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

FORM 10-Q

(Mark One)

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

For the quarterly period ended November 30, 2005

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 3241, 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 ☐

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes ☒ No ☐

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

The number of shares outstanding of the registrant's Class A Common Stock as of December 30, 2005 was27,124,763.

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FORWARD LOOKING STATEMENTS AND CAUTIONARY FACTORS

This quarterly report on Form 10-Q contains certain statements that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties. The terms “may,” “should,” “could,” “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, variation in demand from customers, the impact on the economy of terrorist attacks and other geopolitical activity, continued market acceptance of the Company’s new product introductions, the successful integration of business unit acquisitions and related restructuring, operating margin risk due to competitive pricing and operating efficiencies, supply chain risk, material and labor cost increases, foreign currency fluctuations, interest rate risk and other factors that may be referred to or noted in the Company’s reports filed with the Securities and Exchange Commission from time to time.

When used herein, the terms “Actuant,” “we,” “us,” “our,” and the “Company” refer to Actuant Corporation and its subsidiaries.

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

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PART I - FINANCIAL INFORMATION

Item 1 - Financial Statements

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

	Three Months Ended November 30, 2005	Three Months Ended November 30, 2004
Net sales	$ 283,876	$ 199,677
Cost of products sold	184,398	135,876
Gross profit	99,478	63,801
Selling, administrative and engineering expenses	59,482	36,800
Amortization of intangible assets	1,785	591
Operating profit	38,211	26,410
Financing costs, net	6,067	1,938
Other expense (income), net	698	(1,219)
Earnings before income tax expense and minority interest	31,446	25,691
Income tax expense	10,220	8,806
Minority interest, net of income taxes	(42)	(56)
Net earnings	$ 21,268	$ 16,941
Earnings per share:		
Basic	$ 0.79	$ 0.71
Diluted	$ 0.70	$ 0.62
Weighted average common shares outstanding:		
Basic	27,037	23,877
Diluted	31,453	28,362

See accompanying Notes to Condensed Consolidated Financial Statements

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

	November 30, 2005	August 31, 2005
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 7,470	$ 10,356
Accounts receivable, net of allowances for losses of $7,758 and $7,859, respectively	146,642	131,185
Inventories, net of allowances for losses of $15,360 and $15,318, respectively	139,633	135,960
Deferred income taxes	14,786	14,974
Other current assets	7,732	6,838
Total current assets	316,263	299,313
Gross property, plant and equipment	196,021	194,031
Less: Accumulated depreciation	(113,685)	(110,152)
Property, plant and equipment, net	82,336	83,879
Goodwill	422,952	428,285
Other intangible assets, net	170,591	175,001
Other long-term assets	11,835	9,857
Total assets	$1,003,977	$ 996,335
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term borrowings	$ 3,492	$ 21
Trade accounts payable	94,416	89,506
Accrued compensation and benefits	30,648	32,663
Income taxes payable	20,338	15,049
Current maturities of long-term debt	130	136
Other current liabilities	49,945	51,360
Total current liabilities	198,969	188,735
Long-term debt, less current maturities	421,996	442,661
Deferred income taxes	59,216	58,783
Pension and postretirement benefit liabilities	40,519	41,192
Other long-term liabilities	21,255	20,131
Shareholders' equity:		
Class A common stock, $0.20 par value, authorized 42,000,000 shares, issued and outstanding 27,116,169 and 27,047,107 shares, respectively	5,424	5,410
Additional paid-in capital	(367,239)	(370,875)
Retained earnings	653,300	632,032
Restricted stock awards	(1,323)	(1,452)
Stock held in trust	(1,302)	(1,166)
Deferred compensation liability	1,302	1,166
Accumulated other comprehensive loss	(28,140)	(20,282)
Total shareholders' equity	262,022	244,833
Total liabilities and shareholders' equity	$1,003,977	$ 996,335

See accompanying Notes to Condensed Consolidated Financial Statements

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

	Three Months Ended November 30,	
	2005	2004
Operating Activities		
Net earnings	$ 21,268	$ 16,941
Adjustments to reconcile net earnings to net cash used in operating activities:		
Depreciation and amortization	6,522	4,098
Amortization of debt discount and debt issuance costs	360	245
Stock-based compensation expense	1,066	915
Provision for deferred income taxes	57	245
Gain on disposal of assets	(66)	(179)
Changes in operating assets and liabilities, excluding the effects of business acquisitions:		
Accounts receivable	(18,446)	(11,034)
Inventories	(5,745)	(5,327)
Prepaid expenses and other assets	(1,184)	3,785
Trade accounts payable	6,707	(1,940)
Income taxes payable	5,493	1,827
Reimbursement of tax refund to former subsidiary.	—	(15,837)
Other accrued liabilities	4,991	(3,441)
Net cash provided by (used in) operating activities	21,023	(9,702)
Investing Activities		
Proceeds from sale of property, plant and equipment	115	357
Capital expenditures	(5,075)	(3,183)
Cash paid for business acquisitions, net of cash acquired	—	(8,952)
Net cash used in investing activities	(4,960)	(11,778)
Financing Activities		
Net (repayments) borrowings on revolving credit facilities and short-term borrowings	(17,103)	17,625
Principal payments on term loans	—	(91)
Cash dividend	(2,165)	—
Tax benefit from stock-based compensation	188	3,383
Stock option exercises and other	428	1,233
Net cash (used in) provided by financing activities	(18,652)	22,150
Effect of exchange rate changes on cash	(297)	385
Net (decrease) increase in cash and cash equivalents	(2,886)	1,055
Cash and cash equivalents – beginning of period	10,356	6,033
Cash and cash equivalents – end of period	$ 7,470	$ 7,088

See accompanying Notes to Condensed Consolidated Financial Statements

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except share and per share amounts)

Note 1. Basis of Presentation

The accompanying unaudited Condensed Consolidated Financial Statements of Actuant Corporation ("Actuant," or the "Company") have been prepared in accordance with generally accepted accounting principles for interim financial reporting and with the instructions of Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. The condensed consolidated balance sheet data as of August 31, 2005 was derived from audited financial statements, but does not include all disclosures required by generally accepted accounting principles. The Company's significant accounting policies are disclosed in its fiscal 2005 Annual Report on Form 10-K. For additional information, refer to the consolidated financial statements and related footnotes in the Company's fiscal 2005 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. Except as otherwise discussed, such adjustments consist of only those of a normal recurring nature. Operating results for the three months ended November 30, 2005 are not necessarily indicative of the results that may be expected for the entire fiscal year ending August 31, 2006.

Prior year financial statements have been reclassified where appropriate to conform to current year presentations. In addition, prior year financial statements have been restated due to the adoption of SFAS No. 123(R) "Accounting for Stock Based Compensation" in the fourth quarter of fiscal 2005. See Note 9, "Stock Based Compensation" for further information.

Note 2. Acquisitions

The Company completed five business acquisitions during fiscal 2005, all of which resulted in the recognition of goodwill in the Company's Consolidated Financial Statements. The Company is continuing to evaluate the initial purchase price allocations for the acquisitions completed in fiscal 2005, and will adjust the allocations as additional information relative to the fair values of the assets and liabilities of the acquired businesses become known.

On December 27, 2004, the Company acquired all of the outstanding stock of Key Components, Inc. ("KCI" or the "KCI Acquisition") for approximately $316.9 million (including the assumption of $80.8 million of debt less $2.2 million of acquired cash). During the first quarter of fiscal 2006, a purchase accounting adjustment was made when the Company collected a fully reserved note receivable that had been acquired as part of the KCI acquisition. The amount assigned to goodwill decreased by $1.2 million to $197.8 million as a result of this purchase accounting adjustment.

The following unaudited pro forma results of operations of the Company for the three months ended November 30, 2005 and 2004, respectively, give effect to all acquisitions completed since September 1, 2004 as though the transactions had occurred on September 1, 2004.

	Three Months Ended November 30,	
	2005	2004
Net sales		
As reported	$ 283,876	$ 199,677
Pro forma	283,876	289,984
Net earnings from continuing operations		
As reported	$ 21,268	$ 16,941
Pro forma	21,268	23,869
Basic earnings per share		
As reported	$ 0.79	$ 0.71
Pro forma	0.79	0.87
Diluted earnings per share		
As reported	$ 0.70	$ 0.62
Pro forma	0.70	0.76

The first quarter of fiscal 2005 includes a $2.0 million pre-tax gain in "Other expense (income), net" in the Consolidated Statement of Earnings. In November 2004, the Company entered an agreement with a former subsidiary related to funds it held to reimburse itself for certain estimated costs arising for the Company's spin-off of the subsidiary. Under this agreement, the Company agreed to reimburse $15.8 million to fully satisfy the former subsidiary's interest in the funds, and retain $2.0 million of the funds for its own use, resulting in the $2.0 million pre-tax gain. This gain impacts the comparability of the pro forma results presented above.

Note 3. Restructuring Reserves

The Company committed to integration plans to restructure portions of the German electrical operations upon its acquisition in the first quarter of fiscal 2003. These plans were designed to reduce administrative and operational costs. The remaining $1.2 million of accrued severance costs at November 30, 2005 will be paid to former employees over the next two years as dictated by contractual arrangements with those employees.

A rollforward of the severance reserve follows (in thousands):

Accrued severance costs as of August 31, 2005	$1,558
Cash payments	(246)
Currency impact	(64)
Accrued severance costs as of November 30, 2005	$1,248

Note 4. Accounts Receivable Financing

The Company maintains an accounts receivable securitization program whereby it sells certain of its trade accounts receivable to a wholly owned, bankruptcy-remote special purpose subsidiary which, in turn, sells participating interests in its pool of receivables to a third-party financial institution (the "Purchaser"). The Purchaser receives an ownership and security interest in the pool of receivables. New receivables are purchased by the special purpose subsidiary and participation interests are resold to the Purchaser as collections reduce previously sold participation interests. The Company has retained collection and administrative responsibilities on the participation interests sold. The Purchaser has no recourse against the Company for uncollectible receivables; however, the Company's retained interest in the receivable pool is subordinate to the Purchaser and is recorded at fair value. Due to a short average collection cycle of approximately 60 days for such accounts receivable and the Company's collection history, the fair value of the Company's retained interest approximates book value. The retained interest recorded at November 30, 2005 and August 31, 2005 is $31.1 million and $29.9 million, respectively, and is included in accounts receivable in the accompanying Condensed Consolidated Balance Sheets. The securitization program has a final maturity in May 2006, subject to annual renewal by the Purchaser. The Company amended its securitization program in February 2005 to increase capacity from $35 million to $55 million, and to include trade accounts receivable from certain of the domestic entities acquired. Trade accounts receivables sold and being serviced by the Company totaled $46.6 million and $43.8 million at November 30, 2005 and August 31, 2005, respectively.

Sales of trade receivables from the special purpose subsidiary to the Purchaser totaled $95.2 million and $51.7 million for the three months ended November 30, 2005 and 2004, respectively. Cash collections of trade accounts receivable balances in the total receivable pool, which includes participating interests sold to the Purchaser and the retained interest, totaled $145.7 million and $83.0 million for the three months ended November 30, 2005 and 2004 respectively.

Sales of trade receivables are reflected as a reduction of accounts receivable in the accompanying Condensed Consolidated Balance Sheets and the proceeds received are included in cash flows from operating activities in the accompanying Condensed Consolidated Statements of Cash Flows. The table below provides additional information about delinquencies and net credit losses for trade accounts receivable subject to the accounts receivable securitization program.

	Balance Outstanding		Balance Outstanding 60 Days or More Past Due		Net Credit Losses Three Months Ended	
	November 30, 2005	August 31, 2005	November 30, 2005	August 31, 2005	November 30, 2005	November 30, 2004
Trade accounts receivable subject to securitization program	$ 77,741	$ 73,784	$ 5,048	$ 5,286	$ 238	$ 146
Trade accounts receivable balances sold	46,593	43,839				
Retained interest	$ 31,148	$ 29,945				

Accounts receivable financing costs of $0.5 million and $0.2 million for the three months ended November 30, 2005 and 2004, respectively, are included in financing costs in the accompanying Condensed Consolidated Statements of Earnings.

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Note 5. Goodwill and Other Intangible Assets

The changes in the carrying amount of goodwill for the three months ended November 30, 2005 are as follows:

	Tools & Supplies Segment	Engineered Solutions Segment	Total
Balance as of August 31, 2005	$ 240,975	$ 187,310	$ 428,285
Purchase accounting adjustments	(350)	(462)	(812)
Foreign currency impact	(4,210)	(311)	(4,521)
Balance as of November 30, 2005	$ 236,415	$ 186,537	$ 422,952

The gross carrying amount and accumulated amortization of the Company's intangible assets that have defined useful lives and are subject to amortization as of November 30, 2005 and August 31, 2005 are as follows:

	November 30, 2005			August 31, 2005		
	Gross Carrying Amount	Accumulated Amortization	Net Book Value	Gross Carrying Amount	Accumulated Amortization	Net Book Value
Customer Relationships	$ 64,458	$ 4,390	$60,068	$ 65,556	$ 3,413	$ 62,143
Patents	30,963	12,697	18,266	31,303	12,197	19,106
Trademarks	6,235	2,207	4,028	6,273	2,103	4,170
Non-compete agreements	813	468	345	832	425	407
Other	763	295	468	1,083	273	810
Total	$103,232	$ 20,057	$83,175	$105,047	$ 18,411	$ 86,636

Amortization expense recorded on the intangible assets listed above was $1.8 million and $0.6 million for the three months ended November 30, 2005 and 2004, respectively. The Company estimates that amortization expense will approximate $7.3 million for fiscal 2006. Amortization expense for future years is estimated as follows: $7.3 million in fiscal 2007, $7.0 million in both fiscal 2008 and 2009, $6.8 million in fiscal 2010, $6.5 million in fiscal 2011 and $44.8 million thereafter.

The gross carrying amount of the Company's intangible assets that have indefinite lives and are not subject to amortization as of November 30, 2005 and August 31, 2005 are $87.4 million and $88.4 million, respectively. These assets are comprised of acquired tradenames.

Note 6. Accrued Product Warranty Costs

The Company recognizes the cost associated with product warranties at the time of sale. The amount recognized is based on historical claims rates and current claim cost experience. The following is a reconciliation of the changes in accrued product warranty during the three months ended November 30, 2005 and 2004:

	Three Months Ended November 30,	
	2005	2004
Beginning balance	$ 6,307	$ 4,729
Provision for warranties	1,059	1,258
Warranty payments and costs incurred	(1,355)	(1,084)
Warranty reserves of acquired business	—	208
Currency impact	(105)	187
Ending balance	$ 5,906	$ 5,298

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Note 7. Debt

The Company's indebtedness, as of November 30, 2005 and August 31, 2005 was as follows:

	November 30, 2005	August 31, 2005
Senior credit facility		
Revolving credit facility ("Revolver")	$ 6,000	$ 23,110
Term loan	250,000	250,000
Commercial paper	15,855	19,405
Euro denominated term loans	271	282
Sub-total – Senior indebtedness	272,126	292,797
Convertible senior subordinated debentures ("2% Convertible Notes"), due 2023	150,000	150,000
Total debt, excluding short-term borrowings	422,126	442,797
Less: current maturities of long-term debt	(130)	(136)
Total long-term debt, less current maturities	$ 421,996	$442,661
Short-term borrowings	$ 3,492	$ 21

Of the $250 million in outstanding term loans under the senior credit facility, $150.0 million bore interest at a rate of 5.67%, which represented LIBOR plus a borrowing spread of 1.25%. As discussed in Note 8, "Derivatives," the remaining $100.0 million of term loans bear a fixed rate of interest of 4.10% plus the applicable borrowing spread until maturity. Borrowings under the Revolver bear interest at LIBOR plus a borrowing spread of 1.50%, resulting in an interest rate of 5.92% at November 30, 2005. All senior credit facility borrowings are subject to a pricing grid, which can result in further increases or decreases to the borrowing spread on a quarterly basis, depending on the Company's leverage ratios. In addition, a non-use fee is payable quarterly on the average unused credit line under the Revolver. At November 30, 2005, the non-use fee was 0.35%. The senior credit facility contains customary limits and restrictions concerning investments, sales of assets, liens on assets, fixed charge coverage ratios, maximum leverage, dividends and other restricted payments. As of November 30, 2005 the Company was in compliance with all debt covenants.

There were $15.9 million of commercial paper borrowings outstanding at November 30, 2005, all of which had original maturity terms of 91 days or less and were at a weighted interest rate of 4.56%, including issuance fees. Total commercial paper outstanding cannot exceed $75.0 million under the terms of the senior credit facility. The Revolver provides the liquidity backstop for outstanding commercial paper. Accordingly, the combined outstanding balance of the Revolver and commercial paper cannot exceed $250.0 million. The unused and available credit line under the Revolver at November 30, 2005 was approximately $228 million.

Note 8. Derivatives

All derivatives are recognized on the balance sheet at their estimated fair value. In January 2005, the Company entered into interest rate swap contracts that have a total notional value of $100.0 million and have maturity dates of December 22, 2009. These interest rate swap contracts will pay the Company variable interest at the three month LIBOR rate, and the Company will pay the counterparties a fixed interest rate of 4.10%. These interest rate swap contracts were entered into to convert $100.0 million of the $250.0 million variable rate term loan under the senior credit facility into fixed rate debt. Based on the terms of the interest rate swap contracts and the underlying debt, these interest rate contracts were determined to be effective, and thus qualify as a cash flow hedge. As such, any changes in the fair value of these interest rate swaps are recorded in other comprehensive income on the accompanying Condensed Consolidated Balance Sheets until earnings are affected by the variability of cash flows. The total fair value of these interest rate swap contracts is $2.6 million at November 30, 2005, which the Company has recorded as a long-term asset in the accompanying Condensed Consolidated Balance Sheets.

The Company is not party to any other material derivative contracts at November 30, 2005.

Note 9. Stock Based Compensation

The Company adopted SFAS No. 123(R) "Accounting for Stock Based Compensation" in the fourth quarter of fiscal 2005, utilizing the modified retrospective method of adoption. Under this adoption method, the first three quarters of fiscal 2005 were restated in the fourth quarter to reflect expense for stock based compensation. Stock based compensation is calculated by estimating the fair value of incentive stock options granted and amortizing the estimated value over the stock options' vesting period. Consolidated financial results included in this report for the three months ended November 30, 2005 and November 30, 2004 are accounted for in accordance with the provisions of SFAS No. 123(R) “Accounting for Stock Based Compensation”. Stock based compensation was $1.1 million and $0.9 million for the three months ended November 2005 and 2004, respectively.

Note 10. Employee Benefit Plans

The Company provides defined benefit pension and other postretirement benefits to certain employees of domestic businesses it acquired that were entitled to those benefits prior to acquisition. At November 30, 2005 and August 31, 2005, the defined benefit plans consisted of three plans. Most of the domestic defined benefit pension plans are frozen, and as a result, the majority of the plan participants no longer earn additional benefits.

At November 30, 2005 and August 31, 2005 the postretirement medical plans consisted of four plans, all of which are unfunded. Two of the plans require individuals receiving medical benefits under the plan to make contributions to defray a portion of the cost, and these retiree contributions are adjusted annually. The other two plans do not require retiree contributions.

The Company maintains defined benefit pension plans for certain employees in various foreign countries. At November 30, 2005 and August 31, 2005, the defined benefit pension plans consisted of eight separate plans. Unlike existing U.S. pension plans, future benefits are earned with respect to the foreign plans.

Components of net periodic benefit costs were as follows:

	Three Months Ended November 30,	
	2005	2004
Domestic Defined Benefit Pension Plans		
Service cost	$ 19	$ —
Interest cost	524	231
Expected return on assets	(607)	(223)
Amortization of actuarial loss	111	108
Net periodic benefit cost	$ 47	$ 116
Domestic Postretirement Medical Benefit Plans		
Service cost	$ 5	$ 4
Interest cost	59	52
Amortization of actuarial gain	(97)	(96)
Net periodic benefit (credit) cost	$ (33)	$ (40)
Foreign Defined Benefit Pension Plans		
Service cost	$ 161	$ 113
Interest cost	279	238
Expected return on assets	(66)	(14)
Amortization of actuarial loss (gain)	26	(1)
Net periodic benefit cost	$ 400	$ 336

For domestic defined benefit pension plans, the Company expects to contribute approximately $0.1 million in aggregate during fiscal 2006. No contributions were made to a domestic defined benefit pension plan during the three months ended November 2004. Postretirement medical claims and a majority of foreign defined pension benefits are paid as incurred.

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Note 11. Earnings Per Share

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

	Three Months Ended November 30,	
	2005	2004
Numerator:		
Net earnings, as reported, for basic earnings per share	**$21,268**	**$16,941**
Plus: 2% Convertible Notes financing costs, net of taxes	**611**	**611**
Net earnings, for diluted earnings per share	**$21,879**	**$17,552**
Denominator:		
Weighted average common shares outstanding for basic earnings per share	**27,037**	**23,877**
Net effect of stock options based on the treasury stock method using average market price	**658**	**727**
Net effect of 2% Convertible Notes based on the if-converted method	**3,758**	**3,758**
Weighted average common and equivalent shares outstanding for diluted earnings per share	**31,453**	**28,362**
Basic earnings per share	**$ 0.79**	**$ 0.71**
Diluted earnings per share	**$ 0.70**	**$ 0.62**

Note 12. Common Stock

In December 2004, the Company sold, pursuant to an underwritten public offering, 2,875,000 shares of previously unissued Class A Common Stock at a price of $49.50 per share. Cash proceeds from the offering, net of underwriting discounts, commissions and other expenses, were approximately $134.4 million. The proceeds were used to fund the retirement of the $80.8 million KCI 10.5% Notes assumed in the KCI Acquisition and pay down outstanding borrowings on the Company's Revolver and commercial paper facility.

Note 13. Segment Information

The Company has two reportable segments: Tools & Supplies and Engineered Solutions, with separate and distinct operating management and strategies. The Tools & Supplies segment is primarily involved in the design, manufacture and distribution of tools and supplies to the retail home center, construction, electrical wholesale, industrial, oil & gas, production automation, and marine markets. In addition, this segment provides manpower services and product rental to the global bolting market. The Engineered Solutions segment focuses on developing and marketing value-added, customized motion control systems for original equipment manufacturers in the recreational vehicle, automotive, truck, and industrial markets. The Company has not aggregated individual operating segments within these reportable segments. The Company evaluates segment performance based primarily on net sales and earnings (loss) from continuing operations before income tax expense and minority interest.

The following tables summarize financial information by reportable segment.

	Three Months Ended November 30,	
	2005	2004
Net Sales:		
Tools & Supplies	$ 181,306	$ 112,537
Engineered Solutions	102,570	87,140
Total	$ 283,876	$ 199,677
Earnings (Loss) Before Income Taxes and Minority Interest:		
Tools & Supplies	$ 29,846	$ 17,214
Engineered Solutions	11,460	11,459
General Corporate and Other	(9,860)	(2,982)
Total	$ 31,446	$ 25,691

	November 30, 2005	August 31, 2005
Assets:		
Tools & Supplies	$ 575,747	$ 569,177
Engineered Solutions	372,382	372,197
General Corporate and Other	55,848	54,961
Total	$ 1,003,977	$ 996,335

The comparability of the segment data is impacted by the acquisitions completed in fiscal 2005. Yvel is included in the Engineered Solutions segment and Sperry, Hedley Purvis, and Hydratight Sweeney are included in the Tools & Supplies segment. Of the six businesses acquired in the KCI acquisition, four are included in the Engineered Solutions segment and two are included in the Tools & Supplies segment.

Corporate assets, which are not allocated, principally represent capitalized debt issuance costs, deferred income taxes, and the retained interest in trade accounts receivable (subject to the accounts receivable securitization program discussed in Note 4, "Accounts Receivable Financing").

Note 14. Contingencies and Litigation

The Company had outstanding letters of credit of $5.2 million and $6.6 million at November 30, 2005 and August 31, 2005, respectively. The letters of credit secure self-insured workers compensation liabilities and contingent payments related to indemnifications provided to purchasers of divested businesses.

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

The Company, in the normal course of business, enters into certain real estate and equipment leases or guarantees such leases on behalf of its subsidiaries. In conjunction with the spin-off of a former subsidiary in fiscal 2000, the Company assigned its rights in the leases used by the former subsidiary, but was not released as a responsible party from all such leases by the lessors. All of these businesses were subsequently sold, or are in the process of being sold to third parties. The Company remains contingently liable for those leases if any of these businesses are unable to fulfill their obligations thereunder. The discounted present value of future minimum lease payments for such leases totals, assuming no offset for sub-leasing, approximately $7.9 million at November 30, 2005. The future undiscounted minimum lease payments for these leases are as follows: $0.1 million in the balance of calendar 2005; $1.1 million in calendar 2006 through 2009; and $7.2 million thereafter. During the quarter ended November 30, 2005, the Company was released from its guarantee on one building lease, resulting in a decrease in both the discounted future minimum lease payments and the undiscounted minimum lease payments.

The Company has facilities in numerous geographic locations that are subject to a range of environmental laws and regulations. Environmental costs that have no future economic value are expensed. Liabilities are recorded when environmental remediation is probable and the costs are reasonably estimable. Environmental expenditures over the last three years have not been material. Management believes that such costs will not have a material adverse effect on the Company's financial position, results of operations or cash flows. Environmental remediation accruals of $2.5 million and $2.6 million were included in the Condensed Consolidated Balance Sheets at November 30, 2005 and August 31, 2005, respectively.

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

We are a diversified global service provider and manufacturer of a broad range of industrial products and systems, organized into two business segments, Tools & Supplies and Engineered Solutions. Our Tools & Supplies segment is primarily involved in the design, manufacture and distribution of branded hydraulic and electrical tools and supplies to the retail, construction, electrical wholesale, industrial, oil & gas, production automation and marine markets. Tools & Supplies also provides manpower services and tool rental to the global bolting market. Our Engineered Solutions segment primarily focuses on developing and marketing highly engineered position and motion control systems for original equipment manufacturers in the recreational vehicle, automotive, truck, and other industrial markets. We believe that our strength in these product categories is the result of a combination of our brand recognition, proprietary engineering and design competencies, dedicated service philosophy, and global manufacturing and distribution capabilities.

Our long-term goal is to grow annual diluted earnings per share excluding unusual or non-recurring items ("EPS") by 15% to 20% per year. We intend to leverage our leading market positions to generate annual internal sales growth that exceeds the annual growth rates of the gross domestic product in the geographic regions in which we operate. In addition to internal sales growth, we are focused on acquiring complementary businesses. Following an acquisition, we seek to drive cost reductions, develop additional cross-selling opportunities and deepen customer relationships. We also focus on profit margin expansion and cash flow generation to achieve our EPS growth goal. Our LEAD ("Lean Enterprise Across Disciplines") process utilizes various continuous improvement techniques to drive out costs and improve efficiencies across all locations and functions worldwide, thereby expanding profit margins. Strong cash flow generation is achieved by maximizing returns on assets and minimizing primary working capital needs. The cash flow that results from efficient asset management and improved profitability is used to reduce debt and fund additional acquisitions and internal growth opportunities.

Results of Operations for the Three Months Ended November 30, 2005 and 2004

The comparability of the operating results for the three months ended November 30, 2005 to the prior year has been significantly impacted by acquisitions. Listed below are the acquisitions completed since September 1, 2004.

Business	Segment	Acquisition Date
Yvel S.A.	Engineered Solutions	September 16, 2004
A.W. Sperry Instruments, Inc.	Tools & Supplies	December 1, 2004
Key Components, Inc.		December 27, 2004
Power Distribution Products – Acme	Tools & Supplies	
Aerospace & Defense – Acme	Engineered Solutions	
Air Handling / Turbocharger Components – Gits	Engineered Solutions	
Electrical Utility – Turner Electric	Engineered Solutions	
Flexible Shafts – B.W. Elliott	Engineered Solutions	
Specialty Electrical – Marinco and Guest	Tools & Supplies	
Hedley Purvis Holdings Limited	Tools & Supplies	January 20, 2005
Hydratight Sweeney	Tools & Supplies	May 17, 2005

The results of operations for acquired businesses are included in the Company's reported results of operations only since their respective acquisition dates. In addition to the impact of acquisitions on operating results, currency translation rates can influence our reported results given that approximately 49% of our sales are denominated in currencies other than the US dollar. The strengthening of the US dollar has negatively impacted comparisons of fiscal 2006 results to the prior year due to the translation of non-US dollar denominated subsidiary results.

Consolidated net sales increased by $84.2 million, or 42%, from $199.7 million for the three months ended November 30, 2004 to $283.9 million for the three months ended November 30, 2005. Excluding the $89.6 million of sales from acquired businesses (defined as businesses owned less than twelve months) and the $5.0 million unfavorable impact of foreign currency exchange rate changes on translated results, fiscal 2006 first quarter consolidated net sales were flat with fiscal 2005 first quarter consolidated net sales. Excluding foreign currency exchange rate changes, fiscal 2006 first quarter core sales increased approximately 1% over the comparable prior year period. We define core sales growth as the year-over-year sales growth in both existing and acquired businesses. Net sales fluctuations at the operating segment level are discussed in further detail below.

Consolidated earnings before income taxes and minority interest for the three months ended November 30, 2005 was $31.4 million, compared with $25.7 million for the three months ended November 30, 2004. The comparability between periods is impacted by acquisitions and the related financing activities, as well as foreign currency exchange rate changes. The changes in consolidated earnings before income taxes and minority interest at the operating segment level are discussed in further detail below.

Tools & Supplies Segment Results

	Three Months Ended November 30,	
	2005	2004
Net sales	$181,306	$112,537
Cost of products sold	108,376	69,875
Gross profit	72,930	42,662
Gross profit margin	40.2%	37.9%
Selling, administrative and engineering expenses (“SAE”)	41,338	24,792
SAE as a percentage of net sales	22.8%	22.0%
Amortization of intangible assets	1,177	381
Operating profit	30,415	17,489
Operating profit margin	16.8%	15.5%
Other expense, net	569	275
Earnings before income tax expense and minority interest	$ 29,846	$ 17,214

Net sales increased by $68.8 million, or 61%, from $112.5 million for the three months ended November 30, 2004 to $181.3 million for the three months ended November 30, 2005. Excluding the $59.7 million of sales from acquired businesses and the $2.6 million unfavorable impact of foreign currency rate changes on translated results, sales grew 11% as a result of increased demand in both the industrial tools and the North American electrical businesses. Excluding the impact of foreign currency exchange rate changes, Tools & Supplies segment core sales (as previously defined) grew 9%.

Gross profit increased by $30.2 million, or 71%, from $42.7 million for the three months ended November 30, 2004 to $72.9 million for the three months ended November 30, 2005 primarily due to higher sales. Excluding the $0.8 million unfavorable impact of foreign currency rate changes on translated results, gross profit increased 73%. Gross profit margins increased from 37.9% during the three months ended November 30, 2004 to 40.2% for the three months ended November 30, 2005, as a result of favorable sales mix and cost reductions.

SAE increased by $16.5 million, or 67%, from $24.8 million for the three months ended November 30, 2004 to $41.3 million for the three months ended November 30, 2005. Acquired businesses accounted for $14.1 million of this increase. Additionally, the impact of foreign currency rate changes on translated results reduced SAE by $0.5 million during the three months ended November 30, 2005. Excluding the impact of acquisitions and changes in foreign currency exchange rates, SAE increased 12% during the three months ended November 30, 2005 due primarily to increased incentive compensation expense and variable selling expense on incurred sales levels.

Amortization expense increased in the current year due to expense recognized on the amortizable intangible assets added with the business acquisitions.

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Engineered Solutions Segment Results

	Three Months Ended November 30,	
	2005	2004
Net sales	$102,570	$87,140
Cost of products sold	76,022	66,001
Gross profit	26,548	21,139
Gross profit margin	25.9%	24.3%
Selling, administrative and engineering expenses (“SAE”)	14,178	8,853
SAE as a percentage of net sales	13.8%	10.2%
Amortization of intangible assets	608	210
Operating profit	11,762	12,076
Operating profit margin	11.5%	13.9%
Other expense, net	302	617
Earnings before income tax expense and minority interest	$ 11,460	$11,459

Engineered Solutions net sales increased by $15.5 million, or 18%, from $87.1 million for the three months ended November 30, 2004 to $102.6 million for the three months ended November 30, 2005. Excluding the $29.9 million of sales from acquired businesses and the $2.4 million unfavorable impact of foreign currency rate changes on translated results, sales decreased 14% due to expected declines in the recreational vehicle (“RV”) and automotive convertible top market sales. Sales to the RV market decreased 25% during the fiscal 2006 first quarter versus the comparable period in fiscal 2005 due to lower RV original equipment manufacturer (“OEM”) production levels as the OEM’s and retail dealers work to reduce inventories. The automotive convertible top actuation business realized a year-over-year sales decline of 29% during the three months ended November 30, 2005 due to high OEM production levels in the comparable prior year in conjunction with the launch of new convertible top automobiles. We expect growth in automotive sales in fiscal 2006 given two convertible top platform launches in the first quarter of fiscal 2006 and the anticipated launch of two additional platforms in the second quarter. Excluding the impact of foreign currency exchange rate changes, Engineered Solutions segment core sales (as previously defined) decreased 11%, reflecting lower RV, automotive convertible top and flexible shaft market sales somewhat offset by increased shipments to the electrical utility, heavy duty truck, industrial cylinder and hardware markets.

Gross profit increased by $5.4 million, or 26%, from $21.1 million for the three months ended November 30, 2004 to $26.5 million for the three months ended November 30, 2005 primarily due to increased sales. Excluding the $0.5 million unfavorable impact of foreign currency rate changes on translated results, gross profit increased 28%. Gross profit margins increased from 24.3% during the three months ended November 30, 2004 to 25.9% for the three months ended November 30, 2005 due to the impact of higher combined gross profit margins at acquired businesses more than offsetting lower gross profit margins in the RV and automotive businesses. The lower margins in the RV and automotive businesses resulted from automotive start-up costs associated with the four new platforms being introduced and reduced fixed cost absorption from the decrease in production volumes.

SAE increased by $5.3 million, or 60%, from $8.9 million for the three months ended November 30, 2004 to $14.2 million for the three months ended November 30, 2005. Acquired businesses accounted for $4.1 million of the increase in SAE during the months ended November 30, 2005. Additionally, the unfavorable impact of foreign currency rate changes on translated results deducted $0.2 million from the increase in SAE during the three months ended November 30, 2005. Excluding the impact of acquisitions and changes in foreign currency exchange rates, SAE increased 16% during the three months ended November 30, 2005, as a result of increased spending to support the new automotive platforms and growth initiatives in this segment.

Amortization expense increased in the current year due to expense recognized on the amortizable intangible assets added with the business acquisitions.

General Corporate Results

	Three Months Ended November 30,	
	2005	2004
Selling, administrative and engineering expenses (“SAE”)	$ 3,966	$ 3,155
Financing costs, net	6,067	1,938
Other income, net	(173)	(2,111)
Loss before income tax expense and minority interest	$(9,860)	$ (2,982)

Current year-to-date general corporate SAE increased due to additional corporate expenses to support acquisition and Sarbanes-Oxley compliance activities, as well as higher incentive compensation expense.

All debt is considered to be for general corporate purposes, thus, financing costs have not been allocated to the reportable segments. The significant increase in financing costs during the three months ended November 30, 2005 versus the comparable prior year period reflects the interest expense on the debt incurred for fiscal 2005 acquisitions and higher rates of interest on variable rate debt. See “Liquidity and Capital Resources” below for further information.

Other income decreased during the three months ended November 30, 2005 due to a $2.0 million gain related to the resolution of a dispute with a former subsidiary, which was recorded in the first quarter of fiscal year 2005.

Income Taxes

The Company’s income tax expense is impacted by a number of factors, including the amount of taxable earnings derived in foreign jurisdictions with tax rates that are higher or lower than the U.S. federal statutory rate, state tax rates in the jurisdictions where we do business, and our ability to utilize various tax credits and net operating loss carryforwards. The effective income tax rate for the three months ended November 30, 2005, was 32.5% compared to 34.3% during the three months ended November 30, 2004. The effective income tax rate was lower in the three months ended November 30, 2005 as a result of a reduction in statutory rates in Holland, a comparatively lower 30% tax rate in the United Kingdom where both the Hydratight Sweeney and Hedley Purvis businesses are based, and the realization of benefits on certain net operating losses that previously had not been benefited in various countries.

Restructuring Reserves

The Company committed to integration plans to restructure portions of Kopp’s operations during the first quarter of fiscal 2003. These plans were designed to reduce administrative and operational costs. The remaining $1.2 million of accrued severance costs at November 30, 2005 will be paid to former employees over the next two years as dictated by contractual arrangements with those employees.

A rollforward of the severance reserve follows (in thousands):

Accrued severance costs as of August 31, 2005	$1,558
Cash payments	(246)
Currency impact	(64)
Accrued severance costs as of November 30, 2005	$1,248

Liquidity and Capital Resources

Cash and cash equivalents totaled $7.5 million and $10.4 million at November 30, 2005 and August 31, 2005, respectively. Our goal is to maintain low cash balances, utilizing excess cash to reduce debt in an effort to minimize financing costs.

The Company generated cash from operating activities of $21.0 million during the three months ended November 30, 2005 and used $9.7 million during the three months ended November 30, 2004. The operating cash flows for the first three months of fiscal 2006 were primarily the result of strong earnings during the quarter. The operating cash flows for the first three months of fiscal 2005 include the impact of the $15.8 million reimbursement of funds to a former subsidiary. Our operating cash flow during the final two quarters of each fiscal year is typically stronger than the first two fiscal quarters due to the seasonal build-up of primary working capital during the first half of the fiscal year.

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Cash used in investing activities totaled $5.0 million and $11.8 million during the three months ended November 30, 2005 and November 30, 2004, respectively. During the three months ended November 30, 2005, capital expenditures were $5.1 million as compared to $3.2 million during the three months ended November 30, 2004. Capital expenditures have increased during fiscal 2006 due to continued growth in the automotive business to support the introduction of new convertible models as well as businesses acquired during the current year. During the first three months of fiscal 2005, the Company used $9.0 million to fund the closing of the Yvel acquisition.

Net cash used by financing activities totaled $18.7 million during the three months ended November 30, 2005. During the three months ended November 30, 2005, cash used to pay down revolving credit facilities and short-term debt totaled $17.1 million, while an additional $2.2 million was used to fund the cash dividend paid in the first quarter of fiscal 2006. Net cash provided by financing activities totaled $22.2 million during the three months ended November 30, 2004. The Company utilized borrowings of $17.6 million on its revolving credit facilities during the three months ended November 30, 2004 to fund the cash used in operating and investing activities.

Commitments and Contingencies

The Company leases certain facilities, computers, equipment and vehicles under various operating lease agreements, generally over periods from one to twenty years. Under most arrangements, the Company pays the property taxes, insurance, maintenance and expenses related to the leased property. Many of the leases include provisions that enable the Company to renew the lease based upon fair value rental rates on the date of expiration of the initial lease. See the “Timing of Commitments” table below for further information.

The Company, in the normal course of business, enters into certain real estate and equipment leases or guarantees such leases on behalf of its subsidiaries. In conjunction with the spin-off of a former subsidiary in fiscal 2000, the Company assigned its rights in the leases used by the former subsidiary, but was not released as a responsible party from all such leases by the lessors. All of these businesses were subsequently sold, or are in the process of being sold to third parties. The Company remains contingently liable for those leases if any of these businesses are unable to fulfill their obligations thereunder. The discounted present value of future minimum lease payments for such leases totals, assuming no offset for sub-leasing, approximately $7.9 million at November 30, 2005. The future undiscounted minimum lease payments for these leases are as follows: $0.1 million in the balance of calendar 2005; $1.1 million in calendar 2006 through 2009; and $7.2 million thereafter. During the quarter ended November 30, 2005, the Company was released from its guarantee on one building lease, resulting in a decrease in both the discounted future minimum lease payments and the undiscounted minimum lease payments.

As more fully discussed in Note 4, “Accounts Receivable Financing” in the Notes to Condensed Consolidated Financial Statements, the Company is party to an accounts receivable securitization program. Trade receivables sold and being serviced by the Company were $46.6 million and $43.8 million at November 30, 2005 and August 31, 2005, respectively. If the Company had discontinued this securitization program at November 30, 2005 it would have been required to borrow approximately $46.6 million to finance the working capital increase. Total capacity under the securitization program is $55.0 million.

The Company had outstanding letters of credit of $5.2 million and $6.6 million at November 30, 2005 and August 31, 2005, respectively. The letters of credit secure self-insured workers compensation liabilities and contingent payments related to indemnifications provided to purchasers of divested businesses.

Timing of Commitments

The timing of payments due under the Company’s commitments is as follows:

Contractual Obligations (a)

Years Ended August 31,	Debt Obligations	Operating Lease Obligations (b)	Total
2006	$ 19,438	$ 16,318	$ 37,756
2007	18,840	13,690	32,530
2008	37,590	10,779	48,369
2009	106,250	8,430	114,680
2010	93,500	7,332	100,832
Thereafter	150,000	25,930	175,930
Total	$425,618	$ 82,479	$508,097

(a) The above table excludes the additional payments for acquisition earn-out payments, as the exact amount and timing of payments is not known.

(b) The Company's purchase obligations generally relate to amounts due under contracts with third party service providers. These contracts are primarily for real estate leases, information technology services, including software and hardware support services and leases, and telecommunications services. Those purchase obligations, such as leases, that are not cancelable are included in the table. The Company routinely issues purchase orders to numerous vendors for the purchase of inventory and other supplies. These purchase orders are generally cancelable with reasonable notice to the vendor, and as such, they are excluded from the contractual obligations table.

Item 3 – Quantitative and Qualitative Disclosures about Market Risk

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

A discussion of the Company's accounting policies for derivative financial instruments is included within Note 1, "Summary of Significant Accounting Policies" in the Notes to Consolidated Financial Statements in the Company's fiscal 2005 Annual Report on Form 10-K.

Currency Risk —The Company has exposure to foreign currency exchange fluctuations. Approximately 49% and 51% of its revenues for the three months ended November 30, 2005 and the year ended August 31, 2005, respectively, were denominated in currencies other than the U.S. dollar. Of those non-U.S. dollar denominated amounts, approximately 84% were denominated in euros, with the majority of the remainder denominated in various Asian and other European currencies. The Company does not hedge the translation exposure represented by the net assets of its foreign subsidiaries. Foreign currency translation adjustments are recorded as a component of shareholders' equity.

The Company's identifiable foreign currency exchange exposure results primarily from the anticipated purchase of product from affiliates and third party suppliers and from the repayment of intercompany loans between subsidiaries denominated in foreign currencies. The Company periodically identifies areas where it does not have naturally occurring offsetting positions and then may purchase hedging instruments to protect against anticipated exposures. There are no material hedging instruments in place as of the date of this filing.

Interest Rate Risk —The Company has earnings exposure related to interest rate changes on its outstanding floating rate debt instruments that are based on LIBOR and EURIBOR interest rates. The Company has periodically utilized interest rate swap agreements to manage overall financing costs and interest rate risk. At November 30, 2005 the Company was a party to interest rate swap agreements that convert $100 million of floating rate debt to a fixed rate of interest. An increase or decrease of 25 basis points in the applicable interest rates on unhedged variable rate debt at November 30, 2005 would result in a change in pre-tax interest expense of approximately $0.6 million on an annual basis.

Commodity Risk —We source a wide variety of materials and components from a network of global suppliers. While such goods are typically available from numerous suppliers, commodity raw materials, such as steel, plastic resin, and copper, are subject to price fluctuations, which could have a negative impact on the Company's results. The Company strives to pass along such commodity price increases to customers to avoid profit margin erosion. In addition, LEAD initiatives further mitigate the impact of commodity raw material price fluctuations as improved efficiencies across all locations are achieved. The Company has not entered into any derivative contracts to hedge its exposure to commodity risk in fiscal years 2006 or 2005.

Item 4 – Controls and Procedures

Evaluation of Disclosure Controls and Procedures.

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

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Changes in Internal Control Over Financial Reporting.

There have been no changes in our internal control over financial reporting that occurred during the quarter ended November 30, 2005 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 6 – Exhibits

(a) Exhibits

See "Index to Exhibits" on page 22, which is incorporated herein by reference.

SIGNATURE

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

ACTUANT CORPORATION
(Registrant)

Date: January 9, 2006

By: /s/ Andrew G. Lampereur

Andrew G. Lampereur
Executive Vice President and Chief Financial Officer

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

QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTER ENDED November 30, 2005
INDEX TO EXHIBITS

Exhibit	Description	Incorporated Herein By Reference To	Filed Herewith
10.1	Form of Actuant Corporation Restricted Stock Award Agreement		X
10.2	Form of Actuant Corporation 2002 Nonqualified Employee Stock Option Award Agreement		X
10.3	Form of Actuant Corporation Nonqualified Director Stock Option Award Agreement		X
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002		X
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002		X
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002		X
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002		X

ACTUANT CORPORATION
RESTRICTED STOCK AWARD

THIS RESTRICTED STOCK AWARD is granted by ACTUANT CORPORATION (the "Company") to«FirstName» «LastName» (the "Grantee"). This Award is granted under and subject to the terms of the Actuant Corporation 2002 Stock Plan (the "Plan"). In the event of any conflict between any provisions of this Award and the provisions of the Plan, the provisions of the Plan shall control. Terms defined in the Plan where used herein shall have the meanings as so defined in the Plan.

1. AWARD

The Company grants to the Grantee a restricted stock award on«Date» (the "Award Date"), covering«number» shares of Company Stock (the "Restricted Stock").

2. RESTRICTION

The Restricted Stock shall become vested three years from the Award Date. In addition, all of the unvested Restricted Stock shall become vested upon the first to occur, if any, of the following events:

(a) The termination of Grantee's employment with the Company or a subsidiary by reason of retirement after age 60, disability (as determined by the Committee), or death;

(b) The termination by the Company or a subsidiary of the Grantee's employment with the Company or a subsidiary without cause; or

(c) A Change in Control of the Company (as determined by the Committee).

The period of time during which the shares covered by this Restricted Stock Award vest is referred to as the "Restricted Period". If the Grantee's employment with the Company or one of its subsidiaries terminates during the Restricted Period for any reason other than as specified in subsections (a) or (b) above, the Restricted Stock shall be forfeited to the Company on the date of such termination, without any further obligations of the Company to the Grantee and all rights of the Grantee with respect to the Restricted Stock shall terminate.

3. **RIGHTS DURING RESTRICTED PERIOD**

The Grantee, during the Restricted Period, shall have the right to vote the Restricted Stock and to receive cash dividends; however, all stock dividends, stock rights or other securities issued with respect to the Restricted Stock (collectively, the “Proceeds”) shall be forfeitable and subject to the same restrictions as exist regarding the original shares of Restricted Stock. The Restricted Stock shall be nontransferable during the Restricted Period, except by will or the laws of descent and distribution.

4. **CUSTODY**

The Restricted Stock may be credited to Grantee in book entry form and shall be held, along with any Proceeds, in custody by the Company until the applicable restrictions have expired. If any certificates are issued for shares of Restricted Stock or any of the Proceeds during the Restricted Period, such certificates shall bear an appropriate legend as determined by the Company referring to the applicable terms, conditions and restrictions and the Grantee shall deliver a signed, blank stock power to the Company relating thereto.

5. **TAX WITHHOLDING**

The Grantee may satisfy any tax withholding obligations arising with respect to the Restricted Stock in whole or in part by tendering a check to the Company for any required amount, by election to have a portion of shares withheld to defray all or a portion of any applicable taxes, or by election to have the Company or its subsidiaries withhold the required amounts from other compensation payable to the Grantee.

6. **NO RIGHTS TO CONTINUED EMPLOYMENT**

The granting of this Award shall not confer upon Grantee any right with respect to continuance of employment by the Company, nor shall it interfere in any way with the right of the Company to terminate Grantee’s employment at any time.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date of grant shown above.

ACTUANT CORPORATION

By: /s/ Robert C. Arzbaecher

Robert C. Arzbaecher

Accepted as of the Date of Grant in accordance with, and subject to, the above terms and conditions of this Agreement and of the Plan document, a copy of which has been received by me.

«FirstName» «LastName»

ACTUANT CORPORATION
2002 NONQUALIFIED STOCK OPTION AGREEMENT
(Officer Grant)

GRANTEE:	«FirstName» «LastName»
GRANTEE'S ADDRESS:	«Address1» «Address2» «City», «State» «PostalCode»
NUMBER OF SHARES OPTIONED:	«Shares»
OPTION PRICE PER SHARE:	«OptionPrice»
DATE OF GRANT:	«GrantDate»

EXPIRATION DATE: the earlier of (i) 10 years from the date of grant at 5:00 o'clock p.m., Milwaukee Business Time, or (ii) the date provided under Section 4.

Actuant Corporation and the above named Grantee hereby agree as follows:

1. Option. Actuant Corporation (hereinafter called the "Company"), grants to the Grantee an option to purchase all or any part of the number of shares of Common Stock above stated at the option price per share above stated upon the following terms and conditions.

2. Plan. This Option is granted under and subject to the terms of the Actuant Corporation 2002 Stock Plan (herein called the "Plan"). In the event of any conflict between any provisions of this Option and the provisions of the Plan, the provisions of the Plan shall control. Terms defined in the Plan where used herein shall have the meanings as so defined. Grantee hereby acknowledges receipt of a copy of the Plan.

3. Vesting of Option. Except as otherwise provided herein or in the Plan, this Option shall be exercisable only prior to the expiration date hereof, and then only as set forth in the following table:

Years From Date Option is Granted	Cumulative Fraction Of Shares Optioned Which Is Exercisable
After Three Years	50%
After Five Years	100%

Notwithstanding the foregoing, in the event that Grantee's employment with the Company shall cease because of retirement after age 60, death or disability (as determined by the Committee) this Option shall be fully exercisable.

4. Term of Option. All rights to exercise this option shall terminate upon the earlier of the following dates: (a) the expiration date of the option; or (b) one year after Grantee's termination of employment with the Company or a Subsidiary. Options may be exercised only with respect to whole shares of stock. Nothing herein contained shall be construed to extend the ultimate term of any option beyond the period of 10 years from the date of the grant of such option.

5. Manner of Exercise. The option may from time to time be exercised, in whole or in part, with respect to any shares for which the right to exercise shall have accrued and not theretofore been exercised, by delivering to the Secretary of the Company written notice specifying the number of shares to be purchased, together with payment of the exercise price and any required withholding taxes. The Grantee may elect to pay the exercise price for a stock option in cash, by check, by delivering shares of Company Stock which have been beneficially owned by the Grantee, the Grantee's spouse, or both of them for a period of at least 6 months prior to the time of exercise ("Delivered Stock") or a combination of cash and Delivered Stock. A Grantee may elect to pay any withholding obligation in cash, by check, with shares of Company Stock that would otherwise be issued upon exercise of a stock option or a combination of cash and Company Stock.

6. No Rights To Continued Employment. The Plan and any option granted under the Plan shall not confer upon any Grantee any right with respect to continuance of employment by the Company, nor shall they interfere in any way with the right of the Company to terminate his employment at any time.

7. Acceleration of Right to Exercise. If a Change in Control (as determined by the Committee) of the Company occurs when the Grantee is employed by the Company, any options which, by their terms, were not exercisable in full prior to the date of such Change in Control shall become immediately exercisable and shall not be limited by any restrictions on exercisability under Paragraph 3 of this Agreement. Further, if the Company sells an operating unit (subsidiary or division) employing the Grantee, this option shall become immediately exercisable if the Grantee ceases to be employed by the Company or any of its subsidiaries as a result of such disposition.

8. Corporate Spinoff. In the event of a corporate spinoff separating the Company into two or more separate entities, the Committee may, in its complete discretion, adjust this option in such manner as it deems appropriate, including converting this option into an option to purchase stock of the entity which employs Grantee. A corporate spinoff separating the Company into two or more separate entities shall not be deemed a Change in Control for purposes of this Agreement. If Grantee is employed by one of the separate entities and the separate successor entity has a subsequent Change in Control (as determined by the Committee), the subsequent Change in Control shall be deemed a Change in Control for purposes of this Agreement and cause the option to become immediately exercisable.

9. Special Accelerated Vesting Rule for Corporate Officers. A corporate officer who (a) voluntarily terminates employment after eight years with the Company, (b) provides at least one year advance notice to the Committee of such termination and has such termination accepted by the Committee, (c) in fact remains an employee for such period, and (d) terminates his employment at the end of the agreed upon period, shall be fully vested in this option.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date of grant shown above.

ACTUANT CORPORATION

By: /s/ Robert C. Arzbaecher

Robert C. Arzbaecher
President and CEO

Accepted as of the Date of Grant in accordance with, and subject to, the above terms and conditions of this Agreement and of the Plan document, a copy of which has been received by me.

«FirstName» «LastName»

Exhibit 10.3

ACTUANT CORPORATION

NONQUALIFIED STOCK OPTION AGREEMENT

Option granted on XX XX, 200X, by Actuant Corporation, a Wisconsin corporation (hereinafter called the “Company”), pursuant to its Outside Directors’ Stock Option Plan, to NAME (hereinafter called the “Optionee”).

1. Number of Shares Optioned; Option Price. The Company grants to the Optionee the right and option to purchase from time to time, on the terms and conditions hereof, all or any part of an aggregate of xxx shares of Common Stock of the Company (the “Common Stock”), at the exercise price of $xx.xx per share.

2. Exercise of Option. This Option may not be exercised until eleven months have elapsed from the date of grant and then this option may be exercised, at any time or from time to time, in whole or in part, in accordance with the terms of this Agreement.

3. Expiration Date. If this Option is not earlier exercised or terminated, all rights to exercise this Option shall expire on the date, which is ten years after the date on which this Option was granted.

4. Method of Exercising Option. This Option shall be exercised by delivering to the Company, at the office of its Secretary, a written notice of the number of shares with respect to which the Option is being exercised and by paying the Company in full the exercise price of the shares being acquired at the time.

5. Method of Payment. The exercise price for shares purchased pursuant to this Option shall be paid at the time of exercise and no shares shall be issued until full payment therefor is made. Such payment may be made either (a) in cash or (b) with the approval of the Compensation Committee of the Company’s Board of Directors (the “Committee”), by delivering either (i) shares of the Common Stock which have been beneficially owned by Optionee, Optionee’s spouse, or both of them for a period of at least six months prior to the time of exercise (“Delivered Stock”) and which have a Fair Market Value on the date on which the Option is exercised equal to the exercise price, or (ii) a combination of cash and Delivered Stock.

6. No Rights in Shares Until Certificates Issued. Neither the Optionee nor his heirs nor his personal representative shall have any of the rights or privileges of a shareholder of the Company in respect of any of the shares issuable upon the exercise of the option herein granted, unless and until certificates representing such shares shall have been issued upon the exercise of this Option.

7. Transferability of Option. This Option may not be transferred except by will or the laws of descent and distribution and may be exercised during Optionee's lifetime only by him or by his guardian or legal representative; provided, however that the Optionee may transfer the Option, without payment of consideration, to family members of the Optionee or to trusts or partnerships for such family members by completing a Transfer of Stock Option form and filing it with the Committee.

8. Prohibition Against Pledge, Attachment, etc. Except as otherwise herein provided, this Option and any rights and privileges pertaining thereto shall not be transferred, assigned, pledged or hypothecated by Optionee in any way, whether by operation of law or otherwise, and shall not be subject to execution, attachment or similar process.

9. Termination of Service as a Director. Upon termination of service as a director of the Company for any reason other than death, after Optionee shall have continuously so served for eleven months after the date of grant of this Option, Optionee may, at any time within two (2) years after the date of such termination, but in no event later than the date of expiration of this Option, exercise this Option to the extent he was entitled to do so on the date of such termination. Any portion of this Option not so exercised shall terminate.

10. Death of Optionee. If Optionee dies while serving as a director of the Company, or within two (2) years after termination of such service, the personal representative of Optionee's estate or the person or persons to whom this Option is transferred by will or the laws of descent and distribution may, at any time within two (2) years after the date of death, but not later than the date of expiration provided in paragraph 3, exercise this Option to the extent Optionee was entitled to do so on the date of death. Any portion of this Option not so exercised shall terminate.

11. No Promise of Continued Service as a Director. Nothing in this Agreement shall confer upon Optionee any right to continue as a director of the Company or affect the right of the Company to terminate Optionee's service to the Company at any time.

12. Changes in Common Stock. In the event of a reorganization, recapitalization, stock split, stock dividend, merger, consolidation, combination or exchange of shares, rights offering or any other change affecting the Common Stock, the Committee shall make appropriate changes in the number, exercise price and kind of shares covered by this Option, to prevent substantial dilution or enlargement of the rights granted to or available for Optionee under this Agreement.

13. Acceleration of Right to Exercise. If a Change in Control (as determined by the Committee) of the Company occurs, and if this Option was not, by its terms, exercisable in full prior to the date of such Change in Control, it shall become immediately exercisable and shall not be limited by any restrictions on exercisability under paragraph 2 of this Agreement.

14. Notices. Any notice to be given to the Company under the terms of this agreement shall be addressed to the Company in care of its Secretary, and any notice to be given to the Optionee may be addressed to him at his address as it appears on the Company's records, or at such other address as either party may hereafter designate in writing to the other. Any such notice shall be deemed to have been duly given if and when enclosed in a properly sealed envelope addressed as aforesaid, and deposited, postage prepaid, in the United States mails.

15. Wisconsin Contract. This option has been granted in Wisconsin and shall be construed under the laws of that state.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed on its behalf by its Chairman and Chief Executive Officer and the Optionee has hereunto set his hand and seal, all as of the day and year first above written, which is the date of the granting of the option evidenced hereby.

ACTUANT CORPORATION

By: /s/ Robert C. Arzbaecher
Robert C. Arzbaecher, Chairman,
and Chief Executive Officer

OPTIONEE:

____

Exhibit 31.1

CERTIFICATION

I, Robert C. Arzbaecher, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Actuant Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluations; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's first fiscal quarter in the case of the quarterly report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting

Date: January 9, 2006

/s/ Robert C. Arzbaecher

Robert C. Arzbaecher
Chairman, Chief Executive
Officer and President

Exhibit 31.2

CERTIFICATION

I, Andrew G. Lampereur, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Actuant Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's first fiscal quarter in the case of the quarterly report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting

Date: January 9, 2006

/s/ Andrew G. Lampereur

Andrew G. Lampereur
Executive Vice President and
Chief Financial Officer

Exhibit 32.1

WRITTEN STATEMENT OF THE CHIEF EXECUTIVE OFFICER

Pursuant to 18 U.S.C. ss.1350, I, the undersigned Chairman, Chief Executive Officer and President of Actuant Corporation (the "Company"), hereby certify, based on my knowledge, that the Quarterly Report on Form 10-Q of the Company for the quarterly period ended November 30, 2005 (the "Report") fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the periods covered in the Report.

Date: January 9, 2006

/s/ Robert C. Arzbaecher

Robert C. Arzbaecher

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

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

Exhibit 32.2

WRITTEN STATEMENT OF THE CHIEF FINANCIAL OFFICER

Pursuant to 18 U.S.C. ss.1350, I, the undersigned Executive Vice President and Chief Financial Officer of Actuant Corporation (the "Company"), hereby certify, based on my knowledge, that the Quarterly Report on Form 10-Q of the Company for the quarterly period ended November 30, 2005 (the "Report") fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the periods covered in the Report.

Date: January 9, 2006

/s/ Andrew G. Lampereur

Andrew G. Lampereur

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

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