SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended June 30, 1999

OR

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

For the transition period from ____________________ to _______________________

Commission File No. 1-4982

PARKER-HANNIFIN CORPORATION

(Exact name of registrant as specified in its charter)

Ohio	34-0451060
(State of Incorporation)	(I.R.S. Employer Identification No.)
6035 Parkland Boulevard, Cleveland, Ohio	44124-4141
(Address of Principal Executive Offices)	(Zip Code)
Registrant's telephone number, including area code	(216) 896-3000

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on which Registered
Common Shares, $.50 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

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, as amended, during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes X . No ___ .

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K [X].

The aggregate market value of the voting stock held by non-affiliates of the Registrant as of August 31, 1999, excluding, for purposes of this computation, only stock holdings of the Registrant's Directors and Officers. $4,839,474,763.

The number of Common Shares outstanding on August 31, 1999 was 111,904,364.

Portions of the following documents are incorporated by reference:

(1) Annual Report to Shareholders of the Company for the fiscal year ended June 30, 1999. Incorporated by reference into Parts I, II and IV hereof.

(2) Definitive Proxy Statement for the Company's 1999 Annual Meeting of Shareholders. Incorporated by reference into Part III hereof.

PARKER-HANNIFIN CORPORATION

FORM 10-K

Fiscal Year Ended June 30, 1999

PART I

ITEM 1. BUSINESS. Parker-Hannifin Corporation is a leading worldwide full-line manufacturer of motion control products, including fluid power systems, electromechanical controls and related components. Fluid power involves the transfer and control of power through the medium of liquid, gas or air, in hydraulic, pneumatic and vacuum applications. Fluid power systems move and position materials, control machines, vehicles and equipment and improve industrial efficiency and productivity. Components of a simple fluid power system include a pump or compressor which generates pressure, valves which control the fluid's flow, an actuator which translates the pressure in the fluid into mechanical energy, a filter to insure proper fluid condition and numerous hoses, couplings, fittings and seals. Electromechanical control involves the use of electronic components and systems to control motion and precisely locate or vary speed in automation applications. In addition to motion control products, the Company also is a leading worldwide producer of fluid purification, fluid flow, process instrumentation, air conditioning, refrigeration, and electromagnetic shielding and thermal management products.

The Company was incorporated in Ohio in 1938. Its principal executive offices are located at 6035 Parkland Boulevard, Cleveland, Ohio 44124-4141, telephone (216) 896-3000. As used in this Report, unless the context otherwise requires, the term "Company" or "Parker" refers to Parker-Hannifin Corporation and its subsidiaries.

The Company's manufacturing, service, distribution and administrative facilities are located in 36 states, Puerto Rico and worldwide in 38 foreign countries. Its motion control technology is used in the products of its two business Segments: Industrial and Aerospace. The products are sold as original and replacement equipment through product and distribution centers worldwide. The Company markets its products through its direct-sales employees and more than 7,500 independent distributors. Parker products are supplied to approximately 400,000 customers in virtually every significant manufacturing, transportation and processing industry. For the fiscal year ended June 30, 1999, net sales were $4,958,800,000; Industrial Segment products accounted for 77% of net sales and Aerospace Segment products for 23%.

MARKETS

Motion control systems are used throughout industry in applications which include moving of materials, controlling machines, vehicles and equipment and positioning materials during the manufacturing process. Motion control systems contribute to the efficient use of energy and improve industrial productivity.

The approximately 400,000 customers who purchase the Company's products are found throughout virtually every significant manufacturing, transportation and processing industry. No customer accounted for more than 6% of the Company's total net sales for the fiscal year.

The major markets for products of the Fluid Connectors, Hydraulics, Automation and Seal Groups of the Industrial Segment are agricultural machinery, automotive, construction equipment, electronic equipment, fabricated metals, food production, industrial machinery, lumber and paper, machine tools, marine, medical equipment, mining, mobile equipment, chemicals, robotics, semi-conductor equipment, telecommunications, textiles, transportation and every other major production and processing industry. Products manufactured by the Industrial Segment's Climate and Industrial Controls Group are utilized principally in automotive and mobile air conditioning systems, industrial refrigeration systems and home and commercial air conditioning equipment. The major markets for products manufactured by the Instrumentation Group of the Industrial Segment are power generation, oil and gas exploration, petrochemical and chemical processing, pulp and paper, semi-conductor manufacturing, medical and analytical applications. The major markets for products of the Filtration Group of the Industrial Segment are industrial machinery, mobile equipment, process equipment, marine, aviation, environmental and semi-conductor manufacturing. Sales of Industrial Segment products are made to original equipment manufacturers and their replacement markets.

Aerospace Segment sales are made primarily to the commercial, military and general aviation markets and are made to original equipment manufacturers and to end users for maintenance, repair and overhaul.

PRINCIPAL PRODUCTS, METHODS OF DISTRIBUTION AND COMPETITIVE CONDITIONS

INDUSTRIAL SEGMENT. The product lines of the Company's Industrial Segment cover most of the components of motion control systems. The Fluid Connectors Group manufactures connectors, including tube fittings and hose fittings, valves, hoses and couplers, which control, transmit and contain fluid. The Hydraulics Group produces hydraulic components and systems for builders and users of industrial and mobile machinery and equipment, such as cylinders, accumulators, rotary actuators, valves, motors and pumps, hydrostatic steering units, power units, integrated hydraulic circuits, electrohydraulic systems and metering pumps. The Automation Group supplies pneumatic and electromechanical components and systems, including pneumatic valves, air preparation units, indexers, stepper and servo drives, multi-axis positioning tables, electric and pneumatic cylinders, structural extrusions, vacuum products, pneumatic logic and human/machine interface hardware and software. The Climate and Industrial Controls Group manufactures components for use in industrial, residential, automotive and mobile air conditioning and refrigeration systems and other applications, including pressure regulators, solenoid valves, expansion valves, filter-dryers, gerotors and hose assemblies. The Seal Group manufactures sealing devices, including o-rings and o-seals, gaskets and packings, which insure leak-proof connections and electromagnetic interference shielding and thermal management products. The Filtration Group manufactures filters, systems and instruments to monitor and to remove contaminants from fuel, air, oil, water and other fluids and gases, including hydraulic, lubrication and coolant filters; process, chemical and microfiltration filters; compressed air and gas purification filters; lube oil and fuel filters; fuel conditioning filters; fuel filters/water separators; cabin air filters and condition monitoring devices. The Instrumentation

Group manufactures high quality critical flow components for process instrumentation, ultra-high-purity, medical and analytical applications, including instrumentation and ultra-high-purity tube fittings, ball, plug and needle valves, packless ultra-high-purity valves, Teflon(R) fittings, valves and spray guns, miniature solenoid valves, multi-solenoid manifolds, regulators, transducers, quick connects, hose products and cylinder connections.

Industrial Segment products include both standard items which are produced in large quantities and custom units which are engineered and produced to original equipment manufacturers' specifications for application to a particular end product. Both standard and custom products are also used in the replacement of original motion control system components. Industrial Segment products are marketed primarily through field sales employees and more than 7,500 independent distributors.

AEROSPACE SEGMENT. The principal products of the Company's Aerospace Segment are hydraulic, fuel and pneumatic systems and components that are used on most commercial and military airframe and engine programs in production in the Western world today.

The Aerospace Segment offers complete hydraulic systems, as well as components that include hydraulic, electrohydraulic and electromechanical systems used for precise control of aircraft rudders, elevators, ailerons and other aerodynamic control surfaces and utility hydraulic components such as reservoirs, accumulators, selector valves, electrohydraulic servovalves, thrust-reverser actuators, engine-driven pumps, nosewheel steering systems, electromechanical actuators, engine controls and electronic controllers. The Aerospace Segment also designs and manufactures aircraft wheels and brakes for the general aviation and military markets.

The Aerospace fuel product line includes complete fuel systems as well as components such as fuel transfer and pressurization controls, in-flight refueling systems, fuel pumps and valves, fuel measurement and management systems and center of gravity controls, engine fuel injection atomization nozzles and augmentor controls, and electronic monitoring computers.

Pneumatic components include bleed air control systems, pressure regulators, low-pressure pneumatic controls, heat transfer systems, engine start systems, engine bleed control and anti-ice systems, and electronic control and monitoring computers.

Aerospace Segment products are marketed by the Company's regional sales organization and are sold directly to manufacturers and end users.

COMPETITION. All aspects of the Company's business are highly competitive. No single manufacturer competes with respect to all products manufactured and sold by the Company and the degree of competition varies with different products. In the Industrial Segment, the Company competes on the basis of product quality and innovation, customer service, its manufacturing and distribution capability, and competitive price. The Company believes that, in most of the major markets for its products, it is one of the principal suppliers of motion control systems and components.

In the Aerospace Segment, the Company has developed alliances with key customers based on Parker's advanced technological and engineering capabilities, superior performance in quality, delivery, and service, and price competitiveness, which has enabled Parker to obtain significant original equipment business on new aircraft programs for its systems and components and, thereby, obtain the follow-on repair and replacement business for these programs. The Company believes that it is one of the primary suppliers in the aerospace marketplace.

RESEARCH AND PRODUCT DEVELOPMENT

The Company continually researches the feasibility of new products through its development laboratories and testing facilities in many of its worldwide manufacturing locations. Its research and product development staff includes chemists, mechanical, electronic and electrical engineers and physicists.

Research and development costs relating to the development of new products or services and the improvement of existing products or services amounted to $86,953,000 in fiscal 1999, $83,117,000 in fiscal 1998 and $103,155,000 in fiscal 1997. Reimbursements of customer-sponsored research included in the total cost for each of the respective years were $15,239,000, $15,753,000 and $35,986,000.

PATENTS, TRADEMARKS, LICENSES

The Company owns a number of patents, trademarks and licenses related to its products and has exclusive and non-exclusive rights under patents owned by others. In addition, patent applications on certain products are now pending, although there can be no assurance that patents will be issued. The Company is not dependent to any material extent on any single patent or group of patents.

BACKLOG AND SEASONAL NATURE OF BUSINESS

The Company's backlog at June 30, 1999 was approximately $1,625,637,000 and at June 30, 1998 was approximately $1,649,377,000. Approximately 78% of the Company's backlog at June 30, 1999 is scheduled for delivery in the succeeding twelve months. The Company's business generally is not seasonal in nature.

ENVIRONMENTAL REGULATION

The Company is subject to federal, state and local laws and regulations designed to protect the environment and to regulate the discharge of materials into the environment. Among other environmental laws, the Company is subject to the federal "Superfund" law, under which the Company has been designated as a "potentially responsible party" and may be liable for cleanup costs associated with various waste sites, some of which are on the U.S. Environmental Protection Agency Superfund priority list. The Company believes that its policies, practices and procedures are properly designed to prevent unreasonable risk of environmental damage and the consequent financial liability to the Company. Compliance with environmental laws and regulations requires continuing management effort and expenditures by the Company. Compliance with environmental laws and regulations has not had in the past, and, the Company believes, will not have in the future, material effects on the capital expenditures, earnings, or competitive position of the Company. The information set forth in Footnote 13 to the Financial Statements contained on pages 34 and 35 of the Company's Annual Report to Shareholders for the fiscal year ended June 30, 1999 ("Annual Report"), as specifically excerpted on pages 13-32 and 13-33 of Exhibit 13 hereto, is incorporated herein by reference.

ENERGY MATTERS AND SOURCES AND AVAILABILITY OF RAW MATERIALS

The Company's primary energy source for each of its business segments is electric power. While the Company cannot predict future costs of such electric power, the primary source for production of the required electric power will be coal from substantial, proven coal reserves available to electric utilities. The Company is subject to governmental regulations in regard to energy supplies both in the United States and elsewhere. To date the Company has not experienced any significant disruptions of its operations due to energy curtailments.

Steel, brass, aluminum and elastomeric materials are the principal raw materials used by the Company. These materials are available from numerous sources in quantities sufficient to meet the requirements of the Company.

EMPLOYEES

The Company employed 38,928 persons as of June 30, 1999, of whom 13,974 were employed by foreign subsidiaries.

BUSINESS SEGMENT INFORMATION

The net sales, segment operating income and identifiable assets by business segment and net sales and long-lived assets by geographic area for the past three fiscal years, as set forth on page 25 of the Annual Report and specifically excerpted on pages 13-16 to 13-17 of Exhibit 13 hereto, are incorporated herein by reference.

ITEM 1A. EXECUTIVE OFFICERS OF THE COMPANY

The Company's Executive Officers are as follows:

Name	Position	Officer Since(1)	Age
Duane E. Collins	President, Chief Executive Officer, Member of the Office of the President and Director	1983	63
Dennis W. Sullivan	Executive Vice President, Member of the Office of the President and Director	1978	60
Lawrence M. Zeno	Vice President and Member of the Office of the President	1993	57
Claus Beneker	Vice President - Technical Director	1999	59
Paul L. Carson	Vice President - Information Services	1993	63
Lynn M. Cortright	Vice President and President, Climate & Industrial Controls Group	1999	58
Dana A. Dennis	Controller	1999	51

Daniel T. Garey	Vice President - Human Resources	1995	56
Stephen L. Hayes	Vice President and President, Aerospace Group	1993	58
Michael J. Hiemstra	Vice President - Finance and Administration and Chief Financial Officer	1987	52
John D. Myslenski	Vice President and President, Fluid Connectors Group	1997	48
John K. Oelslager	Vice President and President, Automation Group	1997	56
Thomas A. Piraino, Jr.	Vice President, General Counsel and Secretary	1998	50
Timothy K. Pistell	Treasurer	1993	52
Nickolas W. Vande Steeg	Vice President and President, Seal Group	1995	56
Donald E. Washkewicz	Vice President and President, Hydraulics Group	1997	49

(1) Officers of Parker-Hannifin serve for a term of office from the date of election to the next organizational meeting of the Board of Directors and until their respective successors are elected, except in the case of death, resignation or removal. Messrs. Collins, Carson, Hayes, Hiemstra and Pistell have served in the executive capacities indicated above during the past five years.

Mr. Sullivan was elected as Executive Vice President in 1981 and a Member of the Office of the President in April 1996.

Mr. Zeno was elected as a Vice President in October 1993 and a Member of the Office of the President in July 1997. He was President of the Motion and Control Group from January 1994 to June 1997.

Mr. Beneker was elected as Vice President - Technical Director effective in February 1999. He was Vice President of Business Development of the Aerospace Group from July 1995 to February 1999 and General Manager of the Metal Bellows Division from July 1994 to July 1995.

Mr. Cortright was elected as a Vice President in January 1999 and was named President of the Climate & Industrial Controls Group in October 1998. He was President of the Latin American Group from November 1987 to October 1998.

Mr. Dennis was elected Controller effective July 1999. He was Vice President/Controller of the Automation Group from August 1997 to July 1999 and Vice President/Controller of the Motion and Control Group from July 1994 to August 1997.

Mr. Garey was elected as a Vice President effective in January 1995. He was Vice President-Human Resources of the Motion and Control Group (formerly the Fluidpower Group) from July 1982 to December 1994.

Mr. Myslenski was elected as a Vice President in October 1997 and named President of the Fluid Connectors Group in July 1997. He was Vice President-Operations of the Fluid Connectors Group from March 1989 to June 1997.

Mr. Oelslager was elected as a Vice President in October 1997 and named President of the Automation Group in July 1997. He was Vice President Operations of the Motion and Control Group from July 1995 to June 1997 and General Manager of the Cylinder Division from July 1989 to July 1995.

Mr. Piraino was elected as Vice President, General Counsel and Secretary effective in July 1998. He was Vice President-Law from July 1990 to June 1998.

Mr. Vande Steeg was elected as a Vice President effective in September 1995. He has been President of the Seal Group since 1987.

Mr. Washkewicz was elected as a Vice President and named President of the Hydraulics Group in October 1997. He was Vice President-Operations of the Fluid Connectors Group from October 1994 to October 1997 and General Manager of the Parflex Division from July 1982 to September 1994.

ITEM 2. PROPERTIES. The following table sets forth the principal plants and other materially important properties of the Company and its subsidiaries. The leased properties are indicated with an asterisk. A "(1)" indicates that the property is occupied by the Company's Industrial Segment and a "(2)" indicates properties occupied by the Aerospace Segment.

UNITED STATES

State	City
Alabama	Boaz(1)
	Decatur(1)
	Huntsville(1)
	Jacksonville(1)
Arizona	Glendale(2)
	Tolleson(2)
	Tucson*(1)
Arkansas	Siloam Springs(1)
	Trumann(1)
California	Cypress*(2)
	Irvine(1)(2)
	Modesto(1)
	Newbury Park*(1)
	Richmond(1)
	Rohnert Park(1)
	San Diego(1)

State	City
Connecticut	New Britain(1)
Florida	Longwood(1)
	Miami*(1)
Georgia	Dublin(2)
Idaho	Boise*(1)
Illinois	Broadview(1)
	Des Plaines(1)
	Hampshire(1)
	Lincolnshire*(1)
	Mount Prospect*(1)
	Rockford(1)
Indiana	Albion(1)
	Ashley(1)
	Lebanon(1)
	Tell City(1)
Iowa	Red Oak(1)
Kansas	Manhattan(1)
Kentucky	Berea(1)
	Lexington(1)
Louisiana	Harvey*(1)
Maine	Portland(1)
Massachusetts	Ayer(2)
	Woburn(1)
Michigan	Kalamazoo(2)
	Lakeview(1)
	Otsego(1)
	Oxford(1)
	Richland(1)
	Troy*(1)
Minnesota	Golden Valley(1)
Mississippi	Batesville(1)
	Booneville(1)
	Madison(1)
Missouri	Kennett(1)
Nebraska	Lincoln(1)
Nevada	Carson City(1)
New Hampshire	Hollis*(1)
	Hudson(1)
	Portsmouth*(1)
New Jersey	Belleville*(1)
	Fairfield*(1)
New York	Clyde(2)
	Lyons(1)
	Smithtown(2)
North Carolina	Forest City(1)
	Hillsborough(1)
	Mooresville(1)
	Sanford(1)
	Wake Forest*(1)

State	City
Ohio	Akron(1)
	Andover(2)
	Avon(2)
	Brookville(1)
	Columbus(1)
	Cuyahoga Falls*(1)
	Eastlake(1)
	Eaton(1)
	Elyria(1)(2)
	Forest(2)
	Green Camp(1)
	Kent(1)
	Lewisburg(1)
	Mayfield Heights(1)(2)
	Mentor(2)
	Metamora(1)
	Milford*(1)
	Ravenna(1)
	St. Marys(1)
	Wadsworth(1)
	Wickliffe(1)
Oklahoma	Henryetta*(1)
Oregon	Eugene(1)
Pennsylvania	Canton(1)
	Harrison City(1)
	Reading(1)
South Carolina	Beaufort(2)
	Spartanburg(1)
Tennessee	Greenfield(1)
	Greeneville(1)
	Memphis*(1)
Texas	Cleburne(1)
	Ft. Worth(1)
	Mansfield(1)
Utah	Ogden(2)
	Salt Lake City(1)
Washington	Seattle*(1)
Wisconsin	Butler*(1)
	Chetek(1)
	Grantsburg(1)
	Mauston(1)

Territory	City
Puerto Rico	Ponce*(2)

FOREIGN COUNTRIES

Country	City
Argentina	Buenos Aires(1)
Australia	Castle Hill(1)
	Wodonga(1)
Austria	Wiener Neustadt(1)
Belgium	Brussels*(1)
Brazil	Jacarei(1)
	Sao Paulo(1)
Canada	Grimsby(1)
	Owen Sound(1)
Czech Republic	Chomutov*(1)
	Prague*(1)
	Sadska*(1)
Denmark	Espergarde(1)
	Ishoj(1)
England	Barnstaple(1)
	Buxton(1)
	Cannock(1)
	Derby(1)
	Dewsbury(1)
	Hemel Hempstead(1)
	Littlehampton(1)
	Marlow*(1)
	Ossett(1)
	Poole*(1)
	Rotherham(1)
	Thetford(1)
	Watford(1)
Finland	Hyrynsalmi*(1)
	Urjala(1)
	Vantaa(1)
France	Annemasse(1)
	Contamine(1)
	Evreux(1)
	Pontarlier(1)
	Wissembourg(1)
Germany	Berlin*(1)
	Bielefeld(1)
	Bietigheim-Bissingen(1)
	Chemnitz*(1)
	Cologne(1)
	Erfurt(1)
	Hochmossingen(1)
	Kaarst(1)
	Lampertheim(1)
	Mucke(1)
	Offenburg*(1)
	Pleidelsheim(1)
	Queckborn(1)
	Scholss-Holte(1)

FOREIGN COUNTRIES

Country	City
	Wiesbaden(2)
Greece	Athens*(1)
Hong Kong	Hong Kong*(1)
Hungary	Budapest*(1)
India	Mumbai*(1)
Italy	Adro(1)
	Arsago Seprio(1)
	Corsico(1)
	Gessate(1)
Japan	Yokohama(1)(2)
Malaysia	Kuala Lumpur(2)
Mexico	Matamoros(1)
	Monterrey(1)
	Tijuana(1)
	Toluca(1)
Netherlands	Amelo*(1)
	Hendrik-Ido-Ambacht(1)
	Hoogezand(1)
	Oldenzaal(1)
New Zealand	Mt. Wellington(1)
Norway	Langhus(1)
Peoples Republic of China	Beijing*(1)(2)
	Shanghai*(1)
Philippines	Manila*(1)
Poland	Warsaw*(1)
	Wroclaw*(1)
Russia	Moscow*(1)
Singapore	Singapore*(1)(2)
South Africa	Kempton Park(1)
South Korea	Chonan(1)
	Seoul*(1)
	Suwon*(1)
	Yangsan(1)
Spain	Madrid*(1)
Sweden	Boras(1)
	Falkoping(1)
	Flen(1)
	Spanga(1)
	Trollhatten(1)
	Ulricehamn(1)
Switzerland	Geneva(1)
Taiwan	Taipei*(1)
Thailand	Bangkok*(1)
Ukraine	Kiev*(1)
United Arab Emirates	Abu Dhabi*(1)
Venezuela	Caracas*(1)
	Puerto Ordaz*(1)

The Company believes that its properties have been adequately maintained, are in good condition generally and are suitable and adequate for its business as presently conducted. The extent of utilization of the Company's properties varies among its plants and from time to time. Additional capacity has been added as the Company expands through business combinations. The Company's material manufacturing facilities remain capable of handling additional volume increases.

ITEM 3. LEGAL PROCEEDINGS. None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS. Not applicable.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS. As of August 31, 1999, the approximate number of shareholders of record of the Company was 4,536 and the number of beneficial owners was 39,380. Information regarding stock price and dividend information with respect to the Company's common stock, as set forth on page 35 of the Annual Report and specifically excerpted on page 13-35 of Exhibit 13 hereto, is incorporated herein by reference.

ITEM 6. SELECTED FINANCIAL DATA. The information set forth on pages 36 and 37 of the Annual Report, as specifically excerpted on page 13-38 of Exhibit 13 hereto, is incorporated herein by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS. The information set forth on pages 18, 20, 22, 24 and 38 of the Annual Report, as specifically excerpted on pages 13-1 to 13-9 of Exhibit 13 hereto, is incorporated herein by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK. The Company enters into forward exchange contracts and cross-currency swap agreements to reduce its exposure to fluctuations in related foreign currencies. These contracts are with major financial institutions and the risk of loss is considered remote. The Company does not hold or issue derivative financial instruments for trading purposes. In addition, the Company's foreign locations, in the ordinary course of business, enter into financial guarantees, through financial institutions, which enable customers to be reimbursed in the event of non-performance by the Company. The total value of open contracts and any risk to the Company as a result of these arrangements is not material to the Company's financial position, liquidity or results of operations.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA. The information set forth on pages 17, 19, 21, 23, 25 to 35 and 38 of the Annual Report, as specifically excerpted on pages 13-10 to 13-37 of Exhibit 13 hereto, is incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE. Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT. Information required as to the Directors of the Company is contained on pages 1 to 3 of the Company's definitive Proxy Statement dated September 27, 1999 (the "Proxy Statement") under the caption "Election of Directors." The foregoing information is incorporated herein by reference. Information as to the executive officers of the Company is included in Part I hereof.

ITEM 11. EXECUTIVE COMPENSATION. The information set forth under the caption "Compensation of Directors" on pages 3 and 4 of the Proxy Statement and under the caption "Executive Compensation" on pages 7 to 10 of the Proxy Statement is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT. The information set forth under the caption ""Change in Control" Severance Agreements with Officers" on pages 10 and 11 of the Proxy Statement and under the caption "Principal Shareholders of the Corporation" on page 12 of the Proxy Statement is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS. Not applicable.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K.

a. The following are filed as part of this report:

1. FINANCIAL STATEMENTS AND SCHEDULES

The financial statements and schedule listed in the accompanying Index to Consolidated Financial Statements and Schedules are filed or incorporated by reference as part of this Report.

2. EXHIBITS

The exhibits listed in the accompanying Exhibit Index and required by Item 601 of Regulation S-K (numbered in accordance with Item 601 of Regulation S-K) are filed or incorporated by reference as part of this Report.

b. The Registrant did not file a Current Report on Form 8-K in the quarter ended June 30, 1999.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

PARKER-HANNIFIN CORPORATION

By: /s/ Michael J. Hiemstra

Michael J. Hiemstra
Vice President - Finance and
Administration
and Chief Financial Officer

September 24, 1999

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report on Form 10-K has been signed below by the following persons in the capacities and on the date indicated.

Signature and Title

PATRICK S. PARKER, Chairman of the Board of Directors; DUANE E. COLLINS, President, Chief Executive Officer and Director; DANA A. DENNIS, Controller and Principal Accounting Officer; JOHN G. BREEN, Director; PAUL C. ELY, JR., Director; PETER W. LIKINS, Director; GUILIO MAZZALUPI, Director; KLAUS-PETER MULLER, Director; HECTOR R. ORTINO, Director; ALLAN L. RAYFIELD, Director; WOLFGANG R. SCHMITT, Director; DEBRA L. STARNES, Director; and DENNIS W. SULLIVAN, Director.

Date: September 24, 1999

/s/ Michael J. Hiemstra

Michael J. Hiemstra, Vice President - Finance and Administration, Principal Financial Officer and Attorney-in-Fact

PARKER-HANNIFIN CORPORATION
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SCHEDULES

Individual financial statements and related applicable schedules for the Registrant (separately) have been omitted because the Registrant is primarily an operating company and its subsidiaries are considered to be totally-held.

Report of Independent Accountants on the
Financial Statement Schedule

To the Board of Directors
of Parker-Hannifin Corporation

Our audits of the consolidated financial statements referred to in our report dated July 29, 1999 included in the 1999 Annual Report to Shareholders of Parker-Hannifin Corporation (which report and consolidated financial statements are incorporated by reference in this Annual Report on Form 10-K) also included an audit of the financial statement schedule listed in Item 14(a)(1) of this Form 10-K. In our opinion, this financial statement schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

PricewaterhouseCoopers LLP

Cleveland, Ohio
July 29, 1999

PARKER-HANNIFIN CORPORATION

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEARS ENDED JUNE 30, 1997, 1998 and 1999
(Dollars in Thousands)

Column A	Column B	Column C	Column D	Column E
Description	Balance at Beginning Of Period	Additions Charged to Costs and Expenses	Other (Deductions)/ Additions(A)	Balance At End Of Period
Allowance for doubtful accounts:				
Year ended June 30, 1997	$ 6,445	$ 1,288	$ (1,829)	$ 5,904
Year ended June 30, 1998	5,904	2,267	833	9,004
Year ended June 30, 1999	9,004	2,318	(1,925)	9,397

(A) Net balance of deductions due to uncollectible accounts charged off and additions due to acquisitions or recoveries.

Exhibit Index

EXHIBIT NO.	Description Of Exhibit
(3)	Articles Of Incorporation And By-laws
(3)(a)	Amended Articles of Incorporation(A).
(3)(b)	Code of Regulations, as amended(B).
(4)	Instruments Defining Rights of Security Holders:
(4)(a)	Rights Agreement, dated January 31, 1997, between the Registrant and KeyBank National Association ("KeyBank")(C), as amended by the First Addendum to Shareholder Protection Rights Agreement, dated April 21, 1997, between the Registrant and Wachovia Bank of North Carolina N.A. ("Wachovia"), as successor to KeyBank, and the Second Addendum to Shareholder Protection Rights Agreement, dated June 15, 1999, between the Registrant and National City Bank, as successor to Wachovia. The Registrant is a party to other instruments, copies of which will be furnished to the Commission upon request, defining the rights of holders of its long-term debt identified in Note 7 of the Notes to Consolidated Financial Statements appearing on pages 29 and 30 of the Annual Report as specifically excerpted on page 13-24 of Exhibit 13 hereto, which Note is incorporated herein by reference.
(10)	Material Contracts:
(10)(a)	Form of Change in Control Severance Agreement entered into by the Registrant and executive officers(D).*
(10)(b)	Parker-Hannifin Corporation Change in Control Severance Plan, as amended(E).*
(10)(c)	Form of Indemnification Agreement entered into by the Registrant and its directors and executive officers(F).
(10)(d)	Exchange Agreement entered into as of May 11, 1999 between the Registrant and Duane E. Collins including an Executive Estate Protection Plan comprised of the Executive Estate Protection Agreement entered into by the Registrant, Duane E. Collins and The Duane E. Collins Irrevocable Trust dated 5/10/99 (the "Trust"), the Collateral Assignment between the Registrant and the Trust and the "as sold" illustration of an Executive Estate Protection Plan Insurance Policy.*
(10)(e)	Form of Executive Life Insurance Agreement entered into by the Registrant and executive officers.*

Exhibit No.	Description of Exhibit
(10)(f)	Parker-Hannifin Corporation Supplemental Executive Retirement Benefits Program (August 15, 1996 Restatement)(G).*
(10)(g)	Parker-Hannifin Corporation 1987 Employees Stock Option Plan, as amended(H).*
(10)(h)	Parker-Hannifin Corporation 1990 Employees Stock Option Plan, as amended(I).*
(10)(i)	Parker-Hannifin Corporation 1993 Stock Incentive Program, as amended(J).*
(10)(j)	Parker-Hannifin Corporation 1999 Target Incentive Bonus Plan Description (K).*
(10)(k)	Parker-Hannifin Corporation 2000 Target Incentive Bonus Plan Description.*
(10)(l)	Parker-Hannifin Corporation 1997-98-99 Long Term Incentive Plan Description, as amended(L).*
(10)(m)	Parker-Hannifin Corporation 1998-99-00 Long Term Incentive Plan Description, as amended(M).*
(10)(n)	Parker-Hannifin Corporation 1999-00-01 Long Term Incentive Plan Description(N).*
(10)(o)	Parker-Hannifin Corporation 2000-01-02 Long Term Incentive Plan Description.*
(10)(p)	Parker-Hannifin Corporation Savings Restoration Plan, as amended.*
(10)(q)	Parker-Hannifin Corporation Pension Restoration Plan, as amended(O).*
(10)(r)	Parker-Hannifin Corporation Executive Deferral Plan, as amended(P).*
(10)(s)	Parker-Hannifin Corporation Volume Incentive Plan(Q).*
(10)(t)	Parker-Hannifin Corporation Non-Employee Directors' Stock Plan, as amended(R).*
(10)(u)	Parker-Hannifin Corporation Non-Employee Directors Stock Option Plan(S).*
(10)(v)	Parker-Hannifin Corporation Deferred Compensation Plan for Directors, as amended(T).*

Exhibit No.	Description of Exhibit
(10)(w)	Parker-Hannifin Corporation Stock Option Deferral Plan(U).*
(11)	Computation of Common Shares Outstanding and Earnings Per Share is incorporated by reference to Note 4 of the Notes to Consolidated Financial Statements appearing on page 29 of the Annual Report as specifically excerpted on pages 13-22 and 13-23 of Exhibit 13 hereto.
(12)	Computation of Ratio of Earnings to Fixed Charges as of June 30, 1999.
(13)	Excerpts from Annual Report to Shareholders for the fiscal year ended June 30,1999 which are incorporated herein by reference thereto.
(21)	List of subsidiaries of the Registrant.
(23)	Consent of Independent Accountants.
(24)	Power of Attorney.
(27)	Financial Data Schedule.

*Management contracts or compensatory plans or arrangements.

(A)	Incorporated by reference to Exhibit 3 to the Registrant's Report on Form 10-Q for the quarterly period ended September 30, 1997.
(B)	Incorporated by reference to Exhibits to the Registrant's Registration Statement on Form S-8 (No. 33-53193) filed with the Commission on April 20, 1994.
(C)	Incorporated by reference to Exhibit 4.1 to the Registrant's Report on Form 8-K filed with the Commission on February 4, 1997.
(D)	Incorporated by reference to Exhibit 10(a) to the Registrant's Report on Form 10-K for the fiscal year ended June 30, 1996.
(E)	Incorporated by reference to Exhibit 10(b) to the Registrant's Report on Form 10-K for the fiscal year ended June 30, 1996.
(F)	Incorporated by reference to Exhibit 10(f) to the Registrant's Report on Form 10-K for the fiscal year ended June 30, 1994.

(G)	Incorporated by reference to Exhibit 10(e) to the Registrant's Report on Form 10-K for the fiscal year ended June 30, 1996.
(H)	Incorporated by reference to Exhibit 10(f) to the Registrant's Report on Form 10-K for the fiscal year ended June 30, 1996.
(I)	Incorporated by reference to Exhibit 10(g) to the Registrant's Report on Form 10-K for the fiscal year ended June 30, 1996.
(J)	Incorporated by reference to Exhibit 10 to the Registrant's Report on Form 10-Q for the quarterly period ended September 30, 1997.
(K)	Incorporated by reference to Exhibit 10(i) to the Registrant's Report on Form 10-K for the fiscal year ended June 30, 1998.
(L)	Incorporated by reference to Exhibit 10(n) to the Registrant's Report on Form 10-K for the fiscal year ended June 30, 1996.
(M)	Incorporated by reference to Exhibit 10(m) to the Registrant's Report on Form 10-K for the fiscal year ended June 30, 1996.
(N)	Incorporated by reference to Exhibit 10(m) to the Registrant's Report on Form 10-K for the fiscal year ended June 30, 1998.
(O)	Incorporated by reference to Exhibit 10(p) to the Registrant's Report on Form 10-K for the fiscal year ended June 30, 1996.
(P)	Incorporated by reference to Exhibit 10(p) to the Registrant's Report on Form 10-K for the fiscal year ended June 30, 1998.
(Q)	Incorporated by reference to Exhibit 10(r) to the Registrant's Report on Form 10-K for the fiscal year ended June 30, 1996.
(R)	Incorporated by reference to Exhibit 10(s) to the Registrant's Report on Form 10-K for the fiscal year ended June 30, 1996.
(S)	Incorporated by reference to Exhibit 10(t) to the Registrant's Report on Form 10-K for the fiscal year ended June 30, 1996.

(T) Incorporated by reference to Exhibit 10(u) to the Registrant's Report on Form 10-K for the fiscal year ended June 30, 1996.

(U) Incorporated by reference to Exhibit 10(u) to the Registrant's Report on Form 10-K for the fiscal year ended June 30, 1998.

Shareholders may request a copy of any of the exhibits to this Annual Report on Form 10-K by writing to the Secretary, Parker-Hannifin Corporation, 6035 Parkland Boulevard, Cleveland, Ohio 44124-4141.

Exhibit 4a

Exhibit (4)(a)* to Report
on Form 10-K for Fiscal
Year Ended June 30, 1999
by Parker-Hannifin Corporation

First Addendum to Shareholder Protection Rights Agreement, dated April 21, 1997, between Wachovia Bank of North Carolina N.A. ("Wachovia"), as successor to KeyBank National Association and Second Addendum to Shareholder Protection Rights Agreement, dated June 15, 1999, between the Registrant and National City Bank, as successor to Wachovia.

* Numbered in accordance with Item 601 of Regulation S-K.

FIRST ADDENDUM TO
SHAREHOLDER PROTECTION RIGHTS AGREEMENT

Reference is made to that certain Shareholder Protection Rights Agreement (the "Agreement") dated as of January 31, 1997, between Parker-Hannifin Corporation, an Ohio corporation (the "Company"), and KeyBank National Association, a National Banking Association (the "Predecessor Rights Agent").

WHEREAS, the Predecessor Rights Agent has given written notice to the Company of the Predecessor Rights Agent's intention to resign as the "Rights Agent" pursuant to the Agreement; and

WHEREAS, the Company desires to hereby appoint a successor to the Predecessor Rights Agent.

Accordingly, effective April 21, 1997, ("Effective Date"), the Company does hereby appoint Wachovia Bank of North Carolina, N.A. to be the successor Rights Agent and to act in such capacity pursuant to the Agreement (the "Successor Rights Agent"). Pursuant to the provisions of Section 4.4 of the Agreement, the Successor Rights Agent is vested with the powers, rights, duties and responsibilities as if the Successor Rights Agent had been originally named as Rights Agent pursuant to the Agreement.

From and after the Effective Date and so long as the Successor Rights Agent shall continue as the Rights Agent under the Agreement, all references to the Rights Agent or to KeyBank National Association or any abbreviation thereof, contained in any of the Rights Certificates issued pursuant to the Agreement or any other document relating to or issued pursuant to the Agreement, or any legend referring to the Agreement contained on any outstanding common stock certificates, shall be deemed automatically to refer to Wachovia Bank of North Carolina, N.A., without the necessity of a restatement, amendment or those Right Certificates which refer to the Predecessor Rights Agent, the registered holders thereof shall not be required to surrender such Rights Certificates for reassurance to reflect this appointment.

IN WITNESS WHEREOF, the Company has caused this First Addendum to be duly executed and its corporate seal to be affixed and attested as of this 21 day of April, 1997.

ATTEST:	PARKER-HANNIFIN CORPORATION
By: /s/ Thomas L Meyer	By: /s/ Joseph D. Whiteman
Title: Asst. Secretary	V. P.
	[Corporate Seal]

The undersigned, Wachovia Bank of North Carolina, N.A., hereby accepts the above appointment by the Company as the Successor Rights Agent under the Agreement, hereby agreeing to be vested with and assume the powers, rights, duties and responsibilities of the Rights Agent under the Agreement. This acceptance has been duly executed by the undersigned and its corporate seal affixed and attested, as of this 21 day of April, 1997.

ATTEST:	WACHOVIA BANK OF NORTH CAROLINA, N.A., as Successor Rights Agent
By: /s/ Christopher A. Spillare	By: /s/ John P. Modica
Title: Asst. Secretary	Title: V. P.
	[Corporate Seal]

SECOND ADDENDUM TO
SHAREHOLDER PROTECTION RIGHTS AGREEMENT

Reference is made to that certain Shareholder Protection Rights Agreement (the "Agreement") dated as of January 31, 1997, between Parker-Hannifin Corporation, an Ohio corporation (the "Company"), and KeyBank National Association, a National Banking Association ("KeyBank"), and the First Addendum to the Agreement (the "First Addendum") dated as of April 21, 1997 between the Company and Wachovia Bank of North Carolina, N.A. ("Wachovia") (together with KeyBank, the "Predecessor Rights Agents").

WHEREAS, Wachovia has given written notice to the Company of Wachovia's intention to resign as the "Rights Agent" pursuant to the Agreement and the First Addendum,

WHEREAS, there have been no actions brought against the Company by the Predecessor Rights Agents in their capacity as Rights Agents under the Agreement, and

WHEREAS, the Company desires to hereby appoint a successor to Wachovia.

Accordingly, effective June 15, 1999, ("Effective Date"), the Company does hereby appoint National City Bank to be the successor Rights Agent and to act in such capacity pursuant to the Agreement, (the "Successor Rights Agent"). Pursuant to the provisions of Section 4.4 of the Agreement, the Successor Rights Agent is vested with the powers, rights, duties and responsibilities as if the Successor Rights Agent had been originally named as Rights Agent pursuant to the Agreement.

From and after the Effective Date and so long as the Successor Rights Agent shall continue as the Rights Agent under the Agreement, all references to the Rights Agent or to KeyBank National Association or to Wachovia Bank of North Carolina, N.A. or any abbreviation thereof, contained in any of the Rights Certificates issued pursuant to the Agreement or any other document relating to or issued pursuant to the Agreement, or any legend referring to the Agreement contained on any outstanding common stock certificates, shall be deemed automatically to refer to National City Bank, without the necessity of a restatement or amendment of those Rights Certificates which refer to the Predecessor Rights Agents, and the registered holders thereof shall not be required to surrender such Rights Certificates for reissuance to reflect this appointment.

IN WITNESS WHEREOF, the Company has caused this Second Addendum to be duly executed and its corporate seal to be affixed and attested as of this 15th day of June, 1999.

ATTEST:	PARKER-HANNIFIN CORPORATION
By: /s/ Thomas L. Meyer	By: /s/ Thomas A. Piraino, Jr.
Thomas L. Meyer Assistant Secretary	Thomas A. Piraino, Jr. Vice President and Secretary

(Corporate Seal)

The undersigned, National City Bank, hereby accepts the above appointment by the Company as the Successor Rights Agent under the Agreement, hereby agreeing to be vested with and assume the powers, rights, duties and responsibilities of the Rights Agent under the Agreement. This acceptance has been duly executed by the undersigned and its corporate seal affixed and attested, as of this 15th day of June, 1999.

ATTEST:	NATIONAL CITY BANK
By: /s/ J. Dean Presson	By: /s/ Marlayna J. Miller
Title: Vice President	Title: Vice President

(Corporate Seal)

Exhibit 10d

Exhibit (10)(d)* to Report
on Form 10-K for Fiscal
Year Ended June 30, 1999
by Parker-Hannifin Corporation

Exchange Agreement entered into as of May 11, 1999 between the Registrant and Duane E. Collins including an Executive Estate Protection Plan comprised of the Executive Estate Protection Agreement entered into by the Registrant, Duane E. Collins and The Duane E. Collins Irrevocable Trust dated 5/10/99 (the "Trust"), the Collateral Assignment between the Registrant and the Trust and the "as sold" illustration of an Executive Estate Protection Plan Insurance Policy.

*Numbered in accordance with Item 601 of Regulation S-K.

EXCHANGE AGREEMENT

THIS AGREEMENT (this "Agreement") is entered into as of May 11, 1999 between Parker- Hannifin Corporation ("Parker"), and Duane E. Collins (the "Participant").

RECITALS

A. The Participant, as a participant in the Parker-Hannifin Corporation Long Term Incentive Plan ("LTIP") received 38,633 shares of restricted Parker stock (the "Restricted Shares") which are scheduled to vest on August 21, 1999 pursuant to the terms of the LTIP.

B. However, pursuant to the terms of the LTIP, the vesting of the Restricted Shares will be delayed due to the application of Section 162(m) of the Internal Revenue Code (the "Code"), which limits the deductibility by Parker of Participant's compensation to $1,000,000 per year.

C. The Participant and Parker mutually desire to resolve the issues resulting from such delayed vesting. Parker has offered the Participant certain benefits under an Executive Estate Protection Agreement in exchange for the surrender by the Participant of the Restricted Shares to Parker.

D. The Participant desires to surrender all of the Restricted Shares in order to induce Parker to enter into the Executive Estate Protection Agreement.

E. The Restricted Shares will become treasury shares of Parker and will be utilized by Parker to meet its obligations under various stock-based compensation plans. Parker will also recognize significant net income as a result of the surrender of the Restricted Shares.

AGREEMENT

NOW THEREFORE, it is mutually agreed that:

1. RESTRICTED SHARE SURRENDER. The Participant hereby agrees to surrender, transfer and convey all of his right, title and interest in and to the Restricted Shares to Parker effective immediately. The Participant acknowledges that he shall have no further rights or claims of any sort whatsoever to the Restricted Shares.

2. EXECUTIVE ESTATE PROTECTION. Parker has provided the Participant with an Executive Estate Protection Plan, comprised of that certain Executive Estate Protection Agreement dated May 11, 1999 by and between Parker, the Participant and The Duane E. Collins Irrevocable Trust dated 5/10/99, and the "as sold" illustration of an Executive Estate Protection Plan Insurance Policy to be issued by John Hancock Life Insurance Company (together, the "Executive Estate Protection Plan Document"). By his signature below, the Participant acknowledges that he has received a copy of the Executive Estate Protection Plan Document. A further copy of the Executive Estate Protection Plan Document is attached hereto and is hereby incorporated into and made a part of this Agreement as though set forth in full in this

Agreement. The parties to this Agreement agree to enter into the Executive Estate Protection Agreement and shall be bound by, and have the benefit of, each and every provision of the Executive Estate Protection Plan Document as set forth in the Executive Estate Protection Agreement. This Agreement and the Executive Estate Protection Plan Document, collectively, shall be considered one complete contract between the parties.

3. ACKNOWLEDGMENT. The Participant hereby acknowledges that he has read and understands this Agreement and the Executive Estate Protection Plan Document.

4. SUCCESSORS AND ASSIGNS. This Agreement shall inure to the benefit of, and be binding upon, Parker and its successors and assigns, and the Participant and his assignees, devisees and heirs.

5. GOVERNING LAW. This Agreement shall be governed by and construed under the laws of the State of Ohio, as in effect at the time of the execution of this Agreement.

IN WITNESS WHEREOF, Parker and the Participant have signed this Agreement as of the date first written above.

/s/ Duane E. Collins
Duane E. Collins

PARKER-HANNIFIN CORPORATION

/s/ Michael J. Hiemstra
Michael J. Hiemstra
Vice President - Finance and Administration and Chief Financial Officer

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EXECUTIVE ESTATE PROTECTION AGREEMENT

This Executive Estate Protection Agreement ("Agreement") is made as of May 11, 1999, among Parker-Hannifin Corporation, an Ohio corporation, (the "Corporation"), Duane E. Collins (the "Participant") and The Duane E. Collins Irrevocable Trust dated 5/10/99 (the "Owner").

RECITALS

A. The Participant desires to insure his life and his wife's life for the benefit and protection of the Participant's family or other beneficiary under the Policy (as defined below);

B. The Corporation desires to help the Participant provide life insurance for the benefit and protection of his family or beneficiary by providing funds from time to time to pay the premiums due on the Policy in accordance with this Agreement; and

C. The Owner desires to assign certain rights and interests in the Policy to the Corporation, to the extent provided herein, as security for repayment of certain funds provided by the Corporation for the acquisition and/or maintenance of the Policy.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing, and the mutual agreements and covenants set forth below, the parties to this Agreement agree as follows:

1. DEFINITIONS. For purposes of this Agreement, unless otherwise clearly apparent from the context, the following phrases or terms shall have the following indicated meanings:

   (a) "Aggregate Premiums Paid" shall mean, at any time, an amount equal to the cumulative premiums paid by the Corporation on the Policy.

   (b) "Cash Surrender Value" shall mean an amount that equals, at any specified time, the cash surrender value as determined under the terms of the Policy.

   (c) "Code" shall mean the Internal Revenue Code of 1986, as amended.

   (d) "Collateral Assignment" shall mean an assignment made by the Owner in favor of the Corporation in a form attached to this Agreement as Exhibit 1.

   (e) "Collateral Interest" shall mean the Corporation's interest in the Policy, which shall equal, at any time, the lesser of Aggregate Premiums Paid or Cash Surrender Value, and which shall be repaid to the Corporation in accordance with Section 6 below.

   (f) "Corporation's Death Benefit" shall mean the portion of the Policy's death benefit, if any, that exceeds the sum of the Collateral Interest and the Owner's Death Benefit.

   (g) "Decedent" shall mean the second to die of the Participant and his wife.

(h) "Designated Beneficiary" shall mean the beneficiary designated under the Policy.

(i) "Economic Income" shall mean an amount equal to the value of the "economic benefit" derived by the Participant from the Policy's life insurance protection, as determined for Federal income tax purposes under the Code. Economic Income shall include any increase in economic benefit attributable to the death of the first to die under the Policy.

(j) "Insurer(s)" shall mean John Hancock Life Insurance Company.

(k) "Owner" shall mean The Duane E. Collins Irrevocable Trust dated 5/10/99.

(l) "Owner's Death Benefit" shall mean the lesser of $11,400,000 or the Policy's death benefit at the time of the Decedent's death. As used herein, the phrase "Owner's Death Benefit" shall be used solely to calculate the Corporation's Death Benefit and shall not be interpreted as a guarantee by the Corporation of a certain amount of death benefit under the Policy. The ultimate amount of death benefit payable under the Policy is dependent upon the financial performance of the Policy.

(m) "Participant" shall mean Duane E. Collins.

(n) "Policy" shall mean the following joint life policy on the life of the Participant and his wife that is issued by the Insurer:

INSURER	POLICY NUMBER	TYPE OF POLICY
John Hancock Life Insurance Company	8018924-4	Estate Protection Life Insurance

(o) "Split Dollar Maturity Date" shall mean the date on which the first of either of the following events occurs:

(i) the fifteenth (15th) anniversary of the issuance of the Policy; or

(ii) the death of the Decedent.

2. ACQUISITION OF POLICY; OWNERSHIP OF INSURANCE. The parties to this Agreement shall cooperate in applying for and obtaining the Policy. The Policy shall be issued to the Owner as the sole and exclusive owner of the Policy, subject to the rights and interests granted to the Corporation as provided in this Agreement and the Collateral Assignment. Concurrent with the signing of this Agreement, the Owner will collaterally assign the Policy to the Corporation, in the form of the Collateral Assignment, as security for the payment of the Collateral Interest, which assignment shall not be altered or changed without the mutual consent of the Corporation and the Owner.

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3. PREMIUM PAYMENTS ON POLICY.

(a) PAYMENTS AND REIMBURSEMENTS. Prior to the occurrence of the Split Dollar Maturity Date, the Corporation shall pay to the Insurer, on or before each applicable premium due date, all applicable premiums for the Policy, less the amount payable by the Owner as described in subsection (b) below. The Corporation shall promptly notify Owner in writing of the amount and date of such premium payments. In the event that the Corporation fails to make any such payment, the Owner or the Participant may make (but is not required to make) any such payment, and the Corporation shall immediately reimburse the Owner or the Participant, as the case may be, for any amount so paid.

(b) PREMIUM PAYMENT BY OWNER. Prior to the occurrence of the Split Dollar Maturity Date, Owner shall pay to the Insurer, on or before each applicable premium due date, a premium payment equal to the Economic Income for such calendar year, as mutually determined by the Corporation and the Participant.

(c) PREMIUM REIMBURSEMENT. At least sixty (60) days prior to each applicable premium due date, the Corporation shall make a payment to the Participant equal to the premium payable by the Owner pursuant to subsection (b) above.

(d) TAX REIMBURSEMENT. On or before March 15 following each calendar year until the Split Dollar Maturity Date, the Corporation shall reimburse the Participant for the Participant's state, local and federal income tax liability attributable to (i) the Participant's Economic Income for such calendar year, if any; (ii) the payment by the Corporation to the Participant pursuant to subsection (c) above; and (iii) payments made pursuant to this subsection (d). The tax rates used by the Corporation in calculating the reimbursement under this Section 3(c) shall be the appropriate federal, state and local income tax rates in effect at the time of payment, as mutually determined by the Corporation and the Participant.

4. CORPORATION'S RIGHTS. The Corporation's rights and interests in and to the Policy shall be specifically limited to (i) the right to be paid its Collateral Interest and the Corporation's Death Benefit, if any, in accordance with Section 6 below, (ii) the rights specified in the Collateral Assignment, and (iii) the right to obtain one (1) or more loans or advances on the Policy, provided, however, that any such loans shall not, in the aggregate, exceed the Aggregate Premiums Paid by the Corporation at any specified date without the written consent of the Participant.

5. OWNER'S RIGHTS. Subject to the terms of this Agreement and the Collateral Assignment, the Owner of the Policy shall be entitled to exercise all rights in the Policy; provided, however, that while the Collateral Assignment is in effect, the following rights may be exercised only with the consent of the Corporation, which consent may be withheld at the sole discretion of the Corporation:

(a) To borrow against or pledge the Policy;

(b) To surrender or cancel the Policy; or

(c) To take a distribution or withdrawal from the Policy.

In particular, subject to the terms and conditions of the Policy, and the provisions of Section 6 below, the Owner may assign its rights under this Agreement and the Collateral Agreement, including but not limited to an assignment to an insurance trust of which the Participant is a settlor. In the event of an assignment of its rights, the Owner shall promptly notify the Corporation of the name and address of the new Owner or assignee, including the name and address of any trustee.

6. COLLATERAL INTEREST. On the Split Dollar Maturity Date, the Collateral Interest (and, if applicable under Section 6(a) below, the Corporation's Death Benefit) shall be paid or repaid to the Corporation in the following manner:

(a) Notwithstanding any provision of this Agreement or the Policy that may be construed to the contrary, if the Split Dollar Maturity Date occurs due to the death of the Decedent, (i) the Corporation shall be entitled to that portion of the Policy's death proceeds that equals the sum of the Collateral Interest and the Corporation's Death Benefit, if any, and (ii) the Owner or the Designated Beneficiary, as the case may be, shall be entitled to the Owner's Death Benefit; provided, however, if the Split Dollar Maturity Date occurs due to the suicide of the Decedent, and the proceeds from the Policy are limited by either a suicide or contestability provision under the Policy, the Corporation shall be entitled to that portion of the higher of the Policy's Cash Surrender Value or death proceeds that does not exceed the Aggregate Premiums Paid. In either event, promptly following the Decedent's death, the Corporation and the Owner or the Designated Beneficiary shall take all steps necessary to collect the death proceeds of the Policy by submitting the proper claims forms to the Insurer. The Corporation shall notify the Insurer of the amount of the Owner's Death Benefit (except when the Policy's proceeds are limited because of the Decedent's death by suicide) and the Corporation's Collateral Interest in the Policy at the time of such death. Such amounts shall be paid, respectively, by the Insurer to the Owner or to the Designated Beneficiary, as the case may be, and the Corporation.

(b) If the Split Dollar Maturity Date is other than the date of the Decedent's death, the Corporation's Collateral Interest in the Policy shall be paid to the Corporation in one of the following ways, as elected by the Owner in writing within thirty (30) days after the date the Corporation first notifies the Participant and Owner in writing of the occurrence of the Split Dollar Maturity Date:

(i) By the Owner authorizing the Insurer to make a loan against the Policy in an amount equal to the Corporation's Collateral Interest and to pay the proceeds to the Corporation, in which case the Owner shall be considered the borrower for all purposes under the loan;

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(ii) By the Owner authorizing the Insurer to withdraw from the Cash Surrender Value of the Policy an amount equal to the Corporation's Collateral Interest and to pay the proceeds to the Corporation; or

(iii) By the Owner paying to the Corporation, from the Owner's separate funds, an amount equal to the Corporation's Collateral Interest.

(c) If the Owner fails to timely exercise any of the options under Section 6(b) above, the Corporation shall be entitled to instruct the Insurer to pay to the Corporation from the Cash Surrender Value of the Policy an amount equal to the Corporation's Collateral Interest.

(d) The Corporation agrees to keep records of its premium payments and to furnish the Owner and the Insurer with a statement of its Collateral Interest whenever either party requires such statement.

(e) Upon and after the Corporation's Collateral Interest in the Policy has been repaid pursuant to Section 6(b) above, the Corporation shall execute and file with the Insurer an appropriate release of the Corporation's interest in the Policy and shall have no further interest in the Policy. Further, the Participant and/or Owner hereby acknowledge, understand and agree that, upon the release of the Corporation's Collateral Interest, the Corporation shall continue not to have any responsibility for the future performance of the Policy and shall have no obligation to make any additional premium payments.

(f) Upon payment to the Corporation of its Collateral Interest in accordance with this Section 6, this Agreement shall terminate and no party shall have any further rights or obligations under the Agreement with respect to any other party provided that the Corporation has complied with all provisions of this Agreement.

7. INSURER.

(a) The Insurer is not a party to this Agreement, shall in no way be bound by or charged with notice of its terms, and is expressly authorized to act only in accordance with the terms of the Policy. The Insurer shall be fully discharged from any and all liability under the Policy upon payment or other performance of its obligations in accordance with the terms of the Policy.

(b) The signature(s) required for the Insurer to recognize the exercise of a right under the Policy shall be specified in the Collateral Assignment.

8. CLAIMS PROCEDURE.

The following claims procedure shall be followed in handling any benefit claim under this Agreement:

- --

(a) The Owner, Participant, or the Designated Beneficiary, as the case may be, (the "Claimant"), shall file a claim for benefits by notifying the Corporation in writing. If the claim is wholly or partially denied, the Corporation shall provide a written notice within ninety (90) days (unless special circumstances require an extension of time for processing the claim, in which case an extension not to exceed ninety (90) days shall be allowed) specifying the reasons for the denial, the provisions of this Agreement on which the denial is based, and additional material or information, if any, that is necessary for the Claimant to receive benefits. Such written notice shall also indicate the steps to be taken by the Claimant if a review of the denial is desired.

(b) If a claim is denied, and a review is desired, the Claimant shall notify the Corporation in writing within sixty (60) days after receipt of written notice of a denial of a claim. In requesting a review, the Claimant may submit any written issues and comments the Claimant feels are appropriate. The Corporation shall then review the claim and provide a written decision within sixty (60) days of receipt of a request for a review (unless special circumstances require an extension of time for processing the claim, in which case an extension not to exceed ninety (60) days shall be allowed). This decision shall state the specific reasons for the decision and shall include references to specific provisions of this Agreement, if any, upon which the decision is based.

(c) If no event shall the Corporation's liability under this Agreement exceed the amount of proceeds from the Policy.

9. AMENDMENT OF AGREEMENT. This Agreement shall not be modified or amended except by a writing signed by all the parties hereto.

10. BINDING AGREEMENT. This Agreement shall be binding upon the heirs, administrators, executors, successors and assigns of each party to this Agreement.

11. STATE LAW. This Agreement shall be subject to and construed under the internal laws of the State of Ohio, without regard to its conflicts of laws principles.

12. VALIDITY. In case any provision of this Agreement shall be illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts of this Agreement, but this Agreement shall be construed and enforced as if such illegal or invalid provision had never been inserted in this Agreement.

13. NOT A CONTRACT OF EMPLOYMENT. The terms and conditions of this Agreement shall not be deemed to constitute a contract of employment between the Corporation and the Participant. Nothing in this Agreement shall be deemed to give the Participant the right to be retained in the service of the Corporation or to interfere with the right of the Corporation to discipline or discharge the Participant at any time.

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14. NOTICE. Any notice or filing required or permitted to be given under this Agreement to the Owner, Participant or the Corporation shall be sufficient if in writing and hand-delivered, or sent by registered or certified mail, to the address below:

To the Owner:	The Duane E. Collins Irrevocable Trust dated 5/10/99 c/o Sharon Anne Collins, Trustee 7205 Whitetail Trail Centerville, OH 45459
To the Participant:	Duane E. Collins 8695 Sanctuary Drive Kirtland Hills, OH 44060
To the Corporation:	Parker Hannifin Corporation 6035 Parkland Boulevard Cleveland, OH 44124 Attn: General Counsel

or to such other address as may be furnished to the Owner, Participant or the Corporation in writing in accordance with this notice provision. Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification. Any notice or filing required or permitted to be given to the Owner and/or the Participant or the Designated Beneficiary under this Agreement shall be sufficient if in writing and hand-delivered, or sent by mail, to the last known address of the Owner and/or the Participant, as the case may be.

15. CREDITWORTHINESS OF INSURER; TAX CONSEQUENCES. The Participant and Owner assume all risk of the creditworthiness of the Insurer and acknowledge that the Corporation makes no representation or guarantee of the creditworthiness of any Insurer. The Participant and Owner acknowledge responsibility for all federal, state and local tax consequences imposed on the Participant and Owner as a result of this Agreement and further acknowledge that the Corporation has not made any representations or guarantees of present or future tax consequences.

16. ENTIRE AGREEMENT. This Agreement constitutes the entire agreement between the parties hereto with regard to the subject matter of this Agreement and supersedes all previous negotiations, agreements and commitments in respect thereto. No oral explanation or oral information by the parties to this Agreement shall alter the meaning or interpretation of this Agreement.

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IN WITNESS WHEREOF, the parties hereto have signed this Agreement as of the date first written above.

PARKER-HANNIFIN CORORATION

/s/ Michael J. Hiemstra
Michael J. Hiemstra
Vice President - Finance and Administration and
Chief Financial Officer

/s/ Duane E. Collins
Duane E. Collins

THE DUANE E. COLLINS IRREVOCABLE TRUST DATED 5/10/99

/s/ Sharon Ann Collins, Trustee
Sharon Ann Collins, Trustee

- --

EXHIBIT 1

COLLATERAL ASSIGNMENT

This Collateral Assignment (this "Assignment") is made and entered into as of May 11, 1999, by and between The Duane E. Collins Irrevocable Trust dated 5/10/99 (the "Owner"), as the owner of a life insurance policy, No. 8018924-4 (the "Policy"), issued by John Hancock Life Insurance Company (the "Insurer"), on the lives of Duane E. Collins (the "Participant") and Barbara J. Collins, Participant's wife (the "Wife"), and Parker-Hannifin Corporation, an Ohio corporation (the "Corporation").

RECITALS

A. The Corporation desires to help the Owner provide life insurance for the benefit and protection of the Participant's family or beneficiary by providing funds from time to time to pay the premiums due on the Policy as more specifically provided in the Executive Estate Protection Agreement entered into between the Participant, the Owner and the Corporation as of the date hereof (the "Agreement"); and

B. In consideration of the Corporation agreeing to provide such funds in accordance with the terms and conditions of the Agreement, the Owner agrees to grant to the Corporation, as a security interest in the Policy, a collateral security interest for the payment of the Corporation's Collateral Interest (as defined in the Agreement).

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing, and the mutual agreements and covenants set forth below, the parties to this Assignment agree as follows:

1. ASSIGNMENT. The Owner hereby assigns, transfers and sets over to the Corporation, and its successors and assigns, those certain rights and interests described in the Agreement that are to be assigned to the Corporation in accordance with the Agreement. Furthermore, this Assignment is made, and the Policy is to be held as collateral security for, any and all liabilities of the Owner to the Corporation, either now existing, or that may hereafter arise, pursuant to the terms of the Agreement.

2. SIGNATURES.

    (a) To facilitate the operation of this Assignment, the parties agree that the Insurer is hereby notified that the following rights under the Policy may be exercised while the Assignment is in effect without the signature or consent of any other party:

        (i) The Owner may sign a request to change the beneficiary under the Policy without the signature or consent of the Corporation.

        (ii) The Corporation may sign a request to take a loan without the Owner's or Participant's signature or consent.

(iii) The Corporation may sign an instruction to the Insurer to pay an amount equal to the Corporation's Collateral Interest from the Policy's Cash Surrender Value to the Corporation without the Participant's or the Owner's signature or consent; provided that the Corporation simultaneously delivers to the Insurer a notarized statement that the Corporation is exercising its rights in accordance with Section 6(c) of the Agreement.

(b) The exercise of any other right under the Policy not specifically set forth above shall be exercised with the signature of both the Corporation and the Owner.

3. POLICY PROCEEDS. Any amount payable from the Policy during the Participant's or the Wife's lives or at the Decedent's (as defined in the Agreement) death shall first be paid to the Corporation to the extent of its Collateral Interest and the Corporation's Death Benefit (as defined in the Agreement). Any balance will be paid to the Owner during the Participant's lifetime or to the Designated Beneficiary (as defined in the Agreement) upon or after the Decedent's death. A settlement option may be elected by the recipient of the proceeds. For purposes of this Section, the amount of the Collateral Interest shall be determined for purposes of the Insurer by a written statement delivered to the Insurer and signed by the Corporation.

4. ENDORSEMENT. The Corporation shall hold the Policy while this Assignment is operative and, upon request, forward the Policy to the Insurer, without unreasonable delay, for endorsement of any designation or change of beneficiary, any election of optional mode of settlement, or the exercise of any other right reserved by the Owner in this Assignment.

5. INSURER. The Insurer is hereby authorized to recognize the Corporation's claims to rights hereunder without investigating the reason for any action taken by the Corporation, the validity or amount of any of the liabilities of the Owner to the Corporation under the Agreement, the existence of any default therein, the giving of any notice required herein, or the application to be made by the Corporation of any amounts to be paid to the Corporation. The Insurer shall not be responsible for the sufficiency or validity of this Assignment and is not a party to the Agreement (or any other similar executive life insurance agreement) between the Corporation and the Owner or the Participant.

6. RELEASE OF ASSIGNMENT. Upon the full payment of the Corporation's Collateral Interest in accordance with the terms and conditions of this Assignment and the Agreement, the Corporation shall release to the Owner, if the Owner retains the Policy in accordance with the Agreement, the Policy and all specific rights included in this Assignment.

7. AMENDMENT OF ASSIGNMENT. This Assignment shall not be modified, amended or terminated, except by a writing signed by all the parties hereto.

8. NO RESTRICTION ON ASSIGNMENT . This Assignment does not limit the rights of the Owner to assign the rights it has retained under the Policy which rights may be assigned in accordance with Section 5 of the Agreement.

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9. BINDING AGREEMENT. This Assignment shall be binding upon the heirs, administrators, executors and permitted successors and assigns of each party to this Assignment.

10. STATE LAW. This Assignment shall be subject to and be construed under the internal laws of the State of Ohio, without regard to its conflicts of law principles.

11. VALIDITY. In case any provision of this Assignment shall be illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts of this Assignment, but this Assignment shall be construed and enforced as if such illegal or invalid provision had never been inserted in this Assignment.

IN WITNESS WHEREOF, the Owner and the Corporation have signed this Assignment as of the date first written above.

THE DUANE E. COLLINS IRREVOCABLE TRUST DATED 5/10/99	PARKER-HANNIFIN CORPORATION
/s/ Sharon Ann Collins, Trustee Sharon Ann Collins, Trustee	/s/ Michael J. Hiemstra Michael J. Hiemstra Vice President-Finance and Administration and Chief Financial Officer

FILED WITH THE INSURER:

- -- Date: 6/1/99

Insurer
The John Hancock Mutual Life Insurance Company without assuming any responsibility for the validity or the sufficiency of this instrument, has on this date, filed a duplicate thereof at it's Home Office.

Date 6/1/99
JOHN HANCOCK MUTUAL LIFE INSURANCE COMPANY

By Secretary

- --

Life 1: Duane Collins	Life 2: Joyce Collins	A LIFE INSURANCE POLICY
Male Age 63	Female Age 62	ILLUSTRATION
Non Tobacco Use	Non Tobacco Use	ESTATE PROTECTION III
		(Form 91-95)
		Initial Billing Mode: Annual

ESTATE PROTECTION III

A Survivorship Whole Life Insurance Policy

Survivorship Whole Life Insurance

The Estate Protection Survivorship Whole Life insurance policy which you are considering provides permanent life insurance protection with guaranteed premiums, cash values and death benefits. Estate Protection insures two people - typically a married couple - in one policy and pays a death benefit at the second death. It is designed specifically to provide a cost-efficient way to fund future estate taxes due at the death of the surviving insured. The base policy death benefit is guaranteed to be paid at the surviving insured's death, provided that the required base policy contract premium is paid each year when due.

Death Benefit

The life insurance provided in this illustration reflects a Total Initial Death Benefit of $11,402,460. This initial death benefit includes Additional Insurance Protection Rider (AIP) death benefit coverage.

Base Policy Contract Premium

Estate Protection's modified premium structure provides a lower initial contract premium for the first 10 years, increasing in year 11 to the ultimate contract premium shown on the Basic Illustration Policy Summary Page. The initial annual base policy contract premium is $92,807.63.

Non-Guaranteed Benefits

Many aspects of your life insurance contract are guaranteed, including your premiums, cash values and death benefits. However, certain aspects of the policy are based on non-guaranteed dividends which can't be predicted with absolute certainty, just as future interest rates or stock dividends can't be predicted.

Dividends

Dividends paid are based on the Company's experience which depends on items such as the general interest rate environment, the amount and timing of benefit claims that the Company pays, and the Company's operating expenses. Dividends actually paid may be higher or lower than illustrated. Dividends are not guaranteed and are subject to change by the Company.

Dividend Option

The non-guaranteed benefits and values shown in this illustration provide snapshots of your policy assuming the dividends are applied under the AIP Rider dividend option to purchase amounts of Paid-Up Insurance and One Year Term Insurance.

Alternate Premium Payment Option

The Alternate Premium Payment Option assumes that required premiums are paid by non-guaranteed policy values as reflected in the Net Premium Outlay column of the illustration. This payment option is possible only if future dividends and/or cash values are large enough to pay the required premium which is due each year. Lower dividends, higher term charges (if applicable), policy loans or partial surrenders taken from the policy could cause additional premium outlay to be required.

Additional Insurance Protection Rider

The Additional Insurance Protection (AIP) Rider provides a combination of joint term and paid up insurance funded by additional premium and dividends. The rider death benefit is payable at the death of the surviving insured. The rider premium is payable for the life of the contract but may be paid by non-guaranteed policy values if sufficient values exist to pay premiums and to fund coverage to maturity.

If the funds available are insufficient to purchase the entire AIP Rider death benefit, we will apply all such funds to purchase one year term insurance and you may pay us an amount that will purchase the balance of coverage.

JOHN HANCOCK MUTUAL LIFE INSURANCE COMPANY & AFFILIATED COMPANIES
BOSTON, MA 02117

Life 1: Duane Collins	Life 2: Joyce Collins	A LIFE INSURANCE POLICY
Male Age 63	Female Age 62	ILLUSTRATION
Non Tobacco Use	Non Tobacco Use	ESTATE PROTECTION III
		(Form 91-95)
		Initial Billing Mode: Annual

ESTATE PROTECTION III

A Survivorship Whole Life Insurance Policy

One Year Joint Term Insurance	One year joint term insurance rates are based on current experience and are guaranteed for the first 5 years. The death benefit is payable on the death of the surviving insured. Any one year term is not convertible to permanent insurance.
Premium Cost Recovery Benefit	The Premium Cost Recovery Benefit provides an additional AIP rider death benefit of $695,204 in the first year. In subsequent years the additional death benefit is the prior year's additional death benefit increase at a rate of 0% plus $695,204, becoming level after 12 years.
AIP Level Premium Based on Guaranteed Assumptions	Provided that an AIP Rider Level Premium of $207,336.23 is paid in each year, beginning in year 1, the initial AIP Rider Death Benefit of 8,106,803 would remain in force, based on guaranteed assumptions.
Taxation of Life Insurance	We suggest that you seek professional counsel regarding the interpretation of current tax laws and accounting practices as they relate to your actual situation. The Technical and Miscellaneous Revenue Act (TAMRA) of 1999 classifies some policies as Modified Endowment Contracts. Distributions from these policies (excluding death benefits but including policy loans, certain partial surrenders, and some dividends) are taxed differently and may be subject to an IRS 10% penalty tax. TAMRA testing has been performed on the current scale only. The initial annual 7-pay premium for this policy is $695,209.00. Based on our interpretation of TAMRA, this policy as illustrated would not be considered a Modified Endowment Contract.
Other Considerations	THIS IS AN ILLUSTRATION ONLY. AN ILLUSTRATION IS NOT INTENDED TO PREDICT ACTUAL PERFORMANCE. INTEREST RATES, DIVIDENDS, AND VALUES SET FORTH IN THE ILLUSTRATION ARE NOT GUARANTEED.

THIS ILLUSTRATION ASSUMES THAT THE CURRENTLY ILLUSTRATED NON-GUARANTEED ELEMENTS WILL CONTINUE UNCHANGED FOR ALL YEARS SHOWN. THIS IS NOT LIKELY TO OCCUR, AND ACTUAL RESULTS MAY BE MORE OR LESS FAVORABLE.

While not reflected in your Basic Illustration, this policy allows you to access cash values through policy loans and partial surrenders. If requested, the effect of these transactions on your policy benefits and values will be reflected in your Supplemental Illustration.

John Hancock is proud of its commitment to financial integrity and quality service. In support of this commitment, we encourage you to review the assumptions used in this illustration to help you make an informed purchase decision. This illustration is not a contract and is not intended to predict actual performance. Your policy contract will contain the specific terms of coverage.

Life 1: Duane Collins	Life 2: Joyce Collins	A LIFE INSURANCE POLICY
Male Age 63	Female Age 62	ILLUSTRATION
Non Tobacco Use	Non Tobacco Use	ESTATE PROTECTION III
		(Form 91-95)
		Initial Billing Mode: Annual

ESTATE PROTECTION III

A Survivorship Whole Life Insurance Policy

GLOSSARY OF TERMS

AIP Rider Cash Value The cash value of the paid up insurance portion of the AIP Rider death benefit is available upon policy surrender.

AIP PUA Death Benefit The is the portion of the AIP Rider death benefit which is paid up insurance coverage.

AIP Rider Coverage The AIP Rider supplements the base policy death benefit with lower cost insurance coverage. It is a combination of term insurance and paid up additional insurance, which is permanent insurance coverage. The AIP Rider is paid for by using non-guaranteed base policy dividends in addition to AIP Rider premium payments. Dividends and/or AIP Rider term charges can increase or decrease. In that event, you may need to pay more to keep the AIP Rider coverage in force. The lower the AIP payment, the more you rely on non-guaranteed base policy dividends to maintain the AIP Rider coverage.

AIP Rider Premium The AIP Rider is paid for by using base policy dividends in addition to AIP Rider premium payments, including any AIP Rider lump sum payment amounts.

AIP Term Cost The AIP Rider term cost is based on one year term insurance rates which are guaranteed for the first 5 policy years. Thereafter, the term rates are subject to change, but cannot exceed the guaranteed maximum rate shown in the contract.

AIP Term Death Benefit This is the portion of the AIP Rider death benefit which is one year term insurance coverage.

Annual Dividend The annual dividend, a non-guaranteed policy value, includes the base policy dividend plus any dividends earned on paid up insurance. Dividends are based on current investment, claim, and expense experience and are neither guarantees nor estimates. Dividends actually paid may be higher or lower than those shown. Variations in dividends paid would affect:

- Death benefit provided by dividends
- Policy cash values provided by dividends
- Total "Net Premium Outlay"

Non-Guaranteed dividends can increase the value of your life insurance policy in one of two ways:

- By reducing the out-of pocket cost of your policy
- By increasing your policy's cash value and/or death benefit.

Base Guaranteed Death Benefit The death benefit on the base policy is guaranteed assuming the base policy contract premium is paid when due and no policy loans are taken against it. This is the value that is payable upon the death of the surviving insured. The actual amount payable may be decreased by loans or increased by additional insurance benefits.

JOHN HANCOCK MUTUAL LIFE INSURANCE COMPANY & AFFILIATED COMPANIES
BOSTON, MA 02117

Life 1: Duane Collins	Life 2: Joyce Collins	A LIFE INSURANCE POLICY
Male Age 63	Female Age 62	ILLUSTRATION
Non Tobacco Use	Non Tobacco Use	ESTATE PROTECTION III
		(Form 91-95)
		Initial Billing Mode: Annual

ESTATE PROTECTION III

A Survivorship Whole Life Insurance Policy

GLOSSARY OF TERMS

Base Contract Premium The Base Contract Premium column includes the base policy contract premium and the premium for any riders, with the exception of term and paid up insurance riders.

Base Guaranteed Cash Value The cash value on the base policy is guaranteed assuming the base policy contract premium is paid when due and no policy loans are taken against it. This value is available as cash upon surrender of the policy.

Contract Premiums This illustration reflects annual premiums payable until the death of the surviving insured. Payments may be made at more frequent intervals; however, total payments will be higher. Refer to the Basic Illustration Summary page for information on modal payment options. Contract premiums are paid at the beginning of each modal premium payment period. Actual premiums required for this insurance coverage will ultimately depend on the outcome of the underwriting process, and may vary from what is shown on this illustration. If so, you will receive a REVISED BASIC ILLUSTRATION prior to or upon delivery of your insurance contract.

Life Expectancy The estimated joint life expectancy is 23 years assuming 1980 CSO mortality with Nonsmoker/Nonsmoker and select factors. This illustration assumes the death of Life 1 in year 17.

Net Premium Outlay Net Premium Outlay reflects required premium less any non-guaranteed values assumed applied to pay all or a portion of the premium due.

Risk Class Classifications represent groups of people with similar risk characteristics and help to determine the cost of insurance. Risk classes vary by the plan or product illustrated. Final Risk Classification for a proposed insured is determined upon completion of the underwriting process.

Surrender To Pay Premium The Surrender To Pay Premium column reflects the amount of non-guaranteed dividend and/or cash value assumed to be applied to pay required premium.

Total Cash Value The Total Cash Value is equal to the Base Guaranteed Cash Value plus any dividends and interest unapplied or unpaid, and the cash value of any paid up insurance earned by dividends or under a paid up insurance rider, if any. This value is available as cash upon surrender of the policy. Cash Values are illustrated as of the end of the year (EOY) unless otherwise indicated.

JOHN HANCOCK MUTUAL LIFE INSURANCE COMPANY & AFFILIATED COMPANIES
BOSTON, MA 02117

Life 1: Duane Collins	Life 2: Joyce Collins	A LIFE INSURANCE POLICY
Male Age 63	Female Age 62	ILLUSTRATION
Non Tobacco Use	Non Tobacco Use	ESTATE PROTECTION III
		(Form 91-95)
		Initial Billing Mode: Annual

ESTATE PROTECTION III

A Survivorship Whole Life Insurance Policy

GLOSSARY OF TERMS

Total Death Benefit Total Death Benefit is equal to the Base Guaranteed Death Benefit plus any dividends and interest unapplied or unpaid, plus the death benefit of any paid up insurance earned by dividends or under a paid up insurance rider or AIP rider, if any, plus the death benefit under any term insurance riders. This is the benefit payable upon the death of the surviving insured. Death Benefits are illustrated as of the end of the year (EOY) unless otherwise indicated.

JOHN HANCOCK MUTUAL LIFE INSURANCE COMPANY & AFFILIATED COMPANIES
BOSTON, MA 02117

Life 1: Duane Collins	Life 2: Joyce Collins	A LIFE INSURANCE POLICY
Male Age 63	Female Age 62	ILLUSTRATION
Non Tobacco Use	Non Tobacco Use	ESTATE PROTECTION III
		(Form 91-95)
		Initial Billing Mode: Annual

BASIC ILLUSTRATION SUMMARY

Current Dividend Scale

Alternate Premium Payment Option

Dividends Applied Under AIP Rider Dividend Option

RISK CLASS

Life 1: Non Tobacco Use

Life 2: Non Tobacco Use

SUMMARY OF INITIAL COVERAGE

Coverage Description		Initial Amount	First Year Annual Premium
Estate Protection Base Policy		$3,990,862	$92,807.63
Premium $139,181.45 starting in yr 11			
Additional Insurance Protection Rider		$7,411,599	
with Premium Cost Recovery Benefit			
at 0.00% per year for 12 years		$695,204	
Level Annual Premium			$602,396.00

TOTAL excluding any rider lump sum payment			$695,203.63
Initial MODAL Premium:	Annual		$695,203.63
	Semi-annual		$355,945.03
	Quarterly		$181,449.28
	Premiumatic		$60,136.11
Initial Annual 7-Pay Premium			$695,209.00
Additional Insurance Protection Rider Target Premium			$86,122.78

JOHN HANCOCK MUTUAL LIFE INSURANCE COMPANY & AFFILIATED COMPANIES
BOSTON, MA 02117

Life 1: Duane Collins	Life 2: Joyce Collins	A LIFE INSURANCE POLICY ILLUSTRATION
Male Age 63	Female Age 62	ESTATE PROTECTION III (Form 91-95)
Non Tobacco Use	Non Tobacco Use	Initial Billing Mode: Annual

GUARANTEED ASSUMPTIONS
These policy benefits and values are guaranteed provided the premium is paid when due and assume guaranteed term rates.

NON-GUARANTEED ASSUMPTIONS
These policy benefits and values are not guaranteed. Non-guaranteed elements are subject to change by the company. Actual results may be more or less favorable.

Current Scale:
Policy benefits and values are based on the current dividend scale and current term rates.

Midpoint Scale:
Policy benefits and values are based on 50% of the current dividend scale and term rates that are halfway between current and guaranteed.

Premiums are assumed paid at the beginning of each year. Policy values, including cash values and death benefits, are illustrated as of the end of the year (EOY) unless otherwise indicated.

These policy benefits and values do not reflect the impact of any loans or cash surrenders that may be taken.

Representative's Address:
John Hancock
197 Clarendon
Boston MA 02117

License Number:

$11,402,460 Initial Death Benefit: $3,990,862 Base with $7,411,599 AIP Rider
First Year Annual Contract Premium of $695,203.63
Alternate Premium Payment Option
Dividends Applied Under AIP Rider Dividend Option

SUMMARY YEARS	GUARANTEED ASSUMPTIONS	NON-GUARANTEED ASSUMPTIONS Midpoint Scale	Current Scale
Years Premium Paid in Cash	19*	10**	7**
Summary Year 5			
Total Cash Value	3,496,207	3,670,563	3,852,332
Total Death Benefit	14,878,480	14,939,091	15,003,592
Cumulative Net Premium Outlay	3,476,018	3,476,018	3,476,018
Summary Year 10			
Total Cash Value	7,764,329	8,628,658	7,323,150
Total Death Benefit	18,354,500	18,510,784	18,616,370
Cumulative Net Premium Outlay	6,952,036	6,952,036	4,866,425
Summary Year 20			
Total Cash Value	16,695,806	13,528,274	14,499,032
Total Death Benefit	22,996,328	20,068,060	20,419,348
Cumulative Net Premium Outlay	13,208,870	6,952,036	4,866,425
Summary Year 30			
Total Cash Value	18,577,508	18,777,024	26,103,956
Total Death Benefit	21,299,504	21,469,172	29,625,488
Cumulative Net Premium Outlay	13,208,870	6,952,036	4,866,425

*This illustration assumes policy values are used to pay contract premium.
**This illustration assumes non-guaranteed values are used to pay contract premium.

I have received a copy of this illustration and understand that any non-guaranteed elements illustrated are subject to change and could be either higher or lower. The representative has told me they are not guaranteed.

Applicant 1: _______________________________ Date: _________________

Applicant 2: _______________________________ Date: _________________

I certify that this illustration has been presented to the applicant and that I have explained that any non-guaranteed elements illustrated are subject to change. I have made no statements that are inconsistent with the illustration.
Representative: ____________________________ Date: _________________

JOHN HANCOCK MUTUAL LIFE INSURANCE COMPANY & AFFILIATED COMPANIES
BOSTON, MA 02117

Life 1: Duane Collins	Life 2: Joyce Collins	A LIFE INSURANCE POLICY
Male Age 63	Female Age 62	ILLUSTRATION
Non Tobacco Use	Non Tobacco Use	ESTATE PROTECTION III
		(Form 91-95)
		Initial Billing Mode: Annual

ILLUSTRATION BASED ON GUARANTEED ASSUMPTIONS

$3,990,862 Policy with $7,411,599 Additional Insurance Protection Rider
Initial Annual Contract Premium of $695,203.63
Alternate Premium Payment Option

Year	Base Contract Premium	AIP Rider Premium	Surrender To Pay Premium	*Net Premium Outlay	BASE GUAR CASH VALUE	AIP Rider Cash Value	Total Cash Value (EOY)	AIP Term Cost	AIP Term Death Benefit	AIP PUA Death Benefit	Base Death Benefit	Total Death Benefit (EOY)
1	92808	602396	0	695204	40	571060	571100	1657	6628151	1478651	3990862	12097663
2	92808	602396	0	695204	90632	1167553	1258185	1595	5908077	2893929	3990862	12792867
3	92808	602396	0	695204	184458	1790136	1974593	1575	5248448	4248762	3990862	13488071
4	92808	602396	0	695204	281116	2439282	2720398	1580	4646334	5546080	3990862	14183276
5	92808	602396	0	695204	380728	3115479	3496207	1681	4098988	6788631	3990862	14878480
	464038	3011980	0	3476018				8087				
6	92808	602396	0	695204	482814	3812348	4295163	8030	3617204	7965618	3990862	15573683
7	92808	602396	0	695204	586816	4534342	5121158	9561	3187003	9091023	3990862	16268888
8	92808	602396	0	695204	692814	5282317	5975130	10714	2804626	10168605	3990862	16964092
9	92808	602396	0	695204	800367	6055847	6856214	11968	2467606	11200829	3990862	17659296
10	92808	602396	0	695204	909278	6855051	7764329	13126	2173178	12190460	3990862	18354500
	928076	6023960	0	6952036				61486				
11	139181	602396	46374	695204*	1057379	7615970	8673349	19655	2003540	13055302	3990862	19049704
12	139181	602396	46374	695204*	1204921	8389263	9594184	23623	1871887	13882159	3990862	19744908
13	139181	602396	46374	695204*	1351106	9183207	10534313	17004	1062752	14691294	3990862	19744908
14	139181	602396	46374	695204*	1495057	10000710	11495766	5236	261661	15492384	3990862	19744908
15	139181	602396	46374	695204*	1636213	10832970	12469183	0	0	16276212	3990862	20267074
	1623984	9035940	231869	10428054				127004				
16	139181	602396	46374	695204*	1774177	11672766	13446943	0	0	17036432	3990862	21027294
17	139181	602396	46374	695204*	1908670	12518363	14427032	0	0	17774912	3990862	21765774
18	139181	602396	46374	695204*	2039450	13367835	15407285	0	0	18493356	3990862	22484218
19	139181	602396	46374	695204*	2166000	14218801	16384801	0	0	19193340	3990862	23184202
20	139181	602396	741577	0*	2287722	14408085	16695806	0	0	19005466	3990862	22996328
	2319891	12047920	1158942	13208870				127004				

THESE POLICY BENEFITS AND VALUES ARE GUARANTEED PROVIDED THE PREMIUM IS PAID WHEN DUE.

THESE ILLUSTRATED VALUES DO NOT REFLECT ANY LOANS OR CASH SURRENDERS.

*POLICY VALUES ARE ASSUMED TO PAY A PORTION OF PREMIUM STARTING IN YEAR 11 AND FULL PREMIUM STARTING IN YEAR 20.

JOHN HANCOCK MUTUAL LIFE INSURANCE COMPANY & AFFILIATED COMPANIES
BOSTON, MA 02117

Life 1: Duane Collins	Life 2: Joyce Collins	A LIFE INSURANCE POLICY
Male Age 63	Female Age 62	ILLUSTRATION
Non Tobacco Use	Non Tobacco Use	ESTATE PROTECTION III
		(Form 91-95)
		Initial Billing Mode: Annual

ILLUSTRATION BASED ON GUARANTEED ASSUMPTIONS

$3,990,862 Policy with $7,411,599 Additional Insurance Protection Rider
Initial Annual Contract Premium of $695,203.63
Alternate Premium Payment Option

Year	Base Contract Premium	AIP Rider Premium	Surrender To Pay Premium	*Net Premium Outlay	BASE GUAR CASH VALUE	AIP Rider Cash Value	Total Cash Value (EOY)	AIP Term Cost	AIP Term Death Benefit	AIP PUA Death Benefit	Base Death Benefit	Total Death Benefit (EOY)
21	139181	602396	741577	0*	2403736	14579112	16982848	0	0	18821874	3990862	22812736
22	139181	602396	741577	0*	2513445	14730409	17243854	0	0	18642190	3990862	22633052
23	139181	602396	741577	0*	2616609	14861809	17478418	0	0	18466048	3990862	22456910
24	139181	602396	741577	0*	2713347	14973911	17687258	0	0	18293114	3990862	22283976
25	139181	602396	741577	0*	2804139	15068401	17872540	0	0	18123082	3990862	22113944
	3015799	15059900	4866829	13208870				127004				
26	139181	602396	741577	0*	2889743	15147538	18037280	0	0	17955686	3990862	21946548
27	139181	602396	741577	0*	2971237	15214281	18185518	0	0	17790702	3990862	21781564
28	139181	602396	741577	0*	3049737	15271626	18321362	0	0	17627952	3990862	21618814
29	139181	602396	741577	0*	3126681	15323368	18450048	0	0	17467296	3990862	21458158
30	139181	602396	741577	0*	3203784	15373723	18577508	0	0	17308642	3990862	21299504
	3711706	18071880	8574716	13208870				127004				
31	139181	602396	741577	0*	3283043	15427653	18710696	0	0	17151944	3990862	21142806
32	139181	602396	741577	0*	3366491	15489927	18856418	0	0	16997208	3990862	20988070
33	139181	602396	741577	0*	3455767	15564242	19020008	0	0	16844484	3990862	20835346
34	139181	602396	741577	0*	3551228	15651418	19202646	0	0	16693855	3990862	20684716
35	139181	602396	741577	0*	3650960	15746575	19397536	0	0	16545404	3990862	20536266
	4407614	21083860	12282601	13208870				127004				
36	139181	602396	741577	0*	3749694	15837373	19587066	0	0	16399163	3990862	20390024
37	139181	602396	741577	0*	3838131	15902373	19740504	0	0	16255045	3990862	20245906
38	139181	602396	741577	0*	3990862	16112777	20103638	0	0	16112777	3990862	20103638
	4825158	22891048	14507332	13208870				127004				

THESE POLICY BENEFITS AND VALUES ARE GUARANTEED PROVIDED THE PREMIUM IS PAID WHEN DUE.

THESE ILLUSTRATED VALUES DO NOT REFLECT ANY LOANS OR CASH SURRENDERS.

*POLICY VALUES ARE ASSUMED TO PAY A PORTION OF PREMIUM STARTING IN YEAR 11 AND FULL PREMIUM STARTING IN YEAR 20.

JOHN HANCOCK MUTUAL LIFE INSURANCE COMPANY & AFFILIATED COMPANIES
BOSTON, MA 02117

Life 1: Duane Collins	Life 2: Joyce Collins	A LIFE INSURANCE POLICY
Male Age 63	Female Age 62	ILLUSTRATION
Non Tobacco Use	Non Tobacco Use	ESTATE PROTECTION III
		(Form 91-95)
		Initial Billing Mode: Annual

ILLUSTRATION BASED ON NON-GUARANTEED ASSUMPTIONS

Current Dividend Scale

$3,990,862 Policy with $7,411,599 Additional Insurance Protection Rider

Initial Annual Contract Premium of $695,203.63

Alternate Premium Payment Option

Dividends Applied Under AIP Rider Dividend Option

Year	Base Contract Premium	AIP Rider Premium	Annual Dividend (EOY)	Surrender To Pay Premium	*Net Premium Outlay	BASE GUAR CASH VALUE	AIP Rider Cash Value	Total Cash Value (EOY)	AIP Term Cost	AIP Term Death Benefit	AIP PUA Death Benefit	Base Death Benefit	Total Death Benefit (EOY)
1	92808	602396	18365	0	695204	40	571060	589465	1657	6628151	1478651	3990862	12116028
2	92808	602396	38540	0	695204	90632	1186751	1315923	1582	5860492	2941514	3990862	12831407
3	92808	602396	63582	0	695204	184458	1850478	2098518	1532	5105230	4391980	3990862	13551654
4	92808	602396	91722	0	695204	281116	2568749	2941587	1480	4351971	5840444	3990862	14274998
5	92808	602396	125112	0	695204	380728	3346492	3852332	1474	3595610	7292008	3990862	15003592
	464038	3011980	337321	0	3476018				7725				
6	92808	602396	159849	O	695204	482814	4190641	4833305	1413	2826789	8756033	3990862	15733532
7	92808	602396	199120	0	695204	586816	5103807	5889743	1268	2045268	10232758	3990862	16468007
8	92808	602396	218130	695204	0*	692814	5424338	6335281	1949	2531231	10441999	3990862	17182222
9	92808	602396	239165	695204	0*	800367	5772899	6812432	2991	2990944	10677491	3990862	17898462
10	92808	602396	261870	695204	0*	909278	6152001	7323150	4314	3423423	10940215	3990862	18616370
	928076	6023960	1415456	2085611	4866425				19660				
11	139181	602396	311833	741577	0*	1057379	6502486	7871698	6651	3912274	11146567	3990862	19361538
12	139181	602396	344573	741577	0*	1204921	6904451	8453945	10130	4328884	11425162	3990862	20089480
13	139181	602396	379995	741577	0*	1351106	7340834	9071935	12792	4010180	11743866	3990862	20124904
14	139181	602396	417799	741577	0*	1495057	7813394	9726249	15732	3650095	12103951	3990862	20162706
15	139181	602396	457687	741577	0*	1636213	8324053	10417953	18673	3247407	12506639	3990862	20202594
	1623984	9035940	3327343	5793498	4866425				83637				
16	139181	602396	498871	741577	0*	1774177	8875109	11148157	21258	2800802	12953245	3990862	20243780
17	139181	602396	541067	741577	0*	1908670	9468846	11918583	22838	2309165	13444881	3990862	20285974
18	139181	602396	584302	741577	0*	2039450	10107884	12731636	22575	1770578	13983468	3990862	20329210
19	139181	602396	628345	741577	0*	2166000	10795716	13590061	19221	1181379	14572667	3990862	20373254
20	139181	602396	674440	741577	0*	2287722	11536870	14499032	11019	535952	15218094	3990862	20419348
	2319891	12047920	6254368	9501385	4866425				180548				

REFER TO "ILLUSTRATION BASED ON GUARANTEED ASSUMPTIONS" PAGE FOR GUARANTEED VALUES AND BENEFITS AND OTHER IMPORTANT INFORMATION.

THESE ILLUSTRATED VALUES DO NOT REFLECT ANY LOANS OR CASH SURRENDERS.

*NON-GUARANTEED POLICY VALUES ARE ASSUMED TO PAY FULL PREMIUM STARTING IN YEAR 8.

Life 1: Duane Collins — Male Age 63 — Non Tobacco Use
Life 2: Joyce Collins — Female Age 62 — Non Tobacco Use

A LIFE INSURANCE POLICY ILLUSTRATION
ESTATE PROTECTION III
(Form 91-95)
Initial Billing Mode: Annual

ILLUSTRATION BASED ON NON-GUARANTEED ASSUMPTIONS

Current Dividend Scale

$3,990,862 Policy with $7,411,599 Additional Insurance Protection Rider

Initial Annual Contract Premium of $695,203.63

Alternate Premium Payment Option

Dividends Applied Under AIP Rider Dividend Option

Year	Base Contract Premium	AIP Rider Premium	Annual Dividend (EOY)	Surrender To Pay Premium	*Net Premium Outlay	BASE GUAR CASH VALUE	AIP Rider Cash Value	Total Cash Value (EOY)	AIP Term Cost	AIP Term Death Benefit	AIP PUA Death Benefit	Base Death Benefit	Total Death Benefit (EOY)
21	139181	602396	722140	741577	0*	2403736	12334579	15460455	0	0	15924145	3990862	20637146
22	139181	602396	774405	741577	0*	2513445	13177391	16465241	0	0	16676755	3990862	21442022
23	139181	602396	828132	741577	0*	2616609	14068757	17513498	0	0	17480668	3990862	22299662
24	139181	602396	882481	741577	0*	2713347	15009590	18605418	0	0	18336702	3990862	23210046
25	139181	602396	934811	741577	0*	2804139	16001023	19739974	0	0	19244766	3990862	24170440
	3015799	15059900	10396337	13209270	4866425				180548				
26	139181	602396	985521	741577	0*	2889743	17042280	20917546	0	0	20201686	3990862	25178070
27	139181	602396	1033968	741577	0*	2971237	18134064	22139268	0	0	21204928	3990862	26229758
28	139181	602396	1080243	741577	0*	3049737	19276918	23406896	0	0	22251238	3990862	27322342
29	139181	602396	1124631	741577	0*	3126681	20473064	24724374	0	0	23337498	3990862	28452990
30	139181	602396	1173804	741577	0*	3203784	21726368	26103956	0	0	24460822	3990862	29625488
	3711706	18071880	15794504	16917156	4866425				180548				
31	139181	602396	1222700	741577	0*	3283043	23049504	27555246	0	0	25625662	3990862	30839224
32	139181	602396	1273865	741577	0*	3366491	24451020	29091376	0	0	26830280	3990862	32095006
33	139181	602396	1330411	741577	0*	3455767	25941544	30727720	0	0	28075376	3990862	33396648
34	139181	602396	1398951	741577	0*	3551228	27530936	32481116	0	0	29364588	3990862	34754400
35	139181	602396	1480715	741577	0*	3650960	29225636	34357312	0	0	30708264	3990862	36179840
	4407614	21083860	22501144	20625046	4866425				180548				
36	139181	602396	1572264	741577	0*	3749694	31017584	36339540	0	0	32117854	3990862	37680980
37	139181	602396	1651951	741577	0*	3838131	32872742	38362824	0	0	33601772	3990862	39244584
38	139181	602396	1284542	741577	0*	3990862	35148092	40423492	0	0	35148092	3990862	40423492
	4825158	22891048	27009900	22849780	4866425				180548				

REFER TO "ILLUSTRATION BASED ON GUARANTEED ASSUMPTIONS" PAGE FOR GUARANTEED VALUES AND BENEFITS AND OTHER IMPORTANT INFORMATION.

THESE ILLUSTRATED VALUES DO NOT REFLECT ANY LOANS OR CASH SURRENDERS.

"NON-GUARANTEED POLICY VALUES ARE ASSUMED TO PAY FULL PREMIUM STARTING IN YEAR 8.

JOHN HANCOCK MUTUAL LIFE INSURANCE COMPANY & AFFILIATED COMPANIES
BOSTON, MA 02117

ESTATE PROTECTION III - A SURVIVORSHIP WHOLE LIFE INSURANCE POLICY

SUPPLEMENTAL EXPLANATION

The Supplemental Illustration pages which follow are designed to show additional concepts not included in your Basic Illustration.

Non-Guaranteed Values	Values and benefits illustrated on Supplemental pages are based on non-guaranteed elements which are subject to change by the insurer. Actual results may be more or less favorable than shown.
Guaranteed Values	Please refer to your Basic Illustration for guaranteed elements and benefits, and other important information.
Payments and Values	Premiums are assumed paid at the beginning of each year. Policy values, including cash values and death benefits, are illustrated as of the end of the year (EOY) unless otherwise indicated.
Accessing Policy Values	While not reflected in your Basic Illustration, this policy allows you to access cash values through policy loans and partial surrenders. If requested, the effect of these transactions on your policy benefits and values will be reflected in your Supplemental Illustration.
Policy Loans	Policy loans may be taken against cash value after the first policy year. Policy loans, if illustrated, are assumed taken at the beginning of the year. Loan interest is payable in arrears. This illustration assumes a policy loan interest rate of 7.25%. The loan interest rate is variable and subject to change annually on the policy anniversary. Policy loans do not affect dividends.
Surrenders	Partial surrenders may be made of the cash value of paid-up insurance. Surrenders may impact your policy's cash value, death benefit and/or planned premium payment schedule.
Surrender Amount and Net Outlay	These columns on your Supplemental Illustration pages will reflect any illustrated surrenders, policy loans and/or loan interest due.
Net Cash Value	Net Cash Value is the cash value available upon policy surrender. This value will reflect any illustrated surrenders, policy loans and/or interest due. Cash values are illustrated as of the end of the year (EOY) unless otherwise indicated.
Net Death Benefit	Net Death Benefit is the benefit payable upon the death of the surviving insured. This value will reflect any illustrated surrenders, policy loans and/or interest due. Death Benefits are illustrated as of the end of the year (EOY) unless otherwise indicated.
Tax Considerations	We suggest that you seek professional counsel regarding the interpretation of current tax laws and accounting practices as they relate to your actual situation.

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JOHN HANCOCK MUTUAL LIFE INSURANCE CO & AFFILIATED COMPANIES
BOSTON, MA 02117

ESTATE PROTECTION III - A SURVIVORSHIP WHOLE LIFE INSURANCE POLICY

Life 1: Duane Collins
Male Age 63 Non Tobacco Use

Life 2: Joyce Collins
Female Age 62 Non Tobacco Use

SUMMARY OF POLICY VALUES

Current Dividend Scale

$3,990,862 Policy with $7,411,599 Additional Insurance Protection Rider

Alternate Premium Payment Option

Dividends Applied Under AIP Rider Dividend Option

Year	Age #1	Age #2	Net Outlay	Net Cash Value	Net Death Benefit
1	64	63	695204	589465	12116029
2	65	64	695204	1315923	12831409
3	66	65	695204	2098518	13551654
4	67	66	695204	2941587	14274998
5	68	67	695204	3852332	15003590
			3476018		
6	69	68	695204	4833305	15733532
7	70	69	695204	5889743	16468008
8	71	70	0	6335282	17182220
9	72	71	0	6812432	17898460
10	73	72	0	7323150	18616372
			4866425		
11	74	73	0	7871698	19361536
12	75	74	0	8453945	20089480
13	76	75	0	9071935	20124904
14	77	76	0	9726248	20162708
15	78	77	0	10417953	20202596
			4866425		
16	79	78	-4845976	5943711	12747037
17	80	79	0	6330139	12769425
18	81	80	0	6730635	12791823
19	82	81	0	7143771	12813667
20	83	82	0	7569047	12835850
			20449		

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JOHN HANCOCK MUTUAL LIFE INSURANCE CO & AFFILIATED COMPANIES
BOSTON, MA 02117

ESTATE PROTECTION III - A SURVIVORSHIP WHOLE LIFE INSURANCE POLICY

Life 1: Duane Collins
Male Age 63 Non Tobacco Use

Life 2: Joyce Collins
Female Age 62 Non Tobacco Use

SUMMARY OF POLICY VALUES

Current Dividend Scale

$3,990,862 Policy with $7,411,599 Additional Insurance Protection Rider

Alternate Premium Payment Option

Dividends Applied Under AIP Rider Dividend Option

Year	Age #1	Age #2	Net Outlay	Net Cash Value	Net Death Benefit
21	84	83	0	8005257	12857649
22	85	84	0	8455673	12881585
23	86	85	0	8923316	12906068
24	87	86	0	9413060	12930758
25	88	87	0	9931388	12954582
			20449		
26	89	88	0	10489487	12978330
27	90	89	0	11070959	13371308
28	91	90	0	11671933	13857338
29	92	91	0	12294386	14360420
30	93	92	0	12944961	14882542
			20449		
31	94	93	0	13628695	15423297
32	95	94	0	14352396	15983014
33	96	95	0	15124049	16563754
34	97	96	0	15952207	17170986
35	98	97	0	16839490	17810834
			20449		
36	99	98	0	17776530	18487410
37	100	99	0	18728770	19193498
38	101	100	0	19694324	19694324
			20449		

JOHN HANCOCK MUTUAL LIFE INSURANCE CO & AFFILIATED COMPANIES
BOSTON, MA 02117

ESTATE PROTECTION III - A SURVIVORSHIP WHOLE LIFE INSURANCE POLICY

Life 1: Duane Collins
Male Age 63 Non Tobacco Use

Life 2: Joyce Collins
Female Age 62 Non Tobacco Use

SUMMARY OF POLICY VALUES

Current Dividend Scale

$3,990,862 Policy with $7,411,599 Additional Insurance Protection Rider

Alternate Premium Payment Option

Dividends Applied Under AIP Rider Dividend Option

Yr	Annual Premium	Annual Dividend	Surrender Amount	Net Outlay	GUAR CASH VALUE	AIP Rider Cash Value	Net Cash Value	AIP Term Cost	AIP Term Death Benefit	AIP PUA Death Benefit	Net Death Benefit
1	695204	18365	0	695204	40	571060	589465	1657	6628151	1478651	12116029
2	695204	38540	0	695204	90632	1186751	1315923	1582	5860492	2941514	12831409
3	695204	63582	0	695204	184458	1850478	2098518	1532	5105230	4391980	13551654
4	695204	91722	0	695204	281116	2568749	2941587	1480	4351971	5840444	14274998
5	695204	125112	0	695204	380728	3346492	3852332	1474	3595610	7292008	15003590
	3476018	337321	0	3476018				7725			
6	695204	159849	0	695204	482814	4190641	4833305	1413	2826789	8756033	15733532
7	695204	199120	0	695204	586816	5103807	5889743	1268	2045268	10232758	16468008
8	695204	218130	695204	0	692814	5424338	6335282	1949	2531231	10441999	17182220
9	695204	239165	695204	0	800367	5772899	6812432	2991	2990944	10677491	17898460
10	695204	261870	695204	0	909278	6152001	7323150	4314	3423423	10940215	18616372
	6952036	1415456	2085611	4866425				19660			
11	741577	311833	741577	0	1057379	6502486	7871698	6651	3912274	11146567	19361536
12	741577	344573	741577	0	1204921	6904451	8453945	10130	4328884	11425162	20089480
13	741577	379995	741577	0	1351106	7340834	9071935	12792	4010180	11743866	20124904
14	741577	417799	741577	0	1495057	7813394	9726248	15732	3650095	12103951	20162708
15	741577	457687	741577	0	1636213	8324053	10417953	18673	3247407	12506639	20202596
	10659921	3327343	5793498	4866425				83637			
16	741577	283064	5587554	-4845976	1774177	3886469	5943711	21258	2800802	5672311	12747037
17	741577	305451	741577	0	1908670	4116019	6330139	25998	2628749	5844364	12769425
18	741577	327848	741577	0	2039450	4363337	6730635	31069	2436777	6036336	12791823
19	741577	349693	741577	0	2166000	4628078	7143771	36215	2225873	6247241	12813667
20	741577	371875	741577	0	2287722	4909451	7569047	41061	1997138	6475975	12835850
	14367806	4965274	14347360	20449				239239			

JOHN HANCOCK MUTUAL LIFE INSURANCE CO & AFFILIATED COMPANIES
BOSTON, MA 02117

ESTATE PROTECTION III - A SURVIVORSHIP WHOLE LIFE INSURANCE POLICY

Life 1: Duane Collins
Male Age 63 Non Tobacco Use

Life 2: Joyce Collins
Female Age 62 Non Tobacco Use

SUMMARY OF POLICY VALUES

Current Dividend Scale

$3,990,862 Policy with $7,411,599 Additional Insurance Protection Rider

Alternate Premium Payment Option

Dividends Applied Under AIP Rider Dividend Option

Yr	Annual Premium	Annual Dividend	Surrender Amount	Net Outlay	GUAR CASH VALUE	AIP Rider Cash Value	Net Cash Value	AIP Term Cost	AIP Term Death Benefit	AIP PUA Death Benefit	Net Death Benefit
21	741577	393674	741577	0	2403736	5207848	8005257	45107	1749696	6723417	12857649
22	741577	417609	741577	0	2513445	5524620	8455673	46664	1481386	6991728	12881585
23	741577	442094	741577	0	2616609	5864614	8923316	45207	1186232	7286882	12906068
24	741577	466784	741577	0	2713347	6232930	9413060	39193	858556	7614558	12930758
25	741577	490609	741577	0	2804139	6636641	9931388	26808	491086	7982027	12954582
	18075692	7176043	18055246	20449				442218			
26	741577	514355	741577	0	2889743	7085389	10489487	4799	74189	8398924	12978330
27	741577	536797	741577	0	2971237	7562926	11070959	0	0	8843649	13371308
28	741577	557878	741577	0	3049737	8064319	11671933	0	0	9308598	13857338
29	741577	577660	741577	0	3126681	8590045	12294386	0	0	9791898	14360420
30	741577	599955	741577	0	3203784	9141221	12944961	0	0	10291724	14882542
	21783582	9962687	21763136	20449				447017			
31	741577	621945	741577	0	3283043	9723708	13628695	0	0	10810491	15423297
32	741577	644942	741577	0	3366491	10340961	14352396	0	0	11347211	15983014
33	741577	670706	741577	0	3455767	10997576	15124049	0	0	11902186	16563754
34	741577	702693	741577	0	3551228	11698286	15952207	0	0	12477431	17170986
35	741577	741498	741577	0	3650960	12447032	16839490	0	0	13078475	17810834
	25491472	13344471	25471026	20449				447017			
36	741577	785202	741577	0	3749694	13241634	17776530	0	0	13711347	18487410
37	741577	822351	741577	0	3838131	14068287	18728770	0	0	14380284	19193498
38	741577	624858	741577	0	3990862	15078605	19694324	0	0	15078605	19694324
	27716206	15576882	27695760	20449				447017			

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JOHN HANCOCK MUTUAL LIFE INSURANCE CO & AFFILIATED COMPANIES BOSTON, MA 02117
ESTATE PROTECTION III - A SURVIVORSHIP WHOLE LIFE INSURANCE POLICY

Parker Hannifin   Tax Bracket: ER 36% EE 50%
Life 1: Duane Collins   Life 2: Joyce Collins
Male Age 63 Non Tobacco Use   Female Age 62 Non Tobacco Use

SPLIT DOLLAR PROPOSAL SUMMARY OF COSTS AND BENEFITS
Current Dividend Scale
$3,990,862 Policy with $7,411,599 Additional Insurance Protection Rider
Alternate Premium Payment Option
Dividends Applied Under AIP Rider Dividend Option

			EMPLOYER			EMPLOYEE		
Year	Age #1	Age #2	Net After Tax Outlay	Net Cash Value	Net Death Benefit	Net After Tax Outlay	Net Cash Value	Net Death Benefit
1	64	63	697344	589465	687561	0	0	11428468
2	65	64	697741	1315923	1373701	0	0	11457707
3	66	65	698216	2058147	2058147	0	40371	11493508
4	67	66	698779	2740580	2740580	0	201007	11534418
5	68	67	699455	3420599	3420599	0	431733	11582992
			3491536			0		
6	69	68	700261	4097741	4097741	0	735564	11635792
7	70	69	701222	4771450	4771450	0	1118294	11696558
8	71	70	17283	4771450	4771450	0	1563832	12410770
9	72	71	21641	4771450	4771450	0	2040982	13127010
10	73	72	27018	4771450	4771450	0	2551700	13844922
			4958960			0		
11	74	73	33699	4771450	4771450	0	3100249	14590086
12	75	74	41873	4771450	4771450	0	3682496	15318030
13	76	75	49660	4771450	4771450	0	4300486	15353454
14	77	76	58877	4771450	4771450	0	4954799	15391258
15	78	77	69782	4771450	4771450	0	5646504	15431146
			5212851			0		
16	79	78	-4845976	0	0	0	5943711	12747038
17	80	79	0	0	0	0	6330139	12769425
18	81	80	0	0	0	0	6730635	12791823
19	82	81	0	0	0	0	7143771	12813667
20	83	82	0	0	0	0	7569047	12835850
			366875			0		

This illustration may not fully reflect your actual tax or accounting situation. Surrender of any available policy values may be regarded as a taxable event. We recommend consulting tax counsel.

JOHN HANCOCK MUTUAL LIFE INSURANCE CO & AFFILIATED COMPANIES BOSTON, MA 02117
ESTATE PROTECTION III - A SURVIVORSHIP WHOLE LIFE INSURANCE POLICY

Parker Hannifin — Tax Bracket: ER 36% EE 50%
Life 1: Duane Collins — Life 2: Joyce Collins
Male Age 63 Non Tobacco Use — Female Age 62 Non Tobacco Use

SPLIT DOLLAR PROPOSAL SUMMARY OF COSTS AND BENEFITS
Current Dividend Scale
$3,990,862 Policy with $7,411,599 Additional Insurance Protection Rider
Alternate Premium Payment Option
Dividends Applied Under AIP Rider Dividend Option

			EMPLOYER			EMPLOYEE		
Year	Age #1	Age #2	Net After Tax Outlay	Net Cash Value	Net Death Benefit	Net After Tax Outlay	Net Cash Value	Net Death Benefit
21	84	83	0	0	0	0	8005257	12857648
22	85	84	0	0	0	0	8455673	12881585
23	86	85	0	0	0	0	8923316	12906068
24	87	86	0	0	0	0	9413060	12930758
25	88	87	0	0	0	0	9931388	12954582
			366875			0		
26	89	88	0	0	0	0	10489487	12978330
27	90	89	0	0	0	0	11070959	13371307
28	91	90	0	0	0	0	11671934	13857338
29	92	91	0	0	0	0	12294386	14360420
30	93	92	0	0	0	0	12944961	14882542
			366875			0		
31	94	93	0	0	0	0	13628695	15423297
32	95	94	0	0	0	0	14352395	15983015
33	96	95	0	0	0	0	15124049	16563754
34	97	96	0	0	0	0	15952207	17170986
35	98	97	0	0	0	0	16839490	17810834
			366875			0		
36	99	98	0	0	0	0	17776530	18487410
37	100	99	0	0	0	0	18728770	19193498
38	101	100	0	0	0	0	19694324	19694324
			366875			0		

This illustration may not fully reflect your actual tax or accounting situation. Surrender of any available policy values may be regarded as a taxable event. We recommend consulting tax counsel.

JOHN HANCOCK MUTUAL LIFE INSURANCE CO & AFFILIATED COMPANIES BOSTON, MA 02117
ESTATE PROTECTION III - A SURVIVORSHIP WHOLE LIFE INSURANCE POLICY

Parker Hannifin   Tax Bracket: ER 36% EE 50%
Life 1: Duane Collins   Life 2: Joyce Collins
Male Age 63 Non Tobacco Use   Female Age 62 Non Tobacco Use

SPLIT DOLLAR PROPOSAL
Current Dividend Scale
$3,990,862 Policy with $7,411,599 Additional Insurance Protection Rider
Alternate Premium Payment Option
Dividends Applied Under AIP Rider Dividend Option

EMPLOYER SUMMARY

Year	Outlay	Bonus	Tax Credit	Net After Tax Outlay	Payback at Rollout	Net Cash Value	Net Death Benefit
1	687561	15286	5503	697344	0	589465	687561
2	686140	18127	6526	697741	0	1315923	1373701
3	684446	21516	7746	698216	0	2058147	2058147
4	682433	25541	9195	698779	0	2740580	2740580
5	680019	30370	10933	699455	0	3420599	3420599
	3420599	110839	39902	3491536	0		
6	677142	36124	13005	700261	0	4097741	4097741
7	673709	42989	15476	701222	0	4771450	4771450
8	0	27004	9722	17283	0	4771450	4771450
9	0	33814	12173	21641	0	4771450	4771450
10	0	42215	15197	27018	0	4771450	4771450
	4771450	292985	105475	4958960	0		
11	0	52655	18956	33699	0	4771450	4771450
12	0	65427	23554	41873	0	4771450	4771450
13	0	77594	27934	49660	0	4771450	4771450
14	0	91995	33118	58877	0	4771450	4771450
15	0	109035	39253	69782	0	4771450	4771450
	4771450	689690	248289	5212851	0		
16	0	0	0	-4845976	4845976	0	0
17	0	0	0	0	0	0	0
18	0	0	0	0	0	0	0
19	0	0	0	0	0	0	0
20	0	0	0	0	0	0	0
	4771450	689690	248289	366875	4845976		

JOHN HANCOCK MUTUAL LIFE INSURANCE CO & AFFILIATED COMPANIES BOSTON, MA 02117
ESTATE PROTECTION III - A SURVIVORSHIP WHOLE LIFE INSURANCE POLICY

Parker Hannifin
Tax Bracket: ER 36% EE 50%
Life 1: Duane Collins
Male Age 63 Non Tobacco Use
Life 2: Joyce Collins
Female Age 62 Non Tobacco Use

SPLIT DOLLAR PROPOSAL
Current Dividend Scale
$3,990,862 Policy with $7,411,599 Additional Insurance Protection Rider
Alternate Premium Payment Option
Dividends Applied Under AIP Rider Dividend Option

EMPLOYER SUMMARY

Year	Outlay	Bonus	Tax Credit	Net After Tax Outlay	Payback at Rollout	Net Cash Value	Net Death Benefit
21	0	0	0	0	0	0	0
22	0	0	0	0	0	0	0
23	0	0	0	0	0	0	0
24	0	0	0	0	0	0	0
25	0	0	0	0	0	0	0
	4771450	689690	248289	366875	4845976		
26	0	0	0	0	0	0	0
27	0	0	0	0	0	0	0
28	0	0	0	0	0	0	0
29	0	0	0	0	0	0	0
30	0	0	0	0	0	0	0
	4771450	689690	248289	366875	4845976		
31	0	0	0	0	0	0	0
32	0	0	0	0	0	0	0
33	0	0	0	0	0	0	0
34	0	0	0	0	0	0	0
35	0	0	0	0	0	0	0
	4771450	689690	248289	366875	4845976		
36	0	0	0	0	0	0	0
37	0	0	0	0	0	0	0
38	0	0	0	0	0	0	0
	4771450	689690	248289	366875	4845976		

JOHN HANCOCK MUTUAL LIFE INSURANCE CO & AFFILIATED COMPANIES BOSTON, MA 02117
ESTATE PROTECTION III - A SURVIVORSHIP WHOLE LIFE INSURANCE POLICY

Parker Hannifin — Tax Bracket: ER 36% EE 50%
Life 1: Duane Collins — Male Age 63 Non Tobacco Use
Life 2: Joyce Collins — Female Age 62 Non Tobacco Use

SPLIT DOLLAR PROPOSAL
Current Dividend Scale
$3,990,862 Policy with $7,411,599 Additional Insurance Protection Rider
Alternate Premium Payment Option
Dividends Applied Under AIP Rider Dividend Option

EMPLOYEE SUMMARY

Year	Outlay	Economic Benefit	Bonus	Add'l Amt Surren-dered	Payback at Rollout	Tax On Benefit	Net After Tax Outlay	Net Cash Value	Net Death Benefit
1	7643	7643	15286	0	0	7643	0	0	11428468
2	9063	9063	18127	0	0	9063	0	0	11457707
3	10758	10758	21516	0	0	10758	0	40371	11493508
4	12771	12771	25541	0	0	12771	0	201007	11534418
5	15185	15185	30370	0	0	15185	0	431733	11582992
	55419		110839	0	0	55419	0		
6	18062	18062	36124	0	0	18062	0	735564	11635792
7	21495	21495	42989	0	0	21495	0	1118294	11696558
8	0	27004	27004	0	0	27004	0	1563832	12410770
9	0	33814	33814	0	0	33814	0	2040982	13127010
10	0	42215	42215	0	0	42215	0	2551700	13844922
	94976		292985	0	0	198009	0		
11	0	52655	52655	0	0	52655	0	3100249	14590086
12	0	65427	65427	0	0	65427	0	3682496	15318030
13	0	77594	77594	0	0	77594	0	4300486	15353454
14	0	91995	91995	0	0	91995	0	4954799	15391258
15	0	109035	109035	0	0	109035	0	5646504	15431146
	94976		689690	0	0	594715	0		
16	0	0	0	4845976	4845976	0	0	5943711	12747038
17	0	0	0	0	0	0	0	6330139	12769425
18	0	0	0	0	0	0	0	6730635	12791823
19	0	0	0	0	0	0	0	7143771	12813667
20	0	0	0	0	0	0	0	7569047	12835850
	94976		689690	4845976	4845976	594715	0		

While both insureds are alive, economic benefit has been calculated using IRS Table 38 rates. After the first death, economic benefit has been calculated using the lesser each year of John Hancock's 3-year term rate and the IRS PS 58 rate.

JOHN HANCOCK MUTUAL LIFE INSURANCE CO & AFFILIATED COMPANIES BOSTON, MA 02117
ESTATE PROTECTION III - A SURVIVORSHIP WHOLE LIFE INSURANCE POLICY

Parker Hannifin — Tax Bracket: ER 36% EE 50%
Life 1: Duane Collins — Male Age 63 Non Tobacco Use
Life 2: Joyce Collins — Female Age 62 Non Tobacco Use

SPLIT DOLLAR PROPOSAL
Current Dividend Scale
$3,990,862 Policy with $7,411,599 Additional Insurance Protection Rider
Alternate Premium Payment Option
Dividends Applied Under AIP Rider Dividend Option

EMPLOYEE SUMMARY

Year	Outlay	Economic Benefit	Bonus	Add'l Amt Surren-dered	Payback at Rollout	Tax On Benefit	Net After Tax Outlay	Net Cash Value	Net Death Benefit
21	0	0	0	0	0	0	0	8005257	12857648
22	0	0	0	0	0	0	0	8455673	12881585
23	0	0	0	0	0	0	0	8923316	12906068
24	0	0	0	0	0	0	0	9413060	12930758
25	0	0	0	0	0	0	0	9931388	12954582
	94976		689690	4845976	4845976	594715	0		
26	0	0	0	0	0	0	0	10489487	12978330
27	0	0	0	0	0	0	0	11070959	13371307
28	0	0	0	0	0	0	0	11671934	13857338
29	0	0	0	0	0	0	0	12294386	14360420
30	0	0	0	0	0	0	0	12944961	14882542
	94976		689690	4845976	4845976	594715	0		
31	0	0	0	0	0	0	0	13628695	15423297
32	0	0	0	0	0	0	0	14352395	15983015
33	0	0	0	0	0	0	0	15124049	16563754
34	0	0	0	0	0	0	0	15952207	17170986
35	0	0	0	0	0	0	0	16839490	17810834
	94976		689690	4845976	4845976	594715	0		
36	0	0	0	0	0	0	0	17776530	18487410
37	0	0	0	0	0	0	0	18728770	19193498
38	0	0	0	0	0	0	0	19694324	19694324
	94976		689690	4845976	4845976	594715	0		

While both insureds are alive, economic benefit has been calculated using IRS Table 38 rates. After the first death, economic benefit has been calculated using the lesser each year of John Hancock's 3-year term rate and the IRS PS 58 rate.

JOHN HANCOCK MUTUAL LIFE INSURANCE CO & AFFILIATED COMPANIES BOSTON, MA 02117
ESTATE PROTECTION III - A SURVIVORSHIP WHOLE LIFE INSURANCE POLICY

Life 1: Duane Collins
Male Age 63 Non Tobacco Use

Life 2: Joyce Collins
Female Age 62 Non Tobacco Use

Owner: Parker Hannifin
Tax Bracket: 50%

PLAN SUMMARY
Current Dividend Scale
$11,402,460 Initial Death Benefit: $3,990,862 Base with $7,411,599 AIP Rider
Alternate Premium Payment Option
Dividends Applied Under AIP Rider Dividend Option

	In 10 Years	In 20 Years	In 23 Years
Cumulative Net A/T Outlay	4,866,425	20,449	20,449
GUARANTEED CASH VALUE	909,278	2,287,722	2,616,609
Net Cash Value	7,323,150	7,569,047	8,923,316
Net Death Benefit	18,616,372	12,835,850	12,906,068

INTEREST ADJUSTED INDEXES (5%)
Base Policy with AIP Rider

	10 Year	20 Year
Interest Adjusted Payment	46.40	35.72
Interest Adjusted Cost	-1.96	-7.17
Equivalent Level Dividend	0.00	0.00

NON-GUARANTEED ELEMENTS — Dividends are based on the Company's experience and are not guaranteed.

INTEREST ADJUSTED INDEXES — These indexes provide a means for evaluating the comparative cost of the policy under stated assumptions. They can be useful in comparing similar plans of insurance, a lower index being better than a higher one. These indexes reflect the time value of money. Indexes are approximate because they involve assumptions, including the rate of interest used, the dividends being paid in cash and the continuation of current dividend scales. An explanation of the intended use of these indexes and the Equivalent Level Annual Dividend is included in the Life Insurance Buyer's Guide.

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Exhibit (10)(e)* to Report
on Form 10-K for Fiscal
Year Ended June 30, 1999
by Parker-Hannifin Corporation

Form of Executive Life Insurance Agreement
entered into by the Registrant and
executive officers.

*Numbered in accordance with Item 601 of Regulation S-K.

EXECUTIVE LIFE INSURANCE AGREEMENT

This Executive Life Insurance Agreement ("Agreement") is made, as of February 1, 1999, by and between Parker-Hannifin Corporation, an Ohio corporation (the "Corporation"), and __________________________________ (the "Executive").

RECITALS

A. The Executive desires to insure his or her life for the benefit and protection of his or her family or designated beneficiary under the Policy (as defined below); and

B. The Corporation desires to help the Executive provide certain insurance for the benefit and protection of his or her family or designated beneficiary by providing funds to pay the premiums due on the Policy in accordance with this Agreement; and

C. The Executive, as owner of the Policy, desires to assign certain rights and interests in the Policy to the Corporation, to the extent provided herein, as security for repayment of certain funds provided by the Corporation for the acquisition and/or maintenance of the Policy.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing, and the mutual agreements and covenants set forth below, the parties to this Agreement agree as follows:

1. DEFINITIONS. For purposes of this Agreement, unless otherwise clearly apparent from the context, the following phrases or terms shall have the following indicated meanings:

(a) "AGGREGATE PREMIUMS PAID" shall mean, at any time, an amount equal to (i) the cumulative premiums paid by the Corporation on the Policy, less (ii) any policy loans to the Corporation and accrued and unpaid interest thereon. Notwithstanding the foregoing, Aggregate Premiums Paid shall not include extra benefit riders or agreements, other than those providing additional life insurance coverage on the Executive, and shall not include premiums waived pursuant to the terms of any disability waiver of a premium rider.

(b) "BASE ANNUAL SALARY" shall mean the base annual compensation, excluding profit-sharing, RONA, bonuses, commissions, overtime, relocation expenses, incentive payments, non-monetary awards, expatriate premiums and differentials, or perquisites paid or provided to the Executive for employment services rendered to the Corporation, before reduction for compensation deferred pursuant to all qualified, non-qualified and Code Section

125 plans of the Corporation. For purposes of determining the Executive's Base Annual Salary hereunder, beginning January 1 of each year, the Executive's Base Annual Salary as of the most recent preceding December 1 will be used (which means that the Executive's Base Annual Salary may be adjusted for the purposes of this Agreement only once a year).

(c) "CASH SURRENDER VALUE" shall mean an amount that equals, at any specified time, the cash surrender value as determined under the terms of the Policy.

(d) "CODE" shall mean the Internal Revenue Code of 1986, as amended.

(e) "COLLATERAL ASSIGNMENT" shall mean an assignment made by the Executive in favor of the Corporation in a form mutually agreed to by the Corporation and the Executive and accepted by the Insurer.

(f) "COLLATERAL INTEREST" shall mean the Corporation's rights and interests in the Policy, as set forth in Section 6 below.

(g) "DISABILITY" or "DISABLED" shall mean a period of disability during which the Executive qualifies for benefits under the Corporation's long-term disability plan.

(h) "EXECUTIVE'S DEATH BENEFIT" shall mean an amount that is equal to the Executive's Base Annual Salary multiplied by:

(i) three, prior to Retirement or Termination of Employment; or

(ii) the Post-Retirement Multiple, after Retirement.

(i) "INSURER" shall mean Sun Life Assurance Company of Canada Ltd., its successors and assigns, or any other life insurance company issuing a Policy hereunder.

(j) "MINIMUM RETIREMENT CASH VALUE" shall mean, on the Split Dollar Maturity Date, the minimum amount of cash value that is needed in the Policy to maintain the Executive Death Benefit after Retirement, determined on the date of Retirement, assuming that the Policy will be held without surrender, withdrawal or loan until the Executive reaches age 95 and that the fixed interest rate to be used to project earnings on the Policy up to age 95 is the Insurer's announced interest rate under the Policy on the Split Dollar Maturity Date.

(k) "PLAN" shall mean the plan described in Section 8(a) below.

(l) "POLICY" shall mean the following policy or policies on the life of the Executive that are issued by the Insurer:

POLICY NUMBER	TYPE OF POLICY
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(m) "POST-RETIREMENT MULTIPLE" shall mean the death benefit multiple determined at the time of the Executive's Retirement based upon the Executive's age, as follows:

AGE AT RETIREMENT	POST-RETIREMENT MULTIPLE
Under 55	0
55	1
56	1.1
57	1.2
58	1.3
59	1.4
60	1.5
61	1.6
62	1.7
63	1.8
64	1.9
65	2

(n) "PRIME RATE" shall mean the prime rate of interest as published in the Wall Street Journal on the date of Termination of Employment.

(o) "RETIREMENT" or "RETIRE" shall mean severance from full-time employment from the Corporation on or after the attainment of age fifty-five (55) for any reason other than an authorized leave of absence, death or Termination for Cause. In addition, a person who continues to be Disabled at least until age 55 (regardless of his or her employment status with the Corporation) shall be treated as having reached Retirement under this Agreement at the earlier of age 65 with continued Disability or the time the Executive ceases to be Disabled.

(p) "SPLIT DOLLAR MATURITY DATE" shall mean the date on which the first of any of the following events occurs:

(i) The Executive's Termination of Employment;

(ii) Termination of this Agreement in accordance with Section 9 below;

(iii) The later of the Executive's Retirement or the fifteenth anniversary of the Executive's participation in the Plan (the "Fifteenth Anniversary"); or (iv) The Executive's death.

The Disability of the Executive shall not cause the Split Dollar Maturity Date to occur and the Disabled Executive will continue participation in the Plan until Retirement or Termination of Employment.

(q) "TERMINATION FOR CAUSE" shall mean termination of the Executive's employment by the Corporation as a result of activity by the Executive detrimental to the interests of the Corporation, including without limitation:

(i) the rendering of services for an organization, or engaging in a business, that is in competition with the Corporation;

(ii) the disclosure to anyone outside of the Corporation, or the use for any purpose other than the Corporation's business, of confidential information or material related to the Corporation;

(iii) fraud, embezzlement, theft-in-office or other illegal activity; or

(iv) violation of the Corporation's Code of Ethics.

(r) "TERMINATION OF EMPLOYMENT" shall mean the ceasing of full-time employment with the Corporation for any reason other than Retirement, death, Disability (except as provided below) or an authorized leave of absence. If the Executive becomes Disabled and subsequently ceases to be Disabled before age 55 and does not return to employment with the Corporation, such failure to return to employment shall be deemed to be a Termination of Employment.

2. ACQUISITION OF POLICY; OWNERSHIP OF INSURANCE. The parties to this Agreement shall cooperate in applying for and obtaining the Policy. The Policy shall be designed to provide sufficient death proceeds and Cash Surrender Value to enable payment or funding of the Executive's Death Benefit after payment of the Corporation's Collateral Interest; provided, however, that the Corporation and the Executive acknowledge that the actual death benefit paid to the Policy beneficiary and the Cash Surrender Value at any point in time are subject to Policy experience. The Policy shall be issued to the Executive, as the sole and exclusive owner of the

Policy, subject to the rights and interests granted to the Corporation, as provided in this Agreement and the Collateral Assignment, and further subject to the Executive's right of assignment under Section 15 hereof.

3. PREMIUM PAYMENTS ON POLICY.

(a) PAYMENTS AND REIMBURSEMENTS. Prior to the occurrence of the Split Dollar Maturity Date, the Corporation shall pay to the Insurer, on or before each applicable premium due date, all applicable premiums for the Policy. All such premium payments made by the Corporation under this Agreement shall constitute advances by the Corporation to the Executive for which the Executive shall be responsible for repayment in accordance with the terms of this Agreement, but only up to an amount equal to the Corporation's Collateral Interest.

(b) TAXABLE COMPENSATION. Each calendar year, the Executive shall be considered to have taxable compensation income that is equal to the value of the "economic benefit" derived by the Executive from the Policy's life insurance protection, as determined for Federal income tax purposes under the Code. To the extent required by the Code, the Corporation shall withhold from the Executive's Base Annual Salary, or other compensation paid to the Executive, in a manner determined by the Corporation, the Executive's share of FICA and other employment and income taxes relating to that taxable amount.

4. CORPORATION'S RIGHTS. The Corporation's rights and interests in and to the Policy shall be specifically limited to (i) the right to increase or decrease Policy death benefits annually in accordance with maintaining the "Executive's Death Benefit" as defined in Section 1(h); (ii) the right to be paid its Collateral Interest in accordance with Section 6 below; (iii) the rights specified in the Collateral Assignment, and; (iv) the right to obtain one or more loans or advances on the Policy, provided, however, that any such loans shall not, in the aggregate, exceed the Aggregate Premiums Paid by the Corporation at any specified date without the written consent of the Executive.

5. EXECUTIVE'S RIGHTS. Subject to the terms of this Agreement and the Collateral Assignment, the Executive shall be the owner of the Policy, and shall be entitled to exercise all rights in the Policy; provided, however, that while the Collateral Assignment is in effect, the following rights may be exercised only in accordance with Section 6:

(a) To borrow against or pledge the Policy;

(b) To surrender, cancel or assign the Policy;

(c) To take a distribution or withdrawal from the Policy; or

(d) To increase or decrease the amount of the death benefit payable under the Policy.

6. COLLATERAL INTEREST.

(a) On the Split Dollar Maturity Date, the Corporation's interest in the Policy (the "Collateral Interest") shall be determined in the following manner:

(i) If the Split Dollar Maturity Date occurs due to the Executive's Retirement or the Fifteenth Anniversary, the Corporation shall be entitled to receive from the Policy an amount equal to that portion of the Policy's Cash Surrender Value that exceeds the Minimum Retirement Cash Value, but in no event less than the Aggregate Premiums Paid.

(ii) If the Split Dollar Maturity Date occurs due to the Executive's Termination of Employment (other than Termination for Cause), the Corporation shall be entitled to receive from the Policy an amount equal to that portion of the Policy's Cash Surrender Value that does not exceed the Aggregate Premiums Paid plus accrued interest thereon (from the date such premiums were actually paid by the Corporation) at a rate of annual interest equal to the Prime Rate.

(iii) If the Split Dollar Maturity Date occurs due to the death of the Executive (except as provided in Section 6(a)(vi) below), the Corporation shall be entitled to that portion of the Policy's death proceeds that does not exceed the Aggregate Premiums Paid.

(iv) If the Split Dollar Maturity Date occurs due to the termination of this Agreement by the Corporation in accordance with Section 9 below, the Corporation shall be entitled to receive from the Policy an amount equal to that portion of the Policy's Cash Surrender Value that does not exceed the Aggregate Premiums Paid.

(v) If the Split Dollar Maturity Date occurs due to the termination of this Agreement by the Executive in accordance with Section 9 below or as a result of a Termination for Cause, the Corporation shall be entitled to receive from the Policy an amount equal to the entire Cash Surrender Value of the Policy.

(vi) If the Split Dollar Maturity Date occurs due to the suicide of the Executive or other contestable Policy event, and the proceeds from the Policy are limited by either a suicide or contestability provision under the Policy, the Corporation shall be entitled to that portion of the Policy's Cash Surrender Value and/or death proceeds that does not exceed the Aggregate Premiums Paid.

(b) If the Split Dollar Maturity Date is other than the date of the Executive's death, the Corporation's Collateral Interest in the Policy, as determined in Section 6(a)(i), (ii), (iv) or (v) above, shall be paid to the Corporation in one of the following ways, as elected by the Executive in writing within 30 days after the date the Corporation first notifies the Executive in writing of the occurrence of the Split Dollar Maturity Date:

(i) By the Executive authorizing the Insurer to pay to the Corporation from the Cash Surrender Value of the Policy an amount equal to the Corporation's Collateral Interest;

(ii) By the Executive taking a loan out on the Policy in an amount equal to the Corporation's Collateral Interest, with payment of the loan proceeds to the Corporation, provided that the Corporation shall not be responsible for any interest that may accrue on any such loan; or

(iii) By the Executive's payment to the Corporation, from the Executive's separate funds, of an amount equal to the Corporation's Collateral Interest.

The Corporation's Collateral Interest in the Policy shall be paid as soon as is reasonably practicable after the Split Dollar Maturity Date.

(c) If the Split Dollar Maturity Date is the date of the Executive's death, the Corporation's Collateral Interest in the Policy, as determined in Section 6(a)(iii) or (vi) above, shall be paid to the Corporation from the Policy's death proceeds as soon as is reasonably practicable after the Executive's death.

(d) If the Executive fails to timely exercise any of the options under Section 6(b) above, the Corporation shall be entitled to instruct the Insurer to pay to the Corporation from the Cash Surrender Value of the Policy an amount equal to the Corporation's Collateral Interest.

(e) The Corporation agrees to keep records of its premium payments and to furnish the Insurer with a statement of its Collateral Interest whenever the Insurer requires such statement.

(f) Concurrent with the signing of this Agreement, the Executive will collaterally assign the Policy to the Corporation, in the form of the Collateral Assignment, as security for the payment of the Collateral Interest, which assignment shall not be altered or changed without the consent of the Corporation and the Executive.

(g) Promptly following the Executive's death, the Corporation and the Executive's designated beneficiary under the Policy shall take all steps necessary to collect the death proceeds of the Policy by submitting the proper claims forms to the Insurer. The Corporation shall notify the Insurer of the amount of the Corporation's Collateral Interest in the Policy at the time of such death. Such amount shall be paid by the Insurer to the Corporation and the remainder of the Policy's death benefit will be paid by the Insurer to the Executive's designated beneficiary.

(h) Upon payment in full to the Corporation of its Collateral Interest as provided above, the Corporation shall (i) assign its Collateral Interest in the Policy to the Executive, (ii) execute and file with the Insurer an appropriate release of the

Corporation's Collateral Interest in the Policy and (iii) have no further interest in the Policy. The Executive hereby acknowledges, understands and agrees that, upon the release of the Corporation's Collateral Interest, the Corporation shall not have any responsibility for the future performance of the Policy and shall have no obligation to make any additional premium payments.

(i) Upon payment to the Corporation of its Collateral Interest in accordance with this Section 6, this Agreement and the Executive's participation in the Plan shall terminate and neither party shall have any further rights or obligations under the Agreement or the Plan with respect to the Executive.

7. INSURER.

(a) The Insurer is not a party to this Agreement, shall in no way be bound by or charged with notice of its terms, and is expressly authorized to act only in accordance with the terms and conditions of the Policy. The Insurer shall be fully discharged from any and all liability under the Policy upon payment or other performance of its obligations in accordance with the terms and conditions of the Policy.

(b) The authority required for the Insurer to recognize the exercise of a right under the Policy shall be specified in the Collateral Assignment.

8. PLAN; NAMED FIDUCIARY; CLAIMS PROCEDURE.

(a) This Agreement is part of the Parker Hannifin Corporation Executive Life Insurance Plan, which consists of all Parker Hannifin Corporation Executive Life Insurance Agreements and the related Collateral Assignments that so reference their association with the Plan.

(b) The Corporation is the named fiduciary of the Plan for purposes of this Agreement.

(c) The following claims procedure shall be followed in handling any benefit claim under this Agreement and the Plan:

(i) The Executive, or his or her beneficiary, if the Executive has died (the "Claimant"), shall file a claim for benefits by notifying the Corporation in writing. If the claim is wholly or partially denied, the Corporation shall provide a written notice within 90 days (unless special circumstances require an extension of time for processing the claim, in which case an extension not to exceed 90 days shall be allowed) specifying the reasons for the denial, the provisions of this Agreement on which the denial is based, and additional material or information, if any, that is necessary for the Claimant to receive benefits. Such written notice shall also indicate the steps to be taken by the Claimant if a review of the denial is desired.

(ii) If a claim is denied, and a review is desired, the Claimant shall notify the Corporation in writing within 60 days after receipt of written notice of a denial of a claim. In requesting a review, the Claimant may review plan documents and submit any written issues and comments the Claimant feels are appropriate. The Corporation shall then review the claim and provide a written decision within 60 days of receipt of a request for a review (unless special circumstances require an extension of time for processing the claim, in which case an extension not to exceed 60 days shall be allowed). This decision shall state the specific reasons for the decision and shall include references to specific provisions of this Agreement, if any, upon which the decision is based.

(iii) In no event shall the Corporation's liability under this Agreement exceed the amount of proceeds from the Policy.

9. AMENDMENT OF AGREEMENT; TERMINATION. This Agreement shall not be modified or amended except by a writing signed by the Corporation and the Executive. Either party may terminate this Agreement, and Executive's participation in the Plan, at any time provided that the obligations of the party terminating the Agreement and the Plan with respect to the Executive are performed in full under the Agreement as of the time of the termination.

10. BINDING AGREEMENT. This Agreement shall be binding upon the heirs, administrators, executors, successors and assigns of each party to this Agreement.

11. STATE LAW. This Agreement shall be subject to and be construed under the internal laws of the State of Ohio, without regard to its conflicts of laws principles.

12. VALIDITY. In case any provision of this Agreement shall be illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts of this Agreement, but this Agreement shall be construed and enforced as if such illegal or invalid provision had never been inserted in this Agreement.

13. NOT A CONTRACT OF EMPLOYMENT. The terms and conditions of this Agreement shall not be deemed to constitute a contract of employment between the Corporation and the Executive. Such employment is hereby acknowledged to be an "at will" employment relationship that can be terminated at any time for any reason, with or without cause, unless expressly provided in a separate written employment agreement. Nothing in this Agreement shall be deemed to give the Executive the right to be retained in the service of the Corporation or to interfere with the right of the Corporation to discipline or discharge the Executive at any time.

14. NOTICE. Any notice or filing required or permitted to be given under this Agreement to the Executive or the Corporation shall be sufficient if in writing and hand-delivered, or sent by registered or certified mail, to the address below:

To the Executive: ---------------------------

To the Corporation: Parker Hannifin Corporation
6035 Parkland Boulevard
Cleveland, OH 44124
Attention: Director of Employee Benefits

or to such other address as may be furnished by the Executive or the Corporation in writing to the other party in accordance with this notice provision. Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification. Any notice or filing required or permitted to be given to the Executive or the Executive's beneficiary under this Agreement shall be sufficient if in writing and hand-delivered, or sent by mail, to the last known address of the Executive.

15. ASSIGNMENT. During the term hereof, the Executive may assign the Executive's right and obligations under this Agreement and ownership of the Policy without the consent of the Corporation; provided, however, that the cost of preparation and legal adequacy of the documentation to effect such assignment to the satisfaction of the Corporation and the Insurer is solely the responsibility of the Executive.

16. ACKNOWLEDGEMENT; RELEASE. The Executive assumes all risk of the creditworthiness of the Insurer and acknowledges that the Corporation makes no representation or guarantee of the creditworthiness of any Insurer. The Executive acknowledges and agrees that in consideration of the Executive's participation in the Plan, the Executive is waiving the right to continue participation in the Corporation's group life insurance plan (which provided a death benefit of $50,000) and related accidental death and disability benefit. The Executive acknowledges responsibility for all federal, state and local tax consequences imposed on the Executive's participation in the Plan and further acknowledges that the Corporation has not made any representations or guarantees of the present or future tax consequences of the Executive's participation in the Plan.

17. ENTIRE AGREEMENT. This Agreement constitutes the entire agreement between the parties hereto with regard to the subject matter of this Agreement and supersedes all previous negotiations, agreements and commitments in respect thereto. No oral explanation or oral information by either of the parties to this Agreement shall alter the meaning or interpretation of this Agreement.

IN WITNESS WHEREOF, the parties hereto have signed this Agreement as of the date first written above.

PARKER-HANNIFIN CORPORATION

By: ____________________________________
Daniel T. Garey
Vice President, Human Resources

Signature of Executive

COLLATERAL ASSIGNMENT

This Collateral Assignment (this "Assignment") is made and entered into as of February 1, 1999, by and between _________________________ (the "Executive"), as both the owner of and insured under a life insurance policy, No. _________________ (the "Policy"), issued by Sun Life Assurance Company of Canada Ltd. (the "Insurer"), and Parker-Hannifin Corporation, an Ohio corporation (the "Corporation").

RECITALS

A. The Executive desires to insure his or her life for the benefit and protection of his or her family or designated beneficiary under the Policy;

B. The Corporation desires to help the Executive provide certain insurance for the benefit and protection of his or her family or designated beneficiary by providing funds from time to time to pay the premiums due on the Policy, as more specifically provided for in that certain Executive Life Insurance Agreement entered into between the Executive and the Corporation as of the date hereof (the "Agreement"); and

C. In consideration of the Corporation agreeing to provide such funds in accordance with the terms and conditions of the Agreement, the Executive agrees to grant to the Corporation, as a security interest in the Policy, a collateral security interest for the payment of the Corporation's Collateral Interest (as defined in the Agreement).

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing, and the mutual agreements and covenants set forth below, the parties to this Assignment agree as follows:

1. ASSIGNMENT. The Executive hereby assigns, transfers and sets over to the Corporation, and its permitted successors, those certain rights and interests described in the Agreement that are to be assigned to the Corporation in accordance with the Agreement. Furthermore, this Assignment is made, and the Policy is to be held as collateral security for, any and all liabilities of the Executive to the Corporation, either now existing, or that may hereafter arise, pursuant to the terms of the Agreement.

2. SIGNATURES. To facilitate the operation of this Assignment, the parties agree that the Insurer is hereby notified that the following rights under the Policy may be exercised while the Assignment is in effect without the signature or consent of the other party:

(a) The Corporation may sign a request to take a loan or partial withdrawal without the Executive's signature or consent;

(b) The Corporation may sign an instruction to the Insurer to pay an amount equal to the Corporation's Collateral Interest from the Policy's Cash Surrender Value to the Corporation, provided that the Corporation simultaneously delivers to the Insurer a notarized statement that the Corporation is exercising its rights in accordance with Section 6(d) of the Agreement;

(c) The Executive may sign a request to change the beneficiary or owner of the Policy without the signature or consent of the Corporation; and

(d) The exercise of any other right under the Policy not specifically set forth above shall be exercised with the signature of both the Corporation and the Executive.

3. POLICY PROCEEDS. Any amount payable from the Policy during the Executive's life or at death shall first be paid to the Corporation to the extent of its Collateral Interest. Any balance will be paid to the Executive during the Executive's lifetime, or at the Executive's death, to the beneficiary designated by the Executive. A settlement option may be elected by the recipient of the proceeds. For purposes of this Section, the amount of the Collateral Interest shall be determined for purposes of the Insurer by a written statement delivered to the Insurer and signed by the Corporation.

4. ENDORSEMENT. The Corporation shall hold the Policy while this Assignment is operative and, upon request, forward the Policy to the Insurer, without unreasonable delay, for endorsement of any designation or change of beneficiary or ownership, any election of optional mode of settlement, or the exercise of any other right reserved by the Executive in this Assignment.

5. INSURER. The Insurer is hereby authorized to recognize the Corporation's claims to rights hereunder without investigating the reason for any action taken by the Corporation, the validity or amount of any of the liabilities of the Executive to the Corporation under the Agreement, the existence of any default therein, the giving of any notice required herein, or the application to be made by the Corporation of any amounts to be paid to the Corporation. The Insurer shall not be responsible for the sufficiency or validity of this Assignment and is not a party to the Agreement (or any other similar executive life insurance agreement) between the Corporation and the Executive.

6. REASSIGNMENT. Upon the full payment of the Corporation's Collateral Interest in accordance with the terms and conditions of this Assignment and the Agreement, the Corporation shall reassign to the Executive the Policy and all specific rights included in this Assignment.

7. AMENDMENT OF ASSIGNMENT; TERMINATION. This Assignment shall not be modified, amended or terminated, except by a writing signed by the Corporation and the Executive; provided, however, that this Assignment may be terminated by either party if that party terminates the Agreement in accordance with Section 9 of the Agreement and the obligations of the party terminating the Agreement are performed in full under the Agreement.

8. BINDING AGREEMENT; ASSIGNS. This Assignment shall be binding upon the heirs, administrators, executors and permitted successors and assigns of each party to this Assignment. The Executive shall not assign his or her rights under this Assignment without the prior written consent of the Corporation.

9. STATE LAW. This Assignment shall be subject to and be construed under the internal laws of the State of Ohio, without regard to its conflicts of law principles.

10. VALIDITY. In case any provision of this Assignment shall be illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts of this Assignment, but this Assignment shall be construed and enforced as if such illegal or invalid provision had never been inserted in this Assignment.

IN WITNESS WHEREOF, the Executive and the Corporation have signed this Assignment as of the date first written above.

Signature of Executive

PARKER-HANNIFIN CORPORATION

By: -----------------------------------
Daniel T. Garey
Vice President, Human Resources

Filed with the Insurer:
- -----------------------

Date:
- ---------------------------------- ------------------
Insurer

Exhibit (10)(k)* to Report
on Form 10-K for Fiscal
Year Ended June 30, 1999
by Parker-Hannifin Corporation

Parker-Hannifin Corporation 2000 Target Incentive
Bonus Plan Description

*Numbered in accordance with Item 601 of Regulation S-K.

PARKER-HANNIFIN CORPORATION 2000 TARGET INCENTIVE BONUS PLAN

A. Payments earned under the Bonus Plan depend upon the Company's performance against a pre-tax return on average assets (ROAA) schedule which is based upon the Fiscal Year 2000 operating plan.

B. The payout under the Plan ranges from 15% to 150% of each participant's target award, with 100% payout set at achievement of fiscal year 2000 planned ROAA.

C. Any payout pursuant to the Plan that will result in the exceedance of the $1 million cap on the tax deductibility of executive compensation will be deferred until such time in the earliest subsequent fiscal year that such cap will not be exceeded.

D. Participants: All of the executive officers of the Company, plus Group Presidents who are not executive officers.

E. Fiscal year 2000 Planned ROAA: 13.7%

ROAA Payout Schedule

FY00 ROAA	Percentage of Target Award Paid*
less than 3.4%	0%
3.4%	30%
5.0%	40%
6.5%	50%
8.0%	60%
9.5%	70%
10.1%	74%
10.9%	80%
12.3%	90%
13.7%	100%
14.4%	113%
15.2%	125%
15.9%	138%
16.7%	150%

* Fiscal year 2000 ROAA less than 10.1% will reduce the amount paid by 50%.

F. ROAA will not include the impact of:

1. Environmental costs in excess of planned amounts

2. Acquisitions/divestitures

3. Currency gains or losses

Exhibit 10o

Exhibit (10)(o)* to Report
on Form 10-K for Fiscal
Year Ended June 30, 1999
by Parker-Hannifin Corporation

Parker-Hannifin Corporation 2000-01-02 Long Term
Incentive Plan Description

*Numbered in accordance with Item 601 of Regulation S-K.

PARKER-HANNIFIN CORPORATION
2000-01-02
LONG TERM INCENTIVE PLAN

The purpose of the Plan is to provide a long-term incentive portion of bonus compensation. The Plan's focus is on return on equity. It balances a competitive base salary pay structure, an annual cash bonus compensation based on a return on average assets, and a stock option plan with ten-year exercise rights. The return on equity objective is a key financial goal and comprehends return on sales at the net income level and asset utilization.

The participants in this Plan are limited to Corporate Officers and Group Presidents. They clearly can affect broadly the overall financial performance of the company.

The key elements of Parker-Hannifin's Plan are as follows:

Participation
Those key executives having a critical impact on the long term performance of the Company selected by the Chief Executive Officer and approved by the Compensation and Management Development Committee of the Board.

Performance Period
Three-year average Return on Equity with the grant to cover FY 00, 01 and 02.

Size of Awards
Commensurate with bonus compensation and stock option level of participants as determined by the CEO with approval of the Compensation and Management Development Committee.

Form of Awards
Awards will be expressed as a certain number of shares of Parker stock calculated by dividing the dollar equivalent of the award by the June 30, 1999 Parker stock price.

Performance Objective
The Return on Equity objective is 14%.

Value Range
Actual value of the payments under the Plan will be within a range of 25% to 200% of target value based on performance against the objective.

Performance Range
For performance below a threshold of 8% ROE objective, no payment will be made. For performance between 8% and 20% ROE, payments will be earned between 25% and 200% of the target value on a proportional basis above and below the target value. The Plan is capped at 200%.

Payment
Payments earned under the Plan will be paid at the end of the three-year performance period. Payment will be made in restricted stock of the Corporation unless the participant is retired at the time of payment or has previously elected a cash payment to be deferred under the Corporation's Executive Deferral Plan. The value of the cash payment in lieu of restricted shares is determined based upon the share price of Parker-Hannifin's Common Shares on June 30, 2002. The restricted shares would be subject to a vesting schedule and such other terms and conditions determined by the Compensation Committee at the time of issuance. Any payout pursuant to this plan that will result in the exceedance of the $1 million cap on the tax deductibility of executive compensation will be deferred until such time in the earliest subsequent fiscal year that such cap will not be exceeded.

Termination of Employment
If a participant dies, retires (with consent of the Compensation and Management Development Committee if earlier than age 65) or is disabled during the performance period, he/she will receive a pro rata portion of the award payable upon completion of the performance period. A participant who resigns or is otherwise terminated during the performance period forfeits the award.

Performance Schedule
The Plan performance schedule, based on the three-year simple average of annual report return on average equity, is as follows:

	Return on Equity							
	less than 8.0%	8.0%	10.0%	12.0%	14.0%	16.0%	18.0%	20.0%
Payout %	0	25	50	75	100	133	167	200

Change in Control
In the event of a "Change in Control" of the Corporation (as defined below), the payout under the Plan will be accelerated to fifteen (15) days after the Change in Control. The amount of the payout will be in cash and will be the greater of the target award or the amount the payout would have been had ROE during the Performance Period to the end of the fiscal quarter immediately preceding the date of the Change in Control continued throughout the Performance Period. The cash amount of such payout will be based upon the closing New York Stock Exchange stock price of the Corporation's Common Shares on the first day of the Performance Period or the date of the Change in Control, whichever is greater. If the Participant will reach age 65 prior to the end of the Performance Period, the payout in the event of a Change in Control will be reduced on a pro rata basis.

"Change in Control" means the occurrence of one of the following events:

(i) any "person" (as such term is defined in Section 3(a)(9) of the Securities Exchange Act of 1934 (the "Exchange Act") and as used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act) is or becomes a "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of Parker-Hannifin Corporation (the "Company") representing 20% or more of the combined voting power of the Company's then outstanding securities eligible to vote for the election of the Board of Directors of the Company (the "Board") (the "Company's Voting Securities"); provided, however, that the event described in this paragraph shall not be deemed to be a Change in Control by virtue of any of the following situations: (A) an acquisition by the Company or any corporation or entity in which the Company has a direct or indirect ownership interest of 50% or more of the total combined voting power of the then outstanding securities of such corporation or other entity (a "Subsidiary"); (B) an acquisition by any employee benefit plan sponsored or maintained by the Company or any Subsidiary; (C) an acquisition by any underwriter temporarily holding securities pursuant to an offering of such securities; (D) a Non-Control Transaction (as defined in paragraph (iii)); (E) as pertains to a Plan participant (the "Executive"), any acquisition by the Executive or any group of persons (within the meaning of Sections 13(d)(3) and 14(d)(2) of the Exchange Act) including the Executive (or any entity in which the Executive or a group of persons including the Executive, directly or indirectly, holds a majority of the voting power of such entity's outstanding voting interests); or (F) the acquisition of Company Voting Securities from the Company, if a majority of the Board approves a resolution providing expressly that the acquisition pursuant to this clause (F) does not constitute a Change in Control under this paragraph (i);

(ii) individuals who, at the beginning of any period of twenty-four (24) consecutive months, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority thereof; provided, that (A) any person becoming a director subsequent to the beginning of such twenty-four (24) month period, whose election, or nomination for election, by the Company's shareholders was approved by a vote of at least two-thirds of the directors comprising the Incumbent Board who are then on the Board (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without objection to such nomination) shall be, for purposes of this paragraph (ii), considered as though such person were a member of the Incumbent Board; provided, however, that no individual initially elected or nominated as a director of the Company as a result of an actual or threatened election contest with respect to directors or any other actual or threatened solicitation of proxies or consents by or on behalf of any person other than the Board shall be deemed to be a member of the Incumbent Board;

(iii) the consummation of a merger, consolidation, share exchange or similar form of corporate reorganization of the Company or any Subsidiary that requires the approval of the Company's shareholders, whether for such transaction or the issuance of securities in connection with the transaction or otherwise (a "Business

Combination"), unless (A) immediately following such Business Combination: (1) more than 50% of the total voting power of the corporation resulting from such Business Combination (the "Surviving Corporation") or, if applicable, the ultimate parent corporation which directly or indirectly has beneficial ownership of 100% of the voting securities eligible to elect directors of the Surviving Corporation (the "Parent Corporation"), is represented by Company Voting Securities that were outstanding immediately prior to the Business Combination (or, if applicable, shares into which such Company Voting Securities were converted pursuant to such Business Combination), and such voting power among the holders thereof is in substantially the same proportion as the voting power of such Company Voting Securities among the holders thereof immediately prior to the Business Combination, (2) no person (other than any employee benefit plan sponsored or maintained by the Surviving Corporation or the Parent Corporation) is or becomes the beneficial owner, directly or indirectly, of 20% or more of the total voting power of the outstanding voting securities eligible to elect directors of the Parent Corporation (or, if there is no Parent Corporation, the Surviving Corporation), and (3) at least a majority of the members of the board of directors of the Parent Corporation (or, if there is no Parent Corporation, the Surviving Corporation), following the Business Combination, were members of the Incumbent Board at the time of the Board's approval of the execution of the initial agreement providing for such Business Combination (a "Non-Control Transaction") or (B) the Business Combination is effected by means of the acquisition of Company Voting Securities from the Company, and a majority of the Board approves a resolution providing expressly that such Business Combination does not constitute a Change in Control under this paragraph (iii); or

(iv) the shareholders of the Company approve a plan of complete liquidation or dissolution of the Company or the sale or other disposition of all or substantially all of the assets of the Company and its Subsidiaries.

Notwithstanding the foregoing, a Change in Control shall not be deemed to occur solely because any person acquires beneficial ownership of more than 20% of the Company Voting Securities as a result of the acquisition of Company Voting Securities by the Company which, by reducing the number of Company Voting Securities outstanding, increases the percentage of shares beneficially owned by such person; provided, that if a Change in Control would occur as a result of such an acquisition by the Company (if not for the operation of this sentence), and after the Company's acquisition such person becomes the beneficial owner of additional Company Voting Securities that increases the percentage of outstanding Company Voting Securities beneficially owned by such person, a Change in Control shall then occur.

Notwithstanding anything in this Plan to the contrary, if the Executive's employment is terminated prior to a Change in Control, and the Executive reasonably demonstrates that such termination was at the request of a third party who has indicated an intention or taken steps reasonably calculated to effect a Change in Control, (a "Third Party"), then for all purposes of this Plan, the date immediately prior to the date of such termination of employment shall be deemed to be the date of a Change in Control for such Executive.

Exhibit 10p

Exhibit (10)(p)* to Report
on Form 10-K for Fiscal
Year Ended June 30, 1999
by Parker-Hannifin Corporation

Parker-Hannifin Corporation Savings Restoration Plan, as amended

*Numbered in accordance with Item 601 of Regulation S-K.

PARKER-HANNIFIN CORPORATION

SAVINGS RESTORATION PLAN

PARKER-HANNIFIN CORPORATION

SAVINGS RESTORATION PLAN

Parker-Hannifin Corporation, an Ohio corporation, (the "Company"), established this Savings Restoration Plan (the "Plan"), effective October 1, 1994, for the purpose of attracting high quality executives and promoting in its executives increased efficiency and an interest in the successful operation of the Company by restoring some of the deferral opportunities and employer-provided benefits that are lost under The Parker Retirement Savings Plan due to legislative limits. The benefits provided under the Plan shall be provided in consideration for services to be performed after the effective date of the Plan, but prior to the executive's retirement. The Plan is hereby amended and restated as of January 1, 1998, except as otherwise specifically set forth hereinafter.

ARTICLE 1

Definitions

1.1 ADMINISTRATOR shall mean the Company or, if applicable, the committee appointed by the Board of Directors of the Company to administer the Plan pursuant to Article 13 of the Plan.

1.2 ANNUAL DEFERRAL shall mean the amount of Compensation which the Participant elects to defer for a Plan Year pursuant to Articles 2 and 3 of the Plan.

1.3 BENEFICIARY shall mean the person or persons or entity designated as such in accordance with Article 14 of the Plan.

1.4 CHANGE IN CONTROL means the occurrence of one of the following events:

(i) any "person" (as such term is defined in Section 3(a)(9) of the Securities Exchange Act of 1934 (the "Exchange Act") and as used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act) is or becomes a "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's then outstanding securities eligible to vote for the election of the Board of Directors of the Company (the "Board") (the "Company Voting Securities"); provided, however, that the event described in this paragraph shall not be deemed to be a Change in Control by virtue of any of the following situations: (A) an acquisition by the Company or any corporation or entity in which the Company has a direct or indirect ownership interest of 50% or more of the total combined voting power of the then outstanding securities of such corporation or other entity (a "Subsidiary"); (B) an acquisition by any employee benefit plan sponsored or maintained by the Company or any Subsidiary; (C) an acquisition by any underwriter temporarily holding securities pursuant to an offering of such securities; (D) a Non-Control Transaction (as defined in paragraph (iii)); (E) as pertains to a Participant, any acquisition by the Participant or any group of persons (within the meaning of Sections 13(d)(3) and 14(d)(2) of the Exchange Act) including the Participant (or any entity in which the Participant or a group of persons including the Participant, directly or indirectly, holds a majority of the voting power of such entity's outstanding voting interests); or (F) the acquisition of Company Voting Securities from the Company, if a majority of the Board approves a resolution providing expressly that the acquisition pursuant to this clause (F) does not constitute a Change in Control under this paragraph (i);

(ii) individuals who, at the beginning of any period of twenty-four (24) consecutive months, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority thereof; provided, that (A) any person becoming a director subsequent to the beginning of such twenty-four (24) month period, whose election, or nomination for election, by the Company's shareholders was approved by a vote of at least two-thirds of the directors comprising the Incumbent Board who are then on the Board (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without objection to such nomination) shall be, for purposes of this paragraph (ii), considered as though such person were a member of the Incumbent Board; provided, however, that no individual initially elected or nominated as a director of the Company as a result of an actual or threatened election contest with respect to directors or any other actual or threatened solicitation of proxies or consents by or on behalf of any person other than the Board shall be deemed to be a member of the Incumbent Board;

(iii) the consummation of a merger, consolidation, share exchange or similar form of corporate reorganization of the Company or any Subsidiary that requires the approval of the Company's stockholders, whether for such transaction or the issuance of securities in connection with the transaction or otherwise (a "Business Combination"), unless (A) immediately following such Business Combination: (1) more than 50% of the total voting power of the corporation resulting from such Business Combination (the "Surviving Corporation") or, if applicable, the ultimate parent corporation which directly or indirectly has beneficial ownership of 100% of the voting securities eligible to elect directors of the Surviving Corporation (the "Parent Corporation"), is represented by Company Voting Securities that were outstanding immediately prior to the Business Combination (or, if applicable, shares into which such Company Voting Securities were converted pursuant to such Business Combination), and such voting power among the holders thereof is in substantially the same proportion as the voting power of such Company Voting Securities among the holders thereof immediately prior to the Business Combination, (2) no person (other than any employee benefit plan sponsored or maintained by the Surviving Corporation or the Parent Corporation) is or becomes the beneficial owner, directly or indirectly, of 20% or more of the total voting power of the outstanding voting securities eligible to elect directors of the Parent Corporation (or, if there is no Parent Corporation, the Surviving Corporation), and (3) at least a majority of the members of the board of directors of the Parent Corporation (or, if there is no Parent Corporation, the Surviving Corporation), following the Business Combination, were members of the Incumbent Board at the time of the Board's approval of the execution of the initial agreement providing for such Business Combination (a "Non-Control Transaction") or (B) the Business Combination is effected by means of the acquisition of Company Voting Securities from the Company, and a majority of the Board approves a resolution providing expressly that such Business Combination does not constitute a Change in Control under this paragraph (iii); or

(iv) the stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or the sale or other disposition of all or substantially all of the assets of the Company and its Subsidiaries.

Notwithstanding the foregoing, a Change in Control shall not be deemed to occur solely because any person acquires beneficial ownership of more than 20% of the Company Voting Securities as a result of the acquisition of Company Voting Securities by the Company which, by reducing the number of Company Voting Securities outstanding, increases the percentage of shares beneficially owned by such person; provided, that if a Change in Control would occur as a result of such an acquisition by the Company (if not for the operation of this sentence), and after the Company's acquisition such person becomes the beneficial owner of additional Company Voting Securities that increases the percentage of outstanding Company Voting Securities beneficially owned by such person, a Change in Control shall then occur.

Notwithstanding anything in this Plan to the contrary, if the Participant's employment is terminated prior to a Change in Control, and the Participant reasonably demonstrates that such termination was at the request of a third party who has indicated an intention or taken steps reasonably calculated to effect a Change in Control (a "Third Party"), then for all purposes of this Plan, the date immediately prior to the date of such termination of employment shall be deemed to be the date of a Change in Control for such Participant.

1.5 COMPENSATION shall mean the sum of the Participant's base salary and regular bonuses (including profit-sharing, RONA, and executive compensation, but excluding payments under any long term incentive plan, volume incentive plan, or other extraordinary bonus or incentive plan) for a Plan Year before reductions for deferrals under the Plan, or the Executive Deferral Plan, or the Savings Plan, or the Parker Select program.

1.6 CREDITING RATE shall mean: (i) the amount described in Section 1.6.1 to the extent the Restoration Account Balance represents either Annual Deferrals under Article 3 or earnings previously credited on such deferrals under Section 5.2; or (ii) the amount described in Section 1.6.2 to the extent the Restoration Account balance represents either Matching Credits under Article 4 or interest previously credited on such Matching Credits under Section 5.2:

1.6.1 CREDITING RATE FOR ANNUAL DEFERRALS shall mean any notional gains or losses equal to those generated as if the Restoration Account balance attributable to Annual Deferrals under Article 3 had been invested in one or more of the investment portfolios designated as available by the Administrator, less separate account fees and less applicable administrative charges determined annually by the Administrator.

A Participant may elect to allocate his Restoration Account among the available portfolios. The gains or losses shall be credited based upon the daily unit values for the portfolio(s) selected by the Participant. The rules and procedures for allocating the Restoration Account balance among the portfolios shall be determined by the Administrator. The Participant's allocation is solely for the purpose of calculating the Crediting Rate. Notwithstanding the method of calculating the Crediting Rate, the Company shall be under no obligation to purchase any investments designated by the Participant.

1.6.2 CREDITING RATE FOR MATCHING CREDITS shall mean any notional gains or losses equal to those generated as if the Restoration Account balance attributable to Matching Credits under Article 4 had been invested in the Common Stock of the Company, including reinvestment of dividends. The rules and procedures for determining the value of the Common Stock of the Company shall be determined by the Administrator. The rules and procedures for re-allocating the Restoration Account balance attributable to the Matching Credits among the other portfolios offered under the Plan shall be determined by the Administrator.

1.7 DISABILITY shall mean any long term disability as defined under the Company's long term disability plan. The Administrator, in its complete and sole discretion, shall determine a Participant's Disability. The Administrator may require that the Participant submit to an examination on an annual basis, at the expense of the Company, by a competent physician or medical clinic selected by the Administrator to confirm Disability. On the basis of such medical evidence, the determination of the Administrator as to whether or not a condition of Disability exists or continues shall be conclusive.

1.8 EARLY RETIREMENT DATE shall mean age 55 with ten or more years of employment with the Company.

1.9 ELIGIBLE EXECUTIVE shall mean a key employee of the Company or any of its subsidiaries who: (i) is designated by the Administrator as eligible to participate in the Plan (subject to the restriction in Sections 10.2, 11.2 and 12.2 of the Plan); and (ii) qualifies as a member of the "select group of management or highly compensated employees" under ERISA.

1.10 ERISA shall mean the Employee Retirement Income Security Act of 1974, as amended.

1.11 EXECUTIVE DEFERRAL PLAN shall mean the Parker-Hannifin Corporation Executive Deferral Plan as it currently exists and as it may subsequently be amended.

1.12 FINANCIAL HARDSHIP shall mean an unexpected need for cash arising from an illness, casualty loss, sudden financial reversal, or other such unforeseeable occurrence as determined by the Administrator. Cash needs arising from foreseeable events such as the purchase of a residence or education expenses for children shall not, alone, be considered a Financial Hardship.

1.13 FIXED CREDITING RATE shall mean an effective annual yield equal to ninety percent (90%) of the sixty (60) month rolling average of the Ten-Year United States Treasury Note as determined by the Administrator on September 30 of the preceding year. The Fixed Crediting Rate in effect as of the Participant's Termination of Employment or death shall be held constant for the remainder of the period for which benefits are paid.

1.14 MATCHING CREDIT shall mean the Company's credit to the Participant's Restoration Account under Article 4.

1.15 NORMAL RETIREMENT DATE shall mean the date on which a Participant attains age 65.

1.16 PARTICIPANT shall mean an Eligible Executive who has elected to participate and has completed a Participation Agreement pursuant to Article 2 of the Plan.

1.17 PARTICIPATION AGREEMENT shall mean the Participant's written election to participate in the Plan.

1.18 PLAN YEAR shall mean the calendar year.

1.19 RESTORATION ACCOUNT shall mean the notional account established for record keeping purposes for a Participant pursuant to Article 5 of the Plan.

1.20 RETIREMENT shall mean a termination of employment following Normal or Early Retirement Date.

1.21 SAVINGS PLAN shall mean the Parker Retirement Savings Plan, formerly known as The Parker-Hannifin Employees' Savings Plus Stock Ownership Plan, as it currently exists and as it may subsequently be amended.

1.22 STATUTORY LIMIT shall mean any statutory or regulatory limit on salary reduction contributions to savings plans, or on compensation taken into account in calculating employer or employee contributions to savings plans. The impact of such limits on the Participants shall be determined by the Company prior to the beginning of each Plan Year based upon its best estimates and according to procedures determined by the Administrator. Once the Company has determined the impact of the Statutory Limits, no adjustment shall be made to increase deferrals or matching credits under this Plan notwithstanding any adjustments ultimately required under the Savings Plan due to actual employee contributions or other factors.

1.23 TERMINATION OF EMPLOYMENT shall mean the Participant's employment with the Company ceases for any reason whatsoever, whether voluntary or involuntary, other than Retirement or death.

1.24 UNSCHEDULED WITHDRAWAL shall mean a distribution of all or a portion of the entire amount credited to the Participant's Restoration Account requested by the Participant pursuant to the provisions of Article 11 of the Plan.

1.25 VALUATION DATE shall mean the end of the month in which Retirement, Termination of Employment, or death occurs, except in the event of an election to delay retirement benefits under Article 6, in which case the Valuation Date shall mean the November 30 of the year preceding commencement of benefit payments.

ARTICLE 2

PARTICIPATION

2.1 PARTICIPATION AGREEMENT/ANNUAL DEFERRAL. An Eligible Executive shall become a Participant in the Plan on the first day of the Plan Year coincident with or next following the date the individual becomes an Eligible Executive, provided such Eligible Executive has submitted to the Administrator a Participation Agreement. To be effective, the Eligible Executive must submit the Participation Agreement to the Administrator during the enrollment period designated by the Administrator. In the Participation Agreement, and subject to the restrictions in Article 3, the Eligible Executive shall designate the Annual Deferral for the covered Plan Year.

2.2 CONTINUATION OF PARTICIPATION. An Eligible Executive who has elected to participate in the Plan by making an Annual Deferral shall continue as a Participant in the Plan for purposes of such Annual Deferral even though such executive ceases to be an Eligible Executive. However, a Participant shall not be eligible to elect a new Annual Deferral unless the Participant is an Eligible Executive for the Plan Year for which the election is made.

ARTICLE 3

EXECUTIVE DEFERRALS

3.1 DEFERRAL ELECTION. A Participant may elect an Annual Deferral under this Plan to defer all or a portion of the Compensation that he or she cannot defer under the Savings Plan due to the Statutory Limit. Such election shall designate a specified percentage of Compensation to be deferred. Annual Deferrals under this Plan shall be irrevocable.

3.2 MAXIMUM ANNUAL DEFERRAL. The Annual Deferral for a Plan Year shall be determined as:

(i) For a Participant who is not eligible to participate in the Executive Deferral Plan, any whole percentage between 1 and 9% of Compensation up to $15,000.

(ii) For a Participant who is eligible to participate in the Executive Deferral Plan, any whole percentage between 1 and 5% of Compensation up to $7,600.

3.3 VESTING. The Participant's right to receive Compensation deferred (and gains or losses thereon) under this Article 3 shall be 100% vested at all times.

ARTICLE 4

COMPANY MATCHING CREDITS

4.1 AMOUNT. The Company's Matching Credit in each Plan Year shall equal one hundred percent (100%) of the first three percent (3%) of Compensation deferred and twenty-five percent (25%) of the next two (2%) of Compensation deferred, reduced by the maximum matching contributions that would have been credited to the Participant's account under the Savings Plan if he had elected to make the maximum permitted deferral to the Savings Plan, whether or not he actually does so. Notwithstanding the foregoing, the maximum Matching Credit allocated to any Participant's Restoration Account in a Plan Year shall be $15,000, less the maximum matching contributions that would have been credited to the Participant's account under the Savings Plan if he had elected to make the maximum permitted deferral to the Savings Plan.

4.2 VESTING. Subject to Section 12.4, the Participant's right to receive Matching Credits (and gains or losses thereon) credited to the Participant's Restoration Account shall be one hundred percent (100%) vested.

ARTICLE 5

RESTORATION ACCOUNTS

5.1 RESTORATION ACCOUNTS. Solely for record keeping purposes, the Company shall maintain a Restoration Account for each Participant.

5.2 THE TIMING OF CREDITS.

(i) Annual Deferrals made under Article 3 shall be credited to the Restoration Account at the time the deferrals would otherwise have been paid to the Participant but for the deferral election;

(ii) Matching Credits under Article 4 shall be credited to the Restoration Account quarterly as of the first day of the following quarter; and

(iii) gains or losses shall be credited to the Restoration Account each calendar quarter, as of the Valuation Date, using the Crediting Rate in effect under Section 1.6.

5.3 TERMINATIONS. Following a Participant's Termination of Employment, gains or losses shall be credited to the Restoration Account through the Valuation Date.

5.4 STATEMENT OF ACCOUNTS. The Administrator shall provide periodically to each Participant a statement setting forth the balance of the Restoration Account maintained for such Participant.

ARTICLE 6

RETIREMENT BENEFITS

6.1 AMOUNT. Upon Retirement, the Company shall pay to the Participant a retirement benefit in the form provided in Section 6.2 of the Plan, based on the balance of the Restoration Account as of the Valuation Date. If paid as a lump sum, the retirement benefit shall be equal to such balance. If paid in installments, the installments shall be paid in amounts that will annually amortize such balance with earnings and losses credited at the Crediting Rate over the period of time benefits are to be paid.

6.2 FORM OF RETIREMENT BENEFITS. The retirement benefit shall be paid monthly over a period of fifteen (15) years or the number of whole years required to result in a monthly benefit of at least one thousand dollars ($1,000.00), if less; provided, however, that the Participant may elect in writing at least 13 months before Retirement to have payment made in one of the following options:

(i) a single lump sum payment in cash; or

(ii) monthly installments over 5, 10 or 15 years; provided, that if a monthly benefit is less than $1,000, the Administrator shall shorten the payout period in whole year increments to assure that each monthly payment is at least $1,000.

Payments shall be made or shall begin as of the first day of the calendar quarter next following the date sixty (60) days after the Participant's Retirement unless the Participant elects for payments to begin as of January 1 of a later year. However, in no event shall payments commence later than the January 1 occurring five (5) years after Retirement or, if earlier, the date the Participant attains age seventy (70). Except as provided in Section 10.2, if the Participant files an election of an alternative form of payment less than thirteen (13) months prior to Retirement, the election shall be ineffective unless the Participant agrees to take a ten percent (10%) reduction in the value of his Restoration Account.

6.3 SMALL BENEFIT EXCEPTION. Notwithstanding any of the foregoing, if the sum of all benefits payable to the Participant is less than or equal to ten thousand dollars ($10,000.00), the Company shall pay such benefits in a single lump sum.

ARTICLE 7

TERMINATION BENEFITS

7.1 AMOUNT. As of the first day of the calendar quarter beginning at least sixty (60) days after Termination of Employment, the Company shall pay to the Participant a termination benefit equal to the balance of the Restoration Account as of the Valuation Date.

7.2 FORM OF TERMINATION BENEFITS. The Company shall pay the termination benefits in a single lump sum; provided, however, that except following a Change in Control the Company may, in its sole discretion, elect to pay the termination benefits over a period of three (3) years in monthly installments, in which event the Restoration Account shall continue to be credited with gains or losses at the Fixed Crediting Rate in effect at the time of Termination of Employment.

ARTICLE 8

SURVIVOR BENEFITS

8.1 PRE-COMMENCEMENT SURVIVOR BENEFIT. If the Participant dies prior to the time installment payments have commenced, the Company shall pay to the Participant's Beneficiary within ninety (90) days after the Participant's death a benefit equal to the balance of the Participant's Restoration Account as of the Valuation Date.

8.2 POST-COMMENCEMENT SURVIVOR BENEFIT. If the Participant dies after the time installment payments have commenced, the Company shall pay to the Participant's Beneficiary an amount equal to the remaining benefits payable to the Participant under the Plan over the same period such benefits would have been paid to the Participant, in which event the unpaid balance of the Restoration Account shall be credited with interest at the Fixed Crediting Rate in effect on the date of the Participant's death.

8.3 SMALL BENEFIT PAYMENT. Notwithstanding any of the foregoing, in the event the sum of all benefits payable to the Beneficiary is less than or equal to ten thousand dollars ($10,000.00), the Company shall pay such benefits in a single lump sum.

ARTICLE 9

DISABILITY

If a Participant suffers a Disability, the Company shall pay the benefit described in Article 6 to the Participant as if the date of the Participant's Termination of Employment for Disability were the Participant's Normal Retirement Date.

ARTICLE 10

CHANGE IN CONTROL

10.1 ELECTION. At the time the Participant is completing his initial Participation Agreement, the Participant may elect that, if a Change in Control occurs, the Participant (or after the Participant's death the Participant's Beneficiary) shall receive a lump sum payment of the balance of the Restoration Account within thirty (30) days after the Change of Control. Such balance shall be determined as of the end of the month sixty (60) days prior to the month in which the Change in Control occurs.

10.2 BENEFIT REDUCTION ON WITHDRAWAL. If a Participant has not made the election described in Section 10.1 above and, within thirty (30) days after a Change of Control, the Participant (or Beneficiary) elects to receive a distribution of the balance of the Restoration Account (determined as described in Section 10.1), the lump sum payment shall be reduced by an amount equal to five percent (5%) of the total balance of the Restoration Account (instead of the ten percent (10%) reduction otherwise provided for in Section 11.2). If a Participant elects such a withdrawal, any on-going Annual Deferral shall cease, and the Participant may not again be designated as an Eligible Executive until one entire Plan Year following the Plan Year in which such withdrawal was made has elapsed.

ARTICLE 11

UNSCHEDULED WITHDRAWALS

11.1 ELECTION. A Participant (or Beneficiary if the Participant is deceased) may request an Unscheduled Withdrawal of all or a portion of the entire amount credited to the Participant's Restoration Account, which shall be paid in a single lump sum; provided, however, that (i) the minimum withdrawal shall be twenty-five percent (25%) of the Restoration Account balance, and (ii) an election to withdraw seventy-five percent (75%) or more of the balance shall be deemed to be an election to withdraw the entire balance.

11.2 WITHDRAWAL PENALTY. There shall be a penalty deducted from the Restoration Account prior to an Unscheduled Withdrawal equal to ten percent (10%) of the Unscheduled Withdrawal. If a Participant elects such a withdrawal, any on-going Annual Deferral shall cease, and the Participant may not again be designated as an Eligible Executive until one entire Plan Year following the Plan Year in which such withdrawal was made has elapsed.

11.3 SMALL BENEFIT EXCEPTION. Notwithstanding any of the foregoing, if the sum of all benefits payable to the Participant or Beneficiary who has requested the Unscheduled Withdrawal is less than or equal to ten thousand dollars ($10,000.00), the Company shall pay out the entire Restoration Account balance (reduced by the ten percent (10%) penalty) in a single lump sum.

ARTICLE 12

CONDITIONS RELATED TO BENEFITS

12.1 NONASSIGNABILITY. The benefits provided under the Plan may not be alienated, assigned, transferred, pledged or hypothecated by or to any person or entity, at any time or any manner whatsoever. These benefits shall be exempt from the claims of creditors of any Participant or other claimants and from all orders, decrees, levies, garnishment or executions against any Participant to the fullest extent allowed by law.

12.2 FINANCIAL HARDSHIP DISTRIBUTION. Upon a finding that the Participant or the Beneficiary has suffered a Financial Hardship, the Administrator may in its sole discretion, permit the Participant to cease any on-going deferrals and accelerate distributions of benefits under the Plan in the amount reasonably necessary to alleviate such Financial Hardship. If a distribution is to be made to a Participant on account of Financial Hardship, the Participant may not make deferrals under the Plan until one entire Plan Year following the Plan Year in which a distribution based on Financial Hardship was made has elapsed.

12.3 NO RIGHT TO COMPANY ASSETS. The benefits paid under the Plan shall be paid from the general funds of the Company, and the Participant and any Beneficiary shall be no more than unsecured general creditors of the Company with no special or prior right to any assets of the Company for payment of any obligations hereunder.

12.4 PROTECTIVE PROVISIONS. The Participant shall cooperate with the Company by furnishing any and all information requested by the Administrator, in order to facilitate the payment of benefits hereunder, taking such physical examinations as the Administrator may deem necessary and taking such other actions as may be requested by the Administrator. If the Participant refuses to cooperate, the Company shall have no further obligation to the Participant under the Plan. In the event of a Participant's suicide during the first two (2) years of participation in the Plan, or if the Participant makes any material misstatement of information or nondisclosure of medical history, then no benefits shall be payable to the Participant or the Participant's Beneficiary or estate under the Plan beyond the sum of the Participant's Annual Deferrals.

12.5 WITHHOLDING. The Participant or the Beneficiary shall make appropriate arrangements with the Company for satisfaction of any federal, state or local income tax withholding requirements and Social Security or other employee tax requirements applicable to the payment of benefits under the Plan. If no other arrangements are made, the Company may provide, at its discretion, for such withholding and tax payments as may be required.

ARTICLE 13

ADMINISTRATION OF PLAN

The Company shall administer the Plan, provided, however, that the Company may elect by action of its Board of Directors to appoint a committee of three (3) or more individuals to administer the Plan. All references to the Administrator herein shall refer to the Company or, if such committee has been appointed, the committee.

The Administrator shall administer the Plan and shall have discretionary authority to interpret, construe and apply its provisions in accordance with its terms. The Administrator shall further establish, adopt or revise such rules and regulations as it may deem necessary or advisable for the administration of the Plan. All decisions of the Administrator shall be final and binding. The individuals serving on the committee shall, except as prohibited by law, be indemnified and held harmless by the Company from any and all liabilities, costs, and expenses (including legal fees), to the extent not covered by liability insurance arising out of any action taken by any member of the committee with respect to the Plan, unless such liability arises from the individual's own gross negligence or willful misconduct.

ARTICLE 14

BENEFICIARY DESIGNATION

The Participant shall have the right, at any time, to designate any person or persons as Beneficiary (both primary and contingent) to whom payment under the Plan shall be made in the event of the Participant's death. The Beneficiary designation shall be effective when it is submitted in writing to the Administrator during the Participant's lifetime on a form prescribed by the Administrator.

The submission of a new Beneficiary designation shall cancel all prior Beneficiary designations. Any finalized divorce or marriage of a Participant subsequent to the date of a Beneficiary designation shall revoke such designation, unless in the case of divorce the previous spouse was not designated as Beneficiary and unless in the case of marriage the Participant's new spouse has previously been designated as Beneficiary. The spouse of a married Participant shall consent to any designation of a Beneficiary other than the spouse, and the spouse's consent shall be witnessed by a notary public.

If a Participant fails to designate a Beneficiary as provided above, or if the Beneficiary designation is revoked by marriage, divorce, or otherwise without execution of a new designation, or if every person designated as Beneficiary predeceases the Participant or dies prior to complete distribution of the Participant's benefits, then the Administrator shall direct the distribution of such benefits to the Participant's estate.

ARTICLE 15

AMENDMENT AND TERMINATION OF PLAN

15.1 AMENDMENT OF PLAN. Except as provided in Section 15.3, the Company may at any time amend the Plan in whole or in part, provided, however, that such amendment: (i) shall not decrease the balance of the Participant's Restoration Account at the time of such amendment; and (ii) shall not retroactively decrease the applicable Crediting Rate of the Plan prior to the time of such amendment. The Company may amend the Crediting Rate or Fixed Crediting Rate of the Plan prospectively, in which case the Company shall notify the Participant of such amendment in writing within thirty (30) days after such amendment.

15.2 TERMINATION OF PLAN. Except as provided in Section 15.3, the Company may at any time terminate the Plan. If the Company terminates the Plan, the date of such termination shall be treated as the date of Retirement or Termination of Employment for the purpose of calculating Plan benefits, and the Company shall pay to the Participant the benefits the Participant is entitled to receive under the Plan in monthly installments over a thirty-six (36) month period. Interest at the Fixed Crediting Rate will be credited to the

Participant's Restoration Account commencing as of the date of the Plan's termination and continuing until distribution under this Section is completed.

15.3 AMENDMENT OR TERMINATION AFTER CHANGE IN CONTROL. Notwithstanding the foregoing, the Company shall not amend or terminate the Plan without the prior written consent of affected Participants for a period of two calendar years following a Change in Control and shall not thereafter amend or terminate the Plan in any manner which affects any Participant (or Beneficiary of a deceased Participant) who commences receiving payment of benefits under the Plan prior to the end of such two year period following a Change in Control.

15.4 COMPANY ACTION. Except as provided in Section 15.3 or 15.5, the Company's power to amend or terminate the Plan shall be exercisable by the Company's Board of Directors or by the committee or individual authorized by the Company's Board of Directors to exercise such powers.

15.5 CONSTRUCTIVE RECEIPT TERMINATION. In the event the Administrator determines that amounts deferred under the Plan have been constructively received by Participants and must be recognized as income for federal income tax purposes, the Plan shall terminate and distributions shall be made to Participants in accordance with the Provisions of Section 15.2 or as may be determined by the Administrator. The determination of the Administrator under this Section 15.5 shall be binding and conclusive.

ARTICLE 16

MISCELLANEOUS

16.1 SUCCESSORS OF THE COMPANY. The rights and obligations of the Company under the Plan shall inure to the benefit of, and shall be binding upon, the successors and assigns of the Company.

16.2 ERISA PLAN. The Plan is intended to be an unfunded plan maintained primarily to provide deferred compensation benefits for "a select group of management or highly compensated employees" within the meaning of Sections 201, 301 and 401 of ERISA and therefore to be exempt from Parts 2, 3 and 4 of Title I of ERISA.

16.3 TRUST. The Company shall be responsible for the payment of all benefits under the Plan. At its discretion, the Company may establish one or more grantor trusts for the purpose of providing for payment of benefits under the Plan. Such trust or trusts may be irrevocable, but the assets thereof shall be subject to the claims of the Company's creditors. Benefits paid to the Participant from any such trust shall be considered paid by the Company for purposes of meeting the obligations of the Company under the Plan.

16.4 EMPLOYMENT NOT GUARANTEED. Nothing contained in the Plan nor any action taken hereunder shall be construed as a contract of employment or as giving any Participant any right to continued employment with the Company.

16.5 GENDER, SINGULAR AND PLURAL. All pronouns and variations thereof shall be deemed to refer to the masculine, feminine, or neuter, as the identity of the person or persons may require. As the context may require, the singular may be read as the plural and the plural as the singular.

16.6 CAPTIONS. The captions of the articles and sections of the Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

16.7 VALIDITY. If any provision of the Plan is held invalid, void or unenforceable, the same shall not affect, in any respect whatsoever, the validity of any other provisions of the Plan.

16.8 WAIVER OF BREACH. The waiver by the Company of any breach of any provision of the Plan by the Participant shall not operate or be construed as a waiver of any subsequent breach by the Participant.

16.9 APPLICABLE LAW. The Plan shall be governed and construed in accordance with the laws of Ohio except where the laws of Ohio are preempted by ERISA.

16.10 NOTICE. Any notice or filing required or permitted to be given to the Company under the Plan shall be sufficient if in writing and hand-delivered, or sent by first class mail, facsimile, or electronic mail to the principal office of the Company, directed to the attention of the Administrator. Such notice shall be deemed given as of the date of delivery, or, if delivery is made by mail, as of the date shown on the postmark.

ARTICLE 17

CLAIMS AND REVIEW PROCEDURES

17.1 CLAIMS PROCEDURE. The Company shall notify a Participant in writing, within ninety (90) days after his or her written application for benefits, of his or her eligibility or noneligibility for benefits under the Plan. If the Company determines that a Participant is not eligible for benefits or full benefits, the notice shall set forth: (i) the specific reasons for such denial; (ii) a specific reference to the provisions of the Plan on which the denial is based; (iii) a description of any additional information or material necessary for the claimant to perfect his or her claim, and a description of why it is needed; and (iv) an explanation of the Plan's claims review procedure and other appropriate information as to the steps to be taken if the Participant wishes to have the claim reviewed. If the Company determines that there are special circumstances requiring additional time to make a decision, the Company shall notify the Participant of the special circumstances and the date by which a decision is expected to be made, and may extend the time for up to an additional ninety-day period.

17.2 REVIEW PROCEDURE. If a Participant is determined by the Company not to be eligible for benefits, or if the Participant believes that he or she is entitled to greater or different benefits, the Participant shall have the opportunity to have such claim reviewed by the Company by filing a petition for review with the Company within sixty (60) days after receipt of the notice issued by the Company. Said petition shall state the specific reasons which the Participant believes entitle him or her to benefits or to greater or different benefits. Within sixty (60) days after receipt by the Company of the petition, the Company shall afford the Participant (and counsel, if any) an opportunity to present his or her position to the Company orally or in writing, and the Participant (or counsel) shall have the right to review the pertinent documents. The Company shall notify the Participant of its decision in writing within the sixty-day period, stating specifically the basis of its decision, written in a manner calculated to be understood by the Participant and the specific provisions of the Plan on which the decision is based. If, because of the need for a hearing, the sixty-day period is not sufficient, the decision may be deferred for up to another sixty-day period at the election of the Company, but notice of this deferral shall be given to the Participant. In the event of the death of the Participant, the same procedures shall apply to the Participant's beneficiaries.

EXHIBIT (12)* TO REPORT
ON FORM 10-K FOR FISCAL
YEAR ENDED JUNE 30, 1999
BY PARKER-HANNIFIN CORPORATION

COMPUTATION OF RATIO OF EARNINGS TO FIXED
CHARGES
AS OF JUNE 30, 1999

EXHIBIT 12

PARKER-HANNIFIN CORPORATION
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(IN THOUSANDS)

	Fiscal Year Ended June 30,				
	1999	1998	1997	1996	1995
EARNINGS					
Income from continuing operations before income taxes	$477,694	$503,988	$424,867	$374,479	$348,407
Add:					
Interest on indebtedness, exclusive of interest capitalized in accordance with FASB #34 and interest on ESOP loan guarantee	63,132	52,463	46,373	35,665	28,884
Amortization of deferred loan costs	565	324	286	146	128
Portion of rents representative of interest factor	14,093	12,355	11,102	9,966	8,791
Equity share of losses of companies for which debt obligations are not guaranteed		583	1,327	513	392
Amortization of previously capitalized interest	313	296	220	219	216
Income as adjusted	$555,797	$570,009	$484,175	$420,988	$386,818
FIXED CHARGES					
Interest on indebtedness, exclusive of interest capitalized in accordance with FASB #34 and interest on ESOP loan guarantee	$ 63,132	$ 52,463	$ 46,373	$ 35,665	$ 28,884
Capitalized interest	2	1,372	272	538	283
Amortization of deferred loan costs	565	324	286	146	128
Portion of rents representative of interest factor	14,093	12,355	11,102	9,966	8,791
Fixed charges	$ 77,792	$ 66,514	$ 58,033	$ 46,315	$ 38,086
RATIO OF EARNINGS TO FIXED CHARGES	7.14x	8.57x	8.34x	9.09x	10.16x

* NUMBERED IN ACCORDANCE WITH ITEM 601 OF REGULATION S-K.

Exhibit 13

Exhibit (13) * to Report
On Form 10-K for Fiscal
Year Ended June 30, 1999
By Parker-Hannifin Corporation

Excerpts from Annual Report to Shareholders for the fiscal year ended June 30, 1999.

*Numbered in accordance with Item 601 of Regulation S-K.

FORWARD-LOOKING STATEMENTS

This Annual Report and other written reports and oral statements made from time to time by the Company may contain "forward-looking statements", all of which are subject to risks and uncertainties. All statements which address operating performance, events or developments that we expect or anticipate will occur in the future, including statements relating to growth, operating margin performance, earnings per share or statements expressing general opinions about future operating results, are forward-looking statements.

These forward-looking statements rely on a number of assumptions concerning future events, and are subject to a number of uncertainties and other factors, many of which are outside the Company's control, that could cause actual results to differ materially from such statements. Such factors include:

- continuity of business relationships with and purchases by major customers, including among others, orders and delivery schedules for aircraft components,
- ability of suppliers to provide materials as needed,
- uncertainties surrounding timing, successful completion or integration of acquisitions,
- competitive pressure on sales and pricing,
- increases in material and other production costs which cannot be recovered in product pricing,
- uncertainties surrounding the year 2000 issues,
- difficulties in introducing new products and entering new markets, and
- uncertainties surrounding the global economy and global market conditions and the potential devaluation of currencies.

Any forward-looking statements are made based on known events and circumstances at the time. The Company undertakes no obligation to update or publicly revise these forward-looking statements to reflect events or circumstances that arise after the date of this Report.

DISCUSSION OF STATEMENT OF INCOME

THE CONSOLIDATED STATEMENT OF INCOME summarizes the Company's operating performance over the last three fiscal years.

NET SALES of $4.96 billion for 1999 were 7.0 percent higher than the $4.63 billion for 1998. Acquisitions accounted for approximately one-half of this increase. The Aerospace operations experienced continued strong demand in commercial aircraft build rates while the Industrial operations experienced reduced order demand within most of its markets. Within the Industrial operations, the European markets weakened in the latter part of 1999 while the Latin American markets operated in a weak economy throughout most of 1999. The Company continued to penetrate markets in the Asia Pacific region. Volume increases within International operations were partially offset by currency rate changes.

Net sales of $4.63 billion for 1998 were 13.2 percent higher than the $4.09 billion for 1997. Acquisitions accounted for approximately one-fifth of this increase. The Industrial operations experienced continued strong order demand within the heavy-duty truck, construction equipment, factory automation, telecommunications and refrigeration markets. The European operations continued to grow and the Company continued to penetrate markets in Asia Pacific and Latin American regions. Volume increases within International operations were partially offset by currency rate changes. The Aerospace operations experienced strong demand within the commercial transport, business jet and general aviation markets.

The Company is anticipating the North American industrial economy for the next year will stay relatively flat. European and Latin American markets are expected to be weak in the first half of fiscal 2000 while the Company expects to continue to penetrate markets in the Asia Pacific region. The Aerospace operations expect the commercial aviation OEM business to decline while the defense business is expected to remain relatively constant.

GROSS PROFIT MARGIN was 22.0 percent in 1999 compared to 23.4 percent in 1998 and 22.9 percent in 1997. Cost of sales for 1998 included a non-cash, non-recurring charge of $15.8 million for in-process R&D purchased as part of two acquisitions. The margin decline in 1999 is primarily the result of the underabsorption of overhead costs and pricing pressure. In addition, gross margins continue to be affected by recently acquired operations contributing lower margins.

The improvement in 1998 is primarily the result of better absorption of fixed costs due to higher volume and the benefits of continued integration of prior-year acquisitions. The improvement was partially offset by recently acquired operations contributing lower margins, as their integration continues. In addition, gross margins were affected by the Asian financial crisis and the depressed worldwide semiconductor market.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES as a percent of sales decreased to 11.1 percent, from 11.5 percent in 1998, and 11.6 percent in 1997. As volume increased these expenses remained relatively unchanged, except for decreased costs from incentive programs.

INTEREST EXPENSE increased by $10.9 million in 1999 and $6.1 million in 1998 due to increased borrowings to complete acquisitions.

INTEREST AND OTHER INCOME, NET was $5.1 million in 1999 compared to $6.8 million in 1998 and $5.6 million in 1997. Fiscal 1999 includes $1.7 million in interest income related to an IRS refund and fiscal 1998 included $3.8 million of interest income from a settlement with the IRS.

(LOSS) GAIN ON DISPOSAL OF ASSETS was a $2.4 million loss in 1999, a $.1 million gain in 1998 and a $3.0 million gain in 1997. The 1997 gain includes $17.1 million income from the sale of real estate in California. This income was substantially offset by $13.3 million accrued for exit costs and charges for impaired assets related to the relocation of the corporate headquarters.

INCOME TAXES decreased to an effective rate of 35.0 percent in 1999, compared to 35.9 percent in 1998 and 35.5 percent in 1997. The decrease in the rate from 1998 to 1999 was the result of increased tax benefits based on the export of products manufactured in the U.S. The increase in the rate from 1997 to 1998 was the result of receiving no tax benefit for one of the R&D charges.

EXTRAORDINARY ITEM - EXTINGUISHMENT OF DEBT - On June 30, 1998 the Company called for redemption all of its outstanding $100 million, 10.375 percent debentures due 1999-2018.

NET INCOME of $310.5 million for 1999 was 2.8 percent lower than 1998. Net income of $319.6 million for 1998 was 16.6 percent higher than 1997. Net income as a percentage of sales was 6.3 percent in 1999, compared to 6.9 percent in 1998 and 6.7 percent in 1997.

YEAR 2000 CONSIDERATIONS - The Company has been taking actions to assure that its computerized products and systems and all external interfaces are year 2000 compliant. These actions are part of a formal information technology initiative that the Company began several years ago. The cost for these actions is not material to the Company's results of operations. As of July 31, 1999, virtually all internal standard application systems, including all information systems plus any equipment or embedded systems, are year 2000 compliant. The few systems that are currently not compliant consist of noncritical data processing systems, which are expected to be compliant by the end of the first quarter of fiscal 2000.

In addition, the Company contacted its key suppliers, customers, distributors and financial service providers regarding their year 2000 status. Follow-up inquiries and audits with such key third parties were conducted as warranted. The results of the inquiries and audits indicate that substantially all key third parties will be year 2000 compliant on a timely basis. The Company does not anticipate altering its purchasing or production levels as a result of any key third parties year 2000 noncompliance.

While management does not expect that the consequences of any unsuccessful modifications would significantly affect the financial position, liquidity, or results of operations of the Company, there can be no assurance that failure to be fully compliant by 2000 would not have an impact on the Company.

EURO PREPARATIONS - The Company upgraded its systems to accommodate the Euro currency in 1999. The cost of this upgrade was immaterial to the Company's financial results.

DISCUSSION OF BALANCE SHEET

THE CONSOLIDATED BALANCE SHEET shows the Company's financial position at year end, compared with the previous year end. This statement provides information to assist in assessing factors such as the Company's liquidity and financial resources.

The effect of currency rate changes during the year caused a $32.8 million decrease in Shareholders' equity. These rate changes also caused significant decreases in accounts receivable, inventories, goodwill and plant and equipment, as well as significant decreases in accounts payable and the various accrual accounts.

Working capital and the current ratio were as follows:

Working Capital (millions)	1999	1998
Current Assets	$1,775	$ 1,780
Current Liabilities	755	989
Working Capital	1,020	791
Current Ratio	2.4	1.8

ACCOUNTS RECEIVABLE are primarily due from customers for sales of product ($684.2 million at June 30, 1999, compared to $642.3 million at June 30, 1998). The current year increase in accounts receivable is primarily due to acquisitions and increased volume. Days sales outstanding for the Company increased slightly to 47 days in 1999 from 46 days in 1998. An increase in the allowance for doubtful accounts in 1999 is primarily due to receivables obtained through acquisitions.

INVENTORIES decreased to $915.1 million at June 30, 1999, compared to $944.3 million a year ago, with the decline occurring primarily in the Industrial operations where management focused on reducing inventory levels to align with current customer demand. The decline in inventory was partially offset by an increase in inventory due to acquisitions. Months supply of inventory on hand at June 30, 1999 decreased to 3.5 months from 3.7 months at June 30, 1998.

PLANT AND EQUIPMENT, net of accumulated depreciation, increased $65.6 million in 1999 as a result of acquisitions and capital expenditures which exceeded annual depreciation.

INVESTMENTS AND OTHER ASSETS increased $65.9 million in 1999 primarily as a result of increases in pension assets and the cash surrender value of corporate-owned life insurance contracts.

EXCESS COST OF INVESTMENTS OVER NET ASSETS ACQUIRED increased $41.8 million in 1999 as a result of acquisitions, partially offset by current year amortization. The additional excess cost of investments in 1999 is being amortized over 15 years.

NOTES PAYABLE AND LONG-TERM DEBT PAYABLE WITHIN ONE YEAR decreased $204.9 million due to a decrease in commercial paper borrowings and the redemption of the Company's $100 million 10.375% debentures in July 1998.

ACCOUNTS PAYABLE, TRADE decreased $25.1 million in 1999 due primarily to the timing of payments made at the Corporate level as well as lower balances in the International Industrial operations due to lower production levels.

ACCRUED PAYROLLS AND OTHER COMPENSATION decreased $18.1 million in 1999 primarily as a result of decreased headcount and incentive plans which are based on sales and earnings.

ACCRUED DOMESTIC AND FOREIGN TAXES increased to $52.6 million in 1999 from $34.4 million in 1998 primarily due to lower estimated tax payments in 1999.

LONG-TERM DEBT increased $211.8 million in 1999 primarily due to increased borrowings to fund acquisitions and the issuance of the ESOP debt guarantee. See the Cash Flows From Financing Activities section on page 13-7 for further discussion.

The Company's goal is to maintain no less than an "A" rating on senior debt to ensure availability and reasonable cost of external funds. To meet this objective, the Company has established a financial goal of maintaining a ratio of debt to debt-equity of 30 to 33 percent.

Debt to Debt-Equity Ratio (millions)	1999	1998
Debt	$ 785	$ 778
Debt & Equity	2,639	2,462
Ratio	29.8%	31.6%

In fiscal 2000 additional borrowings are not anticipated for the stock repurchase program, capital investments, or for working capital purposes, but may be utilized for acquisitions.

PENSIONS AND OTHER POSTRETIREMENT BENEFITS increased 4.1 percent in 1999. These costs are explained further in Note 8 to the Consolidated Financial Statements.

OTHER LIABILITIES increased to $65.3 million in 1999 from $44.2 million in 1998 primarily due to increases in deferred compensation plans.

COMMON STOCK IN TREASURY decreased to $1.8 million in 1999 from $83.5 million in 1998 due to the sale of treasury shares to the Company's ESOP in 1999.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK - The Company enters into forward exchange contracts and cross-currency swap agreements to reduce its exposure to fluctuations in related foreign currencies. These contracts are with major financial institutions and the risk of loss is considered remote. The Company does not hold or issue derivative financial instruments for trading purposes. In addition, the Company's foreign locations, in the ordinary course of business, enter into financial guarantees, through financial institutions, which enable customers to be reimbursed in the event of non-performance by the Company. The total value of open contracts and any risk to the Company as a result of these arrangements is not material to the Company's financial position, liquidity or results of operations.

DISCUSSION OF CASH FLOWS

THE CONSOLIDATED STATEMENT OF CASH FLOWS reflects cash inflows and outflows from the Company's operating, investing and financing activities.

Cash and cash equivalents increased $2.8 million in 1999 after decreasing $38.5 million in 1998.

CASH FLOWS FROM OPERATING ACTIVITIES -- The Company's largest source of cash continues to be net cash provided by operating activities. Net cash provided by operating activities in 1999 was a record $459.1 million compared to $320.6 million in 1998. Inventories provided cash of $30.6 million in 1999 compared to using cash of $185.6 million in 1998. Accrued domestic and foreign taxes provided cash of $22.1 million in 1999 after using cash of $15.3 million in 1998. Accounts receivable used cash of $31.4 million in 1999 after using cash of $71.0 million in 1998 and Other liabilities provided cash of $20.7 million compared to providing cash of $8.6 million in 1998. These providers of cash in 1999 were partially offset with cash used by Other assets of $57.0 million in 1999 after using cash of $31.6 million in 1998. Accounts payable used cash of $33.1 million in 1999 after providing cash of $52.9 million in 1998. Accrued payrolls and other compensation used cash of $21.9 million in 1999 after providing cash of $27.5 million in 1998.

The net cash provided by operating activities in 1998 decreased $71.7 million compared to 1997. This decrease was principally due to inventories using cash of $185.6 million in 1998 compared to $27.0 million in 1997. Other accrued liabilities used cash of $9.1 million in 1998 compared to providing cash of $16.0 million in 1997. Accrued domestic and foreign taxes also used cash in 1998 of $15.3 million after providing cash of $4.3 million in 1997. These uses of cash in 1998 were partially offset with cash provided by an increase of $45.5 million in Net income in 1998 and a $52.9 million increase in Accounts payable in 1998 compared to an increase of $31.7 million in 1997. In addition, the 1998 write-off of purchased in-process R&D of $15.8 million was a non-cash charge added back to Net income to reconcile to the net cash provided by operating activities.

CASH FLOWS FROM INVESTING ACTIVITIES - Net cash used in investing activities was $146.1 million lower in 1999 than 1998, primarily due to Acquisitions using $143.1 million less cash in 1999. Also, Capital expenditures decreased by $6.8 million in 1999.

Net cash used in investing activities was $264.4 million greater in 1998 than 1997, primarily due to Acquisitions using $201.5 million more cash in 1998. Also, Capital expenditures increased $47.8 million in 1998.

To complete Acquisitions the Company utilized cash of $89.9 million in 1999; cash of $233.0 million and treasury shares valued at $11.9 million in 1998; and cash of $31.5 million in 1997. The net assets of the acquired companies at their respective acquisition dates consisted of the following:

(In thousands)	1999	1998	1997
Assets acquired:			
Accounts receivable	$16,529	$ 39,286	$ 4,549
Inventories	16,173	43,847	13,410
Prepaid expenses	2,509	1,393	247
Deferred income taxes		1,643	1,576
Plant & equipment	17,686	54,718	15,283
Other assets	3,783	3,762	(1,121)
Excess cost of investments over net assets acquired	84,589	162,680	11,596
	141,269	307,329	45,540
Liabilities assumed:			
Notes payable	10,433	8,690	2,050
Accounts payable	10,105	21,841	2,418
Accrued payrolls	6,828	4,418	471
Accrued taxes	(646)	2,840	941
Other accrued liabilities	3,535	11,421	4,582
Long-term debt	20,090	9,706	2,454
Pensions and other postretirement benefits	471	477	1,163
Other liabilities	588	3,033	
	51,404	62,426	14,079
Net assets acquired	$89,865	$ 244,903	$ 31,461

CASH FLOWS FROM FINANCING ACTIVITIES - In 1999 the Company decreased its outstanding borrowings by a net total of $148.4 million. This amount does not include the Company's issuance of the ESOP debt guarantee of $112.0 million which is reflected as a non-cash financing activity. The Company issued $225.0 million in medium-term notes during 1999. As of June 30, 1999, the Company paid down the majority of its commercial paper borrowings and selected notes payable attributable to the International operations with the major source of funding for the repayment coming from the proceeds received from the sale of treasury shares to the ESOP.

In 1998 the Company increased its outstanding borrowings by a net total of $264.9 million primarily to fund acquisitions. The majority of the funding was through the issuance of commercial paper. Additional funds were obtained through the issuance of $50.0 million of medium-term notes.

Common share activity in 1999 includes the repurchase of stock, the exercise of stock options and the sale of treasury shares to the ESOP. During 1999 the Company purchased 1,500,000 shares for treasury and sold 3,055,413 shares to the ESOP.

Dividends have been paid for 196 consecutive quarters, including a yearly increase in dividends for the last 43 fiscal years. The current annual dividend rate is $.68 per share.

In summary, based upon the Company's past performance and current expectations, management believes the cash flows generated from future operating activities, combined with the Company's worldwide financial capabilities, will provide adequate funds to support planned growth and continued improvements in the Company's manufacturing facilities and equipment.

DISCUSSION OF BUSINESS SEGMENT INFORMATION

THE BUSINESS SEGMENT INFORMATION presents sales, operating income and assets on a basis that is consistent with the manner in which the Company's various businesses are managed for internal review and decision-making.

INDUSTRIAL SEGMENT

	1999	1998	1997
Operating income as a percent of sales	11.0%	12.6%	12.9%
Return on average assets	16.0%	19.1%	18.6%

Sales for the Industrial North American operations increased to $2.57 billion in 1999, 4.5 percent over 1998, following 1998's increase of 15.2 percent over 1997. Acquisitions accounted for four-fifths of the increase in 1999 and nearly one-fifth of the increase in 1998. Sales in 1999 reflects lower demand within most of the Industrial North American markets, particularly in the semiconductor fabrication, agricultural, petrochemical, factory automation and machine tool markets. However, growth was experienced in the telecommunications and refrigeration markets. The growth in 1998 was spread among numerous markets, but primarily was the result of growth in the light and heavy-duty truck, construction equipment, telecommunications, factory automation, machine tool and refrigeration markets.

International Industrial sales increased to a record $1.24 billion, 4.7 percent over 1998. Without the impact of changes in currency rates, volume for 1999 increased 5.8 percent. Acquisitions accounted for all of the 1999 increase. International Industrial sales in 1998 increased to $1.19 billion, 8.0 percent over 1997. Without the impact of changes in currency rates, volume for 1998 increased over 17 percent. Acquisitions contributed over half of the 1998 increase. European markets experienced steady growth during 1998. The Company also continued to penetrate markets in Asia Pacific and Latin American regions.

Industrial North American operating income decreased 8.4 percent in 1999 after an increase of 11.4 percent in 1998 over 1997. Operating income in 1998 includes a $5.2 million R&D charge. Income from operations as a percent of sales was 13.1 percent in 1999 compared to 14.9 percent in 1998 and 15.4 percent in 1997. Margins in 1999 were adversely affected by the underabsorption of overhead costs and pricing pressure experienced throughout most of the Industrial markets. Recently purchased acquisitions, not yet fully integrated, continued to contribute lower margins. Raw material prices decreased during the year.

International operating income decreased 11.4 percent in 1999 after a 1998 increase of 6.4 percent over 1997. Operating income in 1998 includes a $10.6 million R&D charge. Income as a percent of sales in 1999 was 6.6 percent compared to 7.8 percent in 1998 and 7.9 percent in 1997. Demand in Europe began to weaken in the second half of 1999 resulting in lower capacity utilization. Latin American operations suffered through a weak economy throughout most of 1999, particularly in the Brazilian markets. Results in the Asia Pacific region continue to improve as the Company continued to expand its infrastructure in this market. Operating income for 1998 benefited from growth in the European Industrial markets with increased volume improving capacity utilization.

A slight improvement in the trend of order rates was seen toward the end of 1999; however, it is unclear whether an upward trend will continue or be sustainable into fiscal 2000 as the Company continues to see mixed business conditions across its North American markets. The Industrial European and Latin American operations are expected to experience a continued weak economy in the first half of fiscal 2000. The Company expects to take the necessary actions to manage these operations to ensure they are appropriately structured to operate in their current economic environment.

Backlog for the Industrial Segment was $546.9 million at June 30, 1999, compared to $585.2 million at the end of 1998 and $510.8 million at the end of 1997. The lower backlog reflects the weakened demand experienced during the year by the Industrial markets. The 1998 increase over backlog in 1997 was due to volume growth within the North American operations, as well as acquisitions.

Assets for the Industrial Segment increased 3.4 percent in 1999 after an increase of 15.0 percent in 1998. The increase in 1999 is primarily due to acquisitions, partially offset by decreases in inventories and net goodwill as well as the effect of currency fluctuations. In 1998 currency fluctuations partially offset increases from acquisitions and increases in inventories. In both years net plant and equipment increased due to capital expenditures exceeding depreciation.

AEROSPACE SEGMENT

	1999	1998	1997
Operating income as a percent of sales	15.4%	16.1%	12.9%
Return on average assets	23.1%	22.8%	17.3%

Sales increased 16.1 percent in 1999 and 15.1 percent in 1998. The continuing high level of activity in 1999 reflects the increase in commercial aircraft build rates. Increased commercial aircraft deliveries and continued penetration of the commercial repair and overhaul businesses contributed to the higher volume in 1998.

Operating income increased 11.0 percent in 1999 and 43.1 percent in 1998. As a percent of sales 1999 income was 15.4 percent compared to 16.1 percent in 1998 and 12.9 percent in 1997. Current year margins reflect a change in mix of sales from aftermarket to OEM . The 1998 increase in margins was primarily the result of improved capacity utilization due to higher volume and a favorable product mix.

Backlog at June 30, 1999 was $1.08 billion compared to $1.06 billion in 1998 and $976.2 million in 1997, reflecting the strong growth of the commercial aircraft market. A decline in OEM business is expected in fiscal 2000 and the Company expects to take the necessary steps to resize the business.

Assets increased 6.0 percent in 1999 after a 13.6 percent increase in 1998. For both periods the increases were primarily in customer receivables and property, plant and equipment, partially offset by a decrease in net goodwill. The 1998 increase was also due to an increase in inventories.

CORPORATE assets increased 23.5 percent in 1999 primarily due to increases in qualified and non-qualified benefit plan assets. The increase of 94.9 percent in 1998 is primarily due to a change in the balance sheet classification of qualified pension assets.

CONSOLIDATED STATEMENT OF INCOME

(Dollars in thousands, except per share amounts) For the year ended June 30,	1999	1998	1997
NET SALES	$ 4,958,800	$ 4,633,023	$ 4,091,081
Cost of sales	3,869,370	3,550,992	3,152,988
Gross profit	1,089,430	1,082,031	938,093
Selling, general and administrative expenses	550,681	532,134	475,180
INCOME FROM OPERATIONS	538,749	549,897	462,913
Other income (deductions):			
Interest expense	(63,697)	(52,787)	(46,659)
Interest and other income, net	5,056	6,783	5,623
(Loss) gain on disposal of assets	(2,414)	95	2,990
	(61,055)	(45,909)	(38,046)
Income before income taxes	477,694	503,988	424,867
Income taxes (Note 3)	167,193	180,762	150,828
Income before extraordinary item	310,501	323,226	274,039
Extraordinary item - extinguishment of debt (Note 7)		(3,675)	
NET INCOME	$ 310,501	$ 319,551	$ 274,039
EARNINGS PER SHARE (Note 4)			
Basic earnings per share before extraordinary item	$ 2.85	$ 2.91	$ 2.46
Extraordinary item - extinguishment of debt		(.03)	
Basic earnings per share	$ 2.85	$ 2.88	$ 2.46
Diluted earnings per share before extraordinary item	$ 2.83	$ 2.88	$ 2.44
Extraordinary item - extinguishment of debt		(.03)	
Diluted earnings per share	$ 2.83	$ 2.85	$ 2.44

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Dollars in thousands) For the year ended June 30,	1999	1998	1997
NET INCOME	$ 310,501	$ 319,551	$ 274,039
Other comprehensive income (loss), net of taxes:			
Foreign currency translation adjustment	(32,832)	(32,681)	(48,070)
COMPREHENSIVE INCOME	$ 277,669	$ 286,870	$ 225,969

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED BALANCE SHEET

(Dollars in thousands) June 30,	1999	1998
ASSETS		
CURRENT ASSETS		

Cash and cash equivalents	$ 33,277	$ 30,488
Accounts receivable, less allowance for doubtful accounts (1999 - $9,397; 1998 - $9,004)	738,773	699,179
Inventories (Notes 1 and 5):		
Finished products	442,361	416,034
Work in process	347,376	392,880
Raw materials	125,393	135,357
	915,130	944,271
Prepaid expenses	22,928	22,035
Deferred income taxes (Notes 1 and 3)	64,576	84,102
TOTAL CURRENT ASSETS	1,774,684	1,780,075
Plant and equipment (Note 1):		
Land and land improvements	125,990	113,774
Buildings and building equipment	592,086	552,177
Machinery and equipment	1,678,956	1,560,016
Construction in progress	109,780	119,142
	2,506,812	2,345,109
Less accumulated depreciation	1,305,943	1,209,884
	1,200,869	1,135,225
Investments and other assets (Note 1)	260,495	194,632
Excess cost of investments over net assets acquired (Note 1)	441,489	399,681
Deferred income taxes (Notes 1 and 3)	28,351	15,208
TOTAL ASSETS	$3,705,888	$3,524,821

LIABILITIES AND SHAREHOLDERS' EQUITY
CURRENT LIABILITIES

Notes payable and long-term debt payable within one year (Notes 6 and 7)	$ 60,609	$ 265,485
Accounts payable, trade	313,173	338,249
Accrued payrolls and other compensation	145,745	163,879
Accrued domestic and foreign taxes	52,584	34,374
Other accrued liabilities	182,402	186,783
TOTAL CURRENT LIABILITIES	754,513	988,770
Long-term debt (Note 7)	724,757	512,943
Pensions and other postretirement benefits (Notes 1 and 8)	276,637	265,675
Deferred income taxes (Notes 1 and 3)	30,800	29,739
Other liabilities	65,319	44,244
TOTAL LIABILITIES	1,852,026	1,841,371
SHAREHOLDERS' EQUITY (Note 9)		
Serial preferred stock, $.50 par value, authorized 3,000,000 shares; none issued		
Common stock, $.50 par value, authorized 600,000,000 shares; issued 111,945,179 shares in 1999 and 111,812,025 shares in 1998 at par value	55,973	55,906
Additional capital	132,227	139,726
Retained earnings	1,872,356	1,631,316
Unearned compensation related to guarantee of ESOP debt (Note 7)	(112,000)	-
Accumulated other comprehensive income (loss)	(92,858)	(60,026)
	1,855,698	1,766,922
Common stock in treasury at cost; 43,836 shares in 1999 and 1,938,762 shares in 1998	(1,836)	(83,472)
TOTAL SHAREHOLDERS' EQUITY	1,853,862	1,683,450
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 3,705,888	$ 3,524,821

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(Dollars in thousands) For the year ended June 30,	1999	1998	1997
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 310,501	$ 319,551	$ 274,039
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	164,577	153,633	146,253
Amortization	37,469	29,046	23,580
Deferred income taxes	5,718	7,680	(1,269)
Foreign currency transaction (gain) loss	(2,495)	3,697	1,947
Loss (gain) on sale of plant and equipment	1,886	291	(9,811)
Write-off of purchased in-process research and development	-	15,800	-
Net effect of extraordinary loss	-	3,675	-
Changes in assets and liabilities, net of effects from acquisitions and dispositions:			
Accounts receivable	(31,396)	(71,034)	(76,081)
Inventories	30,606	(185,569)	(27,007)
Prepaid expenses	2,069	(3,473)	(1,234)
Other assets	(56,957)	(31,620)	(26,130)
Accounts payable, trade	(33,075)	52,947	31,672
Accrued payrolls and other compensation	(21,892)	27,531	23,929
Accrued domestic and foreign taxes	22,091	(15,282)	4,282
Other accrued liabilities	(3,935)	(9,129)	16,026
Pensions and other postretirement benefits	13,258	14,276	6,823
Other liabilities	20,672	8,579	5,291
Net cash provided by operating activities	459,097	320,599	392,310
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions (less cash acquired of $2,609 in 1999, $4,260 in 1998 and $1,394 in 1997)	(89,865)	(232,953)	(31,461)
Capital expenditures	(230,122)	(236,945)	(189,201)
Proceeds from sale of plant and equipment	6,382	7,151	11,307
Other	548	3,630	14,624
Net cash (used in) investing activities	(313,057)	(459,117)	(194,731)

CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from (payments for) common share activity	74,076	(96,887)	(10,184)
(Payments of) proceeds from notes payable, net	(228,896)	190,865	(100,655)
Proceeds from long-term borrowings	232,886	87,085	9,390
(Payments of) long-term borrowings	(152,397)	(13,054)	(30,059)
Dividends paid, net of tax benefit of ESOP shares	(69,461)	(66,501)	(56,570)
Net cash (used in) provided by financing activities	(143,792)	101,508	(188,078)
Effect of exchange rate changes on cash	541	(1,499)	(4,457)
Net increase (decrease) in cash and cash equivalents	2,789	(38,509)	5,044
Cash and cash equivalents at beginning of year	30,488	68,997	63,953
Cash and cash equivalents at end of year	$ 33,277	$ 30,488	$ 68,997

Supplemental Data:

Cash paid during the year for:

Interest, net of capitalized interest	$ 62,997	$ 48,105	$ 46,812
Income taxes	129,893	175,546	145,663
Non-cash investing activities:			
Treasury stock issued for acquisitions		11,950	
Non-cash financing activities:			
Capital lease obligations	7,346		
ESOP debt guarantee	112,000		

The accompanying notes are an integral part of the financial statements.

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BUSINESS SEGMENT INFORMATION
BY INDUSTRY

(Dollars in thousands)	1999	1998	1997
NET SALES:			
Industrial:			
North America	$ 2,565,154	$ 2,454,558	$ 2,130,817
International	1,241,256	1,185,584	1,097,615
Aerospace	1,152,390	992,881	862,649
	$ 4,958,800	$ 4,633,023	$ 4,091,081
SEGMENT OPERATING INCOME:			
Industrial:			
North America	$ 335,259	$ 365,880	$ 328,307
International	82,245	92,783	87,216
Aerospace	177,213	159,580	111,533
Total segment operating income	594,717	618,243	527,056
Corporate administration	54,176	61,829	50,582
Income before interest expense and other	540,541	556,414	476,474
Interest expense	63,697	52,787	46,659
Other	(850)	(361)	4,948
Income before income taxes	$ 477,694	$ 503,988	$ 424,867
IDENTIFIABLE ASSETS:			
Industrial	$ 2,657,146	$ 2,570,273	$ 2,235,631
Aerospace	789,174	744,335	655,433
	3,446,320	3,314,608	2,891,064
Corporate (a)	259,568	210,213	107,882
	$ 3,705,888	$ 3,524,821	$ 2,998,946
PROPERTY ADDITIONS: (b)			
Industrial	$ 209,230	$ 245,995	$ 173,635
Aerospace	36,993	33,733	20,608
Corporate (c)	1,585	11,935	32,078
	$ 247,808	$ 291,663	$ 226,321
DEPRECIATION:			
Industrial	$ 140,914	$ 130,888	$ 121,694
Aerospace	19,523	19,011	21,536
Corporate	4,140	3,734	3,023
	$ 164,577	$ 153,633	$ 146,253

The accounting policies of the business segments are the same as those described in the Significant Accounting Policies footnote except that the business segment results are prepared on a management basis that is consistent with the manner in which the Company disaggregates financial information for internal review and decision-making.

(a) Corporate assets are principally cash and cash equivalents, domestic deferred income taxes, investments, benefit plan assets, headquarters facilities, idle facilities held for sale and the major portion of the Company's domestic data processing equipment.
(b) Includes value of net plant and equipment at the date of acquisition of acquired companies accounted for by the purchase method (1999 - $17,686; 1998 - $54,718; 1997 - $15,283).
(c) Fiscal 1997 includes $21,837 for real estate acquired in a tax-free exchange of property.

BY GEOGRAPHIC AREA (d) (Dollars in thousands)	1999	1998	1997
NET SALES:			
North America	$ 3,684,786	$ 3,425,704	$ 2,969,883
International	1,274,014	1,207,319	1,121,198
	$ 4,958,800	$ 4,633,023	$ 4,091,081
LONG-LIVED ASSETS:			
North America	$ 873,222	$ 790,162	$ 710,049
International	327,647	345,063	310,694
	$ 1,200,869	$ 1,135,225	$ 1,020,743

(d) Net sales are attributed to countries based on the location of the selling unit. North America includes the United States, Canada and Mexico. No country other than the United States represents greater than 10% of consolidated sales. Long-lived assets are comprised of property, plant and equipment based on physical location.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, except per share amounts)

NOTE 1
SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in the preparation of the accompanying consolidated financial statements are summarized below.

NATURE OF OPERATIONS - The Company is a leading worldwide producer of motion control products, including fluid power systems, electromechanical controls and related components.

The Company adopted Statement of Financial Accounting Standards (SFAS) No. 131, "Disclosures about Segments of an Enterprise and Related Information," during fiscal 1999. SFAS No. 131 requires segment information to be disclosed based upon how management internally evaluates the operating performance of its business units. The Company evaluates performance based on segment operating income before Corporate general and administrative expenses, Interest expense and Income taxes. Business segment information for fiscal years 1998 and 1997 have been restated to conform to the new standard.

The Company operates in two principal business segments: Industrial and Aerospace. The Industrial Segment is an aggregation of several business units which produce motion-control and fluid power system components for builders and users of various types of manufacturing, packaging, processing, transportation, agricultural, construction, and military machinery, vehicles and equipment. Industrial Segment products are marketed primarily through field sales employees and independent distributors. The North American Industrial business represents the largest portion of the Company's manufacturing plants and distribution networks and primarily services North America. The International Industrial operations bring Parker products and services to countries throughout Europe, Asia Pacific and Latin America.

The Aerospace Segment produces hydraulic, pneumatic and fuel systems and components which are utilized on virtually every domestic commercial, military and general aviation aircraft. Its components also perform a vital role in naval vessels, land-based weapons systems, satellites and space vehicles. This Segment serves original equipment and maintenance, repair and overhaul customers worldwide. Its products are marketed by field sales employees and are sold directly to the manufacturer and to the end user.

There are no individual customers to whom sales are 6 percent or more of the Company's consolidated sales. Due to the diverse group of customers throughout the world the Company does not consider itself exposed to any concentration of credit risks.

The Company manufactures and markets its products throughout the world. Although certain risks and uncertainties exist, the diversity and breadth of the Company's products and geographic operations mitigate significantly the risk that adverse changes in any event would materially affect the Company's operating results.

USE OF ESTIMATES - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

BASIS OF CONSOLIDATION - The consolidated financial statements include the accounts of all domestic and foreign subsidiaries. All material intercompany transactions and profits have been eliminated in the consolidated financial statements. Within the Business Segment Information, intersegment and interarea sales are recorded at fair market value and are immaterial in amount.

CASH - Cash equivalents consist of short-term highly liquid investments, with a three-month or less maturity, carried at cost plus accrued interest, which are readily convertible into cash.

INVENTORIES - Inventories are stated at the lower of cost or market. The majority of domestic inventories are valued by the last-in, first-out method and the balance of the Company's inventories are valued by the first-in, first-out method.

LONG-TERM CONTRACTS - The Company enters into long-term contracts for the production of aerospace products. For financial statement purposes, sales are recorded as deliveries are made (units of delivery method of percentage-of-completion). Unbilled costs on these contracts are included in inventory. Progress payments are netted against the inventory balances. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined.

PLANT, EQUIPMENT AND DEPRECIATION - Plant and equipment are recorded at cost and are depreciated principally using the straight-line method for financial reporting purposes. Depreciation rates are based on estimated useful lives of the assets. Improvements which extend the useful life of property are capitalized, and maintenance and repairs are expensed. When property is retired or otherwise disposed of, the cost and accumulated depreciation are removed from the appropriate accounts and any gain or loss is included in current income.

INVESTMENTS AND OTHER ASSETS - Investments in joint-venture companies in which ownership is 50% or less are stated at cost plus the Company's equity in undistributed earnings. These investments and the related earnings are not material to the consolidated financial statements.

EXCESS COST OF INVESTMENTS - The excess cost of investments over net assets acquired is being amortized, on a straight-line basis, primarily over 15 years and not exceeding 40 years. Unamortized cost in excess of associated expected operating cash flows is considered to be impaired and is written down to fair value.

INCOME TAXES - Income taxes are provided based upon income for financial reporting purposes. Deferred income taxes arise from temporary differences in the recognition of income and expense for tax purposes. Tax credits and similar tax incentives are applied to reduce the provision for income taxes in the year in which the credits arise.

FOREIGN CURRENCY TRANSLATION - Assets and liabilities of most foreign subsidiaries are translated at current exchange rates, and income and expenses are translated using weighted average exchange rates. The effects of these translation adjustments, as well as gains and losses from certain intercompany transactions, are reported in the Accumulated other comprehensive income component of Shareholders' equity. Such adjustments will affect Net income only upon sale or liquidation of the underlying foreign investments, which is not contemplated at this time. Exchange gains and losses from transactions in a currency other than the local currency of the entity involved, and translation adjustments in countries with highly inflationary economies, are included in income.

FINANCIAL INSTRUMENTS - The Company's financial instruments consist primarily of investments in cash, cash equivalents and long-term investments as well as obligations under notes payable and long-term debt. The carrying values for Cash and cash equivalents, Investments and other assets and Notes payable approximate fair value.

The Company enters into forward exchange contracts (forward contracts) and cross-currency swap agreements to reduce its exposure to fluctuations in related foreign currencies. These contracts are with major financial institutions and the risk of loss is considered remote. The Company does not hold or issue derivative financial instruments for trading purposes.

Gains or losses on forward contracts which hedge net investments in consolidated subsidiaries are accrued in Shareholders' equity. Gains or losses on forward contracts which hedge specific transactions are recognized in Net income, offsetting the underlying foreign currency gains or losses.

Cross-currency swap agreements are recorded in Long-term debt as dollar-denominated receivables with offsetting foreign-currency payables. If the receivables more than offset the payables, the net difference is reclassified to an asset. Gains or losses are accrued monthly as an adjustment to Net income, offsetting the underlying foreign currency gains or losses. The differential between interest to be received and interest to be paid is accrued monthly as an adjustment to Interest expense.

In addition, the Company's foreign locations, in the ordinary course of business, enter into financial guarantees, through financial institutions, which enable customers to be reimbursed in the event of nonperformance by the Company.

The total value of open contracts and any risk to the Company as a result of the above mentioned arrangements is not material.

STOCK OPTIONS - The Company applies the intrinsic-value based method to account for stock options granted to employees or outside Directors to purchase common shares. The option price equals the market price of the underlying common shares on the date of grant, therefore no compensation expense is recognized.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS - The Financial Accounting Standards Board (FASB) has issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." This standard establishes a new model for accounting for derivatives and hedging activities. Due to the immaterial amount of derivative and hedging activity within the Company, application of this standard, required in the first quarter of 2001 as a result of the issuance of SFAS No. 137, is not expected to have a material impact on the results and financial position of the Company.

In March 1998 the Accounting Standards Executive Committee issued Statement of Position (SOP) 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use." SOP 98-1 requires expenses incurred during the application development stage of a software implementation project to be capitalized and amortized over the useful life of the project. Application of this standard, required beginning with the first quarter of 2000, is not expected to have a material impact on the results and financial position of the Company.

NOTE 2
ACQUISITIONS

On July 14, 1998 the Company acquired the equity of B.A.G. Acquisition Ltd., the parent company of Veriflo Corporation, a manufacturer of high-purity regulators and valves based in Richmond, California. On August 27, 1998 the Company acquired the equity of Fluid Power Systems, a manufacturer of hydraulic valves and electrohydraulic systems and controls located in Lincolnshire, Illinois. Combined annual sales for these operations, for their most recent fiscal year prior to acquisition, were approximately $107 million. Total purchase price for these businesses was approximately $85.2 million cash.

On May 1, 1998 the Company acquired the equity of Extrudit Ltd., a tubing manufacturer located in Buxton, England. On April 30, 1998 the Company purchased the equity of UCC Securities Limited of Thetford, Norfolk, England, a manufacturer of technology-based hydraulic filtration products. On April 1, 1998 the Company acquired the equity of Sempress Pneumatics, a manufacturer of pneumatic cylinders and valves located near Rotterdam, the Netherlands. On March 31, 1998 the Company acquired the assets of Temeto AB located in Flen, Sweden, a distributor of hydraulic components. On March 26, 1998 the Company purchased the remaining 51% of two Korean joint ventures - HS Parker Company Ltd., in Yangsan, and the HS Parker Air Conditioning Components Company Ltd., in Chonan, manufacturers of hydraulic hose, fittings, hose assemblies and accumulators. On February 27, 1998 Computer Technology Corporation of Milford, Ohio, a manufacturer of man-machine interface solutions, was merged into the Company. On September 26, 1997 the Company acquired the assets of the Skinner solenoid valve division of Honeywell Inc. and the equity of Honeywell Lucifer, S.A. Skinner is headquartered in New Britain,

Connecticut, and Lucifer is headquartered in Geneva, Switzerland. On August 4, 1997 the Company acquired the assets of EWAL Manufacturing of Belleville, New Jersey, a leading producer of precision fittings and valves. Combined annual sales for operations acquired in fiscal 1998, for their most recent fiscal year prior to acquisition, were approximately $243 million. Total purchase price for these businesses was approximately $236.5 million cash and 263,279 shares of common stock valued at $11.9 million.

The purchase price allocations of Computer Technology Corporation and UCC Securities Limited, as determined by independent appraisal, included a $15.8 million asset for purchased in-process research and development. Generally accepted accounting principles do no allow the capitalization of R&D of this nature, therefore, a write-off of $15.8 million ($12.0 million after tax or $.11 per share) is included in Cost of sales in 1998.

On June 4, 1997 the Company acquired the remaining 50 percent of SAES-Parker UHP Components Corp., a manufacturer of valves for ultra-pure gas used in semiconductor manufacturing. On February 3, 1997 the Company purchased Hydroflex S.A. de C.V., a leading Mexican manufacturer of hydraulic hose, fittings and adapters located in Toluca, Mexico. On September 5, 1996 the Company purchased the assets of the industrial hydraulic product line of Hydraulik-Ring AG, of Nurtingen, Germany. Total purchase price for these businesses was approximately $29.3 million cash. Combined annual sales for these operations, for their most recent fiscal year prior to acquisition, were approximately $52 million.

These acquisitions were accounted for by the purchase method, and results are included as of the respective dates of acquisition.

NOTE 3
INCOME TAXES

Income taxes include the following:

	1999	1998	1997
Federal	$113,011	$129,462	$113,819
Foreign	34,309	27,847	27,411
State and local	11,236	16,928	13,587
Deferred	8,637	6,525	(3,989)
	$167,193	$180,762	$150,828

A reconciliation of the Company's effective income tax rate to the statutory Federal rate follows:

	1999	1998	1997
Statutory Federal income tax rate	35.0%	35.0%	35.0%
State and local income taxes	1.8	2.1	2.0
FSC income not taxed	(2.3)	(1.7)	(1.8)
Foreign tax rate difference	1.4	.2	(.3)
Other	(.9)	.3	.6
Effective income tax rate	35.0%	35.9%	35.5%

Deferred income taxes are provided for the temporary differences between the financial reporting basis and the tax basis of assets and liabilities. The differences comprising the net deferred taxes shown on the Consolidated Balance Sheet at June 30 were as follows:

	1999	1998
Postretirement benefits	$ 74,238	$ 63,277
Other liabilities and reserves	38,530	52,430
Long-term contracts	16,344	14,816
Operating loss carryforwards	4,719	9,440
Foreign tax credit carryforwards	2,264	3,773
Valuation allowance	(4,700)	(1,591)
Depreciation	(77,871)	(80,508)
Inventory	10,567	11,088
Net deferred tax asset	$ 64,091	$ 72,725
Change in net deferred tax asset (liability):		
Provision for deferred tax	$ (8,637)	$ (6,525)
Translation adjustment	1,710	175
Acquisitions	(1,707)	784
Total change in net deferred tax	$ (8,634)	$ (5,566)

At June 30, 1999, foreign subsidiaries had benefits for operating loss carryforwards of $4,719 for tax purposes, some of which can be carried forward indefinitely and others which can be carried forward from three to 10 years.

Provision has not been made for additional U.S. or foreign taxes on undistributed earnings of certain international operations as those earnings will continue to be reinvested. It is not practicable to estimate the additional taxes, including applicable foreign withholding taxes, that might be payable on the eventual remittance of such earnings.

Accumulated undistributed earnings of foreign operations reinvested in their operations amounted to $205,756, $153,831 and $121,871, at June 30, 1999, 1998 and 1997, respectively.

NOTE 4
EARNINGS PER SHARE

Earnings per share have been computed according to SFAS No. 128, "Earnings per Share." Basic earnings per share is computed using the weighted average number of shares of common stock outstanding during the year.

Diluted earnings per share is computed using the weighted average number of common shares and common share equivalents outstanding during the year. Common share equivalents represent the dilutive effect of outstanding stock options.

The computation of net income per share was as follows:

	1999	1998	1997
Numerator:			
Net income applicable to common shares	$ 310,501	$ 319,551	$ 274,039
Denominator:			
Basic - weighted average common shares	108,799,974	110,868,834	111,601,484
Increase in weighted average from dilutive effect of exercise of stock options	878,985	1,090,437	916,569
Diluted - weighted average common shares, assuming exercise of stock options	109,678,959	111,959,271	112,518,053
Basic earnings per share	$ 2.85	$ 2.88	$ 2.46
Diluted earnings per share	$ 2.83	$ 2.85	$ 2.44

NOTE 5
INVENTORIES

Inventories valued on the last-in, first-out cost method are approximately 34% in 1999 and 36% in 1998 of total inventories. The current cost of these inventories exceeds their valuation determined on the LIFO basis by $138,197 in 1999 and $139,011 in 1998. Progress payments of $22,593 in 1999 and $23,454 in 1998 are netted against inventories.

NOTE 6
FINANCING ARRANGEMENTS

The Company has committed lines of credit totaling $653,865 through several multi-currency unsecured revolving credit agreements with a group of banks, of which $630,570 was available at June 30, 1999. The majority of these agreements expire October 2003. The interest on borrowings is based upon the terms of each specific borrowing and is subject to market conditions. The agreements also require facility fees of up to 8/100ths of one percent of the commitment per annum. Covenants in some of the agreements include a limitation on the Company's ratio of debt to tangible net worth.

The Company has other lines of credit, primarily short-term, aggregating $84,971 from various foreign banks, of which $62,307 was available at June 30, 1999. Most of these agreements are renewed annually.

During fiscal 1999 the Company issued $225,000 of medium-term notes leaving $530,000 available for issuance at June 30, 1999.

The Company is authorized to sell up to $600,000 of short-term commercial paper notes, rated A-1 by Standard & Poor's, P-1 by Moody's and D-1 by Duff & Phelps. At June 30, 1999 there were $5,900 of commercial paper notes outstanding which were supported by the available domestic lines of credit.

Commercial paper, along with short-term borrowings from foreign banks, primarily make up the balance of Notes payable. The balance and weighted average interest rate of the Notes payable at June 30, 1999 and 1998 were $37,305 and 6.4% and $155,259 and 6.1%, respectively.

NOTE 7
DEBT

June 30,	1999	1998
Domestic:		
Debentures		
9.75%, due 2002-2021	$ 100,000	$ 100,000
7.3%, due 2011	100,000	100,000
10.375%, due 1999-2018		100,000
Medium-term notes		
5.65% to 7.39%, due 2004-2019	370,000	145,000
ESOP loan guarantee		
6.34%, due 2009	112,000	
Commercial paper		100,000
Variable rate demand bonds		
3.65% to 3.75%, due 2010-2025	20,035	20,035
Foreign:		
Bank loans, including revolving credit		
1.0% to 11.50%, due 1999-2018	37,206	54,653
Other long-term debt, including capitalized leases	8,820	3,481
Total long-term debt	748,061	623,169
Less long-term debt payable within one year	23,304	110,226
Long-term debt, net	$ 724,757	$ 512,943

On June 30, 1998, the Company called for redemption its outstanding $100,000, 10.375 percent debentures due 1999-2018. The after-tax extraordinary loss for this transaction, including an early-redemption premium and the write-off of deferred issuance costs, was $3,675 or $.03 per share. The retirement of the debt was financed on July 15, 1998, through the issuance of $100,000 of medium-term notes, due 2019, at an annual interest rate of 6.55 percent.

Principal amounts of long-term debt payable in the five years ending June 30, 2000 through 2004 are $23,304, $22,603, $24,646, $23,533, and $199,004, respectively. The carrying value of the Company's long-term debt (excluding leases and cross-currency swaps) was $739,241 and $519,688 at June 30, 1999 and 1998, respectively, and was estimated to have a fair value of $708,224 and $545,140, at June 30, 1999 and 1998, respectively. The estimated fair value of the Long-term debt was estimated using discounted cash flow analyses based on the Company's current incremental borrowing rate for similar types of borrowing arrangements.

ESOP LOAN GUARANTEE - In March 1999 the Company's Employee Stock Ownership Plan (ESOP) was leveraged when the ESOP Trust borrowed $112,000 and used the proceeds to purchase 3,055,413 shares of the Company's common stock from the Company's treasury. The Company used the proceeds to pay down commercial paper borrowings. The loan is unconditionally guaranteed by the Company and therefore the unpaid balance of the borrowing is reflected in the Consolidated Balance sheet as Long-term debt. An equivalent amount representing Unearned compensation is recorded as a deduction from Shareholders' equity.

LEASE COMMITMENTS -- Future minimum rental commitments as of June 30, 1999, under noncancelable operating leases, which expire at various dates, are as follows: 2000-$36,497; 2001-$25,122; 2002-$14,935; 2003-$8,716; 2004-$6,166 and after 2004-$20,468.

Rental expense in 1999, 1998 and 1997 was $42,280, $37,065, and $33,305, respectively.

NOTE 8
RETIREMENT BENEFITS

PENSIONS - Effective July 1, 1998, the company adopted SFAS No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits." SFAS No. 132 revises employers' disclosures for pensions and other postretirement benefit plans without affecting measurement or recognition criteria. Prior year information has been restated to conform to the new disclosure requirements.

The Company has noncontributory defined benefit pension plans covering eligible employees, including certain employees in foreign countries. Plans for most salaried employees provide pay-related benefits based on years of service. Plans for hourly employees generally provide benefits based on flat-dollar amounts and years of service. The Company also has contractual arrangements with certain key employees which provide for supplemental retirement benefits. In general, the Company's policy is to fund these plans based on legal requirements, tax considerations, local practices and investment opportunities. The Company also sponsors defined contribution plans and participates in government-sponsored programs in certain foreign countries.

Pension costs for all plans were $23,644, $19,989 and $22,773 for 1999, 1998 and 1997, respectively. Pension costs for all defined benefit plans accounted for using SFAS No. 87, "Employers' Accounting for Pensions," are as follows:

	1999	1998	1997
Service cost	$34,890	$ 28,190	$ 23,715
Interest cost	63,257	57,892	52,726
Expected return on plan assets	(83,798)	(68,463)	(57,021)
Net amortization and deferral and other	4,081	445	1,110
Net periodic benefit cost	$18,430	$ 18,064	$ 20,530

CHANGE IN BENEFIT OBLIGATION	1999	1998
Benefit obligation at beginning of year	$ 877,752	$ 714,699
Service cost	34,890	28,190
Interest cost	63,257	57,892
Actuarial loss	30,288	70,067
Benefits paid	(40,028)	(33,537)
Acquisitions		37,324
Other	(3,496)	3,117
Benefit obligation at end of year	$ 962,663	$ 877,752

CHANGE IN PLAN ASSETS		
Fair value of plan assets at beginning of year	$ 997,913	$ 767,687
Actual return on plan assets	131,872	205,685
Employer contributions	12,255	16,907
Benefits paid	(36,253)	(31,551)
Acquisitions		39,151
Other	(5,798)	34
Fair value of plan assets at end of year	$1,099,989	$ 997,913

FUNDED STATUS

Plan assets in excess of benefit obligation	$ 137,326	$ 120,161
Unrecognized net actuarial (gain)	(144,706)	(125,609)
Unrecognized prior service cost	23,259	22,626
Unrecognized initial net (asset)	(9,587)	(12,731)
Net amount recognized	$ 6,292	$ 4,447

AMOUNTS RECOGNIZED IN THE CONSOLIDATED BALANCE SHEET

Prepaid benefit cost	$ 104,135	$ 98,104
Accrued benefit liability	(97,843)	(93,657)
Net amount recognized	$ 6,292	$ 4,447

The projected benefit obligation, accumulated benefit obligation, and fair value of plan assets for pension plans with accumulated benefit obligations in excess of plan assets were $143,177, $122,411, and $28,331, respectively, at June 30, 1999, and $132,716, $112,916, and $23,782, respectively, at June 30, 1998.

The plans' assets consist primarily of listed common stocks, corporate and government bonds, and real estate investments. At June 30, 1999 and 1998, the plans' assets included Company stock with market values of $24,314 and $20,262, respectively.

The assumptions used to measure the benefit obligations and to compute the expected long-term return on assets for the Company's significant defined benefit plans are:

	1999	1998	1997
U.S. defined benefit plans			
Discount rate	7.5%	7.5%	8%
Average increase in compensation	4.9%	4.9%	5%
Expected long-term return on assets	10%	9.5%	9%
Non-U.S. defined benefit plans			
Discount rate	4.5 to 6.5%	4.5 to 7%	7 to 8%
Average increase in compensation	1.5 to 4%	3 to 4.5%	3.5 to 6%
Expected long-term return on assets	6 to 9%	5.5 to 9%	7 to 9%

EMPLOYEE SAVINGS PLAN -- The Company sponsors an employee stock ownership plan (ESOP) as part of its existing savings and investment 401(k) plan, which is available to eligible domestic employees. Parker-Hannifin Common Stock is used to match contributions made by employees to the savings plan up to a maximum of 3.5 percent of an employee's annual compensation. A breakdown of shares held by the ESOP is as follows:

	1999	1998	1997
Allocated shares	7,866,152	7,631,677	7,460,378
Suspense shares	3,055,413		
Total shares held by the ESOP	10,921,565	7,631,677	7,460,378
Fair value of suspense shares	$ 139,785		

In 1999 the ESOP was leveraged and the loan was unconditionally guaranteed by the Company. The Company shares acquired by the ESOP are held in a suspense account. The Company's matching contribution and dividends on the shares held by the ESOP are used to repay the loan, and shares are released from the suspense account as the principal and interest are paid. The shares in the suspense account are not considered outstanding for purposes of earnings per share computations until they are released. Company contributions to the ESOP, recorded as compensation and interest expense, were $24,319 in 1999, $23,093 in 1998 and $21,235 in 1997. Dividends earned by the suspense shares and interest income within the ESOP totaled $519 in 1999.

In addition to shares within the ESOP, as of June 30, 1999 employees have elected to invest in 2,653,297 shares of Common Stock within the Company Stock Fund of the Parker Retirement Savings Plan.

OTHER POSTRETIREMENT BENEFITS --The Company provides postretirement medical and life insurance benefits to certain retirees and eligible dependents. Most plans are contributory, with retiree contributions adjusted annually. The plans are unfunded and pay stated percentages of covered medically necessary expenses incurred by retirees, after subtracting payments by Medicare or other providers and after stated deductibles have been met. For most plans, the Company has established cost maximums to more effectively control future medical costs. The Company has reserved the right to change or eliminate these benefit plans. Postretirement benefit costs included the following components:

	1999	1998	1997
Service cost	$ 4,301	$ 4,021	$ 3,296
Interest cost	11,158	11,077	11,316
Net amortization and deferral	(1,683)	(1,815)	(830)
Net periodic benefit cost	$ 13,776	$ 13,283	$ 13,782

CHANGE IN BENEFIT OBLIGATION	1999	1998
Benefit obligation at beginning of year	$ 155,933	$ 149,874
Service cost	4,301	4,021
Interest cost	11,158	11,077
Amendments		(16,544)
Actuarial (gain) loss	(8,093)	13,219
Benefits paid	(8,017)	(6,146)
Acquisitions		432
Benefit obligation at end of year	$ 155,282	$ 155,933

FUNDED STATUS		
Benefit obligation in excess of plan assets	$(155,282)	$(155,933)
Unrecognized net actuarial (gain)	(10,029)	(2,251)
Unrecognized prior service cost	(13,679)	(15,046)
Net amount recognized	$(178,990)	$(173,230)

AMOUNTS RECOGNIZED IN THE CONSOLIDATED BALANCE SHEET:		
Accrued benefit liability	$(178,990)	$(173,230)

The assumptions used to measure the postretirement benefit obligations are:

	1999	1998	1997
Discount rate	7.5%	7.5%	8%
Current medical cost trend rate	9.5%	10.25%	10.5%
Ultimate medical cost trend rate	5.5%	6%	6%
Medical cost trend rate decreases to ultimate in year	2007	2007	2007

A one percentage point change in assumed health care cost trend rates would have the following effects:

	1% Increase	1% Decrease
Effect on total of service and interest cost components	$ 1,680	$ (1,372)
Effect on postretirement benefit obligation	$ 14,026	$ (11,637)

OTHER -- The Company has established nonqualified deferred compensation programs which permit officers, directors and certain management employees to annually elect to defer a portion of their compensation, on a pre-tax basis, until their retirement. The retirement benefit to be provided is based on the amount of compensation deferred, Company match, and earnings on the deferrals. Deferred compensation expense was $29,471, $20,426 and $4,862 in 1999, 1998 and 1997, respectively.

The Company has invested in corporate-owned life insurance policies to assist in funding these programs. The cash surrender values of these policies are in a rabbi trust and are recorded as assets of the Company.

NOTE 9
SHAREHOLDERS' EQUITY

COMMON SHARES	1999	1998	1997
Balance July 1	$ 55,906	$ 55,905	$ 55,719
Shares issued under stock option plans (1999 - 133,514; 1998 - 3,650; 1997 - 432,096)	67	1	139
Restricted stock issued			47
Balance June 30	$ 55,973	$ 55,906	$ 55,905

ADDITIONAL CAPITAL			
Balance July 1	$ 139,726	$ 150,702	$ 146,686
Net (decrease) increase for Treasury or common shares issued under stock option plans	(2,194)	(11,481)	1,684
Shares issued for purchase acquisition	35	478	
Restricted stock (surrendered) issued	(24)	27	2,332
Shares sold to ESOP	(5,316)		
Balance June 30	$ 132,227	$ 139,726	$ 150,702

RETAINED EARNINGS			
Balance July 1	$ 1,631,316	$ 1,378,297	$ 1,160,828
Net income	310,501	319,551	274,039
Cash dividends paid on common shares, net of tax benefit of ESOP shares	(69,461)	(66,501)	(56,570)
Cash payments for stock split fractional shares		(31)	
Balance June 30	$ 1,872,356	$ 1,631,316	$ 1,378,297

UNEARNED COMPENSATION RELATED TO ESOP DEBT			
Balance July 1	$ --	$ --	$ --
Unearned compensation related to ESOP debt	(112,000)	--	--
Balance June 30	$ (112,000)	$ --	$ --

ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)			
Balance July 1	$ (60,026)	$ (27,345)	$ 20,725
Foreign currency translation	(32,832)	(32,681)	(48,070)
Balance June 30	$ (92,858)	$ (60,026)	$ (27,345)

COMMON STOCK IN TREASURY

	1999	1998	1997
Balance July 1	$ (83,472)	$ (10,258)	$ --
Shares purchased at cost (1999 - 1,538,633; 1998 - 2,522,971; 1997 - 576,021)	(48,734)	(109,645)	(18,690)
Shares issued under stock option plans (1999 - 369,847; 1998 - 559,668; 1997 - 223,184)	14,420	23,187	6,676
Shares issued for purchase acquisition	166	11,471	
Restricted stock (surrendered) issued	(1,532)	1,773	1,756
Shares sold to ESOP	117,316	--	--
Balance June 30	$ (1,836)	$ (83,472)	$ (10,258)

Shares surrendered upon exercise of stock options; 1999 - 221,342; 1998 - 159,869; 1997 - 153,770.

SHARE REPURCHASES - The Board of Directors has authorized the repurchase of a total of 5.05 million of its common shares. At June 30, 1999, the remaining authorization to repurchase was 3.55 million shares. Repurchases are made on the open market, at prevailing prices, and are funded from operating cash flows. The shares are initially held as treasury stock.

NOTE 10
STOCK INCENTIVE PLANS

EMPLOYEES' STOCK OPTIONS -- The Company's stock option and stock incentive plans provide for the granting of nonqualified options to officers and key employees to purchase shares of common stock at a price not less than 100 percent of the fair market value of the stock on the dates options are granted. Outstanding options generally are exercisable between one and two years after the date of grant and expire no more than ten years after grant.

The Company derives a tax deduction measured by the excess of the market value over the option price at the date nonqualified options are exercised. The related tax benefit is credited to additional capital.

As permitted by SFAS No. 123, "Accounting for Stock-Based Compensation," the Company continues to account for its stock option and stock incentive plans in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and makes no charges against capital with respect to options granted. SFAS No. 123 does, however, require the disclosure of pro forma information regarding Net Income and Earnings per share determined as if the Company had accounted for its stock options under the fair value method. For purposes of this pro forma disclosure the estimated fair value of the options is amortized to expense over the options' vesting period.

		1999	1998	1997
Net income:	As reported	$ 310,501	$ 319,551	$ 274,039
	Pro forma	$ 308,028	$ 315,567	$ 270,758
Earnings per share:				
Basic	As reported	$ 2.85	$ 2.88	$ 2.46
	Pro forma	$ 2.83	$ 2.85	$ 2.43
Diluted	As reported	$ 2.83	$ 2.85	$ 2.44
	Pro forma	$ 2.81	$ 2.82	$ 2.41

The fair value for the significant options granted in 1999, 1998 and 1997 were estimated at the date of grant using a Black-Scholes option pricing model with the following weighted-average assumptions:

	Jan/99	Aug/98	Aug/97	Jan/97	Aug/96
Risk-free interest rate	4.7%	5.3%	5.6%	6.3%	6.4%
Expected life of option	4.3 YRS	4.3 YRS	5 yrs	5 yrs	5 yrs

Expected dividend yield of stock	1.9%	1.9%	2.3%	2.6%	2.6%
Expected volatility of stock	30.7%	28.4%	26.9%	26.5%	26.2%

Options exercisable and shares available for future grant on June 30:

	1999	1998	1997
Options exercisable	3,065,577	3,476,016	2,905,887
Weighted-average option price per share of options exercisable	$ 22.48	$ 20.57	$ 16.41
Weighted-average fair value of options granted during the year	$ 8.35	$ 11.43	$ 7.30
Shares available for grant	3,230,548	3,256,232	3,304,627

A summary of the status and changes of shares subject to options and the related average price per share follows:

	Shares Subject To Options	Average Option Price Per Share
Outstanding June 30, 1997	4,224,087	$ 19.82
Granted	190,815	43.04
Exercised	(721,687)	19.83
Canceled	(31,409)	
Outstanding June 30, 1998	3,661,806	$ 21.71
Granted	1,196,384	31.06
Exercised	(591,189)	17.92
Canceled	(14,155)	
Outstanding June 30, 1999	4,252,846	$ 24.77

The range of exercise prices and the remaining contractual life of options as of June 30, 1999 were:

Range of exercise prices	$12-$20	$25-$37	$43-$49
Options outstanding:			
Outstanding as of June 30, 1999	1,509,665	2,543,092	200,089
Weighted-average remaining contractual life	3.3 yrs	8.2 yrs	8.1 yrs
Weighted-average exercise price	$ 15.81	$ 28.86	$ 43.30
Options exercisable:			
Outstanding as of June 30, 1999	1,509,665	1,365,097	190,815
Weighted-average remaining contractual life	3.3 yrs	3.8 yrs	7.7 yrs
Weighted-average exercise price	$ 15.81	$ 26.98	$ 43.05

RESTRICTED STOCK -- Restricted stock was issued, under the Company's 1993 Stock Incentive Program, to certain key employees under the Company's 1996-97-98, 1995-96-97 and 1994-95-96 Long Term Incentive Plans (LTIP). Value of the payments was set at the market value of the Company's common stock on the date of issuance. Shares were earned and awarded, and an estimated value was accrued, based upon attainment of criteria specified in the LTIP over the cumulative years of the 3-year Plans. Plan participants are entitled to cash dividends and to vote their respective shares, but the shares are restricted as to transferability for three years following issuance.

Restricted Shares for LTIP Plan	1999	1998	1997
Number of shares issued	15,774	39,619	152,916
Per share value on date of issuance	$ 40.53	$ 40.00	$ 25.36
Total value	$ 639	$ 1,585	$ 3,878

Under the Company's 1997-98-99 LTIP, a payout of 8,023 shares of restricted stock, from the Company's 1993 Stock Incentive Program, will be issued to certain key employees in 2000. The balance of the 1997-98-99 LTIP payout will be made as deferred cash compensation, as individually elected by the participants. The total payout, valued at $7,539, has been accrued over the three years of the plan.

In addition, non-employee members of the Board of Directors have been given the opportunity to receive all or a portion of their fees in the form of restricted stock. These shares vest ratably, on an annual basis, over the term of office of the director. In 1999, 1998 and 1997, 5,867, 4,558 and 9,923 shares were issued, respectively, in lieu of directors' fees.

NON-EMPLOYEE DIRECTORS' STOCK OPTIONS -- In August 1996, the Company adopted a stock option plan for non-employee directors to purchase shares of common stock at a price not less than 100 percent of the fair market value of the stock on the date the options are granted. All outstanding options are exercisable one year after the date of grant and expire no more than ten years after grant. A summary of the status and changes of shares subject to options and the related average price per share follows:

	Shares Subject To Options	Average Option Price Per Share
Outstanding June 30, 1997	14,250	$ 24.85
Granted	8,250	42.96
Exercised	(1,500)	24.67
Outstanding June 30, 1998	21,000	$ 31.97
Exercised	8,000	31.38
Outstanding June 30, 1999	29,000	$ 31.81

As of June 30, 1999, 21,000 options were exercisable and 344,500 shares were available for grant.

At June 30, 1999, the Company had 7,874,817 common shares reserved for issuance in connection with its stock incentive plans.

NOTE 11
SHAREHOLDERS' PROTECTION RIGHTS AGREEMENT

The Board of Directors of the Company declared a dividend of one Right for each share of Common Stock outstanding on February 17, 1997 in relation to the Company's Shareholder Protection Rights Agreement. As of June 30, 1999, 108,845,930 shares of Common Stock were reserved for issuance under this Agreement. Under certain conditions involving acquisition of or an offer for 15 percent or more of the Company's Common Stock, all holders of Rights, except an acquiring entity, would be entitled to purchase, at an exercise price of $100, a value of $200 of Common Stock of the Company or an acquiring entity, or at the option of the Board, to exchange each Right for one share of Common Stock. The Rights remain in existence until February 17, 2007, unless earlier redeemed (at one cent per Right), exercised or exchanged under the terms of the agreement. In the event of an unfriendly business combination attempt, the Rights will cause substantial dilution to the person attempting the merger. The Rights should not interfere with any merger or other business combination that is in the best interest of the Company and its shareholders since the Rights may be redeemed.

NOTE 12
RESEARCH AND DEVELOPMENT

Research and development costs amounted to $86,953 in 1999, $83,117 in 1998, and $103,155 in 1997. Customer reimbursements included in the total cost for each of the respective years were $15,239, $15,753 and $35,986. Costs include those costs related to independent research and development as well as customer reimbursed and unreimbursed development programs.

NOTE 13

CONTINGENCIES

The Company is involved in various litigation arising in the normal course of business, including proceedings based on product liability claims, workers' compensation claims and alleged violations of various environmental laws. The Company is self-insured in the U.S. for health care, workers' compensation, general liability and product liability up to predetermined amounts, above which third party insurance applies. The Company purchases third party product liability insurance for products manufactured by its international operations and for products that are used in aerospace applications. Management regularly reviews the probable outcome of these proceedings, the expenses expected to be incurred, the availability and limits of the insurance coverage, and the established accruals for uninsured liabilities. While the outcome of pending proceedings cannot be predicted with certainty, management believes that any liabilities that may result from these proceedings are not reasonably likely to have a material effect on the Company's liquidity, financial condition or results of operations.

ENVIRONMENTAL - The Company is currently involved in environmental remediation at 18 manufacturing facilities presently or formerly operated by the Company and has been named as a "potentially responsible party," along with other companies, at nine off-site waste disposal facilities and one regional Superfund site.

As of June 30, 1999, the Company has a reserve of $7,007 for environmental matters which are probable and reasonably estimable. This reserve is recorded based upon the best estimate of net costs to be incurred in light of the progress made in determining the magnitude of remediation costs, the timing and extent of remedial actions required by governmental authorities, the amount of the Company's liability in proportion to other responsible parties and any recoveries receivable. This reserve is net of $415 for discounting, at a 7.5% annual rate, a portion of the costs at six locations for established treatment procedures required over periods ranging from three to 10 years. The Company also has an account receivable of $490 for anticipated insurance recoveries.

The Company's estimated total liability for the above mentioned sites ranges from a minimum of $6,704 to a maximum of $23,559. The actual costs to be incurred by the Company will be dependent on final delineation of contamination, final determination of remedial action required, negotiations with federal and state agencies with respect to cleanup levels, changes in regulatory requirements, innovations in investigatory and remedial technology, effectiveness of remedial technologies employed, the ultimate ability to pay of the other responsible parties, and any insurance recoveries.

NOTE 14
QUARTERLY INFORMATION (Unaudited)

1999	1st	2nd	3rd	4th	Total
Net sales	$1,218,724	$1,199,021	$1,255,789	$1,285,266	$4,958,800
Gross profit	271,417	255,854	266,652	295,507	1,089,430
Net income	78,117	63,532	76,511	92,341	310,501
Diluted earnings per share	.71	.58	.70	.84	2.83

1998 (a)	1st	2nd	3rd	4th	Total
Net sales	$1,083,169	$1,114,948	$1,196,548	$1,238,358	$4,633,023
Gross Profit	256,030	252,739	284,226	289,036	1,082,031
Income before extraordinary item	78,261	71,314	83,225	90,426	323,226
Net income	78,261	71,314	83,225	86,751	319,551
Diluted earnings per share before extraordinary item	.70	.63	.75	.80	2.88
Diluted earnings per share	.70	.63	.75	.77	2.85

(a) Results for the third and fourth quarters include a non-cash, non-recurring pretax charge of $5.2 million and $10.6 million, respectively, for in-process R&D purchased as part of two acquisitions. The after-tax impact was $5.2 million ($.05 per share) and $6.8 million ($.06 per share), respectively.

NOTE 15
STOCK PRICES AND DIVIDENDS (Unaudited)

(In dollars)		1st	2nd	3rd	4th	Full Year
1999	High	$ 38-3/4	$ 38-5/16	$ 39-3/4	$ 50-1/2	$ 50-1/2
	Low	26-9/16	27	29-1/2	34	26-9/16
	Dividends	.150	.150	.170	.170	.640
1998	High	$ 48-7/8	$ 51-1/4	$ 52-5/8	$ 52-3/8	$ 52-5/8
	Low	39-1/4	39-13/16	41-1/2	36-15/16	36-15/16
	Dividends	.150	.150	.150	.150	.600
1997	High	$ 29-3/8	$ 28-1/4	$ 30-7/8	$ 41	$ 41
	Low	22-1/4	24-1/8	24-7/8	27	22-1/4
	Dividends	.120	.120	.133	.133	.506

Common Stock Listing: New York Stock Exchange, Stock Symbol PH

REPORT OF MANAGEMENT

The Company's management is responsible for the integrity and accuracy of the financial information contained in this annual report. Management believes that the financial statements have been prepared in conformity with generally accepted accounting principles appropriate in the circumstances and that the other information in this annual report is consistent with those statements. In preparing the financial statements, management makes informed judgments and estimates where necessary to reflect the expected effects of events and transactions that have not been completed.

Management is also responsible for maintaining an internal control system designed to provide reasonable assurance at reasonable cost that assets are safeguarded against loss or unauthorized use and that financial records are adequate and can be relied upon to produce financial statements in accordance with generally accepted accounting principles. The system is supported by written policies and guidelines, by careful selection and training of financial management personnel and by an internal audit staff which coordinates its activities with the Company's independent accountants. To foster a strong ethical climate, the Parker Hannifin Code of Ethics is publicized throughout the Company. This addresses, among other things, compliance with all laws and accuracy and integrity of books and records. The Company maintains a systematic program to assess compliance.

PricewaterhouseCoopers LLP, independent accountants, are retained to conduct an audit of Parker Hannifin's consolidated financial statements in accordance with generally accepted auditing standards and to provide an independent assessment that helps ensure fair presentation of the Company's consolidated financial position, results of operations and cash flows.

The Audit Committee of the Board of Directors is composed entirely of independent outside directors. The Committee meets periodically with management, internal auditors and the independent accountants to discuss internal accounting controls and the quality of financial reporting. Financial management, as well as the internal auditors and the independent accountants, have full and free access to the Audit Committee.

Duane E. Collins | Michael J. Hiemstra

Duane E. Collins
President and
Chief Executive Officer

Michael J. Hiemstra
Vice President -
Finance and Administration
and Chief Financial Officer

REPORT OF INDEPENDENT ACCOUNTANTS

To the Shareholders and Board of Directors
Parker Hannifin Corporation

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, comprehensive income and cash flows present fairly, in all material respects, the financial position of Parker Hannifin Corporation and its subsidiaries at June 30, 1999 and 1998, and the results of their operations and their cash flows for each of the three years in the period ended June 30, 1999, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP

Cleveland, Ohio
July 29, 1999

FIVE-YEAR FINANCIAL SUMMARY

(Amounts in thousands, except per share information)	1999	1998 (a)	1997	1996	1995
Net sales	$ 4,958,800	$ 4,633,023	$ 4,091,081	$ 3,586,448	$ 3,214,370
Cost of sales	3,869,370	3,550,992	3,152,988	2,756,343	2,448,264
Selling, general and administrative expenses	550,681	532,134	475,180	425,449	384,581
Non-recurring charges - Restructuring & Asset impairment					
Interest expense	63,697	52,787	46,659	36,667	30,922
Income taxes	167,193	180,762	150,828	134,812	130,169
Income - continuing operations	310,501	323,226	274,039	239,667	218,238
Net income	310,501	319,551	274,039	239,667	218,238
Basic earnings per share - continuing operations	2.85	2.91	2.46	2.15	1.97
Diluted earnings per share - continuing operations	2.83	2.88	2.44	2.14	1.96
Basic earnings per share	2.85	2.88	2.46	2.15	1.97
Diluted earnings per share	$ 2.83	$ 2.85	$ 2.44	$ 2.14	$ 1.96
Average number of shares outstanding - Basic	108,800	110,869	111,602	111,261	110,576
Average number of shares outstanding - Diluted	109,679	111,959	112,518	112,189	111,149
Cash dividends per share	$ .640	$ .600	$ .506	$ .480	$ .453
Net income as a percent of net sales	6.3%	6.9%	6.7%	6.7%	6.8%
Return on average assets	8.6%	9.8%	9.3%	9.2%	10.3%
Return on average equity	17.6%	19.8%	18.7%	18.6%	20.2%
Book value per share	$ 17.03	$ 15.32	$ 13.87	$ 12.42	$ 10.73
Working capital	$ 1,020,171	$ 791,305	$ 783,550	$ 635,242	$ 593,761
Ratio of current assets to current liabilities	2.4	1.8	2.1	1.8	1.9
Plant and equipment, net	$ 1,200,869	$ 1,135,225	$ 1,020,743	$ 991,777	$ 815,771
Total assets	3,705,888	3,524,821	2,998,946	2,887,124	2,302,209
Long-term debt	724,757	512,943	432,885	439,797	237,157
Shareholders' equity	$ 1,853,862	$ 1,683,450	$ 1,547,301	$ 1,383,958	$ 1,191,514
Debt to debt-equity percent	29.8%	31.6%	24.5%	30.7%	21.9%
Depreciation	$ 164,577	$ 153,633	$ 146,253	$ 126,544	$ 110,527
Capital expenditures	$ 230,122	$ 236,945	$ 189,201	$ 201,693	$ 151,963
Number of employees	38,928	39,873	34,927	33,289	30,590
Number of shareholders	39,380	44,250	43,014	35,403	35,629
Number of shares outstanding at year-end	108,846	109,873	111,527	111,438	111,003

(a) Includes an extraordinary item for the early retirement of debt.

Exhibit 21

Exhibit (21)* to Report
on Form 10-K for Fiscal
Year Ended June 30, 1999
by Parker-Hannifin Corporation

The Company has the following subsidiaries:

Domestic Subsidiaries

Name	Incorporated	Percentage Owned(1)
iPower Distribution Group Inc.	Ohio	100
Parker AIP Corp.	Delaware	100
Parker de Puerto Rico, Inc.	Delaware	100
Parker Finance Corp.	Delaware	100(2)
Parker-Hannifin Asia Pacific Co., Ltd.	Delaware	100(3)
Parker Hannifin Customer Support Inc.	California	100
Parker-Hannifin International Corp.	Delaware	100
Parker Properties Inc.	Delaware	100
Parker Services Inc.	Delaware	100
Travel 17325 Inc.	Delaware	100

Foreign Subsidiaries

Acadia International Insurance Limited	Ireland	100
Alenco (Holdings) Ltd.	United Kingdom	100(3)
Beheermaatschappij Sempress B.V.	Netherlands	100(4)
Brownsville Rubber Co., S.A. de C.V.	Mexico	100
Fluid Power Industries Ltd.	United Kingdom	100
Parker Automotive de Mexico S.A. de C.V.	Mexico	100
Parker Enzed (Australia) Pty. Ltd.	Australia	100(6)
Parker Enzed (N.Z.) Limited	New Zealand	100(3)
Parker Enzed Equipment (Australia) Pty. Ltd.	Australia	100(6)
Parker Enzed Technologies Pty. Ltd.	Australia	100(6)
Parker Ermeto GesmbH	Austria	100(7)
Parker Fluid Connectors S.A. de C.V.	Mexico	100(8)
Parker Hannifin (1997) Co., Ltd.	Thailand	100(9)
Parker Hannifin (Australia) Pty. Ltd.	Australia	100(3)
Parker Hannifin (Canada) Inc.	Canada	100(3)
Parker Hannifin (Espana) SA	Spain	100(3)
Parker Hannifin (Malaysia) Sdn Bhd	Malaysia	100(10)
Parker Hannifin (N.Z.) Limited	New Zealand	100
Parker Hannifin (Thailand) Co., Ltd.	Thailand	100
Parker Hannifin (UK) Ltd.	United Kingdom	100(3)
Parker Hannifin A/S	Norway	100(11)
Parker Hannifin AB	Sweden	100
Parker Hannifin Argentina SAIC	Argentina	100
Parker Hannifin B.V.	Netherlands	100(12)
Parker Hannifin Climate & Industrial Controls, Ltd.	Korea	100
Parker Hannifin Connectors Ltd.	Korea	100
Parker Hannifin de Venezuela, S.A.	Venezuela	100(3)
Parker Hannifin Denmark A/S	Denmark	100
Parker Hannifin Finance B.V.	Netherlands	100(4)

Parker Hannifin Foreign Sales Corp.	Guam	100(3)
Parker Hannifin GmbH	Germany	100(7)
Parker Hannifin Holding GmbH	Germany	100(3)
Parker Hannifin Hong Kong Limited	Hong Kong	100(13)
Parker Hannifin Industria e Comercio Ltda.	Brazil	100(14)
Parker Hannifin Japan Ltd.	Japan	100
Parker Hannifin Motion & Control (Shanghai) Co. Ltd.	China	100
Parker Hannifin Oy	Finland	100
Parker Hannifin Pension Trustees Ltd.	United Kingdom	100(15)
Parker Hannifin plc	United Kingdom	100(11)
Parker Hannifin S.A.	France	100
Parker Hannifin S.p.A.	Italy	100
Parker Hannifin Sp. z.o.o.	Poland	100
Parker Hannifin Taiwan Ltd.	Taiwan	100
Parker Hannifin Verwaltungs GmbH	Germany	100(7)
Parker Korea Ltd.	Korea	100(3)
Parker Lucifer S.A.	Switzerland	100
Parker Seal de Baja S.A. de C.V.	Mexico	100
Parker Seals S.p.A.	Italy	100(16)
Parker Sempress B.V.	Netherlands	100(17)
Parker Sistemas de Automatizacion S.A. de C.V.	Mexico	100
Parker Hannifin de Mexico S.A. de C.V.	Mexico	100(8)
Parker-Hannifin (Africa) Proprietary Limited	South Africa	100
Parker-Hannifin India Private Ltd.	India	100
Parker-Hannifin N.V. S.A.	Belgium	100(4)
Parker-Hannifin s.r.o.	Czech Republic	100(3)
Parker-Hannifin Singapore Pte. Ltd.	Singapore	100
P-H do Brasil Comercial Ltda.	Brazil	100(3)
PH Finance Ltd.	United Kingdom	100
Schrader Bellows Parker,S.A. de C.V.	Mexico	100(8)
UCC Australia Pty. Ltd.	Australia	100(6)
UCC Corporation	Switzerland	100(18)
Veriflo Europe NASV	Belgium	100

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(1) Excludes directors' qualifying shares
(2) Owned 100% by Parker de Puerto Rico, Inc.
(3) Owned 100% by Parker-Hannifin International Corp.
(4) Owned 100% by Parker Hannifin B.V.
(5) Owned 100% by Parker Hannifin (UK) Limited
(6) Owned 100% by Parker-Hannifin (Australia) Pty. Ltd.
(7) Owned 100% by Parker Hannifin Holding GmbH
(8) Owned 100% by Parker Sistemas de Automatizacion S.A. de C.V.
(9) Owned 51% by Parker Hannifin (Thailand) Co., Ltd. and 49% by Parker-Hannifin Corporation
(10) Owned 50% by Parker-Hannifin Corporation and 50% by Parker-Hannifin International Corp
(11) Owned 100% by Alenco (Holdings) Ltd.
(12) Owned 77.5% by Parker Hannifin International Corp. and 22.5% by Parker AIP Corp.
(13) Owned 99.99% by Parker-Hannifin Corporation and .01% by Parker-Hannifin International Corp.

(14) Owned 37.5% by P-H do Brasil Comercial Ltda. and 62.5% by Parker- Hannifin International Corp.
(15) Owned 100% by Parker Hannifin plc
(16) Owned 100% by Parker-Hannifin S.p.A.
(17) Owned 100% by Beheermaatschappij Sempress B.V.
(18) Owned 100% by UCC International Group Ltd.

All of the foregoing subsidiaries are included in the Company's consolidated financial statements. In addition to the foregoing, the Company owns three inactive or name holding companies.

*Numbered in accordance with Item 601 of Regulation S-K.

Exhibit (23) * to Report
On Form 10-K for Fiscal
Year Ended June 30, 1999
By Parker-Hannifin Corporation

Consent of Independent Accountants

*Numbered in accordance with Item 601 of Regulation S-K

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the registration statements of Parker-Hannifin Corporation on Forms S-3 (File Nos. 333-47955 and 333-02761) and Forms S-8 (File Nos. 33-53193, 33-43938 and 2-66732) of our reports dated July 29, 1999, on our audits of the consolidated financial statements and financial statement schedule of Parker-Hannifin Corporation as of June 30, 1999 and 1998, and for the years ended June 30, 1999, 1998, and 1997, which reports are incorporated by reference or, in the case of the supplemental schedule report, included in this Annual Report on Form 10-K.

PricewaterhouseCoopers LLP

Cleveland, Ohio
September 24, 1999

Exhibit (24)* to Report
on Form 10-K for Fiscal
Year Ended June 30, 1999
by Parker-Hannifin Corporation

Power of Attorney

*Numbered in accordance with Item 601 of Regulation S-K.

Securities and Exchange Commission
Washington, D.C. 20549

Re: Parker-Hannifin Corporation

Commission File No. 1-4982
Annual Report on Form 10-K
Authorized Representatives

Gentlemen:

Parker-Hannifin Corporation (the "Company") is the issuer of Securities registered under section 12(b) of the Securities Exchange Act of 1934 (the "Act"). Each of the persons signing his name below confirms, as of the date appearing opposite his signature, that each of the following "Authorized Representatives" is authorized on his behalf to sign and to submit to the Securities and Exchange Commission Annual Reports on Form 10-K and amendments thereto as required by the Act:

Authorized Representatives

Duane E. Collins
Michael J. Hiemstra
Dennis W. Sullivan
Thomas A. Piraino, Jr.

Each person so signing also confirms the authority of each of the Authorized Representatives named above to do and perform, on his behalf, any and all acts and things requisite or necessary to assure compliance by the signing person with the Form 10-K filing requirements. The authority confirmed herein shall remain in effect as to each person signing his name below until such time as the Commission shall receive from such person a written communication terminating or modifying the authority.

	Date		Date
/s/ P. S. Parker P. S. Parker, Chairman of the Board of Directors	9/17/99	/s/ G. Mazzalupi G. Mazzalupi Director	9/20/99
/s/ D. E. Collins D. E. Collins, Principal Executive Officer and Director	9/17/99	/s/ K. P. Muller K. P. Muller, Director	9/15/99
/s/ M. J. Hiemstra M. J. Hiemstra, Principal Financial Officer	9/17/99	/s/ Hector R. Ortino H. R. Ortino, Director	9/15/99
/s/ Dana A. Dennis D. A. Dennis Principal Accounting Officer	9/17/99	/s/ Allan L. Rayfield A. L. Rayfield, Director	9/17/99
/s/ John G. Breen J. G. Breen, Director	9/20/99	/s/ Wolfgang R. Schmitt W. R. Schmitt, Director	9/17/99
/s/ Paul C. Ely, Jr. P. C. Ely, Jr., Director	9/21/99	/s/ D. L. Starnes D. L. Starnes, Director	9/17/99
/s/ P. W. Likins P. W. Likins, Director	9/20/99	/s/ D. W. Sullivan D. W. Sullivan, Director	9/17/99

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM PARKER-HANNIFIN CORPORATION'S REPORT ON FORM 10-K FOR ITS FISCAL YEAR ENDED JUNE 30, 1999 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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JUN-30-1999
JUN-30-1999
33,277
0
684,220
9,397
915,130
1,774,684
2,506,812
1,305,943
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4,958,800
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3,869,370
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310,501
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