

PROSPECTUS SUPPLEMENT

(To Prospectus dated May 3, 1996)

\$100,000,000

Parker-Hannifin Corporation
7.30% NOTES DUE 2011-----
Interest payable May 15 and November 15

THE NOTES WILL NOT BE REDEEMABLE PRIOR TO MATURITY AND WILL NOT BE SUBJECT TO ANY SINKING FUND. THE NOTES WILL BE REPRESENTED BY A REGISTERED GLOBAL SECURITY REGISTERED IN THE NAME OF THE DEPOSITORY TRUST COMPANY (THE "DEPOSITARY") OR ITS NOMINEE. BENEFICIAL INTERESTS IN THE REGISTERED GLOBAL SECURITY WILL BE SHOWN ON, AND TRANSFERS THEREAFTER WILL BE EFFECTED THROUGH, RECORDS MAINTAINED BY THE DEPOSITARY OR ITS PARTICIPANTS. SEE "DESCRIPTION OF THE NOTES."

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS SUPPLEMENT OR THE PROSPECTUS TO WHICH IT RELATES. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

PRICE 99.73% AND ACCRUED INTEREST

	PRICE TO PUBLIC(1)	UNDERWRITING DISCOUNTS AND COMMISSIONS(2)	PROCEEDS TO COMPANY (1)(3)
	-----	-----	-----
Per Note.....	99.73%	.75%	98.98%
Total.....	\$99,730,000	\$750,000	\$98,980,000

(1) Plus accrued interest from May 15, 1996.

(2) The Company has agreed to indemnify the Underwriters against certain liabilities, including liabilities under the Securities Act of 1933.

(3) Before deducting estimated expenses of \$106,250 payable by the Company.

The Notes are offered, subject to prior sale, when, as and if accepted by the Underwriters and subject to receipt by the Underwriters of an opinion of counsel for the Underwriters. It is expected that delivery of the Notes will be made on or about May 17, 1996 through the book-entry facilities of the Depository against payment therefor in immediately available funds.

MORGAN STANLEY & CO.
Incorporated

SALOMON BROTHERS INC

May 14, 1996

NO PERSON HAS BEEN AUTHORIZED BY THE COMPANY OR BY ANY UNDERWRITER OR DEALER TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED OR INCORPORATED BY REFERENCE IN THIS PROSPECTUS SUPPLEMENT OR THE PROSPECTUS AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN SO AUTHORIZED. NEITHER THIS PROSPECTUS SUPPLEMENT NOR THE PROSPECTUS CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITIES OTHER THAN THE SECURITIES DESCRIBED IN THIS PROSPECTUS SUPPLEMENT OR AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY SUCH SECURITIES IN ANY JURISDICTION TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER IN SUCH JURISDICTION. NEITHER THE DELIVERY OF THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES IMPLY THAT THE INFORMATION HEREIN IS CORRECT AS OF ANY DATE SUBSEQUENT TO THE DATE HEREOF.

TABLE OF CONTENTS

PROSPECTUS SUPPLEMENT

	PAGE

The Company.....	S-3
Recent Developments.....	S-3
Use of Proceeds.....	S-3
Capitalization.....	S-4
Selected Financial Information.....	S-5
Management's Discussion and Analysis of Financial Condition and Results of Operations.....	S-6
Description of the Notes.....	S-11
Underwriters.....	S-12

PROSPECTUS

	PAGE

Available Information.....	2
Incorporation of Certain Documents by Reference.....	2
The Company.....	3
Ratios of Earnings to Fixed Charges.....	4
Use of Proceeds.....	4
Description of Senior Debt Securities.....	4
Plan of Distribution.....	12
Legal Matters.....	14
Experts.....	14

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NOTES OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE COMPANY

Parker-Hannifin Corporation (the "Company") 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 both hydraulic and pneumatic 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 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 remove contaminants 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.

The Company's manufacturing, service, distribution and administrative facilities are located in 34 states, Puerto Rico and worldwide in 30 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 6,000 independent distributors. The Company's products are supplied to over a quarter million customer outlets in virtually every major manufacturing, transportation and processing industry.

RECENT DEVELOPMENTS

On January 15, 1996, the Company entered into an agreement with Power Control Technologies, Inc. and Pneumo Abex Corporation to purchase the aerospace assets of the Abex/NWL division ("Abex/NWL") of Pneumo Abex Corporation for approximately \$201 million in cash. The transaction closed on April 15, 1996. Abex/NWL is a major international producer of aerospace hydraulic actuation equipment, engine thrust-reverser actuators, hydraulic pumps, electrohydraulic servovalves, hydraulic systems and electromechanical actuation equipment. Abex/NWL became a division of Parker Bertea Aerospace Group, which offers a broad line of hydraulic, pneumatic and fuel systems and components.

On February 29, 1996, the Company, through its subsidiary Parker Pneumatic AB, acquired all of the outstanding shares of VOAC Hydraulics AB ("VOAC") from AVC Intressenter AB, which is a holding company owned jointly by Atlas Copco AB and Volvo Aero Corporation, for approximately \$163 million in cash. VOAC produces hydraulic components and systems, including pumps, cylinders, valves and motors, for mobile equipment in construction, forestry and other industries.

USE OF PROCEEDS

The net proceeds from the sale of the Notes offered hereby are estimated at \$98.9 million. The Company intends to use the net proceeds for the settlement of a portion of its outstanding commercial paper borrowings due May 17, 1996 with an interest rate of 5.38%. These borrowings were used to partially finance recent acquisition activity. See "Use of Proceeds" in the accompanying Prospectus.

CAPITALIZATION

The following table sets forth the unaudited consolidated capitalization of the Company and its subsidiaries as of March 31, 1996, adjusted to reflect (i) approximately \$192.1 million in commercial paper and bank borrowings and approximately \$6.0 million in foreign currency denominated bank loans, including revolving credit, assumed or incurred by the Company in connection with its acquisition of Abex/NWL on April 15, 1996 and (ii) the issuance and sale of the Notes offered hereby and the application of the estimated proceeds of \$98.9 million as described under "Use of Proceeds."

	MARCH 31, 1996 ACTUAL	ADJUSTED
	-----	-----
	(DOLLARS IN THOUSANDS)	
SHORT-TERM DEBT		
Commercial paper and bank borrowings.....	\$ 157,560	\$ 250,777
	=====	=====
LONG-TERM DEBT		
Debentures and notes 9.6%, due 1996-1999.....	\$ 7,428	\$ 7,428
10.375%, due 1999-2018.....	100,000	100,000
9.75%, due 2002-2021.....	100,000	100,000
7.30% Notes, due 2011.....		100,000
Variable rate debentures 3.45%, due 2010-2025.....	15,535	15,535
Industrial revenue bonds 2.05% to 8.0%, due 2002-2015.....	4,420	4,420
ESOP loan guarantee 8.41%, due 1996.....	6,895	6,895
Foreign:		
Bank loans, including revolving credit 1.75% to 13.20%, due 1996-2007.....	81,637	87,661
Other long-term debt, including capitalized leases.....	921	921
	-----	-----
Total Long-term debt.....	316,836	422,860
Less Long-term debt payable within one year.....	14,274	14,274
	-----	-----
Long-term debt, net.....	\$ 302,562	\$ 408,586
	=====	=====
SHAREHOLDERS' EQUITY		
Serial preferred stock, \$.50 par value, authorized 3,000,000 shares; none issued.....	\$ --	\$ --
Common stock, \$.50 par value, authorized 300,000,000 shares; issued 74,222,670 shares at par value.....	37,111	37,111
Additional capital.....	161,353	161,353
Retained earnings.....	1,109,356	1,109,356
Deferred compensation related to guarantee of ESOP debt.....	(6,895)	(6,895)
Foreign currency translation adjustments.....	24,426	24,426
	-----	-----
Total Shareholders' Equity.....	\$1,325,351	\$1,325,351
	=====	=====
Total Long-term debt and Shareholders' Equity.....	\$1,627,913	\$1,733,937
	=====	=====

SELECTED FINANCIAL INFORMATION

The selected financial information presented below for and as of the end of each of the fiscal years in the five-year period ended June 30, 1995 and for and as of the end of the nine-month periods ended March 31, 1995 and March 31, 1996 is derived from the Company's Annual Report on Form 10-K for the year ended June 30, 1995 and the Company's Quarterly Reports on Form 10-Q for the periods ended March 31, 1995 and 1996, respectively, and is qualified in its entirety by the information in such reports incorporated herein by reference. In the opinion of management of the Company, all adjustments (which consist only of normal recurring accruals) necessary for a fair summary of the results for the nine-month periods ended March 31, 1995 and 1996 have been included. Interim results are not necessarily indicative of the results to be expected for the fiscal year ending June 30, 1996. This information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained herein and incorporated by reference into the accompanying Prospectus and the consolidated financial statements of the Company and related notes incorporated by reference into the accompanying Prospectus.

	FISCAL YEAR ENDED JUNE 30,					NINE MONTHS ENDED MARCH 31,	
	1991	1992	1993	1994	1995	1995	1996
	(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)					(UNAUDITED)	
INCOME STATEMENT DATA							
Net sales.....	\$2,440,815	\$2,375,808	\$2,489,323	\$2,576,337	\$3,214,370	\$2,330,361	\$2,594,786
Income before income taxes.....	103,468	105,391	108,066	112,449	348,407	244,858	277,618
Income before extraordinary item and cumulative effect of changes in accounting principles.....	59,168	63,479	65,056	52,175	218,238	150,588	174,899
Net income.....	59,168	11,218	65,056	47,652	218,238	150,588	174,899
Earnings per share before extraordinary item and cumulative effect of changes in accounting principles.....	.82	.88	.89	.71	2.96	2.04	2.36
Earnings per share.....	.82	.15	.89	.65	2.96	2.04	2.36
BALANCE SHEET DATA							
Working capital.....	649,474	672,173	588,189	526,864	593,761	565,621	613,618
Total assets.....	1,920,697	1,958,120	1,963,590	1,925,744	2,302,209	2,211,623	2,583,603
Long-term debt.....	476,586	446,974	378,476	257,259	237,157	250,903	302,562
Shareholders' equity.....	943,475	934,019	932,900	966,351	1,191,514	1,125,336	1,325,351
RATIO OF EARNINGS TO FIXED CHARGES(1).....							
	2.54	2.81	3.05	3.68	10.16	9.76	10.59

(1) For purposes of calculating the ratio of earnings to fixed charges, "earnings" consist of income before income taxes and fixed charges (excluding capitalized interest). "Fixed charges" consist of (i) interest on indebtedness, whether expensed or capitalized, and (ii) that portion of rental expense the Company believes to be representative of interest.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the Selected Financial Information, the consolidated financial statements of the Company and related notes incorporated by reference into the accompanying Prospectus and the other information included elsewhere in this Prospectus. The Company's fiscal year ends June 30 of each year.

RESULTS OF OPERATIONS

FOR THE THREE MONTHS AND NINE MONTHS ENDED MARCH 31, 1996 AND COMPARABLE PERIODS ENDED MARCH 31, 1995

Net Sales. Net sales increased 5.9 percent for the third quarter of 1996 and 11.3 percent for the nine-month period ended March 31, 1996. Approximately one-half of these increases were due to acquisitions in the Industrial Segment. Market conditions for the Industrial Segment have been uneven with downturns in some markets being offset by gains in others.

Operating Income; Gross Profit. Income from operations was \$116.9 million for the third quarter of 1996 and \$294.4 million for the nine months ended March 31, 1996, an increase of 2.7 percent for the quarter and 9.7 percent for the nine months. Significant increases within the Aerospace Segment were offset by decreases in operating income in the International operations of the Industrial Segment. As a percent of sales, Income from operations decreased to 12.6 percent from 12.9 percent for the quarter and to 11.3 percent from 11.5 percent for the nine months. Cost of sales as a percent of sales increased to 76.0 percent from 75.8 percent for the quarter and to 76.9 percent from 76.8 percent for the nine-month period. Selling, general and administrative expenses, as a percent of sales, increased to 11.4 percent from 11.2 percent for the quarter and to 11.8 percent from 11.7 percent for the nine-month period.

Income Taxes. The effective income tax rate for the quarter and nine-month period ended March 31, 1996 was 37.0 percent compared to fiscal 1995 rates of 37.2 percent for the quarter and 38.5 percent for the nine-month period. The lower rate in fiscal 1996 is due to the continuing benefit realized from the use of net operating loss carry-forwards and a change in the geographic mix of earnings.

Net Income. Net income increased 5.0 percent for the quarter and 16.1 percent for the nine-month period ended March 31, 1996 as compared to the prior year. As a percent of sales, Net income decreased to 7.4 percent from 7.5 percent for the quarter but increased to 6.7 percent from 6.5 percent for the nine months.

Backlog. Backlog increased to \$1,068.2 million at March 31, 1996 as compared to \$998.1 million the prior year and \$1,025.7 million at June 30, 1995. The increase in backlog was partially due to acquisitions, but was primarily due to increased volume for both the Aerospace and Industrial Segments.

FOR THE FISCAL YEARS ENDED JUNE 30, 1994 AND 1995

Net Sales. Net sales of \$3.21 billion for fiscal 1995 were 24.8 percent higher than \$2.58 billion in 1994. Acquisitions contributed nearly one-fourth of this increase. North American Industrial operations experienced continuing strong demand in the heavy-duty truck, industrial machinery, construction and farm equipment, semi-conductor, mobile and telecommunications markets. In addition, these operations captured additional market share from competitors that have not been able to meet customer demands. International Industrial operations experienced significant growth, as much of Europe and Latin America recovered from recessions. Aerospace markets remained flat compared to the prior year as lower spending for military aircraft and a slumping commercial airline industry continued.

Net Income. Net income of \$218.2 million for 1995 was 358.0 percent higher than income of \$47.7 million in 1994. Income for 1994 was reduced by \$56.5 million, primarily for the reduction in book value of certain long-term assets, downsizing and relocation activities. Extraordinary item -- extinguishment of debt of \$4.5 million in 1994 is due to the redemption premiums and deferred issuance costs related to the early-

retirement of \$100.0 million of 9.45 percent debentures and \$3.5 million of Australian long-term bearer bonds. Income before extraordinary item as a percentage of sales was 6.8 percent in 1995, up from 2.0 percent in 1994. A summary of the changes follows:

INCREASE (DECREASE) IN INCOME -----	% TO SALES CHANGE -----
	1995-94 -----
Gross profit.....	3.5%
Selling, general & admin. expenses.....	(.3)
Provision for business restructuring activities.....	.7
Impairment of long-term operating assets.....	1.4
Interest expense.....	.5
Loss on disposal of assets.....	.7
Other	
Income taxes.....	(1.7)

Income before extraordinary item.....	4.8
	=====

Gross Profit Margin. Gross profit margin increased to 23.8 percent in 1995 from 20.3 percent in 1994. Increased production levels in North American and International Industrial operations provided increased margins and better absorption of fixed costs. Despite level sales volume, the Aerospace operations were able to improve margins by taking advantage of efficiencies as a result of previous reorganizations. The benefits of restructuring activities performed in prior years are being realized in the margin returns of all operations and are expected to benefit future years as well.

Selling, General and Administrative Expenses. Selling, general and administrative expenses as a percent of sales increased to 12.0 percent, from 11.7 percent in 1994. Acquisitions contributed to the increase with an average selling, general and administrative expense rate of 17.1 percent of sales. In addition, the Company incurred larger sales-promotion expenses and larger incentive compensation based on increased sales and earnings.

Provision for Business Restructuring Activities. Provision for business restructuring activities in 1994 was the result of continued actions aimed at reducing costs and included downsizing, plant closings and relocations, and write-offs of related capital assets. The actions taken have resulted in reduced overhead charges, benefiting 1995 and 1994, and should continue to benefit future periods. The remaining accruals from these actions are expected to be utilized by the end of 1996.

The Industrial Segment incurred restructuring charges of \$12.3 million in 1994. The North American Industrial operations incurred restructuring charges of \$5.4 million in 1994, which primarily involved the relocation or consolidation of higher-cost and under-utilized facilities. Severance charges of \$1.2 million were recorded for the reduction of 51 employees in 1994 and the reduction of 107 employees in 1995. Due to a management decision to sell a facility rather than relocate it, 44 of the employees were not terminated and a portion of the previous provision was reversed to income. International's restructuring charges of \$6.9 million in 1994 were primarily for severance costs for 159 employees (106 employees in 1994 and the remainder in 1995) and the consolidation of underutilized facilities.

The Aerospace operations incurred restructuring costs of \$6.5 million in 1994. Management took action to adjust to the changing market by reducing factory and office floor space and organizing into customer-focused teams to more effectively serve the customer. These charges included a workforce reduction of 597 employees (296 in 1994 and 301 in 1995) and relocation costs for three facilities which resulted in lower costs and enhanced capacity utilization. Due to a change in the outlook for several product lines, of the 301 employees to be terminated in 1995 only 159 were terminated. The effect on income for the reversal of this accrual was immaterial. Net cash outflow for the remaining restructuring activities is estimated to be \$2.1 million in 1996.

Impairment of Long-term Operating Assets. Impairment of long-term operating assets of \$35.5 million in 1994 includes \$28.9 million related to the write-down of goodwill and certain permanently impaired assets of the continuing operations of the Aerospace heat-transfer components product line. This product line was purchased during a period of heavy defense spending in 1987 and the related goodwill was being amortized over 40 years. However, with the completion of major contracts and the decline of aerospace markets, future cash flows are now estimated to be less than the carrying value of the related assets. Accordingly, the assets were written down to their recoverable value. While the effect of this charge had no cash impact, it reduced amortization and depreciation expenses \$1.6 million per year. The remaining impairment charges related primarily to certain machinery and equipment used in operations in unprofitable product lines in Brazil and Germany. Since the future cash flows of these product lines were anticipated to be less than the carrying value of the related assets, the machinery and equipment for these product lines were written down to their estimated recoverable value. The effect of these charges had no cash impact but reduced depreciation expense \$.7 million per year.

Interest Expense. Interest expense decreased by \$6.9 million in 1995 principally due to reductions in debt.

Loss on Disposal of Assets. Loss on disposal of assets was \$4.5 million in 1995, compared to \$19.6 million in 1994. In 1994 \$14.7 million related to the impairment of idle properties. These properties became idle due to downsizing activities and the assets were written down to their estimated recoverable value based on current markets. The 1994 loss on disposal of assets was also affected by a charge of \$1.3 million for the estimated net loss on the sale of the Metal Bellows operations. Losses on the disposal of assets from plant consolidations are included in the Provision for business restructuring activities in 1994.

Income Taxes. Income taxes decreased to an effective rate of 37.4 percent in 1995 as compared to 53.6 percent in 1994. The decrease was primarily due to the unusually high effective rate in 1994 from receiving no federal or state tax benefit for the charge taken to write down goodwill, and due to the use of net operating loss carryforwards in the U.K. and Brazil. Profits were higher than expected in these countries because of the International industrial recovery.

LIQUIDITY AND CAPITAL RESOURCES

FOR THE THREE MONTHS AND NINE MONTHS ENDED MARCH 31, 1996 AND COMPARABLE PERIODS ENDED MARCH 31, 1995

Working Capital. Working capital increased to \$613.6 million at March 31, 1996 from \$593.8 million at June 30, 1995 with the ratio of current assets to current liabilities remaining level at 1.9 to 1. Accounts receivable were \$36.8 million higher on March 31, 1996 than on June 30, 1995 primarily due to acquisitions. Inventory levels were \$37.7 million higher at March 31, 1996 due to acquisitions and also due to increases in the Aerospace segment as a result of higher volume. Accounts payable, trade decreased \$30.6 million since June 30, 1995 primarily as a result of the timing of payments for raw material purchases.

Plant and equipment, net increased \$104.7 million since June 30, 1995 with \$68.8 million of the increase the result of acquisitions. Other assets increased \$94.7 million since June 30, 1995 primarily as a result of increased goodwill.

Notes payable increased \$74.5 million and Long-term debt increased \$65.4 million since June 30, 1995 primarily to provide cash for acquisitions. The debt to debt-equity ratio, excluding the effect of the Employee Stock Ownership Plan (ESOP) loan guarantee on both Long-term debt and Shareholders' equity, increased to 26.0 percent at March 31, 1996 from 21.0 percent at June 30, 1995.

Cash Flows From Operating Activities. Net cash provided by operating activities was \$209.4 million for the nine months ended March 31, 1996, as compared to \$139.6 million for the same nine months in 1995. Net income contributed an additional \$24.3 million in fiscal 1996 as compared to fiscal 1995. Changes in the principal working capital items (Accounts receivable, Inventories, and Accounts payable, trade) resulted in the use of less cash -- \$65.9 million in fiscal 1996 as compared to \$96.0 million in fiscal 1995. The change in

Accrued domestic and foreign taxes provided \$11.0 million cash in fiscal 1996 as compared to using cash of \$9.9 million in fiscal 1995.

Cash Flows From Investing Activities. Net cash used in investing activities increased to \$309.0 million from \$208.9 million for the nine months ended March 31, 1996 and 1995 as a result of more cash used for acquisitions and higher Capital expenditures in fiscal 1996.

Cash Flows From Financing Activities. Financing activities provided cash of \$100.9 million for the nine months ended March 31, 1996 and \$31.2 million for the same period in 1995. Fiscal 1996 acquisition activity caused the need for a higher level of borrowings.

FOR THE FISCAL YEARS ENDED JUNE 30, 1994 AND 1995

Working Capital. Working capital increased to \$593,761 at June 30, 1995 from \$526,864 at June 30, 1994, with the ratio of current assets to current liabilities decreasing slightly to 1.9 to 1 from 2.0 to 1. Accounts receivable are primarily due from customers for sales of product (\$426.3 million at June 30, 1995, compared to \$347.4 million at June 30, 1994). The current year increase in accounts receivable is due to increased sales volume, acquisitions and the effects of currency rate changes. All of the increase was within the Industrial Segment as the Aerospace Segment slightly decreased accounts receivable on relatively level year-to-year sales. Days sales outstanding for the Company did not change from 1994. Inventories were \$625.9 million at June 30, 1995, compared to \$492.9 million a year ago. This increase is due to increased volume, acquisitions and the effects of currency rate changes. In addition, there were increased purchases of certain raw materials made late in the year for materials that had been in short supply. The increase is within the Industrial Segment, as the Aerospace Segment inventories decreased. Months supply of inventory on hand at June 30, 1995 remained level with the prior year. Excess cost of investments over net assets acquired increased \$57.8 million in 1995 from acquisitions.

Accounts payable, trade increased \$46.3 million in 1995 due to higher volume and current year acquisitions. The majority of the increase was within the Industrial Segment. Accrued payrolls and other compensation increased \$30.7 million in 1995 primarily as a result of incentive plans based on sales and earnings. Accrued domestic and foreign taxes decreased \$10.8 million in 1995 primarily as a result of payments made to the IRS to settle audit issues, partially offset by an increase in foreign taxes payable. Other accrued liabilities increased \$11.5 million in 1995 primarily due to acquisitions. Accruals related to restructuring decreased during the year, but were offset by increases in pension and workers' compensation accruals.

Notes payable and Long-term debt increased a total of \$50.3 million primarily due to cash needed for acquisitions, debt acquired as part of the acquisitions, and cash needed for foreign working capital, offset by a reduction of \$12.2 million of the ESOP debt guarantee. Pensions and other postretirement benefits increased \$19.2 million to \$188.3 million in 1995.

Deferred income taxes included in current assets increased by \$2.7 million due largely to increases in state income taxes that are not currently deductible. Non-current deferred income tax assets decreased by \$.4 million due to the reduction of the net operating loss carryovers of \$4.6 million for the Company's German operations. That reduction, however, was almost entirely offset by the foreign currency translation adjustments resulting from the strengthening Mark. Non-current deferred income tax liabilities increased \$2.5 million primarily due to increases in tax over book depreciation deductions and the deferred income taxes arising from current year acquisitions.

At June 30, 1995, non-current deferred income tax assets include a \$22.4 million tax benefit for the net operating loss carryforwards of the Company's German operations. The Company has not provided a valuation allowance that would be required under Statement of Financial Accounting Standards (SFAS) No. 109 if it is more likely that these benefits would not be realized. Although future events cannot be predicted with certainty, management continues to believe these benefits will be realized because: the tax loss carryforward period is unlimited; there are several tax planning strategies that can be used to reduce the carryforward; 26 percent of the losses were due to non-recurring restructuring charges and the remainder primarily the result of

the recession in Europe; and the Company expects its German operations will continue their return to pre-1991 profitability levels.

It is the Company's goal 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 normalized ratio of debt to debt-equity in the range of 30 to 33 percent. The calculation of the debt to debt-equity ratio at June 30, 1995 and 1994 includes the Company's loan guarantee to the trust established by the Company for the ESOP.

DEBT TO DEBT-EQUITY RATIO (MILLIONS)	1995	1994
-----	-----	-----
Debt.....	\$ 335	\$ 284
Debt & Equity.....	1,526	1,251
Ratio.....	21.9%	22.7%
	=====	=====

Excluding the effect of the ESOP loan guarantee on Long-term debt and Shareholders' equity, the debt to debt-equity ratio at June 30, 1995 and 1994 was 21.0 percent and 20.7 percent, respectively.

Cash Flows From Operating Activities. The Company's largest source of cash continues to be net cash provided by operating activities. The most significant contribution to operating cash in 1995 was Net income. Changes in the principal working capital items -- Accounts receivable, Inventories and Accounts payable, trade -- required \$109.2 million cash in 1995, and contributed \$24.4 million cash in 1994. Accounts receivable and Inventories increased significantly in 1995 as a result of increased volume (without the effect of acquisitions), using cash of \$138.8 million. The charge for the impairment of long-term assets in 1994 (\$52.4 million) did not require the use of cash and therefore is a reconciling item added to Net income. Cash paid for income taxes was \$123,590 in 1995 and \$71,375 in 1994.

Cash Flows From Investing Activities. Capital expenditures, a principal use of long-term funds, increased to \$152.0 million in 1995 from \$99.9 million in 1994, and are expected to increase again in 1996. Cash used for acquisitions was \$126.7 million in 1995 and \$39.4 million in 1994. Financing for future capital expenditures and acquisitions are expected to come primarily from internally generated cash flows. Proceeds from dispositions of business provided \$13.7 million cash in 1994.

Cash Flows From Financing Activities. In 1995, the Company increased its outstanding borrowings by a net total of \$43.3 million compared to reducing its outstanding borrowings by a net total of \$172.3 million in 1994. In 1995 Notes payable were utilized to provide cash for acquisitions. In 1994 payments of long-term borrowings were primarily the early-retirement of \$100.0 million of debentures, the retirement of \$35.1 million in foreign bearer bonds and the elimination of certain foreign bank loans.

Proceeds from common share activity is primarily from the exercise of stock options and common shares issued for a 1995 acquisition. Dividends have been paid for 180 consecutive quarters, including a yearly increase in dividends for the last 39 fiscal years. The current annual dividend rate is \$.72 per share.

Cash paid for interest, net of capitalized interest, was \$28,944 in 1995 and \$34,221 in 1994. Noncash financing activities included the reduction in principal of the ESOP debt guarantee, which amounted to \$12,229 in 1995 and \$11,067 in 1994.

In summary, based upon the Company's past performance and current expectations, management believes that 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.

DESCRIPTION OF THE NOTES

The Notes offered hereby will be issued under an Indenture, dated as of May 3, 1996, between the Company and National City Bank, as Trustee, as supplemented from time to time (the "Indenture"). The form of the Indenture was filed as an exhibit to the Registration Statement of which the accompanying Prospectus is a part. The following summary of certain provisions of the Indenture and of the Notes (referred to in the accompanying Prospectus as the "Offered Debt Securities") supplements, and to the extent inconsistent therewith replaces, the summaries of certain provisions of the Offered Debt Securities set forth in the accompanying Prospectus, to which reference is hereby made. Such summary does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all provisions of the Indenture, including the definitions therein of certain terms.

The Notes offered hereby will be limited to \$100.0 million aggregate principal amount and will mature on May 15, 2011. Each Note will bear interest at the rate of 7.30% per annum, computed on the basis of a 360-day year of twelve 30-day months, from May 15, 1996 or from the most recent interest payment date to which interest has been paid or provided for, payable semiannually on May 15 and November 15 of each year commencing on November 15, 1996. Interest payable on any Note which is punctually paid or duly provided for on any interest payment date shall be paid to the person in whose name such Note is registered at the close of business on the May 1, or November 1, respectively, preceding such interest payment date.

The Notes are to be issued only in registered form without coupons in denominations of \$1,000 and any multiple of \$1,000. The Notes will not be redeemable prior to maturity and will not be entitled to any sinking fund. The Indenture contains covenants limiting certain liens and sale and leaseback transactions. In addition, the Notes will be subject to defeasance and covenant defeasance as described under the caption "Description of Senior Debt Securities -- Defeasance and Discharge, Covenant Defeasance" in the accompanying Prospectus.

BOOK-ENTRY PROCEDURES

Upon issuance, all Notes will be represented by a fully registered global note (the "Global Note"). The Global Note will be deposited with, or on behalf of, The Depository Trust Company, as Depository (the "Depository"), and registered in the name of the Depository or a nominee thereof. Unless and until it is exchanged in whole or in part for Notes in definitive form, the Global Note may not be transferred except as a whole by the Depository to a nominee of such Depository or by a nominee of such Depository to such Depository. A further description of the Depository's procedures with respect to the Global Note is set forth in the accompanying Prospectus under "Description of Senior Debt Securities -- Book-Entry System."

SAME-DAY SETTLEMENT AND PAYMENT

Settlement for the Notes will be made by the Underwriters in immediately available funds. All payments of principal and interest on the Global Note will be made by the Company in immediately available funds to the Trustee and then by the Trustee to the Depository or its nominee, as the case may be, as the registered holder thereof.

UNDERWRITERS

Under the terms and subject to the conditions contained in an Underwriting Agreement dated the date hereof, the Underwriters named below have severally agreed to purchase, and the Company has agreed to sell to them, severally, the respective principal amounts of Notes set forth opposite their respective names below:

NAME -----	PRINCIPAL AMOUNT OF NOTES -----
Morgan Stanley & Co. Incorporated.....	\$ 50,000,000
Salomon Brothers Inc.....	50,000,000

Total.....	\$100,000,000 =====

The Underwriting Agreement provides that the obligations of the several Underwriters to pay for and accept delivery of the Notes are subject to receipt of an opinion of counsel and to certain other conditions. The Underwriters are obligated to take and pay for all the Notes if any are taken.

The Underwriters propose initially to offer part of the Notes directly to the public at the public offering price set forth on the cover page hereof and part to certain dealers at a price that represents a concession not in excess of .45% of the principal amount of the Notes. Any Underwriter may allow, and such dealers may reallow, a concession not in excess of .25% of the principal amount of the Notes to certain other dealers. After the initial offering of the Notes, the offering price and other selling terms may from time to time be varied by the Underwriters.

The Company has agreed to indemnify the several Underwriters against certain liabilities, including liabilities under the Securities Act of 1933.

The Company does not intend to apply for listing of the Notes on a national securities exchange but has been advised by the Underwriters that they currently intend to make a market in the Notes as permitted by applicable laws and regulations. The Underwriters are not obligated, however, to make a market on the Notes and any such market making may be discontinued at any time at the sole discretion of the Underwriters. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the Notes.

Morgan Stanley & Co. Incorporated and Salomon Brothers Inc have provided and will in the future continue to provide investment banking and other financial services for the Company and certain of its affiliates in the ordinary course of business for which they have received and will receive customary compensation.

PROSPECTUS

\$400,000,000

PARKER-HANNIFIN CORPORATION

SENIOR DEBT SECURITIES

Parker-Hannifin Corporation (the "Company") intends to issue from time to time in one or more series its senior unsecured debt securities (the "Senior Debt Securities"), consisting of debentures, notes, bonds and/or other unsecured evidences of indebtedness, at an aggregate initial offering price not to exceed U.S. \$400,000,000, or the equivalent thereof if Senior Debt Securities are denominated in one or more foreign currencies or foreign currency units, at prices and on terms to be determined at or prior to the time of sale.

Specific terms of the Senior Debt Securities in respect of which this Prospectus is being delivered (the "Offered Securities") will be set forth in an accompanying supplement to this Prospectus (each, a "Prospectus Supplement"), together with the terms of the offering of the Offered Securities, the initial offering price and the net proceeds to the Company from the sale thereof. The accompanying Prospectus Supplement will set forth, among other items, the following with respect to the Offered Securities: the specific designation, aggregate principal amount, authorized denominations, maturity, rate or method of calculation of interest, if any, and dates for payment thereof, any redemption, prepayment or sinking fund provisions, any exchange rights, and the currency, currencies or currency units in which principal, premium, if any, or interest, if any, is payable.

The Offered Securities may be sold through underwriters, dealers or agents or may be sold directly to purchasers. If any underwriters, dealers or agents are involved in the sale of any Offered Securities, their names and any applicable fee, commission or discount arrangements will be set forth in the accompanying Prospectus Supplement. The net proceeds to the Company of the sale of Offered Securities will be the purchase price of such Offered Securities less attributable issuance expenses, including underwriters', dealers' or agents' compensation. See "Plan of Distribution" for indemnification arrangements for underwriters, dealers and agents.

This Prospectus may not be used to consummate sales of Senior Debt Securities unless accompanied by a Prospectus Supplement.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS OR ANY SUPPLEMENT HERETO.
ANY REPRESENTATION TO THE CONTRARY
IS A CRIMINAL OFFENSE.

The date of this Prospectus is May 3, 1996.

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION NOT CONTAINED OR INCORPORATED BY REFERENCE IN THIS PROSPECTUS OR THE ACCOMPANYING PROSPECTUS SUPPLEMENT AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY OR ANY AGENT, DEALER OR UNDERWRITER. NEITHER THE DELIVERY OF THIS PROSPECTUS OR THE ACCOMPANYING PROSPECTUS SUPPLEMENT NOR ANY SALE MADE HEREUNDER OR THEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THE INFORMATION CONTAINED HEREIN OR IN THE ACCOMPANYING PROSPECTUS SUPPLEMENT IS CORRECT AS OF ANY DATE SUBSEQUENT TO THE DATE HEREOF OR THEREOF OR THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE THE DATE HEREOF OR THEREOF. NEITHER THIS PROSPECTUS NOR THE ACCOMPANYING PROSPECTUS SUPPLEMENT CONSTITUTES AN OFFER TO SELL OR SOLICITATION OF AN OFFER TO BUY SENIOR DEBT SECURITIES IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED OR IN WHICH THE PERSON MAKING SUCH OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION.

 AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934 (the "Exchange Act") and in accordance therewith files reports and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information can be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549 and at the following regional offices of the Commission: New York Regional Office, Seven World Trade Center, Suite 1300, New York, New York 10048, and Chicago Regional Office, Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of such material can be obtained by mail at prescribed rates from the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549. The Company's Common Stock is listed on the New York Stock Exchange, and such reports, proxy and information statements and other information concerning the Company may also be inspected at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

This Prospectus constitutes a part of a Registration Statement on Form S-3 (the "Registration Statement") filed by the Company with the Commission under the Securities Act of 1933 (the "Securities Act"). This Prospectus and the accompanying Prospectus Supplement omit certain of the information contained in the Registration Statement in accordance with the rules and regulations of the Commission. Reference is hereby made to the Registration Statement and related exhibits for further information with respect to the Company and the Senior Debt Securities. Statements contained herein concerning the provisions of any document are not necessarily complete and, in each instance, reference is made to the copy of such document filed as an exhibit to the Registration Statement or otherwise filed with the Commission. Each such statement is qualified in its entirety by such reference.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents previously filed by the Company with the Commission are incorporated by reference in this Prospectus:

(i) The Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1995; and

(ii) The Company's Quarterly Reports on Form 10-Q for the quarters ended September 30, 1995 and December 31, 1995.

All documents filed by the Company with the Commission pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of this Prospectus and prior to the termination of the offering hereunder shall be deemed to be incorporated by reference into this Prospectus and to be a part hereof from the date of the filing of such documents. Any statement contained herein or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of the Registration Statement and this Prospectus to the extent that a statement contained herein or in any subsequently filed document which also is or is deemed to be incorporated by reference herein or in the

accompanying Prospectus Supplement modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of the Registration Statement or this Prospectus.

The Company will provide, without charge, to each person to whom this Prospectus is delivered, on the written or oral request of any such person, a copy of any or all of the documents which have been incorporated herein by reference, other than exhibits to such documents (unless such exhibits are specifically incorporated by reference into such documents). Requests should be directed to Parker-Hannifin Corporation, 17325 Euclid Avenue, Cleveland, Ohio 44112-1290, Attention: Joseph D. Whiteman, Esq., Vice President, General Counsel and Secretary, telephone (216) 531-3000.

THE COMPANY

Parker-Hannifin Corporation (the "Company") 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 both hydraulic and pneumatic 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 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 remove contaminants 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.

The Company's manufacturing, service, distribution and administrative facilities are located in 34 states, Puerto Rico and worldwide in 30 foreign countries. Its motion control technology is used in 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 6,000 independent distributors. The Company's products are supplied to over a quarter million customer outlets in virtually every major manufacturing, transportation and processing industry.

The Company was incorporated in Ohio in 1938. Its principal executive offices are located at 17325 Euclid Avenue, Cleveland, Ohio 44112-1290, telephone (216) 531-3000.

RATIOS OF EARNINGS TO FIXED CHARGES

The following table sets forth the ratio of earnings to fixed charges for the Company for each of the last five fiscal years ended June 30, 1995 and for the six months ended December 31, 1995 and December 31, 1994. For the purpose of calculating the ratio of earnings to fixed charges, "earnings" consist of income from continuing operations before income taxes and fixed charges (excluding capitalized interest). "Fixed charges" consist of (i) interest on indebtedness, whether expensed or capitalized, and (ii) that portion of rental expense the Company believes to be representative of interest.

	SIX MONTHS ENDED		FISCAL YEAR ENDED				
	DECEMBER 31, 1995	DECEMBER 31, 1994	1995	1994	JUNE 30, 1993	1992	1991
Ratio of earnings to fixed charges.....	10.09	8.64	10.16	3.68	3.05	2.81	2.54

USE OF PROCEEDS

The Company intends to use the net proceeds from the sale of the Senior Debt Securities for general corporate purposes, which may include refinancing or repayment of indebtedness, financing acquisitions as they may arise, repurchasing the Company's equity securities, and financing of capital expenditures and working capital. Further details relating to the uses of the net proceeds of any such offering will be set forth in the applicable Prospectus Supplement.

DESCRIPTION OF SENIOR DEBT SECURITIES

The following description of the Senior Debt Securities sets forth certain general terms and provisions of the Senior Debt Securities to which any Prospectus Supplement may relate. The particular terms of the Senior Debt Securities offered by any Prospectus Supplement (the "Offered Securities") and the extent, if any, to which such general provisions may apply to the Senior Debt Securities so offered will be described in the Prospectus Supplement or Prospectus Supplements relating to such Offered Securities.

The Offered Securities are to be issued under an Indenture (the "Indenture") between the Company and National City Bank, as Trustee (the "Trustee"). A form of the Indenture is filed as an exhibit to the Registration Statement. The following summaries of certain provisions of the Senior Debt Securities and the Indenture do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all the provisions of the Indenture, including the definitions therein of certain terms, and, with respect to any particular Offered Securities, to the description of the terms thereof included in the Prospectus Supplement relating thereto. Section numbers below refer to provisions of the Indenture.

GENERAL

The Senior Debt Securities will be unsecured obligations of the Company and will rank on a parity with all other unsecured unsubordinated indebtedness of the Company. The Indenture does not limit the amount of Senior Debt Securities that may be issued thereunder and provides that Senior Debt Securities may be issued from time to time in one or more series. (Section 301)

The Prospectus Supplement or Prospectus Supplements relating to the particular series of Senior Debt Securities offered thereby will describe the following terms of the Offered Securities or the series of which they are a part: (i) the title of the Offered Securities; (ii) any limit on the aggregate principal amount of the Offered Securities; (iii) the Person to whom any interest on the Offered Securities shall be payable, if other than the Person in whose name that Offered Security is registered on the Regular Record Date for such interest; (iv) the date or dates on which the principal of any Offered Security is payable; (v) the rate or rates at which the Offered Securities will bear interest, if any, and the date or dates from which such interest will accrue and the dates on which such interest will be payable and the Regular Record Dates for such Interest Payment Dates; (vi) the place or places where the principal of and any premium and interest on any Offered Securities is payable; (vii) the period or periods within which, the price or prices at which and the terms and

conditions upon which the Offered Securities may be redeemed in whole or in part at the option of the Company; (viii) any mandatory or optional sinking fund or analogous provisions; (ix) if other than denominations of \$1,000 and any integral multiple thereof, the denominations in which any securities will be issuable; (x) if the amount of payments of principal of and any premium or the interest on the Offered Securities may be determined with reference to an index or pursuant to a formula, the manner in which such amounts shall be determined; (xi) if other than the currency of the United States of America, the currency, currencies or currency units in which the principal of or any premium or interest on any Offered Securities is payable and the manner of determining the equivalent thereof in the currency of the United States of America under the Indenture; (xii) if the principal of or any premium or interest on any Offered Securities is to be payable, at the election of the Company or the Holder thereof, in one or more currencies or currency units other than that or those in which such Offered Securities are stated to be payable, the currency, currencies or currency units in which the principal of or any premium or interest on such Securities as to which such election is made shall be payable, the periods within which and the terms and conditions upon which such election is to be made and the amount so payable (or the manner in which such amount shall be determined); (xiii) if other than the entire principal amount thereof, the portion of the principal amount of any Offered Securities which will be payable upon declaration of acceleration of the Maturity thereof; (xiv) if the principal amount payable at the Stated Maturity of any Offered Securities will not be determinable as of any one or more dates prior to the Stated Maturity, the amount which shall be deemed to be the principal amount of such Offered Securities as of any such date for any purpose under the Indenture; (xv) if applicable, that the Offered Securities, in whole or any specified part, shall be defeasible pursuant to the Indenture; (xvi) if applicable, that any Offered Securities will be issuable in whole or in part in the form of one or more Global Securities and, if so, the respective Depositaries for such Global Securities, the form of any legend or legends to be borne by any such Global Security in addition to or in lieu of the legend referred to under "Book-Entry System" and, if different from those described under such caption, any circumstances under which any such Global Security may be exchanged in whole or in part for Senior Debt Securities registered, and any transfer of such Global Security in whole or in part may be registered, in the names of persons other than the Depository for such Global Security or its nominee; (xvii) any addition to or change in the Events of Default applicable to any Offered Securities and any change in the right of the Trustee or the requisite Holders of such Offered Securities to declare the principal amount thereof due and payable pursuant to the Indenture; (xviii) any addition to or change in the covenants set forth in Article Ten of the Indenture (including, without limitation, those described in "Certain Covenants of Senior Debt Securities") which apply to such Offered Securities; and (xix) any other terms of the Offered Securities not inconsistent with the provisions of the Indenture. (Section 301)

DENOMINATIONS, REGISTRATION OF TRANSFER AND EXCHANGE

Unless otherwise indicated in the Prospectus Supplement or Prospectus Supplements relating thereto, the Senior Debt Securities will be issued only in registered form, without coupons and only in denominations of \$1,000 or any integral multiple thereof. (Section 302)

Senior Debt Securities may be issued under the Indenture as Original Issue Discount Securities to be offered and sold at a substantial discount below their stated principal amount. Certain United States federal income tax consequences (if any) and other special considerations applicable to any such Original Issue Discount Securities will be described in the Prospectus Supplement or Prospectus Supplements relating thereto. "Original Issue Discount Security" means any Senior Debt Security which provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration of the Maturity thereof upon the occurrence of an Event of Default and the continuation thereof. (Section 101) In addition, certain United States federal income tax or other considerations (if any) applicable to any Senior Debt Securities which are denominated in a currency or currency unit other than United States dollars may be described in the applicable Prospectus Supplement.

Subject to the terms of the Indenture and the limitations applicable to Global Securities, upon surrender for registration of transfer of any Senior Debt Security of a series at the office or agency of the Company in the Place of Payment for that series, the Company will execute, and the Trustee will authenticate and deliver, in

the name of the designated transferee or transferees, one or more new Senior Debt Securities of the same series, of any authorized denominations and of like tenor and aggregate principal amount. At the option of the Holder, subject to the terms of the Indenture and the limitations applicable to Global Securities, Senior Debt Securities of any series may be exchanged for other Senior Debt Securities of the same series, of any authorized denominations and of like tenor and aggregate principal amount, upon surrender of the Senior Debt Securities to be exchanged at such office or agency. No service charge will be made for any registration of transfer or exchange of the Offered Securities, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith. (Section 305)

CERTAIN DEFINITIONS

Set forth below is a summary of certain defined terms used in the Indenture. Reference is made to the Indenture for the full definition of all such terms.

"Subsidiary" is defined as a corporation more than 50% of the outstanding voting stock of which is owned, directly or indirectly, by the Company and/or one or more Subsidiaries of the Company.

"Restricted Subsidiary" is defined as a Subsidiary of the Company substantially all the property of which is located, or substantially all of the business of which is carried on, within the United States and which owns a Principal Property.

"Principal Property" is defined to mean any manufacturing or processing plant or warehouse owned by the Company or any Restricted Subsidiary which is located within the United States and the gross book value of which (including related land, improvements, machinery and equipment without deduction of any depreciation reserves) on the date as of which the determination is being made, exceeds 1% of Consolidated Net Tangible Assets, other than properties or any portion of a particular property which in the opinion of the Company's Board of Directors are not of material importance to the Company's business or to the use or operation of such property.

"Attributable Debt" is defined to mean the total net amount of rent required to be paid during the remaining primary term of certain leases, discounted at a rate per annum equal to the weighted average yield to maturity of the Senior Debt Securities calculated in accordance with generally accepted financial practices.

"Consolidated Net Tangible Assets" is defined to mean the aggregate amount of assets (less applicable reserves and other properly deductible items) after deducting (i) all liabilities other than deferred income taxes, Funded Debt and shareholders' equity, and (ii) all goodwill and other intangibles of the Company and its consolidated Subsidiaries.

"Funded Debt" is defined to mean (i) all indebtedness for money borrowed having a maturity of more than 12 months from the date as of which the determination is made or having a maturity of 12 months or less but by its terms being renewable or extendible beyond 12 months from such date at the option of the borrower and (ii) rental obligations payable more than 12 months from such date under leases which are capitalized in accordance with generally accepted accounting principles (such rental obligations to be included as Funded Debt at the amount so capitalized at the date of such computation and to be included for the purposes of the definition of Consolidated Net Tangible Assets both as an asset and as Funded Debt at the respective amounts so capitalized).

CERTAIN COVENANTS OF SENIOR DEBT SECURITIES

The Indenture contains, among other things, the following covenants:

Restrictions of Secured Debt. The Company will not itself, and will not permit any Restricted Subsidiary to, incur, issue, assume or guarantee any evidence of indebtedness for money borrowed ("Debt") secured by a mortgage, pledge or lien ("Mortgage") on any Principal Property of the Company or any Restricted Subsidiary, or on any shares of stock of or Debt of any Restricted Subsidiary, without effectively providing that the Senior Debt Securities are secured equally and ratably with (or, at the Company's option, prior to) such secured Debt, unless the aggregate amount of all such secured Debt, together with all

Attributable Debt of the Company and its Restricted Subsidiaries with respect to sale and leaseback transactions involving Principal Properties (with the exception of such transactions which are excluded as described in "Restrictions on Sales and Leasebacks" below), would not exceed 10% of Consolidated Net Tangible Assets.

The above restriction does not apply to, and there will be excluded from Debt in any computation under such restriction, (i) Debt secured by Mortgages on property of, or on any shares of stock of or Debt of, any corporation existing at the time such corporation becomes a Restricted Subsidiary, (ii) Debt secured by Mortgages in favor of the Company or a Restricted Subsidiary, (iii) Debt secured by Mortgages in favor of governmental bodies to secure progress or advance payments or payments pursuant to contracts or statute, (iv) Debt secured by Mortgages on property, shares of stock or Debt existing at the time of acquisition thereof (including acquisition through merger or consolidation) and Debt secured by Mortgages to finance the acquisition of property, shares of stock or Debt or to finance construction on property which is incurred within 180 days of such acquisition or completion of construction, (v) Debt secured by Mortgages securing industrial revenue or pollution control bonds, or (vi) any extension, renewal or replacement of any Debt referred to in the foregoing clauses (i) through (v) inclusive, provided, however, that such extension, renewal or replacement Mortgage shall be limited to all or part of the same property, shares of stock or Debt that secured the Mortgage extended, renewed or replaced (plus improvements on such property). (Section 1007)

Restrictions on Sales and Leasebacks. Neither the Company nor any Restricted Subsidiary may enter into any sale and leaseback transaction involving any Principal Property, unless the aggregate amount of all Attributable Debt of the Company and its Restricted Subsidiaries with respect to such transaction plus all secured Debt to which the restrictions described under "Restrictions on Secured Debt" above apply would not exceed 10% of Consolidated Net Tangible Assets.

This restriction does not apply to, and there shall be excluded from Attributable Debt in any computation under such restriction, any sale and leaseback transaction if (i) the lease is for a period of not in excess of three years, including renewal rights, (ii) the sale or transfer of the Principal Property is made within 180 days after the later of its acquisition or completion of construction, (iii) the lease secures or relates to industrial revenue or pollution control bonds, (iv) the transaction is between the Company and a Restricted Subsidiary or between Restricted Subsidiaries, or (v) the Company or such Restricted Subsidiary, within 180 days after the sale is completed, applies (A) to the retirement of the Senior Debt Securities, other Funded Debt of the Company ranking on a parity with or senior to the Senior Debt Securities, or Funded Debt of a Restricted Subsidiary, or (B) to the purchase of other property which will constitute a Principal Property having a value at least equal to the value of the Principal Property leased, an amount equal to the greater of (i) the net proceeds of the sale of the Principal Property leased, or (ii) the fair market value of the Principal Property leased. In lieu of applying proceeds to the retirement of Funded Debt, the Company may surrender debentures or notes (including the Senior Debt Securities) to the Trustee for retirement and cancellation, or the Company or a Restricted Subsidiary may receive credit for the principal amount of Funded Debt voluntarily retired within 180 days after such sale. (Section 1008)

EVENTS OF DEFAULT

The Indenture defines an Event of Default with respect to Senior Debt Securities of any series as being any one of the following events and such other events as may be established for the Senior Debt Securities of a particular series: (i) default for 30 days in any payment of interest on any Senior Debt Security of such series; (ii) default in any payment of principal of or any premium on any Senior Debt Security of such series when due; (iii) default in the payment of any sinking fund installment with respect to such series when due; (iv) default for 60 days after appropriate notice in performance of any other covenant or warranty included in the Indenture (other than those covenants or warranties included solely for the benefit of series of Senior Debt Securities other than that series); (v) default under any evidence of indebtedness of the Company or any Restricted Subsidiary exceeding \$10,000,000 in aggregate principal amount (including a default with respect to Senior Debt Securities of series other than that series) or under any mortgage, indenture or instrument under which any such indebtedness is issued or secured (including the Indenture), which default results in

acceleration of the maturity of such indebtedness, if such acceleration is not rescinded or annulled or if such indebtedness is not discharged within 10 days after written notice as provided in the Indenture; (vi) certain events in bankruptcy, insolvency or reorganization; or (vii) any other Event of Default provided with respect to Senior Debt Securities of that series. (Section 501) If an Event of Default with respect to Senior Debt Securities of any series at the time Outstanding occurs and is continuing, either the Trustee or the Holders of at least 25% in principal amount of the Outstanding Senior Debt Securities of that series may declare the principal of such series (or, if the Senior Debt Securities of that series are Original Issue Discount Securities, such portion of the principal as may be specified by the terms of that series) to be due and payable immediately. At any time after a declaration of acceleration with respect to Senior Debt Securities of any series has been made, but before a judgment or decree based on acceleration has been obtained, the Holders of a majority in principal amount of the Outstanding Senior Debt Securities of that series may, under certain circumstances, rescind and annul such acceleration. (Section 502)

Reference is made to the Prospectus Supplement or Prospectus Supplements relating to each series of Offered Securities which are Original Issue Discount Securities for the particular provisions relating to acceleration of the Maturity of a portion of the principal amount of such Original Issue Discount Securities upon the occurrence of an Event of Default and the continuation thereof.

The Indenture requires the Company to file annually with the Trustee an Officers' Certificate as to the absence of certain defaults under the terms of the Indenture. (Section 1009) The Indenture provides that if a default occurs with respect to Senior Debt Securities of any series, the Trustee will give the Holders of such series notice of such default when, as and to the extent provided by the Trust Indenture Act, provided, however, that in the case of any default under any covenant referenced in clause (iv) above with respect to such series, no such notice to Holders will be given until at least thirty days after the occurrence thereof. (Section 602)

The Indenture provides that the Trustee will be under no obligation, subject to the duty of the Trustee during default to act with the required standard of care, to exercise any of its rights or powers under the Indenture at the request or direction of any of the Holders, unless such Holders shall have offered to the Trustee reasonable indemnity. (Section 603) Subject to such provisions for indemnification of the Trustee, the Holders of a majority in principal amount of the Outstanding Senior Debt Securities of any series will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, with respect to the Senior Debt Securities of that series. (Section 512)

MODIFICATION AND WAIVER

Without the consent of any Holders, the Company and the Trustee, at any time from time to time, may modify or amend the Indenture to (i) evidence the succession of another Person to the Company and such Person's assumption of any covenants of the Company under the Indenture and any Senior Debt Securities; (ii) add covenants of the Company for the benefit of Holders of all or any series of Senior Debt Securities or to surrender any right or power conferred upon the Company; (iii) add any additional Events of Default for the benefit of the Holders of all or any series of Senior Debt Securities; (iv) add to or change any provisions of the Indenture to the extent necessary to permit or facilitate the issuance of Senior Debt Securities in bearer form, registrable or not registrable as to principal, and with or without interest coupons, or to permit or facilitate the issuance of Senior Debt Securities in uncertificated form; (v) add to, change or eliminate any of the provisions of the Indenture in respect of one or more series of Senior Debt Securities, subject to certain limitations; (vi) secure the Senior Debt Securities; (vii) establish the form or terms of Senior Debt Securities of any series; (viii) evidence and provide for the acceptance of appointment by a successor Trustee with respect to one or more series of Senior Debt Securities; or (ix) to cure any ambiguity, to correct or supplement any provision in the Indenture which may be defective or inconsistent with any other provision of the Indenture, provided that such action will not adversely affect the interests of Holders of Senior Debt Securities of any series in any material respect. (Section 901)

Modifications and amendments of the Indenture may be made by the Company and the Trustee with the consent of the Holders of 66 2/3% in principal amount of the Outstanding Senior Debt Securities of each series affected by such modification or amendment; provided, however, that no such modification or amendment may, without the consent of the Holder of each outstanding Senior Debt Security affected thereby, (i) change the stated maturity date of the principal of, or any installment of principal of or interest on, any Senior Debt Security, (ii) reduce the principal amount of, or any premium or interest on, any Senior Debt Security, (iii) reduce the amount of principal of an Original Issue Discount Security or any other Senior Debt Security payable upon acceleration of the Maturity thereof, (iv) change the place or currency of payment of principal of, or any premium or interest on, any Senior Debt Security, (v) impair the right to institute suit for the enforcement of any payment on or with respect to any Senior Debt Security or (vi) reduce the percentage in principal amount of Outstanding Senior Debt Securities of any series, the consent of whose Holders is required for modification or amendment of the Indenture or for waiver of compliance with certain provisions of the Indenture or for waiver of certain defaults. (Section 902)

The Holders of 66 2/3% in principal amount of the Outstanding Senior Debt Securities of any series may on behalf of the Holders of all Senior Debt Securities of that series waive, insofar as that series is concerned, compliance by the Company with certain restrictive provisions of the Indenture. (Section 1010) The Holders of a majority in principal amount of the Outstanding Senior Debt Securities of any series may on behalf of the Holders of all Senior Debt Securities of that series waive any past default under the Indenture with respect to that series, except a default in the payment of the principal of, or any premium or interest on, any Senior Debt Security of that series or in respect of a provision which under the Indenture cannot be modified or amended without the consent of the Holder of each Outstanding Senior Debt Security of that series affected. (Section 513)

CONSOLIDATION, MERGER AND SALE OF ASSETS

The Company may not consolidate with or merge into or convey, transfer or lease its property and assets substantially as an entirety to any person (a "successor Person") unless (i) that person is a corporation, partnership or trust organized and validly existing under the laws of the United States of America or any State or the District of Columbia, (ii) the successor Person assumes by supplemental indenture all of the Company's obligations on the Senior Debt Securities outstanding at that time, (iii) after giving effect thereto, no Event of Default, and no event which, after notice or lapse of time, would become an Event of Default, shall have occurred and be continuing and (iv) certain other conditions are met. The Indenture further provides that no consolidation or merger of the Company with or into any other corporation and no conveyance, transfer or lease of its property substantially as an entirety to another corporation may be made if, as a result thereof, any Principal Property of the Company or any Restricted Subsidiary or any shares of Capital Stock or Debt of a Restricted Subsidiary would become subject to a Mortgage which is not expressly excluded from the restrictions or permitted by the provisions of Section 1008 (see "Restrictions on Secured Debt"), unless the Senior Debt Securities are secured equally and ratably with (or prior to) all indebtedness secured thereby. (Section 801)

DEFEASANCE AND DISCHARGE, COVENANT DEFEASANCE

The Company may elect, at its option at any time, to effect a defeasance and discharge (a "Defeasance") or a covenant defeasance (a "Covenant Defeasance") in respect of the Senior Debt Securities or any series thereof designated as being defeasible pursuant to its terms.

Upon the Company's exercise of its option to effect a Defeasance, the Company will be deemed to have been discharged from its obligations with respect to such Senior Debt Securities on and after the date the conditions to Defeasance described below are satisfied. For purposes of the Indenture, Defeasance means the Company will be deemed to have paid and discharged the entire indebtedness represented by such Senior Debt Securities and to have satisfied all of its other obligations under or with respect to such Senior Debt Securities and under the Indenture, except for the following (i) the rights of Holders of such Senior Debt Securities to receive, solely from the trust fund described in the Indenture, payments in respect of principal of, and any premium and interest on, such Senior Debt Securities when due, (ii) certain of the Company's

obligations under the Indenture with respect to temporary securities; registration, registration of transfer and exchange; mutilated, destroyed, lost or stolen securities; maintenance of an office or agency; and money held in trust for the benefit of Holders of Senior Debt Securities, (iii) the rights, powers, trusts, duties and immunities of the Trustee and (iv) the foregoing provisions. (Section 1302)

Upon the Company's exercise of its option to effect a Covenant Defeasance with respect to any Senior Debt Securities or any series thereof, (i) the Company will be released from its obligations with respect to liens resulting from consolidations or mergers and its covenants relating to existence, maintenance of properties, payment of taxes and other claims as well as any additional covenants specified in the terms of such series of Senior Debt Securities or any supplemental indenture related thereto, and (ii) the occurrence of certain events of default related to the foregoing covenants will be deemed not to be or result in an Event of Default, in each case after the date that the conditions to Covenant Defeasance described below are satisfied. (Section 1303)

The conditions that the Company must satisfy in order to effect a Defeasance or a Covenant Defeasance in respect of the Senior Debt Securities or any series thereof are as follows: (i) the Company will irrevocably deposit or cause to be deposited with the Trustee as trust funds for the purpose of making payments when due under the Indenture money or U.S. Government Obligations or a combination thereof in an amount sufficient to pay and discharge the principal of and any premium and interest on such Senior Debt Securities on the respective Stated Maturities in accordance with the terms of such Senior Debt Securities and the Indenture; (ii) delivery by the Company of an Opinion of Counsel regarding the tax effects of such action on the Holders of Senior Debt Securities; (iii) delivery of an Officer's Certificate to the effect that no listed Senior Debt Securities will be delisted; (iv) no Event of Default shall have occurred and be continuing at the time of the deposit or, regarding bankruptcy-related events, at any time on or prior to the 90th day after such deposit; (v) such deposit will not cause the Trustee to have a conflicting interest under the Trust Indenture Act; (vi) such Defeasance or Covenant Defeasance will not result in a breach of or default under any other agreement to which the Company is a party or by which it is bound; (vii) such Defeasance or Covenant Defeasance will not result in the trust arising from such deposit constituting an investment company within the meaning of the Investment Company Act unless the trust is registered or exempted thereunder; and (viii) delivery by the Company to the Trustee of any Officer's Certificate and Opinion of Counsel, each stating that all conditions precedent with respect to such Defeasance or Covenant Defeasance have been complied with. (Section 1304)

PAYMENT AND PAYING AGENTS

Unless otherwise indicated in the applicable Prospectus Supplement, payment of interest on a Senior Debt Security on any Interest Payment Date will be made to the person in whose name such Senior Debt Security (or one or more Predecessor Senior Debt Securities) is registered at the close of business on the Regular Record Date for such interest. (Section 307)

The Company will maintain in each Place of Payment for any series of Senior Debt Securities an office or agency where Senior Debt Securities of that series may be presented or surrendered for payment, where Senior Debt Securities of that series may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Company in respect of the Senior Debt Securities of that series and the Indenture may be served. (Section 1002)

If the Company acts as its own Paying Agent with respect to any series of Senior Debt Securities, it will, on or before each due date of the principal of, or any premium or interest on, any securities of such series, segregate and hold in trust for the benefit of the Persons entitled thereto a sum sufficient to pay the principal and any premium and interest so becoming due until such sums are paid to such Persons or otherwise disposed of and will promptly notify the Trustee of its action or failure to so act. Whenever the Company will have one or more Paying Agents for any series of Senior Debt Securities, it will, prior to each due date of the principal of, or any premium or interest on, any Senior Debt Securities of that series, deposit with the Paying Agent a sum sufficient to pay such amount, such sum to be held as provided by the Trust Indenture Act, and (unless

such Paying Agent is the Trustee) the Company will promptly notify the Trustee of its action or failure to so act.

The Company will cause each Paying Agent for any series of Senior Debt Securities other than the Trustee to execute and deliver to the Trustee an instrument in which such Paying Agent agrees with the Trustee, subject to the Indenture, that such Paying Agent will (i) comply with the provisions of the Trust Indenture Act applicable to it as a Paying Agent and (ii) during the continuance of any default by the Company (or any other obligor upon the Senior Debt Securities of that series) in the making of any payment in respect of the Senior Debt Securities of that series, upon the written request of the Trustee, pay to the Trustee all sums held in trust by such Paying Agent for payment in respect of the Senior Debt Securities of that series. (Section 1003)

REGARDING THE TRUSTEE

National City Bank is the Trustee under the Indenture. National City Bank is currently committed to provide loans to the Company under (i) a \$100,000,000 unsecured revolving credit facility, which expires October 31, 2000, and (ii) a \$3,000,000 line of credit for the leasing of manufacturing equipment, which expires October 31, 1999. National City Bank also provides the Company with a \$10,000,000 unsecured discretionary foreign exchange guideline, which expires October 31, 1996. Duane E. Collins, President, Chief Executive Officer and Director of the Company, and John G. Breen, a Director of the Company, are each directors of National City Bank.

BOOK-ENTRY SYSTEM

If so specified in the Prospectus Supplement or Prospectus Supplements, Senior Debt Securities of any series may be issued under a book-entry system in the form of one or more global securities (each a "Global Security"). Each Global Security will be deposited with, or on behalf of, a depository, which, unless otherwise specified in the Prospectus Supplement or Prospectus Supplements, will be The Depository Trust Company, New York, New York (the "Depository"). The Global Securities will be registered in the name of the Depository or its nominee and will bear a legend regarding the restrictions on exchanges and registration of transfers thereof referred to below and any other matters as may be provided for pursuant to the Indenture.

The Depository has advised the Company that the Depository is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. The Depository was created to hold securities of its participants and to facilitate the clearance and settlement of securities transactions among its participants through electronic book-entry changes in accounts of the participants, thereby eliminating the need for physical movement of securities certificates. The Depository's participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations, some of whom (and/or their representatives) own the Depository. Access to the Depository's book-entry system is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly.

Upon the issuance of a Global Security in registered form, the Depository will credit, on its book-entry registration and transfer system, the respective principal amounts of the Senior Debt Securities represented by such Global Security to the accounts of participants. The accounts to be credited will be designated by the underwriters, dealers or agents, if any, or by the Company, if such Senior Debt Securities are offered and sold directly by the Company. Ownership of beneficial interests in the Global Security will be limited to participants or persons that may hold interests through participants. Ownership of beneficial interests by participants in the Global Security will be shown on, and the transfer of that ownership interest will be effected only through, records maintained by such participants. The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. Such laws may impair the ability to transfer beneficial interest in a Global Security.

So long as the Depositary or its nominee is the registered owner of a Global Security, it will be considered the sole owner or holder of the Senior Debt Securities represented by such Global Security for all purposes under the Indenture. Except as set forth below, owners of beneficial interests in such Global Security will not be entitled to have the Senior Debt Securities represented thereby registered in their names, will not receive or be entitled to receive physical delivery of certificates representing the Senior Debt Securities and will not be considered the owners or holders thereof under the Indenture. Accordingly, each person owning a beneficial interest in such Global Security must rely on the procedures of the Depositary and, if such person is not a participant, on the procedures of the participant through which such person owns its interest, to exercise any rights of a holder under the Indenture. The Company understands that under existing practice, in the event that the Company requests any action of the holders or a beneficial owner desires to take any action a holder is entitled to take, the Depositary would act upon the instructions of, or authorize, the participant to take such action.

Payment of principal of, and any premium and interest on, Senior Debt Securities represented by a Global Security will be made to the Depositary or its nominee, as the case may be, as the registered owner and holder of the Global Security representing such Senior Debt Securities. None of the Company, the Trustee, any paying agent or registrar for such Senior Debt Securities will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Global Security or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

The Company has been advised by the Depositary that the Depositary will credit participants' accounts with payments of principal and any premium or interest on the payment date thereof in amounts proportionate to their respective beneficial interests in the principal amount of the Global Security as shown on the records of the Depositary. The Company expects that payments by participants to owners of beneficial interests in the Global Security held through such participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in "street name," and will be the responsibility of such participants.

A Global Security may not be exchanged or transferred except as a whole by the Depositary to a nominee or successor of the Depositary or by a nominee of the Depositary to another nominee of the Depositary. A Global Security representing all but not part of the Senior Debt Securities being offered hereby is exchangeable or transferable for Senior Debt Securities in definitive form of like tenor and terms if (i) the Depositary notifies the Company that it is unwilling or unable to continue as depositary for such Global Security or if at any time the Depositary is no longer eligible to be or in good standing as a clearing agency registered under the Exchange Act, and in either case, a successor depositary is not appointed by the Company within 90 days of receipt by the Company of such notice or of the Company becoming aware of such ineligibility, or (ii) the Company in its sole discretion at any time determines not to have all of the Senior Debt Securities represented by a Global Security and notifies the Trustee thereof. A Global Security exchangeable pursuant to the preceding sentence shall be exchangeable for Senior Debt Securities registered in such names and in such authorized denominations as the Depositary for such Global Security shall direct. (Section 305)

PLAN OF DISTRIBUTION

The Company may sell the Offered Securities in four ways: (i) directly to purchasers, (ii) through agents, (iii) to or through underwriters and (iv) to dealers.

The distribution of Senior Debt Securities may be effected from time to time in one or more transactions at a fixed price or prices, which may be changed, or at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices.

In connection with the sale of Senior Debt Securities, underwriters or agents may receive compensation from the Company or from purchasers of Senior Debt Securities for whom they may act as agents in the form of discounts, concessions or commissions. Underwriters may sell Senior Debt Securities to or through dealers,

and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or commission from the purchasers from whom they may act as agents. Any underwriters or agents participating in the distribution of Senior Debt Securities may be deemed to be underwriters, and any discounts or commissions received by them from the Company and any profit on the resale of Senior Debt Securities may be deemed to be underwriting discounts and commission under the Securities Act.

Offers to purchase Offered Securities may be solicited directly by the Company and sales thereof may be made by the Company directly to institutional investors or others. The terms of any such sales will be set forth in the accompanying Prospectus Supplement.

Offers to purchase Offered Securities may be solicited by agents designated by the Company from time to time. Any such agent, who may be deemed to be an underwriter as that term is defined in the Securities Act, involved in the offer or sale of the Offered Securities in respect of which this Prospectus is delivered will be named, and any commissions payable by the Company to such agent set forth, in the accompanying Prospectus Supplement. Unless otherwise indicated in the accompanying Prospectus Supplement, any such agent will be acting on a reasonable efforts basis for the period of its appointment. Agents may be entitled under agreements which may be entered into with the Company to indemnification by the Company against certain civil liabilities, including liabilities under the Securities Act, and may be customers of, engage in transactions with or perform services for the Company in the ordinary course of business.

If any underwriters are utilized in the sale of the Offered Securities in respect of which this Prospectus is delivered, the Company will enter into an underwriting agreement with such underwriters at the time of sale to them and the names of the specific managing underwriter or underwriters, as well as any other underwriters and the terms of the transaction will be set forth in the accompanying Prospectus Supplement, which will be used by the underwriters to make resales of the Offered Securities in respect of which this Prospectus is delivered to the public. The underwriters may be entitled, under the relevant underwriting agreement, to indemnification by the Company against certain liabilities, including liabilities under the Securities Act, and may be customers of, engage in transactions with, or perform services for, the Company in the ordinary course of business.

If a dealer is utilized in the sale of the Offered Securities in respect of which this Prospectus is delivered, the Company will sell such Offered Securities to the dealer, as principal. The dealer may then resell such Offered Securities to the public at varying prices to be determined by such dealer at the time of resale. Dealers may be entitled to indemnification by the Company against certain liabilities, including liabilities under the Securities Act, and may be customers of, engaged in transactions with, or perform services of, the Company in the ordinary course of business.

Offered Securities may also be offered or sold, if so indicated in the accompanying Prospectus Supplement, in connection with a remarketing upon their purchase, in accordance with their terms, by one or more firms ("remarketing firms"), acting as principals for their own accounts or as agents for the Company. Any remarketing firm will be identified and the terms of its agreement, if any, with the Company and its compensation will be described in the accompanying Prospectus Supplement. Remarketing firms may be entitled under agreements which may be entered into with the Company to indemnification by the Company against certain civil liabilities, including liabilities under the Securities Act, and may be customers of, engage in transactions with, or perform services for, the Company in the ordinary course of business.

If so indicated in the accompanying Prospectus Supplement, the Company will authorize agents and underwriters or dealers to solicit offers by certain purchasers to purchase Offered Securities from the Company at the public offering price set forth in the accompanying Prospectus Supplement pursuant to delayed delivery contracts providing for payments and delivery on a specified date in the future. Such contracts will be subject to only those conditions set forth in the accompanying Prospectus Supplement, and the accompanying Prospectus Supplement will set forth the commission payable for solicitation of such offers. The obligations of any purchaser under any such contract will be subject to the condition that the purchase of such Senior Debt Securities shall not at the time of delivery be prohibited under the laws of the jurisdiction to which such purchaser is subject. The underwriters and such other agents will not have any responsibility in respect of the validity or performance of such contracts.

Any underwriters, agents or dealers utilized in the sale of Offered Securities will not confirm sales to accounts over which they exercise discretionary authority.

LEGAL MATTERS

The validity of the Senior Debt Securities offered hereby will be passed upon for the Company by Jones, Day, Reavis & Pogue, Cleveland, Ohio, and for any underwriters or agents by Sullivan & Cromwell, New York, New York. Sullivan & Cromwell has on occasion been retained to perform legal services for the Company.

EXPERTS

The consolidated financial statements of the Company contained in its Annual Report on Form 10-K for the fiscal year ended June 30, 1995, filed with the Commission and incorporated in this Prospectus have been examined by Coopers & Lybrand L.L.P., independent accountants, to the extent and for the periods set forth in their report dated August 3, 1995, incorporated in this Prospectus by reference, and are incorporated by reference in reliance upon the report and the authority of said firm as experts in accounting and auditing.