

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended May 31, 2011

OR

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

Commission File No. 1-11288

ACTUANT CORPORATION

(Exact name of registrant as specified in its charter)

Wisconsin
(State of incorporation)

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

**N86 W12500 WESTBROOK CROSSING
MENOMONEE FALLS, WISCONSIN 53051**
Mailing address: P. O. Box 3241, Milwaukee, Wisconsin 53201
(Address of principal executive offices)

(262) 293-1500
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

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

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

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

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 June 30, 2011 was 68,626,884.

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FORWARD LOOKING STATEMENTS AND CAUTIONARY FACTORS

This quarterly report on Form 10-Q contains certain statements that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties. Such forward-looking statements include statements regarding expected financial results and other planned events, including, but not limited to, anticipated liquidity, and capital expenditures. Words such as “may,” “should,” “could,” “anticipate,” “believe,” “estimate,” “expect,” “plan,” “project” and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. Therefore, actual future events or results may differ materially from these statements. We disclaim any obligation to publicly update or revise any forward-looking statements as a result of new information, future events or any other reason.

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

- the timing, length or strength of a worldwide economic recovery;
- the realization of anticipated cost savings from restructuring activities and other cost reduction efforts;
- market conditions in the truck, automotive, recreational vehicle, agricultural, industrial production, oil & gas, energy, power generation, marine, solar, infrastructure, and retail Do-It Yourself (“DIY”) industries;
- increased competition in the markets we serve and market acceptance of existing and new products;
- our ability to successfully identify and integrate acquisitions and realize anticipated benefits from acquired companies;
- operating margin risk due to competitive product pricing, operating efficiencies and material, labor and overhead cost increases;
- foreign currency, interest rate and commodity risk;
- supply chain and industry trends, including changes in purchasing and other business practices by customers;
- regulatory and legal developments including changes to United States taxation rules, health care reform and governmental climate change initiatives;
- our level of indebtedness, ability to comply with the financial and other covenants in our debt agreements and current credit market conditions;

Our Form 10-K for the fiscal year ended August 31, 2010 contains an expanded description of these and other risks that may affect our business, financial position and results of operations under the section entitled “Risk Factors.”

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)

	<u>Three Months Ended May 31,</u>		<u>Nine Months Ended May 31,</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Net sales	\$ 392,777	\$ 310,068	\$ 1,041,887	\$ 850,146
Cost of products sold	238,739	193,882	640,969	537,474
Gross profit	154,038	116,186	400,918	312,672
Selling, administrative and engineering expenses	88,304	69,452	242,858	199,012
Restructuring charges	862	1,356	1,595	13,409
Amortization of intangible assets	6,871	5,285	19,846	16,071
Operating profit	58,001	40,093	136,619	84,180
Financing costs, net	7,850	7,779	23,640	24,115
Other expense, net	331	315	1,276	362
Earnings from continuing operations before income tax	49,820	31,999	111,703	59,703
Income tax expense	11,460	3,706	24,540	10,255
Earnings from continuing operations	38,360	28,293	87,163	49,448
Loss from discontinued operations, net of income taxes	(2,002)	(6,458)	(16,986)	(8,602)
Net earnings	<u>\$ 36,358</u>	<u>\$ 21,835</u>	<u>\$ 70,177</u>	<u>\$ 40,846</u>
Earnings from continuing operations per share:				
Basic	\$ 0.56	\$ 0.42	\$ 1.28	\$ 0.73
Diluted	\$ 0.51	\$ 0.39	\$ 1.17	\$ 0.69
Earnings per share:				
Basic	\$ 0.53	\$ 0.32	\$ 1.03	\$ 0.60
Diluted	\$ 0.49	\$ 0.30	\$ 0.95	\$ 0.57
Weighted average common shares outstanding:				
Basic	68,354	67,642	68,208	67,593
Diluted	75,571	74,389	75,314	74,156

See accompanying Notes to Condensed Consolidated Financial Statements

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

	May 31, 2011	August 31, 2010
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 68,299	\$ 40,222
Accounts receivable, net	233,620	185,693
Inventories, net	213,265	146,154
Deferred income taxes	33,011	30,701
Prepaid expenses and other current assets	25,144	12,578
Current assets of discontinued operations	—	44,802
Total Current Assets	573,339	460,150
Property, Plant and Equipment		
Land, buildings, and improvements	51,455	48,301
Machinery and equipment	250,041	228,270
Gross property, plant and equipment	301,496	276,571
Less: Accumulated depreciation	(190,727)	(168,189)
Property, Plant and Equipment, net	110,769	108,382
Goodwill	812,095	704,889
Other Intangibles, net	419,395	336,978
Other Long-term Assets	13,617	11,304
Total Assets	\$1,929,215	\$1,621,703
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Trade accounts payable	\$ 172,252	\$ 130,051
Accrued compensation and benefits	55,840	53,212
Current maturities of long-term debt	1,250	—
Income taxes payable	58,749	50,318
Other current liabilities	75,852	74,561
Current liabilities of discontinued operations	—	37,695
Total Current Liabilities	363,943	345,837
Long-term Debt	465,966	367,380
Deferred Income Taxes	131,881	110,230
Pension and Postretirement Benefit Liabilities	27,723	28,072
Other Long-term Liabilities	61,839	30,463
Shareholders' Equity		
Class A common stock, \$0.20 par value per share, authorized 168,000,000 shares, issued and outstanding 68,620,957 and 68,056,387 shares, respectively	13,724	13,610
Additional paid-in capital	(157,290)	(175,157)
Retained earnings	1,038,558	968,373
Accumulated other comprehensive loss	(17,129)	(67,105)
Stock held in trust	(2,081)	(1,934)
Deferred compensation liability	2,081	1,934
Total Shareholders' Equity	877,863	739,721
Total Liabilities and Shareholders' Equity	\$1,929,215	\$1,621,703

See accompanying Notes to Condensed Consolidated Financial Statements

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

	<u>Nine Months Ended May 31,</u>	
	<u>2011</u>	<u>2010</u>
Operating Activities		
Net earnings	\$ 70,177	\$ 40,846
Adjustments to reconcile net earnings to cash provided by operating activities:		
Depreciation and amortization	38,143	39,079
Net loss (gain) on disposal of businesses	15,744	(334)
Stock-based compensation expense	8,093	6,044
Provision (benefit) for deferred income taxes	(2,298)	682
Amortization of debt discount and debt issuance costs	2,409	2,964
Other non-cash adjustments	(18)	(707)
Changes in components of working capital and other:		
Accounts receivable	(27,752)	(28,555)
Expiration of accounts receivable securitization program	—	(37,106)
Inventories	(39,533)	(3,899)
Prepaid expenses and other assets	5,989	2,372
Trade accounts payable	18,400	24,680
Income taxes payable	6,904	9,235
Accrued compensation and benefits	646	16,994
Other accrued liabilities	(1,806)	(2,721)
Net cash provided by operating activities	95,098	69,574
Investing Activities		
Proceeds from sale of property, plant and equipment	359	1,073
Proceeds from sale of businesses, net of transaction costs	3,463	7,516
Capital expenditures	(14,843)	(13,213)
Business acquisitions, net of cash acquired	(160,047)	(29,248)
Net cash used in investing activities	(171,068)	(33,872)
Financing Activities		
Net borrowings on revolving credit facilities	14	182
Issuance of term loans	100,000	—
Repurchases of 2% Convertible Notes	(34)	(22,894)
Debt issuance costs	(5,197)	—
Stock option exercises and related tax benefits	7,285	1,692
Cash dividend	(2,716)	(2,702)
Net cash provided by (used in) financing activities	99,352	(23,722)
Effect of exchange rate changes on cash	4,695	(1,084)
Net increase in cash and cash equivalents	28,077	10,896
Cash and cash equivalents – beginning of period	40,222	11,385
Cash and cash equivalents – end of period	<u>\$ 68,299</u>	<u>\$ 22,281</u>

See accompanying Notes to Condensed Consolidated Financial Statements

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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, 2010 was derived from the Company’s audited financial statements, but does not include all disclosures required by generally accepted accounting principles. For additional information, including the Company’s significant accounting policies, refer to the consolidated financial statements and related footnotes in the Company’s fiscal 2010 Annual Report on Form 10-K.

In the opinion of management, all adjustments considered necessary for a fair presentation of financial results have been made. Such adjustments consist of only those of a normal recurring nature. Operating results for the three and nine months ended May 31, 2011 are not necessarily indicative of the results that may be expected for the entire fiscal year ending August 31, 2011.

New Accounting Pronouncements

In June 2011, the Financial Accounting Standards Board issued an update to Accounting Standards Codification (ASC) No. 220, “Presentation of Comprehensive Income,” which eliminates the option to present other comprehensive income and its components in the statement of shareholders’ equity. The Company can elect to present the items of net income and other comprehensive income in a single continuous statement of comprehensive income or in two separate, but consecutive, statements. Under either method the statement would need to be presented with equal prominence as the other primary financial statements. The amended guidance, which must be applied retroactively, is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011, with earlier adoption permitted.

Note 2. Acquisitions

The Company completed several business acquisitions during fiscal 2011 and 2010. All of these acquisitions resulted in the recognition of goodwill in the Company’s condensed consolidated financial statements because the purchase prices reflect the future earnings and cash flow potential of the acquired companies, as well as the complementary strategic fit and resulting synergies these businesses bring to existing operations. The Company is continuing to evaluate the initial purchase price allocations for acquisitions completed within the past twelve months and will adjust the allocations if additional information, relative to the fair values of the assets and liabilities of the acquired businesses, becomes known.

On December 10, 2010, the Company completed the acquisition of the stock of Mastervolt International Holding B.V. (“Mastervolt”) for \$158.2 million of cash. Mastervolt, which is headquartered in The Netherlands, is a designer, developer and global supplier of highly innovative, branded power electronics, primarily for the solar and marine markets. Mastervolt expands the Electrical Segment’s geographic presence and product offerings to include additional technologies associated with the efficient conversion, control, storage and conditioning of electrical power. The preliminary purchase price allocation resulted in the recognition of \$78.9 million of goodwill (which is not deductible for tax purposes) and \$89.3 million of intangible assets including \$43.8 million of customer relationships, \$41.1 million of tradenames (indefinite life), \$4.0 million of technology and \$0.4 million of non-compete agreements.

During fiscal 2010, the Company completed four tuck-in acquisitions for \$43.9 million of cash (net of cash acquired), \$2.5 million of deferred purchase price and \$4.5 million of contingent consideration. On April 9, 2010 the Company acquired Team Hydrotec, a Singapore based business that provides engineering and integrated solutions primarily to the infrastructure, energy and industrial markets. This was followed by the acquisition of Hydrosplex on April 14, 2010. Headquartered in The Netherlands, Hydrosplex is a leading provider of a broad range of heavy-lift technologies including strand jacks and gantries for the global infrastructure, power generation and other industrial markets. The products, technologies, engineering and geographic breadth of both Team Hydrotec and Hydrosplex will further strengthen the market positions of the Industrial Segment. On April 27, 2010, the Company completed the acquisition of New Jersey based Biach Industries (“Biach”), which provides custom designed bolt and stud tensioning products and services, predominately for the North American nuclear market. Biach, through its strong customer relationships, engineering expertise and customized products will broaden the product and service offerings of the Energy segment to the global power generation market. Finally, on June 11, 2010 the Company completed the acquisition of Norway based Selantic, which is included in the Energy Segment. Selantic provides custom designed high performance slings, tethers and related products for heavy lifting applications.

The preliminary purchase price allocations for fiscal 2010 acquisitions resulted in the recognition of \$37.1 million of goodwill (a portion of which is deductible for tax purposes) and \$18.2 million of intangible assets, including \$14.5 million of customer relationships, \$2.5 million of tradenames and \$1.2 million of non-compete agreements and patents.

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The operating results of the acquired businesses are included in the condensed consolidated financial statements only since their respective acquisition dates.

The following unaudited pro forma results of operations of the Company for the three and nine months ended May 31, 2011 and 2010, respectively, give effect to these acquisitions as though the transactions and related financing activities had occurred on September 1, 2009 (in thousands, except per share amounts):

	Three Months Ended May 31,		Nine Months Ended May 31,	
	2011	2010	2011	2010
Net sales				
As reported	\$ 392,777	\$ 310,068	\$1,041,887	\$ 850,146
Pro forma	392,777	345,030	1,081,390	947,683
Earnings from continuing operations				
As reported	\$ 38,360	\$ 28,293	\$ 87,163	\$ 49,448
Pro forma	38,360	28,971	90,370	52,968
Basic earnings per share from continuing operations				
As reported	\$ 0.56	\$ 0.42	\$ 1.28	\$ 0.73
Pro forma	0.56	0.43	1.32	0.78
Diluted earnings per share from continuing operations				
As reported	\$ 0.51	\$ 0.39	\$ 1.17	\$ 0.69
Pro forma	0.51	0.40	1.22	0.73

During the nine months ended May 31, 2011, the Company paid \$1.9 million of deferred purchase price for acquisitions completed in a prior year. Transaction costs related to various business acquisition activities were \$0.9 million for the nine months ended May 31, 2011 and \$1.1 million in the comparable prior year period.

On June 2, 2011, the Company completed the acquisition of the stock of Weasler Engineering, Inc. ("Weasler") for a purchase price of approximately \$153.0 million. The purchase consideration was funded through the Company's existing cash balances and borrowings under the revolving credit facility. Weasler, which is headquartered in West Bend, WI, is a leading global designer and manufacturer of highly engineered drive train components and systems for agriculture, lawn & turf and industrial equipment. Weasler also supplies a variety of torque limiters, high-end gear boxes, clutches and torsional dampers which will expand the product offerings of the Engineered Solutions segment.

Note 3. Discontinued Operations

During the fourth quarter of fiscal 2010, the Company committed to a plan to divest its European Electrical business (included in the Electrical Segment), which designs, manufactures and markets electrical sockets, switches and other tools and consumables predominately in the European DIY retail market. This planned divestiture was part of the Company's portfolio management process to focus on businesses that create the most shareholder value. Weak economic conditions throughout Europe and reduced demand in the retail DIY markets, combined with the decision to divest the business, caused the Company to reduce the projected sales, operating profit and cash flows of the business, which resulted in a \$36.1 million non-cash asset impairment charge to adjust the carrying value of the asset group to fair value. This impairment charge was recognized in the fourth quarter of fiscal 2010 and consisted of \$24.5 million of goodwill, \$2.3 million of intangible assets and \$9.3 million of property, plant and equipment and other assets. On February 28, 2011, the Company completed the sale of the business for total cash proceeds of \$3.5 million, net of transaction costs. As a result of the sale transaction, the Company recognized a loss on disposal of \$13.7 million, including an \$11.4 million charge to cover future lease payments on an unfavorable real estate lease of the divested business. As a result of certain post closing adjustments and correction of an immaterial prior period amount, the Company recorded an additional loss on the disposition of \$2.0 million during the third quarter of fiscal 2011.

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The results of operations for the European Electrical business are reported as discontinued operations for all periods presented and are summarized as follows (in thousands):

	Three Months Ended May 31,		Nine Months Ended May 31,	
	2011	2010	2011	2010
Net sales	\$ —	\$ 24,501	\$ 49,305	\$ 83,832
Loss from operations of divested businesses	—	(1,853)	(1,157)	(3,491)
Loss on disposal of businesses	(2,086)	—	(15,829)	—
Income tax benefit (expense)	84	(4,605)	—	(5,111)
Loss from discontinued operations, net of taxes	<u>\$ (2,002)</u>	<u>\$ (6,458)</u>	<u>\$ (16,986)</u>	<u>\$ (8,602)</u>

Note 4. Restructuring

During fiscal 2010 and 2009, the Company committed to various restructuring initiatives (due to the global economic downturn) including workforce reductions, plant consolidations, the transfer of production and product sourcing to lower cost plants or regions and the centralization of certain administrative functions. These restructuring actions were substantially completed by August 31, 2010. Total restructuring costs recognized, which impact all reportable segments, are as follows (in thousands):

	Three Months Ended May 31,		Nine Months Ended May 31,	
	2011	2010	2011	2010
Severance and facility consolidation	\$ 764	\$ 636	\$ 851	\$ 7,914
Product line rationalization	—	92	87	839
Other restructuring costs	98	720	744	5,495
	<u>\$ 862</u>	<u>\$ 1,448</u>	<u>\$ 1,682</u>	<u>\$ 14,248</u>

A rollforward of the restructuring reserve (included in Other current liabilities and Other Long-term Liabilities in the condensed consolidated balance sheets) is as follows (in thousands):

	Nine months ended May 31,	
	2011	2010
Beginning balance	\$ 6,517	\$ 9,282
Restructuring charges	1,682	14,248
Cash payments	(4,702)	(11,463)
Product line rationalization	(79)	(836)
Other non-cash uses of reserve	—	(4,287)
Impact of changes in foreign currency rates	138	241
Ending balance	<u>\$ 3,556</u>	<u>\$ 7,185</u>

The remaining restructuring related severance will be paid during the next twelve months, while facility consolidation costs (primarily reserves for future lease payments for vacated facilities) will be paid over the underlying lease terms.

Note 5. Goodwill and Other Intangible Assets

The changes in the carrying value of goodwill by segment for the nine months ended May 31, 2011 are as follows (in thousands):

	Industrial	Energy	Electrical	Engineered Solutions	Total
Balance as of August 31, 2010	\$77,936	\$240,590	\$171,539	\$214,824	\$704,889
Business acquisition	—	—	78,859	—	78,859
Purchase accounting adjustments	3,192	248	—	—	3,440
Impact of changes in foreign currency rates	3,980	12,877	4,125	3,925	24,907
Balance as of May 31, 2011	<u>\$85,108</u>	<u>\$253,715</u>	<u>\$254,523</u>	<u>\$218,749</u>	<u>\$812,095</u>

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

	Weighted Average Amortization Period (Years)	May 31, 2011			August 31, 2010		
		Gross Carrying Value	Accumulated Amortization	Net Book Value	Gross Carrying Value	Accumulated Amortization	Net Book Value
Amortizable intangible assets:							
Customer relationships	16	\$294,193	\$ 67,958	\$226,235	\$242,384	\$ 53,013	\$189,371
Patents	13	49,788	30,242	19,546	44,987	27,264	17,723
Trademarks and tradenames	20	38,889	6,151	32,738	6,205	5,103	1,102
Non-compete agreements	4	6,346	4,527	1,819	6,220	4,171	2,049
Other	5	796	709	87	721	584	137
Indefinite lived intangible assets:							
Tradenames	N/A	138,970	—	138,970	126,596	—	126,596
		<u>\$528,982</u>	<u>\$ 109,587</u>	<u>\$419,395</u>	<u>\$427,113</u>	<u>\$ 90,135</u>	<u>\$336,978</u>

Changes in the carrying value of intangible assets is due to the impact of foreign currency exchange rates, acquisition and divestiture activities and the reclassification of certain tradenames from indefinite lived intangibles to amortizable intangibles.

Amortization expense recorded on the intangible assets was \$6.9 million and \$19.8 million for the three and nine months ended May 31, 2011, respectively, and \$5.3 million and \$16.1 million for the three and nine months ended May 31, 2010, respectively. The Company estimates that amortization expense will approximate \$6.7 million for the remainder of fiscal 2011 (excluding the recent Weasler acquisition). Amortization expense for future years is estimated to be as follows: \$26.0 million in fiscal 2012, \$24.3 million in 2013, \$23.3 million in fiscal 2014, \$23.3 million in fiscal 2015 and \$176.8 million thereafter. These future amortization expense amounts represent estimates, which may change based on future acquisitions, changes in foreign currency exchange rates or other factors.

Note 6. Accounts Receivable Securitization

Historically, the Company was a party to an accounts receivable securitization program pursuant to which it sold certain of its trade accounts receivable to a wholly-owned, bankruptcy-remote special purpose subsidiary which, in turn, sold participating interests in its pool of receivables to a third party financial institution. The Company did not renew the securitization program on its September 9, 2009 maturity date and as a result, utilized availability under the Senior Credit Facility to fund the corresponding \$37.1 million increase in accounts receivable.

Note 7. Product Warranty Costs

The Company recognizes the cost associated with its product warranties at the time of sale. The amount recognized is based on sales, historical claims rates and current claim cost experience. The following is a reconciliation of the changes in accrued product warranty (in thousands):

	Nine Months Ended May 31,	
	2011	2010
Beginning balance	\$ 7,868	\$ 7,978
Warranty reserves of acquired business	10,870	—
Provision for warranties	7,416	3,574
Warranty payments and costs incurred	(3,664)	(3,941)
Impact of changes in foreign currency rates	1,366	(426)
Ending balance	<u>\$ 23,856</u>	<u>\$ 7,185</u>

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Note 8. Debt

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

	May 31, 2011	August 31, 2010
Senior Credit Facility		
Revolver	\$ —	\$ —
Term loan	100,000	—
	100,000	—
6.875% Senior notes	249,407	249,334
Other debt	—	203
Total Senior Indebtedness	349,407	249,537
Convertible subordinated debentures ("2% Convertible Notes")	117,809	117,843
Total debt	467,216	367,380
Less: current maturities of long-term debt	(1,250)	—
Total long-term debt, less current maturities	\$ 465,966	\$ 367,380

On February 23, 2011, the Company amended and extended its Senior Credit Facility, extending its maturity to February 23, 2016 and increasing total capacity from \$400 million to \$700 million. The amended Senior Credit Facility provides a \$600 million revolving credit facility, a \$100 million term loan and a \$300 million expansion option. Borrowings are subject to a pricing grid, which can result in increases or decreases to the borrowing spread, depending on the Company's leverage ratio, ranging from 1.25% to 2.50% in the case of loans bearing interest at LIBOR and from 0.25% to 1.25% in the case of loans bearing interest at the base rate. At May 31, 2011, the borrowing spread on LIBOR based borrowings was 2.00% (aggregating to 2.41% on outstanding term loan borrowings). In addition, a non-use fee is payable quarterly on the average unused credit line under the revolver ranging from 0.2% to 0.4% per annum. At May 31, 2011 the unused credit line under the revolver was \$597.2 million, of which \$454.3 million was available for borrowings. The new \$100 million term loan will be repaid in quarterly installments of \$1.25 million starting on March 31, 2012, increasing to \$2.5 million per quarter beginning on March 31, 2013, with the remaining balance due at maturity. The Senior Credit Facility, which is secured by substantially all of the Company's domestic personal property assets, also contains customary limits and restrictions concerning investments, sales of assets, liens on assets, dividends and other payments. The two financial covenants included in the Senior Credit Facility agreement are a maximum leverage ratio of 3.75:1 and a minimum fixed charge coverage ratio of 1.50:1. The Company was in compliance with all debt covenants at May 31, 2011.

On June 12, 2007, the Company issued \$250.0 million of 6.875% Senior Notes (the "Senior Notes") at an approximate \$1.0 million discount, generating net proceeds of \$249.0 million. The Senior Notes were issued at a price of 99.607% to yield 6.93%, and require no principal installments prior to their June 15, 2017 maturity. The \$1.0 million initial issuance discount is being amortized through interest expense over the 10 year life of the Senior Notes. Semiannual interest payments on the Senior Notes are due in December and June of each year.

In November 2003, the Company issued \$150.0 million of Senior Subordinated Convertible Debentures due November 15, 2023 (the "2% Convertible Notes"). Since 2003, the Company repurchased (for cash) \$32.2 million of 2% Convertible Notes at an average price of 99.3% of par value. The remaining \$117.8 million of 2% Convertible Notes, are convertible into 5,967,662 shares of Company's Class A common stock at a conversion rate of 50.6554 shares per \$1,000 of principal amount, which equates to a conversion price of approximately \$19.74 per share. The 2% Convertible Notes bear interest at a rate of 2.0% annually which is payable on November 15 and May 15 of each year. Beginning with the six-month interest period commencing May 16, 2011, holders also receive contingent interest as the trading price of the 2% Convertible Notes exceeded 120% of their underlying principal amount over a specified trading period, which effectively increases the interest rate from 2.0% to 2.7%. After November 2010, the Company may redeem all or part of the 2% Convertible Notes for cash at any time, at a redemption price equal to 100% of the principal amount, plus accrued interest. In addition, holders of the 2% Convertible Notes have the option to require the Company to repurchase all or a portion of their 2% Convertible Notes for cash on November 15, 2013 and November 15, 2018, at a repurchase price equal to 100% of the principal amount of the notes, plus accrued interest. Holders may also convert their 2% Convertible Notes into shares of the Company's Class A common stock prior to the scheduled maturity date.

In the third quarter of fiscal 2011, the Company entered into interest rate swap contracts that have a total notional value of \$100.0 million and have maturity dates of March 23, 2016. The interest rate swap contracts pay the Company variable interest at the three month LIBOR rate, and the Company pays the counterparties a fixed interest rate of approximately 2.06%. These interest rate swap contracts were entered into to convert \$100.0 million of the Senior Credit Facility borrowings into fixed rate debt. Based on the terms of the contracts and the underlying debt, the interest rate swap contracts were determined to be effective, and thus qualify as cash flow hedges. As such, any changes in the fair value of these interest rate swap contracts are recorded in accumulated other comprehensive loss on the accompanying Condensed Consolidated Balance Sheets. The fair value of these interest rate swap contracts was \$1.3 million at May 31, 2011 and recognized in Other Long-term Liabilities.

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Note 9. Employee Benefit Plans

The Company provides pension benefits to certain employees of acquired domestic businesses, who were entitled to those benefits prior to acquisition, as well as certain employees of foreign businesses. Most of the U.S. defined benefit pension plans are frozen, and as a result, the majority of the plan participants no longer earn additional benefits, while participants in most non-U.S. defined benefit plans continue to earn benefits. For the three and nine months ended May 31, 2011, the Company recognized a net periodic pension benefit cost of \$0.2 million and \$0.7 million, respectively, compared to \$0.1 million and \$0.4 million, respectively, in the same prior year periods.

Note 10. Fair Value Measurement

In accordance with ASC No. 820, "Fair Value Measurements and Disclosures," the Company assesses the inputs used to measure the fair value of financial assets and liabilities using a three-tier hierarchy. Level 1 inputs include quoted prices for identical instruments and are the most observable. Level 2 inputs include quoted prices for similar assets and observable inputs such as interest rates, foreign currency exchange rates, commodity rates and yield curves. Level 3 inputs are not observable in the market and include management's own judgments about the assumptions market participants would use in pricing the asset or liability. The Company has no financial assets or liabilities that are recorded at fair value using significant unobservable inputs (Level 3). The fair value of financial assets and liabilities included in the Condensed Consolidated Balance Sheets are as follows (in thousands):

	<u>May 31, 2011</u>	<u>August 31, 2010</u>
Level 1 Valuation:		
Cash equivalents	\$ 11,195	\$ 5,092
Investments	1,593	1,313
Level 2 Valuation:		
Fair value of derivative instruments		
Foreign currency forward contracts	\$ 156	\$ 207
Interest rate swap contracts	(1,285)	—

The fair value of the Company's accounts receivable, accounts payable, short-term borrowings and variable rate long-term debt approximated book value as of May 31, 2011 and August 31, 2010 due to their short-term nature and the fact that the applicable interest rates approximated market rates of interest. The fair value of the Company's outstanding \$117.8 million 2% Convertible Notes at May 31, 2011 and August 31, 2010, was \$148.6 million and \$126.4 million, respectively. The fair value of the Company's outstanding \$250.0 million of Senior Notes at May 31, 2011 and August 31, 2010 was \$255.0 million and \$252.5 million, respectively. The fair values of the 2% Convertible Notes and Senior Notes were based on quoted market prices.

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Note 11. Earnings Per Share

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

	Three Months Ended May 31,		Nine Months Ended May 31,	
	2011	2010	2011	2010
Numerator:				
Earnings from continuing operations	\$ 38,360	\$ 28,293	\$ 87,163	\$ 49,448
Plus: 2% Convertible Notes financings costs, net of income taxes	383	477	1,222	1,421
Earnings for diluted earnings per share	<u>\$ 38,743</u>	<u>\$ 28,770</u>	<u>\$ 88,385</u>	<u>\$ 50,869</u>
Denominator:				
Weighted average common shares outstanding for basic earnings per share	68,354	67,642	68,208	67,593
Net effect of dilutive securities - equity based compensation plans	1,250	842	1,145	658
Net effect of 2% Convertible Notes based on the if-converted method	5,967	5,905	5,961	5,905
Weighted average common and equivalent shares outstanding for diluted earnings per share	<u>75,571</u>	<u>74,389</u>	<u>75,314</u>	<u>74,156</u>
Basic Earnings Per Share:	\$ 0.56	\$ 0.42	\$ 1.28	\$ 0.73
Diluted Earnings Per Share:	\$ 0.51	\$ 0.39	\$ 1.17	\$ 0.69
Anti-dilutive securities - equity based compensation plans (excluded from earnings per share calculation)	1,863	3,912	2,295	4,363

Note 12. Income Taxes

In determining the quarterly provision for income taxes, the Company uses an estimated annual effective tax rate, which is based on various factors, including taxable earnings derived in foreign jurisdictions, statutory tax rates, tax planning opportunities in the various jurisdictions in which it operates, permanent items, state tax rates and the ability to utilize various tax credits and net operating loss carryforwards. Subsequent recognition, derecognition and measurement of a tax position taken in a previous period are separately recognized in the quarter in which they occur and can be a source of variability in effective tax rates from quarter to quarter.

The effective income tax rate was 23.0% and 22.0% for the three and nine months ended May 31, 2011, respectively, and 11.6% and 17.2% for the comparable prior year periods. The lower effective income tax rates for 2011, relative to the U.S. federal statutory tax rate, reflect higher foreign tax credit utilization and increased taxable earnings in foreign jurisdictions with lower statutory tax rates. The fiscal 2010 effective tax rates were impacted by \$3.1 million of favorable tax adjustments including changes in valuation allowances and the lapsing of various tax statutes of limitations.

The gross liability for unrecognized tax benefits, excluding interest and penalties, increased from \$28.2 million at August 31, 2010 to \$28.4 million at May 31, 2011. Substantially all of these unrecognized tax benefits, if recognized, would reduce the effective income tax rate. In addition, as of May 31, 2011 and August 31, 2010, the Company had liabilities totaling \$5.3 million and \$4.2 million, respectively, for accrued interest and penalties related to its unrecognized tax benefits.

Note 13. Other Comprehensive Income/Loss

The Company's comprehensive income/loss is significantly impacted by the movement of the US dollar versus other global currencies, most notably the Euro and British Pound. The following table sets forth the reconciliation of net earnings to comprehensive income /loss (in thousands):

	Three Months Ended May 31,		Nine Months Ended May 31,	
	2011	2010	2011	2010
Net earnings	\$ 36,358	\$ 21,835	\$ 70,177	\$ 40,846
Foreign currency translation adjustment	20,114	(31,430)	47,924	(54,179)
Unrealized loss on cash flow hedges, net of income taxes	(797)	—	(797)	—
Changes in net unrealized gains/losses, net of income taxes	10	9	2,849	(177)
Comprehensive income (loss)	<u>\$ 55,685</u>	<u>\$ (9,586)</u>	<u>\$ 120,153</u>	<u>\$ (13,510)</u>

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Note 14. Segment Information

The Company is a global manufacturer of a broad range of industrial products and systems and is organized into four reportable segments: Industrial, Energy, Electrical and Engineered Solutions. The Industrial Segment is primarily involved in the design, manufacture and distribution of branded hydraulic and mechanical tools to the maintenance, industrial, infrastructure and production automation markets. The Energy Segment provides joint integrity products and services, as well as umbilical, rope and cable solutions to the global oil & gas, power generation and energy markets. The Electrical Segment is primarily involved in the design, manufacture and distribution of a broad range of electrical products to the retail DIY, wholesale, OEM, solar, utility and harsh environment markets. The Engineered Solutions Segment provides highly engineered position and motion control systems to OEMs in various vehicle markets, as well as a variety of other industrial products.

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

	<u>Three Months Ended May 31,</u>		<u>Nine Months Ended May 31,</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Net Sales by Segment:				
Industrial	\$ 107,759	\$ 79,744	\$ 284,086	\$ 214,287
Energy	78,002	56,645	210,333	174,572
Electrical	80,329	61,967	205,901	170,958
Engineered Solutions	126,687	111,712	341,567	290,329
	<u>\$ 392,777</u>	<u>\$ 310,068</u>	<u>\$1,041,887</u>	<u>\$ 850,146</u>
Net Sales by Reportable Product Line:				
Industrial	\$ 107,759	\$ 79,744	\$ 284,086	\$ 214,287
Energy	78,002	56,645	210,333	174,572
Electrical	80,329	61,967	205,901	170,958
Vehicle Systems	94,423	82,089	250,926	210,256
Other	32,264	29,623	90,641	80,073
	<u>\$ 392,777</u>	<u>\$ 310,068</u>	<u>\$1,041,887</u>	<u>\$ 850,146</u>
Operating Profit:				
Industrial	\$ 29,517	\$ 20,374	\$ 69,853	\$ 44,986
Energy	13,545	7,203	32,194	22,484
Electrical	5,462	6,777	14,168	13,336
Engineered Solutions	19,977	13,170	47,203	22,218
General Corporate	(10,500)	(7,431)	(26,799)	(18,844)
	<u>\$ 58,001</u>	<u>\$ 40,093</u>	<u>\$ 136,619</u>	<u>\$ 84,180</u>
Assets:				
			<u>May 31, 2011</u>	<u>August 31, 2010</u>
Industrial			\$ 272,869	\$ 241,036
Energy			521,448	491,053
Electrical			565,938	326,129
Engineered Solutions			459,941	434,976
General Corporate			109,019	83,707
Assets of discontinued operations			—	44,802
			<u>\$1,929,215</u>	<u>\$ 1,621,703</u>

In addition to the impact of changes in foreign currency exchange rates, the comparability of segment and product line information is impacted by acquisitions, divestitures, restructuring costs and related benefits. Corporate assets primarily include cash and cash equivalents, certain prepaid expenses, debt issuance costs and deferred income taxes.

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Note 15. Contingencies and Litigation

The Company had outstanding letters of credit of \$10.0 million and \$9.1 million at May 31, 2011 and August 31, 2010, respectively, the majority of which secure self-insured workers compensation liabilities.

The Company is a party to various legal proceedings that have arisen in the normal course of its business. These legal proceedings typically include product liability, environmental, labor, insurance, patent claims and divestiture 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, can be reasonably estimated and is not covered by insurance. 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. 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 these leases was \$3.0 million at May 31, 2011.

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 two years have not been material. Management believes that such costs will not have a material adverse effect on the Company's financial position, results of operations or cash flows.

Note 16. Guarantor Subsidiaries

On June 12, 2007, Actuant Corporation (the "Parent") issued \$250.0 million of 6.875% Senior Notes. All of our material domestic wholly owned subsidiaries (the "Guarantors") fully and unconditionally guarantee the 6.875% Senior Notes on a joint and several basis. There are no significant restrictions on the ability of the Guarantors to make distributions to the Parent. The following tables present the condensed results of operations, financial position and cash flows of Actuant Corporation and its subsidiaries, the Guarantor and non-Guarantor entities, and the eliminations necessary to arrive at the information for the Company on a consolidated basis.

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

CONDENSED CONSOLIDATING STATEMENTS OF EARNINGS
(In thousands)

	Three Months Ended May 31, 2011				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Net sales	\$45,301	\$ 142,145	\$ 205,331	\$ —	\$ 392,777
Cost of products sold	11,904	97,584	129,251	—	238,739
Gross profit	33,397	44,561	76,080	—	154,038
Selling, administrative and engineering expenses	23,834	24,549	39,921	—	88,304
Restructuring charges	1,006	19	(163)	—	862
Amortization of intangible assets	—	3,893	2,978	—	6,871
Operating profit	8,557	16,100	33,344	—	58,001
Financing costs, net	7,850	—	—	—	7,850
Intercompany expense (income), net	(984)	4,453	(3,469)	—	—
Other expense (income), net	(3,628)	194	3,765	—	331
Earnings from continuing operations before income tax expense	5,319	11,453	33,048	—	49,820
Income tax expense	1,224	2,635	7,601	—	11,460
Net earnings from continuing operations before equity in earnings of subsidiaries	4,095	8,818	25,447	—	38,360
Equity in earnings of subsidiaries	33,136	22,368	1,232	(56,736)	—
Earnings from continuing operations	37,231	31,186	26,679	(56,736)	38,360
Loss from discontinued operations, net of income taxes	(873)	—	(1,129)	—	(2,002)
Net earnings	<u>\$36,358</u>	<u>\$ 31,186</u>	<u>\$ 25,550</u>	<u>\$ (56,736)</u>	<u>\$ 36,358</u>

	Three Months Ended May 31, 2010				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Net sales	\$37,788	\$ 121,283	\$ 150,997	\$ —	\$ 310,068
Cost of products sold	12,159	86,979	94,744	—	193,882
Gross profit	25,629	34,304	56,253	—	116,186
Selling, administrative and engineering expenses	20,080	22,608	26,764	—	69,452
Restructuring charges	37	565	754	—	1,356
Amortization of intangible assets	—	3,601	1,684	—	5,285
Operating profit	5,512	7,530	27,051	—	40,093
Financing costs, net	7,681	—	98	—	7,779
Intercompany expense (income), net	(6,196)	1,418	4,778	—	—
Other expense (income), net	143	467	(295)	—	315
Earnings from continuing operations before income tax expense	3,884	5,645	22,470	—	31,999
Income tax expense	1,076	1,556	1,074	—	3,706
Net earnings from continuing operations before equity in earnings of subsidiaries	2,808	4,089	21,396	—	28,293
Equity in earnings of subsidiaries	19,027	10,983	712	(30,722)	—
Earnings from continuing operations	21,835	15,072	22,108	(30,722)	28,293
Loss from discontinued operations, net of income taxes	—	—	(6,458)	—	(6,458)
Net earnings	<u>\$21,835</u>	<u>\$ 15,072</u>	<u>\$ 15,650</u>	<u>\$ (30,722)</u>	<u>\$ 21,835</u>

CONDENSED CONSOLIDATING STATEMENTS OF EARNINGS
(In thousands)

	Nine Months Ended May 31, 2011				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Net sales	\$119,206	\$388,059	\$534,622	\$ —	\$1,041,887
Cost of products sold	33,838	270,580	336,551	—	640,969
Gross profit	85,368	117,479	198,071	—	400,918
Selling, administrative and engineering expenses	62,915	72,637	107,306	—	242,858
Restructuring charges	1,109	128	358	—	1,595
Amortization of intangible assets	—	11,401	8,445	—	19,846
Operating profit	21,344	33,313	81,962	—	136,619
Financing costs, net	23,640	—	—	—	23,640
Intercompany expense (income), net	(8,412)	12,479	(4,067)	—	—
Other expense (income), net	(4,342)	162	5,438	—	1,276
Earnings from continuing operations before income tax expense	10,440	20,672	80,591	—	111,703
Income tax expense	2,374	4,608	17,558	—	24,540
Net earnings from continuing operations before equity in earnings of subsidiaries	8,066	16,064	63,033	—	87,163
Equity in earnings of subsidiaries	76,864	51,780	3,429	(132,073)	—
Earnings from continuing operations	84,930	67,844	66,462	(132,073)	87,163
Loss from discontinued operations, net of income taxes	(14,753)	—	(2,233)	—	(16,986)
Net earnings	<u>\$ 70,177</u>	<u>\$ 67,844</u>	<u>\$ 64,229</u>	<u>\$(132,073)</u>	<u>\$ 70,177</u>

	Nine Months Ended May 31, 2010				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Net sales	\$101,328	\$337,907	\$410,911	\$ —	\$ 850,146
Cost of products sold	31,376	246,888	259,210	—	537,474
Gross profit	69,952	91,019	151,701	—	312,672
Selling, admin and engineering expenses	52,983	65,824	80,205	—	199,012
Restructuring charges	1,502	6,176	5,731	—	13,409
Amortization of intangible assets	—	10,814	5,257	—	16,071
Operating profit	15,467	8,205	60,508	—	84,180
Financing costs, net	23,973	2	140	—	24,115
Intercompany expense (income), net	(15,803)	647	15,156	—	—
Other expense (income), net	(393)	526	229	—	362
Earnings from continuing operations before income tax expense	7,690	7,030	44,983	—	59,703
Income tax expense	2,683	1,684	5,888	—	10,255
Net earnings from continuing operations before equity in earnings of subsidiaries	5,007	5,346	39,095	—	49,448
Equity in earnings of subsidiaries	35,839	23,007	1,352	(60,198)	—
Earnings from continuing operations	40,846	28,353	40,447	(60,198)	49,448
Loss from discontinued operations, net of income taxes	—	—	(8,602)	—	(8,602)
Net earnings	<u>\$ 40,846</u>	<u>\$ 28,353</u>	<u>\$ 31,845</u>	<u>\$ (60,198)</u>	<u>\$ 40,846</u>

CONDENSED CONSOLIDATING BALANCE SHEETS
(In thousands)

	May 31, 2011				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
ASSETS					
Current Assets	\$ 99,784	\$ 159,085	\$ 314,470	\$ —	\$ 573,339
Property, Plant & Equipment, net	3,177	38,555	69,037	—	110,769
Goodwill	68,619	425,768	317,708	—	812,095
Other Intangibles, net	—	235,877	183,518	—	419,395
Investment in Subsidiaries	1,639,133	378,421	60,342	(2,077,896)	—
Intercompany Receivable	—	272,900	—	(272,900)	—
Other Long-term Assets	11,426	53	2,138	—	13,617
Total Assets	<u>\$1,822,139</u>	<u>\$1,510,659</u>	<u>\$947,213</u>	<u>\$(2,350,796)</u>	<u>\$1,929,215</u>
LIABILITIES & SHAREHOLDERS' EQUITY					
Current Liabilities	\$ 119,199	\$ 69,323	\$ 175,421	\$ —	\$ 363,943
Long-term Debt	465,966	—	—	—	465,966
Deferred Income Taxes	83,768	—	48,113	—	131,881
Pension and Post-retirement Benefit Liabilities	24,947	—	2,776	—	27,723
Other Long-term Liabilities	23,817	621	37,401	—	61,839
Intercompany Payable	226,579	—	46,321	(272,900)	—
Shareholders' Equity	877,863	1,440,715	637,181	(2,077,896)	877,863
Total Liabilities and Shareholders' Equity	<u>\$1,822,139</u>	<u>\$1,510,659</u>	<u>\$947,213</u>	<u>\$(2,350,796)</u>	<u>\$1,929,215</u>
August 31, 2010					
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
ASSETS					
Current Assets	\$ 78,548	\$ 134,552	\$ 247,050	\$ —	\$ 460,150
Property, Plant & Equipment, net	5,166	41,226	61,990	—	108,382
Goodwill	68,969	417,914	218,006	—	704,889
Other Intangibles, net	—	242,310	94,668	—	336,978
Investment in Subsidiaries	1,511,103	319,196	115,846	(1,946,145)	—
Intercompany Receivable	—	227,792	212,847	(440,639)	—
Other Long-term Assets	8,421	130	2,753	—	11,304
Total Assets	<u>\$1,672,207</u>	<u>\$1,383,120</u>	<u>\$953,160</u>	<u>\$(2,386,784)</u>	<u>\$1,621,703</u>
LIABILITIES & SHAREHOLDERS' EQUITY					
Current Liabilities	\$ 102,832	\$ 60,983	\$ 182,022	\$ —	\$ 345,837
Long-term Debt	367,380	—	—	—	367,380
Deferred Income Taxes	84,694	—	25,536	—	110,230
Pension and Post-retirement Benefit Liabilities	27,144	972	(44)	—	28,072
Other Long-term Liabilities	20,257	766	9,440	—	30,463
Intercompany Payable	330,179	—	110,460	(440,639)	—
Shareholders' Equity	739,721	1,320,399	625,746	(1,946,145)	739,721
Total Liabilities and Shareholders' Equity	<u>\$1,672,207</u>	<u>\$1,383,120</u>	<u>\$953,160</u>	<u>\$(2,386,784)</u>	<u>\$1,621,703</u>

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
(In thousands)

	Nine Months Ended May 31, 2011				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Operating Activities					
Net cash provided by (used in) operating activities	\$ 15,423	\$ (2,123)	\$ 83,331	\$ (1,533)	\$ 95,098
Investing Activities					
Proceeds from sale of property, plant & equipment	—	191	168	—	359
Proceeds from sale of business, net of transaction costs	—	—	3,463	—	3,463
Capital expenditures	(3,354)	(3,537)	(7,952)	—	(14,843)
Business acquisitions, net of cash acquired	—	(350)	(159,697)	—	(160,047)
Cash used in investing activities	(3,354)	(3,696)	(164,018)	—	(171,068)
Financing Activities					
Net borrowings on revolver and other debt	—	—	14	—	14
Issuance of term loans	100,000	—	—	—	100,000
Intercompany loan activity	(95,141)	5,819	89,322	—	—
Open market repurchases of 2% Convertible Notes	(34)	—	—	—	(34)
Debt issuance costs	(5,197)	—	—	—	(5,197)
Stock option exercises and related tax benefits	7,285	—	—	—	7,285
Cash dividend	(2,716)	—	(1,533)	1,533	(2,716)
Cash provided by financing activities	4,197	5,819	87,803	1,533	99,352
Effect of exchange rate changes on cash	—	—	4,695	—	4,695
Net increase in cash and cash equivalents	16,266	—	11,811	—	28,077
Cash and cash equivalents - beginning of period	5,055	—	35,167	—	40,222
Cash and cash equivalents - end of period	\$ 21,321	\$ —	\$ 46,978	\$ —	\$ 68,299

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
(In thousands)

	Nine Months Ended May 31, 2010				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Operating Activities					
Net cash provided by (used in) operating activities	\$ 52,822	\$ (12,015)	\$ 33,271	\$ (4,504)	\$ 69,574
Investing Activities					
Proceeds from sale of property, plant & equipment	1	416	656	—	1,073
Proceeds from sale of businesses, net of transaction costs	—	—	7,516	—	7,516
Capital expenditures	(809)	(5,087)	(7,317)	—	(13,213)
Business acquisitions, net of cash acquired	—	(9,374)	(19,874)	—	(29,248)
Cash used in investing activities	(808)	(14,045)	(19,019)	—	(33,872)
Financing Activities					
Net borrowings (repayments) on revolver and other debt	1,276	—	(1,094)	—	182
Intercompany loan activity	(28,700)	30,564	(1,864)	—	—
Open market repurchases of 2% Convertible Notes	(22,894)	—	—	—	(22,894)
Stock option exercises, related tax benefits and other	1,692	—	—	—	1,692
Cash dividend	(2,702)	(4,504)	—	4,504	(2,702)
Cash provided by (used in) financing activities	(51,328)	26,060	(2,958)	4,504	(23,722)
Effect of exchange rate changes on cash	—	—	(1,084)	—	(1,084)
Net increase in cash and cash equivalents	686	—	10,210	—	10,896
Cash and cash equivalents - beginning of period	126	—	11,259	—	11,385
Cash and cash equivalents - end of period	<u>\$ 812</u>	<u>\$ —</u>	<u>\$ 21,469</u>	<u>\$ —</u>	<u>\$ 22,281</u>

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

Actuant Corporation, headquartered in Menomonee Falls, Wisconsin, is a Wisconsin corporation incorporated in 1910. We are a global manufacturer of a broad range of industrial products and systems and are organized into four operating and reportable segments: Industrial, Energy, Electrical and Engineered Solutions.

Our long-term goal is to grow annual diluted earnings per share (“EPS”), excluding unusual or non-recurring items, faster than most multi-industry peers. 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 financial and EPS growth goals. 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. We recently expanded our LEAD efforts to include Growth and Innovation, a new process focused on growing our sales faster. Strong cash flow generation is achieved by maximizing returns on net 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.

The comparability of the operating results for the three and nine months ended May 31, 2011 to prior year periods has been impacted by acquisitions, divestitures, changes in foreign currency exchange rates and the economic conditions that exist in the end markets we serve. Listed below are the acquisitions completed since September 1, 2009.

<u>Business</u>	<u>Segment</u>	<u>Acquisition Date</u>
Weasler Engineering	Engineered Solutions	June 2011
Mastervolt	Electrical	December 2010
Selantic	Energy	June 2010
Biach Industries	Energy	April 2010
Hydrospex	Industrial	April 2010
Team Hydrotec	Industrial	April 2010

The operating results of acquired businesses are included in our condensed consolidated financial statements only since their respective acquisition date. In addition to acquisitions, changes in foreign currency exchange rates also influence our financial results as approximately half of our sales are denominated in currencies other than the U.S. dollar. The year-over-year weakening of the U.S. dollar during the first nine months of fiscal 2011 has favorably impacted our operating results due to the translation of non-U.S. dollar denominated results. Restructuring costs and the related benefits from previously completed projects also impact the comparability of quarterly results. In both fiscal 2009 and 2010, in response to the global economic downturn, we took actions to address our cost structure, including workforce reductions, consolidation of facilities and the centralization of certain selling and administrative functions. These restructuring actions were substantially completed in fiscal 2010.

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[Results of Operations](#)

The following table sets forth our results of operations, for the three and nine months ended May 31, 2011 and 2010 (in millions):

	Three Months Ended May 31,				Nine Months Ended May 31,			
	2011		2010		2011		2010	
Net sales	\$393	100%	\$310	100%	\$1,042	100%	\$850	100%
Cost of products sold	239	61%	194	63%	641	62%	538	63%
Gross profit	154	39%	116	37%	401	38%	312	37%
Selling, administrative and engineering	88	22%	70	23%	243	23%	199	23%
Restructuring charges	1	0%	1	0%	1	0%	13	2%
Amortization of intangible assets	7	2%	5	2%	20	2%	16	2%
Operating profit	58	15%	40	13%	137	13%	84	10%
Financing costs, net	8	2%	8	3%	24	2%	24	3%
Other expense, net	1	0%	—	0%	1	0%	1	0%
Earnings before income tax expense	49	12%	32	10%	112	11%	59	7%
Income tax expense	11	3%	4	1%	25	2%	10	1%
Earnings from continuing operations	<u>\$ 38</u>	10%	<u>\$ 28</u>	9%	<u>\$ 87</u>	8%	<u>\$ 49</u>	6%

Net sales increased 27% to \$393 million for the third quarter and 23% to \$1,042 million for the nine months ended May 31, 2011, compared to \$310 million and \$850 million for the prior year three and nine month periods, respectively. Changes in foreign currency exchange rates positively impacted sales for the three and nine months ended by \$11 million and \$6 million, respectively. Sales generated by businesses acquired since September 1, 2009 were \$31 million and \$74 million, respectively, for the three and nine month periods ended May 31, 2011. Consolidated core sales growth was 14% for both the third quarter and year-to-date periods, driven by broad based improvement in the Company's served markets, with positive core sales growth in all segments. The changes in net sales at the segment level are discussed in further detail below.

Operating profit was \$58 million and \$137 million for the three and nine months ended May 31, 2011, respectively, compared to \$40 million and \$84 million in the respective prior year periods. This year-over-year improvement was mainly driven by increased sales and production levels, favorable product mix and an improved cost structure. In addition, the three and nine month periods ended May 31, 2010 included incremental restructuring charges of \$0.5 million and \$13 million, respectively. The changes in operating profit at the segment level are discussed in further detail below.

Segment Results (in millions)

Our businesses provide a vast array of products and services across multiple customers and geographies which results in significant diversification to our overall business. Most end markets we serve slowed dramatically in fiscal 2009 and early fiscal 2010, as a result of the global recession. Since then, the majority of our end markets have improved, the result of economic expansion, increased worldwide demand for commodities and energy, elevated industrial manufacturing activities and increased production of vehicles for the heavy-duty truck, construction, military and agricultural markets. The long-term sales growth and profitability of our segments will depend not only on changes in end markets and the overall economic environment, but also on our ability to identify, consummate and integrate strategic acquisitions, develop innovative new products, expand our business activity geographically (developing countries) and continuously improve operational excellence. We remain focused on maintaining our financial strength by adjusting our cost structure to reflect further changes in demand levels and by proactively managing working capital and cash flow generation. Our priorities during the remainder of fiscal 2011 include the completion of integration activities related to the recent Mastervolt and Weasler acquisitions, further investments in growth initiatives and continued strong cash flow generation.

Industrial Segment

The Industrial segment is primarily involved in the design, manufacture and distribution of branded hydraulic and mechanical tools to the maintenance, industrial, infrastructure and production automation markets. During the third quarter of fiscal 2011, the segment delivered its fifth consecutive quarter of year-over-year double digit core sales growth due to robust demand across nearly all geographic regions, as orders continued to outpace sales. This increased sales volume, coupled with the benefits of previously completed restructuring actions, have driven significant year-over-year improvement in operating profits. The Industrial segment continues to focus on operational excellence, with specific focus on sourcing and supply chain management, the commercialization of new products and expansion of its business in fast growing regions and vertical markets. The following table sets forth the results of operations for the Industrial segment (in millions):

	<u>Three Months Ended May 31,</u>		<u>Nine Months Ended May 31,</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Net sales	\$ 108	\$ 80	\$ 284	\$ 214
Operating profit	30	20	70	45
Operating profit %	27.8%	25.0%	24.6%	21.0%

Compared to the prior year, third quarter and year-to-date sales increased \$28 million (35%) and \$70 million (33%), respectively, due to improved core sales growth, revenue from acquisitions and the favorable effect of foreign currency rate changes. Acquisitions of Integrated Solutions businesses (Hydrospex and Team Hydrotec) contributed \$9 million and \$26 million of net sales for the three and nine months ended May 31, 2011, respectively. Excluding sales from these acquired businesses and the impact of the weakening U.S. dollar, core sales growth for the third quarter and first nine months of fiscal 2011 was 23% and 20%, respectively. Against a backdrop of generally improved macroeconomic conditions, the increased sales were primarily the result of new product introductions and increased global demand from distributors and end users in most served markets, but especially in mining, oil & gas and general maintenance industries.

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Industrial segment operating profits reached \$30 million and \$70 million, respectively in the three and nine months ended May 31, 2011. Third quarter and year-to-date operating profit comparisons were favorably impacted by \$0.3 million and \$5 million, respectively of restructuring costs incurred in the prior year. The expansion of Industrial segment operating profit margins despite additional costs associated with growth initiatives, unfavorable acquisition mix and higher incentive compensation costs was the result of favorable product mix, a lower cost structure from past restructuring actions and increased production levels (higher absorption of fixed manufacturing costs).

Energy Segment

The Energy segment provides joint integrity products and services, as well as umbilical, rope and cable solutions to the global oil & gas, power generation and energy markets. Being a later cycle business, our Energy segment was the last of our four segments to recover from the global recession. Strong core sales growth during the quarter reflected increased global demand and easier year-over-year comparisons resulting from the lower overall levels of demand that prevailed during fiscal 2010. Worldwide requirements for energy and higher oil prices during the quarter encouraged customers and asset owners to invest in capital projects or complete previously deferred maintenance activities. As a result, we are seeing broad-based strength across this segment. The following table sets forth the results of operations for the Energy segment (in millions):

	Three Months Ended May 31,		Nine Months Ended May 31,	
	2011	2010	2011	2010
Net sales	\$ 78	\$ 56	\$ 210	\$ 175
Operating profit	14	7	32	22
Operating profit %	17.9%	12.5%	15.2%	12.6%

Energy segment net sales for the three and nine months ended May 31, 2011 increased by \$21 million (38%) and \$36 million (20%), respectively, compared to the prior year periods. Excluding sales from the Selantic and Biach acquisitions and the favorable impact of foreign currency rate changes, core sales grew 22% and 10%, respectively for the third quarter and first nine months of fiscal 2011. This core sales growth was the result of increased quoting and sales activity, primarily in oil & gas markets, and improved seismic and umbilical end market demand.

Energy segment operating profit increased by \$7 million (100%) to \$14 million for the third quarter of fiscal 2011, while year-to-date operating profit increased by \$10 million (45%) to \$32 million. The year-over-year increase in operating profit margins is primarily the result of continued productivity improvements and significantly increased operating leverage, reduced restructuring charges and higher margins of newly acquired businesses.

Electrical Segment

The Electrical segment is primarily involved in the design, manufacture and distribution of a broad range of electrical products to the retail DIY, wholesale, original equipment manufacturer ("OEM"), solar, utility and harsh environment markets. Despite challenging retail DIY, solar and construction end market demand, the segment returned to positive core sales growth during the third quarter of fiscal 2011, primarily as a result of modest improvement in certain North American end markets. Future results of the Electrical segment will continue to be impacted by fluctuations in commodity costs, the realization of price increases, changes in European solar feed-in tariffs and end market demand in North America. During the remainder of the year the Electrical Segment will continue to focus on successfully integrating the Mastervolt business and achieving the related cost savings and synergies. The following table sets forth the results of operations for the Electrical segment (in millions):

	Three Months Ended May 31,		Nine Months Ended May 31,	
	2011	2010	2011	2010
Net sales	\$ 80	\$ 62	\$ 206	\$ 171
Operating profit	5	7	14	13
Operating profit %	6.3%	11.3%	6.8%	7.6%

Compared to prior year, fiscal 2011 third quarter Electrical segment net sales increased \$18 million (30%) to \$80 million, while year-to-date net sales increased \$35 million (20%) to \$206 million. Mastervolt sales were \$16 million and \$33 million for the three and nine months ended May 31, 2011. Excluding sales from this acquisition and favorable changes in foreign currency exchange rates, core sales increased 3% and 1% for the three and nine months ended May 31, 2011, the result of slightly improved demand in the North American marine, utility and OEM markets. Retail DIY and commercial construction markets remain weak, the result of low consumer confidence.

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Electrical segment operating profit for the three and nine months ended May 31, 2011 was \$5 million and \$14 million, respectively. Prior year third quarter and year-to-date results included \$1 million and \$4 million, respectively, of restructuring costs. Operating profits declined as a result of expedited freight costs, commodity cost inflation and temporary inefficiencies as we completed facility consolidations. Unfavorable mix resulting from the Mastervolt acquisition also unfavorably impacted current year operating profit margins, despite the higher sales levels and lower incentive compensation costs.

Engineered Solutions Segment

The Engineered Solutions segment provides highly engineered position and motion control systems to OEMs in various vehicle markets, as well as a variety of other industrial products. The segment continues to see strong demand from global heavy-duty truck, construction equipment and other markets which resulted in higher sales levels. As expected, year-over-year core sales growth moderated sequentially, reflecting tougher prior year comparables and a decline in convertible top actuation system sales, the result of anniversary prior year new vehicle launches. The acquisition of Weasler Engineering in June 2011 is expected to provide future sales and earnings growth opportunities for the segment, by expanding the product offerings (primarily in the North American and European agricultural markets) and providing increased aftermarket sales opportunities. The following table sets forth the results of operations for the Engineered Solutions segment (in millions):

	Three Months Ended May 31,		Nine Months Ended May 31,	
	2011	2010	2011	2010
Net sales	\$ 127	\$ 112	\$ 342	\$ 290
Operating profit	20	13	47	22
Operating profit %	15.7%	11.6%	13.7%	7.6%

Net sales in the Engineered Solutions segment increased by \$15 million (13%), from \$112 million for the three months ended May 31, 2010 to \$127 million for the three months ended May 31, 2011. During the nine months ended May 31, 2011, net sales increased by \$52 million (18%) from \$290 million in fiscal 2010 to \$342 million in fiscal 2011. Excluding the impact of the weaker U.S. dollar, core sales growth was 9% and 17%, respectively, for the third quarter and first nine months of fiscal 2011. The core sales growth reflects strong global demand from vehicle OEMs.

Engineered Solutions segment operating profit was \$20 million and \$47 million for the three and nine months ended May 31, 2011. Third quarter and year-to-date operating profit comparisons are favorably impacted by \$0.4 million and \$3 million, respectively, of restructuring costs incurred in the prior year. Operating profit margin expansion was the result of continued productivity improvements and the benefits of previously completed restructuring actions, somewhat offset by the additional costs associated with growth investments.

General Corporate

General corporate expenses for the three and nine months ended May 31, 2011 increased \$3 million and \$8 million, respectively, due to investments in growth initiatives, provisions for idle facilities and increased incentive compensation costs.

Restructuring

We completed substantially all of our restructuring actions by August 31, 2010. We believe that these activities (primarily workforce reductions, plant consolidations and the centralization of certain selling and administrative functions) better align our resources with strategic growth opportunities, optimize existing manufacturing capabilities, improve our overall cost structure and deliver increased free cash flow and profitability. Refer to Note 4, "Restructuring" in the notes to the condensed consolidated financial statements for further discussion.

Financing Costs, net

All debt is considered to be for general corporate purposes and therefore financing costs have not been allocated to our reportable segments. The \$0.5 million year-over-year decrease in financing costs for the nine months ended May 31, 2011, reflects lower interest rates on variable rate debt.

Income Taxes Expense

The effective income tax rate was 23.0% and 22.0% for the three and nine months ended May 31, 2011, respectively, and 11.6% and 17.2% for the comparable prior year periods. The lower effective income tax rates for 2011, relative to the U.S. federal statutory tax rate, reflect higher foreign tax credit utilization and increased taxable earnings in foreign jurisdictions, with lower statutory tax rates. The fiscal 2010 effective tax rates were impacted by \$3.1 million of favorable tax adjustments items including changes in valuation allowances and the lapsing of various tax statutes of limitations.

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Cash Flows

The following table summarizes the cash flows from operating, investing and financing activities (in millions):

	Nine months ended May 31,	
	2011	2010
Net cash provided by operating activities	\$ 95	\$ 70
Net cash used in investing activities	(171)	(34)
Net cash provided by (used in) financing activities	99	(24)
Effect of exchange rates on cash	5	(1)
Net increase in cash and cash equivalents	<u>\$ 28</u>	<u>\$ 11</u>

In the first nine months of fiscal 2011 we utilized the cash provided from operating activities and new borrowings under our Senior Credit Facility to fund the \$158 million of cash used in the Mastervolt acquisition. We generated \$95 million of net cash from operating activities, reflecting improved earnings from continuing operations and effective working capital management which were partially offset by the payment of fiscal 2010 employee incentive compensation.

Net cash flows from operating activities, which were \$70 million for the nine months ended May 31, 2010, included the receipt of various income tax refunds and the \$37 million negative impact on working capital due to the accounts receivable securitization program expiration. Operating cash flows, borrowings under the Senior Credit Facility and the \$8 million proceeds from divestiture activities funded \$27 million of strategic acquisitions and \$13 million of capital expenditures.

Primary Working Capital Management

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

	May 31, 2011	PWC%	May 31, 2010	PWC%
Accounts receivable, net	\$ 234	15%	\$ 193	15%
Inventory, net	213	14%	140	11%
Accounts payable	(172)	(11)%	(120)	(10)%
Net primary working capital	<u>\$ 275</u>	<u>18%</u>	<u>\$ 213</u>	<u>17%</u>

Our net primary working capital percentage increased modestly year-over-year, primarily due to the Mastervolt acquisition and a conscious effort to increase inventory in certain businesses to meet growing customer demand.

Liquidity

The Senior Credit Facility, which was amended and extended during the second quarter of fiscal 2011, includes a \$600 million revolving credit line and a \$100 million term loan. There are no required principal repayments under the term loan until March 31, 2012. At May 31, 2011, we had \$68 million of cash and cash equivalents and \$597 million of unused capacity on the revolver (of which \$454 million was available for borrowings). We believe that remaining revolver availability combined with our existing cash on hand and operating cash flows will be adequate to meet operating, debt service, acquisition funding and capital expenditure requirements for the foreseeable future. As discussed in Note 2, "Acquisitions," on June 2, 2011 the Company completed the acquisition of the stock of the Weasler Engineering, Inc, which was funded through a combination of available cash and revolving credit facility borrowings.

Holders of our 2% Convertible Notes have the option to require us to repurchase all or a portion of their 2% Convertible Notes for cash on November 15, 2013 and November 15, 2018 at a repurchase price equal to 100% of the principal amount of the 2% Convertible Notes, plus accrued interest. Holders may also convert their 2% Convertible Notes into shares of the Company's Class A common stock prior to the scheduled maturity date. Effective November 2010, we may redeem all or part of the 2% Convertible Notes for cash, at a redemption price equal to 100% of the principal amount, plus accrued interest.

See Note 8, "Debt" in the notes to the condensed consolidated financial statements for further discussion on the 2% Convertible Notes and Senior Credit Facility.

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Commitments and Contingencies

We lease certain facilities, computers, equipment and vehicles under various operating lease agreements, generally over periods from one to twenty years. Under most arrangements, we pay the property taxes, insurance, maintenance and expenses related to the leased property. Many of the leases include provisions that enable us to renew the lease based upon fair value rental rates on the date of expiration of the initial lease.

In the normal course of business we have entered into certain real estate and equipment leases or have guaranteed such leases on behalf of our subsidiaries. In conjunction with the spin-off of a former subsidiary in fiscal 2000, we assigned our rights in the leases used by the former subsidiary, but were not released as a responsible party from all such leases by the lessors. All of these businesses were subsequently sold. We remain 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 these leases was \$3.0 million at May 31, 2011.

We had outstanding letters of credit of \$10 million and \$9 million at May 31, 2011 and August 31, 2010, respectively, the majority of which secure self-insured workers compensation liabilities.

Contractual Obligations

Our contractual obligations are discussed in Part 1, Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations" under the heading "Contractual Obligations" in our Annual Report on Form 10-K for the year ended August 31, 2010. Our contractual obligations have not materially changed since that report was filed, except with respect to borrowings under our Senior Credit Facility, which was amended and extended on February 23, 2011. Refer to Note 8 "Debt" in the notes to the condensed consolidated financial statements for further information on scheduled debt maturities.

Item 3 – Quantitative and Qualitative Disclosures about Market Risk

For a discussion of our exposure to market risk, refer to Item 7A, Quantitative and Qualitative Disclosures about Market Risk, contained in our Annual Report on Form 10-K for the fiscal year ended August 31, 2010. There have been no significant changes in our exposure to market risk during the nine months ended May 31, 2011, except with respect to interest risk. We have earnings exposure related to interest rate changes on our outstanding floating rate debt instruments that are based on LIBOR interest rates. We periodically utilize interest rate swap agreements to manage overall financing costs and interest rate risk. As discussed in Note 8, "Debt," at May 31, 2011 we were a party to interest rate swap agreements that converted \$100 million of floating rate debt to a fixed rate of interest. A 25 basis point increase or decrease in the applicable interest rates on our unhedged variable rate debt would not have a material effect on our annual interest expense.

Item 4 – Controls and Procedures

Evaluation of Disclosure Controls and Procedures.

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

Changes in Internal Control Over Financial Reporting.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). There have been no changes in our internal control over financial reporting that occurred during the quarter ended May 31, 2011 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

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PART II - OTHER INFORMATION

Items 1, 1A, 2, 3, 4 and 5 are not applicable and have been omitted.

Item 6 – Exhibits

(a) Exhibits

See “Index to Exhibits” on page 28, which is incorporated herein by reference.

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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: July 8, 2011

By: _____ /s/ ANDREW G. LAMPEREUR
Andrew G. Lampereur
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

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

QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTER ENDED May 31, 2011
INDEX TO EXHIBITS

<u>Exhibit</u>	<u>Description</u>	<u>Incorporated Herein By Reference To</u>	<u>Filed Herewith</u>
2.1	Stock Purchase Agreement, dated May 19, 2011 by and between ASCP-Weasler Holdings LLC, ASCP-Weasler Holdings, Inc., Weasler Engineering, Inc. and Actuant Corporation†		X
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002		X
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002		X
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002		X
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002		X
101*	The following materials from the Actuant Corporation Form 10-Q for the quarter ended May 31, 2011 formatted in Extensible Business Reporting Language (XBRL): (i) the Condensed Consolidated Statements of Earnings, (ii) the Condensed Consolidated Balance Sheets, (iii) Condensed Consolidated Statements of Cash Flows and (iv) related notes, tagged as blocks of text.		
*	Furnished herewith		
†	Portions of this exhibit are omitted and have been filed separately with the SEC pursuant to the Company's application requesting confidential treatment under Rule 24b-2 of the Securities Exchange Act of 1934.		

CONFIDENTIAL TREATMENT REQUESTED FOR PORTIONS OF THIS DOCUMENT. PORTIONS FOR WHICH CONFIDENTIAL TREATMENT IS REQUESTED ARE DENOTED BY [*]. MATERIAL OMITTED HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.**

STOCK PURCHASE AGREEMENT

by and among

ASCP - WEASLER HOLDINGS LLC,

ASCP - WEASLER HOLDINGS, INC.,

WEASLER ENGINEERING, INC.

and

ACTUANT CORPORATION

Dated as of May 19, 2011

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STOCK PURCHASE AGREEMENT

This STOCK PURCHASE AGREEMENT (“**Agreement**”), dated as of May 19, 2011, is made by and among ASCP - WEASLER HOLDINGS LLC, a Delaware limited liability company (“**Seller**”), ASCP - WEASLER HOLDINGS, INC., a Delaware corporation (the “**Parent**”), WEASLER ENGINEERING, INC., a Delaware corporation (together with the Parent, the “**Company**”), and ACTUANT CORPORATION, a Wisconsin corporation (“**Buyer**”). Seller, Company and Buyer are each referred to individually as a “**Party**” and together as the “**Parties**.”

WHEREAS, the respective Boards of Directors of Seller, the Company and Buyer deem it advisable and in the best interests of their respective corporations or limited liability companies, as applicable, and their respective stockholders or members, as applicable, to enter into this Agreement and to consummate the Acquisition and other transactions contemplated hereby upon the terms and conditions set forth herein;

WHEREAS, Seller is the owner of all of the outstanding shares of capital stock of the Parent (the “**Company Shares**”), and has provided its unanimous written consent in connection with the execution and delivery of this Agreement and the consummation of the Acquisition and the other transactions contemplated hereby;

WHEREAS, the Parent owns all of the outstanding shares of capital stock of Weasler Engineering, Inc.;

WHEREAS, Buyer and/or its Affiliates desires to purchase from Seller, and Seller desires to sell, transfer and convey to Buyer and/or its Affiliates, all of the outstanding Company Shares, subject to the terms and conditions of this Agreement;

WHEREAS, on the date hereof, each of Hermen Bos and James T. Hawkins and the Company or Subsidiary thereof has entered into an employment agreement in substantially the form of Exhibit A hereto (the “**Employment Agreements**”), to be effective only upon the Closing; and

WHEREAS, on the date hereof, each of Tim Bretzmann, Dick Preston, Dennis Kerber, Phil Raiche, Daryl Jaeger and Mike Mann have entered into noncompetition agreements in substantially the form of Exhibit B hereto (the “**Noncompetition Agreements**”), to be effective only upon the Closing;

NOW, THEREFORE, in consideration of the foregoing and of the representations, warranties, covenants and agreements hereinafter set forth, and intending to be legally bound hereby, the parties hereto agree as follows:

I. DEFINITIONS

“**Accounting Methodology**” means the accounting principles, methods and practices, in accordance with GAAP, utilized in preparing the Balance Sheet, applied on a consistent basis, using consistent estimation methodologies and judgments and with consistent classifications.

“**Accounting Principles**” means, collectively, the Accounting Methodology and the rules set forth on Exhibit C; provided that in the event of any conflict between the Accounting Methodology and the rules set forth on Exhibit C, the rules set forth on Exhibit C shall apply.

“**Acquisition**” - as defined in Section 2.1.

“**Action**” means any claim, action, suit, audit, assessment, arbitration, mediation, inquiry, administrative enforcement action, appeal or any proceeding or investigation, by or before any Governmental Authority.

“**Adjustment Amount**” - as defined in Section 2.5(c).

“**affiliate**” - as defined in Section 10.11.

“**Agreement**” - as defined in the preamble of this Agreement.

“**American Securities Funds**” means American Securities Partners III, L.P. and American Securities Partners III(B), L.P.

“**Applicable Law**” - as defined in Section 3.4.

“**Applicable Rate**” means the prime rate of interest reported from time to time in *The Wall Street Journal*; each change in the Applicable Rate shall be effective from and including the date such change is announced as being effective.

“**Auditor**” - as defined in Section 2.5(b).

“**Balance Sheet**” - as defined in Section 3.5.

“**Basket Amount**” - as defined in Section 9.4(b).

“**Business Day**” means any day other than a Saturday, a Sunday or a day on which banks in New York City are authorized or obligated by law or executive order to close.

“**Buyer**” - as defined in the preamble of this Agreement.

“**Buyer Constituent Agreements**” - as defined in Section 5.1.

“**Buyer Claims**” - as defined in Section 9.2(a).

“**Buyer Indemnified Parties**” - as defined in Section 9.2(a).

“**Buyer Plans**” - as defined in Section 6.16(b).

“**Cash**” means cash and cash equivalents (including marketable securities and short form investments) of the Company and its Subsidiaries, on a consolidated basis, calculated in accordance with GAAP. Notwithstanding anything in this Agreement to the contrary, “Cash” shall also include checks payable to the Company and its Subsidiaries which have not either

cleared or been cashed, but only to the extent such checks are fully paid and not dishonored, and shall be reduced by the amount of checks of the Company and its Subsidiaries which have not either cleared or been cashed.

“**Closing**” - as defined in Section 2.4.

“**Closing Cash**” means the amount, which may be positive or negative, of Cash of the Company as of 12:01 A.M. on the Closing Date.

“**Closing Date**” - as defined in Section 2.4.

“**Closing Date Net Working Capital**” - as defined in Section 2.5(a).

“**Closing Date Statement**” - as defined in Section 2.5(a).

“**Closing Payment**” means an amount equal to (i) \$153 million, plus (ii) Estimated Closing Cash, plus (iii) Estimated Net Working Capital Adjustment Amount, minus (iv) the aggregate amount of Company Debt outstanding immediately prior to the Closing, minus (iv) the aggregate amount of the Selling Expenses.

“**Code**” means the Internal Revenue Code of 1986, as amended.

“**Company**” - as defined in the preamble of this Agreement.

“**Company Constituent Agreements**” – as defined in Section 3.1.

“**Company Debt**” means, without duplication, all liabilities and obligations of the Company and its Subsidiaries for (i) borrowed money, (ii) leases that are required to be classified as capital lease obligations in accordance with GAAP, (iii) notes, bonds, debentures, hedging and swap arrangements or other similar instruments, (iv) deferred purchase price for goods or services (other than trade payables incurred in the ordinary course of business) and conditional sale or other title retention agreements with respect to property acquired, (v) any letters of credit, bankers acceptance or similar credit transaction, (vi) indebtedness secured by liens on or security interests in any asset of such Person, (vii) accrued pension obligations, (viii) direct or indirect guarantees of liabilities or obligations of the type referred to in clauses (i) through (vii) above to other Persons, and (ix) all accrued interest and all premiums, penalties, redemption costs and other charges and expenses in respect of each of the repayment or assumption of any of foregoing in clauses (i) through (viii) as of the Closing Date.

“**Company’s Knowledge**” or words of similar effect means to the actual knowledge of any of Jim Hawkins, Tim Bretzmann, Richard Preston, Dennis Kerber, Hermen Bos, David Horing or Marc Saiontz.

“**Company Shares**” - as defined in the preamble of this Agreement.

“**Confidentiality Agreement**” - as defined in Section 6.2(b).

“**Continuing Employees**” - as defined in Section 6.16(a).

“**Cure Period**” - as defined in Section 8.1(d).

“**Current Assets**” - as defined on Exhibit C.

“**Current Liabilities**” - as defined on Exhibit C.

“**D&O Indemnified Person**” - as defined in Section 6.8(a).

“**Damages**” means all losses, damages, liabilities, amounts paid in settlement, obligations, fines, costs and expenses, including, without limitation, interest, penalties and reasonable fees and expenses of attorneys, accountants and other professional advisors; provided, however, Damages shall not include the cost of alternatives foregone by Buyer in order to pursue the Acquisition and shall not be calculated by using or taking into account any multiple of earnings, cash flow, revenue or other similar measure.

“**Deficit Amount**” means the amount by which Closing Date Net Working Capital is less than \$20,500,000.

“**Determination Date**” - as defined in Section 2.5(b).

“**Disclosure Schedule**” means the disclosure schedule delivered by the Company to Buyer not later than two Business Days prior to the execution of this Agreement but which shall be subject to updates to reflect factual changes between the date of delivery and the date hereof.

“**Employment Agreements**” – as defined in the preamble of this Agreement.

“**Environmental Laws**” means applicable federal, state or local statutes, laws, regulations, rules, decrees, orders, judgments, ordinances, or the common law related to the protection of the environment, the protection of human health, or the use, treatment, storage, disposal, release or transportation of Hazardous Materials, including, without limitation, with respect to property or Persons located in the United States, the Comprehensive Environmental Response, Compensation and Liability Act, as amended by the Superfund Amendments and Reauthorization Act, 42 U.S.C. § 9601 et seq. (“CERCLA”), the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq. (“RCRA”), the Federal Water Pollution Control Act, as amended by the Clean Water Act, 33 U.S.C. § 1251 et seq., the Clean Air Act, 42 U.S.C. § 7401 et seq., the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq., and any similar state or local statutes.

“**Environmental Liabilities**” means all liabilities, obligation, responsibilities, claims, suits, losses, costs (including Remediation costs and expenses), damages, settlements, expenses, charges, assessments, liens, penalties, fines, pre-judgment and post-judgment interest, attorneys’ fees and other legal fees (a) pursuant to any agreement, order, notice, directive (including directives embodied in Environmental Laws), injunction, judgment, or similar documents (including settlements), arising out of any Environmental Laws, (b) pursuant to any claim by a Governmental Authority or other Person for personal injury, property damage, damage to natural resources, Remediation, or payment or reimbursement of response costs incurred or expended by the Governmental Authority or Person and arising out of any Environmental Laws or (c) otherwise arising under any Environmental Laws.

“**ERISA**” - as defined in Section 3.11(a).

“**Escrow Agreement**” - as defined in Section 7.1(e).

“**Escrow Amount**” means an amount equal to \$10 million.

“**Escrow Funds**” means, at any given time after Closing, the funds remaining in the one or more accounts in which the Escrow Agent has deposited the Escrow Amount in accordance with the Escrow Agreement, including remaining amounts of interest actually earned.

“**Estimated Closing Cash**” means the amount, estimated in good faith by the Company and provided to Buyer in a notice in accordance with Section 2.2, of the Cash of the Company as of 12:01 A.M. on the Closing Date.

“**Estimated Closing Date Net Working Capital**” has the meaning specified in Section 2.2.

“**Estimated Net Working Capital Adjustment Amount**” means either (i) the amount by which Estimated Closing Date Net Working Capital exceeds \$22,500,000, or (ii) the amount by which Estimated Closing Date Net Working Capital is less than \$20,500,000, in which case a negative number.

“**Expense Dispute**” - as defined in Section 9.5.

“**Expense Notice**” - as defined in Section 9.5.

“**Financial Statements**” - as defined in Section 3.5.

“**GAAP**” - as defined in Section 3.5.

“**Governmental Approval**” - as defined in Section 3.4.

“**Governmental Authority**” - as defined in Section 3.4.

“**Hazardous Material**” means any waste, pollutant, contaminant, hazardous substance, toxic or corrosive substance, hazardous waste, special waste, industrial substance, by-product, process-intermediate product or waste, petroleum or petroleum-derived substance or waste, chemical liquids or solids, liquid or gaseous products, or any constituent of any such substance or waste, the Release, use, handling, treatment, storage, or disposal of which is regulated or may result in Environmental Liability pursuant to any applicable Environmental Law.

“**HSR Act**” means the Hart Scott Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations thereunder.

“**Increase Amount**” means the amount by which Closing Date Net Working Capital exceeds \$22,500,000.

“**Indemnification Claim**” - as defined in Section 9.3.

“**Indemnified Party**” - as defined in Section 9.3.

“**Indemnitor**” means the party required to provide indemnification pursuant to Section 9.2.

“**Insurance Policies**” - as defined in Section 3.21.

“**Intellectual Property**” - as defined in Section 3.9(b).

“**IRS**” means the Internal Revenue Service.

“**Knowledge of Buyer**” or words of similar effect means to the actual knowledge of John Buck, Dave Stram, Ted Wozniak or William Blackmore.

“**Leased Real Property**” - as defined in Section 3.8(a).

“**Liens**” means, with respect to any specified asset, any and all liens, claims, encumbrances, options, pledges and security interests thereon except for Permitted Liens and, with respect to Real Property, Real Estate Permitted Liens. With respect to Company Shares, Liens includes all proxies, voting agreements, voting trusts, purchase options and risks of forfeiture.

“**Management Agreement**” means that certain Management Consulting Agreement, dated as of October 3, 2005, between the Company and American Securities LLC (f/k/a American Securities Capital Partners, LLC).

“**Material Adverse Effect**” means any event, change or effect that individually or in the aggregate with other events, changes or effects will or would reasonably be expected to be material and adverse to (i) the financial condition, properties, assets, liabilities, rights, businesses, or results of operations of the Company and its Subsidiaries, taken as a whole, or (ii) the ability of the Company and/or the Seller, to consummate the Acquisition, in each case, other than events, changes or effects (either alone or in combination) (i) attributable to the announcement of the identity of Buyer; (ii) attributable to, (A) act of God or natural disaster or (B) conditions affecting the industry in which the Company or any of its Subsidiaries participates, the United States economy as a whole or the capital markets in general or the markets in which the Company or any of its Subsidiaries operates, in each case which such adverse event, change or effect does not and would not reasonably be expected to have a materially disproportionate effect on the Company and its Subsidiaries, taken as a whole; (iii) arising from or relating to changes in Applicable Law which such event, change or effect does not and would not reasonably be expected to have a materially disproportionate effect on the Company and its Subsidiaries, taken as a whole; (iv) resulting from or relating to the taking of any action required by this Agreement; (v) arising from or relating to the commencement, continuation or escalation of a war, material armed hostilities or other material international or national calamity or act of terrorism directly or

indirectly involving the United States of America, which such adverse event, change or effect does not and would not reasonably be expected to have a materially disproportionate effect on the Company and its Subsidiaries, taken as a whole; or (vi) that are cured before the earlier of (A) the Closing Date and (B) the date on which this Agreement is terminated; provided, that in determining whether a Material Adverse Effect has occurred or is reasonably expected to occur, there shall be taken into account any right to insurance or indemnification available to the Company or any of its Subsidiaries [***].

“**Material Contract**” - as defined in Section 3.13.

“**Net Working Capital**” means, at any date, the excess of (i) all Current Assets of the Company and its Subsidiaries as of such date, over (ii) all Current Liabilities of the Company and its Subsidiaries as of such date, calculated in a manner consistent with the Accounting Principles.

“**Noncompetition Agreements**” – as defined in the preamble of this Agreement.

“**Order**” - as defined in Section 3.4.

“**Owned Real Property**” - as defined in Section 3.8(a).

“**Seller Constituent Agreements**” – as defined in Section 4.1.

“**Payoff Letters**” means the letters provided by any Person to whom or which Company Debt or Selling Expenses are owed setting forth the amount of such Company Debt or Selling Expenses, as applicable, and the instructions for the payment of such Company Debt or Selling Expenses, as applicable.

“**Pending Claim**” - as defined in Section 9.9.

“**Per Claim Basket**” - as defined in Section 9.4(b)

“**Permits**” - as defined in Section 3.14.

“**Permitted Liens**” means (i) mechanics’, carriers’, workmen’s, repairmen’s or similar Liens arising or incurred in the ordinary course of business securing amounts that are not delinquent; (ii) Liens for Taxes, assessments and any other governmental charges which are not due and payable or which are being contested in good faith by appropriate proceedings and for which there are adequate reserves on the Financial Statements; (iii) other imperfections of title or encumbrances, if any, which imperfections of title or other encumbrances, individually or in the aggregate, do not materially impair the use or value of the property to which they relate; and (iv) any other Liens that will be terminated at or prior to Closing in accordance with this Agreement.

“**Person**” - as defined in Section 10.11.

“**Personal Property**” - as defined in Section 3.7(a).

*****Confidential Treatment Requested**

“**Personal Property Lease**” - as defined in Section 3.7(a).

“**Plans**” - as defined in Section 3.11(a).

“**Pre-Closing Tax Period**” - as defined in Section 9.10.

“**Purchase Price**” means an amount equal to (i) \$153 million, plus (ii) Closing Cash, plus (iii) the Increase Amount, minus (iv) the Deficit Amount, minus (v) the aggregate amount of Company Debt outstanding immediately prior to the Closing, minus (v) the aggregate amount of the Selling Expenses.

“**Real Estate Leases**” – as defined in Section 3.8(a).

“**Real Estate Permitted Liens**” means:

(i) All building codes and zoning ordinances and other laws, ordinances, regulations, rules, orders or determinations of any federal, state, county, municipal or other Governmental Authority heretofore, now or hereafter enacted, made or issued by any such Governmental Authority affecting the Real Property, or any portion thereof, with which the Real Property is in compliance and which do not impair in any material respect the use or value of the Real Property to which they relate;

(ii) All easements, rights-of-way, servitudes, covenants, conditions, restrictions, reservations, licenses, agreements, imperfections of title and other similar matters which are of record or which do not impair in any material respect the present use or value of the Real Property to which they relate;

(iii) All electric power, telephone, gas, sanitary sewer, storm sewer, water, steam, compressed air and other utility lines, pipelines, service lines and similar facilities now located on, over or under the Real Property, which are in compliance with licenses, easements, flowage rights, rights-of-way or other similar agreements relating thereto granted in the ordinary course of business which are of record or which do not impair in any material respect the present use of the Real Property to which they relate;

(iv) The liens of Taxes and assessments not yet due and payable or which are being contested in good faith by appropriate proceedings and for which there are adequate reserves on the books of the Company;

(v) Other matters reflected on the Real Property Title Policies which do not impair in any material respect the present use or value of the Real Property to which they relate;

(vi) The Real Property Leases; and

(vii) Mechanics’, carriers’, workmen’s, repairmen’s or similar Liens arising or incurred in the ordinary course of business securing amounts that are not delinquent.

“**Real Property**” - as defined in Section 3.8(a).

“**Real Property Title Policies**” - as defined in Section 6.3.

“**Release**” means any spilling, leaking, emitting, discharging, depositing, escaping, leaching, dumping, or other release into the environment.

“**Releasing Parties**” - as defined in Section 10.15.

“**Remediate**” or “**Remediation**” means the removal, abatement, response, investigative, cleanup, and/or monitoring activities undertaken to address any pollution, or Release of Hazardous Materials, including the excavation, transportation, and disposal of Hazardous Materials, and any investigation, study, assessment, testing, monitoring, containment, closure, corrective action, passive remediation, natural attenuation, or bioremediation, and the installation and operation of remediation systems.

“**Repayment Amount**” – as defined in Section 2.5(d).

“**Run-Off Policy**” – as defined in Section 6.8(a).

“**SEC**” means the United States Securities and Exchange Commission.

“**Seller Constituent Agreements**” – as defined in Section 4.1.

“**Seller Indemnified Parties**” - as defined in Section 9.2(b).

“**Selling Entity Releasees**” - as defined in Section 10.15.

“**Selling Expenses**” means (a) the amount equal to, as of the Closing, the unpaid amount of any and all legal, accounting, tax, financial advisory, environmental consultants and other professional or transaction related costs, fees and expenses incurred by the Company or any of its Subsidiaries in connection with this Agreement or in investigating, pursuing or completing the Acquisition, (b) any and all payments, bonuses or severance which become due or are otherwise required to be made by the Company or any of its Subsidiaries as a result of or in connection with the Acquisition or as a result of any change of control or other similar provisions, and (c) payroll, employment or other Taxes, if any, required to be paid by Buyer or the Company or any of its Subsidiaries with respect to the amounts payable pursuant to this Agreement, the amounts described in clause (a), (b), and (c), the exercise of the stock options or forgiveness of any loans or other obligations owed by the Seller or employee in connection with the transactions contemplated by this Agreement.

“**Seller’s Claims**” - as defined in Section 9.2(b).

“**Seller’s Objection**” - as defined in Section 2.5(b).

“**Special Representations**” – as defined in Section 9.1.

“**Straddle Period**” - as defined in Section 9.10.

“**Subsidiaries**” means any and all corporations, partnerships, limited liability companies, joint ventures, associations and other entities controlled by the Company directly or indirectly, of record or beneficially, through one or more intermediates.

“**Survival Expiration Date**” - as defined in Section 9.1.

“**Tax**” (including “**Taxes**”) means all U.S. federal, state, provincial, local, non-U.S. and other net income, gross income, gross receipts, sales, use ad valorem, transfer, franchise, profits, license, withholding, payroll, employment, excise, escheat, severance, stamp, occupation, premium, property, windfall profits, customs, duties or other taxes of any kind whatsoever, together with any interest and any penalties, fines, additions to tax, interest or additional amounts with respect thereto.

“**Tax Refund**” - as defined in Section 6.9(d).

“**Tax Return**” means any return, declaration, report, claim for refund, statement, information return or statement or other document required to be filed with respect to Taxes including any schedule thereto, and including any amendment thereof.

“**Termination Date**” - as defined in Section 8.1(b).

“**Title Company**” - as defined in Section 6.3.

“**Transaction Deductions**” - as defined in Section 6.9(c).

“**WARN Act**” means the Worker Adjustment and Retraining Notification Act of 1988 and any similar requirements of Applicable Law.

II. PURCHASE AND SALE OF COMPANY SHARES

2.1 Purchase and Sale. On the terms and subject to the conditions set forth herein, Seller hereby agrees to sell and Buyer hereby agrees to purchase, at the Closing, all of the Company Shares (the “**Acquisition**”). At the Closing, Seller shall convey, transfer, assign and deliver to Buyer all of the Company Shares free and clear of all Liens (including Permitted Liens).

2.2 Pre-Closing Actions. Not less than two (2) Business Days prior to the Closing Date and in no event more than ten (10) Business Days prior to the Closing Date, the Company shall deliver to Buyer a written statement setting forth (i) its good faith estimate of Closing Date Net Working Capital (“**Estimated Closing Date Net Working Capital**”), (ii) the Company’s calculation of the Estimated Net Working Capital Adjustment Amount and (iii) the Estimated Closing Cash.

2.3 Closing Actions.

(a) At the Closing, subject to Section 2.4, the Buyer shall pay the following payments:

(i) to Seller, an amount equal to the Closing Payment less the Escrow Amount;

(ii) all Company Debt outstanding immediately prior to the Closing Date to the lender or lenders entitled thereto, which amount shall be paid in immediately available funds in accordance with the instructions set forth in the applicable Payoff Letter;

(iii) the Selling Expenses to the Persons entitled thereto in immediately available funds in accordance with the instructions set forth in the applicable Payoff Letter; and

(iv) the Escrow Amount into an escrow account pursuant to the terms of the Escrow Agreement, to be held in escrow.

(b) At the Closing, subject to Section 2.4, Seller shall deliver to Buyer:

(i) all proper and necessary instruments for the conveyance of all of Seller's right, title and interest in, to and under all of the Company Shares, in form and substance reasonably acceptable to Buyer;

(ii) the delivery described in Section 7.2 (c);

(iii) evidence of the procurement of the Run-Off Policy;

(iv) evidence of the termination of the Management Agreement in accordance with Section 6.12;

(v) evidence of the resignation of directors in accordance with Section 6.13; and

(vi) a release of the Company and its Subsidiaries executed by Seller in the form of Exhibit E.

(c) All cash payments pursuant to Section 2.3(a)(i) shall be made by wire transfer of immediately available funds to the account(s) designated by Seller at least two (2) Business Days prior to the Closing Date.

2.4 Closing. The closing of the transactions contemplated hereby (the "**Closing**") will take place at the offices of McDermott Will & Emery LLP, 227 W. Monroe Street, Chicago, IL 60606, at 9:00 a.m. (local time) on the later of (i) June 1, 2011 or (ii) the date that is five (5) Business Days following the satisfaction or waiver of all conditions to Closing set forth in Section VII hereof (other than those that can only be satisfied at Closing), or at such other time and place as the parties may agree (the "**Closing Date**") but subject in any event to Section VIII. All proceedings to be taken and all documents to be executed and delivered by all parties at the Closing will be deemed to have been taken and executed simultaneously as of 12:01 A.M. on the Closing Date and no proceedings will be deemed to have been taken nor documents executed or delivered until all have been taken, executed and delivered.

2.5 Adjustment Amount.

(a) As soon as reasonably practicable following the Closing Date, and in any event within sixty (60) calendar days thereof, Buyer shall prepare and deliver to Seller a statement (the “**Closing Date Statement**”) of the Net Working Capital as of the close of business on the day immediately preceding the Closing Date, determined in accordance with the Accounting Principles and without giving effect to the consummation of the Acquisition or any financing transactions in connection therewith (“**Closing Date Net Working Capital**”) and of the Closing Cash, together with related supporting schedules, calculations and documentation. A sample Closing Date Statement is attached hereto as Exhibit D for illustrative purposes only. Following the Closing, Buyer shall provide Seller and its representatives access to the records, properties and personnel of the Company and its Subsidiaries relating to the preparation of the Closing Date Statement and shall cause the personnel of the Company and its Subsidiaries to reasonably cooperate with Seller in connection with its review of the Closing Date Statement.

(b) If Seller shall disagree with the calculation of Closing Date Net Working Capital and/or Closing Cash, it shall notify Buyer of such disagreement in writing (the “**Seller’s Objection**”), setting forth in reasonable detail the particulars of such disagreement, within thirty (30) days after its receipt of the Closing Date Statement. In the event that Seller does not provide such a notice of disagreement within such thirty (30)-day period, Seller shall be deemed to have accepted the Closing Date Statement and the calculation of Closing Date Net Working Capital and Closing Cash delivered by Buyer, which shall be final, binding and conclusive for all purposes hereunder. In the event any such notice of disagreement is timely provided, Buyer and Seller shall use reasonable best efforts for a period of thirty (30) days (or such longer period as they may mutually agree) to resolve any disagreements with respect to the calculations of Closing Date Net Working Capital and Closing Cash. If, at the end of such period, they are unable to resolve such disagreements, then Ernst & Young (or such independent accounting or financial consulting firm of recognized national standing as may be mutually selected by Buyer and Seller) (the “**Auditor**”) shall resolve any remaining disagreements. The Auditor shall be instructed only to resolve all outstanding disagreements relating to the calculation of the Closing Date Net Working Capital and Closing Cash. The Auditor shall investigate only those items which are in dispute and shall not assign a value to any item that is (A) greater than the greatest value for such item claimed by either of Buyer or Seller or (B) lower than the lowest value for such item claimed by either of Buyer or Seller. The Auditor’s determination shall be based only upon written submissions by Buyer and Seller, and not upon an independent review by the Auditor. The Parties shall instruct the Auditor to render its determination within thirty (30) days of the referral of such matter thereto, and the determination of the Auditor shall be final, binding and non-appealable upon all parties for all purposes of this Agreement. None of Seller, Buyer or the Company shall have any ex parte communications or meetings with the Auditor without the prior consent of Buyer (in the case of Seller) or Seller (in the case of Buyer or the Company), other than pursuant to a request therefor from the Auditor. If Seller delivers a Seller’s Objection, the fees, costs and expenses of the Auditor shall be paid (i) by the Seller if the items covered thereby are resolved in favor of Buyer or (ii) by Buyer if the items covered thereby are resolved in favor of the Seller’s Objection. If the items referred to therein are resolved in part in favor of the Seller’s Objection and in part in favor of Buyer, such fees, costs and expenses shall be allocated between Seller and Buyer in inverse proportion as Seller and Buyer may prevail on matters resolved by the Auditor, which proportionate allocations shall be determined by the

Auditor; provided, however, that neither Seller nor Buyer shall be considered the prevailing party with respect to any matter resolved by the Auditor if Seller's Objection giving rise thereto resulted from Buyer's failure to provide Seller with the records, properties, personnel and auditors back-up or supporting data relating to the preparation of the Closing Date Statement reasonably requested by Seller in accordance with this Section 2.5. The date on which Closing Date Net Working Capital and Closing Cash are finally determined in accordance with this Section 2.5(b) is hereinafter referred to as the "**Determination Date**."

(c) The "**Adjustment Amount**," which may be positive or negative, shall mean the Purchase Price minus the Closing Payment.

(d) If the Adjustment Amount is a positive number, then, promptly following the Determination Date, and in any event within five (5) Business Days of the Determination Date, Buyer shall pay to Seller, by wire transfer of immediately available funds to the account designated pursuant to Section 2.3, an amount equal to such Adjustment Amount together with interest thereon at the Applicable Rate, accrued and calculated on the basis of the actual number of days elapsed over 360, from the Closing Date until the date of distribution. If the Adjustment Amount is a negative number, then, promptly following the Determination Date, and in any event within five (5) Business Days of the Determination Date, the Escrow Agent shall pay to Buyer, by wire transfer of immediately available funds, out of the Escrow Funds an amount equal to the lesser of (i) the absolute value of such Adjustment Amount (the "**Repayment Amount**") (together with any interest thereon at the Applicable Rate, accrued and calculated on the basis of the actual number of days elapsed over 360, from the Closing Date until the date of distribution) and (ii) \$2,000,000. If the Repayment Amount exceeds \$2,000,000, Seller shall pay the amount of the excess to Buyer, by wire transfer of immediately available funds. If the Adjustment Amount results in a Repayment Amount, each of Buyer and Seller shall promptly execute joint written instructions to the Escrow Agent instructing the Escrow Agent to disburse the Escrow Funds in accordance with this Section 2.5(d).

III. REPRESENTATIONS AND WARRANTIES OF THE COMPANY. The Company represents and warrants to Buyer as follows:

3.1 Organization of the Company and its Subsidiaries. Each of the Company and its Subsidiaries is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization (which is identified in Section 3.1 of the Disclosure Schedule), and the Company has all requisite power and authority to enter into this Agreement and the agreements contemplated by this Agreement to be entered into by it at Closing (collectively with the Employment Agreements and the Noncompetition Agreements, "**Company Constituent Agreements**") and to consummate the transactions contemplated hereby, and the Company and each of its Subsidiaries has all requisite power and authority to own, lease and operate its properties and to conduct its business as presently conducted. Each of the Company and its Subsidiaries is duly qualified or licensed to do business as a foreign entity and is in good standing in each jurisdiction in which the property owned, leased or operated by it or the business conducted by it makes such qualification necessary (which jurisdictions are identified in Section 3.1 of the Disclosure Schedule), except where the failure to obtain such qualification or license would not, individually or in the aggregate, have a Material Adverse Effect. The execution, delivery and performance by the Company of this Agreement and the other Company

Constituent Agreements, as applicable, and the consummation of the transactions contemplated hereby and thereby, have been duly authorized by all necessary action on the part of the Company. This Agreement has been duly executed and delivered by the Company and constitutes a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and applicable equitable principles (whether considered in a proceeding at law or in equity). Each other Company Constituent Agreement will be duly executed and delivered by the Company, as applicable, and will constitute a valid and binding obligation of the Company, as applicable, enforceable against the Company in accordance with its terms, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and applicable equitable principles (whether considered in a proceeding at law or in equity). The Company has made available to Buyer true and complete copies of the organizational documents, as presently in effect, of the Company and each of its Subsidiaries.

3.2 Capitalization. (a) Section 3.2(a) of the Disclosure Schedule sets forth the authorized, issued and outstanding Company Shares. Except for the Company Shares, there are no shares of capital stock or other equity securities of the Company issued, reserved for issuance or outstanding and no outstanding options, warrants, convertible or exchangeable securities, subscriptions, rights (including any preemptive rights), equity appreciation rights, phantom equity, profit participations, calls or commitments of any character whatsoever to which the Company is a party or is bound requiring the issuance or sale of any interest in the Company or payments with respect to the value of any interest in the Company.

(b) Except as set forth in Section 3.2(b) of the Disclosure Schedule, all issued and outstanding Company Shares are duly authorized, validly issued, fully paid and non-assessable and free of any preemptive rights in respect thereto, were issued in compliance with Applicable Law and were not issued in violation of any preemptive rights or rights of first refusal.

3.3 Subsidiaries. Section 3.3(i) of the Disclosure Schedule sets forth each Subsidiary of the Company and the authorized, issued and outstanding equity interests therein and the owner of record thereof. The Company owns, directly or indirectly, all of the capital stock of each Subsidiary free and clear of any Liens other than Liens set forth in Section 3.3(ii) of the Disclosure Schedule. Except for the interests owned by the Company or another Subsidiary, there are no equity securities of any Subsidiary issued, reserved for issuance or outstanding and no outstanding options, warrants, convertible or exchangeable securities, subscriptions, rights (including any preemptive rights), equity appreciation rights, calls or commitments of any character whatsoever to which any Subsidiary is a party or may be bound requiring the issuance or sale of any security interest in any Subsidiary or the payment of any amount with respect to the value of any interest in the Subsidiary. Except for the Subsidiaries, neither the Company nor any Subsidiary owns of record or beneficially any equity ownership interest in any other Person, nor is it a partner or member of any partnership, limited liability company or joint venture nor does it have any obligation to contribute or lend funds to any other Person.

3.4 No Violation: Consents and Approvals. Except as set forth in Section 3.4 of the Disclosure Schedule, the execution and delivery by the Company of this Agreement does not, and the consummation of the transactions contemplated hereby and compliance with the terms hereof will not, (a) conflict with, or result in any violation of or default (or an event which, with notice or lapse of time or both, would constitute a default) under (i) any provision of the organizational documents of the Company or any of its Subsidiaries, (ii) any judgment, order, injunction or decree (an “**Order**”), or (iii) any material statute, law, ordinance, bye-law, rule or regulation in any relevant jurisdiction (“**Applicable Law**”), applicable to the Company or any of its Subsidiaries or the property or assets of the Companies or any of its Subsidiaries, or (b) give rise to any right of termination, cancellation or acceleration under any Material Contract, or result in the creation of any Lien upon any of the properties of the Company or its Subsidiaries. Except as set forth in Section 3.4 of the Disclosure Schedule, no consent, approval, waiver, order or authorization of, or registration, notification, declaration or filing with (“**Governmental Approval**”), any court, arbitrator, mediator, trustee, administrative agency or commission or other governmental entity, authority or instrumentality, domestic or foreign (“**Governmental Authority**”) is required to be obtained or made by or with respect to the Company or its Subsidiaries in connection with the consummation of the transactions contemplated hereby.

3.5 Financial Statements. The Buyer has heretofore received true and complete copies of (i) the audited consolidated balance sheets of the Company and its Subsidiaries as of, and for the fiscal years ending, December 31, 2008, 2009 and 2010 and the related audited consolidated statements of operations, changes in stockholders equity and cash flows for the fiscal years then ended and (ii) the unaudited consolidated balance sheet of the Company and its Subsidiaries as of April 30, 2011 and the related unaudited consolidated statements of operations, changes in shareholders’ equity and cash flows for the four (4) months then ended (collectively, the “**Financial Statements**”). The consolidated balance sheet of the Company and its Subsidiaries as of December 31, 2010 is hereinafter referred to as the “**Balance Sheet**.” The Financial Statements (a) have been prepared from and are consistent with, the books and records of the Company and its Subsidiaries, (b) fairly present in all material respects the consolidated financial condition and the results of operations and cash flows of the Company and its Subsidiaries as of the dates and for the periods indicated, and (c) have been prepared in accordance with generally accepted accounting principles in the United States (“**GAAP**”) applied consistently throughout and among the periods covered thereby; provided, however, that the unaudited financial statements are subject to normal year-end adjustments, and do not contain all footnotes required under GAAP.

3.6 Absence of Certain Changes or Events. Except as set forth in Section 3.6 of the Disclosure Schedule, since the date of the Balance Sheet, (i) the Company and its Subsidiaries have, in all material respects, operated their businesses solely in the ordinary course of business consistent with past practices, (ii) neither the Company nor any of its Subsidiaries has taken any action that, if taken after the date hereof without the consent of Buyer, would constitute a violation of Section 6.1, and (iii) neither the Company nor any of its Subsidiaries has suffered a Material Adverse Effect.

3.7 Personal Property. (a) Except as set forth in Section 3.7(a) of the Disclosure Schedule, the Company and its Subsidiaries have good and valid title to all items of personal property, whether tangible or intangible, reflected on the Balance Sheet or acquired

after the date thereof (other than inventory sold and supplies used in the ordinary course of business, consistent with past practices since December 31, 2010) and the Company and its Subsidiaries own or have a valid and enforceable right to use pursuant to a lease or license (a "**Personal Property Lease**") all personal property used in the operation or conduct of its respective business (collectively, the "**Personal Property**"), in each case, free and clear of all Liens, other than Permitted Liens.

(b) Except as set forth in Section 3.7(b) of the Disclosure Schedule, all assets necessary for the operation or conduct of the businesses of the Company and its Subsidiaries are, in the aggregate, in adequate operating condition and repair, normal wear and tear excepted (other than machinery and equipment under repair or out of service in the ordinary course of business and not in the aggregate material to the Company's and its Subsidiaries' operations) and have been maintained in accordance with reasonable commercial practices and any applicable manufacturer warranties.

3.8 **Real Property.** (a) As used in this Agreement, the term "**Real Property**" shall mean all real property and interests in real property owned or leased by the Company or any of its Subsidiaries. Schedule 3.8(a) of the Disclosure Schedule contains a description of all owned Real Property (the "**Owned Real Property**") and lists each lease or sublease ("**Real Estate Leases**") with respect to any Real Property leased to or from the Company or any of its Subsidiaries (the "**Leased Real Property**"). The Real Property constitutes all real property and interests in real property used, owned or occupied by the Company or its Subsidiaries. The Company has made available to Buyer true and complete copies of the Real Estate Leases.

(b) The Company and its Subsidiaries, as applicable, have valid leasehold interests in all Leased Real Property leased by it pursuant to the Real Estate Leases, in each case, free and clear of all mortgages, Liens and security interests granted by the Company or its Subsidiaries, except for Real Estate Permitted Liens. All facilities leased or subleased under any Real Estate Lease are supplied with utilities and other services reasonably necessary for the activities of the Company and its Subsidiaries thereat.

(c) There are no condemnation proceedings or eminent domain proceedings of any kind pending or, to the Company's Knowledge, threatened against the Real Property.

(d) With respect to the Owned Real Property, (i) except as set forth in Section 3.8(d) of the Disclosure Schedule, the Company or one of its Subsidiaries is the sole titleholder of record and has good and marketable indefeasible fee simple title to such Owned Real Property and to all buildings, structures and other improvements thereon, together with all privileges, rights, easements, hereditaments and appurtenances thereunto belonging, free and clear of all Liens other than Real Estate Permitted Liens, (ii) neither the Company nor any of its Subsidiaries has leased or otherwise granted to any Person the right to use or occupy any Owned Real Property and (iii) there are no outstanding options, rights of first offer or rights of first refusal to purchase the Owned Real Property or any portion thereof or interest therein. Except as set forth in Section 3.8(d) of the Disclosure Schedule, there have been no changes to the improvements to any of the Owned Real Property of the Company as shown on the ALTA Survey for such property dated July 21, 1995 which would make such survey inaccurate.

3.9 Intellectual Property. (a) Section 3.9(a) of the Disclosure Schedule sets forth a complete list of all registered patents, trademarks, trade names, service marks, assumed names, copyrights, domain names and all applications therefor owned, filed or licensed by the Company or its Subsidiaries and all jurisdictions in which such intellectual property is registered or filed.

(b) As used in this Agreement, “**Intellectual Property**” shall mean all intellectual property described in Section 3.9(a) and all inventions, invention studies (whether patentable or unpatentable), copyrights, trademarks, service marks, trade dress, trade names, domain names, trade secrets, know-how and computer software owned by or used in the operations of the Company or any of its Subsidiaries. Except as set forth in Section 3.9(b) of the Disclosure Schedule, (i) the consummation of the transactions contemplated by this Agreement will not impair any right to use any Intellectual Property, (ii) all Intellectual Property owned by the Company or its Subsidiaries is owned by the Company or its Subsidiaries free and clear of all Liens, other than Permitted Liens, and (iii) the Company and its Subsidiaries own or have the right to use all of the Intellectual Property used in the conduct of their businesses.

(c) Neither the Company nor any of its Subsidiaries has interfered with, infringed upon, misappropriated, or otherwise come into conflict with any other Person’s intellectual property rights. Neither the Company nor any of its Subsidiaries has received any written notice alleging any such interference, infringement, misappropriation, or violation (including any claim that the Company or any Subsidiary must license or refrain from using any other Person’s intellectual property rights). To the Knowledge of the Company, no other Person has interfered with, infringed upon, misappropriated, or otherwise come into conflict with any Intellectual Property rights of the Company or any of its Subsidiaries. There are no pending or, to the Knowledge of the Company, threatened claims against any the Company or any of its Subsidiaries or any employees or independent contractors thereof alleging that any of the Intellectual Property infringes on or conflicts with the rights of any other Person. Each employee of the Company and its Subsidiaries set forth in Section 3.9(c) of the Disclosure Schedule has executed the form of confidentiality and invention assignment agreement made available to Buyer.

3.10 Litigation. Except as set forth in Section 3.10 of the Disclosure Schedule, there are no Actions pending, or to the Company’s Knowledge, investigations pending or claims, actions, suits, proceedings or investigations threatened in writing against or affecting the Company, its Subsidiaries or their respective assets, at law or in equity, by or before any Governmental Authority, or by or on behalf of any third party. Except as set forth in Section 3.10 of the Disclosure Schedule, none of the Company and its Subsidiaries has received any notice that the Company, its Subsidiaries or any of their respective assets is subject to any Order.

3.11 Employee Benefit Plans. (a) For purposes of this Agreement, the term “**Plans**” means (a) any employee welfare benefit and employee pension benefit plan as defined in Sections 3(1) and 3(2) of the Employee Retirement Income Security Act of 1974, as amended and the regulations promulgated thereunder (collectively, “**ERISA**”), including plans that provide retirement income or result in a deferral of income by employees for periods extending to termination of employment or beyond, and plans that provide medical, surgical, or hospital care benefits or benefits in the event of sickness, accident, disability, death, or unemployment,

and (b) all other material employee benefit agreements or arrangements, whether or not subject to ERISA, including deferred compensation plans, incentive plans, bonus plans or arrangements, stock option plans, stock purchase plans, stock award plans, golden parachute agreements, severance pay plans, dependent care plans, cafeteria plans, employee assistance programs, scholarship programs, employment contracts, vacation policies, and other similar plans, agreements, and arrangements that are currently in effect, or have been approved by the Company before the date hereof but are not yet effective, for the benefit of current or former directors, officers, employees (or their beneficiaries) of the Company or any of its Subsidiaries or to which the Company or any of its Subsidiaries is a sponsor, a contributor or a party or by which it is bound. All Plans are listed in Section 3.11(a) of the Disclosure Schedule. The Company has made available to Buyer true and complete copies of all written Plans and true and fair descriptions of all unwritten Plans.

(b) Each Plan is in compliance in all material respects with its terms and with ERISA and other applicable laws.

(c) Except as disclosed in Section 3.11(c) of the Disclosure Schedule, (i) no Plan is or has ever been covered by Title IV of ERISA or subject to Section 412 of the Code, and (ii) neither the Company nor any of its Subsidiaries has contributed to or been obligated to contribute to any plan subject to Title IV of ERISA. Any liability or obligation of the Company or any of its Subsidiaries related to the withdrawal from any Plan is fully accrued on the Balance Sheet.

(d) Each Plan that is intended to qualify under Section 401(a) of the Code has an opinion letter or determination letter from the IRS as to its qualified status under Section 401(a) of the Code on which it can rely. To the Company's Knowledge, no facts have occurred that if known by the IRS would reasonably be expected to result in disqualification of any of those plans. To the Knowledge of the Company, no non-exempt "prohibited transaction" (as defined in Section 4975 of the Code or Section 406 of ERISA) has occurred which involves the assets of any Plan which would subject the Company or any of its Subsidiaries to the Tax or penalty on prohibited transactions imposed by Section 4975 of the Code or the sanctions imposed under Title I of ERISA.

(e) All premiums required to be paid, all benefits, expenses and other amounts due and payable, and all contributions, transfers or payments required to be made to or under the Plans will have been paid, made, or accrued as of the Closing Date for all services on or prior to the Closing Date.

(f) Neither the Company nor any of its Subsidiaries has maintained or contributed, or been required to contribute, to any Plan providing medical, health, or life insurance or other welfare type benefits for current or future retired or terminated employees, their spouses, or their dependents (other than in accordance with Code Section 4980B).

(g) Except as disclosed in Section 3.11(g) of the Disclosure Schedule, neither the execution and delivery of this Agreement, nor the consummation of the Acquisition will:

(i) result in any payment to be made by the Company or any of its Subsidiaries, including without limitation, severance, golden parachute (as defined in Section 280G of the Code), or otherwise, becoming due to any employee, director, or consultant of the company or any of its Subsidiaries; or

(ii) increase any benefits or accelerate vesting otherwise provided under any Plan.

(h) Except as disclosed in Section 3.11(h) of the Disclosure Schedule, there is no contract or arrangement to which any the Company or any of its Subsidiaries is a party that will, individually or collectively, result in the payment of any amount that would not be deductible by reason of Section 280G (as determined without regard to Section 280G(b)(4)), 162 or 404 of the Code. Neither the Company nor any of the Subsidiaries is a party to any contract or arrangement or has granted any compensation, equity or award that constitutes deferred compensation that would result in an additional Tax imposed by Section 409A(a)(1)(B)(i) of the Code.

(i) There are no Actions pending against any Plan, other than routine claims for benefits and, to the Knowledge of the Company, no such Action is threatened.

(j) The documents relating to each non-governmental retirement and employee benefit plan or arrangement covering non-United States employees of the Company and its Subsidiaries have been made available to the Buyer. Each such plan or arrangement is administered in all material respects in compliance with all Applicable Laws, including any governmental taxation or funding requirements, and plan documents.

3.12 Taxes. Except as set forth in Section 3.12 of the Disclosure Schedule:

(a) The Company and its Subsidiaries have timely filed (after giving effect to applicable extensions) with the appropriate taxing authorities all Tax Returns required to be filed by or with respect to the Company and/or any of its Subsidiaries, either separately or as part of an affiliated group of entities, pursuant to the laws of any Governmental Authority with taxing power over the Company, its Subsidiaries or their respective assets or businesses, on or prior to the Closing Date, and such Tax Returns were correct and complete in all material respects when filed;

(b) The Company and its Subsidiaries have timely paid all Taxes of the Company and its Subsidiaries whether or not shown to be due on such Tax Returns;

(c) No waivers of statutes of limitation have been given or requested with respect to the Company or its Subsidiaries in connection with any Tax Returns covering the Company or its Subsidiaries or with respect to any Taxes payable by them;

(d) The Company and its Subsidiaries have or have caused to be duly and timely withheld and have paid over to the appropriate taxing authorities all Taxes required to be so withheld and paid over for all periods under all Applicable Laws;

(e) There are no Liens, other than Permitted Liens, with respect to Taxes upon any assets of the Company or its Subsidiaries; and

(f) Neither the Company nor any of its Subsidiaries has received any written notice of deficiency or assessment or has any actual knowledge of any proposed deficiency or assessment from any taxing authority with respect to any Taxes for which the Company and/or any of its Subsidiaries may be liable.

(g) Neither Company nor any of its Subsidiaries has been a United States real property holding corporation within the meaning of Section 897 of the Code. Each of the Company and its Subsidiaries have disclosed on their federal income Tax Returns all positions taken therein that could give rise to a substantial understatement of federal income Tax within the meaning of Section 6662 of the Code. Neither Company nor any of its Subsidiaries is a party to any Tax allocation or sharing agreement.

(h) The unpaid Taxes of Company and its Subsidiaries did not, as of the date of the Financial Statements, exceed the reserve for Taxes set forth on such Financial Statements determined in accordance with GAAP.

(i) Neither the Company nor any of its Subsidiaries will be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of any (A) change in method of accounting for a taxable period ending on or prior to the Closing Date or (B) "closing agreement" as described in Section 7121 of the Code (or any corresponding or similar provision of state, local, or non-U.S. income Tax law) executed on or prior to the Closing Date.

(j) The Company has made available to Buyer true and complete copies of all material Tax Returns (and material amendments thereto) filed by the Company or any of its Subsidiaries since January 1, 2008.

3.13 Contracts and Commitments. Section 3.13 of the Disclosure Schedule sets forth a list of all of the following agreements, contracts and commitments to which the Company or any of its Subsidiaries is a party or by which the Company, any of its Subsidiaries or their respective assets are bound (each, a "**Material Contract**"):

(a) Employment, termination, severance, indemnification, collective bargaining or other agreements or arrangements with any employee, director, independent contractor, consultant, distributor or sales representative earning in excess of \$100,000 per year;

(b) any change of control agreements;

(c) agreements, contracts, commitments or arrangements granting exclusivity or containing any covenant limiting the ability of the Company or its Subsidiaries to engage in any line of business or to compete with any business or Person;

(d) agreements or contracts with the Seller or any officer, director, employee, of Seller (other than employment, severance and change of control agreements covered by clause (a) or (b) above) under which amounts in excess of \$100,000 are payable;

(e) agreements or contracts related to Company Debt or under which the Company or any of its Subsidiaries has borrowed or loaned money, or any note, bond, indenture, mortgage, installment obligation or other evidence of indebtedness for borrowed or loaned money or any guarantee of such indebtedness;

(f) leases or licenses pursuant to which personal, intellectual or real property is leased or licensed to or from the Company or any of its Subsidiaries (including all Real Estate Leases);

(g) guaranties, suretyships or other contingent agreements of the Company or its Subsidiaries;

(h) any agreement, contract, commitment or arrangement relating to capital expenditures with respect to the Company or its Subsidiaries and involving future payments which exceed \$250,000 in any 12-month period;

(i) any agreement, contract, commitment or arrangement relating to the acquisition or disposition of assets (other than in the ordinary course of business consistent with past practice) or any capital stock of any business enterprise;

(j) any tax sharing or tax allocation agreement or agreement with respect to a partnership, joint venture or similar cooperative activity;

(k) contracts or purchase orders pursuant to which the Company or its Subsidiaries will receive or pay in excess of \$1,000,000 over any twelve- month period;

(l) all agreements and contracts containing "take or pay" provisions;

(m) all powers of attorney executed on behalf of the Company or any of its Subsidiaries;

(n) all agreements and contracts with any Governmental Authority; and

(o) all agreements containing a provision to indemnify any party or assume any tax, environmental or other liability (other than third party purchase orders entered into in the ordinary course of business).

The Company has made available to the Buyer true and complete copies of all of the Material Contracts. With respect to all Material Contracts, neither the Company nor any of its Subsidiaries, nor, to the Company's Knowledge, any other party to any such contract is in violation or breach thereof or default thereunder and there does not exist under any thereof any event which, with the giving of notice or the lapse of time, would constitute such a violation, breach or default, except for such violations breaches, defaults and events as to which requisite waivers or consents have been obtained (which are identified in Section 3.13 of the Disclosure Schedule).

3.14 Compliance with Laws. Except as set forth in Section 3.14 of the Disclosure Schedule, the Company and its Subsidiaries have been and are in compliance with all

Applicable Laws and all Orders of, and agreements with, any Governmental Authority applicable to the Company or its Subsidiaries; provided that this representation shall not apply to matters governed by Sections 3.11, 3.12, 3.15 or 3.16. Except as set forth in Section 3.14 of the Disclosure Schedule, the Company and its Subsidiaries have all material permits, certificates, licenses, approvals, registrations and other authorizations (“**Permits**”) required under Applicable Laws or necessary in connection with the conduct of their businesses. Section 3.14 of the Disclosure Schedule lists all material Permits.

3.15 Labor Matters.

(a) Except as set forth in Section 3.15(a) of the Disclosure Schedule, (a) the Company and each of its Subsidiaries is and has been in compliance with all Applicable Laws pertaining to employment, including, but not limited to, Applicable Laws governing or regarding the payment of wages or other compensation, employee benefits, employment discrimination and harassment, occupational safety and health, and any and all other Applicable Laws governing or pertaining to the terms and conditions of employment, and (b) there is no Action pending nor, to the Knowledge of the Company, threatened against the Company or any of its Subsidiaries alleging any failure to so comply.

(b) Except as set forth in Section 3.15(b) of the Disclosure Schedule, neither the Company nor any of its Subsidiaries is a party to or bound by any collective bargaining agreement or any other written agreement whether with a labor union, trade union, employee representative(s), staff associates, work council or any other employee body representing workers. There are no strikes, or material grievances, claims of unfair labor practices, or other collective bargaining disputes in the past three years. To the Knowledge of the Company, there is no organizational effort currently being made or threatened by or on behalf of any labor union, trade union, employee representative(s), staff association, works council or any other employee body representing workers with respect to employees of the Company or any of its Subsidiaries.

3.16 Environmental Matters. Except as set forth in Section 3.16 of the Disclosure Schedule, (i) none of the Company or any of its Subsidiaries has received any written notice alleging any violation of, non-compliance with, liability pursuant to or potential responsibility for Remediation pursuant to any Environmental Laws, which matter remains unresolved and, to the Company’s Knowledge, no such notice is threatened, (ii) the Company and its Subsidiaries are and have been in compliance with Environmental Laws, (iii) the Company and its Subsidiaries have obtained, have and are and have been in compliance with all environmental permits, licenses, consents, registrations and authorizations required under Environment Laws for the operation of the businesses of the Company and its Subsidiaries, (iv) no Hazardous Material has been transported, stored, treated or disposed of by the Company or its Subsidiaries at, to or from the Real Property, except as would not reasonably be expected to result in an Environmental Liability of the Company or any of its Subsidiaries, (v) except as in compliance with Environmental Laws, there has been no disposal or Release by or at the direction of the Company or any of its Subsidiaries of any Hazardous Materials, and (vi) neither the Company nor any of its Subsidiaries has entered into, agreed to, or is subject to any Order under any Environmental Laws. The Company has made available to the Buyer true and complete copies of all environmental and safety investigation reports issued since October 3, 2005, with respect to the Real Property or any facility of the Company or any of its Subsidiaries that are in the possession of the Company or any of its Subsidiaries or of the Seller.

3.17 Customers. Section 3.17 of the Disclosure Schedule sets forth the five customers (for these purposes treating all locations of a customer collectively as a single customer) from which the Company received the greatest amount of revenues during the year ended December 31, 2010. No such customer has notified the Company or its Subsidiaries that it has cancelled, or intends to cancel or significantly reduce, its relationship or business with the Company.

3.18 Brokers. No broker, finder or financial advisor or other Person is entitled to any brokerage fees, commissions, finders' fees or financial advisory fees in connection with the transactions contemplated hereby by reason of any action taken by the Company or its Subsidiaries or any of their respective directors, officers, employees, representatives or agents, except for Robert W. Baird & Co. and American Securities LLC, the fees and expenses of which are included in Selling Expenses.

3.19 Affiliate Transactions. Except as set forth in Section 3.19 of the Disclosure Schedule, neither the Seller nor its affiliates, nor any officer or director of the Company or any of its Subsidiaries (i) is a party to any transaction with the Company or any of its Subsidiaries, other than transactions in the ordinary course of business consistent with past practice between any such Person and the Company or its Subsidiaries relating to such Person's employment, (ii) has any interest in any property used by the Company or any of its Subsidiaries, (iii) is now the direct or indirect owner of an interest in any Person that is a competitor, lessor, lessee, supplier or customer of the Company or any of its Subsidiaries or (iv) receives income from any source which should properly accrue to the Company or any of its Subsidiaries.

3.20 Undisclosed Liabilities. Except as set forth in Section 3.20 of the Disclosure Schedule, there is no liability, debt or obligation of or claim against the Company or any of its Subsidiaries required to be set forth on a balance sheet or income statement or in the footnotes to a financial statement prepared in accordance with GAAP, except for liabilities and obligations (a) reflected or reserved for in the Financial Statements or disclosed in the notes thereto, (b) that have arisen since the date of the Balance Sheet in the ordinary course of the operation of business of the Company and its Subsidiaries, or (c) disclosed in the Disclosure Schedule or omitted from the Disclosure Schedule in compliance with an applicable threshold or materiality qualifier contained in this Section III.

3.21 Insurance. Section 3.21 of the Disclosure Schedule contains a true and complete list of each insurance policy contract (including policies providing directors and officer indemnification, property, fire, burglary, casualty, liability, and workers' compensation coverage and bond and surety arrangements, as applicable) held by the Company or any of its Subsidiaries or under which the Company or any of its Subsidiaries or any employees or assets thereof are covered (the "**Insurance Policies**") and sets forth (other than with respect to any health insurance policy) a claims history since the date which is three years prior to the date hereof in respect of each such Insurance Policy. Neither the Company nor any of its Subsidiaries has been, (i) in violation, breach or default (including with respect to the payment of premiums or the giving of notices) with respect to its obligations under any Insurance Policy or (ii) has been

denied insurance coverage. Neither the Company nor any of its Subsidiaries has received any notice that such policy may be cancelled or terminated or will not be renewed on substantially the same terms as are now in effect. None of such Insurance Policies will lapse or terminate as a result of the Acquisition. Section 3.21 of the Disclosure Schedule contains a description of each pending claim under any of the Insurance Policies and whether coverage with respect thereto is in dispute.

3.22 Bank Accounts; Officers and Directors. Section 3.22 of the Disclosure Schedule lists (a) the account numbers and names of each bank, broker, or other depository institution at which any of the Company or its Subsidiaries maintains a depository account and each Person authorized as a signatory with respect thereto and (b) each officer and director of the Company and each of its Subsidiaries.

3.23 Product Recalls. Except as set forth in Section 3.23 of the Disclosure Schedule, within the past three years, there have been no claims asserted or, to the Knowledge of the Company, threatened, with respect to any product recall or product liability related to any product manufactured, sold or distributed by the Company or any of its Subsidiaries.

3.24 Product Warranty and Liability. Neither the Company nor any of its Subsidiaries is responsible for any express or implied warranties or indemnities in connection with the sale or distribution of any products or services. Except to the extent reserved against on the Balance Sheet, neither the Company nor any of the Subsidiaries has or will have any liability arising out of any injury to any person or property with respect to the ownership, possession or use of any product manufactured, sold, distributed, leased, delivered or performed by the Company or any Subsidiary prior to the Closing Date not fully covered by insurance (other than any deductible relating thereto). Section 3.24 of the Disclosure Schedule contains the standard terms and conditions of sale (including all warranty and indemnity provisions) used by the Company and any of its Subsidiaries.

3.25 Exclusivity of Representations. The representations and warranties made by the Company in Section III of this Agreement are the exclusive representations and warranties made by the Company. The Company hereby disclaims any other express or implied representations or warranties with respect to any matter whatsoever, including without limitation, any regarding any pro forma financial information, financial projections or other forward-looking statements relating to the Company and its Subsidiaries.

IV. REPRESENTATIONS AND WARRANTIES OF SELLER. Seller represents and warrants to Buyer as follows:

4.1 Organization of the Seller. Seller is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, and has all requisite power and authority to enter into this Agreement and the agreements contemplated by this Agreement to be entered into by it at Closing (collectively, "**Seller Constituent Agreements**") and to consummate the transactions contemplated hereby, to own, lease and operate its properties and to conduct its business as presently conducted. Seller is duly qualified or licensed to do business as a foreign entity and is in good standing in each jurisdiction in which the property owned, leased or operated by it or the nature of the business conducted by it makes such qualification necessary,

except where the failure to obtain such qualification or license would not, individually or in the aggregate, have a Material Adverse Effect. The execution, delivery and performance by Seller of this Agreement and the other Seller Constituent Agreements, and the consummation of the transactions contemplated hereby and thereby, have been duly authorized by all necessary action on the part of Seller. This Agreement has been duly executed and delivered by Seller and constitutes a valid and binding obligation of Seller, enforceable against Seller in accordance with its terms, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and applicable equitable principles (whether considered in a proceeding at law or in equity). Each other Seller Constituent Agreement will be duly executed and delivered by Seller and will constitute a valid and binding obligation of Seller enforceable against Seller in accordance with its terms, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and applicable equitable principles (whether considered in a proceeding at law or in equity).

4.2 Ownership of Company Shares. The Seller owns all of the Company Shares free and clear of any Liens other than Liens set forth in Section 4.2 of the Disclosure Schedule.

4.3 No Violation: Consents and Approvals. The execution and delivery by the Seller of this Agreement does not, and the consummation of the transactions contemplated hereby and compliance with the terms hereof will not, (a) conflict with, or result in any violation of or default (or an event which, with notice or lapse of time or both, would constitute a default) under (i) any provision of the organizational documents of Seller, (ii) any Order or Applicable Law applicable to any Seller, or the property or assets of Seller or (iii) any contracts to which any Seller is a party, or by which Seller or its assets may be bound, or (b) result in the creation of any Lien upon any of the Company Shares as of the Closing. No consent, approval, order or authorization of, or registration, declaration or filing with, any court, administrative agency or commission or other governmental entity, authority or instrumentality, domestic or foreign is required to be obtained or made by or with respect to Seller in connection with the consummation of the transactions contemplated hereby, except for the filing of a pre-merger notification and report form by the Seller under the HSR Act, and the expiration or termination of the applicable waiting period.

4.4 Brokers. No broker, finder or financial advisor or other Person is entitled to any brokerage fees, commissions, finders' fees or financial advisory fees in connection with the transactions contemplated hereby by reason of any action taken by Seller, except for Robert W. Baird & Co. and American Securities LLC, the fees and expenses of which will be included in Selling Expenses.

V. REPRESENTATIONS AND WARRANTIES OF BUYER. The Buyer represents and warrants to the Company and Seller as follows:

5.1 Organization: Authority. Buyer is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, and has all requisite power and authority to enter into this Agreement and the agreements contemplated by this Agreement to be entered into by it at Closing (collectively, "**Buyer Constituent Agreements**"), and to

consummate the transactions contemplated hereby and thereby. The execution, delivery and performance by Buyer of this Agreement and the other Buyer Constituent Agreements, and the consummation of the transactions contemplated hereby and thereby, have been duly authorized by all necessary action on the part of Buyer. This Agreement has been duly executed and delivered by Buyer and constitutes a valid and binding obligation of Buyer, enforceable against Buyer in accordance with its terms, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and applicable equitable principles (whether considered in a proceeding at law or in equity). Each other Buyer Constituent Agreement will be duly executed and delivered by Buyer and will constitute a valid and binding obligation of Buyer enforceable against Buyer in accordance with its terms, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and applicable equitable principles (whether considered in a proceeding at law or in equity).

5.2 No Violation: Consents and Approvals. The execution and delivery by Buyer of this Agreement does not, and the consummation of the transactions contemplated hereby and compliance with the terms hereof and thereof will not conflict with, or result in any violation of or default under, (a) any provision of the organizational documents of Buyer, (b) any Order or Applicable Law applicable to Buyer, or the property or assets of Buyer or (c) any contracts to which Buyer is a party, or by which Buyer or its assets may be bound. Assuming the accuracy of the representations and warranties of the Company and the Seller herein, no Governmental Approval is required to be obtained or made by or with respect to Buyer or its affiliates in connection with the execution and delivery of this Agreement, or the consummation by Buyer of the transactions contemplated hereby except for the filing of a pre-merger notification and report form by the Buyer under the HSR Act, and the expiration or termination of the applicable waiting period.

5.3 Litigation. There are no claims, actions, suits, investigations or proceedings pending or, to the Knowledge of Buyer, threatened against or affecting Buyer or its respective assets, at law or in equity, by or before any Governmental Authority, or by or on behalf of any third party, which, if adversely determined, would materially impair Buyer's ability to consummate the transactions contemplated hereby, and there are no outstanding Orders of any Governmental Authority, affecting Buyer or its respective assets, at law or in equity, which would materially impair Buyer's ability to consummate the transactions contemplated hereby.

5.4 Investment Intent. Buyer is acquiring the stock of the Company for investment purposes only and not with a view toward, or for sale in connection with, any distribution thereof in violation of federal, state or other securities laws. Buyer is an "accredited investor" (as defined under Regulation D promulgated under the Securities Act of 1933, as amended).

5.5 Financing. Buyer has sufficient cash, available lines of credit or other sources of immediately available funds to enable it to make the payments set forth in Section II.

5.6 Buyer's Reliance. Buyer acknowledges that, should the Closing occur, Buyer shall acquire the Company Shares without any representation or warranty as to merchantability or fitness for any particular purpose of the Company Shares, the Company, its

Subsidiaries or their respective assets or businesses, in an “as is” condition and on a “where is” basis, except as otherwise expressly represented or warranted in Section III and Section IV of this Agreement. The Buyer acknowledges that, except for the representations and warranties contained in Section III and Section IV, none of the Seller, the Company, its Subsidiaries nor any other Person has made, and Buyer has not relied on any other express or implied representation or warranty by or on behalf of any of Seller, the Company or any of its Subsidiaries, and that none of the Seller, the Company, its Subsidiaries and any other Person, directly or indirectly, has made, and Buyer has not relied on, any representation or warranty regarding any pro forma financial information, financial projections or other forward-looking statements of the Company or its Subsidiaries or any information, including the information, documents or material made available to Buyer in any “data rooms,” management presentations, due diligence or in any other form, and Buyer will make no claim with respect thereto.

5.7 Brokers. Other than the fees of Keybank Capital Markets, which fees shall be the sole responsibility of Buyer, no broker, finder or financial advisor or other Person is entitled to any brokerage fees, commissions, finders’ fees or financial advisory fees in connection with the transactions contemplated hereby by reason of any action taken by Buyer or any of its partners, officers, employees, representatives or agents.

5.8 Solvency. Buyer is not entering into this Agreement or the transactions contemplated hereby with the actual intent to hinder, delay or defraud either present or future creditors. Assuming that the representations and warranties of the Company and Seller contained in this Agreement are true and correct in all material respects, and after giving effect to the Acquisition, at and immediately after the Closing, the Buyer and its Subsidiaries (a) will be solvent (in that both the fair value of its assets will not be less than the sum of its debts and that the present fair saleable value of its assets will not be less than the amount required to pay its probable liability on its recourse debts as they mature or become due); (b) will have adequate capital and liquidity with which to engage in its business; and (c) will not have incurred and does not plan to incur debts beyond its ability to pay as they mature or become due.

VI. COVENANTS OF THE PARTIES

6.1 Conduct of Business. Except as contemplated by this Agreement and as set forth in Section 6.1 of the Disclosure Schedule, during the period from the date hereof to the earlier of the Closing Date and the termination of this Agreement in accordance with Section VIII, the Company and its Subsidiaries will conduct their business and operations solely in the ordinary course of business consistent with past practice. The Company and its Subsidiaries shall use commercially reasonable efforts to preserve intact their business organization and to preserve their present relationships with customers, suppliers and other Persons with which they have significant business relations and use commercially reasonable efforts to keep available the services of their current officers, employees and consultants. Without limiting the generality of the foregoing, except as expressly provided by this Agreement and as set forth in Section 6.1 of the Disclosure Schedule, during the period from the date of this Agreement to the Closing Date, without the prior written consent of Buyer, neither the Company nor any of its Subsidiaries will:

(a) create, incur, assume or guarantee any indebtedness for borrowed money (including, without limitation, obligations in respect of capital leases), other than borrowings under the Company’s existing credit agreements in the ordinary course of business and consistent with past practice;

(b) issue, sell or deliver, redeem or purchase any of its equity securities, or grant or enter into any options, warrants, rights, agreements or commitments with respect to the issuance of its securities, or amend any terms of any such equity securities or agreements;

(c) increase the rate of compensation or benefits of, or pay or agree to pay any benefit to (including, but not limited to, severance or termination pay or transaction or change of control bonus or payment), present or former managers, directors, officers or employees, except as may be required by any existing Plan, agreement or arrangement disclosed to Buyer in the Disclosure Schedule, or to employees who are not executive employees, officers of the Company or any Subsidiary in accordance with the Company's or its Subsidiaries' ordinary course of business consistent with past practice;

(d) enter into, adopt, terminate or amend any Plan, employment or severance agreement or any plan, agreement, program, policy, trust, fund or other arrangement that would be a Plan if it were in existence as of the date of this Agreement, except as required by Applicable Law or terminate, rescind, modify or waive any of the Employment Agreements or the Noncompetition Agreements;

(e) sell, lease, transfer or otherwise dispose of capital assets, real, personal or mixed, which have an aggregate book value in excess of \$100,000 or mortgage or encumber any properties or assets, whether real or personal, which have an aggregate book value in excess of \$100,000;

(f) acquire or agree to acquire by merging or consolidating with, or by purchasing the stock or a substantial portion of the assets of, or by any other manner, any business or any corporation, partnership, association or other business organization or division thereof or otherwise acquire or agree to acquire any assets which are material, individually or in the aggregate, to the Company and its Subsidiaries, taken as a whole;

(g) enter into, modify, amend or terminate any Real Property lease or any other Material Contract other than non-material modifications or amendments to any Real Property lease or any other Material Contract;

(h) waive or release any rights of material value or cancel, compromise, release or assign any material indebtedness owed to it or any material claims held by it, other than in the ordinary course of business, consistent with past practices;

(i) cancel or terminate any insurance policy naming it as a beneficiary or a loss payable payee without obtaining comparable substitute insurance coverage;

(j) effectuate a "plant closing" or "mass layoff" (as those terms are defined under the WARN Act) affecting in whole or in part any site of employment, facility, operating unit or employees of the Company or its Subsidiaries;

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- (k) amend its certificate of incorporation, bylaws, operating agreement, partnership agreement or other similar organizational documents;
 - (l) change any of its material accounting principles, methods or practices; declare, set aside, make or pay any dividend or other distribution other than cash dividends or distributions made prior to the Closing Date out of funds legally available therefore in accordance with Applicable Law and its Organizational Documents;
 - (m) reclassify, combine, split, subdivide or redeem, purchase or otherwise acquire, directly or indirectly, any capital stock;
 - (n) pay, discharge or satisfy any claims, liabilities or obligations (absolute, accrued, asserted or unasserted, contingent or otherwise), other than the payment, discharge or satisfaction in the ordinary course of business consistent with past practices;
 - (o) make or incur any unbudgeted capital expenditure in excess of \$200,000 or delay any budgeted capital expenditure in excess of \$200,000;
 - (p) enter into any transaction with the Seller or their Affiliates;
 - (q) make any Tax election inconsistent with past practice, revoke any Tax election, agree to an extension of the statute of limitations, or settle or compromise any material federal, state, local or foreign Tax liability, except to the extent the amount of any such settlement has been reserved for in the Financial Statements; or
 - (r) agree, whether in writing or otherwise, to do any of the foregoing.

6.2 Access to Information Prior to the Closing; Confidentiality. (a) During the period from the date of this Agreement through the earlier of the Closing Date and the termination of this Agreement in accordance with Section VIII, the Company and its Subsidiaries will give Buyer and its agents and authorized representatives (including prospective lenders) reasonable access to all offices, facilities, books and records, officers, employees and advisors (including audit and tax working papers prepared by its independent accountants, provided that Buyer will execute releases reasonably requested by the independent accountants if requested to do so) of the Company and its Subsidiaries as Buyer may reasonably request during normal business hours; provided, however, that any such access shall be conducted in a manner not to unreasonably interfere with the business or operations of the Company.

(b) Any information provided to or obtained by Buyer pursuant to paragraph (a) above shall be subject to the Confidentiality Agreement dated February 3, 2011, between the Robert W. Baird & Co. and Buyer (the “**Confidentiality Agreement**”), and shall be held by Buyer in accordance with and be subject to the terms of the Confidentiality Agreement. Notwithstanding anything to the contrary herein, the terms and provisions of the Confidentiality Agreement shall survive the termination of this Agreement in accordance with the terms therein. In the event of the termination of this Agreement for any reason, Buyer shall comply with the terms and provisions of the Confidentiality Agreement, including returning or destroying all Evaluation Material and not soliciting employees of the Company or its Subsidiaries.

6.3 Reasonable Best Efforts. Subject to the terms and conditions of this Agreement, each of the parties hereto will use its reasonable best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to consummate the transactions contemplated by this Agreement. The Company will use its reasonable best efforts to deliver to Buyer a commitment for an ALTA Owner's Standard Coverage Title Insurance Policy with respect to all Owned Real Property, issued by Chicago Title Insurance Company (the "**Title Company**"), insuring the Company's fee simple title, free and clear of all Liens other than Real Estate Permitted Liens in each Owned Real Property in such amounts as reasonably determined by Buyer (but, in the case of the Real Property located in Wisconsin, in the amount of \$2,500,000) (the "**Real Property Title Policies**"). The Company shall fund the premium for the Real Property Title Policies at or prior to the Closing, provide the Title Company with a standard Owner's Title Affidavit dated the date of the Closing, and provide releases, in recordable form, to the Title Company, sufficient to release all monetary liens which are not Permitted Liens.

6.4 Consents. The Company and Buyer will each use its reasonable best efforts to obtain all licenses, permits, authorizations, consents and approvals of all third parties and Governmental Authorities necessary in connection with the consummation of the transactions contemplated by this Agreement prior to the Closing. The parties hereto will reasonably coordinate and cooperate with each other in exchanging such information and assistance as any of the parties hereto may reasonably request in connection with the foregoing.

6.5 Public Announcements. The parties hereto shall not issue any report, statement or press release or otherwise make any public statement with respect to this Agreement and the transactions contemplated hereby without prior consultation with and approval of the other parties, except as may be required by law, in which case such party shall advise the other parties and discuss the contents of the disclosure before issuing any such report, statement or press release. Following the execution and delivery of this Agreement, Buyer may make such public disclosure as required or deemed appropriate by Buyer, subject to the consent of Seller, not to be unreasonably withheld or delayed; provided that, if Buyer is required by the SEC to include a copy of this Agreement as an exhibit to an SEC filing, such filing will be redacted in the form attached as Exhibit G, provided, that if the SEC requires disclosure of any redacted provision, the Parties shall coordinate to limit such disclosure to the extent reasonably possible.

6.6 Filings and Authorizations; Consummation. (a) Each of the parties hereto shall use its commercially reasonable efforts to file or supply, cause to be filed or supplied, all filings and information required to be filed or supplied pursuant to the HSR Act to consummate the transactions contemplated herein not provided prior to the date hereof. The parties hereto shall reasonably coordinate and cooperate with one another in exchanging such information and supplying such reasonable assistance as may be reasonably requested by each in connection with the foregoing.

(b) Each of the parties hereto shall promptly inform the other party of any material communication between itself and any Governmental Authority with respect to the transactions contemplated hereby. If any party receives any formal or informal request for supplemental information or documentary material from any Governmental Authority with respect to the transactions contemplated hereby, then such party shall use commercially reasonable efforts to cause to be made, as soon as reasonably practical, a response in compliance with such request.

(c) Without limiting the foregoing, Buyer shall use commercially reasonable efforts to cooperate in good faith with all Governmental Authorities and to avoid, prevent, eliminate or remove the actual or threatened commencement of any proceeding in any forum by or on behalf of any Governmental Authority or the issuance of any Order that would delay, enjoin, prevent, restrain or otherwise prohibit the consummation of the Merger.

(d) The Buyer and Seller shall each be liable for and pay 50% of all applicable fees relating to the HSR filings contemplated by this Agreement.

6.7 Notice of Events. (a) During the period from the date hereof to the Closing Date or the earlier termination of this Agreement, Seller shall promptly notify Buyer in writing if, to the Company's Knowledge, there shall be (i) the occurrence or non-occurrence of any event which has caused any of its or the Company's representations or warranties contained herein to be untrue or inaccurate in any material respect and (ii) any material failure on the part of the Company or the Seller to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it hereunder. Should any such event, fact or condition require any change to the Disclosure Schedule, Seller shall promptly deliver to Buyer a supplement to the Disclosure Schedule providing a reasonably detailed description of such change. In the event that Seller delivers one or more supplements to the Disclosure Schedule pursuant to this Section 6.7(a) that reflect any events, facts or conditions that first occur or arise after the date of this Agreement which individually or in the aggregate would cause the condition set forth in Section 7.2(a) or 7.2(g) not to be satisfied, Buyer shall have the right to terminate this Agreement by written notice to that effect (specifying the basis for such termination); provided that, if Buyer does not exercise such right to terminate this Agreement, (i) Buyer will be deemed to have accepted such supplements to the Disclosure Schedule, (ii) the delivery of any such supplement will be deemed to have cured any misrepresentation or breach of warranty that otherwise might have existed hereunder by reason of such events, fact or condition and (iii) from and after the Closing Date, Buyer will not have any claim for indemnification for any such events, facts or conditions.

(b) During the period from the date hereof to the Closing Date or the earlier termination of this Agreement, Buyer shall promptly notify the Seller in writing if Buyer becomes aware of (i) the occurrence or non-occurrence of any event or the existence of any fact or condition that would cause or constitute a breach of any of its representations or warranties had any such representation or warranty been made as of the time of Buyer's discovery of such event, fact or condition and (ii) any material failure on its part to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it hereunder.

6.8 Officer and Director Indemnification and Insurance. (a) Prior to the Closing, the Company shall convert and fully pay for the Company's existing directors' and officers' liability insurance coverage for the Company's directors and officers (each, a "**D&O Indemnified Person**") to a run-off policy which shall provide such directors and officers with coverage for six (6) years following the Closing of not less than the existing coverage under, and have other terms not materially less favorable to the insured persons than, the directors' and

officers' liability insurance coverage presently maintained by the Company (the "**Run-Off Policy**"). From and after the Closing Date until the sixth anniversary thereof, the Buyer and the Company shall not, without the written consent of the Seller, take any action to (i) cancel, amend or shorten the term of the Run-Off Policy or (ii) amend or terminate the indemnification provisions of the organizational documents as in effect immediately prior to the Closing in any manner that would be reasonably expected to be adverse to any former officer or director of the Company or its Subsidiaries. The rights of each D&O Indemnified Person under this Section 6.8 shall survive the Closing and are intended to benefit, and shall be enforceable by, each D&O Indemnified Person.

(b) If after the Closing the Company (i) consolidates with or merges into any other Person and shall not be the continuing or surviving corporation or entity of such consolidation or merger, or (ii) transfers or conveys all or substantially all of its properties and assets to any Person, then, and in each such case, to the extent necessary, proper provision shall be made so that the successors and assigns of the Company shall assume the obligations set forth in this Section 6.8.

6.9 Tax Covenants. (a) All Tax Returns of the Company and its Subsidiaries not required to be filed on or before the date hereof (i) will, to the extent required to be filed on or before the Closing Date, be filed when due in accordance with all Applicable Laws, and (ii) as of the time of filing, will be correct and complete in all material respects. The Company and its Subsidiaries shall timely pay the amount of Taxes shown as due on the Tax Returns that are filed pursuant to this Section 6.9(a).

(b) Buyer shall prepare or cause to be prepared and file or cause to be filed all Tax Returns for the Company and its Subsidiaries that are filed after the Closing Date. Buyer shall provide a copy of each Tax Return for any period that begins on or prior to the Closing Date to the Parent prior to the deadline for filing each such Tax Return, shall give the Parent no less than 14 days to review any such Tax Return and shall make any changes reasonably requested by the Parent with respect to the period prior to the Closing. Buyer, Company and its Subsidiaries, and Seller shall cooperate fully, as and to the extent reasonably requested by the other Party, in connection with the filing of Tax Returns pursuant to this Section 6.9(b) and any audit, litigation or other proceeding with respect to Taxes.

(c) As provided herein, Seller will be entitled to the economic benefit of any tax deductions that arise or become available as a result of the transactions contemplated by this Agreement, including deductions attributable to the exercise or payment of options, any transaction bonuses or other like payments, Selling Expenses and other transaction fees and any write-offs of capitalized expenses in connection with any debt discharged ("**Transaction Deductions**"). Buyer and the Company agree that the Company and its Subsidiaries shall carry back any net operating loss, capital loss and credit from the tax period that ends on the Closing Date to prior taxable years to the extent permitted by law (using any available short-form or accelerated procedures (including filing IRS Form 1139 and any corresponding form for applicable state, local and foreign tax purposes) and filing amended Tax Returns to the extent necessary) and obtain any potential Tax refunds related thereto. Such refund, to the extent attributable to the Transaction Deductions, shall be paid to the Seller within 5 days of receipt thereof. If the Company or its Subsidiaries have a net operating loss for federal or state income

Tax purposes for the period or portion thereof ending on the Closing Date (calculated on a closing of the books method) and such net operating loss actually reduces Buyer's federal or state income Tax liability, the Tax benefit so realized by Buyer to the extent attributable to Transaction Deductions shall be for the account of Seller and shall be paid by the Buyer, the Company or its Subsidiaries to Seller within 10 Business Days of filing of the applicable Tax Return in which such benefit is realized.

(d) Any refund, rebate, abatement, credit or other recovery of Taxes of the Company or its Subsidiaries (including under Section 6.9(c)) and any interest thereon paid by the applicable taxing authority to the Company and its Subsidiaries (less any Taxes, costs or expenses incurred by the Company and its Subsidiaries with respect thereto) (collectively, a "**Tax Refund**") with respect to all taxable years or periods that end on or before the Closing Date (including the pre-Closing portion of the year that includes the Closing Date (as determined on a closing of the books basis) shall be for the account of the Seller, and shall be paid by the Company and its Subsidiaries, to the Seller.

(e) Except as provided in Section 6.9(c), without the prior written consent of the Seller which consent shall not be unreasonably withheld or delayed, or as otherwise required by Applicable Law, after the Closing neither the Company or any of its Subsidiaries shall file any amended Tax Return with respect to any period that ends on or before the Closing Date, if in any such case such action would have the effect of increasing the indemnification obligations of Seller.

6.10 No Solicitation or Negotiation. Each of the Seller and the Company agrees that between the date of this Agreement and the earlier of (a) the Closing and (b) the termination of this Agreement, none of the Seller, the Company or its Subsidiaries will (i) solicit, initiate, consider, encourage or accept any other proposals or offers from any Person (A) relating to any acquisition or purchase of all or any portion of the equity of the Company or its Subsidiaries or all or a substantial portion of the assets of the Company or its Subsidiaries, (B) to enter into any merger, consolidation or other business combination with the Company or its Subsidiaries or (C) to enter into a recapitalization, reorganization or any other extraordinary business transaction involving or otherwise relating to the Company or its Subsidiaries or (ii) participate in any discussions, conversations, negotiations and other communications regarding, or furnish to any other Person any information with respect to, or otherwise cooperate in any way, assist or participate in, facilitate or encourage any effort or attempt by any other Person to seek to do any of the foregoing. Seller, the Company and its Subsidiaries immediately shall cease and cause to be terminated, and shall cause the Company and its Subsidiaries to cease and terminate, all existing discussions, conversations, negotiations and other communications with any Persons conducted heretofore with respect to any of the foregoing.

6.11 Payoff Letters. On or prior to the third Business Day prior to the Closing Date, the Company shall deliver to Buyer copies of all Payoff Letters for all unpaid Company Debt and Selling Expenses.

6.12 Management Agreement. At or prior to the Closing, but after the payment of any Selling Expenses as contemplated by Section 2.3(a)(iii) of this Agreement, Seller and the Company shall take such action as may be necessary to cause the Management Agreement to be

terminated without any penalty, cost or consideration to be payable or incurred by the Company and all payments thereunder to be made prior to the Closing and for the parties thereto to release and waive any and all claims that any of them may have against the Company under the Management Agreement as of the Closing; provided that such termination and release shall be effected in a manner so that all indemnification obligations of the Company thereunder shall survive such termination and release.

6.13 Resignation of Directors. At the Closing, Seller shall deliver to Buyer evidence of the resignation of all directors of the Company (other than those designated by Buyer to the Company prior to the Closing) at the Closing.

6.14 Litigation Support. So long as any Party actively is contesting or defending against any Action in connection with (a) the Acquisition or (b) any fact, situation, circumstance, status, condition, activity, practice, plan, occurrence, event, incident, action, failure to act, or transaction attributable to the period prior to the Closing Date involving any the Company or any of its Subsidiaries, each other Party will cooperate with such Party and such Party's counsel in the contest or defense, make available their personnel, and provide such testimony and access to their books and records as shall be reasonably necessary in connection with the contest or defense, at the sole cost and expense of the contesting or defending Party (unless the contesting or defending Party is entitled to indemnification therefor under Section 9.2); provided, that the defending Party shall not be responsible for any of such costs or expenses incurred by any other Party that are not out-of-pocket costs or expenses paid or payable to a third party.

6.15 Non-Solicitation. Seller hereby agrees that, during the period beginning on, and ending [***] after, the Closing Date, Seller shall not:

(a) solicit for employment or employ any Person who is an employee of, consultant to or agent of any of the Company or any of its Subsidiaries as of the Closing Date (other than Persons terminated without cause by such entity) or induce or attempt to induce or encourage others to induce or attempt to induce any such Person to (i) terminate such Person's employment with such employer (in the case of an employee) or cease providing its services to such entity (in the case of a consultant or sales or other commercial representative), provided, that nothing herein shall prevent (x) general solicitations through advertising or similar means which are not specifically directed at employees of, consultants to or agents of any of the Company or its Subsidiaries or (y) solicitations through any means of any employee, consultant or agent of any of the Company or its Subsidiaries whose relationship with such entity is terminated by such entity, nor prohibit the hiring of any such Person responding to such solicitations; or

(b) divert, solicit or attempt to divert or solicit, or assist or encourage any Person in diverting, soliciting or attempting to divert any customer or supplier prior to the Closing Date of the Company or any of its Subsidiaries to or for any competitor or supplier of the Company or any of its Subsidiaries in connection with or with respect to the provision of any products or services competitive with those products and services provided by the Company of any of its Subsidiaries prior to the Closing Date.

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6.16 Employees.

(a) The Buyer agrees that it or its Subsidiaries shall, for a period of at least twelve months following the Closing Date, provide to the employees of the Company and its Subsidiaries as of the Closing Date who are not covered by a collective bargaining agreement and who remain employed by the Company or its Subsidiary during such period (collectively, the “**Continuing Employees**”), benefits (excluding base salary, wages, bonuses and incentives) that are reasonably comparable in the aggregate to the benefits provided by the Company and its Subsidiaries to such Continuing Employees immediately prior to the date hereof. All Continuing Employees who are eligible for the 2011 Company approved bonus plan as of the date hereof and as of the Closing Date shall continue to be eligible thereunder after the Closing Date in accordance with the terms of such plan; provided, that, nothing herein shall be deemed to be a guaranty of continued employment during such period. The Buyer agrees that it or its Subsidiaries shall offer employment after the Closing to the people listed on Section 6.16 of the Disclosure Schedule (such employees, the “China Employees”) and will initially provide such employees with (i) a rate of base salary or wages and bonus opportunity that is not less favorable than the rate of base salary or wages and bonus opportunity paid by to such employees immediately prior to the date hereof as set forth in Section 6.16 of the Disclosure Schedule, (ii) with other benefits that are substantially similar in the aggregate to the benefits provided to such employees immediately prior to the date hereof as set forth in Section 6.16 of the Disclosure Schedule. Seller agrees that until the earlier of (a) six (6) months from the Closing Date and (b) the date each China Employee is no longer employed by the Buyer or any of its Subsidiaries, it will provide to each China Employee office space and office and technology related services (other than any benefits related services) to the extent such services relate to such China Employee’s employment with Buyer and were provided by Seller (or a Person affiliated with Seller) in connection with such China Employee’s employment with Seller (or a Person affiliated with Seller) prior to the Closing, without charge or cost to the Company or its Subsidiaries.

(b) With respect to the 401(k) plan, health benefits program and vacation policy maintained by the Buyer or any of its Subsidiaries following the Closing and in which any of the Continuing Employees participate (the “**Buyer Plans**”), for purposes of determining eligibility to participate and vesting purposes (but not for accrual of benefits other than determining the level of vacation pay accrual), service with the Company and its Subsidiaries shall be treated as service with the Buyer and or its Subsidiaries, except to the extent such service credit would result in any duplication of benefits. Each applicable Buyer Plan shall waive eligibility waiting periods, evidence of insurability requirements and pre-existing condition limitations. To the extent applicable in the plan year that contains the Effective Time, the Continuing Employees shall be given credit under the applicable Buyer Plan for amounts paid prior to the Effective Time during the calendar year in which the Effective Time occurs under a corresponding benefit plan for purposes of applying deductibles, co-payments and out of pocket maximums, as though such amounts had been paid in accordance with the terms and conditions of the Buyer Plan.

VII. CONDITIONS TO CLOSING

7.1 Conditions to the Obligations of Seller and the Company. The obligations of Seller and the Company to consummate the transactions contemplated by this Agreement are subject to the fulfillment at or prior to the Closing of each of the following conditions (any or all of which may be waived in whole or in part by Seller):

(a) Representations and Warranties. The representations and warranties of Buyer in this Agreement which are qualified as to materiality shall be true and correct in all respects and all other representations and warranties of Buyer in this Agreement shall be true and correct in all material respects as at the date when made and at and as of the Closing Date as though such representations and warranties were made at and as of the Closing Date.

(b) Performance. The Buyer shall have, in all material respects, performed and complied with all agreements, obligations, covenants and conditions required by this Agreement to be so performed or complied with by Buyer at or prior to the Closing.

(c) Officer's Certificate. The Buyer shall have delivered to the Seller a certificate, dated as of the Closing Date, executed by an officer of Buyer, certifying the fulfillment of the conditions specified in Section 7.1(a) and 7.1(b) hereof.

(d) HSR Act. All applicable waiting periods under the HSR Act shall have expired or been terminated.

(e) Escrow Agreement. Buyer and the Seller shall have entered into the Escrow Agreement substantially in the form and on the terms of the agreement attached as Exhibit E (the "**Escrow Agreement**").

7.2 Conditions to Buyer's Obligations. The obligations of Buyer to consummate the transactions contemplated by this Agreement are subject to the fulfillment at or prior to the Closing of each of the following conditions (any or all of which may be waived in whole or in part by Buyer):

(a) Representations and Warranties. The representations and warranties of the Company and the Seller in this Agreement which are qualified as to materiality or "**Material Adverse Effect**" shall be true and correct in all respects as of the date of this Agreement and as of the Closing Date as though such representations and warranties were made at and as of the Closing (except for representations and warranties expressly stated to relate to a specific date, in which case such representation and warranties shall be true and correct as of such earlier date) and all other representations and warranties of the Company in this Agreement shall be true and correct in all material respects as of the date of this Agreement and as of the Closing Date as though such representations and warranties were made at and as of the Closing Date (except for representations and warranties expressly stated to relate to a specific date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date); provided that this condition shall be deemed to be satisfied unless any failure of any such representation or warranty to be true and correct has a Material Adverse Effect, either alone or when taken in the aggregate with other breaches of any such representations and warranties.

(b) Performance. The Company and the Seller shall have, in all material respects, performed and complied with all agreements, obligations, covenants and conditions required by this Agreement to be so performed or complied with by the Company and the Seller at or prior to the Closing.

(c) Officer's Certificate. The Company shall have delivered to Buyer a certificate, dated as of the Closing Date, executed by an officer of the Company, certifying the fulfillment of the conditions specified in Sections 7.2(a) and 7.2(b) hereof.

(d) HSR Act. All applicable waiting periods under the HSR Act shall have expired or been terminated.

(e) Escrow Agreement. Buyer and the Seller shall have entered into the Escrow Agreement substantially in the form and on the terms of the agreement attached as Exhibit E.

(f) No Material Adverse Effect. There shall not have occurred following the date of this Agreement a Material Adverse Effect.

(g) No Actions. There shall be no pending Action which seeks to restrain, prohibit or invalidate the Acquisition.

VIII. TERMINATION

8.1 Termination. This Agreement may be terminated and the transactions contemplated hereby may be abandoned:

(a) at any time, by mutual written agreement of the Seller and Buyer;

(b) at any time after July 15, 2011 (the "**Termination Date**"), by the Company upon written notice to Buyer, if the Closing shall not have occurred for any reason other than a breach of this Agreement by the Company or the Seller;

(c) at any time after the Termination Date, by Buyer upon written notice to the Company, if the Closing shall not have occurred for any reason other than a breach of this Agreement by Buyer;

(d) by either Buyer or the Seller if there shall have been a breach by the other party (which in the case of the right to termination by Buyer, shall include any breach by Seller or the Company) of any representation, warranty, covenant or agreement set forth in this Agreement, which breach (i) would give rise to the failure of a condition to the Closing hereunder in favor of the terminating party and (ii) cannot be cured, or has not been cured within twenty (20) days (the "**Cure Period**"), following receipt by the other party of written notice of such breach; provided, however, that the right to terminate this Agreement under this Section 8.1(d) shall not be available to any party to this Agreement that shall have breached or failed to perform or observe in any material respect any covenant or obligation contained in this Agreement where such breach or failure to perform would give rise to the failure of a condition set forth in Sections 7.1(a), 7.1(b), 7.2(a) or 7.2(b), as applicable;

(e) by the Buyer in accordance with Section 6.7(a); or

(f) by either Buyer or the Seller if a court of competent jurisdiction shall have issued an Order permanently restraining or prohibiting the transactions contemplated by the Agreement, and such Order shall have become final and nonappealable.

8.2 Procedure and Effect of Termination. In the event of the termination of this Agreement and the abandonment of the transactions contemplated hereby pursuant to Section 8.1 hereof, this Agreement shall become void and there shall be no liability on the part of any party hereto except (a) this Section 8.2 and the obligations set forth in Sections 6.2(b) and Section IX hereof shall survive any such termination of this Agreement and (b) nothing herein shall relieve any party from liability for breach of this Agreement.

IX. SURVIVAL OF REPRESENTATIONS, WARRANTIES AND COVENANTS; INDEMNIFICATION

9.1 Survival of Representations and Warranties and Covenants. The representations and warranties (i) of the Company contained in Sections [***] and of the Seller in [***] (collectively, the “**Special Representations**”) and (ii) of the Buyer contained in Sections [***] shall [***]. Each representation and warranty of the Company contained in Section [***] shall survive the Closing and continue in full force and effect until the date which is [***] from the Closing Date. Each representation and warranty of the Company contained in Section [***] shall survive the Closing and continue in full force and effect until the date which is [***] from the Closing Date. All other representations and warranties of the Company, Seller and Buyer contained in this Agreement will survive the Closing and will continue in full force and effect until the expiration of [***] after the Closing Date (in each instance, the end date of the applicable survival period is herein referred to as the “**Survival Expiration Date**”). No claim for indemnification relating to the representations or warranties contained in this Agreement may be asserted pursuant to this Agreement unless such claim is asserted in writing on or before the Survival Expiration Date. Each covenant of the Seller, the Company, or the Buyer set forth herein shall survive until [***]. Notwithstanding the foregoing, the covenants set forth in Section [***] shall survive until the date that is [***] from the Closing Date.

9.2 Indemnification. (a) Subject to Sections 6.7 and 9.4, Buyer and its officers, directors, partners, employees, agents and affiliates, including, after the Closing, the Company and its Subsidiaries (collectively, the “**Buyer Indemnified Parties**”) shall be entitled to indemnification from Seller (to the extent of a claim after the Closing, solely from the Escrow Funds during the period such funds are held by the Escrow Agent), for any and all Damages to the extent attributable to (i) any breach of any representation or warranty the Company or Seller have made in this Agreement as of the date hereof or as of the Closing (all of which for purposes of this Section 9.2 shall be deemed to have been made as of the Closing Date) or the certificate referred to in Section 7.2(c) or (ii) any breach, violation or default by the Company or Seller of any covenant, agreement or obligation in this Agreement (collectively, the claims made under clauses (i) and (ii), “**Buyer Claims**”).

(b) Subject to Section 9.4, Buyer shall indemnify and hold the Seller (the “**Seller Indemnified Parties**”) harmless for any and all Damages to the extent attributable to (i) any breach of any representation or warranty Buyer has made in this Agreement as of the date hereof or as of the Closing (all of which for purposes of this Section 9.2 shall be deemed to have

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been made as of the Closing Date) or the certificate referred to in Section 7.1(c) or (ii) any breach, violation or default by Buyer of any covenant, agreement or obligation of Buyer in this Agreement (collectively, the claims made under clauses (i) and (ii), “**Seller’s Claims**”).

9.3 Indemnification Claim Procedures. If any Action is commenced or threatened that may give rise to a claim for indemnification (an “**Indemnification Claim**”) by any Person entitled to indemnification under this Agreement (each, an “**Indemnified Party**”), then such Indemnified Party will promptly give written notice to the Indemnitor and provide the Indemnitor with all relevant information respecting such matter that is in the possession of the Indemnified Party. Failure to notify the Indemnitor will not relieve the Indemnitor of any liability that it may have to the Indemnified Party, except to the extent the defense of such Action is materially and irrevocably prejudiced by the Indemnified Party’s failure to give such notice. An Indemnitor may elect, by notice to the Indemnified Party within thirty (30) days to assume and thereafter conduct the defense of any Action subject to any such Indemnification Claim with counsel of the Indemnitor’s choice and to settle or compromise any such Action, and each Indemnified Party shall cooperate in all respects with the conduct of such defense by the Indemnitor and/or the settlement of such Action by the Indemnitor; provided, however, that the Indemnitor will not approve of the entry of any judgment or order or enter into any settlement or compromise with respect to the Indemnification Claim without the Indemnified Party’s prior written approval (which must not be unreasonably withheld or delayed). If the Indemnified Party gives an Indemnitor notice of an Indemnification Claim and the Indemnitor does not, within thirty (30) days after such notice is given, give notice to the Indemnified Party of its election to assume the defense of the Action or Actions subject to such Indemnification Claim and thereafter promptly assumes such defense, then the Indemnified Party may conduct the defense of such Action; provided, however, that the Indemnified Party will not agree to the entry of any judgment or enter into any settlement or compromise with respect to the Action or Actions subject to any such Indemnification Claim without the prior written consent of the Indemnitor (which consent shall not be unreasonably withheld). A claim for any matter not involving a third party may be asserted by written notice to the Party from whom indemnification is sought; provided, however, that any Indemnification Claim in respect of any actual or alleged breach of representation or warranty contained herein must be asserted prior to the Survival Expiration Date.

9.4 Limitations on Indemnification Liability. Any claims an Indemnified Party makes under this Section IX will be limited as follows:

(a) Indemnification Cap. Notwithstanding any provision hereof to the contrary, after the Closing, the aggregate amount of Damages for which Buyer Indemnified Parties shall be entitled to indemnification pursuant to this Section IX for breaches of representations and warranties will not exceed [***]; provided, however, that such limitation shall not apply with respect to (i) any Damages resulting from or relating to any breach [***] and (ii) any action [***]. Notwithstanding the limitations set forth in the preceding sentences, in no event (other than fraud) shall the Seller’s aggregate Liability for indemnification pursuant to this Agreement [***]. [***].

(b) Claims Basket. Notwithstanding any provision hereof to the contrary, (i) Buyer Indemnified Parties shall not be entitled to indemnification pursuant to this Section IX

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with respect to any individual claim for indemnification for breach of a representation or warranty, other than for breach of the warranty in clause (i) of Section 3.8(d) prior to the delivery of the Real Property Title Policies, unless and until the amount of Damages incurred by Buyer Indemnified Parties that are the subject of such individual claim exceeds [***] (the “**Per Claim Basket**”) and (ii) Buyer Indemnified Parties shall only be entitled to indemnification pursuant to this Section IX for breach of a representation or warranty, other than for breach of the warranty in clause (i) of Section 3.8(d) prior to the delivery of the Real Property Title Policies, to the extent the aggregate amount of all Damages incurred by Buyer Indemnified Parties for which Buyer Indemnified Parties are entitled to indemnification pursuant to this Section IX exceeds [***] (the “**Basket Amount**”), and Buyer Indemnified Parties shall only be entitled to indemnification for such Damages to the extent such Damages exceed the Basket Amount. Notwithstanding any provision hereof to the contrary, (i) the Seller Indemnified Parties shall not be entitled to indemnification pursuant to this Section IX with respect to any claim for indemnification unless and until the amount of Damages incurred by the Seller Indemnified Parties that are the subject of such claim exceeds the Per Claim Basket and (ii) the Seller Indemnified Parties shall only be entitled to indemnification pursuant to this Section IX to the extent the aggregate amount of all Damages incurred by the Seller Indemnified Parties for which the Seller Indemnified Parties are entitled to indemnification pursuant to this Section IX exceeds the Basket Amount, and the Seller Indemnified Parties shall only be entitled to indemnification for such Damages to the extent such Damages exceed the Basket Amount.

(c) Damages Net of Insurance Proceeds, Tax Benefits and Other Third-Party Recoveries Notwithstanding any provision in this Agreement to the contrary, all Damages for which any Indemnified Party would otherwise be entitled to indemnification under this Section IX shall be reduced by the amount of insurance proceeds, Tax benefits and other third-party recoveries (other than with respect to indemnification payments) which any Indemnified Party receives or obtains in respect of any Damages incurred by such Indemnified Party. In the event any Indemnified Party is entitled to any insurance proceeds, Tax benefits or any third-party recoveries (other than with respect to indemnification payments) in respect of any Damages for which such Indemnified Party is entitled to indemnification pursuant to this Section IX, such Indemnified Party shall use commercially reasonable efforts to obtain, receive or realize such proceeds, benefits, payments or recoveries. In the event that any such insurance proceeds, Tax benefits or other third-party recoveries are realized by an Indemnified Party subsequent to receipt by such Indemnified Party of any indemnification payment hereunder in respect of the claims to which such insurance proceeds, Tax benefits other third-party recoveries relate, appropriate refunds shall be made promptly by the relevant Indemnified Parties of all or the relevant portion of such indemnification payment.

(d) Assignment of Claims. If any Indemnified Party receives any indemnification payment pursuant to this Section IX, at the election of the Indemnitor, such Indemnified Party shall assign to the Indemnitor all of its claims for recovery against third Persons as to such Damages, whether by the Company’s insurance coverage, contribution claims, subrogation or otherwise.

9.5 Expenses. Notwithstanding anything set forth herein to the contrary, if the indemnifying party controlling the defense of an Indemnification Claim is the Seller, the Seller’s costs and expenses incurred in connection with such defense shall be reimbursed to the Seller

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from the Escrow Funds. In such event, the Seller shall notify the Buyer and the Escrow Agent in writing of the Sellers' costs and expenses incurred in connection with such defense (an "**Expense Notice**"). The failure by the Seller to promptly deliver an Expense Notice shall not adversely affect the Seller's right to reimbursement from the Escrow Amount, except to the extent the Buyer is materially prejudiced thereby. If, by 5:00 p.m. New York time on the 30th day following receipt by the Buyer of an Expense Notice, the Seller and the Escrow Agent have not received from the Buyer notice in writing that the Buyer objects to the claim set forth in the Expense Notice (an "**Expense Dispute**"), the Escrow Agent shall pay to the Seller from the Escrow Funds the amount set forth in the Expense Notice. If the Buyer timely delivers an Expense Dispute to the Seller, the Buyer on the one hand and the Seller shall promptly meet and use their reasonable efforts to settle the dispute as to whether and to what extent the Seller is entitled to reimbursement from the Escrow Funds. Following an agreement by the Buyer and the Seller regarding reimbursement from the Escrow Funds, the Buyer and the Seller shall deliver a joint written instruction to the Escrow Agent, setting forth such agreement and instructing the Escrow Agent to release funds from the Escrow Funds in the agreed amount.

9.6 Mitigation of Damages. An Indemnified Party shall use its reasonable best efforts to mitigate any Damages for which it is entitled to indemnification pursuant to this Section IX.

9.7 Indemnification Adjustment. All amounts paid with respect to Indemnification Claims under this Agreement shall be treated by the parties hereto for all Tax purposes as adjustments to the Purchase Price.

9.8 Sole and Exclusive Remedy. In the absence of fraud and except for equitable relief, after the Closing, the indemnification provisions contained in this Section IX will constitute the sole and exclusive recourse and remedy of the parties for monetary damages with respect to any breach of any of the representations, warranties or covenants contained in this Agreement with respect to any Buyer Claims or Seller's Claims, other than with respect to fraud on the part of any Seller. The provisions of this Section IX will not however restrict the right of any party to seek specific performance or other equitable remedies in connections with any breach of any of the covenants contained in this Agreement.

9.9 Release of Escrow. The Escrow Amount shall be held and invested by the Escrow Agent in accordance with the terms of the Escrow Agreement, which shall specify that (i) the Escrow Funds in excess of [***] shall be released to the Seller on the fifth Business Day following the [***]; provided, however, that if any claim by an Indemnified Party pursuant to Section IX shall have been properly asserted by any Buyer Indemnified Party pursuant to this Agreement on or prior to the Survival Expiration Date and remains pending on the Survival Expiration Date (any such claim, a "**Pending Claim**"), (a) the Escrow Funds released to the Seller on such date shall be the amount of Escrow Funds in excess of [***] then held by the Escrow Agent, minus the aggregate amount of such Pending Claim and (b) any Escrow Funds in excess of [***] following the Survival Expiration Date in respect of any such Pending Claim shall be released to the Seller upon resolution or (if applicable) satisfaction of such Pending Claim and (ii) the remaining Escrow Funds, other than any funds held in escrow related to any Pending Claims, shall be released to the Seller on the fifth Business Day following [***]; provided, however, that if any claim by an Indemnified Party pursuant to Section IX shall have

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been properly asserted by any Buyer Indemnified Party pursuant to this Agreement on or prior to the second anniversary of the Closing Date and remains pending on such date, (a) the Escrow Funds released to the Seller on the fifth Business Day following [***] shall be the remaining Escrow Funds minus the aggregate amount of such claim and (b) any Escrow Funds following such date in respect of any such claim shall be released to the Seller upon resolution or (if applicable) satisfaction of such claim. Each of Buyer and the Seller shall from time to time submit joint written instructions to the Escrow Agent instructing the Escrow Agent to distribute the Escrow Funds in accordance with this Section 9.9 and the Escrow Agreement.

9.10 Tax Indemnification. Notwithstanding any provision herein to the contrary, Seller shall indemnify the Company, its Subsidiaries and Buyer and hold them harmless from and against (without duplication), any loss, claim, liability, expense, or other damage attributable to (i) all Taxes (or the non-payment thereof) of Company and its Subsidiaries for all taxable periods ending on or before the Closing Date and the portion thereof through the end of the Closing Date for any taxable period that includes but does not end on the Closing Date (the “**Pre-Closing Tax Period**”), and (ii) any and all Taxes of any person (other than the Company and its Subsidiaries) imposed on the Company and its Subsidiaries as a transferee or successor, by contract or pursuant to law, rule, or regulation, which Taxes relate to an event or transaction occurring before the Closing. In the case of any taxable period that includes (but does not end on) the Closing Date (a “**Straddle Period**”), the amount of any Taxes based on or measured by income, receipts, or payroll of the Company and its Subsidiaries for the Pre-Closing Tax Period shall be determined based on an interim closing of the books as of the close of business on the Closing Date (and for such purpose, the taxable period of any partnership or other pass-through entity in which the Company or any of its Subsidiaries holds a beneficial interest shall be deemed to terminate at such time) and the amount of other Taxes of Company and its Subsidiaries for a Straddle Period that relates to the Pre-Closing Period shall be deemed to be the amount of such Tax for the entire taxable period multiplied by a fraction the numerator of which is the number of days in the taxable period ending on the Closing Date and the denominator of which is the number of days in such Straddle Period. [***].

X. MISCELLANEOUS

10.1 Further Assurances. From time to time after the Closing Date, at the request of the other party hereto and at the expense of the party so requesting, the parties hereto shall execute and deliver to such requesting party such documents and take such other actions as such requesting party may reasonably request in order to consummate the transactions contemplated hereby.

10.2 Notices. All notices, requests, demands, waivers and communications required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been duly given if delivered (i) by hand (including by reputable overnight courier), (ii) by mail (certified or registered mail, return receipt requested) or (iii) by telecopy facsimile transmission (receipt of which is confirmed):

(a) If to Buyer or, after the Closing, the Company, to:

Actuant Corporation
N86 W12500 Westbrook Crossing
Menomonee Falls, Wisconsin 53051
Telecopy: (262) 293-7039
Attention: Ted Wozniak

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with a copy to:

McDermott Will & Emery LLP
227 West Monroe Street
Chicago, Illinois 60606
Telecopy: (312) 984-7700
Attention: Helen R. Friedli, Esq.

(b) If to the Seller, or, prior to Closing, the Company, to:

c/o American Securities LLC
299 Park Avenue, 34th Floor
New York, New York 10171
Telecopy: (212) 697-5524
Attention: Eric Schondorf, Esq.

with a copy to:

Kaye Scholer LLP
425 Park Avenue
New York, New York 10022
Telecopy: (212) 836-8689
Attention: Emanuel Cherney, Esq.

or to such other Person or address as any party shall specify by notice in writing to the other party. All such notices, requests, demands, waivers and communications shall be deemed to have been given (i) on the date on which so hand-delivered, (ii) on the third business day following the date on which so mailed and (iii) on the date on which telecopied and confirmed, except for a notice of change of address, which shall be effective only upon receipt thereof.

10.3 Exhibits and Schedules. Any matter, information or item disclosed in the Disclosure Schedules or other schedules delivered by the Company or the Seller or in any of the Exhibits attached hereto, under any specific representation or warranty or schedule number hereof, shall be deemed to have been disclosed for all purposes of this Agreement in response to every representation or warranty in this Agreement in respect of which such disclosure is readily apparent. The inclusion of any matter, information or item in any schedule to this Agreement shall not be deemed to constitute an admission of any liability by the Company or the Seller to any third party or otherwise imply, that any such matter, information or item is material or creates a measure for materiality for the purposes of this Agreement.

10.4 Amendment, Modification and Waiver. This Agreement may be amended, modified or supplemented at any time by written agreement of the parties hereto. Any failure of the Company to comply with any term or provision of this Agreement may be waived by Buyer, and any failure of Buyer to comply with any term or provision of this Agreement may be waived by the Company, at any time by an instrument in writing signed by or on behalf of such other party, but such waiver shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure to comply.

10.5 Entire Agreement. This Agreement, the Disclosure Schedules, the Letter of Intent, dated May 3, 2011, between the Seller and the Buyer and the exhibits to this Agreement contain the entire understanding of the parties hereto with respect to the subject matter hereof. Except as set forth in Section 6.2(b), this Agreement supersedes all prior agreements and understandings, oral and written, with respect to its subject matter.

10.6 Severability. Should any provision of this Agreement for any reason be declared invalid or unenforceable, such decision shall not affect the validity or enforceability of any of the other provisions of this Agreement, which other provisions shall remain in full force and effect and the application of such invalid or unenforceable provision to Persons or circumstances other than those as to which it is held invalid or unenforceable shall be valid and be enforced to the fullest extent permitted by law.

10.7 Binding Effect; Assignment. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, successors and permitted assigns, but except as contemplated herein, neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned, directly or indirectly, by any party without the prior written consent of the other parties hereto, except that Buyer may assign all or any portion of its rights hereunder to one or more of its affiliates; provided, that no such assignment shall relieve Buyer of its obligations hereunder and Buyer hereby irrevocably and unconditionally guarantees all of any such assignee's obligations arising under or in connection with this Agreement and the agreements contemplated hereby. Upon any such permitted assignment, the references in this Agreement to Buyer shall also apply to any such assignee unless the context otherwise requires.

10.8 No Third-Party Beneficiaries. This Agreement is not intended and shall not be deemed to confer upon or give any Person except the parties hereto and their respective successors and permitted assigns any remedy, claim, liability, reimbursement, cause of action or other right under or by reason of this Agreement, except the D&O Indemnified Persons as set forth in Section 6.8.

10.9 Fees and Expenses; Transfer Taxes. (a) Except as set forth herein, whether or not the transactions contemplated hereby are consummated pursuant hereto, each party hereto shall pay all fees and expenses incurred by it or on its behalf in connection with this Agreement and the consummation of the transactions contemplated hereby.

(b) The Buyer shall be liable for and shall pay all applicable sales, transfer, recording, deed, stamp and other similar taxes, including, without limitation, any real property transfer or gains taxes (if any), resulting from the consummation of the transactions contemplated by this Agreement and shall file all Tax Returns related thereto.

10.10 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

10.11 Interpretation. The article and section headings contained in this Agreement are solely for the purpose of reference, are not part of the agreement of the parties and shall not in any way affect the meaning or interpretation of this Agreement. As used in this Agreement, the term “**Person**” shall mean and include an individual, a partnership, a joint venture, a corporation, a limited liability company, a trust, an unincorporated organization and a government or any department or agency thereof. As used in this Agreement, the term “**affiliate**” shall have the meaning set forth in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended. As used in this Agreement, “**including**” shall mean “**including without limitation**”. As used in this Agreement, “**made available**” shall mean posted in the Intralinks online database title Project Haymaker in a manner that Buyer has full access to prior to the date which is three (3) Business Days prior to the date hereof through the date hereof.

10.12 Forum; Service of Process. Any legal suit, action or proceeding brought by any party or any of its affiliates arising out of or based upon this Agreement shall only be instituted in any federal or state court in Delaware, and each party waives any objection which it may now or hereafter have to the laying of venue of any such proceeding, and irrevocably submits to the jurisdiction of such courts in any such suit, action or proceeding.

10.13 Governing Law. This Agreement shall be governed by the laws of the State of Delaware, excluding choice of law principles that would require the application of the laws of a jurisdiction other than the State of Delaware.

10.14 WAIVER OF JURY TRIAL. TO THE FULLEST EXTENT PERMITTED BY LAW, THE PARTIES HERETO HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY DEALINGS BETWEEN THEM RELATING TO THE SUBJECT MATTER OF THIS TRANSACTION. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS AGREEMENT, INCLUDING, WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. THE PARTIES HERETO ACKNOWLEDGE THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT EACH HAS ALREADY RELIED ON THE WAIVER IN ENTERING INTO THIS AGREEMENT AND THAT EACH WILL CONTINUE TO RELY ON THE WAIVER IN THEIR RELATED FUTURE DEALINGS. THE PARTIES HERETO FURTHER WARRANT AND REPRESENT THAT EACH HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL

COUNSEL. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND THE WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT OR TO ANY OTHER DOCUMENTS OR AGREEMENTS RELATING TO THE TRANSACTIONS CONTEMPLATED HEREBY. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

10.15 Release. Effective as of immediately prior to the Closing, the Company, for itself and on behalf of its equityholders, successors and assigns (together the “**Releasing Parties**”), (a) does hereby, absolutely, unconditionally, and irrevocably release and forever discharge the Seller, the American Securities Funds and American Securities LLC and each of their past and present, direct and indirect equityholders, officers, managers, directors, predecessors, successors, assigns, and employees (other than those Persons who are also employees of the Company or any Subsidiary) (the “**Selling Entity Releasees**”) of and from any and all charges, complaints, claims, liabilities, obligations, promises, agreements, controversies, damages, actions, causes of action, suits, rights, demands, costs, losses, debts and expenses (including attorneys’ fees and costs actually incurred) of any kind or nature whatsoever that relate to or arise out of (i) the direct or indirect ownership of the Company by the Seller and the American Securities Funds, (ii) any management or similar services provided by the Selling Entity Releasees in connection with such ownership and (iii) any other actions taken by the Selling Entity Releasees in connection with the Company or any of its Subsidiaries, in law, in equity, or mixed, which any Releasing Party has ever had, now has or which the Releasing Parties hereafter can, shall or may have, whether or not now known, from the beginning of the world to the Closing Date, and (b) acknowledges and agrees that such Releasing Party is expressly waiving all such claims, even those the Releasing Party may not know or suspect to exist, which if known may have materially affected the decision to provide this Release, and (c) waives any rights of such Releasing Party under applicable Law that provide to the contrary, other than (i) with respect to any act of actual fraud, and (ii) its obligations under this Agreement and any agreements or documents entered into in connection herewith. Accordingly, Buyer acknowledges and agrees that following the Closing, it will not (and will cause its Subsidiaries (including the Company) and other Affiliates and all Persons acting on their behalf to not) assert any claim or cause of action against the Seller, or hold Seller liable with respect thereto, except with respect to the matters referred to in clauses (i) and (ii) of the preceding sentence.

10.16 Specific Performance. The parties hereto hereby acknowledge and agree that the failure of any party to this Agreement to perform its agreements and covenants hereunder will cause irreparable injury to the other parties to this Agreement for which monetary damages, even if available, will not be an adequate remedy. Accordingly, each of the parties hereto hereby consents to the granting of equitable relief (including specific performance and injunctive relief) by any court of competent jurisdiction to enforce and party’s obligations hereunder. The parties further agree to waive any requirement for the securing or posting of any bond in connection with the obtaining of any such equitable relief and that this Section 10.15 is without prejudice to any other rights that the parties hereto may have for any failure to perform this Agreement.

10.17 Conflicts and Privilege. Buyer hereby waives and agrees not to assert, and agrees to cause Buyer and each of its Subsidiaries to waive and to not assert, any conflict of interest arising out of or relating to the representation, after the Closing, of the Seller or any officer, employee or director of the Company or any of its Subsidiaries in any matter involving this Agreement or any other agreements or transactions contemplated hereby (including any litigation, arbitration, mediation or other proceeding), by Kaye Scholer LLP. Buyer and the Company further agree that, as to all communications between Kaye Scholer LLP, the Company and Seller that relate in any way to the transactions contemplated by this Agreement, the attorney/client privilege and the expectation of client confidence belongs to Seller and may be controlled by Seller, and shall not pass to or be claimed or controlled by the Company; provided that the Seller shall not waive such attorney/client privilege other than to the extent appropriate in connection with the enforcement or defense of their respective rights or obligations existing under this Agreement and the other agreements referred to herein. Notwithstanding the foregoing, in the event a dispute arises between Buyer or the Company and a Person other than Seller after the Closing, the Company may assert the attorney/client privilege to prevent disclosure of confidential communications by Kaye Scholer LLP to such Person.

[Remainder of Page Intentionally Left Blank]

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

ASCP - WEASLER HOLDINGS LLC

By: ASP Manager Corp., its manager

By: /s/ Marc Saiontz

Name: Marc Saiontz

Title: Authorized Signatory

ASCP - WEASLER HOLDINGS, INC.

By: /s/ Marc Saiontz

Name: Marc Saiontz

Title: Authorized Signatory

WEASLER ENGINEERING, INC.

By: /s/ James Hawkins

Name: James Hawkins

Title: President

ACTUANT CORPORATION

By: /s/ Andrew Lampereur

Name: Andrew Lampereur

Title: Chief Financial Officer

[SIGNATURE PAGE TO STOCK PURCHASE AGREEMENT]

Exhibit A

Form of key employee Employment Agreement

Exhibit A-49

Exhibit B

Form of Noncompetition Agreement

Exhibit B-50

Exhibit C

Accounting Principles

Exhibit C-51

Exhibit D

Sample Closing Date Statement

Exhibit D-52

Exhibit E

Escrow Agreement

Exhibit E-53

Exhibit F

Form of Seller Release

Exhibit F-54

Exhibit G

Form of Redacted Agreement

Exhibit G-55

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 Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting

Date: July 8, 2011

/s/ Robert C. Arzbaecher

Robert C. Arzbaecher
Chairman, Chief Executive Officer and President

CERTIFICATION

I, Andrew G. Lampereur, certify that:

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

Date: July 8, 2011

/s/ Andrew G. Lampereur

Andrew G. Lampereur
Executive Vice President and Chief Financial Officer

WRITTEN STATEMENT OF THE CHIEF EXECUTIVE OFFICER

Pursuant to 18 U.S.C. ss.1350, I, the undersigned 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 May 31, 2011 (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: July 8, 2011

/s/ Robert C. Arzbaeher

Robert C. Arzbaeher

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

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

WRITTEN STATEMENT OF THE CHIEF FINANCIAL OFFICER

Pursuant to 18 U.S.C. ss.1350, I, the undersigned Executive Vice President and Chief Financial Officer of Actuant Corporation (the "Company"), hereby certify, based on my knowledge, that the Quarterly Report on Form 10-Q of the Company for the quarterly period ended May 31, 2011 (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: July 8, 2011

/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.