 million at August 31, 2000. In order to minimize net financing costs, the Company intentionally maintains low cash balances by using available cash to reduce borrowings.

Net cash generated by operating activities of continuing operations totaled \$44.8 million and \$27.2 million for the nine-month periods ended May 31, 2001 and May 31, 2000, respectively. Discontinued operations generated \$17.7 million of cash from operating activities in the nine months ended May 31, 2000. Net cash used in investing and financing activities for the nine months ended May 31, 2001 totaled \$12.3 million and \$41.8 million, respectively. Net cash

used for investing activities primarily consisted of cash paid for acquisitions and capital expenditures, offset by cash received from a partial insurance settlement and proceeds from the sale of fixed assets. Cash used for financing activities primarily consisted of debt repayments.

<TABLE>  
<CAPTION>

Debt	May 31, 2001	August 31, 2000
<S>	<C>	<C>
(in thousands)		
Senior secured debt.....	\$ 178,308	\$ 233,300
Senior subordinated notes, net of discount.....	197,602	197,375
European term loan.....	12,689	-
Other.....	773	1,909
Total Debt.....	\$ 389,372	\$ 432,584

</TABLE>

During the first quarter of fiscal 2001, a European subsidiary of the Company completed a bank term loan financing of 15.0 million Euro. Amortization of the loan begins on January 31, 2003 with semi-annual repayments thereafter and a final maturity of July 31, 2007. The loan interest rate is based on three month EURIBOR with a spread of 1.10%. Proceeds from the borrowing were used to prepay 15.0 million Euro of the Euro denominated term borrowings under the Company's Senior Credit Agreement, which carried a higher rate of interest.

The Company is focused on debt reduction. In the ten months since the Distribution, debt has been reduced by \$61.2 million. During the first nine months of fiscal 2001 debt was reduced \$43.2 million. The Company plans to use all cash provided from operations to fund capital expenditures and reduce debt. In an effort to reduce financing costs and outstanding debt, in May 2001 the Company sold certain domestic trade accounts receivable in a securitization transaction. All proceeds from the sale, which totaled \$30 million, were used to reduce debt. Although focused on debt reduction, when strategic opportunities exist to grow our core business through acquisitions, debt may be incurred. During the third quarter of fiscal 2001 the Company borrowed \$11.3 million to fund the Dewald acquisition.

Dividend payments have not been made in fiscal 2001, nor do we expect to pay dividends in the near future, so that cash flow from operations can be used to reduce debt. At May 31, 2001, the Company had approximately \$36.1 million of

availability under its credit facilities, and was in compliance with all covenants under its debt agreements. The Company believes that availability under its credit facilities, plus funds generated from operations, will be adequate to meet operating, debt service and capital expenditure requirements for the foreseeable future.

#### New Accounting Pronouncements

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In December 1999, the Securities and Exchange Commission ("SEC") released Staff Accounting Bulletin ("SAB") No. 101, "Revenue Recognition in Financial Statements." This bulletin summarizes certain views of the SEC staff on applying generally accepted accounting principles to revenue recognition in financial statements. The SEC staff expressed its view that revenue is realized or realizable and earned when all of the following criteria are met: persuasive evidence of an arrangement exists; delivery has occurred or services have been rendered; the seller's price to the buyer is fixed or determinable; and collectability is reasonably assured. The adoption of SAB 101 did not have a material effect on the Company's earnings or financial position.

Effective September 1, 2000, the Company adopted Statement of Financial Accounting Standard ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities." This statement requires all derivative instruments to be recorded in the balance sheet at fair value. The initial adoption of this statement did not have a material effect on the Company's earnings or financial position.

#### Recent Events

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In February 2001, one of the Company's facilities in Oldenzaal, The Netherlands was damaged by fire. The fire damaged a portion of the leased building, as well as certain inventory and property, plant and equipment contained therein. Additionally, the fire impacted the shipment of product produced on the truck cab-tilt production line that is housed in the damaged facility. The Company is party to an insurance contract that is expected to cover the damaged inventory and equipment as well as the business interruption resulting from the fire. The costs incurred through May 31, 2001 and the net book value of lost assets total \$1.5 million. The Company received advance payments of \$1.5 million from the insurance carrier during the third quarter in partial settlement of the insurance contract. Of the \$1.5 million received, \$1.1 million related to recovery on fixed assets destroyed and the remaining \$0.4 million related to recovery of business interruption costs. A gain of \$1.0 million, \$0.6 million after-tax, or

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\$0.07 per diluted share, was recorded in "Other Expense (Income), Other" to reflect the difference between the book value of the assets destroyed and the minimum reimbursement from the insurance carrier received in the quarter. Approximately \$1.0 million of costs associated with the fire loss are recorded in other current assets at May 31, 2001 in the Condensed Consolidated Balance Sheet, which represents amounts expected to be recovered from our insurance carrier. Future insurance recoveries under our insurance policy are probable, and will be recorded net of additional costs associated with the fire, when estimable.

On March 21, 2001, the Company announced that it is in preliminary discussion with a number of parties regarding the possible sale of its Mox-Med business, which is part of the Engineered Solutions segment. Mox-Med provides molded and extruded silicone products for the medical and housewares industries, and has annual net sales of approximately \$20 million. In the event we complete a divestiture of Mox-Med, the net proceeds would reduce our outstanding debt.

#### Outlook

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Based on current expectations, we believe that revenues will be between \$116 million and \$121 million for the fourth quarter of 2001. At this sales level, EBITDA is projected to be between \$20 million and \$23 million for the quarter, before non-operational items. This estimate is dependant on, among other things, no changes in foreign exchange and interest rates from their present levels, steady economic conditions, and successful implementation of the restructuring program initiated in the fiscal third quarter.

We believe that revenues for fiscal 2002 will range from \$475 million to \$500 million and that EBITDA will range from \$94 million to \$100 million. This estimate is dependant on, among other things, steady economic conditions during the first half of fiscal 2002 with slight improvement during the second half of 2002, foreign exchange and interest rates remaining at their present levels, the successful implementation of the restructuring program initiated in May 2001, and the successful achievement of our fiscal 2001 fourth quarter forecast. In addition, the impact of any divestitures or acquisitions has not been considered. We anticipate debt reduction during fiscal 2002 of \$40 million, excluding the impact of any divestitures or acquisitions, subject to the

achievement of our operating earnings estimate.

Item 3 - Quantitative and Qualitative Disclosures About Market Risk

The Company is exposed to market risk from changes in foreign exchange and interest rates and, to a lesser extent, commodities. To reduce such risks, the Company selectively uses financial instruments. All hedging transactions are authorized and executed pursuant to clearly defined policies and procedures, which strictly prohibit the use of financial instruments for trading purposes.

A discussion of the Company's accounting policies for derivative financial instruments is included in the Company's Annual Report on Form 10-K for the fiscal year ended August 31, 2000 within Note A - "Summary of Significant Accounting Policies" in Notes to Consolidated Financial Statements.

Currency Risk - The Company has significant international operations. In most

instances, the Company's products are produced at manufacturing facilities located near the customer. As a result, significant volumes of finished goods are manufactured in countries for sale into those markets. For goods purchased from other Company affiliates, the Company denominates the transaction in the functional currency of the producing operation.

The Company has adopted the following guidelines to manage its foreign exchange exposures:

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

The Company's identifiable foreign exchange exposures result primarily from the anticipated purchase of product from affiliates and third-party suppliers along with the repayment of intercompany loans with foreign subsidiaries denominated in foreign currencies. The Company periodically identifies areas where we do not have naturally occurring offsetting positions and then purchases hedging instruments to protect against anticipated exposures. There are no such

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hedging instruments in place at May 31, 2001 or through the date of this filing. The Company's financial position is not materially sensitive to fluctuations in exchange rates as any gains or losses on foreign currency exposures are generally offset by gains and losses on underlying payables, receivables and net investments in foreign subsidiaries.

Interest Rate Risk - Given our leverage, we are exposed to interest rate risk

from changes in interest rates. We have periodically utilized interest rate swap agreements historically to manage overall financing costs and interest rate risk. During the quarter ended May 31, 2001, we entered into a contract to swap variable interest rates on \$25 million of our Senior debt for fixed interest rates. We have no other such agreements in place at May 31, 2001, or through the date of this filing. Our Senior Credit Agreement stipulates that the lower of 50% of our total debt or \$200.0 million be fixed interest rate obligations. We are in compliance with this requirement.

PART II - OTHER INFORMATION

Item 5 - Other Information

Notice for Shareholder Proposals

Effective May 4, 2001, the Company amended Section 2.04 of its bylaws to include an advance notice provision. Pursuant to Section 2.04, shareholders must timely submit, to the Company and in writing, any nominations of persons for election as a director or proposals to be considered at an annual meeting of the Company. Generally, to be considered timely under the new provision, a nomination or proposal must be received by the Secretary at the Company's principal office no earlier than 150 days nor later than 120 days prior to the anniversary of the prior year's annual meeting. Each such notice by a shareholder must set forth certain information as specified in Section 2.04 of the Company's bylaws. The date by which a director nomination or shareholder proposal must be received for the 2002 annual meeting is September 11, 2001 and no earlier than August 11, 2001. Notice should be sent to the attention of the Secretary of the Company and must contain specified information concerning the matters to be brought before such meeting and concerning the shareholder proposing such matters. In order to curtail any controversy as to the date on which we receive notice, it is suggested that proponents submit their notice by Certified Mail, Return Receipt Requested. The amended bylaws are being filed as an exhibit to this Report on Form 10-Q and are incorporated by reference herein.

(a) See Index to Exhibits on page 24, which is incorporated herein by reference.

SIGNATURE  
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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  
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(Registrant)

Date: July 12, 2001

By: /s/ Andrew G. Lampereur  
-----  
Andrew G. Lampereur  
Chief Financial Officer

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

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

QUARTERLY REPORT ON FORM 10-Q  
FOR THE QUARTER ENDED MAY 31, 2001  
INDEX TO EXHIBITS

<TABLE>  
<CAPTION>

Exhibit	Description	Incorporated Herein By Reference To	Filed Herewith
<S>	<C>		
3.4	Amended and Restated Bylaws of Actuant Corporation adopted November 7, 1991 and as last amended effective May 4, 2001.		X
4.10	Amendment No 1, dated as of April 9, 2001, to the Credit Agreement dated as of July 31, 2000, among Actuant Corporation, Credit Suisse First Boston as Lead Arranger, Collateral Agent and Administrative Agent, First Union National Bank, as Syndication Agent, ING (U.S.) Capital LLC, as Documentation Agent and the Lenders party thereto.		X
10.25	Receivables Sale Agreement dated as of May 30, 2001, among Actuant Corporation, Del City Wire Co., Inc., GB Tools and Supplies, Inc., Versa Technologies, Inc., and Engineered Solutions, L.P., as Originators, and Actuant Receivables Corporation, as Buyer.		X
10.26	Receivables Purchase Agreement dated as of May 30, 2001, among Actuant Receivables Corporation, as Seller, Actuant Corporation, as Initial Servicer, Blue Ridge Asset Funding Corporation and Wachovia Bank, N.A., as Agent.		X

</TABLE>

AMENDED AND RESTATED BYLAWS

of

ACTUANT CORPORATION

ADOPTED

NOVEMBER 7, 1991

and

AS LAST AMENDED EFFECTIVE MAY 4, 2001

ARTICLE I. OFFICES; RECORDS; FISCAL YEAR

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

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

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

- (a) Minutes of shareholders' and Board of Directors' meetings, any written notices thereof and any written waivers of such notices.
- (b) Records of actions taken by the shareholders or Board of Directors without a meeting.
- (c) Records of actions taken by committees of the Board of Directors in place of the Board of Directors and on behalf of the Corporation.
- (d) Accounting records.
- (e) A record of its shareholders.
- (f) Current Bylaws.

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

ARTICLE II. SHAREHOLDERS

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

2.02. Special Meetings. Special meetings of the shareholders, for any  
-----  
purpose or purposes, unless otherwise prescribed by statute, may be called by the Chairperson of the Board, if there is one, the President or the Board of Directors. If and as required by the Wisconsin Business Corporation Law, a special meeting shall be called upon written demand describing one or more purposes for which it is to be held by holders of shares with at least 10% of



the votes entitled to be cast on any issue proposed to be considered at the meeting. The purpose or

1

purposes of any special meeting shall be described in the notice required by Section 2.04 of these Bylaws.

2.03. Place of Meeting. The Board of Directors may designate any

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

2.04. Notice of Shareholder Nomination(s) and/or Proposal(s).  
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(a) Annual Meetings of Shareholders.  
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(1) Except with respect to nomination(s) or proposal(s) adopted or recommended by the Board of Directors for inclusion in the corporation's proxy statement for its annual meeting, a shareholder entitled to vote at a meeting may nominate a person or persons for election as director(s) or propose action(s) to be taken at a meeting only if written notice of any shareholder nomination(s) and/or proposal(s) to be considered for a vote at an annual meeting. To be timely, a shareholder's notice shall be delivered to the Secretary at the principal executive offices of the corporation no later than the close of business on the 120<sup>th</sup>/ day nor earlier than the close of business on the 150<sup>th</sup>/ day prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is more than 30 days before or more than 60 days after such anniversary date, notice by the shareholder to be timely must be so delivered not earlier than the close of business on the 150<sup>th</sup>/ day prior to such annual meeting and not later than the close of business on the later of the 120<sup>th</sup>/ day prior to such annual meeting or the 10<sup>th</sup>/ day following the day on which public announcement of the date of such meeting is first made. In no event shall the public announcement of an adjournment of an annual meeting commence a new time period for the giving of a shareholder's notice as described above.

(2) With respect to shareholder nomination(s) for the election of directors each such notice shall set forth: (i) the name and address of the shareholder who intends to make the nomination(s), of any beneficial owner of shares on whose behalf such nomination is being made and of the person or persons to be nominated; (ii) a representation that the shareholder is a holder of record of stock of the corporation entitled to vote at such meeting (including the number of shares the shareholder owns as of the record date (or as of the most recent practicable date if no record date has been set) and the length of time the shares have been held) and intends to appear in person or by attorney in fact at the meeting to nominate the person or persons specified in the notice; (iii) a description of all arrangements and understandings between the shareholder or any beneficial holder on whose behalf it holds such shares, and their respective affiliates, and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the shareholder; (iv) such other information regarding each nominee proposed by such shareholder as would have been required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission (whether or not such rules are applicable) had each nominee been nominated, or intended to be nominated, by the Board of Directors; and (v) the consent of each nominee to serve as a director of the corporation if so elected.

(3) With respect to shareholder proposal(s) for action(s) to be taken at an annual meeting of shareholders, the notice shall clearly set forth: (i) the name and address of the shareholder who intends to make the proposal(s); (ii) a representation that the shareholder is a holder of record of the stock of the corporation entitled to vote at the meeting (including the number of shares the shareholder owns as of the record date (or as of the most recent practicable date if no record date has been set) and the length of time the shares have been

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held) and intends to appear in person or by proxy to make the proposal(s) specified in the notice; (iii) the proposal(s) and a brief supporting statement of such proposal(s); (iv) a statement that the shareholder (or the shareholder's legal representative) will attend the meeting and present the proposal; and (v) such other information regarding the proposal(s) as would have been required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission (whether or not such rules are applicable). A shareholder may submit no more than two proposals for a particular meeting of shareholders.

(4) Notwithstanding anything in the second sentence of paragraph (a)(1) of this bylaw to the contrary, in the event that the number of directors to be elected to the Board of Directors of the corporation is increased and there is no public announcement naming all the nominees for director or specifying the size of the increased Board of Directors made by the corporation at least 100 days prior to the first anniversary of the preceding year's annual meeting, a shareholder's notice required by this bylaw shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive offices of the corporation not later than the close of business on the 10/th/ day following the day on which such public announcement is first made by the corporation.

(b) Special Meetings of Shareholders.  
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(1) Except with respect to nomination(s) or proposal(s) adopted or recommended by the Board of Directors for inclusion in the notice to shareholders for a special meeting of shareholders, a shareholder entitled to vote at a special meeting may nominate a person or persons for election as director(s) and/or propose action(s) to be taken at a meeting only if written notice of any shareholder nomination(s) and/or proposal(s) to be considered for a vote at a special meeting is delivered personally or mailed by Certified Mail-Return Receipt Requested to the Corporate Secretary of the corporation at the principal business office of the corporation so that it is received in a reasonable period of time (as determined by the Board) before such special meeting and only if such nomination or proposal is within the purposes described in the notice to shareholders of the special meeting.

(2) With respect to shareholder nomination(s) for the election of directors at a special meeting, a nominating shareholder shall comply with the notice requirements for notices of nominees pertaining to annual meetings under paragraph (a)(2) of this bylaw. With respect to shareholder proposal(s) for action(s) to be taken at a special meeting of shareholders, the notice shall clearly set forth: (i) the name and address of the shareholder who intends to make the proposal(s); (ii) a representation that the shareholder is a holder of record of the stock of the corporation entitled to vote at the meeting (including the number of shares the shareholder owns as of the record date (or as of the most recent practicable date if no record date has been set) and the length of time the shares have been held) and intends to appear in person or by proxy to make the proposal(s) specified in the notice; (iii) the proposal(s) and a brief supporting statement of such proposal(s); (iv) a statement that the shareholder (or the shareholder's legal representative) will attend the meeting and present the proposal; and (v) such other information regarding the proposal(s) as would have been required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission (whether or not such rules are applicable).

(c) General.  
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(1) Only such persons who are nominated in accordance with the procedures set forth in this bylaw shall be eligible to serve as directors and only such business shall be conducted at a meeting of shareholders as shall have been brought before the meeting in accordance with the procedures set forth in this bylaw. Except as otherwise provided by law, the

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Articles of Incorporation or the Bylaws of the corporation, the Chairman of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made, or proposed, as the case may be, in accordance with the procedures set forth in this bylaw and, if such proposed nomination or business is not in compliance with this bylaw, to declare that such defective proposal or nomination shall be disregarded.

(2) For purposes of this bylaw, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the corporation with the Securities and Exchange Commissions pursuant to Section 13, 14 or 15(d) of the Securities Exchange Act of 1934, as amended ("Exchange Act").

(3) Notwithstanding the foregoing provisions of this bylaw, a shareholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this bylaw. Nothing in this bylaw shall be deemed to affect any rights of (i) shareholders to request inclusion of proposals in the corporation's proxy statements pursuant to Rule 14a-8 under the Exchange Act or (ii) the holders of any series of Preferred Stock to elect directors under specified circumstances.

2.05. Fixing of Record Date. The Board of Directors may fix in  
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advance a date as the record date for one or more voting classes for any

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

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

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

2.07. Quorum and Voting Requirements. Except as otherwise provided in  
-----

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

2.08. Conduct of Meetings. The Chairperson of the Board, or if there  
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is none, or in his or her absence, the President, and in the President's absence, a Vice President in the order provided under Section 4.06 of these Bylaws, and in their absence, any person chosen by the shareholders present

shall call the meeting of the shareholders to order and shall act as chairperson of the meeting, and the Secretary shall act as secretary of all meetings of the shareholders, but, in the absence of the Secretary, the presiding officer may appoint any other person to act as secretary of the meeting.

2.09. Proxies. At all meetings of shareholders, a shareholder

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

2.10. Voting of Shares. Each outstanding share shall be entitled to

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one (1) vote on each matter submitted to a vote at a meeting of shareholders, except to the extent that the voting rights of the shares are enlarged, limited or denied by the Articles of Incorporation or the Wisconsin Business Corporation Law. Shares owned directly or indirectly by another corporation are not entitled to vote if this corporation owns, directly or indirectly, sufficient

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shares to elect a majority of the directors of such other corporation. However, the prior sentence shall not limit the power of the corporation to vote any shares, including its own shares, held by it in a fiduciary capacity. Redeemable shares are not entitled to vote after notice of redemption is mailed to the holders and a sum sufficient to redeem the shares has been deposited with a bank, trust company, or other financial institution under an irrevocable obligation to pay the holders the redemption price on surrender of the shares.

ARTICLE III. BOARD OF DIRECTORS

3.01. General Powers and Number. All corporate powers shall be

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exercised by or under the authority of, and the business and affairs of the corporation shall be managed under the direction of, its Board of Directors. The number of directors of the corporation shall be seven (7). The number of directors may be increased or decreased from time to time by amendment to this Section adopted by the shareholders or the Board of Directors, but no decrease shall have the effect of shortening the term of an incumbent director.

3.02. Election, Removal, Tenure and Qualifications. Unless action is

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taken without a meeting under Section 7.01 of these Bylaws, directors shall be elected by a plurality of the votes cast by the shares of the voting class entitled to vote for such directors in the election at a shareholders meeting at which a quorum is present; i.e., the individuals eligible for election by a

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voting class with the largest number of votes in favor of their election are elected as directors up to the maximum number of directors to be chosen in the election by such voting class. Votes against a candidate are not given legal effect and are not counted as votes cast in an election of directors. In the event two (2) or more persons tie for the last vacancy to be filled, a run-off vote shall be taken from among the candidates receiving the tie vote. Each director shall hold office until the next annual meeting of shareholders and until the director's successor shall have been elected or there is a decrease in the number of directors, or until his or her prior death, resignation or removal. Any director may be removed from office by the affirmative vote of a two-thirds majority of the shares outstanding of the class or classes of stock which elected such director at a special meeting of shareholders called for that purpose. Although the foregoing bylaw establishes a greater shareholder voting requirement than is generally provided by the Wisconsin Business Corporation Law, it has not been amended or repealed, and it is therefore effective pursuant to Section 180.1706(4) or successor statutes. The removal may be made with or without cause unless the Articles of Incorporation or these Bylaws provide that directors may be removed only for cause. If a director is elected by a voting class of shareholders, only the shareholders of that voting class may participate in the vote to remove that director. A director may resign at any time by delivering a written resignation to the Board of Directors, to the Chairperson of the Board (if there is one), or to the corporation through the Secretary or otherwise. Directors need not be residents of the State of Wisconsin or shareholders of the corporation. Any person who is seventy (70) years of age or older on the date of a meeting of shareholders shall not be eligible for election or re-election as a director at such meeting.

3.03. Regular Meetings. A regular meeting of the Board of Directors

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shall be held, without other notice than this Bylaw, immediately after the annual meeting of shareholders, and each adjourned session thereof. The place of such regular meeting shall be the same as the place of the meeting of shareholders which precedes it, or such other suitable place as may be announced at such meeting of shareholders or designated in a notice sent to the directors. The Board of Directors and any committee may provide, by resolution, the time and place, either within or without the State of Wisconsin, for the holding of additional regular meetings without other notice than such resolution.

3.04. Special Meetings. Special meetings of the Board of Directors  
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may be called by or at the request of either the Chairperson of the Board, if there is one, or the President. Special meetings of any committee may be called by or at the request of the foregoing persons or

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the chairperson of the committee. The persons calling any special meeting of the Board of Directors or committee may fix any place, either within or without the State of Wisconsin, as the place for holding any special meeting called by them, and if no other place is fixed the place of meeting shall be the principal office of the corporation in the State of Wisconsin.

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

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

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

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

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

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

Directors, but in the absence of the Secretary, the presiding officer may appoint any assistant secretary or any director or other person present to act as secretary of the meeting.

3.10. Vacancies. Any vacancy occurring in the Board of Directors,  
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including a vacancy created by an increase in the number of directors, may be filled by the shareholders or the Board of Directors. If the directors remaining in office constitute fewer than a quorum of the Board, the directors may fill a vacancy by the affirmative vote of a majority of all directors remaining in office. If the vacant office was held by a director elected by a voting class of shareholders, only the holders of shares of that voting class may vote to fill the vacancy if it is filled by the shareholders, and only the remaining directors elected by that voting class may vote to fill the vacancy if it is filled by the directors. A vacancy that will occur at a specific later date (because of a resignation effective at a later date or otherwise) may be filled before the vacancy occurs, but the new director may not take office until the vacancy occurs.

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

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

3.13. Committees. Unless the Articles of Incorporation otherwise  
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provide, the Board of Directors, by resolution adopted by the affirmative vote of a majority of all the directors then in office, may create one (1) or more committees. Each committee shall consist of three (3) or more directors as members. An Executive Committee so appointed shall have and may exercise, when the Board of Directors is not in session, the powers of the Board of Directors in the management of the business and affairs of the corporation, subject to the limitations set forth in this Section 3.13 and any additional limitations provided by resolution adopted by the affirmative vote of the directors then in office. Committees other than an Executive Committee, to the extent provided in the resolution adopted by the Board of Directors creating such other committees, and as thereafter supplemented or amended by further resolution adopted by a like vote, may exercise the authority of the Board of Directors, except that neither the Executive Committee nor any other committee may: (a) authorize distributions; (b) approve or propose to shareholders action that the Wisconsin Business Corporation Law requires be approved by shareholders; (c) fill vacancies on the Board of Directors or any of its committees, except that the Board of Directors may provide by resolution that any vacancies on a committee shall be filled by the affirmative vote of a majority of the remaining committee members; (d) amend the Articles of Incorporation; (e) adopt, amend or repeal Bylaws; (f) approve a plan of merger not requiring shareholder approval; (g) authorize or approve reacquisition of shares, except according to a formula or method prescribed by the Board of Directors or (h) authorize or approve the issuance or sale or contract for sale of shares, or determine the designation and relative rights, preferences and limitations of a class or series of shares, except within limits prescribed by the Board of Directors. The Board of Directors may elect one or more of its members as alternate members of any such committee who may take the place of any absent member or members at any meeting of such committee, upon request by the Chairperson of the Board, if there is one, the President or upon request by the chairperson of such meeting. Each such committee shall fix its own rules (consistent with the Wisconsin Business Corporation Law, the Articles of

Incorporation and these Bylaws) governing the conduct of its activities and shall make such reports to the Board of Directors of its activities as the Board of Directors may request. Unless otherwise provided by the Board of Directors in creating a committee, a committee may employ counsel, accountants and other consultants to assist it in the exercise of authority. The creation of a committee, delegation of authority to a committee or action by a committee does not relieve the Board of Directors or any of its members of any responsibility

imposed on the Board of Directors or its members by law.

ARTICLE IV. OFFICERS

4.01. Appointment. The principal officers shall include a President,

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

4.02. Resignation and Removal. An officer shall hold office until he

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

4.03. Vacancies. A vacancy in any office because of death,

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

4.04. Chairperson of the Board. The Board of Directors may at its

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

4.05. President. The President shall be the principal executive

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officer and, subject to the control and direction of the Board of Directors, shall in general supervise and control all of the business and affairs of the corporation. He or she shall, in the absence of the Chairperson of the Board (if one is appointed), preside at all meetings of the shareholders and of the Board of Directors. The President shall have authority, subject to such rules as may be prescribed by the Board of Directors, to appoint such agents and employees of the corporation as he or she shall deem necessary, to prescribe their powers, duties and compensation, and to delegate authority to them. Such agents and employees shall hold office at the discretion of the President. The President shall have authority to sign, execute and acknowledge, on behalf of the corporation, all deeds, mortgages, bonds, stock certificates, contracts, leases, reports and all other documents or instruments necessary or proper to be executed in the course of the corporation's regular business, or which shall be authorized by resolution of the Board of Directors; and, except as otherwise provided by law or directed by the Board of Directors, the President may authorize any Vice President or other officer or agent of the corporation to sign, execute and acknowledge such documents or instruments in his or her place and stead. In general he or she shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

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4.06. Vice Presidents. In the absence of the President, or in the

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

4.07. Secretary. The Secretary shall: (a) keep (or cause to be kept)

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regular minutes of all meetings of the shareholders, the Board of Directors and any committees of the Board of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the

provisions of these Bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the corporation, if any, and see that the seal of the corporation, if any, is affixed to all documents which are authorized to be executed on behalf of the corporation under its seal; (d) keep or arrange for the keeping of a register of the post office address of each shareholder which shall be furnished to the Secretary by such shareholder; (e) sign with the President, or a Vice President, certificates for shares of the corporation, the issuance of which shall have been authorized by resolution of the Board of Directors; (f) keep or arrange for the keeping of the stock transfer books of the corporation; and (g) in general perform all duties incident to the office of Secretary and have such other duties and exercise such authority as from time to time may be delegated or assigned to him or her by the President or by the Board of Directors.

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

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

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

#### ARTICLE V. CERTIFICATES FOR SHARES AND THEIR TRANSFER

5.01. Certificates for Shares. All shares of this corporation shall  
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be represented by certificates. Certificates representing shares of the corporation shall be in such form,

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consistent with law, as shall be determined by the Board of Directors. At a minimum, a share certificate shall state on its face the name of the corporation and that it is organized under the laws of the State of Wisconsin, the name of the person to whom issued, and the number and class of shares and the designation of the series, if any, that the certificate represents. If the corporation is authorized to issue different classes of shares or different series within a class, the front or back of the certificate must contain either (a) a summary of the designations, relative rights, preferences and limitations applicable to each class, and the variations in the rights, preferences and limitations determined for each series and the authority of the Board of Directors to determine variations for future series, or (b) a conspicuous statement that the corporation will furnish the shareholder the information described in clause (a) on request, in writing and without charge. Such certificates shall be signed, either manually or in facsimile, by the President or a Vice President and by the Secretary or an Assistant Secretary. All certificates for shares shall be consecutively numbered or otherwise identified. The name and address of the person to whom the shares represented thereby are issued, with the number of shares and date of issue, shall be entered on the stock transfer books of the corporation. All certificates surrendered to the corporation for transfer shall be canceled and no new certificate shall be issued until the former certificate for a like number of shares shall have been surrendered and canceled, except as provided in Section 5.05.

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

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

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

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

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

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issuance of shares, such shares shall be deemed to be fully paid and nonassessable by the corporation.

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

#### ARTICLE VI. WAIVER OF NOTICE

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

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

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

(b) Consideration of a particular matter at the meeting that is not within the purpose described in the meeting notice, unless the shareholder objects to considering the matter when it is presented.

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

6.04. Director Waiver by Attendance. A director's attendance at or  
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participation in a meeting of the Board of Directors or any committee thereof waives any required notice to him or her of the meeting unless the director at the beginning of the meeting or promptly upon his or her arrival objects to

holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

ARTICLE VII. ACTION WITHOUT MEETINGS

7.01. Shareholder Action Without Meeting. Action required or

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

7.02. Director Action Without Meeting. Unless the Articles of

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Incorporation provide otherwise, action required or permitted by the Wisconsin Business Corporation Law to

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be taken at a Board of Directors meeting or committee meeting may be taken without a meeting if the action is taken by all members of the Board or committee. The action shall be evidenced by one or more written consents describing the action taken, signed by each director and retained by the corporation. Action taken hereunder is effective when the last director signs the consent, unless the consent specifies a different effective date. A consent signed hereunder has the effect of a unanimous vote taken at a meeting at which all directors or committee members were present, and may be described as such in any document.

ARTICLE VIII. INDEMNIFICATION

8.01. Indemnification for Successful Defense. Within twenty (20) days

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

8.02. Other Indemnification.

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

- (1) A willful failure to deal fairly with the corporation or its shareholders in connection with a matter in which the director or officer has a material conflict of interest.
- (2) A violation of criminal law, unless the director or officer had reasonable cause to believe that his or her conduct was lawful or no reasonable cause to believe that his or her conduct was unlawful.
- (3) A transaction from which the director or officer derived an improper personal profit.
- (4) Willful misconduct.

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

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

8.03. Written Request. A director or officer who seeks

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indemnification under Sections 8.01 or 8.02 shall make a written request to the corporation.

8.04. Nonduplication. The corporation shall not indemnify a director

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or officer under Sections 8.01 or 8.02 if the director or officer has previously received indemnification or allowance of expenses from any person, including the

corporation, in connection with the same proceeding. However, the director or officer has no duty to look to any other person for indemnification.

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

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

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

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

(4) By an affirmative vote of shares represented at a meeting of shareholders at which a quorum of the voting group entitled to vote thereon is present. Shares owned by, or voted under the control of, persons who are at the time parties to the same or related proceedings, whether as plaintiffs or defendants or in any other capacity, may not be voted in making the determination.

(5) By a court under Section 8.08.

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

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

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

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

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

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

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

8.07. Nonexclusivity.  
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(a) Except as provided in Section 8.07(b), Sections 8.01, 8.02 and 8.06 do not preclude any additional right to indemnification or allowance of expenses that a director or officer may have under any of the following:

- (1) The Articles of Incorporation.
- (2) A written agreement between the director or officer and the corporation.
- (3) A resolution of the Board of Directors.
- (4) A resolution, after notice, adopted by a majority vote of all of the corporation's voting shares then issued and outstanding.

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

(c) Sections 8.01 to 8.14 do not affect the corporation's power to pay or reimburse expenses incurred by a director or officer in either of the following circumstances:

- (1) As a witness in a proceeding to which he or she is not a party.
- (2) As a plaintiff or petitioner in a proceeding because he or she is or was an employee, agent, director or officer of the corporation.

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

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

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

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

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

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

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

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

(b) Sections 8.01 to 8.10 apply, to the extent applicable to any other proceeding, to any proceeding involving a federal or state statute, rule or regulation regulating the offer, sale or purchase of securities, securities brokers or dealers, or investment companies or investment advisers.

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

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

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

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

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

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

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

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

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

For purposes of this Article, it shall be conclusively presumed that any director or officer serving as a director, officer, partner, trustee, member of any governing or decision-making committee, employee or agent of an affiliate shall be so serving at the request of the corporation.

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

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

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

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

ARTICLE IX. SEAL

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

ARTICLE X. AMENDMENTS

10.01. By Shareholders. These Bylaws may be amended or repealed and

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

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

10.02. By Directors. Except as the Articles of Incorporation may

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

10.03. Implied Amendments. Any action taken or authorized by the

-----

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

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AMENDMENT NO. 1

AMENDMENT NO. 1, dated as of April 9, 2001 ("Amendment"), to the Credit Agreement dated as of July 31, 2000, (the "Credit Agreement"), among Actuant Corporation (the "Company"), Credit Suisse First Boston as Lead Arranger, Collateral Agent and Administrative Agent, First Union National Bank, as Syndication Agent, ING (U.S.) Capital LLC, as Documentation Agent and the Lenders party thereto. Capitalized terms not otherwise defined herein have the same meaning assigned to such terms in the Credit Agreement.

W I T N E S S E T H :

WHEREAS, "Applied Power Inc." was formally renamed "Actuant Corporation" on January 15, 2001;

WHEREAS, pursuant to Section 9.08 of the Credit Agreement, the Company and the Required Lenders desire to amend certain provisions of the Credit Agreement;

NOW THEREFORE, in consideration of the premises and covenants contained herein, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

1. Amendment

(a) Exchange Rate: The definition of Exchange Rate in Section 1.01 of the Credit Agreement is hereby amended by adding the following sentence at the end thereof:

"For purposes of Sections 2.12(b) and 2.13(g), in the event that a Lender of a Tranche B Term Loan elects to have a prepayment applied to the Tranche A Term Loans which election results in a requirement to prepay or repay Alternative Currency denominated Tranche A Term Loans, the Exchange Rate shall be calculated in accordance with the second sentence hereof on the Business Day following the receipt of such election."

(b) Section 2.12. Clauses (a) and (b) of Section 2.12 of the Credit Agreement are hereby amended by deleting such clauses in their entirety and replacing them with the following:

"(a) The Borrower shall have the right at any time and from time to time to prepay any Borrowing, in whole or in part, upon prior written or teletype notice (or telephone notice promptly confirmed by written or teletype notice) to the Administrative Agent before 11:00 a.m., New York City time at least (x) seven Business Days prior to the date of prepayment in the case of Eurocurrency Rate Loans denominated on one or more Alternative Currencies, (y) four Business Days prior to the date of prepayment in the case of Loans denominated in Dollars, and (z) on the date of prepayment in the case of ABR Revolving Loans; provided, however, that each partial prepayment shall be in an amount that is an integral multiple of \$1,000,000 (or the Alternative Currency Equivalent thereof) and not less than \$5,000,000 (or the Alternative Currency Equivalent thereof); provided, further, however, that in connection with any optional prepayment of an Alternative Currency Loan the Borrower shall provide seven Business Days notice and an amount of Dollars sufficient to make the required pro rata prepayment of Tranche B Term Loans and Tranche C Term Loans in accordance with Section 2.12(b) (assuming, for this purpose, that no Lender of Tranche B Term Loans waives its prepayment in accordance with Section 2.12(b)). Notwithstanding anything else contained herein but subject to the second proviso above, in connection with any prepayment of Tranche A Term Loans, the Borrower may elect to prepay only Dollar denominated Tranche A Term Loans or Alternative Currency denominated Tranche A Term Loans (or any combination thereof) pursuant to Section 2.12(b) to the extent such Loans remain outstanding at such time but only in the event the Borrower provides for such prepayment in the appropriate currency.

(b) Optional prepayments of Term Loans shall first be allocated and applied pro rata to the next scheduled installment of principal due in respect of the Tranche A Term Loans, Tranche B Term Loans and Tranche C Term Loans under Sections 2.11(a)(i), (ii) and (iii),

respectively. Thereafter, optional prepayments shall be allocated pro rata to the then outstanding Tranche A Term Loans, the Tranche B Term Loans and the Tranche C Term Loans (after giving effect to the prepayments applied with respect to the next scheduled installment provided for in the prior sentence) and applied pro rata to the remaining scheduled installments of principal due in respect thereof under Sections 2.11(a)(i), (ii) and (iii), respectively; provided, however, Lenders of the Tranche B Term Loans shall have the right (to the extent Tranche

A Term Loans remain outstanding after giving effect to such prepayment of the Tranche A Term Loans) to waive any such prepayment (other than as applied to the next scheduled prepayment) by giving notice in writing to the Administrative Agent at least three Business Days prior to the prepayment, in which case the waived portion of any such prepayment will be allocated to the Tranche A Term Loan. In the event that one or more of the Lenders of the Tranche B Term Loans waive such prepayment in accordance with the prior sentence, the prepayment will be applied first to the Dollar denominated Tranche A Term Loans and thereafter to the Alternative Currency Tranche A Term Loans based upon the Exchange Rate. The Administrative Agent shall determine the amount of such payment based on the Exchange Rate and the Borrower shall be responsible for delivering the Alternative Currency."

(c) Section 2.13(g). Section 2.13(g) of the Credit Agreement is hereby amended by deleting such section in its entirety and replacing it as follows:

"Each mandatory prepayment shall be made by the Borrower in a combination of Dollars and the Alternative Currency (based upon the Exchange Rate) in proportion to the amounts to be repaid; provided, that in connection with any mandatory prepayment of an Alternative Currency Loan the Borrower shall provide an amount of Dollars sufficient to make the required pro rata prepayment of Tranche B Term Loans and Tranche C Term Loans in accordance with this Section 2.13(g) (assuming, for this purpose, that no Lender of

Tranche B Term Loans waives its prepayment in accordance with Section 2.12(j)). In the event that one or more of the Lenders of the Tranche B Term Loans waives its prepayment in accordance with Section 2.12(j), the prepayment will be applied first to the Dollar denominated Tranche A Term Loans and thereafter to the Alternative Currency Tranche A Term Loans based upon the Exchange Rate. The Administrative Agent shall determine the amount of such payment based on the Exchange Rate and shall convert the Dollars to the Alternative Currency at the direction of the Borrower. The Borrower shall pay to the Administrative Agent any shortfall as a result of such conversion."

(d) Section 6.01. Sections 6.01(k) and (m) of the Credit Agreement are hereby amended by deleting such sections in their entirety and replacing them as follows:

"(k) subject to Section 6.01(m) below, Indebtedness incurred by Foreign Subsidiaries incurred from time to time after the Closing Date so long as the aggregate principal amount of all Indebtedness (including trade letters of credit) incurred pursuant to this paragraph (k) at any time outstanding does not exceed the Dollar Equivalent of \$75,000,000; provided, no such Indebtedness may be incurred when on a pro forma basis for such incurrence (x) the aggregate principal amount of all such Indebtedness outstanding would be greater than \$45,000,000 and (y) the Senior Leverage Ratio would be greater than 1.5:1.0; provided, further, none of the Indebtedness permitted pursuant to this paragraph (k) may be directly or indirectly guaranteed by the Borrower or any Domestic Subsidiaries of the Borrower;

(m) additional Indebtedness of the Borrower and its Subsidiaries to the extent not permitted by the foregoing clauses of this Section 6.01 not to exceed \$10,000,000 in aggregate principal amount at any time outstanding; provided, the aggregate amount of Indebtedness under Sections 6.01(k) and (m) does not exceed \$80,000,000 at any one time."

(e) Section 6.05. Section 6.05(b) of the Credit Agreement is hereby amended by deleting such Section in its entirety and replacing it with the following:

"(b) each of the Borrower and its Subsidiaries may (i) in the ordinary course of business, sell, lease or otherwise dispose of any assets which, in the reasonable judgment of such person, are obsolete, worn out or otherwise no longer useful in the conduct of such person's business, and (ii) unless an Event of Default shall have occurred and be continuing, subject to Section 2.13(b), sell, lease or otherwise dispose of any assets, provided that the aggregate consideration received in respect of all assets subject to sales or other dispositions pursuant to this clause (b)(ii) shall not exceed the sum of (i) \$10,000,000 in any twelve months, not including the proceeds of the sale of assets listed on Schedule 2.13(b);"

(f) Section 6.06. Section 6.06 of the Credit Agreement is hereby amended by deleting the word "and" at the end of Section (b), substituting "; and" for the "." at the end of Section (c) and adding the following new Section



(d):

"(d) so long as there shall exist no Default or Event of Default (both before and after giving effect to the payment thereof), the Borrower may repurchase outstanding shares of its common stock or equivalents thereof or rights to purchase any of the foregoing issued in connection with the Borrower's directors compensation plan; provided that the aggregate amount of shares repurchased paid by the Borrower pursuant to this Section 6.06(d) (exclusive of amounts paid as described pursuant to Section 6.06(b)) shall not exceed \$750,000 in any fiscal year and shall not exceed a maximum of \$1,750,000."

2. Conditions to Effectiveness. This Amendment shall become effective as of the date first above written when, and only when, the Administrative Agent shall have received counterparts of this Amendment executed by the Company and the Requisite Lenders or, as to any of the Lenders, advice satisfactory to the Administrative Agent that such Lender has executed this Amendment. The effectiveness of this Amendment (other than Sections 5 and 7 hereof) is conditioned upon the accuracy of the representations and warranties set forth in Section 3 hereof.

3. Representations and Warranties. In order to induce the Lenders and the Agents to enter into this Amendment, the Company represents and warrants to each of the Lenders and the Agents that after giving effect to this Amendment, (i) no Default or Event of Default has occurred and is continuing; and

(ii) all of the representations and warranties in the Credit Agreement, after giving effect to this Amendment, are true and complete in all material respects on and as of the date hereof as if made on the date hereof (or, if any such representation or warranty is expressly stated to have been made as of a specific date, as of such specific date).

4. Reference to and Effect on the Credit Agreement and the Notes. On and after the effectiveness of this Amendment, each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the Credit Agreement and each reference in each of the other Credit Documents to the "Credit Agreement", "thereunder", "thereof" or words of like import referring to the Credit Agreement, shall mean and be a reference to the Credit Agreement, as amended by this Amendment. The Credit Agreement, the Notes and each of the other Credit Documents, as specifically amended by this Amendment, are and shall continue to be in full force and effect and are hereby in all respects ratified and confirmed.

5. Costs, Expenses and Taxes. The Company agrees to pay all reasonable costs and expenses of the Agents in connection with the preparation, execution and delivery of this Amendment and the other instruments and documents to be delivered hereunder, if any (including, without limitation, the reasonable fees and expenses of Cahill Gordon & Reindel) in accordance with the terms of Section 9.05 of the Credit Agreement. In addition, the Company shall pay or reimburse any and all stamp and other taxes payable or determined to be payable in connection with the execution and delivery of this Amendment and the other instruments and documents to be delivered hereunder, if any, and agrees to save each Agent and each Lender harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such taxes.

6. Execution in Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement. Delivery of an executed counterpart of a signature page to this Amendment by telecopier shall be effective as delivery of a manually executed counterpart of this Amendment.

7. Governing Law. This Amendment shall be governed by, and construed and enforced in accordance with, the internal laws of the State of New York (including Section 5-1401 of the General Obligations Law of the State of New York), without

giving effect to any provisions thereof relating to conflicts of law.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

ACTUANT CORPORATION

By: /s/ Terence M. Braatz

-----  
By: Terence M. Braatz  
Title: Treasurer

AVALON CAPITAL LTD.  
By: INVESCO Senior Secured  
Management, Inc.  
As Portfolio Advisor

By: /s/ Gregory Stoeckle  
-----  
Name: Gregory Stoeckle  
Title: Authorized Signatory

AVALON CAPITAL LTD. 2  
By: INVESCO Senior Secured  
Management, Inc.  
As Portfolio Advisor

By: /s/ Gregory Stoeckle  
-----  
Name: Gregory Stoeckle  
Title: Authorized Signatory

Bank One, NA (Main Office Chicago)  
as one of the Lenders  
(please type)

By: /s/ Jenny A. Gilpin  
-----  
Name: Jenny A. Gilpin  
Title: First Vice President

Black Diamond CLO 2000-1 Ltd.  
as one of the Lenders  
(please type)

By: /s/  
Name:  
Title:

CERES II FINANCE LTD.  
By: INVESCO Senior Secured  
Management, Inc.  
As Sub-Managing Agent (Financial)

By: /s/ Gregory Stoeckle  
-----  
Name: Gregory Stoeckle  
Title: Authorized Signatory

CREDIT INDUSTRIEL ET  
COMMERCIAL  
as one of the Lenders  
(please type)

By: /s/ Brian O'Leary  
-----  
/s/ Anthony Rock  
-----  
Name: Brian O'Leary  
Title: Vice President  
Name: Anthony Rock  
Title: Vice President

CREDIT SUISSE FIRST BOSTON  
as one of the Lenders

By: /s/ David W. Kratovil  
-----  
Name: David W. Kratovil  
Title: Director

By: /s/ Lalita Advani  
-----  
Name: Lalita Advani  
Title: Assistant Vice  
President

Firststar Bank, N.A.  
as one of the Lenders  
(please type)

By: /s/ Caroline V. Krider

-----  
Name: Caroline V. Krider  
Title: Vice President

Fleet National Bank  
as one of the Lenders  
(please type)

By: /s/ Richard D Briggs, Jr.

-----  
Name: Richard D. Briggs, Jr.  
Title: Director

Fremont Investment & Loan  
as one of the Lenders  
(please type)

By: /s/ Kannika Viravan

-----  
Name: Kannika Viravan  
Title: Vice President

Harris Bank and Trust Company  
as one of the Lenders  
(please type)

By: /s/

ING (U.S.) CAPITAL LLC  
as one of the Lenders  
(please type)

By: /s/ Bill Redmond

-----  
Name: William B. Redmond  
Title: Vice President

J.H. WHITNEY MARKET VALUE  
FUND, L.P.

By: Whitney Market Value GP,  
LLC, General Partner, as one  
of the Lenders

By: /s/ Michael B. DeFlorio

-----  
Michael B. DeFlorio, Managing  
Director

KZH CNC LLC  
as one of the Lenders  
(please type)

By: /s/ Susan Lee

-----  
Name: Susan Lee  
Title: Authorized Agent

LaSalle Bank National  
Association  
as one of the Lenders

By: /s/ James A. Meyer

-----  
James A. Meyer  
Senior Vice President

M&I Marshall & Ilesley Bank  
as one of the Lenders  
(please type)

By: /s/ James E. Miller

-----  
Name: James E. Miller  
Title: Vice President

By: /s/ Gina A. Peter

-----  
Name: Gina A. Peter  
Title: Senior Vice President

The Mitsubishi Trust and  
Banking Corporation  
as one of the Lenders

(please type)

By: /s/ Toshihiro Hayashi

-----  
Name: Toshihiro Hayashi  
Title: Senior Vice President

National City  
as one of the Lenders  
(please type)

By: /s/ John Platek

-----  
Name: John Platek  
Title: Account Officer

NATIONWIDE LIFE INSURANCE  
COMPANY  
as one of the Lenders  
(please type)

By: /s/ Thomas S. Leggett

-----  
Name: Thomas S. Leggett  
Title: Investment Officer

SIERRA CLO-I  
as one of the Lenders  
(please type)

By: /s/ John M. Casparian  
Name: John M. Casparian  
Title: Chief Operating  
Officer, Centre Pacific LLP  
(Manager)

U.S. Bank National Association  
as one of the Lenders  
(please type)

By: /s/ Alan Holman

-----  
Name: Alan Holman  
Title: Vice President

VAN KAMPEN  
PRIME RATE INCOME TRUST  
By: Van Kampen Investment  
Advisory Corp.  
as one of the Lenders  
(please type)

By: /s/ Darvin D. Pierce

-----  
Name: Darvin D. Pierce  
Title: Principal

VAN KAMPEN  
SENIOR INCOME TRUST  
By: Van Kampen Investment  
Advisory Corp.  
as one of the Lenders  
(please type)

By: /s/ Darvin D. Pierce

-----  
Name: Darvin D. Pierce  
Title: Principal

Wachovia Bank, N.A.  
as one of the Lenders

By: /s/ Bradford L. Watkins

-----  
Name: Bradford L. Watkins  
Title: Vice President

WINGED FOOT FUNDING TRUST  
as one of the Lenders  
(please type)

By: /s/ Ann E. Morris

-----  
Name: Ann E. Morris  
Title: Authorized Agent



RECEIVABLES SALE AGREEMENT

DATED AS OF MAY 30, 2001

among

ACTUANT CORPORATION, DEL CITY WIRE CO., INC., GB TOOLS AND  
SUPPLIES, INC., VERSA TECHNOLOGIES, INC. AND  
ENGINEERED SOLUTIONS, L.P.,  
As Originators,

and

ACTUANT RECEIVABLES CORPORATION,  
As Buyer

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## RECEIVABLES SALE AGREEMENT

THIS RECEIVABLES SALE AGREEMENT, dated as of May 30, 2001, is by and among Actuant Corporation, a Wisconsin corporation ("Parent"), Del City Wire Co., Inc., an Oklahoma corporation, GB Tools and Supplies, Inc., a Wisconsin corporation, Versa Technologies, Inc., a Delaware corporation, and Engineered Solutions, L.P., an Indiana limited partnership (each of the foregoing, an "Originator" and collectively, the "Originators"), and Actuant Receivables Corporation, a Nevada corporation ("Buyer"). Unless defined elsewhere herein, capitalized terms used in this Agreement shall have the meanings assigned to such terms in Exhibit I hereto (or, if not defined in Exhibit I hereto, the meaning assigned to such term in Exhibit I to the Purchase Agreement).

## PRELIMINARY STATEMENTS

Each of the Originators now owns, and from time to time hereafter will own, Receivables. Each of the Originators wishes to sell and assign to Buyer, and Buyer wishes to purchase from each Originator, all of such Originator's right, title and interest in and to its Receivables, together with the Related Security and Collections with respect thereto.

Each of the Originators and Buyer intend the transactions contemplated hereby to be true sales to Buyer by such Originator of the Receivables originated by it, providing Buyer with the full benefits of ownership of such Receivables, and none of the Originators nor Buyer intends these transactions to be, or for any purpose to be characterized as, loans from Buyer to such Originator.

Following the purchase of Receivables from each Originator, Buyer will sell undivided interests therein and in the associated Related Security and Collections pursuant to that certain Receivables Purchase Agreement dated as of May 30, 2001 (as the same may from time to time hereafter be amended, supplemented, restated or otherwise modified, the "Purchase Agreement") among Buyer, Parent, as initial Servicer, Blue Ridge Asset Funding Corporation ("Blue Ridge"), and Wachovia Bank, N.A. or any successor agent appointed pursuant to the terms of the Purchase Agreement, as agent (in such capacity, the "Agent").

NOW, THEREFORE, in consideration of the foregoing premises and the mutual agreements herein contained and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

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ARTICLE I  
AMOUNTS AND TERMS OF THE PURCHASE

Section 1.1 Initial Contribution of Receivables. On the date  
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hereof, Parent does hereby contribute, assign, transfer, set-over and otherwise convey to Buyer, and Buyer does hereby accept from Parent, in exchange for 100 shares of Buyer's common stock, Receivables originated by Parent and existing as of the close of business on the Business Day immediately prior to the date hereof (the "Initial Cutoff Date") having an aggregate Outstanding Balance of \$3,372,244 (the "Initial Contributed Receivables"), together with all Related Security relating thereto and all Collections thereof.

Section 1.2 Purchase of Receivables.  
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(a) Effective on the date hereof, in consideration for the Purchase Price paid to each Originator and upon the terms and subject to the conditions set forth herein, each Originator does hereby sell, assign, transfer, set-over and otherwise convey to Buyer, without recourse (except to the extent expressly provided herein), and Buyer does hereby purchase from such Originator, all of such Originator's right, title and interest in and to all Receivables originated by such Originator and existing as of the close of business on the Initial Cutoff Date (other than the Initial Contributed Receivables) and all Receivables thereafter originated by such Originator through and including the Termination Date, together, in each case, with all Related Security relating thereto and all Collections thereof. In accordance with the preceding sentence, on the date hereof Buyer shall acquire all of each Originator's right, title and interest in and to all Receivables existing as of the Initial Cutoff Date (other than the Initial Contributed Receivables) and thereafter arising through and including the Termination Date, together with all Related Security relating thereto and all Collections thereof. Buyer shall be obligated

to pay the Purchase Price for the Receivables purchased hereunder from each Originator in accordance with Section 1.3.

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(b) On or before each Monthly Reporting Date, each Originator shall (or shall require the Servicer to) deliver to Buyer a report in substantially the form of Exhibit VII hereto (each such report being herein called a "Purchase Report") with respect to the Receivables sold by such Originator to Buyer during the Settlement Period then most recently ended. In addition to, and not in limitation of, the foregoing, in connection with the payment of the Purchase Price for any Receivables purchased hereunder, Buyer may request that the applicable Originator deliver, and such Originator shall deliver, such approvals, opinions, information or documents as Buyer may reasonably request.

(c) It is the intention of the parties hereto that each Purchase of Receivables from an Originator made hereunder shall constitute a sale, which sale

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is absolute and irrevocable and provides Buyer with the full benefits of ownership of the Receivables originated by such Originator. Except for the Purchase Price Credits owed to such Originator pursuant to Section 1.4, the sale of Receivables hereunder by each Originator is

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made without recourse to such Originator; provided, however, that (i) such Originator shall be liable to Buyer for all representations, warranties, covenants and indemnities made by such Originator pursuant to the terms of the Transaction Documents to which such Originator is a party, and (ii) such sale does not constitute and is not intended to result in an assumption by Buyer or any assignee thereof of any obligation of such Originator or any other Person arising in connection with the Receivables, the related Contracts and/or other Related Security or any other obligations of such Originator. In view of the intention of the parties hereto that each Purchase of Receivables made hereunder shall constitute a sale of such Receivables rather than loans secured thereby, each Originator agrees that it will, on or prior to the date hereof and in accordance with Section

-----  
4.1(e) (ii), mark its standard monthly accounts receivable aging reports regarding the Receivables originated by it with a legend acceptable to Buyer and to the Agent (as Buyer's assignee), evidencing that Buyer has purchased such Receivables as provided in this Agreement and to note in its financial statements that its Receivables have been sold to Buyer. Upon the request of Buyer or the Agent (as Buyer's assignee), each Originator will execute and file such financing or continuation statements, or amendments thereto or assignments thereof, and such other instruments or notices, as may be necessary or appropriate to perfect and maintain the perfection of Buyer's ownership interest in the Receivables originated by such Originator and the Related Security and Collections with respect thereto, or as Buyer or the Agent (as Buyer's assignee) may reasonably request.

Section 1.3 Payment for the Purchases.  
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(a) The Purchase Price for the Purchase from each Originator of its Receivables in existence as of the close of business on the Initial Cutoff Date (other than the Initial Contributed Receivables) shall be payable in full by Buyer to such Originator on the date hereof, and shall be paid to such Originator in the following manner:

(i) by delivery of immediately available funds, to the extent of funds made available to Buyer in connection with its subsequent sale of an interest in such Receivables to the Purchasers under the Purchase Agreement; provided that a portion of such funds shall be offset by amounts owed by Parent to Buyer on account of the issuance of equity having a total value of not less than the Required Capital Amount, and

(ii) the balance, by delivery of the proceeds of a subordinated revolving loan from such Originator to Buyer (a "Subordinated Loan") in

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an amount not to exceed the least of (A) the remaining unpaid portion of such Purchase Price, (B) the maximum Subordinated Loan that could be borrowed without rendering Buyer's Net Worth less than the Required Capital Amount, and (C) fifteen percent (15%)

of such Purchase Price. Each Originator is hereby authorized by Buyer to endorse on the schedule attached to its Subordinated Note an appropriate notation evidencing the date and amount of each advance thereunder, as well as the date of each payment with respect thereto, provided that the failure to make such notation shall not affect any obligation of Buyer thereunder.

The Purchase Price for each Receivable coming into existence after the Initial Cutoff Date shall be due and owing in full by Buyer to the applicable Originator or its designee on the date each such Receivable came into existence (except that Buyer may, with respect to any such Purchase Price, offset against such Purchase Price any amounts owed by such Originator to Buyer hereunder and which have become due but remain unpaid) and shall be paid to such Originator in the manner provided in the following paragraphs (b), (c) and (d).

(b) With respect to any Receivables coming into existence after the Initial Cutoff Date, on each Settlement Date, Buyer shall pay the applicable Originator the Purchase Price therefor in accordance with Section 1.3(d) and in the following manner:

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first, by delivery to the applicable Originator or its designee of immediately available funds, to the extent of funds available to Buyer from its subsequent sale of an interest in all of the Receivables to the Agent for the benefit of the Purchasers under the Purchase Agreement or other cash on hand;

second, by delivery to the applicable Originator or its designee of the proceeds of a Subordinated Loan, provided that the making of any such Subordinated Loan shall be subject to the provisions set forth in Section 1.3(a)(ii); and

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third, solely in the case of Receivables originated by Parent, unless the Termination Date has occurred in accordance with this Agreement, by accepting a contribution to its capital in an amount equal to the remaining unpaid balance of such Purchase Price.

Subject to the limitations set forth in Section 1.3(a)(ii), each Originator

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irrevocably agrees to advance each Subordinated Loan requested by Buyer on or prior to the Termination Date. The Subordinated Loans owing to each Originator shall be evidenced by, and shall be payable in accordance with the terms and provisions of its Subordinated Note and shall be payable solely from funds which Buyer is not required under the Purchase Agreement to set aside for the benefit of, or otherwise pay over to, the Purchasers.

(c) From and after the Termination Date, (i) no Originator shall be obligated to (but may, at its option) sell Receivables to Buyer, or (ii) Parent shall

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not be obligated to (but may, at its option) contribute Receivables to Buyer's capital pursuant to clause third of Section 1.3(b).

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(d) Although the Purchase Price for each Receivable coming into existence after the Initial Cutoff Date shall be due and payable in full by Buyer to the applicable Originator on the date such Receivable came into existence, settlement of the Purchase Price between Buyer and such Originator shall be effected on a monthly basis on Settlement Dates with respect to all Receivables originated by such Originator during the same Calculation Period and based on the information contained in the Purchase Report delivered by such Originator for the Calculation Period then most recently ended. Although settlement shall be effected on Settlement Dates, increases or decreases in the amount owing under the Subordinated Note made pursuant to Section 1.3 and any contribution of capital by Parent to

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Buyer made pursuant to Section 1.3(b) shall be deemed to have occurred

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and shall be effective as of the last Business Day of the Calculation Period to which such settlement relates.

Section 1.4 Purchase Price Credit Adjustments. If on any day:

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(a) the Outstanding Balance of a Receivable purchased from any Originator is:

(i) reduced as a result of any defective or rejected or returned goods or services, any discount or any adjustment or otherwise by such Originator (other than as a result of such Receivable becoming a Defaulted Receivable or to reflect cash

Collections on account of such Receivable),

(ii) reduced or canceled as a result of a setoff in respect of any claim by any Person (whether such claim arises out of the same or a related transaction or an unrelated transaction), or

(b) any of the representations and warranties set forth in Sections 2.1(h), (i), (j), (l), (r), (s), (t), (u), the second ----- sentence of Section 2.1(q) hereof and the last clause (relating to ----- bulk sales laws) of Section 2.1(c) are not true when made or deemed ----- made with respect to any Receivable,

then, in such event, Buyer shall be entitled to a credit (each, a "Purchase Price Credit") against the Purchase Price otherwise payable to the applicable Originator hereunder equal to the Outstanding Balance of such Receivable (calculated before giving effect to the applicable reduction or cancellation). If such Purchase Price Credit exceeds the Original Balance of the Receivables originated by the applicable Originator on any day, such Originator shall pay the remaining amount of such Purchase Price Credit in cash immediately, provided that if the Termination Date has not occurred, such Originator shall be allowed to deduct the remaining amount of such Purchase Price Credit from any indebtedness owed to it under its Subordinated Note.

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Section 1.5 Payments and Computations, Etc. All amounts to be paid -----

or deposited by Buyer hereunder shall be paid or deposited in accordance with the terms hereof on the day when due in immediately available funds to the account of the applicable Originator designated from time to time by such Originator or as otherwise directed by such Originator. In the event that any payment owed by any Person hereunder becomes due on a day that is not a Business Day, then such payment shall be made on the next succeeding Business Day. If any Person fails to pay any amount hereunder when due, such Person agrees to pay, on demand, the Default Fee in respect thereof until paid in full; provided, however, that such Default Fee shall not at any time exceed the maximum rate permitted by applicable law. All computations of interest payable hereunder shall be made on the basis of a year of 360 days for the actual number of days (including the first but excluding the last day) elapsed.

Section 1.6 License of Software. -----

(a) To the extent that any software used by any Originator to account for the Receivables originated by it is non-transferable, such Originator hereby grants to each of Buyer, the Agent and the Servicer an irrevocable, non-exclusive license to use, without royalty or payment of any kind, all such software used by such Originator to account for such Receivables, to the extent necessary to administer such Receivables, whether such software is owned by such Originator or is owned by others and used by such Originator under license agreements with respect thereto, provided that should the consent of any licensor of such software be required for the grant of the license described herein, to be effective, such Originator hereby agrees that upon the request of Buyer (or Buyer's assignee), such Originator will use its reasonable efforts to obtain the consent of such third-party licensor. The license granted hereby shall be irrevocable until the later to occur of (i) indefeasible payment in full of the Aggregate Unpaid (as defined in the Purchase Agreement), and (ii) the date each of this Agreement and the Purchase Agreement terminates in accordance with its terms.

(b) Each Originator (i) shall take such action requested by Buyer and/or the Agent (as Buyer's assignee), from time to time hereafter, that may be necessary or appropriate to ensure that Buyer and its assigns under the Purchase Agreement have an enforceable ownership interest in the Records relating to the Receivables purchased from such Originator hereunder, and (ii) shall use its reasonable efforts to ensure that Buyer, the Agent and the Servicer each has an enforceable right (whether by license or sublicense or otherwise) to use all of the computer software used to account for such Receivables and/or to recreate such Records.

Section 1.7 Characterization. If, notwithstanding the intention of -----

the parties expressed in Section 1.2(c), any sale or contribution by an ----- Originator to Buyer of Receivables hereunder shall be characterized as a secured loan and not a sale or such sale shall for any reason be ineffective or unenforceable, then this Agreement shall be deemed to constitute a security

agreement under the UCC and other applicable law. For this purpose and without being in derogation of the parties' intention that the sale of Receivables by each Originator hereunder shall constitute a true sale thereof, such Originator hereby grants to Buyer a duly perfected security interest in all of such Originator's right, title and interest in, to and under all Receivables of such Originator which are now existing or hereafter arising, all Collections and Related Security with respect thereto, all other rights and payments relating to such Receivables and all proceeds of the foregoing to secure the prompt and complete payment of a loan deemed to have been made in an amount equal to the Purchase Price of the Receivables purchased from such Originator together with all other obligations of such Originator hereunder, which security interest shall be prior to all other Adverse Claims thereto. Buyer and its assigns shall have, in addition to the rights and remedies which they may have under this Agreement, all other rights and remedies provided to a secured creditor under the UCC and other applicable law, which rights and remedies shall be cumulative.

ARTICLE II  
REPRESENTATIONS AND WARRANTIES

Section 2.1 Representations and Warranties of Originators. Each

Originator hereby represents and warrants to Buyer on the date hereof, on the date of the Purchase from such Originator hereunder and on each date that any Receivable is originated by such Originator on or after the date of such Purchase, that:

(a) Organization; Powers. Such Originator (a) is duly

organized, validly existing and in good standing or active status under the laws of the jurisdiction of its organization, (b) has all requisite power and authority to own its Property and to carry on its business as now conducted and as proposed to be conducted, (c) is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required, except where the failure so to qualify could not reasonably be expected to result in a Material Adverse Effect, and (d) has the power and authority to execute, deliver and perform its obligations under each of the Transaction Documents and each other agreement or instrument contemplated hereby to which it is or will be a party.

(b) Authorization. The execution, delivery and performance by

such Originator of each of the Transaction Documents to which it is a party (a) have been duly authorized by all requisite corporate or partnership and, if required, stockholder or partner action and (b) will not (i) violate (A) any provision of law, statute, rule or regulation, or of the Organizational Documents of such Originator, (B) any order of any Governmental Authority or (C) any provision of any indenture, agreement or other instrument to which such Originator is a party or by which any of them or any of their Property is or may be bound, (ii) be in conflict with, result in a breach of or constitute (alone or with notice or lapse of time or both) a default under, or give rise to any right to accelerate or to require the prepayment, repurchase or redemption of any obligation under any such indenture, agreement or other instrument or (iii) result in the creation or imposition of any Adverse Claim upon or with respect to any

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Property now owned or hereafter acquired by such Originator (other than any Adverse Claim created hereunder or under the other Transaction Documents).

(c) No Conflict. The execution and delivery by such Originator of

this Agreement and each other Transaction Document to which it is a party, and the performance of its obligations hereunder and thereunder do not contravene or violate (i) its Organizational Documents, (ii) any law, rule or regulation applicable to it, (iii) any restrictions under any agreement, contract or instrument to which it is a party or by which it or any of its property is bound, or (iv) any order, writ, judgment, award, injunction or decree binding on or affecting it or its property, and do not result in the creation or imposition of any Adverse Claim on assets of such Originator or its Subsidiaries (except as created hereunder) except, in any case, where such contravention or violation could not reasonably be expected to have a Material Adverse Effect; and no transaction contemplated hereby requires compliance with any bulk sales act or similar law.

(d) Governmental Approvals. Other than the filing of the

financing statements required hereunder, no action, consent or approval of, registration or filing with or any other action by any Governmental Authority is or will be required in connection with the transactions contemplated hereby.

(e) Litigation. Except as set forth on Schedule 2.1(e), there

are not any actions, suits or proceedings at law or in equity or by or before any Governmental Authority now pending or, to the knowledge of such Originator, threatened against or affecting such Originator or any of its Subsidiaries or any business, Property or rights of any such Person (i) that involve any Transaction Document or the transactions contemplated thereby or (ii) as to which there is a reasonable possibility of an adverse determination and that, if adversely determined, could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect

(f) Enforceability. This Agreement has been duly executed and

delivered by such Originator and constitutes, and each other Transaction Document to which such Originator is a party when executed and delivered by the such Originator will constitute, a legal, valid and binding obligation of such Originator enforceable against such Originator in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

(g) Accuracy of Information. No information, report, financial

statement, exhibit or schedule furnished by or on behalf of such Originator to the Buyer or the Agent in connection with the negotiation of any Transaction Document or included therein or delivered pursuant thereto contained, contains or will contain any material misstatement of fact or omitted, omits or will omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were, are or will be made, not misleading as of

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the date such information is dated or certified; provided that to the extent any such information, report, financial statement, exhibit or schedule was based upon or constitutes a forecast or projection, such Originator represents only that it acted in good faith and utilized reasonable assumptions and due care in the preparation of such information, report, financial statement, exhibit or schedule.

(h) Use of Proceeds. No portion of any Purchase Price payment

hereunder will be used for a purpose that violates, or would be inconsistent with, any law, rule or regulation applicable to such Originator including, without limitation, Regulation T, U or X of the Board of Governors of the Federal Reserve System.

(i) Good Title. Immediately prior to the Purchase from such

Originator hereunder and upon the creation of each Receivable originated by such Originator after the Initial Cut-Off Date, such Originator (i) is the legal and beneficial owner of such Receivables and (ii) is the legal and beneficial owner of the Related Security with respect thereto or possesses a valid and perfected security interest therein, in each case, free and clear of any Adverse Claim, except as created by the Transaction Documents. There have been duly filed all financing statements or other similar instruments or documents necessary under the UCC (or any comparable law) of all appropriate jurisdictions to perfect such Originator's ownership interest in each such Receivable, its Collections and the Related Security.

(j) Perfection. This Agreement, together with the filing of the

financing statements contemplated hereby, is effective to transfer to Buyer (and Buyer shall acquire from such Originator) (i) legal and equitable title to, with the right to sell and encumber each Receivable originated by such Originator, whether now existing and hereafter arising, together with the Collections with respect thereto, and (ii) all of such Originator's right, title and interest in the Related Security associated with each such Receivable, in each case, free and clear of any Adverse Claim, except as created by the Transactions Documents. There have been duly filed all financing statements or other similar instruments or documents necessary under the UCC (or any comparable law) of all appropriate jurisdictions to perfect Buyer's ownership interest in such Receivables, the Related Security and the Collections. Originator's jurisdiction of organization is a jurisdiction whose law generally requires information concerning the existence of a nonpossessory security interest to be made generally available in a filing, record or registration system as a condition or result of such a security interest's obtaining priority over the rights of a lien creditor which respect to collateral.

(k) Places of Business and Locations of Records. The chief

executive office of such Originator and the offices where it keeps all of its Records are located at the address(es) listed on Exhibit II or such other locations of which Buyer has been notified in accordance with Section 4.2(a) in

jurisdictions where all action required by Section 4.2(a) has been taken and  
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completed. Such Originator's Federal Employer Identification Number is correctly  
set forth on Exhibit II.  
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(l) Collections. The conditions and requirements set forth in  
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Section 4.1(j) have at all times been satisfied and duly performed. The names  
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and addresses of all Collection Banks, together with the account numbers of the  
Collection Accounts of such Originator at each Collection Bank and the post  
office box number of each Lock-Box, are listed on Exhibit III. Such Originator  
-----  
has not granted any Person, other than Buyer (and its assigns) dominion and  
control of any Lock-Box or Collection Account, or the right to take dominion and  
control of any such Lock-Box or Collection Account at a future time or upon the  
occurrence of a future event.

(m) Material Adverse Effect. Since August 31, 2000, no event has  
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occurred that would have a Material Adverse Effect.

(n) Names. The name in which such Originator has executed this  
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Agreement is identical to the name of such Originator as indicated on the public  
record of its state of organization which shows such Originator to have been  
organized. In the past five (5) years, such Originator has not used any  
corporate or partnership names, trade names or assumed names other than the name  
in which it has executed this Agreement and as listed on Exhibit II.  
-----

(o) Ownership of Buyer. Parent owns, directly or indirectly,  
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100% of the issued and outstanding equity interests of Buyer. Such equity  
interests are validly issued, fully paid and nonassessable, and there are no  
options, warrants or other rights to acquire securities of Buyer.

(p) Not a Holding Company or an Investment Company. Such  
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Originator is not a "holding company" or a "subsidiary holding company" of a  
"holding company" within the meaning of the Public Utility Holding Company Act  
of 1935, as amended, or any successor statute. Such Originator is not an  
"investment company" within the meaning of the Investment Company Act of 1940,  
as amended, or any successor statute.

(q) Compliance with Law. Such Originator has complied in all  
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respects with all applicable laws, rules, regulations, orders, writs, judgments,  
injunctions, decrees or awards to which it may be subject, except where the  
failure to so comply could not reasonably be expected to have a Material Adverse  
Effect. Each Receivable, together with the Contract related thereto, does not  
contravene any laws, rules or regulations applicable thereto (including, without  
limitation, laws, rules and regulations relating to truth in lending, fair  
credit billing, fair credit reporting, equal credit opportunity, fair debt  
collection practices and privacy), and no part of such Contract is in violation  
of any such law, rule or regulation, except where such contravention or  
violation could not reasonably be expected to have a Material Adverse Effect.

(r) Compliance with Credit and Collection Policy. Such  
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Originator has complied in all material respects with its Credit and Collection  
Policy with regard to each Receivable originated by it and the related Contract,  
and has not made any material change to such Credit and Collection Policy,  
except such material change as to which Buyer (or its assigns) has been notified  
in accordance with Section 4.1(a)(vii).  
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(s) Payments to such Originator. With respect to each Receivable  
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originated by such Originator and sold to Buyer hereunder, the Purchase Price  
received by such Originator constitutes reasonably equivalent value in  
consideration therefor. No transfer hereunder by such Originator of any  
Receivable originated by such Originator is or may be voidable under any section  
of the Bankruptcy Reform Act of 1978 (11 U.S.C. (S)(S) 101 et seq.), as amended.

(t) Enforceability of Contracts. Each Contract with respect to each  
-----  
Receivable is effective to create, and has created, a legal, valid and binding  
obligation of the related Obligor to pay the Outstanding Balance of the  
Receivable created thereunder and any accrued interest thereon, enforceable

against the Obligor in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

(u) Eligible Receivables. Each Receivable reflected in any Purchase

Report as an Eligible Receivable was an Eligible Receivable on the date of its acquisition by Buyer hereunder.

(v) Accounting. The manner in which such Originator accounts for the

transactions contemplated by this Agreement in its financial statements does not jeopardize the characterization of the transactions contemplated herein as being true sales.

#### ARTICLE III CONDITIONS OF PURCHASE

Section 3.1 Conditions Precedent to Purchase. The Purchases under this

Agreement is subject to the conditions precedent that (a) Buyer shall have been capitalized with the Initial Contributed Receivables, (b) Buyer shall have received on or before the date of such purchase those documents listed on Schedule A and (c) all of the conditions to the initial purchase under the

Purchase Agreement shall have been satisfied or waived in accordance with the terms thereof.

Section 3.2 Conditions Precedent to Subsequent Payments. Buyer's

obligation to pay for Receivables coming into existence after the Initial Cutoff Date shall be subject to the further conditions precedent that: (a) the Facility Termination Date shall not have occurred under the Purchase Agreement; (b) Buyer (or its assigns) shall have received such other approvals, opinions or documents as it may reasonably request and (c) on the date such Receivable came into existence, the following statements shall be true (and acceptance of the proceeds of any payment for such Receivable shall be deemed a representation and warranty by such Originator that such statements are then true):

(i) the representations and warranties set forth in Article

II are true and correct on and as of the date such Receivable came

into existence as though made on and as of such date; and

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(ii) no event has occurred and is continuing that will constitute a Termination Event or an Unmatured Termination Event.

Notwithstanding the foregoing conditions precedent, upon payment of the Purchase Price for any Receivable (whether by payment of cash, through an increase in the amounts outstanding under the Subordinated Note, by offset of amounts owed to Buyer and/or by offset of capital contributions), title to such Receivable and the Related Security and Collections with respect thereto shall vest in Buyer, whether or not the conditions precedent to Buyer's obligation to pay for such Receivable were in fact satisfied. The failure of such Originator to satisfy any of the foregoing conditions precedent, however, shall give rise to a right of Buyer to rescind the related purchase and direct such Originator to pay to Buyer an amount equal to the Purchase Price payment that shall have been made with respect to any Receivables related thereto.

#### ARTICLE IV COVENANTS

Section 4.1 Affirmative Covenants of Originators. Until the date on

which this Agreement terminates in accordance with its terms, each Originator hereby covenants as set forth below:

(a) Financial Reporting. Such Originator will maintain, for

itself and each of its Subsidiaries, a system of accounting established and administered in accordance with GAAP, and furnish to Buyer (or its assigns):

(i) Annual Reporting. Within 90 days after the end of

each fiscal year of Parent, Parent's consolidated balance sheet and related statements of income and cash flows showing the financial condition of Parent and its consolidated Subsidiaries as of the close of such fiscal year and the results of their operations during such year, all in reasonable detail and audited by PricewaterhouseCoopers LLP or other independent public accountants of recognized national standing and accompanied by an opinion of such accountants



(which shall not be qualified in any material respect) to the effect that such consolidated financial statements fairly present in all material respects the financial condition and results of operations of Parent and its Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, setting forth in each case in comparative form the corresponding statements for the preceding fiscal year;

(ii) Quarterly Reporting. Within 45 days after the end

of each of the first three fiscal quarters of each fiscal year of Parent, Parent's consolidated balance sheet and related statements of income and cash flows showing the financial condition of Parent and its consolidated Subsidiaries as of the close of such fiscal quarter and the results of their operations during such fiscal quarter and the then elapsed portion of the fiscal year, all in reasonable detail and certified by one of its Financial Officers as fairly presenting in all material respects the financial condition and results of operations of Parent and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end

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audit adjustments, setting forth in each case in comparative form the corresponding statements for the corresponding period in the preceding fiscal year;

(iii) Compliance Certificate. Together with the financial

statements required hereunder, a compliance certificate in substantially the form of Exhibit IV signed by one of such Originator's Financial Officers and

dated the date of such annual financial statement or such quarterly financial statement, as the case may be.

(iv) Shareholders Statements and Reports. Promptly upon the

furnishing thereof to the shareholders of such Originator, copies of all financial statements, reports and proxy statements so furnished.

(v) S.E.C. Filings. Promptly after the same become publicly

available, copies of all periodic and other reports, proxy statements and other materials filed by Parent or any Subsidiary with the Securities and Exchange Commission, or any Governmental Authority succeeding to any or all of the functions of said Commission, or with any national securities exchange, or distributed to holders of its Indebtedness pursuant to the terms of the documentation governing such Indebtedness (or any trustee, agent or other representative therefor), as the case may be.

(vi) Copies of Notices. Promptly upon its receipt of any

notice, request for consent, financial statements, certification, report or other communication under or in connection with any Transaction Document from any Person other than Buyer, the Agent or Blue Ridge, copies of the same.

(vii) Change in Credit and Collection Policy. At least thirty

(30) days prior to the effectiveness of any material change in or material amendment to such Originator's Credit and Collection Policy, a copy of its Credit and Collection Policy then in effect and a notice (A) indicating such proposed change or amendment, and (B) if such proposed change or amendment would be reasonably likely to adversely affect the collectibility of the Receivables or decrease the credit quality of any newly created Receivables, requesting Buyer's (and the Agent's, as Buyer's assignee) consent thereto.

(viii) Other Information. Promptly, from time to time, such

other information, documents, records or reports relating to the Receivables originated by such Originator or the condition or operations, financial or otherwise, of such Originator as Buyer (or its assigns) may from time to time reasonably request in order to protect the interests of Buyer (and its assigns) under or as contemplated by this Agreement.

(b) Notices. Such Originator will notify Buyer (or its assigns) in

writing of any of the following promptly upon learning of the occurrence thereof, describing the same and, if applicable, the steps being taken with respect thereto:

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(i) Termination Events or Unmatured Termination Events. The

occurrence of each Termination Event and each Unmatured Termination Event, by a statement of a Financial Officer of such Originator.

(ii) Material Adverse Effect. The occurrence of any event or condition that has had, or could reasonably be expected to have, a Material Adverse Effect.

(iii) Defaults Under Other Agreements. The occurrence of an event of default (as to which any notice period or cure period has expired without cure) under any other financing arrangement involving a line of credit or Indebtedness, in each case, of \$1 million or more pursuant to which any Originator is a debtor or an obligor.

(iv) ERISA Events. The occurrence of any ERISA Event.

(v) Downgrade of Parent. Any downgrade in the rating of any Indebtedness of Parent by S&P or by Moody's, setting forth the Indebtedness affected and the nature of such change.

(c) Compliance with Laws and Preservation of Existence. Such Originator will comply in all respects with all applicable laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which it may be subject, except where the failure to so comply could not reasonably be expected to have a Material Adverse Effect. Such Originator will preserve and maintain its legal existence, rights, franchises and privileges in the jurisdiction of its organization, and qualify and remain qualified in good standing as a foreign entity in each jurisdiction where its business is conducted, except where the failure to so qualify or remain in good standing could not reasonably be expected to have a Material Adverse Effect.

(d) Audits. Such Originator will furnish to Buyer (or its assigns) from time to time such information with respect to it and the Receivables sold by it as Buyer (or its assigns) may reasonably request. Such Originator will, from time to time during regular business hours as requested by Buyer (or its assigns), upon reasonable notice and at the sole cost of such Originator, permit Buyer (or its assigns) or their respective agents or representatives, (i) to examine and make copies of and abstracts from all Records in the possession or under the control of such Originator relating to the Receivables and the Related Security, including, without limitation, the related Contracts, and (ii) to visit the offices and properties of such Originator for the purpose of examining such materials described in clause (i) above, and to discuss matters relating to such Originator's financial condition or the Receivables and the Related Security or such Originator's performance under any of the Transaction Documents or such Originator's performance under the Contracts and, in each case, with any of the officers or employees of such Originator having knowledge of such matters (each of the foregoing examinations and visits, a "Review"); provided, however, that, so long as no Amortization Event (under and as defined in the Purchase Agreement) has occurred and is continuing: (A) the Originators, collectively, shall only be responsible for the reasonable costs and expenses of one (1) Review in any one calendar year, and (B) the Agent (as Buyer's assignee) will not request more than four (4) Reviews in any one calendar year.

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(e) Keeping and Marking of Records and Books.

(i) Such Originator will maintain and implement administrative and operating procedures (including, without limitation, an ability to recreate records evidencing Receivables in the event of the destruction of the originals thereof), and keep and maintain all documents, books, records and other information reasonably necessary or advisable for the collection of all Receivables (including, without limitation, records adequate to permit the immediate identification of each new Receivable and all Collections of and adjustments to each existing Receivable). Such Originator will give Buyer (or its assigns) notice of any material change in the administrative and operating procedures referred to in the previous sentence.

(ii) Such Originator will (A) mark its standard monthly accounts receivable aging reports regarding the Receivables originated by it with a legend, acceptable to Buyer (or its assigns), describing Buyer's ownership interests in the Receivables and (B) upon the request of Buyer (or its assigns) following the occurrence of a Termination Event: (x) mark each Contract with a legend describing Buyer's ownership interests in the Receivables originated by such Originator and further describing the Receivable Interests of the Agent (on behalf of the Purchasers) and (y) deliver to Buyer (or its assigns) all Contracts (including, without limitation, all multiple originals of any such Contract) relating to such Receivables.

(f) Compliance with Contracts and Credit and Collection Policy.  
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Such Originator will timely and fully (i) perform and comply with all provisions, covenants and other promises required to be observed by it under the Contracts related to the Receivables originated by it, and (ii) comply in all respects with its Credit and Collection Policy in regard to each such Receivable and the related Contract.

(g) Ownership. Such Originator will take all necessary action  
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to establish and maintain, irrevocably in Buyer, (A) legal and equitable title to the Receivables originated by such Originator and the Collections and (B) all of such Originator's right, title and interest in the Related Security associated with the Receivables originated by such Originator, in each case, free and clear of any Adverse Claims other than Adverse Claims in favor of Buyer (and its assigns) (including, without limitation, the filing of all financing statements or other similar instruments or documents necessary under the UCC (or any comparable law) of all appropriate jurisdictions to perfect Buyer's interest in such Receivables, Related Security and Collections and such other action to perfect, protect or more fully evidence the interest of Buyer as Buyer (or its assigns) may reasonably request).

(h) Purchasers' Reliance. Such Originator acknowledges that the  
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Agent and the Purchasers are entering into the transactions contemplated by the Purchase

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Agreement in reliance upon Buyer's identity as a legal entity that is separate from such Originator and any Affiliates thereof. Therefore, from and after the date of execution and delivery of this Agreement, such Originator will take all reasonable steps including, without limitation, all steps that Buyer or any assignee of Buyer may from time to time reasonably request to maintain Buyer's identity as a separate legal entity and to make it manifest to third parties that Buyer is an entity with assets and liabilities distinct from those of such Originator and any Affiliates thereof and not just a division of such Originator or any such Affiliate. Without limiting the generality of the foregoing and in addition to the other covenants set forth herein, such Originator (i) will not hold itself out to third parties as liable for the debts of Buyer nor purport to own any of the Receivables and other assets acquired by Buyer, (ii) will take all other actions necessary on its part to ensure that Buyer is at all times in compliance with the "separateness covenants" set forth in Section 7.1(i) of the

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Purchase Agreement and (iii) will cause all Tax liabilities arising in connection with the transactions contemplated herein or otherwise to be allocated between such Originator and Buyer on an arm's-length basis and in a manner consistent with the procedures set forth in U.S. Treasury Regulations (S) (S)1.1502-33(d) and 1.1552-1.

(i) Collections. Such Originator will cause (1) all proceeds  
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from all Lock-Boxes to be directly deposited by a Collection Bank into a Collection Account and (2) each Lock-Box and Collection Account to be subject at all times to a Collection Account Agreement that is in full force and effect; provided, however, that unless otherwise requested by Buyer (or the Agent as its assignee), no Collection Account Agreement will be required with respect to any Lock-Box or Collection Account at Bank of America, N.A. so long as the existing Lock-Box and Collection Account at such bank are closed by September 15, 2001. In the event any payments relating to Receivables are remitted directly to such Originator or any Affiliate of such Originator, such Originator will remit (or will cause all such payments to be remitted) directly to a Collection Bank and deposited into a Collection Account within two (2) Business Days following receipt thereof and, at all times prior to such remittance, such Originator will itself hold or, if applicable, will cause such payments to be held in trust for the exclusive benefit of Buyer and its assigns. Such Originator will transfer exclusive ownership, dominion and control of each Lock-Box and Collection Account to Buyer, free and clear of all Adverse Claims (including, without limitation, that of Credit Suisse First Boston (or its successor) as collateral agent) and, will not grant the right to take dominion and control of any Lock-Box or Collection Account at a future time or upon the occurrence of a future event to any Person, except to Buyer (or its assigns) as contemplated by this Agreement and the Purchase Agreement.

(j) Taxes. Such Originator will file all Tax returns and  
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reports required by law to be filed by it and promptly pay all Taxes and governmental charges at any time owing, except any such taxes which are not yet delinquent or are being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books. Such Originator will pay when due any Indemnified Taxes payable in connection with the Receivables originated by it.

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Section 4.2 Negative Covenants of Originators. Until the date on

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which this Agreement terminates in accordance with its terms, each Originator hereby covenants that:

(a) Name Change, Offices and Records . Such Originator will not

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change its (i) state of organization, (ii) name, (iii) identity or structure (within the meaning of Article 9 of any applicable enactment of the UCC) or relocate its chief executive office at any time while the location of its chief executive office is relevant to perfection of Buyer's interest in the Receivables or the associated Related Security and Collections or any office where Records are kept unless it shall have: (i) given Buyer (and the Agent, as its assignee) at least forty-five (45) days' prior written notice thereof and (ii) delivered to the Agent (as Buyer's assignee) all financing statements, instruments and other documents requested by the Agent in connection with such change or relocation.

(b) Change in Payment Instructions to Obligors. Such Originator

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will not add or terminate any bank as a Collection Bank, or make any change in the instructions to Obligors regarding payments to be made to any Lock-Box or Collection Account, unless Buyer (or its assigns) shall have received, at least ten (10) days before the proposed effective date therefor, (i) written notice of such addition, termination or change and evidence reasonably satisfactory to Buyer (and the Agent, as its assignee) that all Adverse Claims to such Lock-Box or Collection Account have been released and (ii) with respect to the addition of a Collection Bank or a Collection Account or Lock-Box, an executed Collection Account Agreement with respect to the new Collection Account or Lock-Box; provided, however, that such Originator may make changes in instructions to Obligors regarding payments if such new instructions require such Obligor to make payments to another existing Collection Account.

(c) Modifications to Contracts and Credit and Collection Policy.

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Such Originator will not make any change to its Credit and Collection Policy that could reasonably be expected to adversely affect the collectibility of the Receivables originated by it or decrease the credit quality of any of its newly created Receivables. Except as otherwise permitted in its capacity as Servicer pursuant to the Purchase Agreement, such Originator will not extend, amend or otherwise modify the terms of any Receivable or any Contract related thereto other than in accordance with its Credit and Collection Policy.

(d) Sales, Liens. Such Originator will not sell, assign (by

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operation of law or otherwise) or otherwise dispose of, or grant any option with respect to, or create or suffer to exist any Adverse Claim upon (including, without limitation, the filing of any financing statement) or with respect to, any Receivable, Related Security or Collections, or upon or with respect to any Contract under which any Receivable arises, or any Lock-Box or Collection Account, or assign any right to receive income with respect thereto (other than, in each case, the creation of the interests therein in favor of Buyer provided for herein), and such Originator will defend the right, title and interest of Buyer in, to and under any of the foregoing property, against all claims of third parties claiming through or under such Originator.

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(e) Accounting for Purchase. Such Originator will not, and will

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not permit any Affiliate to, financially account (whether in financial statements or otherwise) for the transactions contemplated hereby in any manner other than the sale or other outright conveyance by such Originator to Buyer of the Receivables originated by such Originator and the associated Related Security or in any other respect account for or treat the transactions contemplated hereby in any manner other than as a sale of such Receivables and Related Security by such Originator to Buyer except to the extent that such transactions are not recognized on account of consolidated financial reporting in accordance with generally accepted accounting principles.

ARTICLE V  
TERMINATION EVENTS

Section 5.1 Termination Events. The occurrence of any one or more of

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the following events shall constitute a Termination Event:

(a) Such Originator shall fail to make any payment or deposit required hereunder within 5 Business Days after the same becomes due.

(b) Such Originator shall fail to perform or observe any term, covenant or agreement hereunder (other than as referred to in clause (i) of this paragraph (a)) or any other Transaction Document to which it is a party and such failure shall continue for 20 consecutive days

after written notice of such failure.

(c) Any representation, warranty, certification or statement made by such Originator in this Agreement, any other Transaction Document or in any other document delivered pursuant hereto or thereto shall prove to have been incorrect in any material respect when made or deemed made; provided that the materiality threshold in the preceding clause shall not be applicable with respect to any representation or warranty which itself contains a materiality threshold and provided further, that any misrepresentation or certification for which Buyer has actually received a Purchase Price Credit shall not constitute a Termination Event hereunder.

(d) Parent or any Subsidiary shall (i) fail to pay any principal or interest, regardless of amount, due in respect of any Indebtedness in a principal amount in excess of \$5,000,000, when and as the same shall become due and payable, or (ii) fail to observe or perform any other term, covenant, condition or agreement contained in any agreement or instrument evidencing or governing any such Indebtedness if the effect of any failure referred to in this clause (ii) is to cause, or to permit the holder or holders of such Indebtedness or a trustee on its or their behalf (with or without the giving of notice, the lapse of time or both) to cause, such Indebtedness to become due prior to its stated maturity.

(e) An Event of Bankruptcy shall occur with respect to any Originator.

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(f) One or more judgments for the payment of money in an aggregate amount in excess of \$5,000,000 shall be rendered against Parent, any Subsidiary or any combination thereof and the same shall remain undischarged for a period of 30 consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to levy upon assets or properties of Parent or any Subsidiary to enforce any such judgment.

(g) An ERISA Event shall have occurred that, when taken together with all other such ERISA Events, could reasonably be expected to result in liability of Parent and its ERISA Affiliates in an aggregate amount exceeding \$1,000,000.

(h) There shall have occurred a Change in Control.

Section 5.2 Remedies. Upon the occurrence and during the continuation

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of a Termination Event, Buyer may take any of the following actions: (i) declare the Termination Date to have occurred, whereupon the Termination Date shall forthwith occur, without demand, protest or further notice of any kind, all of which are hereby expressly waived by each Originator; provided, however, that upon the occurrence of a Termination Event described in Section 5.1(e), or of an

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actual or deemed entry of an order for relief with respect to such Originator under the Federal Bankruptcy Code, the Termination Date shall automatically occur, without demand, protest or any notice of any kind, all of which are hereby expressly waived by each Originator and (ii) to the fullest extent permitted by applicable law, declare that the Default Fee shall accrue with respect to any amounts then due and owing by such Originator to Buyer. The aforementioned rights and remedies shall be without limitation and shall be in addition to all other rights and remedies of Buyer and its assigns otherwise available under any other provision of this Agreement, by operation of law, at equity or otherwise, all of which are hereby expressly preserved, including, without limitation, all rights and remedies provided under the UCC, all of which rights shall be cumulative.

#### ARTICLE VI INDEMNIFICATION

Section 6.1 Indemnities by Originators. Without limiting any other

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rights that Buyer may have hereunder or under applicable law, each Originator hereby agrees to indemnify (and pay upon demand to) Buyer and its assigns, officers, directors, agents and employees (each an "Indemnified Party") from and against any and all damages, losses, claims, Other Taxes, Indemnified Taxes, liabilities, costs, expenses and for all other amounts payable, including reasonable attorneys' fees (which attorneys may be employees of Buyer or any such assign) and disbursements (all of the foregoing being collectively referred to as "Indemnified Amounts") awarded against or incurred by any of them arising out of or as a result of this Agreement or the acquisition, either directly or indirectly, by Buyer of an interest in the Receivables originated by such Originator, excluding, however:

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(a) Indemnified Amounts to the extent a final judgment of a court of competent jurisdiction holds that such Indemnified Amounts resulted from gross negligence or willful misconduct on the part of the Indemnified Party seeking indemnification;

(b) Indemnified Amounts to the extent the same includes losses in respect of Receivables originated by such Originator that are uncollectible on account of the insolvency, bankruptcy or lack of creditworthiness of the related Obligor; or

(c) Excluded Taxes;

provided, however, that nothing contained in this sentence shall limit the liability of such Originator or limit the recourse of Buyer to such Originator for amounts otherwise specifically provided to be paid by such Originator under the terms of this Agreement. Without limiting the generality of the foregoing indemnification, but subject in each case to clauses (a), (b) and (c) above, each Originator shall indemnify Buyer for Indemnified Amounts relating to or resulting from:

(i) any representation or warranty made by such Originator (or any officers of such Originator) under or in connection with any Purchase Report, this Agreement, any other Transaction Document or any other information or report delivered by such Originator pursuant hereto or thereto for which Buyer has not received a Purchase Price Credit that shall have been false or incorrect when made or deemed made;

(ii) the failure by such Originator, to comply with any applicable law, rule or regulation with respect to any Receivable or Contract related thereto, or the nonconformity of any Receivable or Contract included therein with any such applicable law, rule or regulation or any failure of such Originator to keep or perform any of its obligations, express or implied, with respect to any Contract;

(iii) any failure of such Originator to perform its duties, covenants or other obligations in accordance with the provisions of this Agreement or any other Transaction Document;

(iv) any products liability, personal injury or damage, suit or other similar claim arising out of or in connection with merchandise, insurance or services that are the subject of any Contract or any Receivable;

(v) any dispute, claim, offset or defense (other than discharge in bankruptcy of the Obligor) of the Obligor to the payment of any Receivable (including, without limitation, a defense based on such Receivable or the related Contract not being a legal, valid and binding obligation of such Obligor enforceable against it in accordance with its terms), or any other claim resulting from the sale of the merchandise or service

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related to such Receivable or the furnishing or failure to furnish such merchandise or services;

(vi) the commingling of Collections of Receivables at any time with other funds;

(vii) any investigation, litigation or proceeding related to or arising from this Agreement or any other Transaction Document, the transactions contemplated hereby, such Originator's use of the proceeds of the Purchase from it hereunder, the ownership of the Receivables originated by such Originator or any other investigation, litigation or proceeding relating to such Originator in which any Indemnified Party becomes involved as a result of any of the transactions contemplated hereby;

(viii) any inability to litigate any claim against any Obligor in respect of any Receivable as a result of such Obligor being immune from civil and commercial law and suit on the grounds of sovereignty or otherwise from any legal action, suit or proceeding;

(ix) any Event of Bankruptcy with respect to any Originator;

(x) any failure to vest and maintain vested in Buyer, or to transfer to Buyer, legal and equitable title to, and ownership of, the Receivables originated by such Originator and the associated Collections, and all of such Originator's right, title and interest in the Related Security associated with such Receivables, in each case, free and clear of any Adverse Claim;

(xi) the failure to have filed, or any delay in filing, financing statements or other similar instruments or documents under the UCC of any applicable jurisdiction or other applicable laws with respect to any Receivable originated by such Originator, the Related Security and

Collections with respect thereto, and the proceeds of any thereof, whether at the time of the Purchase from such Originator hereunder or at any subsequent time;

(xii) any action or omission by such Originator which reduces or impairs the rights of Buyer with respect to any Receivable or the value of any such Receivable;

(xiii) any attempt by any Person to void the Purchase from such Originator hereunder under statutory provisions or common law or equitable action; and

(xiv) the failure of any Receivable reflected as an Eligible Receivable on any Purchase Report prepared by such Originator to be an Eligible Receivable at the time acquired by Buyer.

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Section 6.2 Other Costs and Expenses. Each Originator shall pay

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to Buyer on demand all Other Taxes and other costs and out-of-pocket expenses in connection with the preparation, execution, delivery and administration of this Agreement, the transactions contemplated hereby and the other documents to be delivered hereunder. Each Originator shall pay to Buyer on demand any and all costs and expenses of Buyer, if any, including reasonable counsel fees and expenses in connection with the enforcement of this Agreement and the other documents delivered hereunder and in connection with any restructuring or workout of this Agreement or such documents, or the administration of this Agreement following a Termination Event.

ARTICLE VII  
MISCELLANEOUS

Section 7.1 Waivers and Amendments.

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(a) No failure or delay on the part of Buyer (or its assigns) in exercising any power, right or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or remedy preclude any other further exercise thereof or the exercise of any other power, right or remedy. The rights and remedies herein provided shall be cumulative and nonexclusive of any rights or remedies provided by law. Any waiver of this Agreement shall be effective only in the specific instance and for the specific purpose for which given.

(b) No provision of this Agreement may be amended, supplemented, modified or waived except in writing signed by each Originator and Buyer and, to the extent required under the Purchase Agreement, the Agent and the Liquidity Banks or the Required Liquidity Banks. Any material amendment, supplement, modification of waiver will require satisfaction of the Rating Agency Condition.

Section 7.2 Notices. All communications and notices provided

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for hereunder shall be in writing (including bank wire, telecopy or electronic facsimile transmission or similar writing) and shall be given to the other parties hereto at their respective addresses or telecopy numbers set forth on the signature pages hereof or at such other address or telecopy number as such Person may hereafter specify for the purpose of notice to each of the other parties hereto. Each such notice or other communication shall be effective (a) if given by telecopy, upon the receipt thereof, (b) if given by mail, five (5) Business Days after the time such communication is deposited in the mail with first class postage prepaid or (c) if given by any other means, when received at the address specified in this Section 7.2.

Section 7.3 Protection of Ownership Interests of Buyer.

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(a) Each Originator agrees that from time to time, at its expense, it will promptly execute and deliver all instruments and documents, and take all actions, that may be necessary or desirable, or that Buyer (or its assigns) may request, to perfect,

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protect or more fully evidence the interest of Buyer hereunder and the Receivable Interests, or to enable Buyer (or its assigns) to exercise and enforce their rights and remedies hereunder. At any time, Buyer (or its assigns) may, at such Originator's sole cost and expense, direct such Originator to notify the Obligors of Receivables of the ownership interests of Buyer under this Agreement and may also direct that payments of all amounts due or that become due under any or all Receivables be made directly to Buyer or its designee.

(b) If any Originator fails to perform any of its obligations hereunder, Buyer (or its assigns) may (but shall not be required to) perform, or cause performance of, such obligations, and Buyer's (or such assigns') costs and expenses incurred in connection therewith shall be payable by such Originator as provided in Section 6.2. Each Originator

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irrevocably authorizes Buyer (and its assigns) at any time and from time to time in the sole discretion of Buyer (or its assigns), and appoints Buyer (and its assigns) as its attorney(ies)-in-fact, to act on behalf of such Originator (i) to execute on behalf of such Originator as debtor and to file financing statements necessary or desirable in Buyer's (or its assigns') sole discretion to perfect and to maintain the perfection and priority of the interest of Buyer in the Receivables originated by such Originator and the associated Related Security and Collections and (ii) to file a carbon, photographic or other reproduction of this Agreement or any financing statement with respect to the Receivables as a financing statement in such offices as Buyer (or its assigns) in their sole discretion deem necessary or desirable to perfect and to maintain the perfection and priority of Buyer's interests in such Receivables. This appointment is coupled with an interest and is irrevocable.

#### Section 7.4 Confidentiality.

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(a) Each Originator and Buyer shall maintain and shall cause each of its employees and officers to maintain the confidentiality of the Fee Letter and the other confidential or proprietary information with respect to the Agent and Blue Ridge and their respective businesses obtained by it or them in connection with the structuring, negotiating and execution of the transactions contemplated herein, except that such Originator and its officers and employees may disclose such information to such Originator's external accountants, attorneys and other advisors and as required by any applicable law or order of any judicial or administrative proceeding.

(b) Each Originator hereby consents to the disclosure of any nonpublic information with respect to it (i) to Buyer, the Agent, the Liquidity Banks or Blue Ridge by each other, (ii) to any prospective or actual assignee or participant of any of the Persons described in clause (i), and (iii) to any rating agency, Commercial Paper dealer or provider of a surety, guaranty or credit or liquidity enhancement to Blue Ridge or any entity organized for the purpose of purchasing, or making loans secured by, financial assets for which Wachovia Bank, N.A. (or its successor) acts as the administrative agent and to any officers, directors, employees, outside accountants and attorneys of any of the

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foregoing, provided each such Person described in the foregoing clauses (ii) and (iii) is informed of the confidential nature of such information. In addition, the Purchasers and the Agent may disclose any such nonpublic information pursuant to any law, rule, regulation, direction, request or order of any judicial, administrative or regulatory authority or proceedings (whether or not having the force or effect of law).

#### Section 7.5 Bankruptcy Petition.

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(a) Each Originator and Buyer each hereby covenants and agrees that, prior to the date that is one year and one day after the payment in full of all outstanding senior indebtedness of Blue Ridge, it will not institute against, or join any other Person in instituting against, Blue Ridge any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other similar proceeding under the laws of the United States or any state of the United States.

(b) Each Originator covenants and agrees that, prior to the date that is one year and one day after the payment in full of all outstanding obligations of Buyer under the Purchase Agreement, it will not institute against, or join any other Person in instituting against, Buyer any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other similar proceeding under the laws of the United States or any state of the United States.

#### Section 7.6 Limitation of Liability. Except with respect to any claim

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arising out of the willful misconduct or gross negligence of any Originator, Buyer, Blue Ridge, the Agent or any Liquidity Bank, no claim may be made by any such Person (or its Affiliates, directors, officers, employees, attorneys or agents) against any such other Person (or its Affiliates, directors, officers, employees, attorneys or agents) for any special, indirect, consequential or punitive damages in respect of any claim for breach of contract or any other theory of liability arising out of or related to the transactions contemplated by this Agreement, or any act, omission or event occurring in connection therewith; and each of the parties hereto, on behalf of itself and its Affiliates, directors, officers, employees, attorneys, agents, successors and



assigns, hereby waives, releases, and agrees not to sue upon any claim for any such damages, whether or not accrued and whether or not known or suspected to exist in its favor.

Section 7.7 CHOICE OF LAW. THIS AGREEMENT SHALL BE GOVERNED AND

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CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (AND NOT THE LAW OF CONFLICTS) OF THE STATE OF ILLINOIS.

Section 7.8 CONSENT TO JURISDICTION. ORIGINATOR HEREBY IRREVOCABLY

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SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL OR ILLINOIS STATE COURT SITTING IN CHICAGO, ILLINOIS IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY DOCUMENT EXECUTED BY ORIGINATOR PURSUANT TO THIS AGREEMENT AND ORIGINATOR HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVES ANY OBJECTION

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IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. NOTHING HEREIN SHALL LIMIT THE RIGHT OF BUYER (OR ITS ASSIGNS) TO BRING PROCEEDINGS AGAINST ORIGINATOR IN THE COURTS OF ANY OTHER JURISDICTION. ANY JUDICIAL PROCEEDING BY ORIGINATOR AGAINST BUYER (OR ITS ASSIGNS) OR ANY AFFILIATE THEREOF INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AGREEMENT OR ANY DOCUMENT EXECUTED BY ORIGINATOR PURSUANT TO THIS AGREEMENT SHALL BE BROUGHT ONLY IN A COURT IN CHICAGO, ILLINOIS.

Section 7.9 WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES

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TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AGREEMENT, ANY DOCUMENT EXECUTED BY ORIGINATOR PURSUANT TO THIS AGREEMENT OR THE RELATIONSHIP ESTABLISHED HEREUNDER OR THEREUNDER.

Section 7.10 Integration; Binding Effect; Survival of Terms.

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(a) This Agreement and each other Transaction Document contain the final and complete integration of all prior expressions by the parties hereto with respect to the subject matter hereof and shall constitute the entire agreement among the parties hereto with respect to the subject matter hereof superseding all prior oral or written understandings.

(b) This Agreement shall be binding upon and inure to the benefit of the Originators, Buyer and their respective successors and permitted assigns (including any trustee in bankruptcy). No Originator may assign any of its rights and obligations hereunder or any interest herein without the prior written consent of Buyer. Buyer may assign at any time its rights and obligations hereunder and interests herein to any other Person without the consent of any Originator. Without limiting the foregoing, each Originator acknowledges that Buyer, pursuant to the Purchase Agreement, may assign to the Agent, for the benefit of the Purchasers, its rights, remedies, powers and privileges hereunder and that the Agent may further assign such rights, remedies, powers and privileges to the extent permitted in the Purchase Agreement. Each Originator agrees that the Agent, as the assignee of Buyer, shall, subject to the terms of the Purchase Agreement, have the right to enforce this Agreement and to exercise directly all of Buyer's rights and remedies under this Agreement (including, without limitation, the right to give or withhold any consents or approvals of Buyer to be given or withheld hereunder) and each Originator agrees to cooperate fully with the Agent in the exercise of such rights and remedies. This Agreement shall create and constitute the continuing obligations of the parties hereto in accordance with its terms and shall remain in full force

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and effect until terminated in accordance with its terms; provided, however, that the rights and remedies with respect to (i) any breach of any representation and warranty made by any Originator pursuant to Article II;

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(ii) the indemnification and payment provisions of Article VI; and (iii)

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Section 7.5 shall be continuing and shall survive any termination of this Agreement.

Section 7.11 Counterparts; Severability; Section References. This

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Agreement may be executed in any number of counterparts and by different parties

hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same Agreement. Any provisions of this Agreement which are prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Unless otherwise expressly indicated, all references herein to "Article," "Section," "Schedule" or "Exhibit" shall mean articles and sections of, and schedules and exhibits to, this Agreement.

(signature pages follow)

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their duly authorized officers as of the date hereof.

ACTUANT CORPORATION

By: /s/ Terence M. Braatz

-----  
Name: Terence M. Braatz  
Title:

Address: 6100 North Baker Road  
Glendale, WI 53209

Attn: Terry M. Braatz

Phone: (414) 247-5446  
Fax: (414) 228-6112

DEL CITY WIRE CO., INC.

By: /s/ Terence M. Braatz

-----  
Name: Terence M. Braatz  
Title: Treasurer

Address: 6100 North Baker Road  
Glendale, WI 53209

Attn: Terry M. Braatz

Phone: (414) 247-5446  
Fax: (414) 228-6112

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GB TOOLS AND SUPPLIES, INC.

By: /s/ Terence M. Braatz

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Name: Terence M. Braatz  
Title: Treasurer

Address: 6100 North Baker Road  
Glendale, WI 53209

Attn: Terry M. Braatz

Phone: (414) 247-5446  
Fax: (414) 228-6112

VERSA TECHNOLOGIES, INC.

By: /s/ Terence M. Braatz

-----  
Name: Terence M. Braatz  
Title: Treasurer

Address: 6100 North Baker Road  
Glendale, WI 53209

Attn: Terry M. Braatz

Phone: (414) 247-5446  
Fax: (414) 228-6112

ENGINEERED SOLUTIONS, L.P.

By: Versa Technologies, Inc., its general partner

By: /s/ Terence M. Braatz  
-----

Name: Terence M. Braatz  
Title: Treasurer

Address: 6100 North Baker Road  
Glendale, WI 53209

Attn: Terry M. Braatz

Phone: (414) 247-5446  
Fax: (414) 228-6112

ACTUANT RECEIVABLES CORPORATION

By: /s/ Patrick C. Dorn  
-----

Name: Patrick C. Dorn  
Title: President

Address: 3993 Howard Hughes Pkwy.  
Suite 100  
Las Vegas, Nevada 89109

Attn: Pat Dorn

Phone: (702) 735-1811  
Fax: (702) 735-1785

Exhibit I

Definitions  
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This is Exhibit I to the Agreement (as hereinafter defined). As used in the Agreement and the Exhibits and Schedules thereto, capitalized terms have the meanings set forth in this Exhibit I (such meanings to be equally applicable to the singular and plural forms thereof). If a capitalized term is used in the Agreement, or any Exhibit or Schedule thereto, and is not otherwise defined therein or in this Exhibit I, such term shall have the meaning assigned thereto in Exhibit I to the Purchase Agreement (hereinafter defined).

"Account" means an "account" under and as defined in the UCC as in effect from time to time in the State of Illinois.

"Affiliate" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person or any Subsidiary of such Person. A Person shall be deemed to control another Person if the controlling Person owns 5% or more of any class of voting securities of the controlled Person or possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of the controlled Person, whether through ownership of stock, by contract or otherwise.

"Agent" has the meaning set forth in the Preliminary Statements to the Agreement.

"Agreement" means the Receivables Sale Agreement, dated as of May 30, 2001, among Originators and Buyer, as the same may be amended, restated or otherwise modified.

"Blue Ridge" has the meaning set forth in the Preliminary Statements to the Agreement.

"Board of Directors" means the Board of Directors of Parent or any committee thereof authorized to act on behalf of such Board.

"Buyer" has the meaning set forth in the preamble to the Agreement.

"Calculation Period" means each calendar month or portion thereof which elapses during the term of the Agreement. The first Calculation Period shall commence on the date of the Purchases hereunder and the final Calculation Period shall terminate on the Termination Date.

"Capital Lease Obligations" of any Person means the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or Personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP, and

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the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

"Change in Control" shall be deemed to have occurred if:

(a) any "Person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that for purposes of this clause (a) such Person shall be deemed to have "beneficial ownership" of all shares that any such Person has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of Parent (for the purpose of this clause (a) a Person shall be deemed to beneficially own the Voting Stock of a corporation that is beneficially owned (as defined above) by another corporation (a "parent corporation") if such Person beneficially owns (as defined above) at least 50% of the aggregate voting power of all classes of Voting Stock of such parent corporation);

(b) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board of Directors (together with any new directors whose election by such Board of Directors or whose nomination for election by the shareholders of Parent was approved by a vote of 66-2/3% of the directors of Parent then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Board of Directors then in office;

(c) the adoption of a plan relating to the liquidation or dissolution of Parent;

(d) the merger or consolidation of Parent with or into another Person or the merger of another Person with or into Parent, or the sale of all or substantially all the assets of Parent to another Person, and, in the case of any such merger or consolidation, the securities of Parent that are outstanding immediately prior to such transaction and which represent 100% of the aggregate voting power of the Voting Stock of Parent are changed into or exchanged for cash, securities or property, unless pursuant to such transaction such securities are changed into or exchanged for, in addition to any other consideration, securities of the surviving corporation that represent immediately after such transaction, at least a majority of the aggregate voting power of the Voting Stock of the surviving corporation;

(e) Parent ceases to own, directly or indirectly, 100% of the outstanding voting Equity Interests of any Originator, or

(f) Parent ceases to own, directly or indirectly, 100% of the outstanding voting Equity Interests of Buyer.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Collection Account" has the meaning specified in the Purchase Agreement.

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"Collection Account Agreement" has the meaning specified in the Purchase Agreement.

"Collection Bank" has the meaning specified in the Purchase Agreement.

"Contingent Obligation" means, as to any person, any obligation of such person guaranteeing or intended to guarantee any Indebtedness, leases, dividends or other obligations ("primary obligations") of any other person (the "primary obligor") in any manner, whether directly or indirectly, including, without limitation, any obligation of such person, whether or not contingent, (a) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (b) to advance or supply funds (i) for the purchase or payment of any such primary obligation or (ii) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (c) to purchase property,

securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (d) otherwise to assure or hold harmless the holder of such primary obligation against loss in respect thereof; provided, however, that the term Contingent Obligation shall not include endorsements of instruments for deposit or collection in the ordinary course of business and any products warranties for deposit or collection in the ordinary course of business. The amount of any Contingent Obligation shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation in respect of which such Contingent Obligation is made (or, if less, the maximum amount of such primary obligation for which such person may be liable pursuant to the terms of the instrument evidencing such Contingent Obligation) or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof (assuming such person is required to perform thereunder) as determined by such person in good faith.

"Contract" means, with respect to any Receivable, any and all instruments, agreements, invoices or other writings pursuant to which such Receivable arises or which evidences such Receivable including, without limitation, all "contracts" as, when and if such term is defined in the UCC, of the applicable Originator, and in any event, shall include, without limitation, all sale, service, performance and equipment or property lease contracts, agreements and grants (whether written or oral, or third party or intercompany), and any other documents (whether written or oral) between the applicable Originator and third parties, and all assignments, amendments, restatements, supplements, extensions, renewals, replacements or modifications thereof.

"Credit and Collection Policy" means each Originator's credit and collection policies and practices relating to Contracts and Receivables existing on the date hereof and summarized in Exhibit V, as modified from time to time in accordance with the Agreement.

"Default Fee" means a per annum rate of interest equal to the sum of (i) the Prime Rate, plus (ii) 2% per annum.

"Discount Factor" means a percentage calculated to provide Buyer with a reasonable return on its investment in the Receivables originated by each Originator after taking

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account of (i) the time value of money based upon the anticipated dates of collection of such Receivables and the cost to Buyer of financing its investment in such Receivables during such period, (ii) the risk of nonpayment by the Obligors, and (iii) the cost to Buyer of servicing such Receivables. Each Originator and Buyer may agree from time to time to change the Discount Factor based on changes in one or more of the items affecting the calculation thereof, provided that any change to the Discount Factor shall take effect as of the commencement of a Calculation Period, shall apply only prospectively and shall not affect the Purchase Price payment made prior to the Calculation Period during which such Originator and Buyer agree to make such change.

"Disqualified Capital Stock" means any capital stock which, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable), or upon the happening of any event, (a) matures (excluding any maturity as the result of an optional redemption by the issuer thereof) or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the option of the holder thereof, in whole or in part, on or prior to July 30, 2009, or (b) is convertible into or exchangeable (unless at the sole option of the issuer thereof) for (i) debt securities or (ii) any capital stock referred to in (a) above, in each case at any time prior to July 30, 2009.

"Dollars," "dollars" or "\$" means lawful money of the United States of America.

"Equity Interests" means, with respect to any Person, any and all shares, interests, participations or other equivalents, including membership interests (however designated, whether voting or non-voting), of capital of such Person, including, if such Person is a partnership, partnership interests (whether general or limited) and any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, such partnership, whether outstanding on the date hereof or issued after the date of this Agreement.

"ERISA" means the Employee Retirement Income Security Act of 1974, as the same may be amended from time to time.

"ERISA Affiliate" means any trade or business (whether or not incorporated) that, together with Parent, is treated as a single employer under Section 414(b) or (c) of the Code, or solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

"ERISA Event" means (a) any "reportable event", as defined in Section

4043 of ERISA or the regulations issued thereunder, with respect to a Plan (other than an event for which the 30-day notice period is waived); (b) the existence with respect to any Plan of an "accumulated funding deficiency" (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (c) the filing pursuant to Section 412(d) of the Code or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by Parent or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by Parent or any of its ERISA Affiliates from the PBGC or a plan administrator of any notice relating to the

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intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (f) the incurrence by Parent or any of its ERISA Affiliates of any liability with respect to the withdrawal from any Plan or Multiemployer Plan; and (g) the receipt by Parent or any of its ERISA Affiliates of any notice, or the receipt by any Multiemployer Plan from Parent or any of its ERISA Affiliates of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

"Event of Bankruptcy" means an event in which:

(i) a Person shall generally not pay its debts as such debts become due or shall admit in writing its inability to pay its debts generally or shall make a general assignment for the benefit of creditors,

(ii) any proceeding shall be instituted by a Person seeking to adjudicate it bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee or other similar official for it or any substantial part of its property,

(iii) a Person shall take any corporate or partnership action to authorize any of the actions set forth in clauses (i) or (ii) above, or

(iv) any proceeding shall be instituted against a Person seeking to adjudicate it bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee or other similar official for it or any substantial part of its property and, if such Person is an Originator who is not then acting as the Servicer, such appointment continues undischarged or such proceeding continues undismissed or unstayed for a period of sixty (60) consecutive days.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Excluded Taxes" means, with respect to any Indemnified Party or any other recipient of any payment to be made by or on account of any obligation of any Originator hereunder, income or franchise taxes imposed on (or measured by) its net income by the United States of America, or by the jurisdiction under the laws of which such recipient is organized or in which its principal office is located.

"Finance Charges" means, with respect to a Contract, any finance, interest, late payment charges or similar charges owing by an Obligor pursuant to such Contract.

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"Financial Officer" of any Person means the chief financial officer, principal accounting officer, Treasurer or Controller of such Person.

"fiscal quarter" means a quarter ending on the last day of each February, May, August and November.

"GAAP" means generally accepted accounting principles applied on a consistent basis.

"General Intangibles" shall mean, collectively, with respect to each Originator, all "general intangibles," as such term is defined in the UCC, of such Originator and, in any event shall include, without limitation, (i) all of such Originator's rights, title and interest in, to and under all Contracts and Insurance Policies, (ii) all know-how and warranties relating to any of the Receivables, (iii) any and all other rights, claims, choses-in-action and causes of action of such Originator against any other Person and the benefits of any and all collateral or other security given by any other Person in connection therewith, (iv) all guarantees, endorsements and indemnifications on, or of, any of the Receivables, (v) all Records, (vi) all licenses, consents, permits, variances, certifications, authorizations and approvals, however characterized,

of any Governmental Authority (or any Person acting on behalf of a Governmental Authority) now or hereafter acquired or held by such Originator pertaining to operations now or hereafter conducted by such Originator or any of the including, without limitation, building permits, certificates of occupancy, environmental certificates, industrial permits or licenses and certificates of operation, and (vii) all rights to reserves, deferred payments, deposits, refund, indemnification or claims to the extent the foregoing relate to any Receivables and claims for tax or other refunds against any Governmental Authority relating to any Receivables.

"Governmental Authority" means any Federal, state, local or foreign court or governmental agency, authority, instrumentality or regulatory body.

"Indebtedness" of any person means, without duplication, (a) all obligations of such person for borrowed money or with respect to deposits or advances of any kind, (b) all obligations of such person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such person upon which interest charges are customarily paid, (d) all obligations of such person under conditional sale or other title retention agreements relating to property or assets purchased by such person other than customary reservations of title under agreements with suppliers or lessors entered into in the ordinary course of business, (e) all obligations of such person issued or assumed as the deferred purchase price of property or services (excluding trade accounts payable and accrued obligations incurred in the ordinary course of business), (f) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such person, whether or not the obligations secured thereby have been assumed, (g) all Contingent Obligations of such person, (h) all Capital Lease Obligations of such person, (i) all obligations of such person in respect of interest rate protection agreements, foreign currency exchange agreements or other interest or exchange rate hedging arrangements, (j) all outstanding

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obligations of such person as an account party in respect of letters of credit and bankers' acceptances, and (k) all Disqualified Capital Stock issued by such person with the amount of Indebtedness represented by such Disqualified Capital Stock being deemed to be the greater of its voluntary or involuntary liquidation preference and its maximum repurchase price, including accrued and unpaid dividends. The Indebtedness of any person shall include the Indebtedness of any partnership in which such person is a general partner.

"Indemnified Party" has the meaning set forth in Section 6.1.  
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"Indemnified Taxes" means Taxes other than Excluded Taxes.

"Initial Contributed Receivables" has the meaning set forth in Section  
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1.1.  
- - -

"Initial Cutoff Date" has the meaning set forth in Section 1.1.  
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"Insurance Policies" means, collectively, with respect to each Originator, all insurance policies with respect to any Receivable(s) now or hereafter held by such Originator or naming such Originator as insured, additional insured or loss payee, and all rights, claims and recoveries relating thereto (including, without limitation, all dividends, returned premiums and other rights to receive money in respect of any of the foregoing).

"Lock-Box" has the meaning specified in the Purchase Agreement.

"Material Adverse Effect" means a material adverse effect on (i) the business, Property, results of operations, prospects or condition, financial or otherwise, of Parent and its Subsidiaries, taken as a whole, (ii) the ability of any Originator to perform its obligations under any Transaction Document to which it is a party or of the Performance Guarantor to perform its obligations under the Performance Undertaking, (iii) the legality, validity or enforceability of this Agreement or any other Transaction Document, (iv) the Buyer's ownership interest (or the Agent's security interest, for the benefit of the Secured Parties) in the Receivables generally or in any significant portion of the Receivables, the Related Security or the Collections with respect thereto, or (v) the collectibility of the Receivables generally or of any material portion of the Receivables.

"Monthly Reporting Date" means the 16th day of each month after the date of this Agreement (or if any such day is not a Business Day, the next succeeding Business Day thereafter).

"Moody's" means Moody's Investors Service, Inc.

"Multiemployer Plan" means a multiemployer plan as defined in Section

"Net Worth" means as of the last Business Day of each Calculation Period preceding any date of determination, the excess, if any, of (a) the aggregate Outstanding Balance

of the Receivables at such time, over (b) the sum of (i) the Aggregate Invested Amount outstanding at such time, plus (ii) the aggregate outstanding principal balance of the Subordinated Loans (including any Subordinated Loan proposed to be made on the date of determination).

"Organizational Documents" means, for any Person, the documents for its formation and organization, which, for example, (a) for a corporation are its corporate charter and bylaws, (b) for a partnership are its certificate of partnership (if applicable) and partnership agreement, (c) for a limited liability company are its certificate of formation or organization and its operating agreement, regulations or the like and (d) for a trust is the trust agreement, declaration of trust, indenture or bylaws under which it is created.

"Original Balance" means, with respect to any Receivable coming into existence after the Initial Cutoff Date, the Outstanding Balance of such Receivable on the date it was created.

"Originator" has the meaning set forth in the preamble to the Agreement.

"Other Taxes" means any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made under any Transaction Document or from the execution, delivery or enforcement of, or otherwise with respect to, any Transaction Document.

"Outstanding Balance" of any Receivable at any time means the then outstanding principal balance thereof.

"Parent" has the meaning set forth in the preamble to the Agreement.

"PBGC" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA.

"Plan" means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 307 of ERISA, and in respect of which Parent or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"Prime Rate" means a rate per annum equal to the prime rate of interest announced from time to time by Wachovia Bank, N.A. or its successor (which is not necessarily the lowest rate charged to any customer), changing when and as said prime rate changes.

"Property" means any right, title or interest in or to property or assets of any kind whatsoever, whether real, personal or mixed and whether tangible or intangible and including Equity Interests or other ownership interests of any person.

"Purchase" means the purchase by Buyer from an Originator pursuant to Section 1.2(a) of the Agreement of the Receivables originated by such Originator  
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and the Related Security and Collections related thereto, together with all related rights in connection therewith.

"Purchase Agreement" has the meaning set forth in the Preliminary Statements to the Agreement.

"Purchase Price" means, with respect to the Purchase from each Originator, the aggregate price to be paid by Buyer to such Originator for such Purchase in accordance with Section 1.3 of the Agreement for the Receivables  
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originated by such Originator and the associated Collections and Related Security being sold to Buyer, which price shall equal on any date (i) the product of (x) the Outstanding Balance of such Receivables on such date, multiplied by (y) one minus the Discount Factor in effect on such date, minus (ii) any Purchase Price Credits to be credited against the Purchase Price otherwise payable in accordance with Section 1.4 of the Agreement.  
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"Purchase Price Credit" has the meaning set forth in Section 1.4 of  
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the Agreement.



"Purchase Report" has the meaning set forth in Section 1.2(b) of the  
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Agreement.

"Receivable" means each Account owed to an Originator (at the times it arises, and before giving effect to any transfer or conveyance under the Agreement) or to Buyer (after giving effect to the transfers under the Agreement) including, without limitation, the obligation to pay any Finance Charges with respect thereto: provided, however, that with respect to Actuant Corporation, only an Account arising in connection with the sale of goods or the rendering of services by its Enerpac Division and Powerpacker Division shall be included in "Receivable" and with respect to Versa Technologies, Inc., only an Account arising in connection with the sale of goods or the rendering of services by its Powergear Division shall be included in "Receivable". Indebtedness and other rights and obligations arising from any one transaction, including, without limitation, indebtedness and other rights and obligations represented by an individual invoice, shall constitute a Receivable separate from a Receivable consisting of the indebtedness and other rights and obligations arising from any other transaction; provided, further, that any indebtedness, rights or obligations referred to in the immediately preceding sentence shall be a Receivable regardless of whether the account debtor or such Originator treats such indebtedness, rights or obligations as a separate payment obligation.

"Records" means any and all lists, books, records, correspondence, ledgers, print-outs, files (whether in printed form or stored electronically), tapes and other papers or materials containing information relating to any of the Receivables including, without limitation, all customer lists, identification of suppliers, data, plans, blueprints, specifications, designs, drawings, appraisals, recorded knowledge, surveys, studies, engineering reports, test reports, manuals, standards, processing standards, performance standards, catalogs, research data, computer and automatic machinery software and programs and the like pertaining to the operations of the applicable Originator or any of the Receivables, field repair data, sales data and

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other information relating to sales of products now or hereafter manufactured, distributed or franchised by such Originator, accounting information pertaining to any of the Receivables and all media in which or on which any of the information or knowledge or data or records relating to such operations or any of the Receivables may be recorded or stored and all computer programs used for the compilation or printout of such information, knowledge, records or data.

"Related Security" means, with respect to any Receivable:

(A) all margin accounts, futures positions, book debts and other forms of obligations and receivables now or hereafter owned or held by or payable to the applicable Originator relating in any way to or arising from the sale or lease of goods or the rendering of services by such Originator or any other party, including the right to payment of any interest or finance charge with respect thereto, together with all merchandise represented by any of the accounts,

(B) all such merchandise that may be reclaimed or repossessed or returned to the applicable Originator,

(C) all of the applicable Originator's rights as an unpaid vendor, including stoppage in transit, reclamation, replevin and sequestration,

(D) all assets pledged, assigned, hypothecated or granted to, and all letters of credit, guarantee claims, Adverse Claims and security interests held by the applicable Originator to secure payment of any Accounts and which are delivered for or on behalf of any Obligor,

(E) all accessions to all of the foregoing described properties and interests in properties,

(F) all powers of attorney for the execution of any evidence of indebtedness or security or other writing in connection with the foregoing,

(G) all evidence of the filing of financing statements and other statements and the registration of other instruments in connection therewith and amendments thereto, notices to other creditors or secured parties and certificates from filing or other registration offices

(H) all General Intangibles related to such Receivable,

(I) all of the applicable Originator's right, title and interest in each Lock-Box and each Collection Account, and

(J) all proceeds of any of the foregoing.

"Reportable Event" means any of the events set forth in Section 4043(c) of ERISA or the regulations thereunder, other than any such event for which the 30-day notice requirement under ERISA has been waived in regulations issued by the PBGC.

"Required Capital Amount" means, as of any date of determination, an amount equal to the greater of (a) 3% of the Purchase Limit under the Purchase Agreement, and (b) the product of (i) 1.5 times the product of the Default Ratio times the Default Horizon Ratio, each as determined from the most recent Monthly Report received from the Servicer under the Purchase Agreement, and (ii) the Outstanding Balance of all Receivables as of such date, as determined from the most recent Monthly Report received from the Servicer under the Purchase Agreement.

"Securities Act" means the Securities Act of 1933, as amended.

"S&P" means Standard and Poor's Ratings Services, a division of The McGraw Hill Companies, Inc.

"Settlement Date" means (A) the 2nd Business Day after each Monthly Reporting Date, and (B) the last day of the relevant Interest Period in respect of each Receivable Interests funded through a Liquidity Funding.

"Subordinated Loan" has the meaning set forth in Section 1.3(a) of the Agreement.

"Subordinated Note" means a promissory note in substantially the form of Exhibit VI hereto as more fully described in Section 1.3 of the Agreement, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"Subsidiary" of a Person means (i) any corporation more than 50% of the outstanding securities having ordinary voting power of which shall at the time be owned or controlled, directly or indirectly, by such Person or by one or more of its Subsidiaries or by such Person and one or more of its Subsidiaries, or (ii) any partnership, association, limited liability company, joint venture or similar business organization more than 50% of the ownership interests having ordinary voting power of which shall at the time be so owned or controlled.

"Taxes" means any and all present or future taxes, levies, imposts, duties, deductions, charges or withholdings imposed by any Governmental Authority.

"Termination Date" means the earliest to occur of (i) the Facility Termination Date (as defined in the Purchase Agreement), (ii) the Business Day immediately prior to the occurrence of a Termination Event set forth in Section 5.1(e), (iii) the Business Day specified in a written notice from Buyer to the Originators following the occurrence of any other Termination Event, and (iv) the date which is 10 Business Days after Buyer's receipt of written notice from any Originator that it wishes to terminate the facility evidenced by this Agreement.

"Termination Event" has the meaning set forth in Section 5.1 of the Agreement.

"Transaction Documents" means, collectively, this Agreement, each Collection Account Agreement, the Subordinated Notes, and all other instruments, documents and agreements executed and delivered in connection herewith.

"UCC" means the Uniform Commercial Code as in effect in the applicable state or jurisdiction.

"Unmatured Termination Event" means an event which, with the passage of time or the giving of notice, or both, would constitute a Termination Event.

"Voting Stock" means any class or classes of capital stock of Parent pursuant to which the holders thereof have the general voting power under ordinary circumstances to elect at least a majority of the Board of Directors of Parent.

"Wholly Owned Subsidiary" means, as to any Person, (a) any corporation 100% of whose capital stock (other than directors' qualifying shares) is at the time owned by such Person and/or one or more Wholly Owned Subsidiaries of such Person and (b) any partnership, association, joint venture, limited liability company or other entity in which such Person and/or one or more Wholly Owned Subsidiaries of such Person has a 100% equity interest at such time (other than

directors', managing partners' or managing members' qualifying equity interests).

"Withdrawal Liability" means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

All accounting terms not specifically defined herein shall be construed in accordance with GAAP. All terms used in Article 9 of the UCC in the State of Illinois, and not specifically defined herein, are used herein as defined in such Article 9.

Exhibit II

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Exhibit II Chief Executive Offices; Locations of Records;

-----

Federal Employer Identification Numbers; Other Names

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Chief Executive Office for Each Originator:

6100 North Baker Road  
Glendale, WI 53209

Locations of Records for Each Originator:

6100 North Baker Road  
Glendale, WI 53209

Federal Employer Identification Number for Each Originator:

Actuant Corporation: 39-0168610  
Del City Wire Co., Inc.: 73-0666761  
GB Tools and Supplies, Inc.: 39-0964876  
Versa Technologies, Inc.: 39-1143618  
Engineered Solutions, L.P.: 31-1757546

Legal, Trade and Assumed Names for Each Originator:

Actuant Corporation: Applied Power Inc. (1/11/01)  
Del City Wire Co., Inc.: n/a  
GB Tools and Supplies, Inc.: Gardner Bender, Inc. (12/22/00); APW Tools and Supplies, Inc. (9/21/00); GB Electrical, Inc. (4/19/99)  
Versa Technologies, Inc.: n/a  
Engineered Solutions, L.P.: n/a

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Exhibit III

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Lock-boxes; Collection Accounts; Collection Banks

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Legal Entity	Business Unit	Existing Bank	Existing Lockbox #	Existing Dda #	Revised Bank
<S> <C> Actuant Receivables n/a Corporation	<C> (new "SPE")	<C> n/a	<C> n/a	<C> n/a	<C> Bank One
Tools & Supplies					
Actuant Corporation 22730	Enerpac	Bank of America	98093	8765-0-60760	Bank One

GB Tools & Supplies, Inc. 22732	Gardner Bender (GB)	Marshall & Ilsley	88397	122-2546	Bank One
" 22732	Calterm	Bank of America	n/a	8765-9-60398	Bank One
n/a	Ancor Products	Bank of America	n/a	8765-0-01091	Bank One
Del City Wire Co. Inc. 22736	Del City	Bank of America	n/a	8765-0-01092	Bank One
Engineered Solutions					
Actuant Corporation 22738	Power Packer	Bank of America	98093	8765-0-60760	Bank One
Versa Technologies, Inc. 22742	Power Gear	Marshall & Ilsley	10199	486-6114	Bank One
Engineered Solutions LP 22626 (sub of VT Holdings, Inc.)	Engineered Solutions Americas	Bank One	22626	10-81348	Bank One
	(i.e., currently Dewald only)				

<CAPTION>

Legal Entity	Revised Dda #	Concentration Effective 5/31/01
<S> Actuant Receivables Corporation	<C> 10-87832	<C> ZBA to 10-61597
Tools & Supplies		
Actuant Corporation	10-87766	ZBA to new SPE a/c
GB Tools & Supplies, Inc.	10-87774	ZBA to new SPE a/c
"	10-87774	ZBA to new SPE a/c
"	10-87782	ZBA to new SPE a/c

Del City Wire Co. Inc.	10-87790	ZBA to new SPE a/c
Engineered Solutions		ZBA to new SPE a/c
Actuant Corporation	10-87808	ZBA to new SPE a/c
Versa Technologies, Inc.	10-87816	ZBA to new SPE ac
Engineered Solutions LP (sub of VT Holdings, Inc.)	10-81348	ZBA to new SPE a/c

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Exhibit IV  
-----

[Form of] Compliance Certificate  
-----

This Compliance Certificate is furnished pursuant to that certain Receivables Sale Agreement dated as of May 30, 2001, among Actuant Corporation ("Parent"), Del City Wire Co., Inc., GB Tools and Supplies, Inc., Versa Technologies, Inc., Engineered Solutions, L.P. and Actuant Receivables Corporation (the "Agreement"). Capitalized terms used and not otherwise defined herein are used with the meanings attributed thereto in the Agreement.

THE UNDERSIGNED HEREBY CERTIFIES THAT:

1. I am the duly elected \_\_\_\_\_ of Parent.

2. I have reviewed the terms of the Agreement and I have made, or have caused to be made under my supervision, a detailed review of the transactions and conditions of Parent and its Subsidiaries during the accounting period covered by the attached financial statements.

3. The examinations described in paragraph 2 did not disclose, and I have no knowledge of, the existence of any condition or event which constitutes a Termination Event or an Unmatured Termination Event, as each such term is defined under the Agreement, during or at the end of the accounting period covered by the attached financial statements or as of the date of this Certificate[, except as set forth below].

[4. Described below are the exceptions, if any, to paragraph 3 by listing, in detail, the nature of the condition or event, the period during which it has existed and the action which Parent has taken, is taking, or proposes to take with respect to each such condition or event:\_\_\_\_\_].

The foregoing certifications, together with the computations set forth in Schedule I hereto and the financial statements delivered with this Certificate in support hereof, are made and delivered this \_\_\_\_ day of \_\_\_\_\_, 200\_.

\_\_\_\_\_  
[Name]

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Exhibit V  
-----

Credit and Collection Policy of each Originator  
-----

[attached]

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Exhibit VI  
-----

-----  
SUBORDINATED NOTE

May 30, 2001

1. Note. FOR VALUE RECEIVED, the undersigned, Actuant Receivables  
-----

Corporation, a Nevada corporation ("SPV"), hereby unconditionally promises to pay to the order of [ORIGINATOR NAME], a(n) \_\_\_\_\_ corporation ("Originator"), in lawful money of the United States of America and in immediately available funds, on or before the date following the Termination Date which is one year and one day after the date on which (i) the Outstanding Balance of all Receivables sold by Originator under the "Sale Agreement" referred to below has been reduced to zero and (ii) Originator has paid to Buyer all indemnities, adjustments and other amounts which may be owed thereunder in connection with the Purchase thereunder (the "Collection Date"), the aggregate unpaid principal sum outstanding of all "Subordinated Loans" made from time to time by Originator to SPV pursuant to and in accordance with the terms of that certain Receivables Sale Agreement dated as of May 30, 2001 among Originator and certain of its affiliates, as sellers, and SPV, as buyer (as amended, restated, supplemented or otherwise modified from time to time, the "Sale Agreement"). Reference to Section 1.3 of the Sale Agreement is hereby made for a statement of

-----  
the terms and conditions under which the loans evidenced hereby have been and will be made. All terms which are capitalized and used herein and which are not otherwise specifically defined herein shall have the meanings ascribed to such terms in the Sale Agreement.

2. Interest. SPV further promises to pay interest on the outstanding  
-----

unpaid principal amount hereof from the date hereof until payment in full hereof at a rate equal to the 1-month LIBOR rate published in The Wall Street Journal on the first Business Day of each month (or portion thereof) during the term of this Subordinated Note, computed for actual days elapsed on the basis of a year consisting of 360 days and changing on the first business day of each month hereafter ("LIBOR"); provided, however, that if SPV shall default in the payment of any principal hereof, SPV promises to pay, on demand, interest at the rate equal to LIBOR plus 2.00% per annum on any such unpaid amounts, from the date such payment is due to the date of actual payment. Interest shall be payable on the first Business Day of each month in arrears; provided, however, that SPV may elect on the date any interest payment is due hereunder to defer such payment and upon such election the amount of interest due but unpaid on such date shall constitute principal under this Subordinated Note. The outstanding principal of any loan made under this Subordinated Note shall be due and payable on the Collection Date and may be repaid or prepaid at any time without premium or penalty.

3. Principal Payments. Originator is authorized and directed by SPV  
-----

to enter on the grid attached hereto, or, at its option, in its books and records, the date and amount of each loan made by it which is evidenced by this Subordinated Note and the amount of each payment

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of principal made by SPV, and absent manifest error, such entries shall constitute prima facie evidence of the accuracy of the information so entered; provided that neither the failure of Originator to make any such entry or any error therein shall expand, limit or affect the obligations of SPV hereunder.

4. Subordination. Originator shall have the right to receive, and  
-----

SPV shall make, any and all payments and prepayments relating to the loans made under this Subordinated Note provided that, after giving effect to any such payment or prepayment, the aggregate Outstanding Balance of Receivables (as each such term is defined in the Purchase Agreement hereinafter referred to) owned by SPV at such time exceeds the sum of (a) the Aggregate Unpaid (as defined in the Purchase Agreement) outstanding at such time under the Purchase Agreement, plus (b) the aggregate outstanding principal balance of all loans made under this Subordinated Note. Originator hereby agrees that at any time during which the conditions set forth in the proviso of the immediately preceding sentence shall not be satisfied, Originator shall be subordinate in right of payment to the prior payment of any indebtedness or obligation of SPV owing to the Agent or any Purchaser under that certain Receivables Purchase Agreement dated as of May 30, 2001 by and among SPV, Actuant Corporation, as initial Servicer, various "Purchasers" from time to time party thereto, and Wachovia Bank, N.A., as the "Agent" (as amended, restated, supplemented or otherwise modified from time to time, the "Purchase Agreement"). The subordination provisions contained herein are for the direct benefit of, and may be enforced by, the Agent and the Purchasers and/or any of their respective assignees (collectively, the "Senior Claimants") under the Purchase Agreement. Until the date on which the "Aggregate Invested Amount" outstanding under the Purchase Agreement has been repaid in full and all other obligations of SPV and/or the Servicer thereunder and under the "Fee Letter" referenced therein (all such obligations, collectively, the



<S>

<C>

<C>

<C>

<C>

</TABLE>

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Exhibit VII

[Form of] Purchase Report

For the Calculation Period beginning [date] and ending [date]

TO: BUYER AND THE AGENT (AS BUYER'S ASSIGNEE)

<TABLE>

<S>

<C>

<C>

<C>

Aggregate Outstanding Balance of all Receivables sold during the period: \$ \_\_\_\_\_ A

Less: Aggregate Outstanding Balance of all Receivables sold during such period which were not Eligible Receivables on the date when sold: (\$ \_\_\_\_\_) (B)

Equals: Aggregate Outstanding Balance of all Eligible Receivables sold during the period (A - B): \$ \_\_\_\_\_ =C

Less: Purchase Price discount during the Period: (\$ \_\_\_\_\_) (D)

Equals: Gross Purchase Price Payable during the period (C - D) \$ \_\_\_\_\_ =E

Less: Total Purchase Price Credits arising during the Period: (\$ \_\_\_\_\_) (F)

Equals: Net Purchase Price payable during the Period (E - F): \$ \_\_\_\_\_ =G

Cash Purchase Price Paid to Originator during the Period: \$ \_\_\_\_\_ H

Subordinated Loans made during the Period: \$ \_\_\_\_\_ I



Less: Repayments of Subordinated Loans received during the Period:	(\$ _____)	(J)
-----		
Equals: Purchase Price paid in Cash or Subordinated Loans during the period (H + I - J):	\$ _____	=K
-----		
Aggregate Outstanding Balance of Receivables contributed during the Period:	\$ _____	L
-----		

</TABLE>

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Schedule 2.1(e)

Pending Litigation

1. Actuant Corporation and its subsidiaries (collectively the "Company") self-insures a significant portion of its product liability exposure by maintaining a significant retention provision under its insurance program. The retention (relative to accident occurrences for the fiscal years of the retention program) are as follows:

Year/1/	Retention Per Occurrence	Aggregate Retention
-----		
1978	\$1,000,000	\$1,000,000
1979	1,000,000	1,250,000
1980	500,000	1,500,000
1981	1,000,000	1,000,000
1982	700,000	700,000
1983	700,000	700,000
1984	700,000	700,000
1985	750,000	750,000
1986	800,000	800,000
1987	1,000,000	1,000,000
1988	1,000,000	1,000,000
1989	1,000,000	1,000,000
1990	1,000,000	1,000,000
1991	1,000,000	1,000,000
1992	500,000	1,000,000
1993	500,000	1,000,000
1994	300,000	1,000,000
1995	300,000	1,000,000
1996	300,000	1,000,000
1997	300,000	1,000,000
1998	300,000	1,000,000
1999	300,000	1,000,000
2000	300,000	1,000,000

/1/Each year is for the fiscal year ended August 31 of such year, except that (i) effective January 1, 1990 the Company changed its policy year to the calendar year. Accordingly, 1990 refers to calendar year 1990. 1989 refers to the period from September 1, 1988 through December 31, 1989 and (ii) 1991 is for the period from January 1, 1991 through August 31, 1991. 1992, 1993, 1994, 1995, 1996, 1997, 1998, 1999 and 2000, are for the fiscal year periods.

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For the fiscal year ended August 31, 2000, the figures set forth in the table above relate only to product liability claims and there is a \$100,000 retention for liability claims other than product liability. Further, the Company carries excess liability insurance in the current aggregate amount of \$50,000,000 in excess of the primary aggregate limit of \$1,000,000. There are a number of product liability cases pending against the Company, but the Company's total exposure for these years would not, in the opinion of the Company, exceed the retention amounts set forth above. Of course, if detailed information on these cases is desired, the Company can provide such information. You are aware of the reserves which the Company carries on its balance sheet for general liability exposure.

2. In late January 2001, the Company received an indemnity claim from Teleflex Incorporated. Teleflex had purchased the Company's former Air Cargo Equipment Corporation subsidiary during the previous year, and claimed

that it had expended substantial sums in correcting defective containers sold by Air Cargo to Emery Air Freight. After deducting the minimum specified in the parties' contract, Teleflex claimed it was entitled to be indemnified in the amount of \$1,458,840. On March 9, 2001 Quarles & Brady wrote to Teleflex on behalf of the Company, and stated that the Company denied there had been any breach of the parties' contract which would entitle Teleflex to indemnity, and that Teleflex had failed to comply with the contractually-specified indemnity process by giving the Company prompt written notice of the claim, tendering defense of the claim and affording Actuant the opportunity to protect its interests by assuming the defense. On March 26, 2001 Teleflex sent a response letter in which it stated its disagreement with the Company's position and reiterated its assertion that the Company had breached the parties' contract by failing to disclose Emery warranty claims. On April 11, 2001 Quarles & Brady responded to that letter on behalf of the Company, again stating that the Company rejected the claim. No response to this letter has been received to date.

3. In late January 2001, the Company received a letter from Hutchinson, S.A., tendering the defense of a claim by Northwest Airlines. The Northwest Airlines claim was made against Barry Controls, a business unit which the Company had sold to a subsidiary of Hutchinson in April 2000, and related to Barry Controls' sale of certain noise and vibration control devices known as the ATMA system. Northwest's claim was for refund of the \$6.3 million purchase price it had paid for the ATMA equipment and for unspecified incidental, consequential and other damages allegedly caused by failures of the ATMA system. On January 24, 2001, the Company sent Hutchinson a letter in which it accepted tender of the Northwest claim, reserving its rights to contest Hutchinson's right of indemnification if the facts so warrant. The Company's investigation of the claim continues. In May 2001, the Company was contacted by Northwest and asked whether it wished to enter into discussions regarding the settlement of Northwest's claim. The Company offered to do so, provided such discussions included the merits of Northwest's claim. On May 23, 2001 Northwest notified the Company that it did not wish to meet with the Company on those terms, and intended to commence arbitration. The Purchase Order between Barry Controls and Northwest, pursuant to which the ATMA units were apparently purchased, states that disputes are to be resolved through mediation and arbitration.

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Both the Company and Barry Controls have informed Northwest that they insist upon mediation of the dispute.

4. In November 2000, the Company was sued by Richard E. Schnell, a former employee who had sold his business to the Company in 1995. Schnell's complaint alleges various breaches of his business acquisition and employment contracts with the Company, as well as certain alleged acts of fraud and misrepresentation, and appears to seek damages in the range of \$500,000 to \$600,000. The Company filed motions attacking certain of these claims, and the Court recently granted certain of these motions but allowed Schnell an opportunity to re-plead certain of his claims.

5. The Company received a letter dated March 10, 1999 from attorneys for Lemelson Medical, Education & Research Foundation ("the Lemelson Foundation") purporting to give the Company notice of infringement of 17 patents and to offer a license under those patents. The patents all relate to either machine vision systems or automatic identification systems, most commonly known as bar code scanners, which the Company purchased from third party suppliers. The Company has obtained an opinion of patent counsel that it does not infringe any valid, enforceable claim of any of the patent claims identified in the letter. The Lemelson Foundation has filed a Complaint naming the Company and over one hundred other defendants and served it on the Company on August 2, 2000. The Company has retained the Phoenix, Arizona law firm of Roshka, Heyman & DeWulf to represent it in this matter. Please refer additional inquiries regarding this matter to Attorney John DeWulf.

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Schedule A  
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DOCUMENTS TO BE DELIVERED TO BUYER  
PRIOR TO THE INITIAL PURCHASE

1. Executed copies of the Receivables Sale Agreement, duly executed by the parties thereto.
2. Copy of each Originator's Credit and Collection Policy to attach to the Receivables Sale Agreement as an Exhibit.
3. A certificate of each Originator's [Assistant] Secretary certifying:
  - (a) A copy of the Resolutions of the Board of Directors of such Originator, authorizing Originator's execution, delivery and performance of the Receivables Sale Agreement and the other documents to be delivered by it thereunder;

(b) A copy of the Organizational Documents of such Originator (also certified, to the extent that such documents are filed with any governmental authority, by the Secretary of State of the jurisdiction of organization of such Originator on or within thirty (30) days prior to closing);

(c) Good Standing Certificates for such Originator issued by the Secretaries of State of its state of incorporation and each jurisdiction where it has material operations; and

(d) The names and signatures of the officers authorized on its behalf to execute the Receivables Sale Agreement and any other documents to be delivered by it thereunder.

4. Pre-filing state and federal tax lien, judgment lien and UCC lien searches against each Originator from the following jurisdictions:

Actuant Corporation:	Wisconsin DFI; Milwaukee County, WI
Del City Wire Co., Inc.:	Wisconsin DFI; Milwaukee County, WI; Okla. County, OK
GB Tools and Supplies, Inc.:	Wisconsin DFI; Milwaukee County, WI
Versa Technologies, Inc.:	Wisconsin DFI; Milwaukee County, WI
Engineered Solutions, L.P.:	Wisconsin DFI; Milwaukee County, WI; Indiana SOS

5. Proper financing statements in form suitable for filing under the UCC on or before the date of the initial Purchase (as defined in the Receivables Sale Agreement) in all jurisdictions as may be necessary or, in the opinion of Buyer (or its assigns), desirable, under the UCC of all appropriate jurisdictions or any comparable law in order to perfect the ownership interests contemplated by the Receivables Sale Agreement, including, without limitation, the UCC as in effect in the jurisdiction where each Originator's jurisdiction of organization.

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6. UCC partial releases in form suitable for filing necessary to release all security interests and other rights of any Person in the Receivables and Related Security previously granted by each Originator, together with an executed copy of any instrument of release delivered in connection therewith.

7. Executed Collection Account Agreements for each Lock-Box and Collection Account at Bank One, NA or M&I Bank.

8. A favorable opinion of legal counsel for each Originator licensed to give opinions under Illinois law reasonably acceptable to Buyer (and the Agent, as Buyer's assignee) as to the following:

(a) Such Originator is a [corporation/limited partnership] duly organized, validly existing, and in good standing under the laws of the state of \_\_\_\_\_.

(b) Such Originator has all requisite authority to conduct its business in each jurisdiction where failure to be so qualified would have a material adverse effect on such Originator's business.

(c) The execution and delivery by such Originator of the Receivables Sale Agreement and each other Transaction Document to which it is a party and its performance of its obligations thereunder have been duly authorized by all necessary organizational action and proceedings on the part of such Originator and will not:

(i) require any action by or in respect of, or filing with, any governmental body, agency or official (other than the filing of UCC financing statements);

(ii) contravene, or constitute a default under, any provision of applicable law or regulation or of its Organizational Documents or of any agreement, judgment, injunction, order, decree or other instrument binding upon such Originator; or

(iii) result in the creation or imposition of any Adverse Claim on assets of such Originator or any of its Subsidiaries (except as contemplated by the Receivables Sale Agreement).

(d) The Receivables Sale Agreement and each other Transaction Document to which it is a party has been duly executed and delivered by such Originator and constitutes the legally valid, and binding obligation of such Originator enforceable in accordance with its terms, except to the extent the enforcement thereof may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally and subject also to the availability of equitable remedies if equitable remedies are sought.

(e) In the event that the receivables Sale Agreement is held to create a transfer for security purposes rather than a true sale or other outright assignment, the provisions of the Receivables Sale Agreement are effective to create valid security interests in favor of Buyer in all of such Originator's right, title and interest in and to the Receivables and Related Security described therein which constitute "accounts," "chattel paper" or "general intangibles" (each as defined in the UCC) (collectively, the "Opinion Collateral"), as security for the payment of a loan deemed to have been made by Buyer to such Originator in an amount equal to the Purchase Price (as defined therein) of the Receivables (as defined therein) acquired from such Originator, together with all other obligations of such Originator thereunder.

(f) Each of the UCC-1 Financing Statements naming such Originator as debtor, Buyer, as secured party, and Agent, as assignee of secured party to be filed in the [describe filing offices], is in appropriate form for filing therein. Upon filing of such UCC-1 Financing Statements in such filing offices and payment of the required filing fees, the security interest in favor of Buyer in the Opinion Collateral will be perfected and assigned of record to the Agent.

(g) Based solely on our review of the [describe UCC Search Reports], and assuming (i) the filing of the Financing Statements and payment of the required filing fees in accordance with paragraph (f) and (ii) the absence of any intervening filings between the date and time of the Search Reports and the date and time of the filing of the Financing Statements, the security interest of Buyer in the Opinion Collateral is prior to any security interest granted in the Opinion Collateral by such Originator, the priority of which is determined solely by the filing of a financing statement in the [describe filing offices].

(h) To the best of the opinion giver's knowledge, there is no action, suit or other proceeding against such Originator or any Affiliate of such Originator, which would materially adversely affect the business or financial condition of such Originator and its Affiliates taken as a whole or which would materially adversely affect the ability of such Originator to perform its obligations under the Receivables Sale Agreement.

(i) Such Originator is not an "investment company" as such term is defined in the Investment Company Act of 1940, as amended.

9. A "true sale" opinion and "substantive consolidation" opinion of counsel for Originator with respect to the transactions contemplated by the Receivables Sale Agreement.
10. A Certificate of each Originator's [chief financial officer] certifying that, as of the closing date, no Termination Event or Unmatured Termination Event exists and is continuing.
11. Executed copies of (i) all consents from and authorizations by any Persons and (ii) all waivers and amendments to existing credit facilities, that are necessary in connection with the Receivables Sale Agreement.
12. Executed Subordinated Note by Buyer in favor of each Originator.

13. If applicable, a direction letter executed by each Originator authorizing Buyer (and the Agent, as its assignee) and directing warehousemen to allow Buyer (and the Agent, as its assignee) to inspect and make copies from such Originator's books and records maintained at off-site data processing or storage facilities.

RECEIVABLES PURCHASE AGREEMENT

DATED AS OF MAY 30, 2001

AMONG

ACTUANT RECEIVABLES CORPORATION, AS SELLER,

ACTUANT CORPORATION, AS INITIAL SERVICER,

BLUE RIDGE ASSET FUNDING CORPORATION

AND

WACHOVIA BANK, N.A., AS AGENT

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RECEIVABLES PURCHASE AGREEMENT

THIS RECEIVABLES PURCHASE AGREEMENT, dated as of May 30, 2001 is entered into by and among:

- (a) Actuant Receivables Corporation, a Nevada corporation ("Seller"),
- (b) Actuant Corporation, a Wisconsin corporation ("Parent"), as initial Servicer,
- (c) Blue Ridge Asset Funding Corporation, a Delaware corporation ("Blue Ridge"), and
- (d) Wachovia Bank, N.A., as agent for Blue Ridge and its assigns under the Transaction Documents and under the Liquidity Agreement (together with its successors and assigns in such capacity, the "Agent").

Unless defined elsewhere herein, capitalized terms used in this Agreement shall have the meanings assigned to such terms in Exhibit I.

PRELIMINARY STATEMENTS

Seller desires to transfer and assign Receivable Interests from time to time.

Blue Ridge shall purchase Receivable Interests from Seller from time to time either by issuing its Commercial Paper or by availing itself of a Liquidity Funding to the extent available.

Wachovia Bank, N.A. has been requested and is willing to act as Agent on behalf of Blue Ridge and its assigns in accordance with the terms hereof.

ARTICLE I.

PURCHASE ARRANGEMENTS

Section 1.1 Purchase Facility.

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(a) Upon the terms and subject to the conditions of this Agreement (including, without limitation, Article VI), from time to time prior to the Facility Termination Date, Seller may request that Blue Ridge purchase from Seller undivided ownership interests in the Receivables and the associated Related Security and Collections, and Blue Ridge shall make such Purchase; provided that no Purchase shall be made by Blue Ridge if, after giving effect thereto, either (i) the Aggregate Invested Amount would exceed the Purchase Limit, or (ii) the aggregate of the Receivable Interests would exceed 100%. It is the intent of Blue Ridge to fund the Purchases by the issuance of Commercial Paper. If for any reason Blue Ridge is unable, or determines that it is undesirable, to issue Commercial Paper to fund or maintain its investment in the Receivable Interests, or is unable for any reason to repay such Commercial Paper upon the

maturity thereof, Blue Ridge will avail itself of a Liquidity Funding to the extent available. If Blue Ridge funds or refinances its investment in a Receivable Interest through a Liquidity Funding, in lieu of paying CP Costs on the Invested Amount pursuant to Article III hereof, Seller will pay Yield thereon at the Alternate Base Rate or the LIBO Rate, selected in accordance with Article IV hereof. Nothing herein shall be deemed to constitute a commitment of Blue Ridge to issue Commercial Paper.

(b) Seller may, upon at least 10 Business Days' notice to the Agent, terminate in whole or reduce in part, the unused portion of the Purchase Limit; provided that each partial reduction of the Purchase Limit shall be in an amount equal to \$2,000,000 (or a larger integral multiple of \$1,000,000 if in excess thereof).

Section 1.2 Incremental Purchases. Seller shall provide the Agent with at

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least two (2) Business Days' prior written notice in a form set forth as Exhibit II hereto of each Incremental Purchase (each, a "Purchase Notice"). Each Purchase Notice shall be subject to Section 6.2 hereof and, except as set forth below, shall be irrevocable and shall specify the requested Purchase Price (which shall not be less than \$1,000,000 or a larger integral multiple of \$100,000) and the Purchase Date (which, in the case of any Incremental Purchase after the initial Purchase hereunder, shall only be on a Settlement Date). Following receipt of a Purchase Notice, the Agent will determine whether Blue

Ridge will fund the requested Incremental Purchase through the issuance of Commercial Paper or through a Liquidity Funding. If Blue Ridge determines to fund an Incremental Purchase through a Liquidity Funding, Seller may cancel the Purchase Notice or, in the absence of such a cancellation, the Incremental Purchase will be funded through a Liquidity Funding. On each Purchase Date, upon satisfaction of the applicable conditions precedent set forth in Article VI, Blue Ridge shall deposit to the Facility Account, in immediately available funds, no later than 2:00 p.m. (New York time), an amount equal to the requested Purchase Price.

Section 1.3 Decreases. Seller shall provide the Agent with prior written

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notice in conformity with the Required Notice Period (a "Reduction Notice") of any proposed reduction of Aggregate Invested Amount. Such Reduction Notice shall designate (i) the date (the "Proposed Reduction Date") upon which any such reduction of Aggregate Invested Amount shall occur (which date shall give effect to the applicable Required Notice Period), and (ii) the amount of Aggregate Invested Amount to be reduced which shall be applied ratably to all Receivable Interests in accordance with the respective Invested Amounts thereof (the "Aggregate Reduction"). Only one (1) Reduction Notice shall be outstanding at any time.

Section 1.4 Deemed Collections; Purchase Limit.

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(a) If on any day:

(i) the Outstanding Balance of any Receivable is reduced or cancelled as a result of any defective or rejected goods or services, any Contractual Dilution or other cash discount or adjustment by any Originator or any Affiliate thereof, or as a result of any governmental or regulatory action, or

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(ii) the Outstanding Balance of any Receivable is reduced or canceled as a result of a setoff in respect of any claim by the Obligor thereof (whether such claim arises out of the same or a related or an unrelated transaction), or

(iii) the Outstanding Balance of any Receivable is reduced on account of the obligation of any Originator or any Affiliate thereof to pay to the related Obligor any rebate or refund, or

(iv) the Outstanding Balance of any Receivable is less than the amount included in calculating the Net Pool Balance for purposes of any Monthly Report (for any reason other than receipt of Collections or such Receivable becoming a Defaulted Receivable), or

(v) any of the representations or warranties of Seller set forth in Section 5.1(g), (i), (j), (r), (s), (t) or (u) were not true when made with respect to any Receivable,

then, on such day, Seller shall be deemed to have received a Collection of such Receivable (A) in the case of clauses (i)-(iv) above, in the amount of such reduction or cancellation or the difference between the actual Outstanding Balance and the amount included in calculating such Net Pool Balance, as applicable; and (B) in the case of clause (v) above, in the amount of the Outstanding Balance of such Receivable and, not later than 2 Business Days thereafter shall pay to the Agent's Account the amount of any such Collection deemed to have been received in the same manner as actual cash collections are distributed under the terms of this Agreement.

(b) Seller shall ensure that the Aggregate Invested Amount at no time exceeds the Purchase Limit. If at any time the Aggregate Invested Amount exceeds the Purchase Limit, Seller shall pay to the Agent immediately an amount to be applied to reduce the Aggregate Invested Amount (as allocated by the Agent), such that after giving effect to such payment the Aggregate Invested Amount is less than or equal to the Purchase Limit.

(c) Seller shall also ensure that the Receivable Interests shall at no time exceed in the aggregate 100%. If the aggregate of the Receivable Interests exceeds 100%, Seller shall pay to the Agent on or before the next succeeding Settlement Date (or, if such excess is discovered on a Settlement Date, on such Settlement Date) an amount to be applied to reduce the Aggregate Invested Amount (as allocated by the Agent), such that after giving effect to such payment the aggregate of the Receivable Interests equals or is less than 100%.

Section 1.5 Payment Requirements and Computations. All amounts to be paid

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or deposited by any Seller Party pursuant to any provision of this Agreement shall be paid or deposited in accordance with the terms hereof no later than 12:00 noon (New York time) on the day when due in immediately available funds, and if not received before 12:00 noon (New York time) shall be deemed to be



received on the next succeeding Business Day. If such amounts are payable to the Agent for the account of Blue Ridge, they shall be paid to the Agent's Account, for the account of Blue Ridge until otherwise notified by the Agent. All computations of CP Costs, Yield, per annum fees calculated as part of any CP Costs, per annum fees hereunder and per annum fees under the Fee Letter shall be made on the basis of a year of 360 days for the

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actual number of days elapsed. If any amount hereunder shall be payable on a day which is not a Business Day, such amount shall be payable on the next succeeding Business Day.

## ARTICLE II.

### PAYMENTS AND COLLECTIONS

Section 2.1 Payments of Recourse Obligations. Seller hereby promises to pay the following (collectively, the "Recourse Obligations"):

- (a) all amounts due and owing under Section 1.3 or 1.4 on the dates specified therein;
- (b) the fees set forth in the Fee Letter on the dates specified therein;
- (c) all accrued and unpaid Yield on the Receivable Interests accruing Yield at the Alternate Base Rate or the Default Rate on each Settlement Date applicable thereto;
- (d) all accrued and unpaid Yield on the Receivable Interests accruing Yield at the LIBO Rate on the last day of each Interest Period applicable thereto;
- (e) all accrued and unpaid CP Costs on the Receivable Interests funded with Commercial Paper on each Settlement Date; and
- (f) all Broken Funding Costs and Indemnified Amounts upon demand.

Section 2.2 Collections Prior to the Facility Termination Date; Repayment of Certain Demand Advances.

(a) Prior to the Facility Termination Date, any Deemed Collections received by the Servicer and Blue Ridge's Portion of any Collections received by the Servicer shall be set aside and held in trust by the Servicer for the payment of any accrued and unpaid Aggregate Unpays or for a Reinvestment as provided in this Section 2.2. If at any time any Collections are received by the Servicer prior to the Facility Termination Date, Seller hereby requests and Blue Ridge hereby agrees to make, simultaneously with such receipt, a reinvestment (each, a "Reinvestment") with Blue Ridge's Portion of the balance of each and every Collection received by the Servicer such that after giving effect to such Reinvestment, the Invested Amount of such Receivable Interest immediately after such receipt and corresponding Reinvestment shall be equal to the amount of Invested Amount immediately prior to such receipt.

(b) On each Settlement Date prior to the Facility Termination Date, the Servicer shall remit to the Agent's Account the amounts set aside during the preceding Settlement Period that have not been subject to a Reinvestment and (after deduction of its Servicing Fee) apply such amounts (if not previously paid in accordance with Section 2.1) to the Aggregate Unpays in the order specified:

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first, ratably to the payment of all accrued and unpaid CP Costs, Yield and Broken Funding Costs (if any) that are then due and owing,

second, ratably to the payment of all accrued and unpaid fees under the Fee Letter (if any) that are then due and owing,

third, if required under Section 1.3 or 1.4, to the ratable reduction of Aggregate Invested Amount,

fourth, for the ratable payment of all other unpaid Recourse Obligations, if any, that are then due and owing, and

fifth, the balance, if any, to Seller or otherwise in accordance with Seller's instructions.

(c) If the Collections are insufficient to pay the Servicing Fee and the Aggregate Unpays specified above on any Settlement Date, Seller shall make demand upon Parent for repayment of any outstanding Demand Advances in an

aggregate amount equal to the lesser of (i) the amount of such shortfall in Collections, and (ii) the aggregate outstanding principal balance of the Demand Advances, together with all accrued and unpaid interest thereon, and Parent hereby agrees to pay such amount to the Agent's Account on such Settlement Date.

Section 2.3 Repayment of Demand Advances on the Facility Termination Date;

Collections.

(a) On the Facility Termination Date, Parent hereby agrees to repay the aggregate outstanding principal balance of all Demand Advances, together with all accrued and unpaid interest thereon, to the Agent's Account, without demand or notice of any kind, all of which are hereby expressly waived by Parent.

(b) On the Facility Termination Date and on each day thereafter, the Servicer shall set aside and hold in trust, for the Secured Parties, all Collections received on each such day. On and after the Facility Termination Date, the Servicer shall, on each Settlement Date and on each other Business Day specified by the Agent (after deduction of any accrued and unpaid Servicing Fee as of such date): (i) remit to the Agent's Account the amounts set aside pursuant to the preceding two sentences, and (ii) apply such amounts to reduce the Aggregate Unpays as follows:

first, to the reimbursement of the Agent's costs of collection and enforcement of this Agreement,

second, ratably to the payment of all accrued and unpaid CP Costs, Yield and Broken Funding Costs,

third, ratably to the payment of all accrued and unpaid fees under the Fee Letter,

fourth, to the ratable reduction of Aggregate Invested Amount,

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fifth, for the ratable payment of all other Aggregate Unpays, and

sixth, after the Final Payout Date, to Seller.

Payment Recission. payment of any of the Aggregate Unpays shall be

considered paid or applied hereunder to the extent that, at any time, all or any portion of such payment or application is rescinded by application of law or judicial authority, or must otherwise be returned or refunded for any reason. Seller shall remain obligated for the amount of any payment or application so rescinded, returned or refunded, and shall promptly pay to the Agent (for application to the Person or Persons who suffered such recission, return or refund) the full amount thereof, plus interest thereon at the Default Rate from the date of any such recission, return or refunding.

Clean Up Call. addition to Seller's rights pursuant to Section 1.3,

Seller shall have the right (after providing written notice to the Agent in accordance with the Required Notice Period), at any time following the reduction of the Aggregate Invested Amount to a level that is less than 10.0% of the original Purchase Limit, to repurchase all, but not less than all, of the then outstanding Receivable Interests. The purchase price in respect thereof shall be an amount equal to the Aggregate Unpays through the date of such repurchase, payable in immediately available funds to the Agent's Account. Such repurchase shall be without representation, warranty or recourse of any kind by, on the part of, or against Blue Ridge or the Agent.

ARTICLE III.

COMMERCIAL PAPER FUNDING

Section 3.1 CP Costs. Seller shall pay CP Costs with respect to the

Invested Amount of all Receivable Interests funded through the issuance of Commercial Paper. Each Receivable Interest that is funded substantially with Pooled Commercial Paper will accrue CP Costs each day on a pro rata basis, based upon the percentage share that the Invested Amount in respect of such Receivable Interest represents in relation to all assets held by Blue Ridge and funded substantially with related Pooled Commercial Paper.

Section 3.2 Calculation of CP Costs. Not later than the 3<sup>rd</sup>/ Business Day immediately preceding each Monthly Reporting Date, Blue Ridge shall calculate the aggregate amount of CP Costs applicable to its Receivable Interests for the Calculation Period then most recently ended and shall notify Seller of such aggregate amount.

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Section 3.3 CP Costs Payments. On each Settlement Date, Seller shall pay  
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to the Agent (for the benefit of Blue Ridge) an aggregate amount equal to all  
accrued and unpaid CP Costs in respect of the Invested Amount of all Receivable  
Interests funded with Commercial Paper for the Calculation Period then most  
recently ended in accordance with Article II.

Section 3.4 Default Rate. From and after the occurrence of an  
-----  
Amortization Event, all Receivable Interests shall accrue Yield at the Default  
Rate.

#### ARTICLE IV.

#### LIQUIDITY FUNDINGS

Section 4.1 Liquidity Fundings. Prior to the occurrence of an  
-----  
Amortization Event, the outstanding Invested Amount of each Receivable Interest  
funded with a Liquidity Funding shall accrue Yield for each day during its  
Interest Period at either the LIBO Rate or the Alternate Base Rate in accordance  
with the terms and conditions hereof. Until Seller gives the required notice to  
the Agent of another Yield Rate in accordance with Section 4.4, the initial  
Yield Rate for any Receivable Interest funded with a Liquidity Funding shall be  
the Alternate Base Rate (unless the Default Rate is then applicable). If any  
undivided interest in a Receivable Interest initially funded with Commercial  
Paper is sold to the Liquidity Banks pursuant to the Liquidity Agreement, such  
undivided interest in such Receivable Interest shall be deemed to have a  
Interest Period commencing on the date of such sale.

Section 4.2 Yield Payments. On the Settlement Date for each Receivable  
-----  
Interest that is funded with a Liquidity Funding, Seller shall pay to the Agent  
(for the benefit of the Liquidity Banks) an aggregate amount equal to the  
accrued and unpaid Yield thereon for the entire Interest Period of each such  
Liquidity Funding in accordance with Article II.

Section 4.3 Selection and Continuation of Interest Periods.  
-----  
(a) With consultation from (and approval by) the Agent, Seller  
shall from time to time request Interest Periods for the Receivable Interests  
funded with Liquidity Fundings, provided that if at any time any Liquidity  
Funding is outstanding, Seller shall always request Interest Periods such that  
at least one Interest Period shall end on the date specified in clause (A) of  
the definition of Settlement Date.

(b) Seller or the Agent, upon notice to and consent by the other  
received at least three (3) Business Days prior to the end of a Interest Period  
(the "Terminating Tranche") for any Liquidity Funding, may, effective on the  
last day of the Terminating Tranche: (i) divide any such Liquidity Funding into  
multiple Liquidity Fundings, (ii) combine any such Liquidity Funding with one or  
more other Liquidity Fundings that have a Terminating Tranche ending on the same  
day as such Terminating Tranche or (iii) combine any such Liquidity Funding with  
a new Liquidity Funding to be made by the Liquidity Banks on the day such  
Terminating Tranche ends.

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Section 4.4 Liquidity Funding Yield Rates. Seller may select the LIBO  
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Rate (subject to Section 4.5 below) or the Alternate Base Rate for each  
Liquidity Funding. Seller shall by 12:00 noon (New York time): (i) at least  
three (3) Business Days prior to the expiration of any Terminating Tranche with  
respect to which the LIBO Rate is being requested as a new Yield Rate and (ii)  
at least one (1) Business Day prior to the expiration of any Terminating Tranche  
with respect to which the Alternate Base Rate is being requested as a new Yield  
Rate, give the Agent irrevocable notice of the new Yield Rate for the Liquidity  
Funding associated with such Terminating Tranche. Until Seller gives notice to  
the Agent of another Yield Rate, the initial Yield Rate for any Receivable  
Interest assigned or participated to the Liquidity Banks pursuant to the  
Liquidity Agreement shall be the Alternate Base Rate (unless the Default Rate is  
then applicable).

Section 4.5 Suspension of the LIBO Rate.  
-----  
(a) If any Liquidity Bank notifies the Agent that it has  
determined that funding its ratable share of the Liquidity Fundings at a LIBO  
Rate would violate any applicable law, rule, regulation, or directive of any  
governmental or regulatory authority, whether or not having the force of law, or  
that (i) deposits of a type and maturity appropriate to match fund its Liquidity  
Funding at such LIBO Rate are not available or (ii) such LIBO Rate does not  
accurately reflect the cost of acquiring or maintaining a Liquidity Funding at  
such LIBO Rate, then the Agent shall suspend the availability of such LIBO Rate

and require Seller to select the Alternate Base Rate for any Liquidity Funding accruing Yield at such LIBO Rate.

(b) If less than all of the Liquidity Banks give a notice to the Agent pursuant to Section 4.5(a), each Liquidity Bank which gave such a notice shall be obliged, at the request of Seller, Blue Ridge or the Agent, to assign all of its rights and obligations hereunder to (i) another Liquidity Bank or (ii) another funding entity nominated by Seller or the Agent that is an Eligible Assignee willing to participate in the Liquidity Agreement through the Liquidity Termination Date in the place of such notifying Liquidity Bank; provided that (i) the notifying Liquidity Bank receives payment in full of all Aggregate Unpays owing to it (whether due or accrued), and (ii) the replacement Liquidity Bank otherwise satisfies the requirements of the Liquidity Agreement.

Section 4.6 Default Rate. From and after the occurrence of an  
-----  
Amortization Event, all Liquidity Fundings shall accrue Yield at the Default Rate.

#### ARTICLE V.

##### REPRESENTATIONS AND WARRANTIES

Section 5.1 Representations and Warranties of the Seller Parties. Each  
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Seller Party hereby represents and warrants to the Agent and Blue Ridge, as to itself, as of the date hereof and as of the date of each Incremental Purchase and the date of each Reinvestment that:

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(a) Organization; Powers. Such Seller Party (a) is duly organized,  
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validly existing and in good standing or active status under the laws of the jurisdiction of its organization, (b) has all requisite power and authority to own its Property and to carry on its business as now conducted and as proposed to be conducted, (c) is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required, except where the failure so to qualify could not reasonably be expected to result in a Material Adverse Effect, and (d) has the power and authority to execute, deliver and perform its obligations under each of the Transaction Documents and each other agreement or instrument contemplated hereby to which it is or will be a party.

(b) Authorization. The execution, delivery and performance by such  
-----  
Seller Party of each of the Transaction Documents to which it is a party (a) have been duly authorized by all requisite corporate and, if required, stockholder action and (b) will not (i) violate (A) any provision of law, statute, rule or regulation, or of the certificate or articles of incorporation or other constitutive documents or by-laws of such Seller Party, (B) any order of any Governmental Authority or (C) any provision of any indenture, agreement or other instrument to which such Seller Party is a party or by which any of them or any of their Property is or may be bound, (ii) be in conflict with, result in a breach of or constitute (alone or with notice or lapse of time or both) a default under, or give rise to any right to accelerate or to require the prepayment, repurchase or redemption of any obligation under any such indenture, agreement or other instrument or (iii) result in the creation or imposition of any Adverse Claim upon or with respect to any Property now owned or hereafter acquired by such Seller Party (other than any Adverse Claim created hereunder or under the other Transaction Documents).

(c) No Conflict. The execution and delivery by such Seller Party of  
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this Agreement and each other Transaction Document to which it is a party, and the performance of its obligations hereunder and thereunder do not contravene or violate (i) its Organizational Documents, (ii) any law, rule or regulation applicable to it, (iii) any restrictions under any agreement, contract or instrument to which it is a party or by which it or any of its property is bound, or (iv) any order, writ, judgment, award, injunction or decree binding on or affecting it or its property, and do not result in the creation or imposition of any Adverse Claim on assets of such Seller Party or its Subsidiaries (except as created under the Transaction Documents) except, in any case, where such contravention or violation could not reasonably be expected to have a Material Adverse Effect; and no transaction contemplated hereby requires compliance with any bulk sales act or similar law.

(d) Governmental Approvals. Other than the filing of the financing  
-----  
statements required hereunder, no action, consent or approval of, registration or filing with or any other action by any Governmental Authority is or will be required in connection with the transactions contemplated hereby.

(e) Litigation. Except as set forth on Schedule 5.1(e), there are  
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not any actions, suits or proceedings at law or in equity or by or before any

Governmental Authority now pending or, to the knowledge of such Seller Party, threatened against or affecting such Seller Party or any of its Subsidiaries or any business, Property or rights of any such Person (i) that

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involve any Transaction Document or the transactions contemplated thereby or (ii) as to which there is a reasonable possibility of an adverse determination and that, if adversely determined, could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect

(f) Enforceability. This Agreement has been duly executed and

delivered by such Seller Party and constitutes, and each other Transaction Document to which such Seller Party is a party when executed and delivered by the such Seller Party will constitute, a legal, valid and binding obligation of such Seller Party enforceable against such Seller Party in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

(g) Accuracy of Information. No information, report, financial

statement, exhibit or schedule furnished by or on behalf of such Seller Party to the Buyer or the Agent in connection with the negotiation of any Transaction Document or included therein or delivered pursuant thereto contained, contains or will contain any material misstatement of fact or omitted, omits or will omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were, are or will be made, not misleading as of the date such information is dated or certified; provided that to the extent any such information, report, financial statement, exhibit or schedule was based upon or constitutes a forecast or projection, such Seller Party represents only that it acted in good faith and utilized reasonable assumptions and due care in the preparation of such information, report, financial statement, exhibit or schedule.

(h) Use of Proceeds. No portion of the proceeds of any purchase

hereunder will be used for a purpose that violates, or would be inconsistent with, any law, rule or regulation applicable to such Seller Party including, without limitation, Regulation T, U or X of the Board of Governors of the Federal Reserve System.

(i) Good Title. Seller is the legal and beneficial owner of the

Receivables and Related Security with respect thereto, free and clear of any Adverse Claim, except as created by the Transaction Documents. There have been duly filed all financing statements or other similar instruments or documents necessary under the UCC (or any comparable law) of all appropriate jurisdictions to perfect Seller's ownership interest in each Receivable, its Collections and the Related Security.

(j) Perfection. This Agreement is effective to create a valid

security interest in favor of the Agent for the benefit of the Secured Parties in the Purchased Assets to secure payment of the Aggregate Unpaid, free and clear of any Adverse Claim except as created by the Transactions Documents. There have been duly filed all financing statements or other similar instruments or documents necessary under the UCC (or any comparable law) of all appropriate jurisdictions to perfect the Agent's (on behalf of the Secured Parties) security interest in the Purchased Assets. Such Seller Party's jurisdiction of organization is a jurisdiction whose law

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generally requires information concerning the existence of a nonpossessory security interest to be made generally available in a filing, record or registration system as a condition or result of such a security interest's obtaining priority over the rights of a lien creditor which respect to collateral.

(k) Places of Business and Locations of Records. The principal

places of business and chief executive office of such Seller Party and the offices where it keeps all of its Records are located at the address(es) listed on Exhibit III or such other locations of which the Agent has been notified in accordance with Section 7.2(a) in jurisdictions where all action required by Section 13.3(a) has been taken and completed. Seller's Federal Employer Identification Number is correctly set forth on Exhibit III.

(l) Collections. The conditions and requirements set forth in

Section 7.1(j) and Section 8.2 have at all times been satisfied and duly performed. The names, addresses and jurisdictions of organization of all

Collection Banks, together with the account numbers of the Collection Accounts of Seller at each Collection Bank and the post office box number of each Lock-Box, are listed on Exhibit IV. Seller has not granted any Person, other than the Agent as contemplated by this Agreement, dominion and control of any Lock-Box or Collection Account, or the right to take dominion and control of any such Lock-Box or Collection Account at a future time or upon the occurrence of a future event.

(m) Material Adverse Effect. (i) The initial Servicer represents

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and warrants that since August 31, 2000, no event has occurred that would have a material adverse effect on the financial condition or operations of the initial Servicer and its Subsidiaries or the ability of the initial Servicer to perform its obligations under this Agreement, and (ii) Seller represents and warrants that since the date of this Agreement, no event has occurred that would have a material adverse effect on (A) the financial condition or operations of Seller, (B) the ability of Seller to perform its obligations under the Transaction Documents, or (C) the collectibility of the Receivables generally or any material portion of the Receivables.

(n) Names. The name in which Seller has executed this Agreement is

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identical to the name of Seller as indicated on the public record of its state of organization which shows Seller to have been organized. In the past five (5) years, Seller has not used any corporate names, trade names or assumed names other than the name in which it has executed this Agreement.

(o) Ownership of Seller. Parent owns, directly or indirectly, 100%

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of the issued and outstanding Equity Interests of Seller, free and clear of any Adverse Claim. Such Equity Interests are validly issued, fully paid and nonassessable, and there are no options, warrants or other rights to acquire securities of Seller.

(p) Not a Holding Company or an Investment Company. Such Seller

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Party is not a "holding company" or a "subsidiary holding company" of a "holding company" within the meaning of the Public Utility Holding Company Act of 1935, as amended, or any successor statute. Such Seller Party is not an "investment company" within the meaning of the Investment Company Act of 1940, as amended, or any successor statute.

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(q) Compliance with Law. Such Seller Party has complied with all

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applicable laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which it may be subject, except where the failure to so comply could not reasonably be expected to have a Material Adverse Effect. Each Receivable, together with the Contract related thereto, does not contravene any laws, rules or regulations applicable thereto (including, without limitation, laws, rules and regulations relating to truth in lending, fair credit billing, fair credit reporting, equal credit opportunity, fair debt collection practices and privacy), and no part of such Contract is in violation of any such law, rule or regulation, except where such contravention or violation could not reasonably be expected to have a Material Adverse Effect.

(r) Compliance with Credit and Collection Policy. Such Seller Party

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has complied in all material respects with the Credit and Collection Policy with regard to each Receivable and the related Contract, and has not made any material change to such Credit and Collection Policy, except such material change as to which the Agent has been notified in accordance with Section 7.1(a)(vii).

(s) Payments to Applicable Originator. With respect to each

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Receivable transferred to Seller under the Receivables Sale Agreement, Seller has given reasonably equivalent value to the applicable Originator in consideration therefor and such transfer was not made for or on account of an antecedent debt. No transfer by any Originator of any Receivable under the Receivables Sale Agreement is or may be voidable under any section of the Bankruptcy Reform Act of 1978 (11 U.S.C. (S)(S) 101 et seq.), as amended.

(t) Enforceability of Contracts. Each Contract with respect to each

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Receivable is effective to create, and has created, a legal, valid and binding obligation of the related Obligor to pay the Outstanding Balance of the Receivable created thereunder and any accrued interest thereon, enforceable against the Obligor in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

(u) Eligible Receivables. Each Receivable included in the Net Pool

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Balance as an Eligible Receivable on the date of any Monthly Report was an Eligible Receivable on such date.

(v) Purchase Limit and Maximum Receivable Interests. Immediately

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after giving effect to each Incremental Purchase hereunder, the Aggregate Invested Amount is less than or equal to the Purchase Limit and the aggregate of the Receivable Interests does not exceed 100%.

(w) Accounting. The manner in which such Seller Party accounts for

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the transactions contemplated by this Agreement and the Receivables Sale Agreement does not jeopardize the true sale analysis.

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#### ARTICLE VI.

##### CONDITIONS OF PURCHASES

Section 6.1 Conditions Precedent to Initial Incremental Purchase. The

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initial Incremental Purchase of a Receivable Interest under this Agreement is subject to the conditions precedent that (a) the Agent shall have received on or before the date of such Purchase those documents listed on Schedule A and (b) the Agent shall have received all fees and expenses required to be paid on such date pursuant to the terms of this Agreement and the Fee Letter.

Section 6.2 Conditions Precedent to All Purchases and Reinvestments.

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Each Incremental Purchase and each Reinvestment shall be subject to the further conditions precedent that (a) in the case of each such Purchase: (i) the Servicer shall have delivered to the Agent on or prior to the date of such Purchase, in form and substance satisfactory to the Agent, all Monthly Reports as and when due under Section 8.5 and (ii) upon the Agent's request, the Servicer shall have delivered to the Agent at least three (3) Business Days prior to such Purchase an interim Monthly Report showing the amount of Eligible Receivables; (b) the Agent shall have received such other approvals, opinions or documents as it may reasonably request and (c) on each Purchase Date, the following statements shall be true (and acceptance of the proceeds of such Incremental Purchase or Reinvestment shall be deemed a representation and warranty by Seller that such statements are then true):

(i) the representations and warranties set forth in Section 5.1 are true and correct on and as of the date of such Incremental Purchase or Reinvestment as though made on and as of such Purchase Date;

(ii) no event has occurred and is continuing, or would result from such Incremental Purchase or Reinvestment, that will constitute an Amortization Event, and no event has occurred and is continuing, or would result from such Incremental Purchase or Reinvestment, that would constitute an Unmatured Amortization Event; and

(iii) the Aggregate Invested Amount does not exceed the Purchase Limit and the aggregate Receivable Interests do not exceed 100%.

It is expressly understood that each Reinvestment shall, unless otherwise directed by the Agent or Blue Ridge, occur automatically on each day that the Servicer shall receive any Collections without the requirement that any further action be taken on the part of any Person and notwithstanding the failure of Seller to satisfy any of the foregoing conditions precedent in respect of such Reinvestment. The failure of Seller to satisfy any of the foregoing conditions precedent in respect of any Reinvestment shall give rise to a right of the Agent, which right may be exercised at any time on demand of the Agent, to rescind the related purchase and direct Seller to pay to the Agent's Account, for the benefit of Blue Ridge, an amount equal to the Collections prior to the Facility Termination Date that shall have been applied to the affected Reinvestment.

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#### ARTICLE VII.

##### COVENANTS

Section 7.1 Affirmative Covenants of the Seller Parties. Until the date

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on which the Aggregate Unpaid have been indefeasibly paid in full and this Agreement terminates in accordance with its terms, each Seller Party hereby covenants, as to itself, as set forth below:

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Financial Reporting. Seller Party will maintain, for itself and

each of its Subsidiaries, a system of accounting established and administered in accordance with GAAP, and furnish or cause to be furnished to the Agent:

(i) Annual Reporting. Within 90 days after the end of

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each fiscal year of Parent: (A) Parent's balance sheet and related statements of income and cash flows showing the financial condition of Parent and its consolidated Subsidiaries as of the close of such fiscal year and the results of their operations during such year, all in reasonable detail and audited by PricewaterhouseCoopers LLP or other independent public accountants of recognized national standing and accompanied by an opinion of such accountants (which shall not be qualified in any material respect) to the effect that such consolidated financial statements fairly present in all material respects the financial condition and results of operations of Parent and its Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, setting forth in each case in comparative form the corresponding statements for the preceding fiscal year; and (B) comparable unaudited financial statements for Seller.

(ii) Quarterly Reporting. Within 45 days after the end of

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each of the first three fiscal quarters of each fiscal year of Parent: (A) Parent's consolidated balance sheet and related statements of income and cash flows showing the financial condition of Parent and its consolidated Subsidiaries as of the close of such fiscal quarter and the results of their operations during such fiscal quarter and the then elapsed portion of the fiscal year, all in reasonable detail and certified by one of its Financial Officers as fairly presenting in all material respects the financial condition and results of operations of Parent and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments, setting forth in each case in comparative form the corresponding statements for the corresponding period in the preceding fiscal year, and (B) comparable unaudited financial statements for Seller.

(iii) Compliance Certificate. Together with the financial

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statements required hereunder, a compliance certificate in substantially the form of Exhibit V signed by a Financial Officer of such Seller Party and dated the date of such annual financial statement or such quarterly financial statement, as the case may be.

(iv) Shareholders Statements and Reports. Promptly upon

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the furnishing thereof to the shareholders of Parent, copies of all financial statements, reports and proxy statements so furnished.

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(v) S.E.C. Filings. Promptly after the same become

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publicly available, copies of all periodic and other reports, proxy statements and other materials filed by Parent or any Subsidiary with the Securities and Exchange Commission, or any Governmental Authority succeeding to any or all of the functions of said Commission, or with any national securities exchange, or distributed to holders of its Indebtedness pursuant to the terms of the documentation governing such Indebtedness (or any trustee, agent or other representative therefor), as the case may be.

(vi) Copies of Notices. Promptly upon its receipt of any

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notice, request for consent, financial statements, certification, report or other communication under or in connection with any Transaction Document from any Person other than the Agent or Blue Ridge, copies of the same.

(vii) Change in Credit and Collection Policy. At least

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thirty (30) days prior to the effectiveness of any material change in or material amendment to the Credit and Collection Policy, a copy of the Credit and Collection Policy then in effect and a notice (A) indicating such proposed change or amendment, and (B) if such proposed change or amendment would be reasonably likely to adversely affect the collectibility of the Receivables or decrease the credit quality of any newly created Receivables, requesting the Agent's consent thereto.

(viii) Other Information. Promptly, from time to time,

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such other information, documents, records or reports relating to the Receivables originated by such Originator or the condition or operations, financial or otherwise, of such Originator as Buyer (or its assigns) may from time to time reasonably request in order to protect the interests of



Buyer (and its assigns) under or as contemplated by this Agreement.

(b) Notices. Such Seller Party will notify the Agent in writing  
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of any of the following promptly upon learning of the occurrence thereof,  
describing the same and, if applicable, the steps being taken with respect  
thereto:

(i) Amortization Events or Unmatured Amortization  
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Events. The occurrence of each Amortization Event and each Unmatured  
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Amortization Event, by a statement of a Financial Officer of such Seller  
Party.

(ii) Material Adverse Effect. The occurrence of any  
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event or condition that has had, or could reasonably be expected to have,  
a Material Adverse Effect.

(iii) Termination Date. The occurrence of the  
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"Termination Date" under and as defined in the Receivables Sale  
Agreement.

(iv) Defaults Under Other Agreements. The occurrence of  
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an event of default (as to which any notice period or cure period has  
expired without cure) under any other financing arrangement pursuant to  
which such Seller Party is a debtor or an obligor which, in the case of a  
Seller Party other than Seller, involves a line of credit or  
Indebtedness, in each case, of \$1 million or more.

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(v) Notices under Receivables Sale Agreement. Copies of  
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all notices delivered under the Receivables Sale Agreement.

Downgrade of Servicer. downgrade in the rating of any Indebtedness  
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of Servicer by S&P or Moody's, setting forth the Indebtedness affected  
and the nature of such change.

(vi) ERISA Events. The occurrence of any ERISA Event.  
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(vii) Change in Credit and Collection Policy. At least  
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thirty (30) days prior to the effectiveness of any material change in or  
material amendment to the Credit and Collection Policy, a copy of the  
Credit and Collection Policy then in effect and a notice (A) indicating  
such change or amendment, and (B) if such proposed change or amendment  
would be reasonably likely to adversely affect the collectibility of the  
Receivables or decrease the credit quality of any newly created  
Receivables, requesting the Agent's consent thereto.

(c) Compliance with Laws and Preservation of Corporate  
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Existence. Such Seller Party will comply in all respects with all applicable  
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laws, rules, regulations, orders, writs, judgments, injunctions, decrees or  
awards to which it may be subject, except where the failure to so comply could  
not reasonably be expected to have a Material Adverse Effect. Such Seller Party  
will preserve and maintain its corporate existence, rights, franchises and  
privileges in the jurisdiction of its incorporation, and qualify and remain  
qualified in good standing as a foreign corporation in each jurisdiction where  
its business is conducted, except where the failure to so preserve and maintain  
or qualify could not reasonably be expected to have a Material Adverse Effect.

Audits. Seller Party will furnish to the Agent from time to time  
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such information with respect to it and the Receivables as the Agent may  
reasonably request. Such Seller Party will, from time to time during regular  
business hours as requested by the Agent upon reasonable notice and at the sole  
cost of such Seller Party, permit the Agent, or its agents or representatives  
(and shall cause each Originator to permit the Agent or its agents or  
representatives): (i) to examine and make copies of and abstracts from all  
Records in the possession or under the control of such Person relating to the  
Purchased Assets, including, without limitation, the related Contracts, and (ii)  
to visit the offices and properties of such Person for the purpose of examining  
such materials described in clause (i) above, and to discuss matters relating to  
such Person's financial condition or the Purchased Assets or any Person's  
performance under any of the Transaction Documents or any Person's performance  
under the Contracts and, in each case, with any of the officers or employees of

Seller or the Servicer having knowledge of such matters (each of the foregoing examinations and visits, a "Review"); provided, however, that, so long as no Amortization Event has occurred and is continuing, (A) the Seller Parties shall only be responsible for the costs and expenses of one (1) Review in any one calendar year, and (B) the Agent will not request more than four (4) Reviews in any one calendar year.

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(d) Keeping and Marking of Records and Books.  
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(i) The Servicer will (and will cause each Originator to) maintain and implement administrative and operating procedures (including, without limitation, an ability to recreate records evidencing Receivables in the event of the destruction of the originals thereof), and keep and maintain all documents, books, records and other information reasonably necessary or advisable for the collection of all Receivables (including, without limitation, records adequate to permit the immediate identification of each new Receivable and all Collections of and adjustments to each existing Receivable). The Servicer will (and will cause each Originator to) give the Agent notice of any material change in the administrative and operating procedures referred to in the previous sentence.

(ii) Such Seller Party will (and will cause each Originator to): (A) on or prior to the date hereof, mark its standard monthly accounts receivable aging reports regarding the Receivables with a legend, acceptable to the Agent, describing the Agent's security interest in the Purchased Assets and (B) upon the request of the Agent following the occurrence and during the continuance of an Amortization Event: (x) mark each Contract with a legend describing the Agent's security interest and (y) deliver to the Agent all Contracts (including, without limitation, all multiple originals of any such Contract constituting an instrument, a certificated security or chattel paper) relating to the Receivables.

(e) Compliance with Contracts and Credit and Collection Policy.  
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Such Seller Party will (and will cause each Originator to) timely and fully (i) perform and comply with all provisions, covenants and other promises required to be observed by it under the Contracts related to the Receivables, and (ii) comply in all respects with the Credit and Collection Policy in regard to each Receivable and the related Contract.

(f) Performance and Enforcement of Receivables Sale Agreement.  
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Seller will, and will require each Originator to, perform each of their respective obligations and undertakings under and pursuant to the Receivables Sale Agreement, will purchase Receivables thereunder in strict compliance with the terms thereof and will vigorously enforce the rights and remedies accorded to Seller under the Receivables Sale Agreement. Seller will take all actions to perfect and enforce its rights and interests (and the rights and interests of the Agent, as Seller's assignee) under the Receivables Sale Agreement as the Agent may from time to time reasonably request, including, without limitation, making claims to which it may be entitled under any indemnity, reimbursement or similar provision contained in the Receivables Sale Agreement.

(g) Ownership. Seller will (or will cause each Originator to) take  
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all necessary action to (i) vest legal and equitable title to the Purchased Assets purchased under the Receivables Sale Agreement irrevocably in Seller, free and clear of any Adverse Claims (other than Adverse Claims in favor of the Agent, for the benefit of the Secured Parties) including, without limitation, the filing of all financing statements or other similar instruments or documents necessary under the UCC (or any comparable law) of all appropriate jurisdictions to

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perfect Seller's interest in such Purchased Assets and such other action to perfect, protect or more fully evidence the interest of Seller therein as the Agent may reasonably request), and (ii) establish and maintain, in favor of the Agent, for the benefit of the Secured Parties, a valid and perfected first priority security interest in all Purchased Assets, free and clear of any Adverse Claims, including, without limitation, the filing of all financing statements or other similar instruments or documents necessary under the UCC (or any comparable law) of all appropriate jurisdictions to perfect the Agent's (for the benefit of the Secured Parties) security interest in the Purchased Assets and such other action to perfect, protect or more fully evidence the interest of the Agent for the benefit of the Secured Parties as the Agent may reasonably request.

(h) Reliance. Seller acknowledges that the Agent and Blue Ridge are  
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entering into the transactions contemplated by this Agreement in reliance upon Seller's identity as a legal entity that is separate from each Originator.

Therefore, from and after the date of execution and delivery of this Agreement, Seller shall take all reasonable steps, including, without limitation, all steps that the Agent or Blue Ridge may from time to time reasonably request, to maintain Seller's identity as a separate legal entity and to make it manifest to third parties that Seller is an entity with assets and liabilities distinct from those of each Originator and any Affiliates thereof (other than Seller) and not just a division of any Originator or any such Affiliate. Without limiting the generality of the foregoing and in addition to the other covenants set forth herein, Seller will:

(A) conduct its own business in its own name and require that all full-time employees of Seller, if any, identify themselves as such and not as employees of any Originator (including, without limitation, by means of providing appropriate employees with business or identification cards identifying such employees as Seller's employees);

(B) compensate all employees, consultants and agents directly, from Seller's own funds, for services provided to Seller by such employees, consultants and agents and, to the extent any employee, consultant or agent of Seller is also an employee, consultant or agent of any Originator or any Affiliate thereof, allocate the compensation of such employee, consultant or agent between Seller and such Originator or such Affiliate, as applicable, on a basis that reflects the services rendered to Seller and such Originator or such Affiliate, as applicable;

(C) clearly identify its offices (by signage or otherwise) as its offices and, if such office is located in the offices of any Originator, Seller shall lease such office at a fair market rent;

(D) have a separate telephone number, which will be answered only in its name and separate stationery and checks in its own name;

(E) conduct all transactions with each Originator and the Servicer (including, without limitation, any delegation of its obligations hereunder as Servicer) strictly on an arm's-length basis, allocate all overhead expenses (including, without limitation, telephone and other utility charges) for items shared between Seller and such Originator on the

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basis of actual use to the extent practicable and, to the extent such allocation is not practicable, on a basis reasonably related to actual use;

(F) at all times have a Board of Directors consisting of three members, at least one member of which is an Independent Director;

(G) observe all corporate formalities as a distinct entity, and ensure that all corporate actions relating to (A) the selection, maintenance or replacement of the Independent Director, (B) the dissolution or liquidation of Seller or (C) the initiation of, participation in, acquiescence in or consent to any bankruptcy, insolvency, reorganization or similar proceeding involving Seller, are duly authorized by unanimous vote of its Board of Directors (including the Independent Director);

(H) maintain Seller's books and records separate from those of each Originator and any Affiliate thereof and otherwise readily identifiable as its own assets rather than assets of any Originator or any Affiliate thereof;

(I) prepare its financial statements separately from those of each Originator and insure that any consolidated financial statements of any Originator or any Affiliate thereof that include Seller and that are filed with the Securities and Exchange Commission or any other governmental agency have notes clearly stating that Seller is a separate corporate entity and that its assets will be available first and foremost to satisfy the claims of the creditors of Seller;

(J) except as herein specifically otherwise provided, to the maximum extent within Seller's control, maintain the funds or other assets of Seller separate from, and not commingled with, those of any Originator or any Affiliate thereof and only maintain bank accounts or other depository accounts to which Seller alone is the account party, into which Seller alone makes deposits and from which Seller alone (or the Agent hereunder) has the power to make withdrawals;

(K) pay all of Seller's operating expenses from Seller's own assets (except for certain payments by any Originator or other Persons pursuant to allocation arrangements that comply with the requirements of this Section 7.1(i));

(L) operate its business and activities such that: it does not engage in any business or activity of any kind, or enter into any transaction or indenture, mortgage, instrument, agreement, contract, lease or other undertaking, other than the transactions contemplated and authorized by this Agreement and the Receivables Sale Agreement; and does not create, incur,

guarantee, assume or suffer to exist any indebtedness or other liabilities, whether direct or contingent, other than (1) as a result of the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business, (2) the incurrence of obligations under this Agreement, (3) the incurrence of obligations, as expressly contemplated in the Receivables Sale Agreement, to make payment to the applicable Originator thereunder for the purchase of Receivables from such Originator under the

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Receivables Sale Agreement, and (4) the incurrence of operating expenses in the ordinary course of business of the type otherwise contemplated by this Agreement;

(M) maintain its corporate charter in conformity with this Agreement, such that it does not amend, restate, supplement or otherwise modify its Organizational Documents in any respect that would impair its ability to comply with the terms or provisions of any of the Transaction Documents, including, without limitation, Section 7.1(i) of this Agreement;

(N) maintain the effectiveness of, and continue to perform under the Receivables Sale Agreement and the Performance Undertaking, such that it does not amend, restate, supplement, cancel, terminate or otherwise modify the Receivables Sale Agreement or the Performance Undertaking, or give any consent, waiver, directive or approval thereunder or waive any default, action, omission or breach under the Receivables Sale Agreement or the Performance Undertaking or otherwise grant any indulgence thereunder, without (in each case) the prior written consent of the Agent;

(O) maintain its corporate separateness such that it does not merge or consolidate with or into, or convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions, and except as otherwise contemplated herein) all or substantially all of its assets (whether now owned or hereafter acquired) to, or acquire all or substantially all of the assets of, any Person, nor at any time create, have, acquire, maintain or hold any interest in any Subsidiary.

(P) maintain at all times the Required Capital Amount (as defined in the Receivables Sale Agreement) and refrain from making any dividend, distribution, redemption of capital stock or payment of any subordinated indebtedness which would cause the Required Capital Amount to cease to be so maintained; and

(Q) take such other actions as are necessary on its part to ensure that the facts and assumptions set forth in the opinion issued by Quarles & Brady LLP, as counsel for Seller, in connection with the closing or initial Purchase under this Agreement and relating to substantive consolidation issues, and in the certificates accompanying such opinion, remain true and correct in all material respects at all times.

(i) Collections. Such Seller Party will cause (1) all proceeds

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from all Lock-Boxes to be directly deposited by a Collection Bank into a Collection Account and (2) each Lock-Box and Collection Account to be subject at all times to a Collection Account Agreement that is in full force and effect; provided, however, that unless otherwise requested by the Agent assignee), no Collection Account Agreement will be required with respect to any Lock-Box or Collection Account at Bank of America, N.A. so long as the existing Lock-Box and Collection Account at such bank are closed by September 15, 2001. In the event any payments relating to the Purchased Assets are remitted directly to Seller or any Affiliate of Seller, Seller will remit (or will cause all such payments to be remitted) directly to a Collection Bank and deposited into a Collection Account within two (2) Business Days following receipt thereof, and, at all times prior to such remittance, Seller will itself hold or, if applicable, will cause such payments to be

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held in trust for the exclusive benefit of the Agent and Blue Ridge. Seller will maintain exclusive ownership, dominion and control (subject to the terms of this Agreement) of each Lock-Box and Collection Account and shall not grant the right to take dominion and control of any Lock-Box or Collection Account at a future time or upon the occurrence of a future event to any Person, except to the Agent as contemplated by this Agreement.

(j) Taxes. Such Seller Party will file all tax returns and reports

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required by law to be filed by it and will promptly pay all taxes and governmental charges at any time owing, except any such taxes which are not yet delinquent or are being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books. Seller will pay when due any taxes payable in connection with the Receivables, exclusive of taxes on or measured by income or gross receipts of the Agent or Blue Ridge.

(k) Payment to Applicable Originator. With respect to any  
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Receivable purchased by Seller from any Originator, such sale shall be effected under, and in strict compliance with the terms of, the Receivables Sale Agreement, including, without limitation, the terms relating to the amount and timing of payments to be made to such Originator in respect of the purchase price for such Receivable.

Section 7.2 Negative Covenants of the Seller Parties. Until the date on  
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which the Aggregate Unpays have been indefeasibly paid in full and this Agreement terminates in accordance with its terms, each Seller Party hereby covenants, as to itself, that:

(a) Name Change, Offices and Records. Such Seller Party will not  
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change its name, identity or structure (within the meaning of any applicable enactment of the UCC), relocate its chief executive office at any time while the location of its chief executive office is relevant to perfection of the Agent's security interest, for the benefit of the Secured Parties, in the Receivables, Related Security and Collections, or change any office where Records are kept unless it shall have: (i) given the Agent at least forty-five (45) days' prior written notice thereof and (ii) delivered to the Agent all financing statements, instruments and other documents requested by the Agent in connection with such change or relocation.

(b) Change in Payment Instructions to Obligors. Except as may be  
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required by the Agent pursuant to Section 8.2(b), such Seller Party will not add or terminate any bank as a Collection Bank, or make any change in the instructions to Obligors regarding payments to be made to any Lock-Box or Collection Account, unless the Agent shall have received, at least ten (10) days before the proposed effective date therefor, (i) written notice of such addition, termination or change and evidence reasonably satisfactory to the Agent that all Adverse Claims to such Lock-Box or Collection Account have been released and (ii) with respect to the addition of a Collection Bank or a Collection Account or Lock-Box, an executed Collection Account Agreement with respect to the new Collection Account or Lock-Box; provided, however, that the Servicer may make changes in instructions to Obligors regarding payments if such new instructions require such Obligor to make payments to another existing Collection Account.

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(c) Modifications to Contracts and Credit and Collection Policy. Such  
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Seller Party will not, and will not permit any Originator to, make any material change to the Credit and Collection Policy that could materially adversely affect the collectibility of the Receivables or decrease the credit quality of any newly created Receivables. Except as provided in Section 8.2(d), the Servicer will not, and will not permit any Originator to, extend, amend or otherwise modify the terms of any Receivable or any Contract related thereto other than in accordance with the Credit and Collection Policy.

(d) Sales, Liens. Seller will not sell, assign (by operation of law  
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or otherwise) or otherwise dispose of, or grant any option with respect to, or create or suffer to exist any Adverse Claim upon (including, without limitation, the filing of any financing statement) or with respect to, any of the Purchased Assets, or assign any right to receive income with respect thereto (other than, in each case, the creation of a security interest therein in favor of the Agent as provided for herein), and Seller will defend the right, title and interest of the Secured Parties in, to and under any of the foregoing property, against all claims of third parties claiming through or under Seller or any Originator.

(e) Use of Proceeds. Seller will not use the proceeds of the  
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Purchases for any purpose other than (i) paying for Receivables and Related Security under and in accordance with the Receivables Sale Agreement, including without limitation, making payments on the Subordinated Notes to the extent permitted thereunder and under the Receivables Sale Agreement, (ii) making Demand Advances to Parent at any time prior to the Facility Termination Date while it is acting as Servicer and no Amortization Event or Unmatured Amortization Event exists and is continuing, (iii) paying its ordinary and necessary operating expenses when and as due, and (iv) making Restricted Junior Payments to the extent permitted under this Agreement.

(f) Termination Date Determination. Seller will not designate the  
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Termination Date (as defined in the Receivables Sale Agreement), or send any written notice to any Originator in respect thereof, without the prior written consent of the Agent, except with respect to the occurrence of such Termination Date arising pursuant to Section 5.1(d) of the Receivables Sale Agreement.

(g) Restricted Junior Payments. Seller will not make any Restricted

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Junior Payment if after giving effect thereto, Seller's Net Worth (as defined in the Receivables Sale Agreement) would be less than the Required Capital Amount (as defined in the Receivables Sale Agreement).

(h) Seller Indebtedness. Seller will not incur or permit to exist any

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Indebtedness or liability on account of deposits except: (i) the Aggregate Unpaid, (ii) the Subordinated Loans, and (iii) other current accounts payable arising in the ordinary course of business and not overdue.

(i) Prohibition on Additional Negative Pledges. No Seller Party will

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enter into or assume any agreement (other than this Agreement and the other Transaction Documents) prohibiting the creation or assumption of any Adverse Claim upon the Purchased Assets except as contemplated by the Transaction Documents, or otherwise prohibiting or restricting any

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transaction contemplated hereby or by the other Transaction Documents, and no Seller Party will enter into or assume any agreement creating any Adverse Claim upon the Subordinated Notes.

ARTICLE VIII.

ADMINISTRATION AND COLLECTION

Section 8.1 Designation of Servicer.  
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(a) The servicing, administration and collection of the Receivables shall be conducted by such Person (the "Servicer") so designated from time to time in accordance with this Section 8.1. Parent is hereby designated as, and hereby agrees to perform the duties and obligations of, the Servicer pursuant to the terms of this Agreement. The Agent may at any time following the occurrence and during the continuance of an Amortization Event, designate as Servicer any Person to succeed Parent or any successor Servicer; provided that the Rating Agency Condition is satisfied.

(b) Parent may delegate, and Parent hereby advises the Agent and Blue Ridge that it has delegated, to the other Originators, as sub-servicers of the Servicer, certain of its duties and responsibilities as Servicer hereunder in respect of the Receivables originated by such other Originator. Without the prior written consent of the Agent and the Required Liquidity Banks, Parent shall not be permitted to delegate any of its duties or responsibilities as Servicer to any Person other than (i) the other Originators, and (ii) with respect to certain Defaulted Receivables, outside collection agencies in accordance with its customary practices (each other Originator and outside collection agency, when acting as such a delegate, a "Permitted Sub-Servicer"). No Permitted Sub-Servicer shall be permitted to further delegate to any other Person any of the duties or responsibilities of the Servicer delegated to it by Parent. If at any time the Agent shall designate as Servicer any Person other than Parent, all duties and responsibilities theretofore delegated by Parent to the other Originators may, at the discretion of the Agent, be terminated forthwith on notice given by the Agent to Parent and to Seller and the other Originators.

(c) Notwithstanding the foregoing subsection (b): (i) Parent shall be and remain primarily liable to the Agent and Blue Ridge for the full and prompt performance of all duties and responsibilities of the Servicer hereunder and (ii) the Agent and Blue Ridge shall be entitled to deal exclusively with Parent in matters relating to the discharge by the Servicer of its duties and responsibilities hereunder. The Agent and Blue Ridge shall not be required to give notice, demand or other communication to any Person other than Parent in order for communication to the Servicer and its sub-servicer or other delegate with respect thereto to be accomplished. Parent, at all times that it is the Servicer, shall be responsible for providing any sub-servicer or other delegate of the Servicer with any notice given to the Servicer under this Agreement.

Section 8.2 Duties of Servicer.  
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(a) The Servicer shall take or cause to be taken all such actions as may be necessary or advisable to collect each Receivable from time to time, all in accordance with

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applicable laws, rules and regulations, with reasonable care and diligence, and in accordance with the Credit and Collection Policy.

(b) The Servicer will instruct all Obligor to pay all Collections directly to a Lock-Box or Collection Account. The Servicer shall effect a

Collection Account Agreement substantially in the form of the agreement contained in Exhibit VI (or in a form otherwise acceptable to the Agent) with each bank party to a Collection Account at any time; provided, however, that unless otherwise requested by the Agent, no Collection Account Agreement will be required with respect to any Lock-Box or Collection Account at Bank of America, N.A. so long as the existing Lock-Box and Collection Account at such bank are closed by September 15, 2001. In the case of any remittances received in any Lock-Box or Collection Account that shall have been identified, to the satisfaction of the Servicer, to not constitute Collections or other proceeds of the Receivables or the Related Security, the Servicer shall promptly remit such items to the Person identified to it as being the owner of such remittances. From and after the date the Agent delivers to any Collection Bank a Collection Notice pursuant to Section 8.3, the Agent may request that the Servicer, and the Servicer thereupon promptly shall instruct all Obligors with respect to the Receivables, to remit all payments thereon to a new depository account specified by the Agent and, at all times thereafter, Seller and the Servicer shall not deposit or otherwise credit, and shall not permit any other Person to deposit or otherwise credit to such new depository account any cash or payment item other than Collections.

(c) The Servicer shall administer the Collections in accordance with the procedures described herein and in Article II. The Servicer shall set aside and hold in trust for the account of Seller and Blue Ridge their respective shares of the Collections in accordance with Article II. The Servicer shall, upon the request of the Agent, segregate, in a manner acceptable to the Agent, all cash, checks and other instruments received by it from time to time constituting Collections from the general funds of the Servicer or Seller prior to the remittance thereof in accordance with Article II. If the Servicer shall be required to segregate Collections pursuant to the preceding sentence, the Servicer shall segregate and deposit with a bank designated by the Agent such allocable share of Collections of Receivables set aside for Blue Ridge on the first Business Day following receipt by the Servicer of such Collections, duly endorsed or with duly executed instruments of transfer.

(d) The Servicer may, in accordance with the Credit and Collection Policy, extend the maturity of any Receivable or adjust the Outstanding Balance of any Receivable as the Servicer determines to be appropriate to maximize Collections thereof; provided, however, that such extension or adjustment shall not alter the status of such Receivable as a Delinquent Receivable or Defaulted Receivable or limit the rights of the Agent or Blue Ridge under this Agreement. Notwithstanding anything to the contrary contained herein, following the occurrence and during the continuance of an Amortization Event, the Agent shall have the absolute and unlimited right to direct the Servicer to commence or settle any legal action with respect to any Receivable or to foreclose upon or repossess any Related Security.

(e) The Servicer shall hold in trust for Seller and the Agent and Blue Ridge all Records that (i) evidence or relate to the Receivables, the related Contracts and Related Security

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or (ii) are otherwise necessary or desirable to collect the Receivables and shall, as soon as practicable upon demand of the Agent, deliver or make available to the Agent all such Records, at a place selected by the Agent. The Servicer shall, as soon as practicable following receipt thereof turn over to rightful owner or its designee any cash collections or other cash proceeds received with respect to Indebtedness not constituting Receivables. The Servicer shall, from time to time at the request of the Agent or Blue Ridge, furnish to Blue Ridge (promptly after any such request) a calculation of the amounts set aside for Blue Ridge pursuant to Article II.

(f) Any payment by an Obligor in respect of any indebtedness owed by it to Originator or Seller shall, except as otherwise specified by such Obligor or otherwise required by contract or law and unless otherwise instructed by the Agent, be applied as a Collection of any Receivable of such Obligor (starting with the oldest such Receivable) to the extent of any amounts then due and payable thereunder before being applied to any other receivable or other obligation of such Obligor.

Section 8.3 Collection Notices. The Agent is authorized at any time to

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date and to deliver to the Collection Banks the Collection Notices. Seller hereby transfers to the Agent for the benefit of Blue Ridge, effective when the Agent delivers such notice, the exclusive ownership and control of each Lock-Box and the Collection Accounts. In case any authorized signatory of Seller whose signature appears on a Collection Account Agreement shall cease to have such authority before the delivery of such notice, such Collection Notice shall nevertheless be valid as if such authority had remained in force. Seller hereby authorizes the Agent, and agrees that the Agent shall be entitled (i) at any time after delivery of the Collection Notices, to endorse Seller's name on checks and other instruments representing Collections, (ii) at any time after the occurrence of an Amortization Event, to enforce the Receivables, the related Contracts and the Related Security, and (iii) at any time after the occurrence of an Amortization Event, to take such action as shall be necessary or desirable

to cause all cash, checks and other instruments constituting Collections of Receivables to come into the possession of the Agent rather than Seller.

Section 8.4 Responsibilities of Seller. Anything herein to the contrary

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notwithstanding, the exercise by the Agent, on behalf of Blue Ridge, of the Agent's rights hereunder shall not release the Servicer, any Originator or Seller from any of their duties or obligations with respect to any Receivables or under the related Contracts. The Agent and Blue Ridge shall have no obligation or liability with respect to any Receivables or related Contracts, nor shall any of them be obligated to perform the obligations of Seller or any Originator thereunder.

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Section 8.5 Monthly Reports. The Servicer shall prepare and forward to the

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Agent (i) on each Monthly Reporting Date, a Monthly Report and an electronic file of the data contained therein and (ii) at such times as the Agent shall request, a listing by Obligor of all Receivables together with an aging of such Receivables; provided, however, that if an Amortization Event exists and is continuing, the Agent may request that the Servicer deliver a Monthly Report more frequently than monthly.

Section 8.6 Servicing Fee. As compensation for the Servicer's servicing

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activities on their behalf, the Servicer shall be paid the Servicing Fee in arrears on each Settlement Date out of Collections.

ARTICLE IX.

AMORTIZATION EVENTS

Section 9.1 Amortization Events. The occurrence of any one or more of the

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following events shall constitute an Amortization Event:

(a) Any Seller Party shall fail to make any payment or deposit required to be made by it under the Transaction Documents when due and, for any such payment or deposit which is not in respect of principal or CP Costs, such failure continues for 5 consecutive Business Days.

(b) Any representation, warranty, certification or statement made by any Seller Party in any Transaction Document to which it is a party or in any other document delivered pursuant thereto shall prove to have been incorrect when made or deemed made.

(c) Any Seller Party shall fail to perform or observe any covenant contained in Section 7.2 or 8.5 when due.

(d) Any Seller Party shall fail to perform or observe any other covenant or agreement under any Transaction Documents and such failure shall continue for ten (10) consecutive Business Days.

(e) Failure of Seller to pay any Indebtedness (other than the Aggregate Unpaid) when due or the default by Seller in the performance of any term, provision or condition contained in any agreement under which any such Indebtedness was created or is governed, the effect of which is to cause, or to permit the holder or holders of such Indebtedness to cause, such Indebtedness to become due prior to its stated maturity; or any such Indebtedness of Seller shall be declared to be due and payable or required to be prepaid (other than by a regularly scheduled payment) prior to the date of maturity thereof.

(f) Parent or any Subsidiary (other than Seller) shall (i) fail to pay any principal or interest, regardless of amount, due in respect of any Indebtedness in a principal amount in excess of \$5,000,000, when and as the same shall become due and payable, or (ii) fail to observe or perform any other term, covenant, condition or agreement contained in any

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agreement or instrument evidencing or governing any such Indebtedness if the effect of any failure referred to in this clause (ii) is to cause, or to permit the holder or holders of such Indebtedness or a trustee on its or their behalf (with or without the giving of notice, the lapse of time or both) to cause, such Indebtedness to become due prior to its stated maturity.

(g) An Event of Bankruptcy shall occur with respect to any Seller Party.

(h) As at the end of any Calculation Period:

(i) the three-month rolling average Delinquency Ratio shall exceed 2.90%,



(ii) the three-month rolling average Default Trigger Ratio shall exceed 9.75%, or

(iii) the three-month rolling average Dilution Ratio shall exceed 7.10%.

(i) A Change in Control shall occur.

(j) (i) One or more final judgments for the payment of money in an aggregate amount of \$10,750 or more shall be entered against Seller or (ii) one or more judgments for the payment of money in an aggregate amount in excess of \$5,000,000 shall be rendered against Parent, any Subsidiary of Parent (Other than Seller) or any combination thereof and the same shall remain undischarged for a period of 30 consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to levy upon assets or properties of Parent or any Subsidiary to enforce any such judgment.

(k) The "Termination Date" under and as defined in the Receivables Sale Agreement shall occur under the Receivables Sale Agreement or any Originator shall for any reason cease to transfer, or cease to have the legal capacity to transfer, or otherwise be incapable of transferring Receivables to Seller under the Receivables Sale Agreement.

(l) This Agreement shall terminate in whole or in part (except in accordance with its terms), or shall cease to be effective or to be the legally valid, binding and enforceable obligation of Seller, or any Obligor shall directly or indirectly contest in any manner such effectiveness, validity, binding nature or enforceability, or the Agent for the benefit of Blue Ridge shall cease to have a valid and perfected first priority security interest in the Purchased Assets.

(m) On any Settlement Date, after giving effect to the turnover of Collections by the Servicer on such date and the application thereof to the Aggregate Unpays in accordance with this Agreement, the Aggregate Invested Amount shall exceed the Purchase Limit.

(n) The Performance Undertaking shall cease to be effective or to be the legally valid, binding and enforceable obligation of Performance Guarantor, or Performance

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Guarantor shall directly or indirectly contest in any manner such effectiveness, validity, binding nature or enforceability of its obligations thereunder.

(o) An ERISA Event shall have occurred that, when taken together with all other such ERISA Events, could reasonably be expected to result in liability of Parent and its ERISA Affiliates in an aggregate amount exceeding \$1,000,000.

(p) The Internal Revenue Service shall file notice of a lien pursuant to Section 6323 of the Tax Code with regard to any of the Purchased Assets and such lien shall not have been released within seven (7) days, or the PBGC shall, or shall indicate its intention to, file notice of a lien pursuant to Section 4068 of ERISA with regard to any of the Purchased Assets.

(q) Any event shall occur which (i) materially and adversely impairs the ability of the Originators to originate Receivables of a credit quality that is at least equal to the credit quality of the Receivables sold or contributed to Seller on the date of this Agreement or (ii) has, or could be reasonably expected to have a Material Adverse Effect.

(r) The Net Pool Balance shall, on any date, be less than an amount equal to the sum of (i) the Aggregate Invested Amount plus (ii) the Required Reserve (after giving effect to any turnover of Collections by the Servicer on such date and the application thereof to the Aggregate Unpays in accordance with this Agreement).

(s) The Performance Guarantor shall breach any of the covenants contained in Sections 6.08, 6.09, 6.10 or 6.11 of the that certain Credit Agreement dated as of July 31, 2000 by and among Applied Power Inc. (doing business as Actuant Corporation), the lenders named therein, Credit Suisse First Boston, as Lead Arranger, Collateral Agent and Administrative Agent, First Union National Bank, as Syndication Agent, and ING (U.S.) Capital LLC, as Documentation Agent, as amended and in effect on the date of this Agreement or as hereafter amended or modified pursuant to any written amendment to which the Agent hereunder gives its express written consent.

Section 9.2 Remedies. Upon the occurrence and during the continuation of an

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Amortization Event, the Agent may, or upon the direction of the Required Liquidity Banks shall, take any of the following actions: (i) replace the Person then acting as Servicer if the Agent has not already done so, (ii) declare the Facility Termination Date to have occurred, whereupon Reinvestments shall immediately terminate and the Facility Termination Date shall forthwith occur,

all without demand, protest or further notice of any kind, all of which are hereby expressly waived by each Seller Party; provided, however, that upon the occurrence of an Event of Bankruptcy with respect to any Seller Party, the Facility Termination Date shall automatically occur, without demand, protest or any notice of any kind, all of which are hereby expressly waived by each Seller Party, (iii) deliver the Collection Notices to the Collection Banks, (iv) exercise all rights and remedies of a secured party upon default under the UCC and other applicable laws, and (v) notify Obligors of the Agent's security interest in the Receivables and other Purchased Assets. The aforementioned rights and remedies shall be without limitation, and shall be in addition to all other rights and remedies of the Agent and Blue Ridge otherwise available under any other provision of this Agreement, by operation of law, at equity or

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otherwise, all of which are hereby expressly preserved, including, without limitation, all rights and remedies provided under the UCC, all of which rights shall be cumulative.

#### ARTICLE X.

##### INDEMNIFICATION

Section 10.1 Indemnities by the Seller Parties. Without limiting any other

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rights that the Agent or Blue Ridge may have hereunder or under applicable law, (A) Seller hereby agrees to indemnify (and pay upon demand to) the Agent, Blue Ridge, each of the Liquidity Banks and each of the respective assigns, officers, directors, agents and employees of the foregoing (each, an "Indemnified Party") from and against any and all damages, losses, claims, Other Taxes, Indemnified Taxes, liabilities, costs, expenses and for all other amounts payable, including reasonable attorneys' fees (which attorneys may be employees of the Agent or another Indemnified Party) and disbursements (all of the foregoing being collectively referred to as "Indemnified Amounts") awarded against or incurred by any of them arising out of or as a result of this Agreement or the acquisition, either directly or indirectly, by Blue Ridge or any of its Liquidity Banks of an interest in the Receivables, and (B) the Servicer hereby agrees to indemnify (and pay upon demand to) each Indemnified Party for Indemnified Amounts awarded against or incurred by any of them arising out of the Servicer's activities as Servicer hereunder excluding, however, in all of the foregoing instances under the preceding clauses (A) and (B):

(a) Indemnified Amounts to the extent a final judgment of a court of competent jurisdiction holds that such Indemnified Amounts resulted from gross negligence or willful misconduct on the part of the Indemnified Party seeking indemnification;

(b) Indemnified Amounts to the extent the same includes losses in respect of Receivables that are uncollectible on account of the insolvency, bankruptcy or lack of creditworthiness of the related Obligor; or

(c) Excluded Taxes;

provided, however, that nothing contained in this sentence shall limit the liability of any Seller Party or limit the recourse of Blue Ridge to any Seller Party for amounts otherwise specifically provided to be paid by such Seller Party under the terms of this Agreement. Without limiting the generality of the foregoing indemnification, Seller shall indemnify the Agent and Blue Ridge for Indemnified Amounts (including, without limitation, losses in respect of uncollectible receivables, regardless of whether reimbursement therefor would constitute recourse to Seller or the Servicer) relating to or resulting from:

(i) any representation or warranty made by any Seller Party or any Originator (or any officers of any such Person) under or in connection with this Agreement, any other Transaction Document or any other information or report delivered by any such Person pursuant hereto or thereto, which shall have been false or incorrect when made or deemed made;

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(ii) the failure by Seller, the Servicer or any Originator to comply with any applicable law, rule or regulation with respect to any Receivable or Contract related thereto, or the nonconformity of any Receivable or Contract included therein with any such applicable law, rule or regulation or any failure of any Originator to keep or perform any of its obligations, express or implied, with respect to any Contract;

(iii) any failure of Seller, the Servicer or any Originator to perform its duties, covenants or other obligations in accordance with the provisions of this Agreement or any other Transaction Document;

(iv) any products liability, personal injury or damage suit, or other similar claim arising out of or in connection with merchandise, insurance or services that are the subject of any Contract or any Receivable;

(v) any dispute, claim, offset or defense (other than discharge in bankruptcy of the Obligor) of the Obligor to the payment of any Receivable (including, without limitation, a defense based on such Receivable or the related Contract not being a legal, valid and binding obligation of such Obligor enforceable against it in accordance with its terms), or any other claim resulting from the sale of the merchandise or service related to such Receivable or the furnishing or failure to furnish such merchandise or services;

(vi) the commingling of Collections of Receivables at any time with other funds;

(vii) any investigation, litigation or proceeding related to or arising from this Agreement or any other Transaction Document, the transactions contemplated hereby, the use of the proceeds of any Purchase, the Purchased Assets or any other investigation, litigation or proceeding relating to Seller, the Servicer or any Originator in which any Indemnified Party becomes involved as a result of any of the transactions contemplated hereby;

(viii) any inability to litigate any claim against any Obligor in respect of any Receivable as a result of such Obligor being immune from civil and commercial law and suit on the grounds of sovereignty or otherwise from any legal action, suit or proceeding;

(ix) any Amortization Event of the type described in Section 9.1(g);

(x) any failure of Seller to acquire and maintain legal and equitable title to, and ownership of any of the Purchased Assets from the applicable Originator, free and clear of any Adverse Claim (other than as created hereunder); or any failure of Seller to give reasonably equivalent value to any Originator under the Receivables Sale Agreement in consideration of the transfer by such Originator of any Receivable, or any attempt by any Person to void such transfer under statutory provisions or common law or equitable action;

(xi) any failure to vest and maintain vested in the Agent for the benefit of Blue Ridge, or to transfer to the Agent for the benefit of the Secured Parties, a valid first

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priority perfected security interests in the Purchased Assets, free and clear of any Adverse Claim (except as created by the Transaction Documents);

(xii) the failure to have filed, or any delay in filing, financing statements or other similar instruments or documents under the UCC of any applicable jurisdiction or other applicable laws with respect to any Purchased Assets, and the proceeds thereof, whether at the time of any Purchase or at any subsequent time;

(xiii) any action or omission by any Seller Party which reduces or impairs the rights of the Agent or Blue Ridge with respect to any Purchased Assets or the value of any Purchased Assets;

(xiv) any attempt by any Person to void any Purchase or the Agent's security interest in the Purchased Assets under statutory provisions or common law or equitable action; and

(xv) the failure of any Receivable included in the calculation of the Net Pool Balance as an Eligible Receivable to be an Eligible Receivable at the time so included.

Section 10.2 Increased Cost and Reduced Return. If after the date hereof,  
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any Funding Source shall be charged any fee, expense or increased cost on account of the adoption of any applicable law, rule or regulation (including any applicable law, rule or regulation regarding capital adequacy) or any change therein, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency (a "Regulatory Change"): (i) that subjects any Funding Source to any charge or withholding on or with respect to any Funding Agreement or a Funding Source's obligations under a Funding Agreement, or on or with respect to the Receivables, or changes the basis of taxation of payments to any Funding Source of any amounts payable under any Funding Agreement (except for changes in the rate of tax on the overall net income of a Funding Source or taxes excluded by Section 10.1) or (ii) that imposes, modifies or deems applicable any reserve, assessment, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of a Funding Source, or credit extended by a Funding Source pursuant to a Funding Agreement or (iii) that imposes any other condition the result of which is to increase the cost to a Funding Source of performing its obligations under a Funding Agreement, or to reduce the rate of return on a Funding Source's capital as a consequence of its obligations under a Funding Agreement, or to reduce the

amount of any sum received or receivable by a Funding Source under a Funding Agreement or to require any payment calculated by reference to the amount of interests or loans held or interest received by it, then, upon demand by the Agent, Seller shall pay to the Agent, for the benefit of the relevant Funding Source, such amounts charged to such Funding Source or such amounts to otherwise compensate such Funding Source for such increased cost or such reduction.

Section 10.3 Expenses. Seller shall pay to the Agent and Blue Ridge on  
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demand all costs and out-of-pocket expenses in connection with the preparation, execution, delivery and

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administration of this Agreement, the transactions contemplated hereby and the other documents to be delivered hereunder, including without limitation, the cost of Blue Ridge's auditors auditing the books, records and procedures of Seller, reasonable fees and out-of-pocket expenses of legal counsel for Blue Ridge and the Agent (which such counsel may be employees of Blue Ridge or the Agent) with respect thereto and with respect to advising Blue Ridge and the Agent as to their respective rights and remedies under this Agreement. Seller shall pay to the Agent on demand any and all costs and expenses of the Agent and Blue Ridge, if any, including reasonable counsel fees and expenses in connection with the enforcement of this Agreement and the other documents delivered hereunder and in connection with any restructuring or workout of this Agreement or such documents, or the administration of this Agreement following an Amortization Event.

#### ARTICLE XI.

##### THE AGENT

Section 11.1 Authorization and Action. Blue Ridge, on behalf of itself and  
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its assigns, hereby designates and appoints Wachovia to act as its agent under the Liquidity Agreement, this Agreement and under each other Transaction Document, and authorizes the Agent to take such actions as agent on its behalf and to exercise such powers as are delegated to the Agent by the terms of the Liquidity Agreement, this Agreement and the other Transaction Documents together with such powers as are reasonably incidental thereto, including, without limitation, the power to perfect all security interests granted under the Transaction Documents. The provisions of Articles 6 and 7 of the Liquidity Agreement are hereby incorporated by this reference with the same force and effect as if fully set forth herein, and shall govern the relationship between the Agent, on the one hand, and Blue Ridge, on the other.

#### ARTICLE XII.

##### ASSIGNMENTS AND PARTICIPATIONS

Section 12.1 Assignments and Participations by Blue Ridge. Each of the  
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parties hereto, on behalf of its successors and assigns, hereby agrees and consents to the complete or partial sale by Blue Ridge of all or any portion of its rights under, interest in, title to and obligations under this Agreement to the Liquidity Banks pursuant to the Liquidity Agreement, regardless of whether such sale constitutes an assignment or the sale of a participation in such rights and obligations.

Section 12.2 Prohibition on Assignments by Seller Parties. No Seller Party  
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may assign any of its rights or obligations under this Agreement without the prior written consent of the Agent and each of Blue Ridge and without satisfying the Rating Agency Condition.

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#### ARTICLE XIII.

##### MISCELLANEOUS

Section 13.1 Waivers and Amendments.  
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(a) No failure or delay on the part of the Agent or Blue Ridge in exercising any power, right or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or remedy preclude any other further exercise thereof or the exercise of any other power, right or remedy. The rights and remedies herein provided shall be cumulative and nonexclusive of any rights or remedies provided by law. Any waiver of this Agreement shall be effective only in the specific instance and for the specific purpose for which given.

(b) No provision of this Agreement may be amended, supplemented, modified or waived except in writing in accordance with the provisions of this

Section 13.1(b). Blue Ridge, Seller and the Agent, at the direction of the Required Liquidity Banks, may enter into written modifications or waivers of any provisions of this Agreement, provided, however, that no such modification or waiver shall:

(i) without the consent of Blue Ridge and each affected Liquidity Bank, (A) extend the Liquidity Termination Date or the date of any payment or deposit of Collections by Seller or the Servicer, (B) reduce the rate or extend the time of payment of Yield or any CP Costs (or any component of Yield or CP Costs), (C) reduce any fee payable to the Agent for the benefit of Blue Ridge, (D) change the Invested Amount of any Receivable Interest, (E) amend, modify or waive any provision of the definition of Required Liquidity Banks or this Section 13.1(b), (F) consent to or permit the assignment or transfer by Seller of any of its rights and obligations under this Agreement, (G) change the definition of "Eligible Receivable," "Loss Reserve," "Dilution Reserve," "Yield Reserve," "Servicing Reserve," "Servicing Fee Rate," "Required Reserve" or "Required Reserve Factor Floor" or (H) amend or modify any defined term (or any defined term used directly or indirectly in such defined term) used in clauses (A) through (G) above in a manner that would circumvent the intention of the restrictions set forth in such clauses; or

(ii) without the written consent of the then Agent, amend, modify or waive any provision of this Agreement if the effect thereof is to affect the rights or duties of such Agent,

and any material amendment, waiver or other modification of this Agreement shall require satisfaction of the Rating Agency Condition.

Section 13.2 Notices. Except as provided in this Section 13.2, all

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communications and notices provided for hereunder shall be in writing (including bank wire, telecopy or electronic facsimile transmission or similar writing) and shall be given to the other parties hereto at their respective addresses or telecopy numbers set forth on the signature pages hereof or at such other address or telecopy number as such Person may hereafter specify for the purpose of notice to

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each of the other parties hereto. Each such notice or other communication shall be effective (i) if given by telecopy, upon the receipt thereof, (ii) if given by mail, three (3) Business Days after the time such communication is deposited in the mail with first class postage prepaid or (iii) if given by any other means, when received at the address specified in this Section 13.2. Seller hereby authorizes the Agent to effect Purchases and Interest Period and Yield Rate selections based on telephonic notices made by any Person whom the Agent in good faith believes to be acting on behalf of Seller. The Seller Parties agree to deliver promptly to the Agent a written confirmation of each telephonic notice signed by a Financial Officer of a Seller Party; provided, however, the absence of such confirmation shall not affect the validity of such notice. If the written confirmation differs from the action taken by the Agent, the records of the Agent shall govern absent manifest error.

Section 13.3 Protection of Agent's Security Interest.

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(a) Seller agrees that from time to time, at its expense, it will promptly execute and deliver all instruments and documents, and take all actions, that may be necessary or desirable, or that the Agent may request, to perfect, protect or more fully evidence the Agent's security interest in the Purchased Assets, or to enable the Agent or Blue Ridge to exercise and enforce their rights and remedies hereunder. At any time, the Agent may, or the Agent may direct Seller or the Servicer to, notify the Obligors of Receivables, at Seller's expense, of the ownership or security interests of Blue Ridge under this Agreement and may also direct that payments of all amounts due or that become due under any or all Receivables be made directly to the Agent or its designee. Seller or the Servicer (as applicable) shall, at the Agent's request, withhold the identities of the Agent and Blue Ridge in any such notification.

(b) If any Seller Party fails to perform any of its obligations hereunder, the Agent or Blue Ridge may (but shall not be required to) perform, or cause performance of, such obligations, and the Agent's or Blue Ridge's costs and expenses incurred in connection therewith shall be payable by Seller as provided in Section 10.3. Each Seller Party irrevocably authorizes the Agent at any time and from time to time in the sole discretion of the Agent, and appoints the Agent as its attorney-in-fact, to act on behalf of such Seller Party (i) to execute on behalf of Seller as debtor and to file financing statements necessary or desirable in the Agent's sole discretion to perfect and to maintain the perfection and priority of the interest of Blue Ridge in the Receivables and (ii) to file a carbon, photographic or other reproduction of this Agreement or any financing statement with respect to the Receivables as a financing statement in such offices as the Agent in its sole discretion deems necessary or desirable to perfect and to maintain the perfection and priority of the Agent's security interest in the Purchased Assets, for the benefit of the Secured Parties. This appointment is coupled with an interest and is irrevocable. From and after July

1, 2001: (A) each of the Seller Parties hereby authorizes the Agent to file financing statements and other filing or recording documents with respect to the Receivables and Related Security (including any amendments thereto, or continuation or termination statements thereof), without the signature or other authorization of such Seller Party, in such form and in such offices as the Agent reasonably determines appropriate to perfect or maintain the perfection of the security interest of the Agent hereunder, (B) each of the Seller Parties acknowledges and agrees that it is not authorized to, and will not, file financing statements or other filing or recording

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documents with respect to the Receivables or Related Security (including any amendments thereto, or continuation or termination statements thereof), without the express prior written approval by the Agent, consenting to the form and substance of such filing or recording document, and (C) each of the Seller Parties approves, authorizes and ratifies any filings or recordings made by or on behalf of the Agent in connection with the perfection of the security interests in favor of Seller or the Agent.

Section 13.4 Confidentiality.  
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(a) Each of the Seller Parties shall maintain and shall cause each of its employees and officers to maintain the confidentiality of this Agreement and the other confidential or proprietary information with respect to the Agent and Blue Ridge and their respective businesses obtained by it or them in connection with the structuring, negotiating and execution of the transactions contemplated herein, except that such Seller Party and its officers and employees may disclose such information to such Seller Party's external accountants and attorneys and as required by any applicable law or order of any judicial or administrative proceeding.

(b) Anything herein to the contrary notwithstanding, each Seller Party hereby consents to the disclosure of any nonpublic information with respect to it (i) to the Agent, the Liquidity Banks or Blue Ridge by each other, (ii) by the Agent or Blue Ridge to any prospective or actual assignee or participant of any of them and (iii) by the Agent to any rating agency, Commercial Paper dealer or provider of a surety, guaranty or credit or liquidity enhancement to Blue Ridge or any entity organized for the purpose of purchasing, or making loans secured by, financial assets for which Wachovia acts as the administrative agent and to any officers, directors, employees, outside accountants and attorneys of any of the foregoing, provided that each such Person is informed of the confidential nature of such information. In addition, Blue Ridge and the Agent may disclose any such nonpublic information pursuant to any law, rule, regulation, direction, request or order of any judicial, administrative or regulatory authority or proceedings (whether or not having the force or effect of law).

Section 13.5 Bankruptcy Petition. Seller, the Servicer, the Agent and each  
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Liquidity Bank hereby covenants and agrees that, prior to the date that is one year and one day after the payment in full of all outstanding senior indebtedness of Blue Ridge, it will not institute against, or join any other Person in instituting against, Blue Ridge any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other similar proceeding under the laws of the United States or any state of the United States.

Section 13.6 Limitation of Liability. Except with respect to any claim  
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arising out of the willful misconduct or gross negligence of Blue Ridge, the Agent or any Liquidity Bank, no claim may be made by any Seller Party or any other Person against Blue Ridge, the Agent or any Liquidity Bank or their respective Affiliates, directors, officers, employees, attorneys or agents for any special, indirect, consequential or punitive damages in respect of any claim for breach of contract or any other theory of liability arising out of or related to the transactions contemplated by this Agreement, or any act, omission or event occurring in connection therewith; and each

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Seller Party hereby waives, releases, and agrees not to sue upon any claim for any such damages, whether or not accrued and whether or not known or suspected to exist in its favor.

Section 13.7 CHOICE OF LAW. THIS AGREEMENT SHALL BE GOVERNED AND CONSTRUED  
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IN ACCORDANCE WITH THE LAWS OF THE STATE OF ILLINOIS, WITHOUT REGARD TO THE PRINCIPLES OF CONFLICTS OF LAWS THEREOF OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW (EXCEPT IN THE CASE OF THE OTHER TRANSACTION DOCUMENTS, TO THE EXTENT OTHERWISE EXPRESSLY STATED THEREIN) AND EXCEPT TO THE EXTENT THAT THE PERFECTION OF THE OWNERSHIP INTEREST OF SELLER OR THE SECURITY INTEREST OF THE AGENT, FOR THE BENEFIT OF THE SECURED PARTIES, IN ANY OF THE COLLATERAL IS GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF ILLINOIS.

Section 13.8 CONSENT TO JURISDICTION.EACH PARTY TO THIS AGREEMENT HEREBY

-----  
IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL OR ILLINOIS STATE COURT SITTING IN CHICAGO, ILLINOIS, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY DOCUMENT EXECUTED BY SUCH PERSON PURSUANT TO THIS AGREEMENT, AND EACH SUCH PARTY HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. NOTHING HEREIN SHALL LIMIT THE RIGHT OF THE AGENT OR ANY PURCHASER TO BRING PROCEEDINGS AGAINST ANY SELLER PARTY IN THE COURTS OF ANY OTHER JURISDICTION. ANY JUDICIAL PROCEEDING BY ANY SELLER PARTY AGAINST THE AGENT OR ANY PURCHASER OR ANY AFFILIATE OF THE AGENT OR ANY PURCHASER INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AGREEMENT OR ANY DOCUMENT EXECUTED BY SUCH SELLER PARTY PURSUANT TO THIS AGREEMENT SHALL BE BROUGHT ONLY IN A COURT IN CHICAGO, ILLINOIS.

Section 13.9 WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES TRIAL

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BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AGREEMENT, ANY DOCUMENT EXECUTED BY ANY SELLER PARTY PURSUANT TO THIS AGREEMENT OR THE RELATIONSHIP ESTABLISHED HEREUNDER OR THEREUNDER.

Section 13.10 Integration; Binding Effect; Survival of Terms.

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(a) This Agreement and each other Transaction Document contain the final and complete integration of all prior expressions by the parties hereto with respect to the subject matter hereof and shall constitute the entire agreement among the parties hereto with respect to the subject matter hereof superseding all prior oral or written understandings.

(b) This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns (including any trustee in bankruptcy). This Agreement shall create and constitute the continuing obligations of the parties hereto in accordance with its terms and shall remain in full force and effect until terminated in accordance with its terms; provided, however, that the rights and remedies with respect to (i) any breach of any representation and warranty made by any Seller Party pursuant to Article V, (ii) the indemnification and payment provisions of Article X, and Sections 13.4 and 13.5 shall be continuing and shall survive any termination of this Agreement.

(c) Each of the Seller Parties, Blue Ridge and the Agent hereby acknowledges and agrees that the Liquidity Banks are hereby made express third party beneficiaries of this Agreement and each of the other Transaction Documents.

Section 13.11 Counterparts; Severability; Section References. This

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Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same Agreement. Delivery of an executed counterpart of a signature page to this Agreement by telecopier shall be effective as delivery of a manually executed counterpart of a signature page to this Agreement. Any provisions of this Agreement which are prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Unless otherwise expressly indicated, all references herein to "Article," "Section," "Schedule" or "Exhibit" shall mean articles and sections of, and schedules and exhibits to, this Agreement.

Section 13.12 Characterization.

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(a) It is the intention of the parties hereto that each Purchase hereunder shall constitute and be treated as an absolute and irrevocable sale, which Purchase shall provide the Blue Ridge with the full benefits of ownership of the applicable Receivable Interest. Except as specifically provided in this Agreement, each sale of a Receivable Interest hereunder is made without recourse to Seller; provided, however, that (i) Seller shall be liable to Blue Ridge and the Agent for all representations, warranties, covenants and indemnities made by Seller pursuant to the terms of this Agreement, and (ii) such sale does not constitute and is not intended to result in an assumption by Blue Ridge or the Agent or any assignee thereof of any obligation of Seller or any Originator or any other person arising in connection with the Receivables, the Related Security, or the related Contracts, or any other obligations of Seller or any

(b) In addition to any ownership interest which the Agent or Blue Ridge may from time to time acquire pursuant hereto, Seller hereby grants to the Agent for the ratable benefit of Blue Ridge a valid and perfected security interest in all of Seller's right, title and interest in, to and under all Receivables now existing or hereafter arising, the Collections, each Lock-Box, each Collection Account, all Related Security, all other rights and payments relating to such Receivables, and all proceeds of any thereof prior to all other liens on and security interests therein to secure the prompt and complete payment of the Aggregate Unpaid. The Agent, on behalf of Blue Ridge, shall have, in addition to the rights and remedies that it may have under this Agreement, all other rights and remedies provided to a secured creditor under the UCC and other applicable law, which rights and remedies shall be cumulative.

\*signature pages follow\*

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their duly authorized officers or attorneys-in-fact as of the date hereof.

ACTUANT RECEIVABLES CORPORATION

By: /s/ Patrick C. Dorn  
-----  
Name: Patrick C. Dorn  
Title: President

Address: 3993 Howard Hughes Pkwy.  
Suite 100  
Las Vegas, Nevada 89109

Attn: Pat Dorn  
  
Phone: (702) 735-1811  
Fax: (702) 735-1785

ACTUANT CORPORATION

By: /s/ Terence M. Braatz  
-----  
Name: Terence M. Braatz  
Title: Treasurer

Address: 6100 North Baker Road  
Glendale, WI 53209

Attn: Terry M. Braatz  
  
Phone: (414) 247-5446  
Fax: (414) 228-6112

BLUE RIDGE ASSET FUNDING CORPORATION

BY: WACHOVIA BANK, N.A., ITS ATTORNEY-IN-FACT

By: /s/ David Goodson  
-----  
Name: David Goodson  
Title: Vice President

Address:  
  
Blue Ridge Asset Funding Corporation  
c/o Wachovia Bank, N.A.  
100 North Main Street  
Winston-Salem, NC 27150

Attention: John Dillon  
  
Telephone: (336) 732-2690  
Facsimile: (336) 732-5021

With a copy to:



Blue Ridge Asset Funding Corporation  
c/o AMACAR Group, L.L.C.  
6525 Morrison Blvd., Suite 318  
Charlotte, North Carolina 28211

Attention: Douglas K. Johnson

Telephone: (704) 365-0569  
Facsimile: (704) 365-1362

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WACHOVIA BANK, N.A., as a Liquidity Bank and as Agent

By: /s/ Kenny Karpowicz

-----  
Name: Kenny Karpowicz  
Title: Vice President

Address:

Wachovia Bank, N.A.  
191 Peachtree Street, Mail Stop GA423  
Atlanta, Georgia 30303

Attention: Elizabeth R. Wagner  
Telephone: (404) 332-1398  
Facsimile: (404) 332-5152

with a copy to:

Wachovia Bank, N.A.  
100 North Main Street, NC37031  
Winston-Salem, NC 27150-3099

Attention: John Dillon  
Telephone: (336) 732-2690  
Facsimile: (336) 732-5021

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#### EXHIBIT I

#### DEFINITIONS

As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Adjusted Dilution Ratio" means, at any time, the rolling average of the Non-Contractual Dilution Ratio for the 12 Calculation Periods then most recently ended.

"Adverse Claim" means a lien, security interest, charge or encumbrance, or other right or claim in, of or on any Person's assets or properties in favor of any other Person.

"Affiliate" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person or any Subsidiary of such Person. A Person shall be deemed to control another Person if the controlling Person owns 5% or more of any class of voting securities of the controlled Person or possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of the controlled Person, whether through ownership of stock, by contract or otherwise.

"Agent" has the meaning set forth in the preamble to this Agreement.

"Agent's Account" means account #8735-098787 at Wachovia Bank, N.A., ABA #053100494.

"Aggregate Invested Amount" means, on any date of determination, the aggregate Invested Amount of all Receivable Interests outstanding on such date.

"Aggregate Reduction" has the meaning specified in Section 1.3.

"Aggregate Unpaid" means, at any time, an amount equal to the sum of (i) the Aggregate Invested Amount, plus (ii) all Recourse Obligations (whether due or accrued) at such time.

"Agreement" means this Receivables Purchase Agreement, as it may be amended or modified and in effect from time to time.

"Alternate Base Rate" means for any day, the rate per annum equal to the higher as of such day of (i) the Prime Rate, or (ii) one-half of one percent (0.50%) above the Federal Funds Rate. For purposes of determining the Alternate Base Rate for any day, changes in the Prime Rate or the Federal Funds Rate shall be effective on the date of each such change.

"Amortization Date" means the earliest to occur of (i) May 26, 2006, (ii) the day on which any of the conditions precedent set forth in Section 6.2 are not satisfied, (iii) the

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Business Day immediately prior to the occurrence of an Event of Bankruptcy with respect to any Seller Party, (iv) the Business Day specified in a written notice from the Agent following the occurrence and during the continuance of any other Amortization Event, and (v) the date which is not less than 10 Business Days after the Agent's receipt of written notice from Seller that it wishes to terminate the facility evidenced by this Agreement.

"Amortization Event" has the meaning specified in Article IX.

"Blue Ridge" has the meaning set forth in the preamble to this Agreement.

"Blue Ridge's Portion" means, on any date of determination, the sum of the percentages represented by the Receivable Interests.

"Broken Funding Costs" means for any Receivable Interest which: (i) has its Invested Amount reduced without compliance by Seller with the notice requirements hereunder or (ii) does not become subject to an Aggregate Reduction following the delivery of any Reduction Notice or (iii) is assigned by Blue Ridge to the Liquidity Banks under the Liquidity Agreement or terminated prior to the date on which it was originally scheduled to end; an amount equal to the excess, if any, of (A) the CP Costs or Yield (as applicable) that would have accrued during the remainder of the Interest Periods or the tranche periods for Commercial Paper determined by the Agent to relate to such Receivable Interest (as applicable) subsequent to the date of such reduction, assignment or termination (or in respect of clause (ii) above, the date such Aggregate Reduction was designated to occur pursuant to the Reduction Notice) of the Invested Amount of such Receivable Interest if such reduction, assignment or termination had not occurred or such Reduction Notice had not been delivered, over (B) the sum of (x) to the extent all or a portion of such Invested Amount is allocated to another Receivable Interest, the amount of CP Costs or Yield actually accrued during the remainder of such period on such Invested Amount for the new Receivable Interest, and (y) to the extent such Invested Amount is not allocated to another Receivable Interest, the income, if any, actually received during the remainder of such period by the holder of such Receivable Interest from investing the portion of such Invested Amount not so allocated. All Broken Funding Costs shall be due and payable hereunder upon demand.

"Business Day" means any day on which banks are not authorized or required to close in New York, New York or Atlanta, Georgia, and The Depository Trust Company of New York is open for business, and, if the applicable Business Day relates to any computation or payment to be made with respect to the LIBO Rate, any day on which dealings in dollar deposits are carried on in the London interbank market.

"Calculation Period" means a fiscal month.

"Collection Account" means each concentration account, depository account, lock-box account or similar account in which any Collections are collected or deposited and which is listed on Exhibit IV.

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"Collection Account Agreement" means an agreement substantially in the form of Exhibit VI (or as otherwise approved by the Agent) among an Originator, Seller, the Agent and a Collection Bank.

"Collection Bank" means, at any time, any of the banks holding one or more Collection Accounts.

"Collection Notice" means a notice, in substantially the form attached to any of the agreements contained in Exhibit VI, from the Agent to a Collection Bank.

"Collections" means, with respect to any Receivable, all cash collections and other cash proceeds in respect of such Receivable, including, without limitation, all Finance Charges or other related amounts accruing in respect thereof and all cash proceeds of Related Security with respect to such Receivable.

"Commercial Paper" means promissory notes of Blue Ridge issued by Blue Ridge in the commercial paper market.

"Contingent Obligation" of a Person means any agreement, undertaking or arrangement by which such Person assumes, guarantees, endorses, contingently agrees to purchase or provide funds for the payment of, or otherwise becomes or is contingently liable upon, the obligation or liability of any other Person, or agrees to maintain the net worth or working capital or other financial condition of any other Person, or otherwise assures any creditor of such other Person against loss, including, without limitation, any comfort letter, operating agreement, take-or-pay contract or application for a letter of credit.

"Contract" means, with respect to any Receivable, any and all instruments, agreements, invoices or other writings pursuant to which such Receivable arises or which evidences such Receivable including, without limitation, all "contracts" as, when and if such term is defined in the UCC, of the applicable Originator (or Seller, as its assignee), and in any event, shall include, without limitation, all sale, service, performance and equipment or property lease contracts, agreements and grants (whether written or oral, or third party or intercompany), and any other documents (whether written or oral) between the applicable Originator and third parties, and all assignments, amendments, restatements, supplements, extensions, renewals, replacements or modifications thereof.

"Contractual Dilution" means, with respect to any Receivable, any reduction in the Outstanding Balance of such Receivable due to a quantity discount, discount for prompt payment or similar incentive, in each of the foregoing cases, which discount is readily discernable and quantifiable from the face of the invoice evidencing such Receivable.

"Contractual Dilution Ratio" means, as of any Cut-Off Date, a ratio (expressed as a percentage), computed by dividing (i) the total amount of decreases in Outstanding Balances due to Contractual Dilutions during the Calculation Period ending on such Cut-Off Date, by (ii) the aggregate sales generated by the Originators during the Calculation Period prior to the Calculation Period ending on such Cut-Off Date.

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"CP Costs" means, for each day, the sum of (i) discount or interest accrued on Pooled Commercial Paper on such day, plus (ii) any and all accrued commissions in respect of placement agents and Commercial Paper dealers, and issuing and paying agent fees incurred, in respect of such Pooled Commercial Paper for such day, plus (iii) other costs associated with funding small or odd-lot amounts with respect to all receivable purchase or financing facilities which are funded by Pooled Commercial Paper for such day, minus (iv) any accrual of income net of expenses received on such day from investment of collections received under all receivable purchase or financing facilities funded substantially with Pooled Commercial Paper, minus (v) any payment received on such day net of expenses in respect of Broken Funding Costs related to the prepayment of any investment of Blue Ridge pursuant to the terms of any receivable purchase or financing facilities funded substantially with Pooled Commercial Paper. In addition to the foregoing costs, if Seller shall request any Purchase during any period of time determined by the Agent in its sole discretion to result in incrementally higher CP Costs applicable to such Purchase, the principal associated with any such Purchase shall, during such period, be deemed to be funded by Blue Ridge in a special pool (which may include capital associated with other receivable purchase or financing facilities) for purposes of determining such additional CP Costs applicable only to such special pool and charged each day during such period against such principal.

"Credit and Collection Policy" means Seller's credit and collection policies and practices relating to Contracts and Receivables existing on the date hereof and summarized in Exhibit VII hereto, as modified from time to time in accordance with this Agreement.

"Cut-Off Date" means the last day of a Calculation Period.

"Days Sales Outstanding" means, as of any day, an amount equal to the product of (x) 91, multiplied by (y) the amount obtained by dividing (i) the aggregate outstanding balance of Receivables as of the most recent Cut-Off Date, by (ii) the aggregate amount of Receivables created during the three (3) Calculation Periods including and immediately preceding such Cut-Off Date.

"Deemed Collections" means Collections deemed received by Seller under Section 1.4(a).

"Default Horizon Ratio" means, as of any Cut-Off Date, the ratio (expressed as a decimal) computed by dividing (i) the aggregate sales generated by the Originators during the 3 Calculation Periods ending on such Cut-Off Date, by (ii) the Net Pool Balance as of such Cut-off Date.

"Default Rate" means a rate per annum equal to the sum of (i) the Alternate Base Rate plus (ii) 2.00%, changing when and as the Alternate Base Rate changes.

"Default Ratio" means, as of any Cut-Off Date, the ratio (expressed as

a percentage) computed by dividing (x) the total amount of Receivables which became Defaulted Receivables during the Calculation Period that includes such Cut-Off Date, by (y) the aggregate

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sales generated by the Originators during the Calculation Period occurring 4 months prior to the Calculation Period ending on such Cut-Off Date.

"Default Trigger Ratio" means , as of any Cut-Off Date, the ratio (expressed as a percentage) computed by dividing (x) the total Outstanding Balance of all Defaulted Receivables as of such date, by (y) the total Outstanding Balance of all Receivables as of such date.

"Defaulted Receivable" means a Receivable: (i) as to which the Obligor thereof has suffered an Event of Bankruptcy; (ii) which, consistent with the Credit and Collection Policy, would be written off Seller's books as uncollectible; or (iii) as to which any payment, or part thereof, remains unpaid for 91 days or more from the original due date for such payment.

"Delinquency Ratio" means, at any time, a percentage equal to (i) the aggregate Outstanding Balance of all Receivables that were Delinquent Receivables at such time divided by (ii) the aggregate Outstanding Balance of all Receivables at such time.

"Delinquent Receivable" means a Receivable as to which any payment, or part thereof, remains unpaid for 61-90 days from the original due date for such payment.

"Demand Advance" means any advance made by Seller to Parent at any time while it is acting as the Servicer, which advance (a) is payable upon demand, (b) is not evidenced by an instrument, chattel paper or a certificated security, (c) bears interest at a market rate determined by Seller and the Servicer from time to time, (d) is not subordinated to any other Indebtedness or obligation of the Servicer, and (e) may not be offset by Parent against amounts due and owing from Seller to it under its Subordinated Note; provided, however, that no Demand Advance may be made after the Facility Termination Date or on any date prior to the Facility Termination Date on which an Amortization Event or an Unmatured Amortization Event exists and is continuing.

"Dilution" means the amount of any reduction or cancellation of the Outstanding Balance of a Receivable as described in Section 1.4(a).

"Dilution Horizon Ratio" means, as of any Cut-off Date, a ratio (expressed as a decimal), computed by dividing (i) the aggregate sales generated by the Originators during the 2 Calculation Periods ending on such Cut-Off Date, by (ii) the Net Pool Balance as of such Cut-Off Date.

"Dilution Ratio" means, as of any Cut-Off Date, a ratio (expressed as a percentage), computed by adding the Contractual Dilution Ratio and the Non-Contractual Dilution Ratio as of such Cut-Off Date.

"Dilution Reserve" means, for any Calculation Period, the product (expressed as a percentage) of:

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(a) the sum of (i) two (2) times the Adjusted Dilution Ratio as of the immediately preceding Cut-Off Date, plus (ii) the Dilution Volatility Component as of the immediately preceding Cut-Off Date, times

(b) the Dilution Horizon Ratio as of the immediately preceding Cut-Off Date.

"Dilution Volatility Component" means the product (expressed as a percentage) of (i) the difference between (a) the highest three (3)-month rolling average Non-Contractual Dilution Ratio over the past 12 Calculation Periods and (b) the Adjusted Dilution Ratio, and (ii) a fraction, the numerator of which is equal to the amount calculated in (i) (a) of this definition and the denominator of which is equal to the amount calculated in (i) (b) of this definition.

"Downgraded Liquidity Bank" means a Liquidity Bank which has been the subject of a Downgrading Event.

"Downgrading Event" with respect to any Person means the lowering of the rating with regard to the short-term securities of such Person to below (i) A-1 by S&P, or (ii) P-1 by Moody's.

"Eligible Assignee" means a commercial bank having a combined capital and surplus of at least \$250,000,000 with a rating of its (or its parent holding company's) short-term securities equal to or higher than (i) A-1 by S&P and (ii) P-1 by Moody's.

"Eligible Receivable" means, at any time, a Receivable:

(i) the Obligor of which (a) if a natural person, is a resident of the United States or, if a corporation or other business organization, is organized under the laws of the United States or any political subdivision thereof and has its chief executive office in the United States; (b) is not an Affiliate of any of the parties hereto; and (c) is not a government or a governmental subdivision or agency;

(ii) which was not a Defaulted Receivable on the date on which it was acquired by Seller from the applicable Originator,

(iii) which by its terms is due and payable within 60 days of the original billing date therefor and has not had its payment terms extended more than once; provided, however, that if such Receivable is a Trade Show Receivable, up to 2% of total Eligible Receivables may consist of Trade Show Receivables which, by their terms, are due and payable within 180 days of the original billing date therefor and have not have their payment terms extended more than once;

(iv) which is an "account" within the meaning of Article 9 of the UCC of all applicable jurisdictions,

(v) which is denominated and payable only in United States dollars in the United States,

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(vi) which arises under a Contract which, together with such Receivable, is in full force and effect and constitutes the legal, valid and binding obligation of the related Obligor enforceable against such Obligor in accordance with its terms,

(vii) which arises under a Contract which (A) does not require the Obligor under such Contract to consent to the transfer, sale, pledge or assignment of the rights and duties of the applicable Originator or any of its assignees under such Contract and (B) does not contain a confidentiality provision that purports to restrict the ability of Blue Ridge to exercise its rights under this Agreement, including, without limitation, its right to review the Contract,

(viii) which arises under a Contract that contains an obligation to pay a specified sum of money, contingent only upon the sale of goods or the provision of services by the applicable Originator,

(ix) which, together with the Contract related thereto, does not contravene any law, rule or regulation applicable thereto (including, without limitation, any law, rule and regulation relating to truth in lending, fair credit billing, fair credit reporting, equal credit opportunity, fair debt collection practices and privacy) and with respect to which no part of the Contract related thereto is in violation of any such law, rule or regulation,

(x) which satisfies all applicable requirements of the Credit and Collection Policy,

(xi) which was generated in the ordinary course of the applicable Originator's business,

(xii) which arises solely from the sale of goods or the provision of services to the related Obligor by the applicable Originator, and not by any other Person (in whole or in part),

(xiii) which is not subject to any dispute, counterclaim, right of rescission, set-off, counterclaim or any other defense (including defenses arising out of violations of usury laws) of the applicable Obligor against the applicable Originator or any other Adverse Claim, and the Obligor thereon holds no right as against such Originator to cause such Originator to repurchase the goods or merchandise the sale of which shall have given rise to such Receivable (except with respect to sale discounts effected pursuant to the Contract, or defective goods returned in accordance with the terms of the Contract); provided, however, that if such dispute, offset, counterclaim or defense affects only a portion of the Outstanding Balance of such Receivable, then such Receivable may be deemed an Eligible Receivable to the extent of the portion of such Outstanding Balance which is not so affected, and provided, further, that Receivables of any Obligor which has any accounts payable by the applicable Originator or by a wholly-owned Subsidiary of such Originator (thus giving rise to a potential offset against such Receivables) may be treated as Eligible Receivables to the extent that the Obligor of such Receivables has agreed pursuant to a written agreement in form and substance satisfactory to the Agent, that such Receivables shall not be subject to such offset,

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(xiv) as to which the applicable Originator has satisfied and fully performed all obligations on its part with respect to such Receivable required to be fulfilled by it, and no further action is required to be

performed by any Person with respect thereto other than payment thereon by the applicable Obligor,

(xv) as to which each of the representations and warranties contained in Sections 5.1(g), (i), (j), (r), (s), (t) and (u) is true and correct, and

(xvi) all right, title and interest to and in which has been validly transferred by the applicable Originator directly to Seller under and in accordance with the Receivables Sale Agreement, and Seller has good and marketable title thereto free and clear of any Adverse Claim.

"Excluded Taxes" means "Excluded Taxes" under and as defined in the Receivables Sale Agreement to the extent that such taxes are consistent with the transactions under this Agreement being treated, for tax purposes, as though the Agent and the Purchasers made a loan to Seller secured by the Receivables and Related Security.

"Facility Account" means Seller's account no. 10-87832 at Bank One, NA, in Chicago, Illinois, ABA No. 071000013.

"Facility Termination Date" means the earlier of (i) the Liquidity Termination Date and (ii) the Amortization Date.

"Federal Bankruptcy Code" means Title 11 of the United States Code entitled "Bankruptcy," as amended and any successor statute thereto.

"Federal Funds Effective Rate" means, for any period, a fluctuating interest rate per annum for each day during such period equal to (i) the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published for such day (or, if such day is not a Business Day, for the preceding Business Day) by the Federal Reserve Bank of New York in the Composite Closing Quotations for U.S. Government Securities; or (ii) if such rate is not so published for any day which is a Business Day, the average of the quotations at approximately 11:30 a.m. (New York time) for such day on such transactions received by the Agent from three federal funds brokers of recognized standing selected by it.

"Fee Letter" means that certain letter agreement dated as of May 30, 2001 among Seller, Parent and the Agent, as it may be amended, restated or otherwise modified and in effect from time to time.

"Final Payout Date" means the date on which all Aggregate Unpaid have been paid in full and the Purchase Limit has been reduced to zero.

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"Funding Agreement" means (i) this Agreement, (ii) the Liquidity Agreement and (iii) any other agreement or instrument executed by any Funding Source with or for the benefit of Blue Ridge.

"Funding Source" means (i) any Liquidity Bank or (ii) any insurance company, bank or other funding entity providing liquidity, credit enhancement or back-up purchase support or facilities to Blue Ridge.

"Incremental Purchase" means a purchase of one or more Receivable Interests which increases the total outstanding Aggregate Invested Amount hereunder.

"Indebtedness" of a Person means such Person's (i) obligations for borrowed money, (ii) obligations representing the deferred purchase price of property or services (other than accounts payable arising in the ordinary course of such Person's business payable on terms customary in the trade), (iii) obligations, whether or not assumed, secured by liens or payable out of the proceeds or production from property now or hereafter owned or acquired by such Person, (iv) obligations which are evidenced by notes, acceptances, or other instruments, (v) capitalized lease obligations, (vi) net liabilities under interest rate swap, exchange or cap agreements, (vii) Contingent Obligations and (viii) liabilities in respect of unfunded vested benefits under plans covered by Title IV of ERISA.

"Indemnified Amounts" has the meaning specified in Section 10.1.

"Indemnified Party" has the meaning specified in Section 10.1.

"Indemnified Taxes" means Taxes other than Excluded Taxes.

"Independent Director" shall mean a member of the Board of Directors of Seller who is not at such time, and has not been at any time during the preceding five (5) years: (A) a director, officer, employee or affiliate of Performance Guarantor, any Originator or any of their respective Subsidiaries or Affiliates (other than Seller), or (B) the beneficial owner (at the time of such individual's appointment as an Independent Director or at any time thereafter while serving as an Independent Director) of any of the outstanding common

shares of Seller, any Originator, or any of their respective Subsidiaries or Affiliates, having general voting rights.

"Interest Period" means, with respect to any Receivable Interest funded through a Liquidity Funding:

(a) if Yield for such Receivable Interest is calculated on the basis of the LIBO Rate, a period of one, two, three or six months, or such other period as may be mutually agreeable to the Agent and Seller, commencing on a Business Day selected by Seller or the Agent pursuant to this Agreement. Such Interest Period shall end on the day in the applicable succeeding calendar month which corresponds numerically to the beginning day of such Interest Period, provided, however, that if there is no such numerically corresponding day in such succeeding month, such Interest Period shall end on the last Business Day of such succeeding month; or

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(b) if Yield for such Receivable Interest is calculated on the basis of the Alternate Base Rate, a period commencing on a Business Day selected by Seller and agreed to by the Agent, provided that no such period shall exceed one month.

If any Interest Period would end on a day which is not a Business Day, such Interest Period shall end on the next succeeding Business Day, provided, however, that in the case of Interest Periods corresponding to the LIBO Rate, if such next succeeding Business Day falls in a new month, such Interest Period shall end on the immediately preceding Business Day. In the case of any Interest Period which commences before the Facility Termination Date and would otherwise end on a date occurring after the Facility Termination Date, such Interest Period shall end on the Facility Termination Date. The duration of each Interest Period which commences after the Facility Termination Date shall be of such duration as selected by the Agent.

"Invested Amount" of any Receivable Interest means, at any time, (A) the Purchase Price of such Receivable Interest, minus (B) the sum of the aggregate amount of Collections and other payments received by the Agent which in each case are applied to reduce such Invested Amount in accordance with the terms and conditions of this Agreement; provided that such Invested Amount shall be restored (in accordance with Section 2.5) in the amount of any Collections or other payments so received and applied if at any time the distribution of such Collections or payments are rescinded, returned or refunded for any reason.

"LIBO Rate" means, for any Interest Period, the rate per annum determined on the basis of the offered rate for deposits in U.S. dollars of amounts equal or comparable to the Invested Amount offered for a term comparable to such Interest Period, which rates appear on a Bloomberg L.P. terminal, displayed under the address "US0001M (Index) Q (Go)" effective as of 11:00 A.M., London time, two Business Days prior to the first day of such Interest Period, provided that if no such offered rates appear on such page, the LIBO Rate for such Interest Period will be the arithmetic average (rounded upwards, if necessary, to the next higher 1/100th of 1%) of rates quoted by not less than two major banks in New York, New York, selected by the Agent, at approximately 10:00 a.m. (New York time), two Business Days prior to the first day of such Interest Period, for deposits in U.S. dollars offered by leading European banks for a period comparable to such Interest Period in an amount comparable to the Invested Amount, divided by (b) one minus the maximum aggregate reserve requirement (including all basic, supplemental, marginal or other reserves) which is imposed against the Agent in respect of Eurocurrency liabilities, as defined in Regulation D of the Board of Governors of the Federal Reserve System as in effect from time to time (expressed as a decimal), applicable to such Interest Period plus (ii) 1.75% per annum. The LIBO Rate shall be rounded, if necessary, to the next higher 1/16 of 1%.

"Liquidity Agreement" means that certain Liquidity Asset Purchase Agreement dated as of May 30, 2001, by and among Blue Ridge, the Agent and the banks from time to time party thereto, as the same may be amended, restated and/or otherwise modified from time to time in accordance with the terms thereof.

"Liquidity Bank" means each bank from time to time party to the Liquidity Agreement (other than the Agent acting in its capacity as the Agent thereunder).

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"Liquidity Commitment" means, as to each Liquidity Bank, its commitment under the Liquidity Agreement. The Liquidity Commitments, in the aggregate, shall equal 102% of the Purchase Limit hereunder.

"Liquidity Funding" means a purchase by any Liquidity Bank pursuant to its Liquidity Commitment of all or any portion of, or any undivided interest in, a Receivable Interest.

"Liquidity Termination Date" means the earlier to occur of the





A-1+	P-1	10%
A-1	P-1	8%
A-2	P-2	6%
A-3	P-3	3.5%
Below A-3 or Not Rated by either S&P or Moody's	Below P-3 or Not Rated by either S&P or Moody's	3.5%

; provided, however, that (a) if any Obligor has a split rating, the applicable rating will be the lower of the two, (b) if any Obligor is not rated by either S&P or Moody's, the applicable Obligor Concentration Limit shall be the one set forth in the last line of the table above, and (c) subject to satisfaction of the Rating Agency Condition and/or an increase in the percentage set forth in clause (a)(i) of the definition of "Required Reserve," upon Seller's request from time to time, the Agent may agree to a higher percentage of Eligible Receivables for a particular Obligor

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and its Affiliates (each such higher percentage, a "Special Concentration Limit"), it being understood that any Special Concentration Limit may be cancelled by the Agent upon not less than five (5) Business Days' written notice to the Seller Parties.

"Originator" means each of Parent, Del City Wire Co., Inc., an Oklahoma corporation, GB Tools and Supplies, Inc., a Wisconsin corporation, Versa Technologies, Inc., a Delaware corporation, Engineered Solutions, L.P., an Indiana limited partnership, and VT Holdings, Inc., a Nevada corporation, in its capacity as a seller under the Receivables Sale Agreement.

"Outstanding Balance" of any Receivable at any time means the then outstanding principal balance thereof.

"Parent" has the meaning set forth in the preamble to this Agreement.

"Performance Guarantor" means Parent.

"Performance Undertaking" means that certain Performance Undertaking, dated as of May 30, 2001 by Performance Guarantor in favor of Seller, substantially in the form of Exhibit IX, as the same may be amended, restated or otherwise modified from time to time.

"Permitted Sub-Servicer" has the meaning set forth in Section 8.1(b).

"Person" means an individual, partnership, corporation (including a business trust), limited liability company, joint stock company, trust, unincorporated association, joint venture or other entity, or a government or any political subdivision or agency thereof.

"Pooled Commercial Paper" means Commercial Paper notes of Blue Ridge subject to any particular pooling arrangement by Blue Ridge, but excluding Commercial Paper issued by Blue Ridge for a tenor and in an amount specifically requested by any Person in connection with any agreement effected by Blue Ridge.

"Prime Rate" means a rate per annum equal to the prime rate of interest announced from time to time by Wachovia (which is not necessarily the lowest rate charged to any customer), changing when and as said prime rate changes.

"Proposed Reduction Date" has the meaning set forth in Section 1.3.

"Purchase" means an Incremental Purchase or a Reinvestment.

"Purchase Date" means each Business Day on which a Purchase is made hereunder.

"Purchase Limit" means \$33,000,000.

"Purchase Notice" has the meaning set forth in Section 1.2.

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"Purchase Price" means, with respect to any Incremental Purchase of a Receivable Interest, the amount paid to Seller for such Receivable Interest which shall not exceed the least of (i) the amount requested by Seller in the applicable Purchase Notice, (ii) the unused portion of the Purchase Limit on the applicable purchase date and (iii) the excess, if any, of the Net Pool Balance (less the Required Reserve) on the applicable purchase date over the aggregate outstanding amount of Aggregate Invested Amount determined as of the date of the

most recent Monthly Report, taking into account such proposed Incremental Purchase.

"Purchased Assets" means all of Seller's right, title and interest, whether now owned and existing or hereafter arising in and to all of the Receivables, the Related Security, the Collections and all proceeds of the foregoing.

"Rating Agency Condition" means that Blue Ridge has received written notice from S&P and Moody's that an amendment, a change or a waiver will not result in a withdrawal or downgrade of the then current ratings on Blue Ridge's Commercial Paper.

"Receivable" means any "Receivable" (under and as defined in the Receivables Sale Agreement) in which the Seller now has or hereafter acquires any right or interest.

"Receivable Interest" means, at any time, an undivided percentage ownership interest (computed as set forth below) associated with a designated amount of Invested Amount, selected pursuant to the terms and conditions hereof in (i) each Receivable arising prior to the time of the most recent computation or recomputation of such undivided interest, (ii) all Related Security with respect to each such Receivable, and (iii) all Collections with respect to, and other proceeds of, each such Receivable. Each such undivided percentage interest shall equal:

$$\frac{\text{IA} + \text{RR}}{\text{NPB}}$$

where:

IA = the Invested Amount of such Receivable Interest.

NPB = the Net Pool Balance.

RR = the Required Reserve.

Such undivided percentage ownership interest shall be initially computed on its date of purchase. Thereafter, until the Facility Termination Date, each Receivable Interest shall be automatically recomputed (or deemed to be recomputed) on each day prior to the Facility Termination Date. The variable percentage represented by any Receivable Interest as computed (or deemed recomputed) as of the close of the business day immediately preceding the Facility Termination Date shall remain constant at all times thereafter.

"Receivables Sale Agreement" means that certain Receivables Sale Agreement, dated as of May 30, 2001, among the Originators and Seller, as the same may be amended, restated or otherwise modified from time to time.

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"Records" has the meaning specified in the Receivables Sale Agreement.

"Recourse Obligations" has the meaning set forth in Section 2.1.

"Reduction Notice" has the meaning set forth in Section 1.3.

"Regulatory Change" has the meaning set forth in Section 10.2(a).

"Reinvestment" has the meaning set forth in Section 2.2.

"Related Security" means, with respect to any Receivable, all of Seller's right, title and interest in, to and under:

(i) all "Related Security" (under and as defined in the Receivables Sale Agreement) in which the Seller now has or hereafter acquires any right or interest,

(ii) the Receivables Sale Agreement and the Performance Undertaking,

(iii) the Demand Advances, and

(iv) all proceeds of any of the foregoing.

"Required Liquidity Banks" means, at any time, Liquidity Banks with Liquidity Commitments in excess of 50% of the aggregate amount of all Liquidity Commitments.

"Required Notice Period" means the number of days required notice set forth below applicable to the Aggregate Reduction indicated below:

-----  
Required Notice  
-----  
Period

-----  
Aggregate Reduction  
-----

2 Business Days	less than 25% of the Purchase Limit
5 Business Days	greater than 25% but less than 50% of the Purchase Limit
10 Business Days	greater than 50% of the Purchase Limit

"Required Reserve" means, on any day during a Calculation Period, the product of (a) the greater of (i) the Required Reserve Factor Floor and (ii) the sum of the Loss Reserve, the Yield Reserve, the Dilution Reserve and the Servicing Reserve, times (b) the Net Pool Balance as of the Cut-Off Date immediately preceding such Calculation Period.

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"Required Reserve Factor Floor" means, for any Calculation Period, the sum (expressed as a percentage) of (a) 16% plus (b) the product of the Adjusted Dilution Ratio and the Dilution Horizon Ratio, in each case, as of the immediately preceding Cut-Off Date.

"Restricted Junior Payment" means (i) any dividend or other distribution, direct or indirect, on account of any shares of any class of capital stock of Seller now or hereafter outstanding, except a dividend payable solely in shares of that class of stock or in any junior class of stock of Seller, (ii) any redemption, retirement, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any shares of any class of capital stock of Seller now or hereafter outstanding, (iii) any payment or prepayment of principal of, premium, if any, or interest, fees or other charges on or with respect to, and any redemption, purchase, retirement, defeasance, sinking fund or similar payment and any claim for rescission with respect to the Subordinated Loans (as defined in the Receivables Sale Agreement), (iv) any payment made to redeem, purchase, repurchase or retire, or to obtain the surrender of, any outstanding warrants, options or other rights to acquire shares of any class of capital stock of Seller now or hereafter outstanding, and (v) any payment of management fees by Seller (except for reasonable management fees to any Originator or its Affiliates in reimbursement of actual management services performed).

"S&P" means Standard and Poor's Ratings Services, a division of The McGraw Hill Companies, Inc.

"Secured Parties" means the Indemnified Parties.

"Seller" has the meaning set forth in the preamble to this Agreement.

"Seller Parties" means, collectively, Seller and, so long as it is acting as Servicer and/or Performance Guarantor, Parent.

"Servicer" means at any time the Person (which may be the Agent) then authorized pursuant to Article VIII to service, administer and collect Receivables.

"Servicing Fee" means, for each day in a Calculation Period:

(a) an amount equal to (i) the Servicing Fee Rate (or, at any time while Parent or one of its Affiliates is the Servicer, such lesser percentage as may be agreed between Seller and the Servicer on an arms' length basis based on then prevailing market terms for similar services), times (ii) the aggregate Outstanding Balance of all Receivables at the close of business on the Cut-Off Date immediately preceding such Calculation Period, times (iii) 1/360; or

(b) on and after the Servicer's reasonable request made at any time when Parent or one of its Affiliates is no longer acting as Servicer hereunder, an alternative amount specified by the successor Servicer not exceeding (i) 110% of such Servicer's reasonable costs and expenses of performing its obligations under this Agreement during the

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preceding Calculation Period, divided by (ii) the number of days in the current Calculation Period.

"Servicing Fee Rate" means 1.0% per annum.

"Servicing Reserve" means, for any Calculation Period, the product (expressed as a percentage) of (a) the Servicing Fee Rate, times (b) a fraction, the numerator of which is the highest Days Sales Outstanding for the most recent 12 Calculation Periods and the denominator of which is 360.

"Settlement Date" means (A) the 2<sup>nd</sup>/ Business Day after each Monthly Reporting Date, and (B) the last day of the relevant Interest Period in respect of each Receivable Interests funded through a Liquidity Funding.

"Settlement Period" means (A) in respect of each Receivable Interest funded through the issuance of Commercial Paper, the immediately preceding Calculation Period, and (B) in respect of each Receivable Interest funded through a Liquidity Funding, the entire Interest Period of such Liquidity Funding.

"Subsidiary" of a Person means (i) any corporation more than 50% of the outstanding securities having ordinary voting power of which shall at the time be owned or controlled, directly or indirectly, by such Person or by one or more of its Subsidiaries or by such Person and one or more of its Subsidiaries, or (ii) any partnership, association, limited liability company, joint venture or similar business organization more than 50% of the ownership interests having ordinary voting power of which shall at the time be so owned or controlled.

"Taxes" means any and all present or future taxes, levies, imposts, duties, deductions, charges or withholdings imposed by any Governmental Authority.

"Terminating Tranche" has the meaning set forth in Section 4.3(b).

"Trade Show Receivable" means any Receivable created as a result of participation in a trade show within the 45 days prior to the creation thereof.

"Transaction Documents" means, collectively, this Agreement, each Purchase Notice, the Receivables Sale Agreement, each Collection Account Agreement, the Performance Undertaking, the Fee Letter, each Subordinated Note (as defined in the Receivables Sale Agreement) and all other instruments, documents and agreements executed and delivered in connection herewith.

"UCC" means the Uniform Commercial Code as from time to time in effect in the specified jurisdiction.

"Unmatured Amortization Event" means an event which, with the passage of time or the giving of notice, or both, would constitute an Amortization Event.

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"Wachovia" means Wachovia Bank, N.A. in its individual capacity and its successors.

"Yield" means for each Interest Period relating to a Receivable Interest funded through a Liquidity Funding, an amount equal to the product of the applicable Yield Rate for such Receivable Interest multiplied by the Invested Amount of such Receivable Interest for each day elapsed during such Interest Period, annualized on a 360 day basis.

"Yield Rate" means, with respect to each Receivable Interest funded through a Liquidity Funding, the LIBO Rate, the Alternate Base Rate or the Default Rate, as applicable.

"Yield Reserve" means, for any Calculation Period, the product (expressed as a percentage) of (i) 1.5 times (ii) the Alternate Base Rate as of -----  
the immediately preceding Cut-Off Date times (iii) a fraction the numerator of -----  
which is the highest Days Sales Outstanding for the most recent 12 Calculation Periods and the denominator of which is 360.

All accounting terms not specifically defined herein shall be construed in accordance with GAAP. All terms used in Article 9 of the UCC in the State of Illinois, and not specifically defined herein, are used herein as defined in such Article 9.

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EXHIBIT II

FORM OF PURCHASE NOTICE

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Actuant Receivables Corporation

PURCHASE NOTICE

dated \_\_\_\_\_, 20\_\_  
for Purchase on \_\_\_\_\_, 20\_\_

191 Peachtree Street, N.E., GA-423  
Atlanta, Georgia 30303

Attention: Elizabeth R. Wagner, Fax No. (404) 332-5152

Ladies and Gentlemen:

Reference is made to the Receivables Purchase Agreement dated as of May 30, 2001 (as amended, supplemented or otherwise modified from time to time, the "Receivables Purchase Agreement") among Actuant Receivables Corporation (the "Seller"), Actuant Corporation, as initial Servicer, Blue Ridge Asset Funding Corporation, and Wachovia Bank N.A., as Agent. Capitalized terms defined in the Receivables Purchase Agreement are used herein with the same meanings.

1. The [Servicer, on behalf of the] Seller hereby certifies, represents and warrants to the Agent and Blue Ridge that on and as of the Purchase Date (as hereinafter defined):

(a) all applicable conditions precedent set forth in Article VI of the Receivables Purchase Agreement have been satisfied;

(b) each of its representations and warranties contained in Section 5.1 of the Receivables Purchase Agreement will be true and correct, in all material respects, as if made on and as of the Purchase Date;

(c) no event will have occurred and is continuing, or would result from the requested Purchase, that constitutes an Amortization Event or Unmatured Amortization Event;

(d) the Facility Termination Date has not occurred; and

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(e) after giving effect to the Purchase requested below, the Aggregate Invested Amount will not exceed the Purchase Limit and the aggregate Receivable Interests will not exceed 100%.

2. The [Servicer, on behalf of the] Seller hereby requests that Blue Ridge make a Purchase on \_\_\_\_\_, 20\_\_ (the "Purchase Date") as follows:

(a) Purchase Price: \$ \_\_\_\_\_

(b) If the Purchase is funded with a Liquidity Funding, [Servicer on behalf of the] Seller requests that the Invested Amount (which will initially accrue Yield at the Alternate Base Rate) begin to accrue Yield at a LIBO Rate for a Interest Period of \_\_\_\_ months on the third Business Day after the Purchase Date).

3. Please disburse the proceeds of the Purchase as follows:

[Apply \$ \_\_\_\_\_ to payment of Aggregate Unpaid due on the Purchase Date]. [Wire transfer \$ \_\_\_\_\_ to account no. \_\_\_\_\_ at \_\_\_\_\_ Bank, in [city, state], ABA No. \_\_\_\_\_, Reference: \_\_\_\_\_].

IN WITNESS WHEREOF, the [Servicer, on behalf of the] Seller has caused this Purchase Request to be executed and delivered as of this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

[Actuant Corporation, as Servicer, on behalf of:] Actuant Receivables Corporation, as Seller

By: \_\_\_\_\_  
Name:  
Title:

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### EXHIBIT III

PLACES OF BUSINESS OF THE SELLER PARTIES; LOCATIONS OF RECORDS;

FEDERAL EMPLOYER IDENTIFICATION NUMBERS

Chief Executive Office:

Seller:  
3993 Howard Hughes Parkway  
Suite 100  
Las Vegas, Nevada 89109

Servicer:  
6100 North Baker Road

Locations of Records:

3993 Howard Hughes Parkway  
Suite 100  
Las Vegas, Nevada 89109

6100 North Baker Road  
Glendale, WI 53209

Federal Employer Identification Number for Each Seller Party:

Actuant Corporation: 39-0168610  
Actuant Receivables Corporation: 88-0497173

Legal, Trade and Assumed Names for Each Seller Party:

Actuant Corporation: Applied Power Inc. (1/11/01)  
Actuant Receivables Corporation: n/a

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<TABLE>  
<CAPTION>

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Exhibit IV  
-----  
Lock-boxes; Collection Accounts; Collection Banks  
-----  
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LEGAL ENTITY	BUSINESS UNIT	EXISTING BANK	EXISTING LOCKBOX #	EXISTING DDA #	REVISED BANK
<S> Actuant Receivables Corporation	<C> (new "SPE")	<C> n/a	<C> n/a	<C> n/a	<C> Bank One
-----					
Tools & Supplies					
-----					
Actuant Corporation	Enerpac	Bank of America	98093	8765-0-60760	Bank One
-----					
GB Tools & Supplies, Inc.	Gardner Bender (GB)	Marshall & Ilsley	88397	122-2546	Bank One
-----					
"	Calterm	Bank of America	n/a	8765-9-60398	Bank One
-----					
"	Ancor Products	Bank of America	n/a	8765-0-01091	Bank One
-----					
Del City Wire Co. Inc.	Del City	Bank of America	n/a	8765-0-01092	Bank One
-----					
Engineered Solutions					
-----					

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--
Actuant Corporation      Power Packer           Bank of
                        98093                8765-0-60760        Bank One
                        America
-----
--
Versa Technologies, Inc. Power Gear             Marshall &
                        10199                486-6114            Bank One
                        Ilsley
-----
--
Engineered Solutions LP Engineered Solutions   Bank One            22626            10-81348        Bank One
                        Americas
-----
--
(sub of VT Holdings, Inc.) (i.e., currently Dewald only)
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<CAPTION>

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LEGAL ENTITY           REVISED          REVISED          CONCENTRATION
LOCKBOX #             DDA #            EFFECTIVE
                    5/31/01
-----
<S>                   <C>              <C>              <C>
Actuant Receivables   n/a              10-87832         ZBA to 10-61597
Corporation
-----
Tools & Supplies
-----
Actuant Corporation   22730            10-87766         ZBA to new SPE
a/c
-----
GB Tools & Supplies, Inc. 22732            10-87774         ZBA to new SPE
a/c
-----
"                    22732            10-87774         ZBA to new SPE
a/c
-----
"                    n/a              10-87782         ZBA to new SPE
a/c
-----
Del City Wire Co. Inc. 22736            10-87790         ZBA to new SPE
a/c
-----
Engineered Solutions
-----
Actuant Corporation   22738            10-87808         ZBA to new SPE
a/c
-----
Versa Technologies, Inc. 22742            10-87816         ZBA to new SPE
a/c
-----
Engineered Solutions LP 22626            10-81348         ZBA to new SPE
a/c
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</TABLE>

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To: Wachovia Bank, N.A., as Agent

This Compliance Certificate is furnished pursuant to that certain Receivables Purchase Agreement dated as of May 30, 2001 among Actuant

Receivables Corporation (the "Seller"), Actuant Corporation (the "Servicer"), Blue Ridge Asset Funding Corporation and Wachovia Bank, N.A., as agent (the "Agreement").

THE UNDERSIGNED HEREBY CERTIFIES THAT:

1. I am the duly elected \_\_\_\_\_ of Seller.

2. I have reviewed the terms of the Agreement and I have made, or have caused to be made under my supervision, a detailed review of the transactions and conditions of Seller and its Subsidiaries during the accounting period covered by the attached financial statements.

3. The examinations described in paragraph 2 did not disclose, and I have no knowledge of, the existence of any condition or event which constitutes an Amortization Event or Unmatured Amortization Event, as each such term is defined under the Agreement, during or at the end of the accounting period covered by the attached financial statements or as of the date of this Certificate[, except as set forth in paragraph 5 below].

4. Schedule I attached hereto sets forth financial data and computations evidencing the compliance with certain covenants of the Agreement, all of which data and computations are true, complete and correct.

[5. Described below are the exceptions, if any, to paragraph 3 by listing, in detail, the nature of the condition or event, the period during which it has existed and the action which Seller has taken, is taking, or proposes to take with respect to each such condition or event:  
\_\_\_\_\_]

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The foregoing certifications, together with the computations set forth in Schedule I hereto and the financial statements delivered with this Certificate in support hereof, are made and delivered as of \_\_\_\_\_, 20\_\_.

By: \_\_\_\_\_  
Name:  
Title:

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SCHEDULE I TO COMPLIANCE CERTIFICATE

A. Schedule of Compliance as of [Date] with Sections \_\_\_\_ of the Agreement. Unless otherwise defined herein, the terms used in this Compliance Certificate have the meanings ascribed thereto in the Agreement.

This schedule relates to the month ended: \_\_\_\_\_

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EXHIBIT VI

[FORM OF] COLLECTION ACCOUNT AGREEMENT

May 30, 2001

Bank One, NA and  
Banc One National Processing Corporation  
1 Bank One Plaza  
Chicago, IL 60670-0935

Attention: Loretta McCarthy  
Fax No.: (312) 928-0338

Re: Actuant Corporation and Subsidiaries/Actuant Receivables Corporation

Ladies and Gentlemen:

Reference is hereby made to the postal boxes identified on Schedule I hereto in (the "Lock-Boxes") of which one or more of you has  
- -----  
exclusive control for the purpose of receiving mail and processing payments therefrom pursuant to your agreement with Actuant Corporation, a Wisconsin corporation (the "Parent"), Del City Wire Co., Inc., an Oklahoma corporation, GB  
-----  
Tools and Supplies, Inc., a Wisconsin corporation, Versa Technologies, Inc., a Delaware corporation, and Engineered Solutions, L.P., an Indiana limited partnership (each of the foregoing, including Parent, an "Originator" and collectively, the "Originators"), pursuant to lock-box service agreements with  
-----  
one of the Originators (the "Services Agreements"). You hereby confirm your  
-----



agreement to perform the services described therein. Among the services you have agreed to perform therein, is to endorse all checks and other evidences of payment, and credit such payments to the Originators' respective accounts with you as identified on Schedule I hereto (the "Lock-Box Accounts"). We understand

-----  
that Bank One, NA (the "Collection Bank") and Banc One National Processing Corporation ("BONPC") work together to provide services with respect to certain -----  
of the Lock-Boxes and Lock-Box Accounts. Reference is also made to the deposit accounts identified on Schedule I hereto (together with the Lock-Box Accounts, the "Accounts"). All references herein to "you" and "your" shall mean the -----  
Collection Bank and BONPC, as applicable.

Each of the Originators hereby informs you that (i) pursuant to that certain Receivables Sale Agreement, dated as of May 30, 2001 among the Originators, as sellers, and Actuant Receivables Corporation, a Delaware corporation ("SPV"), as purchaser, such Originator has transferred to SPV all of ---  
such Originator's right, title and interest in and to the items from time to time deposited into each Lock-Box and Accounts, and (ii) pursuant to that certain Receivables Purchase Agreement, dated as of May 30, 2001 among SPV, as borrower, Actuant

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Corporation, as initial servicer, Blue Ridge Asset Funding Corporation and Wachovia Bank, N.A., individually and as agent (in such latter capacity, the "Agent"), SPV has granted to the Agent a security interest in all of its right, -----  
title and interest in and to the items from time to time deposited in each Lock-Box and each Account.

Each of the Originators and SPV hereby irrevocably instructs you, and you hereby agree, that upon receiving notice from the Agent in the form attached hereto as Annex A (a "Control Notice"): (i) the name of each Account -----  
will be changed to "Wachovia Bank, N.A., as Agent" (or any designee of the Agent) and the Agent will have exclusive ownership of and access to the Lock-Boxes and the Accounts, and none of the Originators, SPV, nor any of their respective affiliates will have any control of the Lock-Boxes or the Accounts or any access thereto, (ii) you will either continue to send the funds from the Lock-Boxes to the Lock-Box Accounts, or will redirect such funds as the Agent may otherwise request, (iii) you will transfer monies on deposit in the Accounts, at any time, to the following account:

Bank Name:	Wachovia Bank, N.A.
Location:	Winston-Salem, NC
ABA Routing No.:	ABA # 053100494
Credit Account No.:	For credit to Blue Ridge Asset Funding Account #8735-098787
Reference:	Blue Ridge/Actuant Receivables Corporation
Attention:	John Dillon, tel. (336) 732-2690

or as otherwise directed by the Agent, (iv) all services to be performed by you under the Services Agreements will be performed on behalf of the Agent, and (v) all correspondence or other mail which you have agreed to send to any of the Originators or SPV will be sent to the Agent at the following address:

Wachovia Bank, N.A., as Agent  
191 Peachtree Street  
Mail Stop GA-423  
Atlanta, GA 30303  
Attn: Elizabeth K. Wagner,  
Asset-Backed Finance  
Fax: (404) 332- 5152

Moreover, upon such Control Notice, the Agent will have all rights and remedies given to the Originators (and the SPV, as the Originators' assignee) under the Services Agreements. Each of the Originators agrees, however, to continue to pay all fees and other assessments due thereunder at any time.

The Originators, SPV and the Agent, as the case may be, are responsible for, and you may rely upon, the contents of any notice or instructions that you believe in good faith to be from the Originators, SPV or the Agent, as the case may be, without any independent investigation. You shall have no duty to inquire into the authority of the person in giving such

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notice or instruction. In the event that you receive conflicting notices or instructions, you may refuse to act.

You shall not be deemed to have any knowledge (imputed or

otherwise) of: (a) any of the terms or conditions of any financing arrangement or any document referred to therein between the Originators, SPV, and the Agent, or any breach thereof, or (b) any occurrence or existence of a default. You have no obligation to inform any person of such breach or to take any action in connection with any of the foregoing, except such actions regarding the Lockboxes and the Accounts as are specified in this Letter Agreement. You are not responsible for the enforceability or validity of the security interest in the Lockboxes or the Accounts.

You hereby acknowledge that monies deposited in the Accounts or any other account established with you by the Agent for the purpose of receiving funds from the Lock-Boxes are subject to the liens of the Agent, and will not be subject to deduction, set-off, banker's lien or any other right you or any other party may have against the Originators or SPV, except that you may debit the Accounts for (a) any items, including, without limitation, any automated clearinghouse transactions which are returned for any reason and any adjustments; and (b) any amount then due from the Originators, SPV or the Agent to you under this Letter Agreement or related to the items, the Accounts or any items deposited therein that are otherwise not collected and for all charges, fees, commissions and expenses incurred by you in providing services hereunder, all in accordance with your customary practices for the charge back of returned items and expenses. Subject to the terms of this Letter Agreement, you agree that the security interest is superior to any right of set-off, security interest or other lien which you might otherwise have in the items, the Lockboxes or the Accounts.

You will be liable only for direct damages in the event you fail to exercise ordinary care. You shall be deemed to have exercised ordinary care if your action or failure to act is in conformity with general banking usages or is otherwise a commercially reasonable practice of the banking industry. You shall not be liable for any special, indirect or consequential damages, even if you have been advised of the possibility of these damages.

Each of the Originators, SPV and, from and after delivery of a Control Notice, the Agent jointly and severally agree to indemnify you for, and hold you harmless from, all claims, damages, losses, liabilities and expenses, including legal fees and expenses, resulting from or with respect to this Letter Agreement and the administration and maintenance of the Accounts and the services provided hereunder, including, without limitation: (a) any action taken, or not taken, by you in regard thereto in accordance with the terms of this Letter Agreement, (b) the breach of any representation or warranty made by the Originators or SPV pursuant to this Letter Agreement, (c) any item, including, without limitation, any automated clearinghouse transaction, which is returned for any reason, and any adjustments, and (d) any failure of an Originator or SPV to pay any invoice or charge to you for services in respect to this Letter Agreement and the Accounts or any amount owing to you from any of the Originators or SPV with respect thereto or to the service provided hereunder.

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None of the Originators, SPV, the Agent or you will be liable for any failure to perform its obligations when the failure arises out of causes beyond its control, including, without limitation, an act of a governmental regulatory/authority, an act of God, accident, equipment failure, labor disputes or system failure, provided it has exercised such diligence as the circumstances require.

None of the Originators, SPV, the Agent or you may assign or transfer any of its or your rights or obligations under the this Letter Agreement, except that you may assign or transfer your rights and obligations to any subsidiary of Banc One Corporation or any successor thereto. The Letter Agreement shall bind the respective successors and assigns of the parties and shall inure to the benefit of their respective successors and assigns.

This Letter Agreement and the rights and obligations of the parties hereunder will be governed by and construed and interpreted in accordance with internal laws (and not the law of conflicts) of the State of Illinois and applicable federal laws. This Letter Agreement may be executed in any number of counterparts and all of such counterparts taken together will be deemed to constitute one and the same instrument. All references herein to "we" or "us" refer to the Originators and SPV.

This Letter Agreement and the services provided under the Services Agreements may be terminated by the Agent or you at any time by giving each of the other parties hereto sixty (60) calendar days' prior written notice of such termination.

This Letter Agreement contains the entire agreement among the parties with respect to the subject matter hereof, and may not be altered, modified, terminated or amended in any respect, nor may any right, power or privilege of any party hereunder be waived or released or discharged, except upon execution by all parties hereto of a written instrument so providing. In the event that any provision in this Letter Agreement is in conflict with, or inconsistent with, any provision of any of the Service Agreements, this Letter

Agreement will exclusively govern and control. Each party agrees to take all actions reasonably requested by any other party to carry out the purposes of this Letter Agreement or to preserve and protect the rights of each party hereunder.

Any notices given pursuant to this Letter Agreement shall be given by any commercially reasonable means and all notices shall be effective when received. Each written notice shall be addressed to the relevant address appearing below or at another address specified in a written notice by one party to the other.

If to any of the Originators

c/o Actuant Corporation  
6100 North Baker Road  
Glendale, WI 53209  
Attn: Terry M. Braatz  
Phone: (414) 247-5446  
Fax: (414) 228-6112

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If to SPV:

Same as above

If to Bank One:

Bank One, NA  
1 Bank One Plaza  
Chicago, IL 60670-0935  
Attn: Loretta McCarthy  
Phone: (312) 627-5883  
Fax: (312) 928-0338

If to Agent

Wachovia Bank, N.A., as Agent  
191 Peachtree Street  
Mail Stop GA-423  
Atlanta, GA 30303  
Attn: Elizabeth K. Wagner  
Asset-Backed Finance  
Phone: (404) 332-1398  
Fax: (404) 332-5152

Please indicate your agreement to the terms of this Letter Agreement by signing in the space provided below. This Letter Agreement will become effective immediately upon execution of a counterpart of this Letter Agreement by all parties hereto.

Very truly yours,

ACTUANT CORPORATION,  
DEL CITY WIRE CO., INC.,  
GB TOOLS AND SUPPLIES, INC. &  
VERSA TECHNOLOGIES, INC.

By: \_\_\_\_\_  
Name: Terry M. Braatz  
Title: Vice President and/or Treasurer

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ENGINEERED SOLUTIONS, L.P.  
BY: VERSA TECHNOLOGIES, INC., ITS GENERAL  
PARTNER

By: \_\_\_\_\_  
Name: Terry M. Braatz  
Title: Vice President

ACTUANT RECEIVABLES CORPORATION

By: \_\_\_\_\_  
Name:  
Title:

Acknowledged and agreed to  
as of the date first above written:

By: \_\_\_\_\_  
Name: Loretta McCarthy  
Title: Officer

By: \_\_\_\_\_  
Name:  
Title:

WACHOVIA BANK, N.A., as Agent

By: \_\_\_\_\_  
Name:  
Title:

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ANNEX A  
FORM OF NOTICE

[On letterhead of the Agent]

[Date]

Bank One, NA and  
Banc One National Processing Corporation  
1 Bank One Plaza  
Chicago, IL 60670

Attention: Loretta McCarthy  
Fax No.: (312) 928-0338

Re: Actuant Receivables Corporation

Ladies and Gentlemen:

We hereby notify you that we are exercising our rights pursuant to that certain letter agreement dated May 30, 2001 (the "Letter Agreement") among

-----  
Actuant Corporation, Del City Wire Co., Inc., GB Tools and Supplies, Inc., Versa Technologies, Inc., Engineered Solutions, L.P., Actuant Receivables Corporation, you and us, to have the name of, and to have exclusive ownership and control of, the lock-box and other accounts identified in the Letter Agreement (the "Accounts") maintained with you, transferred to us. The Accounts will henceforth

-----  
be zero-balance accounts, and funds deposited in the Accounts should be sent at the end of each day to:

Bank Name: Wachovia Bank, N.A.  
Location: Winston-Salem, N.C.  
ABA Routing No.: ABA # 053100494  
Credit Account No.: For credit to Blue Ridge Asset Funding Account #8735-098787  
Reference: Blue Ridge/Actuant Receivables Corporation  
Attention: John Dillon, tel. (336) 732-2690

or as otherwise directed by the Agent. You have further agreed to perform all other services you are performing under the "Services Agreements" (as defined in the Letter Agreement) on our behalf.

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We appreciate your cooperation in this matter.

Very truly yours,  
  
WACHOVIA BANK, N.A., as Agent

By: \_\_\_\_\_  
Name:  
Title:

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SCHEDULE I  
LOCK-BOXES AND ACCOUNTS

Name of Originator                      Lock-Box Account                      Other Account No.

-----		
Actuant Receivables Corporation [new "SPE"]	No Lockbox account	DDA# 10-87832
Tools & Supplies: -----		
Actuant Corporation [Enerpac]	22730	DDA# 10-87766
GB Tools & Supplies [Gardner Bender (GB)]	22732	DDA# 10-87774
GB Tools & Supplies [Calterm]	22732	DDA# 10-87774
GB Tools & Supplies [Ancor Products]	No Lockbox account	DDA# 10-87782
Del City Wire Co. Inc [Del City]	22738	DDA# 10-87790
Engineered Solutions: -----		
Actuant Corporation [Power Packer]	22738	DDA# 10-87808
Versa Technologies [Power Gear]	22742	DDA# 10-87816
Engineered Solutions LP [Engineered Solutions Americas]	22626	DDA# 10-81348

SCHEDULE I  
LOCK-BOXES AND ACCOUNTS

Name of Originator -----	Lock-Box Account -----	Other Account No. -----
Actuant Receivables Corporation [new "SPE"]	No Lockbox account	DDA# 10-87832
Tools & Supplies: -----		
Actuant Corporation [Enerpac]	22730	DDA# 10-87766
GB Tools & Supplies [Gardner Bender (GB)]	22732	DDA# 10-87774
GB Tools & Supplies [Calterm]	22732	DDA# 10-87774
GB Tools & Supplies [Ancor Products]	No Lockbox account	DDA# 10-87782
Del City Wire Co. Inc. [Del City]	22738	DDA# 10-87790
Engineered Solutions: -----		
Actuant Corporation [Power Packer]	22738	DDA# 10-87808
Versa Technologies [Power Gear]	22742	DDA# 10-87816
Versa Technologies [Milwaukee Cylinder]	22740	DDA# 10-87824
Engineered Solutions LP [Engineered Solutions Americas]	22626	DDA# 10-81348

EXHIBIT VII  
CREDIT AND COLLECTION POLICY

See Exhibit V to Receivables Sale Agreement

EXHIBIT VIII  
FORM OF MONTHLY REPORT

-----  
Actuant Receivable Corporation Monthly Report  
For the Month Ended: \_\_\_\_  
(Page 1)  
(\$ in Thousands)  
-----

<TABLE>

-----  
BORROWING AVAILABILITY: \_\_\_\_\_  
-----

<S> \_\_\_\_\_ <C> \_\_\_\_\_ <C> \_\_\_\_\_ <C> \_\_\_\_\_  
<C> \_\_\_\_\_

I . Portfolio Information  
-----

1. Beginning of Month Balance: (Total A/R Outstanding)  
\_\_\_\_\_  
-----

2. Gross Sales (Domestic & Foreign):  
\_\_\_\_\_  
-----

3. Deduct:

a. Total Collections:  
\_\_\_\_\_  
-----

b. Dilution (Total)  
\_\_\_\_\_  
-----

c. Write Offs  
\_\_\_\_\_  
-----

Add:

d. Recoveries  
\_\_\_\_\_  
-----

4.

a. Calculated Ending A/R Balance [(1) + (2) - (3 a,b,c)+(3d)]:  
\_\_\_\_\_  
-----

b. Reported Ending A/R Balance  
\_\_\_\_\_  
-----

c. Difference (If any)  
\_\_\_\_\_  
-----

5. Deduct:

a. Delinquent & Defaulted Receivables \_\_\_\_\_

b. Foreign Receivables: \_\_\_\_\_

c. Other Receivables not Considered Eligible \_\_\_\_\_

d. Dilutive credits ineligible for funding \_\_\_\_\_

e. Total Ineligibles  
\_\_\_\_\_  
-----

6. Eligible Receivables [(4 b) - (5.c.)]:  
\_\_\_\_\_  
-----

7. Deduct: Excess Concentration:  
\_\_\_\_\_  
-----

8. Net Pool Balance [(6) -(7)]:

Three Months Prior	Aging Schedule:	Current Month	%	One Month Prior	Two Months Prior
a.	Current	---	---	---	---
b.	1-30 Days Past Due	---	---	---	---
c.	31-60 Days Past Due	---	---	---	---
d.	61-90 Days Past Due	---	---	---	---
e.	91-120 Days Past Due	---	---	---	---
f.	121+ Days Past Due	---	---	---	---
g.	Total:	---	---	---	---

</TABLE>

<TABLE>  
<CAPTION>

Actuant Receivable Corporation Monthly Report  
For the Month Ended: \_\_\_\_  
(Page 2)  
(\$ in Thousands)

<S> <C> <C> <C>  
<C>

II. Calculations Reflecting Current Activity

10. Face Value CP Outstanding  
\$0

11. Required Reserve %  
#VALUE!

12. Required Reserve [(8) x (11)]:  
#VALUE!

III. Compliance

13. Asset Interest [(10) + (12) / (8)] \* 100% : #VALUE!

14. 3M Avg. Delinquency Ratio *2.90%	#VALUE!
Current Mo. Delinquency Ratio	#VALUE!
1 Mo. Prior Delinquency Ratio	#VALUE!
2 Mo. Prior Delinquency Ratio	#VALUE!
15. 3M Avg. Default Trigger Ratio *9.75%	#VALUE!
Current Mo. Default Trigger Ratio	#VALUE!
1 Mo. Prior Default Trigger Ratio	#VALUE!
2 Mo. Prior Default Trigger Ratio	#VALUE!
16. 3M Avg. Dilution Ratio *7.10%	#VALUE!
Current Mo. Dilution Ratio	#VALUE!
1 Mo. Prior Dilution Ratio	#VALUE!
2 Mo. Prior Dilution Ratio	#VALUE!
17. Facility Limit [(12)*= \$33,000,000	In Compliance
18. Minimum Required Capital Amount	#VALUE!

</TABLE>  
\* means less than



Eligible Receivables	#VALUE!	
Allowable Percentage	Max. Allowable Balance)	Credit Rating
3.5%	\$0	NR/NR
3.5%	\$0	A3/P3
6.0%	\$0	A2/P2
8.0%	\$0	A1/P1
10.0%	\$0	A1+/P1

<TABLE>  
<CAPTION>

	LARGEST OBLIGORS	SHORT-TERM DEBT RATING	ALLOWABLE PERCENTAGE	TOTAL RECEIVABLES	ALLOWABLE RECEIVABLES	EXCESS RECEIVABLES
<S>	<C>	<C>	<C>	<C>	<C>	<C>
1	Lowes	NR/NR	0.00%	\$0	\$0	\$0
2	Home Depot	NR/NR	0.00%	\$0	\$0	\$0
3	Ace Hardware	NR/NR	0.00%	\$0	\$0	\$0
4	EDN	NR/NR	0.00%	\$0	\$0	\$0
5	CSK Auto	NR/NR	0.00%	\$0	\$0	\$0
6	TruServe	NR/NR	0.00%	\$0	\$0	\$0
7	Advance Auto	NR/NR	0.00%	\$0	\$0	\$0
8	West Marine Products	NR/NR	0.00%	\$0	\$0	\$0
9	WW Grainger	NR/NR	0.00%	\$0	\$0	\$0
10	Fleetwood	NR/NR	0.00%	\$0	\$0	\$0
11	Sears	NR/NR	0.00%	\$0	\$0	\$0
12	Orchard	NR/NR	0.00%	\$0	\$0	\$0
13	0	NR/NR	0.00%	\$0	\$0	\$0
Total				\$0	\$0	\$0

</TABLE>

The undersigned hereby represents and warrants that the foregoing is a true and accurate accounting with respect to outstanding Receivables as of \_\_\_\_\_ accordance with the Receivables Purchase Agreement dated May 30, 2001 and that all representations and warranties related to such Agreement are restated and reaffirmed.

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

Title: \_\_\_\_\_

This Performance Undertaking (this "Undertaking"), dated as of May 30, 2001, is executed by Actuant Corporation, a Wisconsin corporation (the "Performance Guarantor") in favor of Actuant Receivables Corporation, a Nevada corporation (together with its successors and assigns, "Recipient").

1. Del City Wire Co., Inc., an Oklahoma corporation, GB Tools and Supplies, Inc., a Wisconsin corporation, Versa Technologies, Inc., a Delaware corporation, Engineered Solutions, L.P., an Indiana limited partnership, and VT Holdings, Inc., a Nevada corporation (collectively, the "Other Originators"), Performance Guarantor and Recipient have entered into a Receivables Sale Agreement, dated as of May 30, 2001 (as amended, restated or otherwise modified from time to time, the "Sale Agreement"), pursuant to which Performance Guarantor and Other Originators, subject to the terms and conditions contained therein, are selling and/or contributing their respective right, title and interest in their accounts receivable to Recipient.

2. Performance Guarantor owns one hundred percent (100%) of the capital stock of each of the Other Originators and Recipient, and each of the Other Originators, and accordingly, Performance Guarantor, is expected to receive substantial direct and indirect benefits from their sale or contribution of receivables to Recipient pursuant to the Sale Agreement (which benefits are hereby acknowledged).

3. As an inducement for Recipient to acquire Other Originators' accounts receivable pursuant to the Sale Agreement, Performance Guarantor has agreed to guaranty the due and punctual performance by Other Originators of their obligations under the Sale Agreement, as well as each of the Other Originator's Servicing Related Obligations (as hereinafter defined).

4. Performance Guarantor wishes to guaranty the due and punctual performance by Other Originators of their obligations to Recipient under or in respect of the Sale Agreement and each of the Other Originator's Servicing Related Obligations (as hereinafter defined), as provided herein.

#### AGREEMENT

NOW, THEREFORE, Performance Guarantor hereby agrees as follows:

Section 1. Definitions. Capitalized terms used herein and not defined

-----  
herein shall the respective meanings assigned thereto in the Sale Agreement or the Receivables Purchase Agreement (as hereinafter defined). In addition:

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"Guaranteed Obligations" means, collectively: (a) all covenants, agreements, terms, conditions and indemnities to be performed and observed by any Other Originator under and pursuant to the Sale Agreement and each other document executed and delivered by any Other Originator pursuant to the Sale Agreement, including, without limitation, the due and punctual payment of all sums which are or may become due and owing by any Other Originator under the Sale Agreement, whether for fees, expenses (including counsel fees), indemnified amounts or otherwise, whether upon any termination or for any other reason and (b) all obligations of each of the Other Originators (i) as a Permitted Sub-Servicer under the Receivables Purchase Agreement, dated as of May 30, 2001 by and among Recipient, as Seller, Performance Guarantor, as initial Servicer, Blue Ridge Asset Funding Corporation, and Wachovia Bank, N.A., as Agent (as amended, restated or otherwise modified, the "Receivables Purchase Agreement" and, together with the Sale Agreement, the "Agreements") or (ii) which arise pursuant to Sections 8.2, 8.3 or 13.3(a) of the Receivables Purchase Agreement as a result of its termination as Servicer (all such obligations under this clause (b), collectively, the "Servicing Related Obligations").

Section 2. Guaranty of Performance of Guaranteed Obligations.

-----  
Performance Guarantor hereby guarantees to Recipient, the full and punctual payment and performance by each Other Originator of its respective Guaranteed Obligations. This Undertaking is an absolute, unconditional and continuing guaranty of the full and punctual performance of all Guaranteed Obligations of each Other Originator under the Agreements and each other document executed and delivered by any Other Originator pursuant to the Agreements and is in no way conditioned upon any requirement that Recipient first attempt to collect any amounts owing by any Other Originator to Recipient, the Agent or Blue Ridge from any other Person or resort to any collateral security, any balance of any deposit account or credit on the books of Recipient, the Agent or Blue Ridge in favor of any Other Originator or any other Person or other means of obtaining payment. Should any Other Originator default in the payment or performance of any of its Guaranteed Obligations, Recipient (or its assigns) may cause the immediate performance by Performance Guarantor of the Guaranteed Obligations and cause any payment Guaranteed Obligations to become forthwith due and payable to Recipient (or its assigns), without demand or notice of any nature (other than as expressly provided herein), all of which are hereby expressly waived by Performance Guarantor. Notwithstanding the foregoing, this Undertaking is not a guarantee of the collection of any of the Receivables and Performance Guarantor shall not be responsible for any Guaranteed Obligations to the extent the failure to perform such Guaranteed Obligations by any Other Originator results from Receivables being uncollectible on account of the insolvency, bankruptcy or lack of creditworthiness of the related Obligor; provided that nothing herein shall relieve any Other Originator from performing in full its Guaranteed Obligations under the Agreements or Performance Guarantor of its undertaking

hereunder with respect to the full performance of such duties.

Section 3. Performance Guarantor's Further Agreements to Pay.

Performance Guarantor further agrees, as the principal obligor and not as a guarantor only, to pay to Recipient (and its assigns), forthwith upon demand in funds immediately available to Recipient, all reasonable costs and expenses (including court costs and reasonable legal expenses) incurred or expended by Recipient in connection with the Guaranteed Obligations, this Undertaking and the

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enforcement thereof, together with interest on amounts recoverable under this Undertaking from the time when such amounts become due until payment, at a rate of interest (computed for the actual number of days elapsed based on a 360 day year) equal to the Prime Rate plus 2% per annum, such rate of interest changing when and as the Prime Rate changes.

Section 4. Waivers by Performance Guarantor. Performance

Guarantor waives notice of acceptance of this Undertaking, notice of any action taken or omitted by Recipient (or its assigns) in reliance on this Undertaking, and any requirement that Recipient (or its assigns) be diligent or prompt in making demands under this Undertaking, giving notice of any Termination Event, Amortization Event, other default or omission by any Other Originator or asserting any other rights of Recipient under this Undertaking. Performance Guarantor warrants that it has adequate means to obtain from each Other Originator, on a continuing basis, information concerning the financial condition of such Other Originator, and that it is not relying on Recipient to provide such information, now or in the future. Performance Guarantor also irrevocably waives all defenses (i) that at any time may be available in respect of the Guaranteed Obligations by virtue of any statute of limitations, valuation, stay, moratorium law or other similar law now or hereafter in effect or (ii) that arise under the law of suretyship, including impairment of collateral. Recipient (and its assigns) shall be at liberty, without giving notice to or obtaining the assent of Performance Guarantor and without relieving Performance Guarantor of any liability under this Undertaking, to deal with each Other Originator and with each other party who now is or after the date hereof becomes liable in any manner for any of the Guaranteed Obligations, in such manner as Recipient in its sole discretion deems fit, and to this end Performance Guarantor agrees that the validity and enforceability of this Undertaking, including without limitation, the provisions of Section 7 hereof, shall not be impaired or affected by any of the following: (a) any extension, modification or renewal of, or indulgence with respect to, or substitutions for, the Guaranteed Obligations or any part thereof or any agreement relating thereto at any time; (b) any failure or omission to enforce any right, power or remedy with respect to the Guaranteed Obligations or any part thereof or any agreement relating thereto, or any collateral securing the Guaranteed Obligations or any part thereof; (c) any waiver of any right, power or remedy or of any Termination Event, Amortization Event, or default with respect to the Guaranteed Obligations or any part thereof or any agreement relating thereto; (d) any release, surrender, compromise, settlement, waiver, subordination or modification, with or without consideration, of any other obligation of any person or entity with respect to the Guaranteed Obligations or any part thereof; (e) the enforceability or validity of the Guaranteed Obligations or any part thereof or the genuineness, enforceability or validity of any agreement relating thereto or with respect to the Guaranteed Obligations or any part thereof; (f) the application of payments received from any source to the payment of any payment obligations of any Other Originator or any part thereof or amounts which are not covered by this Undertaking even though Recipient (or its assigns) might lawfully have elected to apply such payments to any part or all of the payment obligations of such Other Originator or to amounts which are not covered by this Undertaking; (g) the existence of any claim, setoff or other rights which Performance Guarantor may have at any time against any Other Originator in connection herewith or any unrelated transaction; (h) any assignment or transfer of the Guaranteed Obligations or any part thereof; or (i) any failure on the part of any Other Originator to perform or comply with any term of the Agreements or any other document executed in connection

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therewith or delivered thereunder, all whether or not Performance Guarantor shall have had notice or knowledge of any act or omission referred to in the foregoing clauses (a) through (i) of this Section 4.

Section 5. Unenforceability of Guaranteed Obligations Against

Other Originators. Notwithstanding (a) any change of ownership of any Other

Originator or the insolvency, bankruptcy or any other change in the legal status of any Other Originator; (b) the change in or the imposition of any law, decree, regulation or other governmental act which does or might impair, delay or in any way affect the validity, enforceability or the payment when due of the Guaranteed Obligations; (c) the failure of any Other Originator or Performance

Guarantor to maintain in full force, validity or effect or to obtain or renew when required all governmental and other approvals, licenses or consents required in connection with the Guaranteed Obligations or this Undertaking, or to take any other action required in connection with the performance of all obligations pursuant to the Guaranteed Obligations or this Undertaking; or (d) if any of the moneys included in the Guaranteed Obligations have become irrecoverable from any Other Originator for any other reason other than final payment in full of the payment obligations in accordance with their terms, this Undertaking shall nevertheless be binding on Performance Guarantor. This Undertaking shall be in addition to any other guaranty or other security for the Guaranteed Obligations, and it shall not be rendered unenforceable by the invalidity of any such other guaranty or security. In the event that acceleration of the time for payment of any of the Guaranteed Obligations is stayed upon the insolvency, bankruptcy or reorganization of any Other Originator or for any other reason with respect to any Other Originator, all such amounts then due and owing with respect to the Guaranteed Obligations under the terms of the Agreements, or any other agreement evidencing, securing or otherwise executed in connection with the Guaranteed Obligations, shall be immediately due and payable by Performance Guarantor.

Section 6. Representations and Warranties. Performance Guarantor

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hereby represents and warrants to Recipient that:

(a) Organization; Powers. Performance Guarantor (i) is duly

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organized, validly existing and in good standing or active status under the laws of the jurisdiction of its organization, (ii) has all requisite power and authority to own its Property and to carry on its business as now conducted and as proposed to be conducted, (iii) is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required, except where the failure so to qualify could not reasonably be expected to result in a Material Adverse Effect, and (iv) has the power and authority to execute, deliver and perform its obligations under this Undertaking.

(b) Authorization. The execution, delivery and performance by

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Performance Guarantor of this Undertaking (i) have been duly authorized by all requisite corporate and, if required, stockholder action and (ii) will not (A) violate (1) any provision of law, statute, rule or regulation, or of the certificate or articles of incorporation or other constitutive documents or by-laws of Performance Guarantor, (2) any order of any Governmental Authority or (3) any provision of any indenture, agreement or other instrument to which Performance Guarantor is a party or by which any of them or any of their Property is or may be bound, (B) be in conflict

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with, result in a breach of or constitute (alone or with notice or lapse of time or both) a default under, or give rise to any right to accelerate or to require the prepayment, repurchase or redemption of any obligation under any such indenture, agreement or other instrument or (C) result in the creation or imposition of any Adverse Claim upon or with respect to any Property now owned or hereafter acquired by Performance Guarantor.

(c) No Conflict. The execution and delivery by Performance Guarantor

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of this Undertaking, and the performance of its obligations hereunder and thereunder do not contravene or violate (i) its Organizational Documents, (ii) any law, rule or regulation applicable to it, (iii) any restrictions under any agreement, contract or instrument to which it is a party or by which it or any of its property is bound, or (iv) any order, writ, judgment, award, injunction or decree binding on or affecting it or its property, and do not result in the creation or imposition of any Adverse Claim on assets of Performance Guarantor or its Subsidiaries (except as created hereunder) except, in any case, where such contravention or violation could not reasonably be expected to have a Material Adverse Effect; and no transaction contemplated hereby requires compliance with any bulk sales act or similar law.

(d) Governmental Approvals. No action, consent or approval of,

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registration or filing with or any other action by any Governmental Authority is or will be required in connection with this Undertaking.

(e) Enforceability. This Undertaking has been duly executed and

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delivered by Performance Guarantor and constitutes a legal, valid and binding obligation of Performance Guarantor enforceable against Performance Guarantor in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

Section 7. Subrogation; Subordination. Notwithstanding anything to the

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contrary contained herein, until the Guaranteed Obligations are paid in full  
Performance Guarantor: (a) will not enforce or otherwise exercise any right of  
subrogation to any of the rights of Recipient, the Agent or Blue Ridge against  
any Other Originator, (b) hereby waives all rights of subrogation (whether  
contractual, under Section 509 of the United States Bankruptcy Code, at law or  
in equity or otherwise) to the claims of Recipient, the Agent and Blue Ridge  
against any Other Originator and all contractual, statutory or legal or  
equitable rights of contribution, reimbursement, indemnification and similar  
rights and "claims" (as that term is defined in the United States Bankruptcy  
Code) which Performance Guarantor might now have or hereafter acquire against  
any Other Originator that arise from the existence or performance of Performance  
Guarantor's obligations hereunder, (c) will not claim any setoff, recoupment or  
counterclaim against any Other Originator in respect of any liability of  
Performance Guarantor to such Other Originator and (d) waives any benefit of and  
any right to participate in any collateral security which may be held by  
Beneficiaries, the Agent or Blue Ridge. The payment of any amounts due with  
respect to any indebtedness of any Other Originator now or hereafter owed to  
Performance Guarantor is hereby subordinated to the prior payment in full of all  
of the Guaranteed Obligations. Performance Guarantor agrees that, after the  
occurrence of any default in the

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payment or performance of any of the Guaranteed Obligations, Performance  
Guarantor will not demand, sue for or otherwise attempt to collect any such  
indebtedness of any Other Originator to Performance Guarantor until all of the  
Guaranteed Obligations shall have been paid and performed in full. If,  
notwithstanding the foregoing sentence, Performance Guarantor shall collect,  
enforce or receive any amounts in respect of such indebtedness while any  
obligations are still unperformed or outstanding, such amounts shall be  
collected, enforced and received by Performance Guarantor as trustee for  
Recipient (and its assigns) and be paid over to Recipient (or its assigns) on  
account of the Guaranteed Obligations without affecting in any manner the  
liability of Performance Guarantor under the other provisions of this  
Undertaking. The provisions of this Section 7 shall be supplemental to and not  
in derogation of any rights and remedies of Recipient under any separate  
subordination agreement which Recipient may at any time and from time to time  
enter into with Performance Guarantor.

Section 8. Termination of Performance Undertaking. Performance  
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Guarantor's obligations hereunder shall continue in full force and effect until  
all Aggregate Unpaid are finally paid and satisfied in full and the Receivables  
Purchase Agreement is terminated, provided that this Undertaking shall continue  
to be effective or shall be reinstated, as the case may be, if at any time  
payment or other satisfaction of any of the Guaranteed Obligations is rescinded  
or must otherwise be restored or returned upon the bankruptcy, insolvency, or  
reorganization of any Other Originator or otherwise, as though such payment had  
not been made or other satisfaction occurred, whether or not Recipient (or its  
assigns) is in possession of this Undertaking. No invalidity, irregularity or  
unenforceability by reason of the federal bankruptcy code or any insolvency or  
other similar law, or any law or order of any government or agency thereof  
purporting to reduce, amend or otherwise affect the Guaranteed Obligations shall  
impair, affect, be a defense to or claim against the obligations of Performance  
Guarantor under this Undertaking.

Section 9. Effect of Bankruptcy. This Performance Undertaking  
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shall survive the insolvency of any Other Originator and the commencement of any  
case or proceeding by or against any Other Originator under the federal  
bankruptcy code or other federal, state or other applicable bankruptcy,  
insolvency or reorganization statutes. No automatic stay under the federal  
bankruptcy code with respect to any Other Originator or other federal, state or  
other applicable bankruptcy, insolvency or reorganization statutes to which any  
Other Originator is subject shall postpone the obligations of Performance  
Guarantor under this Undertaking.

Section 10. Setoff. Regardless of the other means of obtaining  
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payment of any of the Guaranteed Obligations, Recipient (and its assigns) is  
hereby authorized at any time and from time to time, without notice to  
Performance Guarantor (any such notice being expressly waived by Performance  
Guarantor) and to the fullest extent permitted by law, to set off and apply any  
deposits and other sums against the obligations of Performance Guarantor under  
this Undertaking, whether or not Recipient (or any such assign) shall have made  
any demand under this Undertaking and although such obligations may be  
contingent or unmaturing.

Section 11. Taxes. All payments to be made by Performance  
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Guarantor hereunder shall be made free and clear of any deduction or  
withholding. If Performance

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Guarantor is required by law to make any deduction or withholding on account of tax or otherwise from any such payment, the sum due from it in respect of such payment shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, Recipient receive a net sum equal to the sum which they would have received had no deduction or withholding been made.

Section 12. Further Assurances. Performance Guarantor agrees that

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it will from time to time, at the request of Recipient (or its assigns), provide information relating to the business and affairs of Performance Guarantor as Recipient may reasonably request. Performance Guarantor also agrees to do all such things and execute all such documents as Recipient (or its assigns) may reasonably consider necessary or desirable to give full effect to this Undertaking and to perfect and preserve the rights and powers of Recipient hereunder.

Section 13. Successors and Assigns. This Performance Undertaking

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shall be binding upon Performance Guarantor, its successors and permitted assigns, and shall inure to the benefit of and be enforceable by Recipient and its successors and assigns. Performance Guarantor may not assign or transfer any of its obligations hereunder without the prior written consent of each of Recipient and the Agent. Without limiting the generality of the foregoing sentence, Recipient may assign or otherwise transfer the Agreements, any other documents executed in connection therewith or delivered thereunder or any other agreement or note held by them evidencing, securing or otherwise executed in connection with the Guaranteed Obligations, or sell participations in any interest therein, to any other entity or other person, and such other entity or other person shall thereupon become vested, to the extent set forth in the agreement evidencing such assignment, transfer or participation, with all the rights in respect thereof granted to the Beneficiaries herein.

Section 14. Amendments and Waivers. No amendment or waiver of any

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provision of this Undertaking nor consent to any departure by Performance Guarantor therefrom shall be effective unless the same shall be in writing and signed by Recipient, the Agent and Performance Guarantor. No failure on the part of Recipient to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right.

Section 15. Notices. All notices and other communications provided

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for hereunder shall be made in writing and shall be addressed as follows: if to Performance Guarantor, at the address set forth beneath its signature hereto, and if to Recipient, at the addresses set forth beneath its signature hereto, or at such other addresses as each of Performance Guarantor or any Recipient may designate in writing to the other. Each such notice or other communication shall be effective (1) if given by telecopy, upon the receipt thereof, (2) if given by mail, three (3) Business Days after the time such communication is deposited in the mail with first class postage prepaid or (3) if given by any other means, when received at the address specified in this Section 15.

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Section 16. GOVERNING LAW. THIS UNDERTAKING SHALL BE CONSTRUED IN

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ACCORDANCE WITH THE INTERNAL LAWS (AND NOT THE LAW OF CONFLICTS) OF THE STATE OF ILLINOIS.

Section 17. CONSENT TO JURISDICTION. EACH OF PERFORMANCE GUARANTOR

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AND RECIPIENT HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL OR ILLINOIS STATE COURT SITTING IN CHICAGO, ILLINOIS IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS UNDERTAKING, THE AGREEMENTS OR ANY OTHER DOCUMENT EXECUTED IN CONNECTION THEREWITH OR DELIVERED THEREUNDER AND EACH OF THE PERFORMANCE GUARANTOR AND RECIPIENT HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM.

Section 18. Bankruptcy Petition. Performance Guarantor hereby

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covenants and agrees that, prior to the date that is one year and one day after the payment in full of all outstanding senior Indebtedness of Blue Ridge, it will not institute against, or join any other Person in instituting against, Blue Ridge any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other similar proceeding under the laws of the United States or any state of the United States.

Section 19. Miscellaneous. This Undertaking constitutes the entire

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agreement of Performance Guarantor with respect to the matters set forth herein. The rights and remedies herein provided are cumulative and not exclusive of any remedies provided by law or any other agreement, and this Undertaking shall be in addition to any other guaranty of or collateral security for any of the Guaranteed Obligations. The provisions of this Undertaking are severable, and in any action or proceeding involving any state corporate law, or any state or federal bankruptcy, insolvency, reorganization or other law affecting the rights of creditors generally, if the obligations of Performance Guarantor hereunder would otherwise be held or determined to be avoidable, invalid or unenforceable on account of the amount of Performance Guarantor's liability under this Undertaking, then, notwithstanding any other provision of this Undertaking to the contrary, the amount of such liability shall, without any further action by Performance Guarantor or Recipient, be automatically limited and reduced to the highest amount that is valid and enforceable as determined in such action or proceeding. Any provisions of this Undertaking which are prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Unless otherwise specified, references herein to "Section" shall mean a reference to sections of this Undertaking.

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IN WITNESS WHEREOF, Performance Guarantor has caused this Undertaking to be executed and delivered as of the date first above written.

ACTUANT CORPORATION

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Address for notices:  
6100 North Baker Road  
Glendale, WI 53209

Attn: Terry M. Braatz

Phone: (414) 247-5446  
Fax: (414) 228-6112

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SCHEDULE A

DOCUMENTS TO BE DELIVERED TO THE AGENT

ON OR PRIOR TO THE INITIAL PURCHASE

1. Executed copies of the Receivables Purchase Agreement, duly executed by the parties thereto.
2. Copy of the Resolutions of the Board of Directors of each Seller Party certified by its Secretary authorizing such Person's execution, delivery and performance of this Agreement and the other documents to be delivered by it hereunder.
3. Articles or Certificate of Incorporation of each Seller Party certified by the Secretary of State of its jurisdiction of incorporation on or within thirty (30) days prior to the initial Purchase.
4. Good Standing Certificate for each Seller Party issued by the Secretaries of State of its state of incorporation and each jurisdiction where it has material operations, each of which is listed below:
  - a. Seller:
  - b. Servicer:
5. A certificate of each Seller Party's Secretary certifying:
  - (a) A copy of the Resolutions of the Board of Directors of such Seller Party, authorizing its execution, delivery and performance of the Receivables Purchase Agreement and the other documents to be delivered by it thereunder;
  - (b) A copy of the Organizational Documents of such Seller Party (also certified, to the extent that such documents are filed with any governmental authority, by the Secretary of State of the jurisdiction of organization of such Seller Party on or within thirty (30) days prior to closing);
  - (c) Good Standing Certificates for such Seller Party issued by

the Secretaries of State of its state of incorporation and each jurisdiction where it has material operations; and

(d) The names and signatures of the officers authorized on its behalf to execute the Receivables Purchase Agreement and any other documents to be delivered by it thereunder.

6. Pre-filing state and federal tax lien, judgment lien and UCC lien searches against Seller from the States of Nevada and \_\_\_\_\_ (and applicable local filing offices).

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7. Time stamped receipt copies of proper financing statements, duly filed under the UCC on or before the date of the initial Purchase in all jurisdictions as may be necessary or, in the opinion of the Agent, desirable, under the UCC of all appropriate jurisdictions or any comparable law in order to perfect the ownership interests contemplated by this Agreement.

8. Time stamped receipt copies of proper UCC termination statements, if any, necessary to release all security interests and other rights of any Person in the Receivables, Contracts or Related Security previously granted by Seller.

9. Executed copies of Collection Account Agreements for each Lock-Box and Collection Account.

10. A favorable opinion of legal counsel for the Seller Parties reasonably acceptable to the Agent which addresses the following matters and such other matters as the Agent may reasonably request:

(a) Each of the Seller Parties is a corporation duly organized, validly existing, and in good standing under the laws of the state of \_\_\_\_\_.

(b) Each of the Seller Parties has all requisite authority to conduct its business in each jurisdiction where failure to be so qualified would have a material adverse effect on such entity's business.

(c) The execution and delivery by each of the Seller Parties of the Transaction Document to which it is a party and its performance of its obligations thereunder have been duly authorized by all necessary organizational action and proceedings on the part of such entity and will not:

(i) require any action by or in respect of, or filing with, any governmental body, agency or official (other than the filing of UCC financing statements);

(ii) contravene, or constitute a default under, any provision of applicable law or regulation or of its articles or certificate of incorporation or bylaws or of any agreement, judgment, injunction, order, decree or other instrument binding upon such entity; or

(iii) result in the creation or imposition of any Adverse Claim on assets of such entity or any of its Subsidiaries (except as contemplated by the Transaction Documents).

(d) Each of the Transaction Documents to which each of the Seller Parties is a party has been duly executed and delivered by such entity and constitutes the legally valid, and binding obligation of such entity enforceable in accordance with its terms, except to the extent the enforcement thereof may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally and subject also to the availability of equitable remedies if equitable remedies are sought.

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(e) The provisions of the Receivables Purchase Agreement are effective to create valid security interests in favor of the Agent, for the benefit of the Secured Parties, in all of Seller's right, title and interest in and to the Receivables and Related Security described therein which constitute "accounts" or "general intangibles" (each as defined in the UCC) (collectively, the "Opinion Collateral"), as security for the payment of the Aggregate Unpaid.

(f) Each of the UCC-1 Financing Statements naming Seller as debtor, and Agent, as secured party, to be filed in the [describe filing offices], is in appropriate form for filing therein. Upon filing of such UCC-1 Financing Statements in such filing offices and payment of the required filing fees, the security interest in favor of the Agent, for the benefit of the Secured Parties, in the Opinion Collateral will be perfected.

(g) Based solely on our review of the [describe UCC Search Reports], and assuming (i) the filing of the Financing Statements and payment of the required filing fees in accordance with paragraph (f) and (ii) the absence of any intervening filings between the date and time of the Search



Reports and the date and time of the filing of the Financing Statements, the security interest of the Agent in the Opinion Collateral is prior to any security interest granted in the Opinion Collateral by Seller, the priority of which is determined solely by the filing of a financing statement in the [describe filing offices].

(h) Neither of the Seller Parties is a "holding company" or a "subsidiary holding company" of a "holding company" within the meaning of the Public Utility Holding Company Act of 1935, as amended, or an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

11. A Compliance Certificate.

12. The Fee Letter.

13. A Monthly Report as at \_\_\_\_\_, 2001.

14. Executed copies of (i) all consents from and authorizations by any Persons and (ii) all waivers and amendments to existing credit facilities, that are necessary in connection with this Agreement.

15. Partial Release, duly executed by Credit Suisse First Boston, as collateral agent under the Parent's credit agreement, with respect to the Receivables and Related Security, together with UCC-3 partial releases consistent therewith.

16. If applicable, a direction letter executed by each of the Seller Parties authorizing the Agent and Blue Ridge, and directing warehousemen to allow the Agent and Blue Ridge to inspect and make copies from such Seller Party's books and records maintained at off-site data processing or storage facilities.

17. The Liquidity Agreement, duly executed by each of the parties thereto.

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18. If applicable, for each Liquidity Bank that is not incorporated under the laws of the United States of America, or a state thereof, two duly completed copies of United States Internal Revenue Service Form W-8BEN or W-8ECI, as applicable, certifying in either case that such Liquidity Bank is entitled to receive payments under the Agreement without deduction or withholding of any United States federal income taxes.

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