

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

Form 10-Q

Mark One

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

For the quarter ended November 30, 1998

OR

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

Commission File No. 1-11288

APPLIED POWER INC.

(Exact name of Registrant as specified in its charter)

Wisconsin 39-0168610

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

13000 West Silver Spring Drive
Butler, Wisconsin 53007
Mailing address: P. O. Box 325, Milwaukee, Wisconsin 53201

(Address of principal executive offices) (Zip Code)

(414) 783-9279

(Registrant's telephone number)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Number of outstanding shares of Class A Common Stock: 38,726,880 as of December 31, 1998.

APPLIED POWER INC.

INDEX

<TABLE>
<CAPTION>

<S>
PART I - FINANCIAL INFORMATION

Page No.

<C>

Item 1 - Unaudited Condensed Consolidated Financial Statements	
Condensed Consolidated Statement of Earnings - Three Months Ended November 30, 1998 and 1997.....	3
Condensed Consolidated Balance Sheet - November 30, 1998 and August 31, 1998.....	4
Condensed Consolidated Statement of Cash Flows - Three Months Ended November 30, 1998 and 1997.....	5
Notes to Condensed Consolidated Financial Statements.....	6
Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations.....	8

Item 3 - Quantitative and Qualitative Disclosures About Market Risk..... 11

PART II - OTHER INFORMATION
- - - - -

Item 6 - Exhibits and Reports on Form 8-K..... 11

SIGNATURE..... 12

</TABLE>

2

PART I - FINANCIAL INFORMATION

Item 1 - Financial Statements
- - - - -

APPLIED POWER INC.
CONDENSED CONSOLIDATED STATEMENT OF EARNINGS
(Dollars in thousands, except per share amounts)
(Unaudited)

<TABLE>
<CAPTION>

	Three Months Ended November 30,	
	1998	1997
	-----	-----
<S>	<C>	<C>
Net Sales	\$435,660	\$275,375
Cost of Products Sold	298,258	179,693
	-----	-----
Gross Profit	137,402	95,682
Engineering, Selling and Administrative Expenses	82,418	60,437
Amortization of Intangible Assets	7,065	2,680
Contract Termination Costs	7,824	-
	-----	-----
Operating Earnings	40,095	32,565
Other Expense (Income):		
Net financing costs	13,899	5,217
Gain on life insurance	-	(1,709)
Other - net	(7)	(192)
	-----	-----
Earnings Before Income Tax Expense	26,203	29,249
Income Tax Expense	9,802	10,134
	-----	-----
Net Earnings	\$ 16,401	\$ 19,115
	=====	=====
Basic Earnings Per Share:		
Earnings Per Share	\$ 0.42	\$ 0.50
	=====	=====
Weighted Average Common Shares Outstanding (000's)	38,649	38,149
	=====	=====
Diluted Earnings Per Share:		
Earnings Per Share	\$ 0.41	\$ 0.48
	=====	=====
Weighted Average Common and Equivalent Shares Outstanding (000's)	40,078	40,035
	=====	=====

</TABLE>

See accompanying Notes to Condensed Consolidated Financial Statements

3

<TABLE>
<CAPTION>

APPLIED POWER INC.
CONDENSED CONSOLIDATED BALANCE SHEET
(Dollars in thousands, except per share amounts)
(Unaudited)

November 30, August 31,

	1998	1998
<S>	<C>	<C>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 8,162	\$ 6,349
Net accounts receivable	205,187	147,380
Net inventories	190,054	164,786
Prepaid expenses and deferred taxes	45,790	46,049
Total Current Assets	449,193	364,564
Net Property, Plant and Equipment	275,657	225,170
Goodwill and Other Intangibles	846,008	542,869
Other Assets	39,983	42,119
Total Assets	\$1,610,841	\$1,174,722
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Short-term borrowings	\$ -	\$ 91
Trade accounts payable	170,532	127,470
Accrued compensation and benefits	45,268	45,457
Income taxes payable	30,662	12,898
Other current liabilities	66,320	74,792
Total Current Liabilities	312,782	260,708
Long-Term Debt	872,185	512,557
Deferred Income Taxes	23,084	23,065
Other Liabilities	39,853	36,510
Shareholders' Equity:		
Class A common stock, \$0.20 par value, authorized 80,000,000 shares issued and outstanding 38,674,551 and 38,626,068 shares, respectively	7,734	7,725
Additional paid-in capital	6,343	5,817
Accumulated other comprehensive income	(2,758)	(7,465)
Retained earnings	351,618	335,805
Total Shareholders' Equity	362,937	341,882
Total Liabilities and Shareholders' Equity	\$1,610,841	\$1,174,722

</TABLE>

See accompanying Notes to Condensed Consolidated Financial Statements

4

APPLIED POWER INC.
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(Dollars in thousands)
(Unaudited)

<TABLE>
<CAPTION>

	Three Months Ended November 30,	
<S>	1998	1997
<S>	<C>	<C>
Operating Activities		
Net Earnings	\$ 16,401	\$ 19,115
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	18,759	9,813
Gain on sale of assets	-	(21)
Changes in operating assets and liabilities, excluding the effects of business acquisitions:		
Accounts receivable	(10,539)	(2,455)
Inventories	(6,428)	4,515
Prepaid expenses and other assets	2,665	2,240
Trade accounts payable	3,918	(5,454)
Other liabilities	5,049	(5,588)
Income taxes payable	10,546	(394)

Net Cash Provided By Operating Activities	40,371	21,771
Investing Activities		

Proceeds on the sale of property, plant and equipment	4,484	-
Purchases of property, plant and equipment	(16,866)	(10,400)
Cash used for business acquisitions	(365,996)	(152,728)
Merger related fees	(8,100)	-
Other	64	(158)
	-----	-----
Net Cash Used In Investing Activities	(386,414)	(163,286)
Financing Activities		

Proceeds from issuance of long-term debt	278,762	141,878
Principal payments on long-term debt	(27,806)	(38,229)
Net (repayments) borrowings on short-term credit facilities	(2,433)	6,076
Net commercial paper borrowings	100,483	-
Debt financing costs	(1,412)	-
Additional receivables financed	-	30,000
Dividends paid on common stock	(588)	(785)
Stock options exercised	535	1,944
Other	-	(213)
	-----	-----
Net Cash Provided By Financing Activities	347,541	140,671
Effect of Exchange Rate Changes on Cash	315	158
	-----	-----
Net Increase (Decrease) in Cash and Cash Equivalents	1,813	(686)
Cash and Cash Equivalents - Beginning of Period	6,349	22,047
Effect of the ZERO excluded period (as described in Note A)	-	9,859
	-----	-----
Cash and Cash Equivalents - End of Period	\$ 8,162	\$ 31,220
	=====	=====

</TABLE>

See accompanying Notes to Condensed Consolidated Financial Statements

5

APPLIED POWER INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands, except per share amounts)

Note A - Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of Applied Power Inc. (the "Company") have been prepared in accordance with generally accepted accounting principles for interim financial reporting and with the instructions of Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. For additional information, refer to the consolidated financial statements and footnotes thereto in the Company's 1998 Annual Report on Form 10-K.

In the opinion of management, all adjustments considered necessary for a fair presentation have been made. Such adjustments consist of only those of a recurring nature. Operating results for the three months ended November 30, 1998 are not necessarily indicative of the results that may be expected for the fiscal year ending August 31, 1999.

As described more fully in the Company's 1998 Annual Report on Form 10-K, in July 1998 a subsidiary of the Company merged with ZERO Corporation ("ZERO") and ZERO became a wholly-owned subsidiary of the Company. The merger with ZERO has been accounted for as a pooling of interests. Prior to the merger, ZERO had a March 31 fiscal year end. The consolidated financial statements as of and for the year ended August 31, 1998 (including the Condensed Consolidated Balance Sheet included herein) reflect the combination of an August 31 year end consolidated financial position, results of operations and cash flows for ZERO. The results of operations and cash flows for ZERO from April 1, 1997 to August 31, 1997 are reflected as an adjustment in the consolidated statement of cash flow for the three months ended November 30, 1997.

Note B - Earnings Per Share

During its last fiscal year, the Company adopted the provisions of Statement of

Financial Accounting Standards (SFAS) No. 128, "Earnings Per Share." Under the new pronouncement, the dilutive effect of stock options is excluded from the calculation of primary earnings per share, now called basic earnings per share. Earnings per share information for all prior periods presented has been restated to conform with the new calculation under SFAS No. 128.

The reconciliations between basic and diluted earnings per share are as follows:

<u><TABLE></u> <CAPTION>	Three Months Ended November 30,	
	----- 1998	1997 -----
<S>	<C>	<C>
Numerator:		
Net earnings for basic and diluted earnings per share	\$16,401	\$19,115
Denominator:		
Weighted average common shares outstanding for basic earnings per share	38,649	38,149
Net effect of dilutive options based on the treasury stock method using average market price	1,429	1,886
	-----	-----
Weighted average common and equivalent shares outstanding for diluted earnings per share	40,078	40,035
	=====	=====
Basic Earnings Per Share	\$ 0.42	\$ 0.50
	=====	=====
Diluted Earnings Per Share	\$ 0.41	\$ 0.48
	=====	=====

</TABLE>

6

Note C - Comprehensive Income

- - - - -

Effective September 1, 1998, the Company adopted SFAS No. 130, "Reporting Comprehensive Income." SFAS No. 130 establishes new rules for the reporting and display of comprehensive income and its components. The adoption of this Statement had no impact on the Company's net earnings or shareholders' equity. SFAS No. 130 requires the Company's foreign currency translation adjustments, which prior to adoption were reported separately in shareholders' equity, to be included in other comprehensive income. Prior year financial statements have been reclassified to conform with the requirements of SFAS No. 130. Total comprehensive income, which was comprised of net earnings and foreign currency adjustments, amounted to approximately \$21,100 and \$19,100 for the three months ended November 30, 1998 and 1997, respectively.

Note D - Acquisitions

- - - - -

On September 29, 1998, the Company, through its wholly-owned subsidiary, APW Enclosure Systems Limited, accepted for payment all shares of Rubicon Group plc ("Rubicon") common stock which had been tendered pursuant to the APW Enclosure Systems Limited tender offer (with a guaranteed loan note alternative) for all outstanding shares of common stock at 2.35 pounds sterling per share and all outstanding cumulative preference shares at 0.50 pounds sterling per share. The tendered common shares accepted for payment exceeded 90 percent of the outstanding common shares on October 8, 1998, and APW Enclosure Systems Limited invoked Section 429 of the UK Companies Act of 1985, as amended, to acquire the remaining outstanding common shares of Rubicon. APW Enclosure Systems Limited now owns all of the common shares of Rubicon. Pursuant to the tender offer, APW Enclosure Systems Limited purchased 27.2 percent of the outstanding preference shares. The tender offer for the preference shares has terminated, and 72,810 preference shares, or 72.8 percent of the original outstanding preference shares, continue to be owned by outside shareholders.

Cash paid for the transaction totaled approximately \$362,000. Preliminary allocations of the purchase price result in approximately \$309,000 of goodwill. To provide the necessary funds, the Company entered into a Multicurrency Credit Agreement, dated as of October 14, 1998, providing for a \$850,000, 5-year revolving credit facility. The acquisition was accounted for using the purchase method.

The following unaudited pro forma data summarize the results of operations for the periods indicated as if the acquisition of Rubicon had been completed on September 1, 1997, the beginning of the 1998 fiscal year. The pro forma data give effect to actual operating results prior to the acquisition and adjustments to interest expense, goodwill amortization and income tax expense. These pro

forma amounts do not purport to be indicative of the results that would have actually been obtained if the acquisition had occurred on September 1, 1997 or that may be obtained in the future.

<TABLE>
<CAPTION>

	Three Months Ended November 30,	
	1998	1997
<S>	<C>	<C>
Net Sales	\$ 460,300	\$ 349,254
Net Earnings	\$ 15,544	\$ 19,417
Basic Earnings Per Share	\$ 0.40	\$ 0.51
Shares Used in Computation	38,649	38,149
Diluted Earnings Per Share	\$ 0.39	\$ 0.49
Shares Used in Computation	40,078	40,035

</TABLE>

Note E - Net Inventories

It is not practical to segregate the amounts of raw materials, work-in-process or finished goods at the respective balance sheet dates since the segregation is possible only as the result of physical inventories which are taken at dates different from the balance sheet dates. The systems at many of the Company's operating units have not been designed to capture this segregation due to the very short production cycle of their products and the minimal amount of work-in-process.

7

Note F - Merger, Restructuring and Other Non-recurring Charges

During the fourth quarter of fiscal 1998, the Company recorded restructuring and other one-time charges of \$52,637, net of income tax benefit of \$16,803. The pre-tax charges of \$69,440 related to costs associated with the merger of ZERO Corporation, various plant consolidations and other cost reductions and product rationalization efforts of the Company.

Approximately \$19,200 and \$21,500 of accrued merger and restructuring costs were included in other current liabilities as of November 30, 1998 and August 31, 1998, respectively.

Note G - Subsequent Events

On December 18, 1998, the Company amended its \$90,000 accounts receivable financing facility by increasing the amount of multi-currency accounts receivable financing from \$90,000 to \$150,000. All other substantive terms of the agreement remain the same.

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

of Operations

(Dollars in thousands, except per share amounts)

Results of Operations

The Company reported record sales for the quarter ended November 30, 1998. Net earnings for the first quarter of fiscal 1999 were \$16,401, or \$0.41 per share on a diluted basis. Excluding one time items in the first quarter of fiscal 1998 and 1999, earnings were \$21,095, or \$0.53 per share on a diluted basis, an increase of 23 percent over the \$17,406, or \$0.43 per share on a diluted basis, in the previous year. The one-time items relate to a life insurance pre-tax gain in ZERO of \$1,709, or \$0.05 per share on a diluted basis, recorded as other income in the first quarter of 1998, and an Engineered Solutions contract termination of \$7,824, or \$0.12 per share on a diluted basis, recorded to operating expense in 1999. Sales for the three month period ended November 30, 1998 were \$435,660, an increase of 58 percent over the \$275,375 reported in the comparable prior year period. Foreign currency translation had a negligible effect on reported fiscal 1999 first quarter sales.

<TABLE>
<CAPTION>

SALES BY SEGMENT	Three Months Ended November 30,		
	1998	1997	Change

<S>	<C>	<C>	<C>
Enclosure Products and Systems	\$ 236,326	\$ 96,620	145 %
Engineered Solutions	119,409	102,282	17 %
Tools and Supplies	79,925	76,473	5 %
Total	\$ 435,660	\$ 275,375	58 %

</TABLE>

Revenues from Enclosure Products and Systems grew 145 percent, bolstered by strategic acquisitions of the AA Manufacturing, PMP, PTI, Premier, Brown, VERO and Rubicon businesses during fiscal 1998 and the first quarter of fiscal 1999, which added approximately \$129,800 in sales for the three months ended November 30, 1998.

Engineered Solutions reported a first quarter sales increase of 17 percent over the comparable prior year period. Certain businesses purchased in the Versa/Tek acquisition in the prior year combined to contribute approximately \$10,400 in sales to this segment in fiscal 1999. Internal growth, principally from recreational vehicles and convertible top systems, also contributed to the increased sales.

Revenues from Tools and Supplies increased five percent from the first quarter of fiscal 1998. Acquisitions accounted for approximately \$7,300 of the sales increase. The effect of the fiscal 1998 acquisitions coupled with modest internal growth in North America offset a decline in Asia.

8

<TABLE>
<CAPTION>

Three Months Ended November 30,

GROSS PROFIT BY SEGMENT	1998	1997	Change
<S>	<C>	<C>	<C>
Enclosure Products and Systems	\$ 65,670	\$ 34,831	89 %
Engineered Solutions	40,587	32,942	23 %
Tools and Supplies	31,145	27,909	12 %
Total	\$137,402	\$ 95,682	44 %

</TABLE>

Total gross profit increased 44 percent from the first quarter of fiscal 1998, primarily due to increased sales volume and the resulting fixed manufacturing cost leverage. Overall, the Company's gross profit percentage decreased to 31.5 percent from 34.7 percent for the three months ended November 30, 1998 and 1997, respectively. The decrease is mainly attributable to the acquisition of lower gross profit margin enclosure businesses within Enclosure Products and Systems.

<TABLE>
<CAPTION>

Three Months Ended November 30,

ENGINEERING, SELLING AND ADMIN. EXPENSES	1998	1997	Change
<S>	<C>	<C>	<C>
Enclosure Products and Systems	\$40,530	\$20,336	99 %
Engineered Solutions	19,637	17,377	13 %
Tools and Supplies	19,159	18,509	4 %
General Corporate	3,092	4,215	(27) %
Total	\$82,418	\$60,437	36 %

</TABLE>

First quarter engineering, selling and administrative ("operating") expenses were 36 percent higher than reported in the first quarter of fiscal 1998, reflecting the impact of acquisitions, which added approximately \$19,200 in operating expenses for the quarter, and the higher sales levels. In total, operating expenses were reduced to 18.9 percent of net sales compared to 21.9 percent for the first quarter ended November 30, 1997. The reduction was the result of continued efforts to aggressively manage spending levels throughout the Company, along with the acquisition of businesses within Enclosure Products and Systems, which have a lower percentage of operating expenses.

During the first quarter, the Company incurred a one-time charge of \$4,700 after-tax, or \$0.12 per share on a diluted basis, due to the cancellation of a contract within the Engineered Solutions segment. The majority of these costs were incurred prior to fiscal 1999.

Amortization expense for the quarter ended November 30, 1998 was higher than that reported for the three months ended November 30, 1997 due to the acquisitions made subsequent to the first quarter of fiscal 1998, including primarily VERO and Rubicon.

The operating profit margin decreased to 9.2 percent compared to 11.8 percent for the first quarter ended November 30, 1997. The decrease is a result of the non-recurring contract termination charge in the first quarter of fiscal 1999 and increased amortization expense due to the acquisitions in fiscal 1998.

Net financing costs for the three months ended November 30, 1998 increased over the prior year comparable period as a result of the additional borrowings for the acquisitions subsequent to the first quarter of fiscal 1998.

Liquidity and Capital Resources

Cash and cash equivalents totaled \$8,162 at November 30, 1998 and \$6,349 at August 31, 1998. In order to minimize net financing costs, the Company intentionally maintains low cash balances by using available cash to reduce short-term bank borrowings.

Net cash generated from operations, after considering non-cash items and changes in operating assets and liabilities, totaled \$40,371 and \$21,771 for the three month periods ended November 30, 1998 and 1997, respectively.

9

Net cash used in investing activities totaled \$386,414 for the first quarter of fiscal 1999, \$16,866 of which was used for capital expenditures and \$361,696 for the acquisition of Rubicon.

<TABLE>

<CAPTION>

TOTAL CAPITALIZATION	November 30, 1998		August 31, 1998	
<S>	<C>	<C>	<C>	<C>
Shareholders' Equity	\$ 362,937	29%	\$341,882	39%
Total Debt	872,185	69%	512,648	58%
Deferred Taxes	23,084	2%	23,065	3%
Total	\$1,258,206	100%	\$877,595	100%

</TABLE>

On October 14, 1998 the Company and Enerpac B.V., a Netherlands subsidiary of the Company, as Borrowers, entered into a Multicurrency Credit Agreement, providing for an \$850,000, 5-year revolving credit facility (the "Facility"). In conjunction with the closing of the Facility, the Company terminated its prior \$700,000, 5-year revolving credit facility (the "Prior Facility"), and used certain funds received under the Facility to repay borrowings under the Prior Facility. The Facility was used to finance expenses related to the acquisition of Rubicon, provide for working capital, capital expenditures and for other general corporate purposes. Outstanding debt at November 30, 1998 totaled \$872,185, an increase of approximately \$359,600 since the beginning of the fiscal year. Debt as a percentage of total capitalization ended the quarter at 69 percent, up from 58 percent at the beginning of the year. Dividends of \$588 were paid, while the exercise of stock options generated an additional \$535 of cash.

Year 2000 Considerations

As is the case for most companies, the Year 2000 computer issue creates a risk for the Company. If systems do not correctly recognize date information when the year changes to 2000, there could be a material adverse impact on the Company's operations. However, the impact cannot be quantified at this time.

The Company is taking actions intended to ensure that its computer systems are capable of processing periods for the Year 2000 and beyond. The Company has developed and has clearly articulated a written policy that Year 2000 readiness is an important responsibility for all its business leaders. In addition, the Company is aggressively pursuing a comprehensive set of programs intended to reduce the risk of disruptions due to the Year 2000 problem. Issues addressed in the context of these efforts include, but are not limited to, creating management awareness regarding the Year 2000 problem and the need to become Year 2000 ready, mitigating known Year 2000 readiness problems, communicating the Company's Year 2000 readiness commitment to its customers, conducting a company-wide Year 2000 readiness check, the official designation of Year 2000 readiness contacts within each business unit, comprehensive testing and compliance certification for all of the Company's mission-critical business and manufacturing control systems, proactive Year 2000 compliance certification of key suppliers, and the development of contingency plans to deal with emergent Year 2000 situations. The Company expects to complete the majority of its

efforts in this area by the end of fiscal 1999. This should leave adequate time to perform additional testing and make any further modifications that are deemed necessary.

The Company is continuing an ongoing process of assessing potential Year 2000 risks and uncertainties. However, it is currently premature to define the most reasonably likely worst case scenarios related to the Year 2000 problem. The Company's Year 2000 readiness initiatives are intended to address its critical business functions, and the Company currently expects to successfully mitigate its controllable internal year 2000 issues. However, the Company also relies upon third parties whose failure to identify and remediate their Year 2000 problems could have a material impact on the Company's operations and financial condition. The Company's Year 2000 readiness efforts include attempting to identify, assess and mitigate third party risks where possible. To date, no third party has communicated to the Company Year 2000 problems that reasonably could be expected to have a material impact on the Company's operations. However, it is impossible for the Company to identify the potential impact and all related costs and consequences of third parties, particularly those that have not responded to inquiries by the Company as to Year 2000 readiness.

10

Based on the current status of the Company's compliance and readiness efforts, the costs associated with identified Year 2000 issues are not expected to have a material effect on the results of operations or financial condition of the Company. Most of the Company's business units have installed or are in the process of installing new business management systems which go beyond just Year 2000 compliance. The costs of purchased software are capitalized. Some businesses have chosen to upgrade existing systems to be compliant. These costs are being expensed as incurred. Additionally, the Company is developing a contingency plan to deal with any issues that are not resolved on a timely basis. The Company historically has not quantified the costs of Year 2000 compliance and remediation, but believes costs incurred to date were immaterial. The Company estimates remaining costs, including internal costs such as payroll expenses incurred for the Year 2000 project, to range between \$3,000 and \$5,000, which is expected to be funded with cash flow from operations.

At this time, the Company does not expect the reasonably foreseeable consequences of the Year 2000 problem to have material adverse effects on the Company's business, operations or financial condition. However, the Company cannot be certain that it will not suffer business interruptions, either due to its own Year 2000 problems or those of its customers or suppliers whose Year 2000 problems may make it difficult or impossible to fulfill their commitments to the Company. Furthermore, the Year 2000 problem has many elements and potential consequences, some of which may not be reasonably foreseeable, and there can be no assurances that every material Year 2000 problem will be identified and addressed or that unforeseen consequences will not arise and possibly have a material adverse effect on the Company. Unanticipated factors while implementing the changes necessary to mitigate Year 2000 problems, including, but not limited to, the ability to locate and correct all relevant codes in computer and imbedded systems, or the failure of critical third parties to communicate and mitigate their Year 2000 problems could result in unanticipated adverse impacts on the business activities or operations of the Company.

Item 3 - Quantitative and Qualitative Disclosures About Market Risk

See Item 7A of the Company's Annual Report on Form 10-K for the fiscal year ended August 31, 1998.

PART II - OTHER INFORMATION

Item 6 - Exhibits and Reports on Form 8-K

-
- (a) See Index to Exhibits on pages 13-14, which is incorporated herein by reference.
 - (b) On October 14, 1998, the Company filed a Current Report on Form 8-K dated September 29, 1998 reporting under Item 2 that the Company had accepted for payment all Rubicon Group plc shares tendered pursuant to the Company's tender offer to acquire all outstanding shares at a cash price of 2.35 pounds sterling for each common share and 0.50 pounds sterling for each preference share. The required Item 7 historical and pro forma disclosures were filed as an amendment to the Current Report on Form 8-K/A on December 11, 1998.

11

SIGNATURE

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

APPLIED POWER INC.

(Registrant)

Date: January 14, 1999

By: /s/Robert C. Arzbaecher

Robert C. Arzbaecher
Senior Vice President and
Chief Financial Officer
(Principal Financial Officer
and duly authorized to sign
on behalf of the registrant)

12

APPLIED POWER INC.
(the "Registrant")
(Commission File No. 1-11288)

QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTER ENDED NOVEMBER 30, 1998
INDEX TO EXHIBITS

<TABLE>
<CAPTION>

Exhibit Herewith	Description	Incorporated Herein By Reference To	Filed
-----	-----	-----	-----
<S>	<C>	<C>	<C>
4.1	Multicurrency Credit Agreement, dated as of October 14, 1998, among Applied Power Inc. and Enerpac B.V., as Borrowers, various financial institutions from time to time party thereto, as Lenders, The First National Bank of Chicago, as Syndication Agent, Societe Generale, as Documentation Agent, and Bank of America National Trust and Savings Association, as Administrative Agent, arranged by NationsBanc Montgomery Securities LLC	Exhibit 4.4 to the Registrant's Form 10-K for the fiscal year ended August 31, 1998 ("1998 10-K")	
4.2	(a) Receivables Purchase Agreement, dated as of November 20, 1997, among Applied Power Credit Corporation as Seller, Applied Power Inc. individually and as Servicer and Barton Capital Corporation as Purchaser and Societe Generale as Agent	Exhibit 4.1 to the Registrant's Form 10-Q for quarter ended November 30, 1997	
	(b) First Amendment to Receivables Purchase Agreement dated as of August 28, 1998	Exhibit 4.5(b) to 1998 10-K	
	(c) Second Amendment to Receivables Purchase Agreement dated as of December 18, 1998		X
10.1	Description of Fiscal 1999 Management Bonus Arrangement		X
27.1	Financial Data Schedule		X
27.2	Restated Financial Data Schedule (three month period ended November 30, 1997)		X
27.3	Restated Financial Data Schedule (six month period ended February 28, 1998)		X

</TABLE>

APPLIED POWER INC.
 (the "Registrant")
 (Commission File No. 1-11288)

QUARTERLY REPORT ON FORM 10-Q
 FOR THE QUARTER ENDED NOVEMBER 30, 1998
 INDEX TO EXHIBITS

<TABLE>
 <CAPTION>

Filed Exhibit Herewith	Description	Incorporated Herein By Reference To	
-----	-----	-----	-----
<S>	<C>	<C>	<C>
27.4	Restated Financial Data Schedule (nine month period ended May 31, 1998)		X
27.5	Restated Financial Data Schedule (three month period ended November 30, 1996)		X
27.6	Restated Financial Data Schedule (six month period ended February 28, 1997)		X
27.7	Restated Financial Data Schedule (nine month period ended May 31, 1997)		X
99.1	Certificate of Trust of Applied Power Capital Trust I (Conformed copy)		X
99.2	Trust Agreement of Applied Power Capital Trust I (Conformed copy)		X
99.3	Certificate of Trust of Applied Power Capital Trust II (Conformed copy)		X
99.4	Trust Agreement of Applied Power Capital Trust II (Conformed copy)		X

</TABLE>

SECOND AMENDMENT TO RECEIVABLES PURCHASE AGREEMENT

THIS SECOND AMENDMENT TO RECEIVABLES PURCHASE AGREEMENT dated as of December 18, 1998 (the "Amendment") is entered into among APPLIED POWER CREDIT CORPORATION, a Nevada corporation ("Seller"), APPLIED POWER INC., a Wisconsin corporation, individually and as the initial Servicer (the "Servicer"), BARTON CAPITAL CORPORATION, a Delaware corporation, as the Purchaser (the "Purchaser"), and SOCIETE GENERALE, a banking corporation organized under the laws of France, acting through its Chicago Branch, as agent for the Purchaser (in such capacity, the "Agent").

R E C I T A L S

- - - - -

A. The Seller, the Servicer, the Purchaser and the Agent have entered into that certain Receivables Purchase Agreement, dated as of November 20, 1997 (as heretofore amended, supplemented or otherwise modified, the "Receivables Purchase Agreement"), pursuant to which Seller will sell to Purchaser certain Undivided Interests in all outstanding Pool Receivables purchased by Seller from the Originators pursuant to the Purchase and Sale Agreement (as defined in the Receivables Purchase Agreement).

B. The parties to the Receivables Purchase Agreement desire to enter into this Amendment to amend the Receivables Purchase Agreement.

1. Certain Defined Terms. Capitalized terms used but not defined herein shall have the meanings set forth for such terms in Schedule I to the Receivables Purchase Agreement.

2. Amendments to Receivables Purchase Agreement. The Receivables Purchase Agreement is hereby amended as follows:

(a) Section 1.03(a) of the Receivables Purchase Agreement is hereby amended by deleting the amount "\$90,000,000" where it appears in such Section and inserting in lieu thereof the amount "\$150,000,000."

(b) The definition of "Demand Note" set forth in Schedule I to the Receivables Purchase Agreement is hereby amended in its entirety as follows:

"Demand Note" means the Second Amended and Restated Demand Promissory Note, in the original principal amount of \$24,000,000 issued by API to Seller.

(c) The definition of "Receivable" set forth in Schedule I to the Receivables Purchase Agreement is hereby amended by adding, immediately preceding the period at the end thereof, the following proviso:

"; provided, however, that the term "Receivable" shall not include any right to payment to the Originator of which is Electronic Solutions and the obligor of which is Allied Signal, Inc."

3. Conditions to Effectiveness. This Amendment shall become effective on the date hereof when all of the following conditions have been satisfied:

(a) All of the parties hereto shall have executed such Amendment;

(b) The Agent shall have received the written consent of the Majority Purchasers (as defined in the Stand-By Purchase Agreement); and

(c) The Agent shall have received from the Seller a fee in the amount of \$35,000.

4. Effect of Amendment. Except as expressly amended and modified by this Amendment, all provisions of the Receivables Purchase Agreement shall remain in full force and effect. After this Amendment becomes effective, all references in each of the Agreements to "this Agreement", "hereof", "herein", or words of similar effect referring to such Agreement shall be deemed to be references to the Receivables Purchase Agreement, as amended by this Amendment. This Amendment shall not be deemed to expressly or impliedly waive, amend or supplement any provision of the Agreements other than as set forth herein.

5. Counterparts. This Amendment may be executed in any number of counterparts and by different parties on separate counterparts, and each counterpart shall be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

6. Governing Law. This Amendment shall be governed by, and construed in accordance with the law of the State of Illinois without regard to any otherwise applicable principles of conflicts of law.

7. Section Headings. The various headings of this Amendment are inserted for convenience only and shall not affect the meaning or interpretation of this Amendment or the Receivables Purchase Agreement or any provision hereof or thereof.

[signature pages on next page]

2

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

APPLIED POWER CREDIT CORPORATION

By: /s/ James Maxwell IV

Name: James Maxwell IV
Title: Assistant Treasurer

APPLIED POWER INC.

By: /s/ James Maxwell IV

Name: James Maxwell IV
Title: Assistant Treasurer

3

BARTON CAPITAL CORPORATION

By: /s/ Juliana Johnson

Name: Juliana C. Johnson
Title: Vice President

SOCIETE GENERALE,
as the Agent

By: /s/ Martin J. Finan

Name: Martin J. Finan
Title: Director

By: /s/ Bradley P. Summers

Name: Bradley P. Summers
Title: Director

4

Executive Staff F'99 Bonus Plan Measurements and Criteria

Executive Staff Measurements:

The fiscal 1999 bonus plan for executive staff will consist of the following:
 a) 50% APW Shareholder Value Generated (SVG)
 b) 50% APW Earnings Per Share (EPS)

Supporting Definitions:

Diluted Earnings Per Share = Net Income / Average Number of Common and Common Equivalent Shares Outstanding during the period.
 Shareholder Value Generated = Operating Profit (before amortization) less 8% of Assets Deployed.
 Assets Deployed = Adjusted Assets less Operating Liabilities

Bonus Measurement:

<TABLE>
 <CAPTION>

	0%	100% (Target)	200%
50% APW Shareholder Value Generated	\$100.0 MM	\$118.0 MM	\$130.0 MM
50% APW Earnings Per Share	\$2.00	\$2.25	\$2.40

<TABLE>
 <CAPTION>

Name	Functional Area	Proposed Bonus Payout @ 100%
Sim	CEO	\$600,000
Arzbaecher	CFO	\$150,000

Engineered Solutions Multi-Business Unit Leaders F'99 Bonus Plan Measurements and Criteria

Multi-Business Unit Leader Measurements:

The fiscal 1999 bonus plan for Engineered Solutions multi-business unit leader will consist of the following:

- a) 80% Engineered Solutions CMM (1)
- b) 20% APW Financial Results (SVG and EPS - same as Executive Staff Targets)

Albrecht

	0%	100% (Target)	200%
ES CMM (2)	\$51.8 MM	\$60.8 MM	\$66.8 MM
Bonus Payout @ 100%		\$150,000	

The business unit financial targets for fiscal 1999 have been established based upon the business plans submitted by each business unit, current year Corporate contribution requirements for profitability, and agreed upon long-term investments.

- (1) CMM = Internal Operating Profit - (20% x Monthly Net Assets)
- (2) Targeted bonus plan levels for CMM may be modified during the plan year due to mergers and acquisitions.

Tools and Supplies Multi-Business Unit Leaders F'99 Bonus Plan Measurements and Criteria

Multi-Business Unit Leader Measurements:

The fiscal 1999 bonus plan for Tools and Supplies multi-business unit leader

will consist of the following:

- a) 80% Tools and Supplies CMM (1)
- b) 20% APW Financial Results (SVG and EPS - same as Executive Staff Targets)

Boel

	0%	100% (Target)	200%
T&S CMM (2)	\$23.0 MM	\$29.0 MM	\$35.0 MM

Bonus Payout @ 100% \$125,000

The business unit financial targets for fiscal 1999 have been established based upon the business plans submitted by each business unit, current year Corporate contribution requirements for profitability, and agreed upon long-term investments.

- (1) CMM = Internal Operating Profit - (20% x Monthly Net Assets)
- (2) Targeted bonus plan levels for CMM may be modified during the plan year due to mergers and acquisitions.

3

Enclosure Products and Systems Multi-Business Units Leaders F'99 Bonus Plan
Measurements and Criteria

Multi-Business Unit Leader Measurements:

The fiscal 1999 bonus plan for Enclosure Products and Systems multi-business unit leaders will consist of the following:

- a) 80% respective Enclosure Products and Systems business unit's CMM (1)
- b) 20% APW Financial Results (SVG and EPS - same as Executive Staff Targets)

Burkart

	0%	100% (Target)	200%
EPS CMM (2)	\$30.0 MM	\$36.0 MM	\$42.0 MM

Bonus Payout @ 100% \$145,000

Wightman

	0%	100% (Target)	200%
EPS CMM (2)	\$6.0 MM	\$12.0 MM	\$16.0 MM

Bonus Payout @ 100% \$170,000

The business unit financial targets for fiscal 1999 have been established based upon the business plans submitted by each business unit, current year Corporate contribution requirements for profitability, and agreed upon long-term investments.

- (1) CMM = Internal Operating Profit - (20% x Monthly Net Assets)
- (2) Targeted bonus plan levels for CMM may be modified during the plan year due to mergers and acquisitions.

4

<TABLE> <S> <C>

<ARTICLE> 5

<LEGEND> This schedule contains summary financial information extracted from the unaudited financial statements of Applied Power Inc. for the three month period ended November 30, 1998 and is qualified in its entirety by reference to such financial statements.

</LEGEND>

<MULTIPLIER> 1,000

<S>	<C>
<PERIOD-TYPE>	3-MOS
<FISCAL-YEAR-END>	AUG-31-1999
<PERIOD-END>	NOV-30-1998
<CASH>	8,162
<SECURITIES>	0
<RECEIVABLES>	212,300
<ALLOWANCES>	7,113
<INVENTORY>	190,054
<CURRENT-ASSETS>	449,193
<PP&E>	476,563
<DEPRECIATION>	200,906
<TOTAL-ASSETS>	1,610,841
<CURRENT-LIABILITIES>	312,782
<BONDS>	872,185
<PREFERRED-MANDATORY>	0
<PREFERRED>	0
<COMMON>	7,734
<OTHER-SE>	355,203
<TOTAL-LIABILITY-AND-EQUITY>	1,610,841
<SALES>	435,660
<TOTAL-REVENUES>	435,660
<CGS>	298,258
<TOTAL-COSTS>	298,258
<OTHER-EXPENSES>	0
<LOSS-PROVISION>	0
<INTEREST-EXPENSE>	13,899
<INCOME-PRETAX>	26,203
<INCOME-TAX>	9,802
<INCOME-CONTINUING>	16,401
<DISCONTINUED>	0
<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	16,401
<EPS-PRIMARY>	.42
<EPS-DILUTED>	.41

</TABLE>

<TABLE> <S> <C>

<ARTICLE> 5

<LEGEND> This schedule contains restated <F1> summary financial information extracted from the unaudited financial statements of Applied Power Inc. for the three month period ended November 30, 1997 and is qualified in its entirety by reference to such financial statements.

</LEGEND>

<RESTATED>

<MULTIPLIER> 1,000

<S>	<C>
<PERIOD-TYPE>	3-MOS
<FISCAL-YEAR-END>	AUG-31-1998
<PERIOD-END>	NOV-30-1997
<CASH>	31,220
<SECURITIES>	0
<RECEIVABLES>	115,498
<ALLOWANCES>	5,713
<INVENTORY>	158,238
<CURRENT-ASSETS>	325,055
<PP&E>	356,022
<DEPRECIATION>	189,038
<TOTAL-ASSETS>	803,084
<CURRENT-LIABILITIES>	162,477
<BONDS>	256,598
<PREFERRED-MANDATORY>	0
<PREFERRED>	0
<COMMON>	2,938
<OTHER-SE>	330,568
<TOTAL-LIABILITY-AND-EQUITY>	803,084
<SALES>	275,375
<TOTAL-REVENUES>	275,375
<CGS>	179,693
<TOTAL-COSTS>	179,693
<OTHER-EXPENSES>	0
<LOSS-PROVISION>	0
<INTEREST-EXPENSE>	5,217
<INCOME-PRETAX>	29,249
<INCOME-TAX>	10,134
<INCOME-CONTINUING>	19,115
<DISCONTINUED>	0
<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	19,115
<EPS-PRIMARY>	.50
<EPS-DILUTED>	.48

<FN>

<F1> As restated to reflect the merger with ZERO Corporation which was accounted for as a pooling of interests.

</FN>

</TABLE>

<TABLE> <S> <C>

<ARTICLE> 5

<LEGEND> This schedule contains restated<F1> summary financial information extracted from the unaudited financial statements of Applied Power Inc. for the six month period ended February 28, 1998 and is qualified in its entirety by reference to such financial statements.

</LEGEND>

<RESTATED>

<MULTIPLIER> 1,000

<S>	<C>
<PERIOD-TYPE>	6-MOS
<FISCAL-YEAR-END>	AUG-31-1998
<PERIOD-END>	FEB-28-1998
<CASH>	41,003
<SECURITIES>	0
<RECEIVABLES>	119,595
<ALLOWANCES>	5,645
<INVENTORY>	164,347
<CURRENT-ASSETS>	346,228
<PP&E>	364,704
<DEPRECIATION>	189,735
<TOTAL-ASSETS>	892,980
<CURRENT-LIABILITIES>	163,672
<BONDS>	323,910
<PREFERRED-MANDATORY>	0
<PREFERRED>	0
<COMMON>	5,733
<OTHER-SE>	342,639
<TOTAL-LIABILITY-AND-EQUITY>	892,980
<SALES>	554,773
<TOTAL-REVENUES>	554,773
<CGS>	362,970
<TOTAL-COSTS>	362,970
<OTHER-EXPENSES>	0
<LOSS-PROVISION>	0
<INTEREST-EXPENSE>	11,363
<INCOME-PRETAX>	55,185
<INCOME-TAX>	19,532
<INCOME-CONTINUING>	35,652
<DISCONTINUED>	0
<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	35,652
<EPS-PRIMARY>	.92
<EPS-DILUTED>	.89

<FN>
<F1> As restated to reflect the merger with ZERO Corporation which was accounted for as a pooling of interests.

</FN>

</TABLE>

<TABLE> <S> <C>

<ARTICLE> 5

<LEGEND> This schedule contains restated<F1> summary financial information extracted from the unaudited financial statements of Applied Power Inc. for the nine month period ended May 31, 1998 and is qualified in its entirety by reference to such financial statements.

</LEGEND>

<RESTATED>

<MULTIPLIER> 1,000

<S>	<C>
<PERIOD-TYPE>	9-MOS
<FISCAL-YEAR-END>	AUG-31-1998
<PERIOD-END>	MAY-31-1998
<CASH>	43,016
<SECURITIES>	0
<RECEIVABLES>	124,332
<ALLOWANCES>	5,619
<INVENTORY>	162,506
<CURRENT-ASSETS>	354,823
<PP&E>	360,470
<DEPRECIATION>	180,934
<TOTAL-ASSETS>	949,455
<CURRENT-LIABILITIES>	186,022
<BONDS>	334,840
<PREFERRED-MANDATORY>	0
<PREFERRED>	0
<COMMON>	5,753
<OTHER-SE>	367,284
<TOTAL-LIABILITY-AND-EQUITY>	949,455
<SALES>	858,714
<TOTAL-REVENUES>	858,714
<CGS>	560,467
<TOTAL-COSTS>	560,467
<OTHER-EXPENSES>	0
<LOSS-PROVISION>	0
<INTEREST-EXPENSE>	18,005
<INCOME-PRETAX>	92,158
<INCOME-TAX>	34,159
<INCOME-CONTINUING>	57,998
<DISCONTINUED>	0
<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	57,998
<EPS-PRIMARY>	1.50
<EPS-DILUTED>	1.44

<FN>

<F1> As restated to reflect the merger with ZERO Corporation which was accounted for as a pooling of interests.

</FN>

</TABLE>

<TABLE> <S> <C>

<ARTICLE> 5

<LEGEND> This schedule contains restated<F1> summary financial information extracted from the unaudited financial statements of Applied Power Inc. for the three month period ended November 30, 1996 and is qualified in its entirety by reference to such financial statements.

</LEGEND>

<RESTATED>

<MULTIPLIER> 1,000

<S>	<C>
<PERIOD-TYPE>	3-MOS
<FISCAL-YEAR-END>	AUG-31-1997
<PERIOD-END>	NOV-30-1996
<CASH>	15,029
<SECURITIES>	0
<RECEIVABLES>	105,935
<ALLOWANCES>	5,024
<INVENTORY>	156,920
<CURRENT-ASSETS>	294,285
<PP&E>	266,175
<DEPRECIATION>	145,905
<TOTAL-ASSETS>	604,690
<CURRENT-LIABILITIES>	131,783
<BONDS>	167,373
<PREFERRED-MANDATORY>	0
<PREFERRED>	0
<COMMON>	2,911
<OTHER-SE>	263,645
<TOTAL-LIABILITY-AND-EQUITY>	604,690
<SALES>	207,760
<TOTAL-REVENUES>	207,760
<CGS>	128,367
<TOTAL-COSTS>	128,367
<OTHER-EXPENSES>	0
<LOSS-PROVISION>	0
<INTEREST-EXPENSE>	3,675
<INCOME-PRETAX>	20,777
<INCOME-TAX>	7,436
<INCOME-CONTINUING>	13,341
<DISCONTINUED>	0
<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	13,341
<EPS-PRIMARY>	.36
<EPS-DILUTED>	.34

<FN>
<F1> As restated to reflect the merger with ZERO Corporation which was accounted for as a pooling of interests.

</FN>

</TABLE>

<TABLE> <S> <C>

<ARTICLE> 5

<LEGEND> This schedule contains restated<F1> summary financial information extracted from the unaudited financial statements of Applied Power Inc. for the six month period ended February 28, 1997 and is qualified in its entirety by reference to such financial statements.

</LEGEND>

<RESTATED>

<MULTIPLIER> 1,000

<S>	<C>
<PERIOD-TYPE>	6-MOS
<FISCAL-YEAR-END>	AUG-31-1997
<PERIOD-END>	FEB-28-1997
<CASH>	11,278
<SECURITIES>	0
<RECEIVABLES>	106,954
<ALLOWANCES>	4,581
<INVENTORY>	158,029
<CURRENT-ASSETS>	292,308
<PP&E>	275,678
<DEPRECIATION>	148,418
<TOTAL-ASSETS>	613,546
<CURRENT-LIABILITIES>	126,158
<BONDS>	171,871
<PREFERRED-MANDATORY>	0
<PREFERRED>	0
<COMMON>	2,920
<OTHER-SE>	273,496
<TOTAL-LIABILITY-AND-EQUITY>	613,546
<SALES>	418,317
<TOTAL-REVENUES>	418,317
<CGS>	261,118
<TOTAL-COSTS>	261,118
<OTHER-EXPENSES>	0
<LOSS-PROVISION>	0
<INTEREST-EXPENSE>	7,881
<INCOME-PRETAX>	41,327
<INCOME-TAX>	14,794
<INCOME-CONTINUING>	26,533
<DISCONTINUED>	0
<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	26,533
<EPS-PRIMARY>	.71
<EPS-DILUTED>	.68

<FN>

<F1> As restated to reflect the merger with ZERO Corporation which was accounted for as a pooling of interests.

</FN>

</TABLE>

<TABLE> <S> <C>

<ARTICLE> 5

<LEGEND> This schedule contains restated<F1> summary financial information extracted from the unaudited financial statements of Applied Power Inc. for the nine month period ended May 31, 1997 and is qualified in its entirety by reference to such financial statements.

</LEGEND>

<RESTATED>

<MULTIPLIER> 1,000

<S>	<C>
<PERIOD-TYPE>	9-MOS
<FISCAL-YEAR-END>	AUG-31-1997
<PERIOD-END>	MAY-31-1997
<CASH>	17,830
<SECURITIES>	0
<RECEIVABLES>	122,752
<ALLOWANCES>	4,690
<INVENTORY>	155,066
<CURRENT-ASSETS>	311,407
<PP&E>	291,068
<DEPRECIATION>	160,366
<TOTAL-ASSETS>	635,336
<CURRENT-LIABILITIES>	130,356
<BONDS>	173,982
<PREFERRED-MANDATORY>	0
<PREFERRED>	0
<COMMON>	2,922
<OTHER-SE>	287,991
<TOTAL-LIABILITY-AND-EQUITY>	635,336
<SALES>	650,702
<TOTAL-REVENUES>	650,702
<CGS>	409,702
<TOTAL-COSTS>	409,702
<OTHER-EXPENSES>	0
<LOSS-PROVISION>	0
<INTEREST-EXPENSE>	12,042
<INCOME-PRETAX>	64,892
<INCOME-TAX>	23,064
<INCOME-CONTINUING>	41,828
<DISCONTINUED>	0
<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	41,828
<EPS-PRIMARY>	1.11
<EPS-DILUTED>	1.07

<FN>

<F1> As restated to reflect the merger with ZERO Corporation which was accounted for as a pooling of interests.

</FN>

</TABLE>

CERTIFICATE OF TRUST
OF
APPLIED POWER CAPITAL TRUST I

This Certificate of Trust of Applied Power Capital Trust I (the "Trust"), dated December 23, 1998, is being duly executed and filed by the undersigned, as trustees, to form a business trust under the Delaware Business Trust Act (12 Del. C. (S)(S) 3801 et seq.).
----- -- ---

1. Name. The name of the business trust being formed hereby is

Applied Power Capital Trust I.

2. Delaware Trustee. The name and business address of the trustee of

the Trust with a principal place of business in the State of Delaware are as follows:

First Chicago Delaware Inc.
300 King Street
Wilmington, Delaware 19801

3. Effective Date. This Certificate of Trust shall be effective

immediately upon its filing with the Secretary of State of the State of Delaware.

IN WITNESS WHEREOF, the undersigned, being all of the trustees of the Trust, have executed this Certificate of Trust as of the date first above written.

The First National Bank of Chicago,
as Trustee

By: /s/ Sandra L. Caruba

Name: Sandra L. Caruba
Title: Vice President

First Chicago Delaware Inc.,
as Trustee

By: /s/ Sandra L. Caruba

Name: Sandra L. Caruba
Title: Vice President

/s/ Richard G. Sim

Richard G. Sim, as Trustee

/s/ Robert C. Arzbaeher

Robert C. Arzbaeher, as Trustee

TRUST AGREEMENT
OF
APPLIED POWER CAPITAL TRUST I

This Trust Agreement, dated as of December 23, 1998, between Applied Power Inc., a Wisconsin corporation, as "Depositor," and The First National Bank of Chicago, a national banking association organized under the laws of the United States, First Chicago Delaware Inc., a Delaware corporation, Richard G. Sim and Robert C. Arzbaeher, each solely as trustee and not in its or his individual capacity, as "Trustees." The Depositor and the Trustees hereby agree as follows:

Section 1. The Trust. The trust created hereby shall be known as

Applied Power Capital Trust I (the "Trust"), in which name the Trustees, or the Depositor to the extent provided herein, may conduct the business of the Trust, make and execute contracts, and sue and be sued.

Section 2. The Trust Estate. The Depositor hereby assigns, transfers,

conveys and sets over to the Trustees the sum of \$10. The Trustees hereby acknowledge receipt of such amount in trust from the Depositor, which amount shall constitute the initial trust estate. The Trustees hereby declare that they will hold the trust estate in trust for the Depositor. It is the intention of the parties hereto that the Trust created hereby constitute a business trust under Chapter 38 of Title 12 of the Delaware Code, 12 Del. C. (S)(S) 3801 et seq. (the "Business Trust Act"), and that this document constitutes the governing instrument of the Trust. The Trustees are hereby authorized and directed to execute and file a certificate of trust with the Delaware Secretary of State in accordance with the provisions of the Business Trust Act.

Section 3. Amended and Restated Trust Agreement. The Depositor and

the Trustees will enter into an amended and restated Trust Agreement, satisfactory to each such party and substantially in the form included as an exhibit to the 1933 Act Registration Statement (as defined below), to provide for the contemplated operation of the Trust created hereby and the issuance of the Preferred Securities (as defined below) and common securities referred to therein. Prior to the execution and delivery of such amended and restated Trust Agreement, the Trustees shall not have any duty or obligation hereunder or with respect to the trust estate, except as otherwise required by applicable law or as may be necessary to obtain prior to such execution and delivery of any licenses, consents or approvals required by applicable law or otherwise.

Section 4. Certain Authorizations. The Depositor and the Trustees

hereby authorize the Depositor, as the sponsor of the Trust, (i) to file with the Securities and Exchange Commission (the "Commission") and execute, in each case on behalf of the Trust, (a) the Registration Statement on Form S-3 (the "1933 Act Registration Statement"), including any pre-effective or post-effective amendments to such 1933 Act Registration Statement (including the prospectus and the exhibits contained therein), relating to the registration under the Securities Act of 1933, as amended, of the preferred securities of the Trust (the "Preferred Securities") and possibly certain other securities and (b) a Registration Statement on Form 8-A (the "1934 Act Registration Statement") (including all pre-effective and post-effective amendments thereto) relating to the registration of the Preferred Securities of the Trust under Section 12(b) of the Securities Exchange Act of 1934, as amended; (ii) to file with the New York Stock Exchange or any other national stock exchange or The Nasdaq National Market (each, an "Exchange") and

execute on behalf of the Trust one or more listing applications and all other applications, statements, certificates, agreements and other instruments as shall be necessary or desirable to cause the Preferred Securities to be listed on any of the Exchanges; (iii) to file and execute on behalf of the Trust such applications, reports, surety bonds, irrevocable consents, appointments of attorney for service of process and other papers and documents as shall be necessary or desirable to register the Preferred Securities under the securities or blue sky laws, and to obtain any permits under the insurance laws of such jurisdictions as the Depositor, on behalf of the Trust, may deem necessary or desirable; (iv) to execute on behalf of the Trust letters or documents, or instruments for filing with, a depository relating to the Preferred Securities; and (v) to execute on behalf of the Trust one or more underwriting agreements with one or more underwriters relating to the offering of the Preferred Securities.

In the event that any filing referred to in clauses (i) through (iv) above is required by the rules and regulations of the Commission, an Exchange or

any state securities or blue sky laws, to be executed on behalf of the Trust by the Trustees, in their capacities as Trustees of the Trust, the Trustees are hereby authorized and directed to join in any such filing and to execute on behalf of the Trust any and all of the foregoing, it being understood that The First National Bank of Chicago and First Chicago Delaware Inc., in their capacities as Trustees of the Trust, shall not be required to join in any such filing or execute on behalf of the Trust any such document unless required by the rules and regulations of the Commission, an Exchange or any state securities or blue sky laws. In connection with all of the foregoing, the Depositor and each Trustee, solely in its capacity as Trustee of the Trust, hereby constitutes and appoints Richard G. Sim and Robert C. Arzbaecher, and each of them, as his, her or its, as the case may be, true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for the Depositor or in the Depositor's name, place and stead, in any and all capacities, to sign the 1933 Act Registration Statement and any and all amendments (including post-effective amendments) thereto and the 1934 Act Registration Statement and any and all amendments (including post-effective amendments) thereto and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as the Depositor might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their respective substitute or substitutes, shall do or cause to be done by virtue hereof.

Section 5. Counterparts. This Trust Agreement may be executed in one

or more counterparts.

Section 6. Trustees. The number of Trustees initially shall be four

(4) and thereafter the number of Trustees shall be such number as shall be fixed from time to time by a written instrument signed by the Depositor which may increase or decrease the number of Trustees; provided, however, that to the extent required by the Business Trust Act, one Trustee shall either be a natural person who is a resident of the State of Delaware or, if not a natural person, an entity which has its principal place of business in the State of Delaware and otherwise meets the requirements of applicable Delaware law. Subject to the foregoing, the Depositor is entitled to appoint or remove without cause any Trustee at any time. A Trustee may resign upon thirty days' prior notice to the Depositor.

-2-

Section 7. Delaware Trustee. First Chicago Delaware Inc., in its

capacity as Trustee, shall not have any of the powers or duties of the Trustees set forth herein (except as may be required under the Business Trust Act) and shall be a Trustee of the Trust for the sole purpose of satisfying the requirements of Section 3807(a) of the Business Trust Act.

Section 8. Governing Law. This Trust Agreement shall be governed by,

and construed in accordance with, the laws of the State of Delaware (without regard to conflict of laws principles).

IN WITNESS WHEREOF, the parties hereto have caused this Trust Agreement to be duly executed as of the day and year first above written.

APPLIED POWER INC.,
as Depositor

/s/ Robert C. Arzbaecher
By: _____
Name: Robert C. Arzbaecher
Title: Vice President and
Chief Financial Officer

THE FIRST NATIONAL BANK OF CHICAGO,
as Trustee

/s/ Sandra L. Caruba
By: _____
Name: Sandra L. Caruba
Title: Vice President

FIRST CHICAGO DELAWARE INC.,
as Trustee

/s/ Sandra L. Caruba
By: _____
Name: Sandra L. Caruba
Title: Vice President

/s/ Richard G. Sim

Richard G. Sim, as Trustee

/s/ Robert C. Arzbaeher

Robert C. Arzbaeher, as Trustee

-3-

CERTIFICATE OF TRUST
OF
APPLIED POWER CAPITAL TRUST II

This Certificate of Trust of Applied Power Capital Trust II (the "Trust"), dated December 23, 1998, is being duly executed and filed by the undersigned, as trustees, to form a business trust under the Delaware Business Trust Act (12 Del. C. (S) (S) 3801 et seq.).
----- -- ---

1. Name. The name of the business trust being formed hereby is Applied

Power Capital Trust II.

2. Delaware Trustee. The name and business address of the trustee of the

Trust with a principal place of business in the State of Delaware are as follows:

First Chicago Delaware Inc.
300 King Street
Wilmington, Delaware 19801

3. Effective Date. This Certificate of Trust shall be effective

immediately upon its filing with the Secretary of State of the State of Delaware.

IN WITNESS WHEREOF, the undersigned, being all of the trustees of the Trust, have executed this Certificate of Trust as of the date first above written.

The First National Bank of Chicago,
as Trustee

/s/ Sandra L. Caruba
By: _____
Name: Sandra L. Caruba
Title: Vice President

First Chicago Delaware Inc.,
as Trustee

/s/ Sandra L. Caruba
By: _____
Name: Sandra L. Caruba
Title: Vice President

/s/ Richard G. Sim

Richard G. Sim, as Trustee

/s/ Robert C. Arzbaeher

Robert C. Arzbaeher, as Trustee

TRUST AGREEMENT
OF
APPLIED POWER CAPITAL TRUST II

This Trust Agreement, dated as of December 23, 1998, between Applied Power Inc., a Wisconsin corporation, as "Depositor," and The First National Bank of Chicago, a national banking association organized under the laws of the United States, First Chicago Delaware Inc., a Delaware corporation, Richard G. Sim and Robert C. Arzbaecher, each solely as trustee and not in its or his individual capacity, as "Trustees." The Depositor and the Trustees hereby agree as follows:

Section 1. The Trust. The trust created hereby shall be known as

Applied Power Capital Trust II (the "Trust"), in which name the Trustees, or the Depositor to the extent provided herein, may conduct the business of the Trust, make and execute contracts, and sue and be sued.

Section 2. The Trust Estate. The Depositor hereby assigns, transfers,

conveys and sets over to the Trustees the sum of \$10. The Trustees hereby acknowledge receipt of such amount in trust from the Depositor, which amount shall constitute the initial trust estate. The Trustees hereby declare that they will hold the trust estate in trust for the Depositor. It is the intention of the parties hereto that the Trust created hereby constitute a business trust under Chapter 38 of Title 12 of the Delaware Code, 12 Del. C. (S) (S) 3801 et

seq. (the "Business Trust Act"), and that this document constitutes the governing instrument of the Trust. The Trustees are hereby authorized and directed to execute and file a certificate of trust with the Delaware Secretary of State in accordance with the provisions of the Business Trust Act.

Section 3. Amended and Restated Trust Agreement. The Depositor and

the Trustees will enter into an amended and restated Trust Agreement, satisfactory to each such party and substantially in the form included as an exhibit to the 1933 Act Registration Statement (as defined below), to provide for the contemplated operation of the Trust created hereby and the issuance of the Preferred Securities (as defined below) and common securities referred to therein. Prior to the execution and delivery of such amended and restated Trust Agreement, the Trustees shall not have any duty or obligation hereunder or with respect to the trust estate, except as otherwise required by applicable law or as may be necessary to obtain prior to such execution and delivery of any licenses, consents or approvals required by applicable law or otherwise.

Section 4. Certain Authorizations. The Depositor and the Trustees

hereby authorize the Depositor, as the sponsor of the Trust, (i) to file with the Securities and Exchange Commission (the "Commission") and execute, in each case on behalf of the Trust, (a) the Registration Statement on Form S-3 (the "1933 Act Registration Statement"), including any pre-effective or post-effective amendments to such 1933 Act Registration Statement (including the prospectus and the exhibits contained therein), relating to the registration under the Securities Act of 1933, as amended, of the preferred securities of the Trust (the "Preferred Securities") and possibly certain other securities and (b) a Registration Statement on Form 8-A (the "1934 Act Registration Statement") (including all pre-effective and post-effective amendments thereto) relating to the registration of the Preferred Securities of the Trust under Section 12(b) of the Securities Exchange Act of 1934, as amended; (ii) to file with the New York Stock Exchange or any other national stock exchange or The Nasdaq National Market (each, an "Exchange") and execute on behalf of the Trust one or more listing applications and all other applications,

statements, certificates, agreements and other instruments as shall be necessary or desirable to cause the Preferred Securities to be listed on any of the Exchanges; (iii) to file and execute on behalf of the Trust such applications, reports, surety bonds, irrevocable consents, appointments of attorney for service of process and other papers and documents as shall be necessary or desirable to register the Preferred Securities under the securities or blue sky laws, and to obtain any permits under the insurance laws of such jurisdictions as the Depositor, on behalf of the Trust, may deem necessary or desirable; (iv) to execute on behalf of the Trust letters or documents, or instruments for filing with, a depository relating to the Preferred Securities; and (v) to execute on behalf of the Trust one or more underwriting agreements with one or more underwriters relating to the offering of the Preferred Securities.

In the event that any filing referred to in clauses (i) through (iv) above is required by the rules and regulations of the Commission, an Exchange or any state securities or blue sky laws, to be executed on behalf of the Trust by the Trustees, in their capacities as Trustees of the Trust, the Trustees are hereby authorized and directed to join in any such filing and to execute on

behalf of the Trust any and all of the foregoing, it being understood that The First National Bank of Chicago and First Chicago Delaware Inc., in their capacities as Trustees of the Trust, shall not be required to join in any such filing or execute on behalf of the Trust any such document unless required by the rules and regulations of the Commission, an Exchange or any state securities or blue sky laws. In connection with all of the foregoing, the Depositor and each Trustee, solely in its capacity as Trustee of the Trust, hereby constitutes and appoints Richard G. Sim and Robert C. Arzbaecher, and each of them, as his, her or its, as the case may be, true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for the Depositor or in the Depositor's name, place and stead, in any and all capacities, to sign the 1933 Act Registration Statement and any and all amendments (including post-effective amendments) thereto and the 1934 Act Registration Statement and any and all amendments (including post-effective amendments) thereto and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as the Depositor might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their respective substitute or substitutes, shall do or cause to be done by virtue hereof.

Section 5. Counterparts. This Trust Agreement may be executed in one

or more counterparts.

Section 6. Trustees. The number of Trustees initially shall be four

(4) and thereafter the number of Trustees shall be such number as shall be fixed from time to time by a written instrument signed by the Depositor which may increase or decrease the number of Trustees; provided, however, that to the extent required by the Business Trust Act, one Trustee shall either be a natural person who is a resident of the State of Delaware or, if not a natural person, an entity which has its principal place of business in the State of Delaware and otherwise meets the requirements of applicable Delaware law. Subject to the foregoing, the Depositor is entitled to appoint or remove without cause any Trustee at any time. A Trustee may resign upon thirty days' prior notice to the Depositor.

-2-

Section 7. Delaware Trustee. First Chicago Delaware Inc., in its

capacity as Trustee, shall not have any of the powers or duties of the Trustees set forth herein (except as may be required under the Business Trust Act) and shall be a Trustee of the Trust for the sole purpose of satisfying the requirements of Section 3807(a) of the Business Trust Act.

Section 8. Governing Law. This Trust Agreement shall be governed by,

and construed in accordance with, the laws of the State of Delaware (without regard to conflict of laws principles).

IN WITNESS WHEREOF, the parties hereto have caused this Trust Agreement to be duly executed as of the day and year first above written.

APPLIED POWER INC.,
as Depositor

/s/ Robert C. Arzbaecher
By: _____
Name: Robert C. Arzbaecher
Title: Vice President and
Chief Financial Officer

THE FIRST NATIONAL BANK OF CHICAGO,
as Trustee

/s/ Sandra L. Caruba
By: _____
Name: Sandra L. Caruba
Title: Vice President

FIRST CHICAGO DELAWARE INC.,
as Trustee

/s/ Sandra L. Caruba
By: _____
Name: Sandra L. Caruba
Title: Vice President

/s/ Richard G. Sim

Richard G. Sim, as Trustee

/s/ Robert C. Arzbaecher

Robert C. Arzbaecher, as Trustee