

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-K

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

For the fiscal year ended June 30, 1996

OR

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

For the transition period from _____ to _____

Commission File No. 1-4982

PARKER-HANNIFIN CORPORATION

(Exact name of registrant as specified in its charter)

Ohio
(State of Incorporation)

34-0451060
(I.R.S. Employer
Identification No.)

17325 Euclid Avenue, Cleveland, Ohio
(Address of Principal Executive Offices)

44112
(Zip Code)

Registrant's telephone number, including area code (216) 531-3000

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

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

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

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

Yes No

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

The aggregate market value of the voting stock held by non-affiliates of the Registrant as of August 22, 1996, excluding, for purposes of this computation, only stock holdings of the Registrant's Directors and Officers. \$2,809,472,777.

The number of Common Shares outstanding on August 22, 1996 was 74,296,222.

Portions of the following documents are incorporated by reference:

- (1) Annual Report to Shareholders of the Company for the fiscal year ended June 30, 1996. Incorporated by reference into Parts I, II and IV hereof.
- (2) Definitive Proxy Statement for the Company's 1996 Annual Meeting of Shareholders. Incorporated by reference into Part III hereof.

PARKER-HANNIFIN CORPORATION

FORM 10-K

Fiscal Year Ended June 30, 1996

PART I

ITEM 1. Business. Parker-Hannifin Corporation is a leading worldwide full-line manufacturer of motion control products, including fluid power systems, electromechanical controls and related components. Fluid power involves the transfer and control of power through the medium of liquid, gas or air, in 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. In addition to motion control products, the Company also is a leading worldwide producer of fluid purification, air conditioning, refrigeration, and electromagnetic shielding and thermal management products.

The Company was incorporated in Ohio in 1938. Its principal executive offices are located at 17325 Euclid Avenue, Cleveland, Ohio 44112, telephone (216) 531-3000. As used in this Report, unless the context otherwise requires, the term "Company" or "Parker" refers to Parker-Hannifin Corporation and its subsidiaries.

The Company's manufacturing, service, distribution and administrative facilities are located in 35 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 7,000 independent distributors. Parker products are supplied to over 300,000 customers in virtually every major manufacturing, transportation and processing industry. For the fiscal year ended June 30, 1996, net sales were \$3,586,448,000; Industrial Segment products accounted for 83% of net sales and Aerospace Segment products for 17%.

Markets

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

The more than 300,000 customers which carry the Company's parts are found throughout virtually every significant manufacturing, transportation and processing industry. No customer accounted for more than 3% of the Company's total net sales for the fiscal year.

The major markets for products of the Fluid Connector, Motion & Control, Seal and Filtration Groups of the Industrial Segment are agricultural machinery, construction equipment, electronic equipment, fabricated metals, food production, industrial machinery, instrumentation, lumber and paper, machine tools, marine, medical equipment, mining, mobile equipment, chemicals, petrochemicals, robotics, semi-conductor equipment, textiles, transportation and every other major production and processing industry. Products manufactured by the Industrial Segment's Climate and Industrial Controls Group are utilized principally in automotive and mobile air conditioning systems, industrial refrigeration systems and home and commercial air conditioning equipment. Sales of Industrial Segment products are made to original equipment manufacturers and their replacement markets.

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

Principal Products, Methods of Distribution and Competitive Conditions

Industrial Segment. The product lines of the Company's Industrial Segment cover most of the components of motion control systems. The Fluid Connectors Group manufactures connectors, including tube fittings and hose fittings, valves, hoses and couplers which control, transmit and contain fluid. The Motion & Control Group manufactures components and systems used to provide motion, control and conditioning through the medium of pressurized fluids and electricity. Products include hydraulic, pneumatic and precision metering pumps, power units, control valves, general purpose valves, accumulators, cylinders, servo actuators, rotary actuators and motors, pneumatic control valves, pressure regulators, lubricators, hydrostatic steering components, electronic controls and systems and automation devices. The Climate and Industrial Controls Group manufactures components for use in industrial, residential and automotive air conditioning and refrigeration systems and other automotive applications, including pressure regulators, solenoid valves, expansion valves, filter-dryers, gerotors and hose assemblies. The Seal Group manufactures sealing devices, including o-rings and o-seals, gaskets and packings which insure leak proof connections and electromagnetic interference shielding and thermal management products. The Filtration Group manufactures filters to remove contaminants from fuel, air, oil, water and other fluids in industrial, process, mobile, marine and environmental applications.

Industrial Segment products include both standard items which are produced in large quantities and custom units which are engineered and produced to original equipment manufacturers' specifications for application to a particular end product. Both standard and custom products are also used in the replacement of original motion control system components. Industrial Segment products are marketed primarily through field sales employees and more than 7,000 independent distributors.

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

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

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

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

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

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

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

Research and Product Development

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

Research and development costs relating to the development of new products or services and the improvement of existing products or services amounted to \$91,706,000 in fiscal 1996, \$74,129,000 in fiscal 1995, and \$64,518,000 in fiscal 1994.

Reimbursements of customer-sponsored research included in the total cost for each of the respective years were \$33,018,000, \$21,202,000 and \$22,640,000.

Patents, Trademarks, Licenses

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

Backlog and Seasonal Nature of Business

The Company's backlog at June 30, 1996 was approximately \$1,330,970,000 and at June 30, 1995 was approximately \$1,025,669,000. Approximately 75% of the Company's backlog at June 30, 1996 is scheduled for delivery in the succeeding twelve months. The Company's business generally is not seasonal in nature.

Environmental Regulation

The Company is subject to federal, state and local laws and regulations designed to protect the environment and to regulate the discharge of materials into the environment. Among other environmental laws, the Company is subject to the federal "Superfund" law, under which the Company has been designated as a "potentially responsible party" and may be liable for clean up costs associated with various waste sites, some of which are on the U.S. Environmental Protection Agency Superfund priority list. The Company believes that its policies, practices and procedures are properly designed to prevent unreasonable risk of environmental damage and the consequent financial liability to the Company. Compliance with environmental laws and regulations requires continuing management effort and expenditures by the Company. Compliance with environmental laws and regulations has not had in the past, and, the Company believes, will not have in the future, material effects on the capital expenditures, earnings, or competitive position of the Company. The information set forth in Footnote 13 to the Financial Statements contained on page 41 of the Company's Annual Report to Shareholders for the fiscal year ended June 30, 1996 ("Annual Report") as specifically excerpted on pages 13-30 of Exhibit 13 hereto is incorporated herein by reference.

Energy Matters and Sources and Availability of Raw Materials

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

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

Employees

The Company employed approximately 33,289 persons as of June 30, 1996, of whom approximately 11,163 were employed by foreign subsidiaries.

Business Segment Information

The net sales, income from operations before corporate general and administrative expenses and identifiable assets by business segment and by geographic area for the past three fiscal years, as set forth on page 33 of the Annual Report and specifically excerpted on pages 13-16 and 13-17 of Exhibit 13 hereto is incorporated herein by reference.

Item 1A. Executive Officers of the Company

The Company's Executive Officers are as follows:

Name	Position	Officer Since(1)	Age
Duane E. Collins	President, Chief Executive Officer and Director	1983	60
Dennis W. Sullivan	Executive Vice President - Industrial and Director	1978	57
Paul L. Carson	Vice President - Information Services	1993	60
Daniel T. Garey	Vice President - Human Resources	1995	53
Stephen L. Hayes	Vice President and President, Aerospace	1993	55
Michael J. Hiemstra	Vice President - Finance and Administration and Chief Financial Officer	1987	49
Lawrence J. Hopcraft	Vice President and President, Climate and Industrial Controls (formerly Automotive and Refrigeration)	1990	53
Nickolas W. Vande Steeg	Vice President and President, Seal	1995	53
Joseph D. Whiteman	Vice President, General Counsel and Secretary	1977	63
William D. Wilkerson	Vice President - Technical Director	1987	60

Lawrence M. Zeno	Vice President and President, Motion and Control	1993	54
Donald A. Zito	Vice President and President, Fluid Connectors	1988	56
Harold C. Gueritey, Jr.	Controller	1980	57
Timothy K. Pistell	Treasurer	1993	49

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

Mr. Collins was elected as President and Chief Executive Officer of the Company effective July, 1993. He was elected as Vice Chairman of the Board in July, 1992 and Executive Vice President in July, 1988. He was President of the International Sector from January, 1987 until June, 1992.

Mr. Carson was elected a Vice President in October, 1993. He was Vice President of Management Information Systems from July 1, 1983 to October, 1993.

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

Mr. Hayes was elected as Vice President and named President of the Aerospace Group in April, 1993. He was a Group Vice President of the Aerospace Group from February, 1985 to April, 1993.

Mr. Vande Steeg was elected as Vice President effective in September, 1995. He has been President of the Seal Group since May, 1986.

Mr. Zeno was elected a Vice President in October, 1993. He has been President of the Motion and Control Group since January, 1994 and was Vice President-Operations of the Motion and Control Group (formerly the Fluidpower Group) from July, 1988 to December, 1993.

Mr. Pistell was elected as Treasurer of the Company in July, 1993. He was Director of Business Planning from January, 1993 to July, 1993; and Vice President-Finance/Controller of the International Sector from October, 1988 to December, 1992.

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

UNITED STATES	
State	City
-----	-----
Alabama	Boaz(1) Decatur(1) Huntsville(1) Jacksonville(1)
Arizona	Glendale(2) Tolleson(2) Tucson*(1)
Arkansas	Siloam Springs(1) Trumann(1)
California	Irvine(1)(2) Modesto(1) Newbury Park*(1) Rohnert Park(1) San Diego(1)
Connecticut	Enfield(1)
Florida	Longwood(1) Miami*(1)
Georgia	Dublin(2)
Idaho	Boise*(1)
Illinois	Broadview(1) Des Plaines(1) Hampshire(1) Niles*(1) Rockford(1)
Indiana	Albion(1) Ashley(1) Ft. Wayne(1) Lebanon(1) Tell City(1)
Iowa	Red Oak(1)
Kansas	Manhattan(1)
Kentucky	Berea(1) Lexington(1)
Louisiana	Harvey*(1)
Maine	Portland(1)
Massachusetts	Waltham(2) Woburn(1)

State	City
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Michigan	Kalamazoo(2) Lakeview(1) Otsego(1) Oxford(1) Richland(1) Troy*(1)
Minnesota	Golden Valley(1)
Mississippi	Batesville(1) Booneville(1) Madison(1)
Missouri	Kennett(1)
Nebraska	Lincoln(1)
New Hampshire	Portsmouth*(1) Hollis*(1)
New Jersey	Hudson(1)
New York	Fairfield*(1) Clyde(2) Lyons(1)
North Carolina	Smithtown(2) Forest City(1) Hillsborough(1) Mooresville(1) Sanford(1) Wake Forest*(1)
Ohio	Akron(1) Andover(2) Avon(2) Brookville(1) Cleveland(1)(2) Columbus(1) Cuyahoga Falls*(1) Eaton(1) Elyria(1)(2) Forest(2) Green Camp(1) Kent(1) Lewisburg(1) Metamora(1) Ravenna(1) St. Marys(1) Wadsworth(1) Wickliffe(1)
Oklahoma	Henryetta*(1)
Oregon	Eugene(1)
Pennsylvania	Canton(1) Harrison City(1) Reading(1)

State -----	City -----
South Carolina	Beaufort(2) Inman(1) Spartanburg(1)
Tennessee	Greenfield(1) Greenville(1) Memphis*(1)
Texas	Cleburne(1) Ft. Worth(1) Mansfield(1)
Utah	Ogden(2) Salt Lake City(1)
Washington	Seattle*(1)
Wisconsin	Grantsburg(1) Mauston(1)

Territory -----	City -----
Puerto Rico	Ponce*(2)

FOREIGN COUNTRIES

Country -----	City -----
Argentina	Buenos Aires(1)
Australia	Castle Hill(1) Wodonga(1)
Austria	Wiener Neustadt(1)
Belgium	Brussels*(1)
Brazil	Jacarei(1) Sao Paulo(1)
Canada	Grimsby(1) Owen Sound(1)
Czech Republic	Prague*(1)
Denmark	Copenhagen*(1) Helsingor(1)
England	Barnstaple(1) Cannock(1) Derby(1) Hemel Hempstead(1) Littlehampton(1) Marlow*(1) Morley(1) Poole*(1) Rotherham(1) Stratford-upon-Avon*(1) Watford(1)

FOREIGN COUNTRIES

Country	City
Finland	Helsinki*(1) Hyrnsalmi(1) Urjala(1)
France	Annemasse(1) Contamine(1) Evreux(1) Pontarlier(1) Wissembourg(1)
Germany	Berlin*(1) Bielefeld(1) Bietigheim-Bissingen(1) Cologne(1) Erfurt(1) Hamburg*(2) Hochmossingen(1) Huttenfeld(1) Kaarst(1) Mainz-Kastel(2) Mucke(1) Offenburg*(1) Pleidelsheim(1) Queckborn(1) Velbert(1) Viernheim(1)
Hong Kong	Hong Kong(1)
Hungary	Budapest*(1)
India	Bombay*(1)
Italy	Adro(1) Arsago Seprio(1) Gessate(1) Milan(1)
Japan	Yokohama(1)(2)
Mexico	Matamoros(1) Monterrey(1) Naucalpan*(1) Tijuana(1) Toluca(1)
Netherlands	Hoogezand(1) Oldenzaal(1)
New Zealand	Mt. Wellington(1)
Norway	Langhus(1)
Peoples Republic of China	Beijing*(1)(2) Shanghai*(1)
Poland	Warsaw*(1) Wroclaw*(1)
Singapore	Singapore*(1)(2)
South Africa	Johannesburg*(1)

FOREIGN COUNTRIES

Country	City
-----	-----
South Korea	Seoul*(1)
Spain	Madrid*(1)
Sweden	Boras(1)
	Falkoping(1)
	Stockholm(1)
	Trollhatten(1)
	Ulricehamn(1)
Taiwan	Taipei*(1)
Venezuela	Caracas*(1)
	Puerto Ordaz*(1)

The Company believes that its properties have been adequately maintained, are in good condition generally and are suitable and adequate for its business as presently conducted. The extent of utilization of the Company's properties varies among its plants and from time to time. Additional capacity acquired through business combinations, offset by restructuring efforts in prior years, has adjusted the Company's capacity to proper levels for anticipated needs. The Company's material manufacturing facilities remain capable of handling additional volume increases.

ITEM 3. Legal Proceedings. None.

ITEM 4. Submission of Matters to a Vote of Security Holders. Not applicable.

PART II

ITEM 5. Market for the Registrant's Common Equity and Related Stockholder Matters. As of August 29, 1996, the approximate number of shareholders of record of the Company was 3,694 and the approximate number of beneficial owners was 35,403. The Company's common shares are traded on the New York Stock Exchange ("NYSE"). Set forth below is a quarterly summary of the high and low sales prices on the NYSE for the Company's common shares and dividends declared for the two most recent fiscal years (adjusted to reflect the 3-shares-for-2 stock split paid on June 2, 1995):

Fiscal Year		1st	2nd	3rd	4th	Full Year
-----		---	---	---	---	-----
1996	High	\$ 41-1/2	\$ 38-3/8	\$ 39-3/4	\$ 44-1/8	\$ 44-1/8
	Low	35-3/8	30-7/8	31-7/8	37	30-7/8
	Dividends	.18	.18	.18	.18	.72
1995	High	\$ 30-1/8	\$ 31-3/8	\$ 32-7/8	\$ 39-1/2	\$ 39-1/2
	Low	25	25-1/2	27-5/8	29-1/8	25
	Dividends	.167	.167	.167	.180	.667

ITEM 6. Selected Financial Data. The information set forth on pages 42 and 43 of the Annual Report as specifically excerpted on page 13-33 of Exhibit 13 hereto is incorporated herein by reference.

ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations. The information set forth on pages 25, 26, 28, 30 and 32 of the Annual Report as specifically excerpted on pages 13-1 through 13-9 of Exhibit 13 hereto is incorporated herein by reference.

ITEM 8. Financial Statements and Supplementary Data. The information set forth on pages 24, 27, 29, 31 and 33 through 41 of the Annual Report as specifically excerpted on pages 13-10 to 13-32 of Exhibit 13 hereto is incorporated herein by reference.

ITEM 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure. Not applicable.

PART III

ITEM 10. Directors and Executive Officers of the Registrant. Information required as to the Directors of the Company is contained on pages 1 to 3 of the Company's definitive Proxy Statement dated September 23, 1996 (the "Proxy Statement") under the caption "Election of Directors." Information required with respect to compliance with Section 16(a) of the Securities Exchange Act of 1934 is contained in the first paragraph on page 14 of the Proxy Statement under the Caption "Section 16(a) Beneficial Ownership Reporting Compliance." The foregoing information is incorporated herein by reference. Information as to the executive officers of the Company is included in Part I hereof.

ITEM 11. Executive Compensation. The information set forth under the caption "Compensation of Directors" on page 4 of the Proxy Statement, under the caption "Executive Compensation" on pages 8 to 12 of the Proxy Statement and under the caption "Common Share Price Performance Graph" on page 12 of the Proxy Statement is incorporated herein by reference.

ITEM 12. Security Ownership of Certain Beneficial Owners and Management. The information set forth under the caption "'Change in Control" Severance Agreements with Officers" on pages 11 and 12 of the Proxy Statement and under the caption "Principal Shareholders of the Corporation" on page 13 of the Proxy Statement is incorporated herein by reference.

ITEM 13. Certain Relationships and Related Transactions.
Not applicable.

PART IV

ITEM 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K.

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

1. Financial Statements and Schedules

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

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

b. The Registrant filed a Current Report on Form 8-K on June 19, 1996 for the purpose of filing certain exhibits to its Registration Statement on Form S-3 which was declared effective on May 2, 1996.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

PARKER-HANNIFIN CORPORATION

Michael J. Hiemstra
Michael J. Hiemstra
Vice President - Finance and
Administration

September 30, 1996

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

Signature and Title

PATRICK S. PARKER, Chairman of the Board of Directors;
DUANE E. COLLINS, President, Chief Executive Officer and
Director; HAROLD C. GUERITEY, JR., Controller and
Principal Accounting Officer; JOHN G. BREEN, Director;
PAUL C. ELY, JR., Director; ALLEN H. FORD, Director;
FRANK A. LePAGE, Director; PETER W. LIKINS, Director;
ALLAN L. RAYFIELD, Director; PAUL G. SCHLOEMER,
Director; WOLFGANG R. SCHMITT, Director; STEPHANIE A.
STREETER, Director; DENNIS W. SULLIVAN, Director; and
MICHAEL A. TRESCHOW, Director.

Date: September 30, 1996

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

PARKER-HANNIFIN CORPORATION
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SCHEDULES

	Reference	
	Form 10-K Annual Report (Page)	Excerpt from Annual Report as set forth in Exhibit 13 (Page)
	-----	-----
Data incorporated by reference from the Annual Report as specifically excerpted in Exhibit 13 hereto:		
Report of Independent Accountants	---	13-32
Consolidated Statement of Income for the years ended June 30, 1996, 1995 and 1994	---	13-10
Consolidated Balance Sheet at June 30, 1996 and 1995	---	13-12 and 13-13
Consolidated Statement of Cash Flows for the years ended June 30, 1996, 1995 and 1994	---	13-14 and 13-15
Notes to Consolidated Financial Statements	---	13-18 to 13-30
Consent and Report of Independent Accountants	F-2	---
Schedule:		
II - Valuation and Qualifying Accounts	F-3	---

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

Schedules other than those listed above have been omitted from this Annual Report because they are not required, are not applicable, or the required information is included in the consolidated financial statements or the notes thereto.

COOPERS
& LYBRAND

Coopers & Lybrand L.L.P.
a professional services firm

CONSENT AND REPORT OF INDEPENDENT ACCOUNTANTS

To the Shareholders and Board of Directors
Parker Hannifin Corporation

Our report on the consolidated financial statements of Parker Hannifin Corporation has been incorporated by reference from page 24 of the 1996 Annual Report to Shareholders of Parker Hannifin Corporation, as specifically excerpted on page 13-32 of Exhibit 13 to this Form 10-K. In connection with our audits of such financial statements, we have also audited the related financial statement schedule listed in the index on page F-1 of this Form 10-K.

In our opinion, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information required to be included therein.

We consent to the incorporation by reference in the registration statement of Parker Hannifin Corporation on Form S-3 (File No. 333-2761) and Forms S-8 (File Nos. 33-53193, 33-43938 and 2-66732) of our report dated August 1, 1996 on our audits of the consolidated financial statements and financial statement schedule of Parker Hannifin Corporation as of June 30, 1996 and 1995, and for the years ended June 30, 1996, 1995, and 1994, which report is included in Exhibit 13 of this Form 10-K.

Coopers & Lybrand L.L.P.

Cleveland, Ohio
September 30, 1996

F-2(

Coopers & Lybrand L.L.P. is a member of Coopers & Lybrand International, a limited liability association incorporated in Switzerland.

PARKER-HANNIFIN CORPORATION
SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEARS ENDED JUNE 30, 1994, 1995 and 1996
(Dollars in Thousands)

Column A ----- Description -----	Column B ----- Balance at Beginning Of Period -----	Column C ----- Additions Charged to Costs and Expenses -----	Column D ----- Other (Deductions)/ Additions (A) -----	Column E ----- Balance At End Of Period -----
Allowance for doubtful accounts:				
Year ended June 30, 1994	\$ 4,146	\$ 2,597	\$ (2,012)	\$ 4,731
Year ended June 30, 1995	4,731	2,411	(529)	6,613
Year ended June 30, 1996	6,613	2,158	(2,326)	6,445

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

Exhibit Index

Exhibit No.	Description of Exhibit
(3)	Articles of Incorporation and By-Laws
(3)(a)	Amended Articles of Incorporation.
(3)(b)	Code of Regulations, as amended (A).
(4)	Instruments Defining Rights of Security Holders:
(4)(a)	Rights Agreement, dated February 10, 1987, between the Registrant and Society National Bank (as successor to Ameritrust Company National Association) (A). The Registrant is a party to other instruments, copies of which will be furnished to the Commission upon request, defining the rights of holders of its long-term debt identified in Note 7 of the Notes to Consolidated Financial Statements appearing on page 37 in the Annual Report as specifically excerpted on pages 13-23 and 13-24 of Exhibit 13 hereto, which Note is incorporated herein by reference.
(10)	Material Contracts:
(10)(a)	Form of Change in Control Severance Agreement entered into by the Registrant and certain executive officers, dated as of August 15, 1996.*
(10)(b)	Parker-Hannifin Corporation Change in Control Severance Plan, as amended as of August 15, 1996.*
(10)(c)	Form of Indemnification Agreement entered into by the Registrant and its directors and certain executive officers (B).
(10)(d)	Executive Liability and Indemnification Insurance Policy (C).
(10)(e)	Parker-Hannifin Corporation Supplemental Executive Retirement Benefits Program (August 15, 1996 Restatement).*
(10)(f)	Parker-Hannifin Corporation 1987 Employees Stock Option Plan, as amended as of August 15, 1996.*
(10)(g)	Parker-Hannifin Corporation 1990 Employees Stock Option Plan, as amended as of October 28, 1993 and August 15, 1996.*
(10)(h)	Parker-Hannifin Corporation 1993 Stock Incentive Program, as amended as of August 15, 1996.*
(10)(i)	Parker-Hannifin Corporation 1996 Target Incentive Bonus Plan Description (D).*

Exhibit No.	Description of Exhibit
(10)(j)	Parker-Hannifin Corporation 1997 Target Incentive Bonus Plan Description.*
(10)(k)	Parker-Hannifin Corporation 1994-95-96 Long Term Incentive Plan Description, as amended as of August 17, 1995 (E).*
(10)(l)	Parker-Hannifin Corporation 1995-96-97 Long Term Incentive Plan Description, as amended as of August 17, 1995 and August 15, 1996.*
(10)(m)	Parker-Hannifin Corporation 1996-97-98 Long Term Incentive Plan Description, as amended as of August 15, 1996.*
(10)(n)	Parker-Hannifin Corporation 1997-98-99 Long Term Incentive Plan Description.*
(10)(o)	Parker-Hannifin Corporation Savings Restoration Plan, as amended as of August 17, 1995 and August 15, 1996.*
(10)(p)	Parker-Hannifin Corporation Pension Restoration Plan, as amended as of August 17, 1995 and August 15, 1996.*
(10)(q)	Parker-Hannifin Corporation Executive Deferral Plan, as amended as of August 17, 1995 and August 15, 1996.*
(10)(r)	Parker-Hannifin Corporation Volume Incentive Plan.*
(10)(s)	Parker-Hannifin Corporation Non-Employee Directors' Stock Plan, as amended as of August 17, 1995 and August 15, 1996.*
(10)(t)	Parker-Hannifin Corporation Non-Employee Directors Stock Option Plan.*
(10)(u)	Parker-Hannifin Corporation Deferred Compensation Plan for Directors, as amended as of August 15, 1996.*
(11)	Computation of Common Shares Outstanding and Earnings Per Share.
(13)	Excerpts from Annual Report to Shareholders for the fiscal year ended June 30, 1996 which are incorporated herein by reference thereto.
(21)	List of subsidiaries of the Registrant.
(24)	Consents of Experts (contained in Consent and Report of Independent Accountants appearing on Page F-2 of this Form 10-K).

Exhibit No.	Description of Exhibit
(25)	Power of Attorney
(27)	Financial Data Schedule

*Management contracts or compensatory plans or arrangements.

- (A) Incorporated by reference to Exhibits to the Registrant's Registration Statement on Form S-8 (No. 33-53193) filed with the Commission on April 20, 1994.
- (B) Incorporated by reference to Exhibit 10(f) to the Registrant's Report on Form 10-K for the fiscal year ended June 30, 1994.
- (C) Incorporated by reference to Exhibit 10(g) to the Registrant's Report on Form 10-K for the fiscal year ended June 30, 1994.
- (D) Incorporated by reference to Exhibit 10(l) to the Registrant's Report on Form 10-K for the fiscal year ended June 30, 1995.
- (E) Incorporated by reference to Exhibit 10(n) to the Registrant's Report on Form 10-K for the fiscal year ended June 30, 1995.

Shareholders may request a copy of any of the exhibits to this Annual Report on Form 10-K by writing to the Secretary, Parker-Hannifin Corporation, 17325 Euclid Avenue, Cleveland, Ohio 44112.

Amended Articles of Incorporation.

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

AMENDED ARTICLES OF INCORPORATION OF PARKER-HANNIFIN CORPORATION

FIRST. The name of this Corporation is Parker-Hannifin Corporation.

SECOND. The place in the State of Ohio where its principal office is located is the City of Cleveland, in Cuyahoga County.

THIRD. The purpose or purposes for which it is formed are:

1. To buy or otherwise acquire, produce, manufacture, assemble, repair, or otherwise process, and to sell, lease, or otherwise dispose of, and generally to deal in machinery, equipment, pipe fittings, valves, mechanical appliances, and parts therefor of every kind and description.

2. To manufacture, compound, refine, fabricate, prepare, process, convert, or otherwise turn substances of every kind and description into compounds, combinations, forms, and products of any kind which can be developed or made therefrom.

3. To undertake, conduct, assist, promote, and participate in every kind of chemical, industrial, manufacturing, mercantile, or mining enterprise, business, undertaking, venture, or operation in any state, territory, dependency, or colony of the United States, or its insular possessions, or in the District of Columbia, or in any foreign country.

4. To acquire by purchase or otherwise and to own, hold, improve, develop, maintain, use, lease, sell, convey, transfer, mortgage, guarantee, pledge, exchange, or otherwise deal in or dispose of real and personal property, tangible or intangible, including minerals of all kinds, of any character whatsoever, including, but not by way of limitation, letters patent, patent rights, copyrights, licenses, and franchises, and any or all interests of rights therein.

5. To purchase, apply for, register, obtain, or otherwise acquire, and to hold, own, use, operate, develop, and introduce, and to sell, lease, assign, pledge, or in any manner dispose of, and in any manner to deal with and contract with reference to applications for letters patent, patents, patent rights, patented processes, designs, and similar rights, copyrights, trademarks, trade names, and similar rights granted by the United States or any other government or country, or any interest therein, or any inventions, and to acquire, own, use, or in any manner dispose of any and all inventions, improvements, and processes, labels, designs, marks, brands, or other rights, and to work, operate, or develop the same.

6. To acquire by purchase, subscription, or otherwise, and to own, hold, invest in, sell, negotiate, assign, exchange, dispose of, transfer, pledge, hypothecate, mortgage, guarantee, deal in, lend, or borrow money upon all forms and kinds of securities, shares of stock, scrip, bonds, coupons, debentures, mortgages, notes, commercial paper, trust certificates, land trust certificates, certificates of interest, certificates of deposit, certificates of indebtedness, bills receivable, accounts receivable, contracts, obligations, investments, warrants,

and interim receipts and certificates issued or created by, or claims against, any person, firm, corporation, joint stock company, trust, or association, public or private, wherever or however organized or created, or any nation, state, municipality, or political subdivision thereof, and to issue in exchange therefor, in any manner permitted by law, shares of the capital stock, bonds, or other obligations of this Corporation; and, while the holder or owner of any such securities or property, to possess and exercise in respect thereof any and all rights, powers, and privileges of ownership, including all voting, consenting, or other rights in or in respect thereof.

7. To promote, carry on, or participate with others in the organization, merger, consolidation, financing, liquidation, realization, or reorganization of corporations, partnerships, or associations engaged in any lawful business enterprise; to become interested in or participate with others in any subscription, underwriting, or syndicate; and to enter into contracts, whether alone or with others, for the purchase, issuance, and sale of any securities, property, or rights.

8. To make, enter into, perform and carry out any arrangements, contracts, and/or agreements of every kind, for any lawful purpose, without limit as to amount or otherwise, with any corporation, association, partnership, firm, trustee, syndicate, individual, and/or any political or governmental division or subdivision, domestic or foreign; to obtain therefrom or otherwise to acquire by purchase, lease, assignment, or otherwise any powers, rights, privileges, immunities, franchises, guaranties, grants, and concessions; to hold, own, exercise, exploit, dispose of, and realize upon the same; and to undertake, conduct, operate, or participate in any business dependent thereon.

9. To borrow or acquire, in any manner permitted by law, money for any of the purposes of this Corporation, with or without security, and to mortgage, pledge, hypothecate, encumber in any manner, and/or place in the hands of trustees, as security for the payment of money borrowed or in fulfillment of any obligation of this Corporation, any or all property and assets which this Corporation may own or acquire; to draw, make, accept, endorse, discount and have discounted, execute, issue, and deal in every lawful manner in promissory notes, bills of exchange, debentures, bonds, warrants, scrip, drafts, and other negotiable or non-negotiable instruments and evidences of indebtedness, and to secure the payment of any thereof, together with interest thereon, by pledge, mortgage, conveyance, or assignment of the whole or any part of the property and assets of this Corporation, whether at the time owned or thereafter acquired.

10. To lend money on time or call and with or without collateral security, and to give credit to individuals, firms, corporations, associations, or co-partnerships, and to municipalities, states, nations or any political subdivisions thereof, and to realize upon any property taken by the Corporation as collateral security for any loans.

11. To cause or allow the legal title and/or estate, right, or interest in any property, whether real, personal, or mixed, owned, acquired,

controlled, or operated by the Corporation, to remain or to be vested or registered in the name of or operated by any person, firm, association, or corporation, domestic or foreign, formed or to be formed, either upon trust for or as agents or nominees of this Corporation or upon any other proper terms or conditions which the Board of Directors may consider for the benefit of the Corporation.

12. To purchase its own shares in accordance with the provisions of the Ohio General Corporation Law, by action of its Board of Directors, and without action by its shareholders, such purchases to be made either in the open market or at public or private sale, in such manner and amounts, from such holder or holders of outstanding shares of the Corporation, and at such prices as the Board of Directors shall from time to time determine.

13. To have one or more offices or plants, to carry on and conduct all or any part of its operations and business, without restriction or limitation as to amount, both within and without the State of Ohio; and this Corporation may qualify under the laws of, be domiciled in, and conduct any or all of its business in any city, state, commonwealth, district, territory, or colony of the United States, and in any or all foreign countries.

14. To do any one or more of the acts and things expressed in this Article THIRD either as principal or as agent or representative for any other person, firm, association, corporation, municipality, county, state, body politic, government, or dependency thereof.

15. In general to do any and all things herein set forth and, in addition, such other acts and things as are incident or conducive to the attainment of the purposes of this Corporation, or any of them, to the same extent that natural persons lawfully might or could do in any part of the world, insofar as such acts and things are not inconsistent with the provisions of the laws of the State of Ohio.

The objects and purposes specified in the foregoing clauses of this Article THIRD shall be construed both as objects and powers, and shall, except where otherwise expressed, be in no wise limited or restricted by reference to, or inference from, the terms of any other clause in this Article THIRD or elsewhere in these Amended Articles of Incorporation, but the objects and purposes specified in each of the foregoing clauses of this Article THIRD shall be regarded as independent objects and purposes and shall not be held to limit or restrict in any way the general powers of the Corporation to do any act permitted by the laws of the State of Ohio.

FOURTH. The authorized number of shares of the Corporation is 303,000,000 consisting of 3,000,000 shares of Serial Preferred Stock of the par value of \$.50 per share (hereinafter called "Serial Preferred Stock") and 300,000,000 Common Shares of the par value of \$.50 per share (hereinafter called "Common Shares").

The shares of each class shall have the following express terms:

DIVISION A

EXPRESS TERMS OF THE SERIAL PREFERRED STOCK

1. The Serial Preferred Stock may be issued from time to time in series. All shares of Serial Preferred Stock of any one series shall be identical with each other in all respects, except as to the date from which dividends thereon shall be cumulative. All shares of Serial Preferred Stock shall rank equally and shall be identical, except in respect of the matters that may be fixed by the Board of Directors as hereinafter provided. Subject to the provisions of sections 2 to 8, both inclusive, of this Division A, which provisions shall apply to all shares of Serial Preferred Stock, the Board of Directors is hereby authorized to cause such shares of Serial Preferred Stock to be issued in one or more series and with respect to each such series prior to the issuance thereof to fix:

- (a) The designation of the series, which may be by distinguishing number, letter or title.
- (b) The number of shares of the series, which number the Board of Directors may increase or decrease, except where otherwise provided in the creation of the series.
- (c) The dividend rate of the series.
- (d) The dates at which dividends, if declared, shall be payable, and the dates from which dividends shall be cumulative.
- (e) The liquidation price of the series.
- (f) The redemption rights and price or prices, if any, for shares of the series.
- (g) The terms and amount of any sinking fund provided for the purchase or redemption of shares of the series.
- (h) Whether the shares of the series shall be convertible into Common Shares, and, if so, the conversion price or prices and the adjustments thereof, if any, and all other terms and conditions upon which such conversion may be made.
- (i) Restrictions (in addition to those set forth in sections 6 (b) and 6 (c) of this Division A) on the issuance of shares of the same series or of any other class or series.

The Board of Directors is authorized to adopt from time to time amendments to the Articles of Incorporation of the Corporation fixing, with respect to each such series, the matters specified in clauses (a) to (i) both inclusive of this section 1.

2. The holders of Serial Preferred Stock of each series, in preference to the holders of Common Shares and any other class of shares ranking junior to the Serial Preferred Stock, shall be entitled to receive out of any funds legally available and when and as declared by the Board of Directors cash dividends at the rate (and no more) for such series fixed in accordance with the provisions of section 1 of this Division A, payable quarterly on the dates fixed for such series. Such dividends shall be cumulative, in the case of shares of each particular series, from and after the date or dates fixed with respect to such series. No dividends may be paid upon or declared and set apart for any of the Serial Preferred Stock for any quarterly dividend period unless at the same time a like proportionate dividend for the same quarterly dividend period, ratably in proportion to the respective annual dividend rates fixed therefor, shall be paid upon or declared or set apart for all Serial Preferred Stock of all series then outstanding and entitled to receive such dividend.

3. So long as any Serial Preferred Stock is outstanding, no dividend, except a dividend payable in Common Shares or any other shares of the Corporation ranking junior to the Serial Preferred Stock, shall be paid or declared or any distribution be made except as aforesaid on the Common Shares or any other shares of the Corporation ranking junior to the Serial Preferred Stock, nor shall any Common Shares or any other shares of the Corporation ranking junior to the Serial Preferred Stock be purchased, retired or otherwise acquired by the Corporation (except out of the proceeds of the sale of Common Shares or any other shares of the Corporation ranking junior to the Serial Preferred Stock received by the Corporation subsequent to June 30, 1967):

(a) Unless all accrued and unpaid dividends on the Serial Preferred Stock, including the full dividends for the current quarterly dividend period, shall have been declared and paid or a sum sufficient for payment thereof set apart; and

(b) Unless there shall be no default with respect to the redemption of Serial Preferred Stock of any series from, and no default with respect to any required payment into, any sinking fund provided for shares of such series in accordance with the provisions of section 1 of this Division A.

4. (a) Subject to the express terms of each series and to the provisions of section 6(b) (iii) of this Division A, the Corporation (i) may from time to time redeem all or any part of the Serial Preferred Stock of any series at the time outstanding at the option of the Board of Directors at the applicable redemption price for such series fixed in accordance with the provisions of section 1 of this Division A, or (ii) shall from time to time make such redemptions of the Serial Preferred Stock as may be required to fulfill the requirements of any sinking fund provided for shares of such series at the applicable sinking fund redemption price fixed in accordance with the provisions of section 1 of this Division A, together in each case with accrued and unpaid dividends

to the redemption date.

(b) Notice of every such redemption shall be mailed, by first class mail, postage prepaid, to the holders of record of the Serial Preferred Stock to be redeemed at their respective addresses then appearing on the books of the Corporation, not less than 30 nor more than 60 days prior to the date fixed for such redemption. At any time before or after notice has been given as above provided, the Corporation may deposit the aggregate redemption price of the shares of Serial Preferred Stock to be redeemed, together with accrued and unpaid dividends thereon to the redemption date, with any bank or trust company in Cleveland, Ohio, or New York, New York, having capital and surplus of more than \$5,000,000, named in such notice, directed to be paid to the respective holders of the shares of Serial Preferred Stock so to be redeemed, in amounts equal to the redemption price of all shares of Serial Preferred Stock so to be redeemed, together with accrued and unpaid dividends thereon to the redemption date, on surrender of the stock certificate or certificates held by such holders, and upon the giving of such notice and the making of such deposit such holders shall cease to be shareholders with respect to such shares, and after such notice shall have been given and such deposit shall have been made such holders shall have no interest in or claim against the Corporation with respect to such shares except only to receive such money from such bank or trust company without interest or the right to exercise, before the redemption date, any unexpired rights of conversion. In case less than all of the outstanding shares of Serial Preferred Stock are to be redeemed, the Corporation shall select by lot the shares so to be redeemed in such manner as shall be prescribed by its Board of Directors.

If the holders of shares of Serial Preferred Stock which shall have been called for redemption shall not, within six years after such deposit, claim the amount deposited for the redemption thereof, any such bank or trust company shall, upon demand, pay over to the Corporation such unclaimed amounts and thereupon such bank or trust company and the Corporation shall be relieved of all responsibility in respect thereof and to such holders.

(c) Any shares of Serial Preferred Stock which are redeemed by the Corporation pursuant to the provisions of this section 4 of this Division A and any shares of Serial Preferred Stock which are purchased and delivered in satisfaction of any sinking fund requirements provided for shares of such series and any shares of Serial Preferred Stock which are converted in accordance with their express terms shall be cancelled and not reissued. Any shares of Serial Preferred Stock otherwise acquired by the Corporation shall be restored to the status of authorized and unissued shares of Serial Preferred Stock without serial designation.

5. (a) The holders of Serial Preferred Stock of any series shall, in case of liquidation, dissolution or winding up of the Corporation, be entitled to receive in full out of the assets of the Corporation,

including its capital, before any amount shall be paid or distributed among the holders of Common Shares or any other shares ranking junior to the Serial Preferred Stock, the amounts fixed with respect to shares of such series in accordance with Section 1 of this Division A, plus in any such event an amount equal to all dividends accrued and unpaid thereon to the date of payment of the amount due pursuant to such liquidation, dissolution or winding up of the Corporation. In case the net assets of the Corporation legally available therefor are insufficient to permit the payment upon all outstanding shares of Serial Preferred Stock of the full preferential amount to which they are respectively entitled, then such net assets shall be distributed ratably upon outstanding shares of Serial Preferred Stock in proportion to the full preferential amount to which each such share is entitled.

After payment to holders of Serial Preferred Stock of the full preferential amounts as aforesaid, holders of Serial Preferred Stock as such shall have no right or claim to any of the remaining assets of the Corporation.

(b) The merger or consolidation of the Corporation into or with any other corporation, or the merger of any other corporation into it, or the sale, lease, or conveyance of all or substantially all of the property or business of the Corporation, shall not be deemed to be a dissolution, liquidation or winding up of the Corporation for the purposes of this Section 5 of this Division A.

6. (a) The holders of Serial Preferred Stock shall be entitled to one vote for each share of such stock upon all matters presented to shareholders; and, except as otherwise provided herein or required by law, the holders of Serial Preferred Stock and the holders of Common Shares shall vote together as one class on all matters.

If, and so often as, the Corporation shall be in default in the payment of the equivalent of six quarterly dividends (whether or not consecutive) on any series of Serial Preferred Stock at the time outstanding, whether or not earned or declared, the holders of Serial Preferred Stock of all series voting separately as a class and in addition to all other rights to vote for Directors shall be entitled to elect, as herein provided, two members of the Board of Directors of the Corporation; provided, however, that the holders of shares of Serial Preferred Stock shall not have or exercise such special class voting rights except at meetings of the shareholders for the election of Directors at which the holders of not less than a majority of the outstanding shares of Serial Preferred Stock of all series are present in person or by proxy; and provided further that the special class voting rights provided for herein when the same shall have become vested shall remain so vested until all accrued and unpaid dividends on the Serial Preferred Stock of all series then outstanding shall have been paid, whereupon the holders of Serial Preferred Stock shall be divested of their special class voting rights in respect of subsequent elections of Directors, subject to the re-vesting of such special class voting rights in the event herein above specified in this section 6 (a).

In the event of default entitling the holders of Serial Preferred Stock

to elect two Directors as above specified, a special meeting of the shareholders for the purpose of electing such Directors shall be called by the Secretary of the Corporation upon written request of, or may be called by, the holders of record of at least 10% of the shares of Serial Preferred Stock of all series at the time outstanding, and notice thereof shall be given in the same manner as that required for the annual meeting of shareholders; provided, however, that the Corporation shall not be required to call such special meeting if the annual meeting of shareholders shall be held within 90 days after the date of receipt of the foregoing written request from the holders of Serial Preferred Stock. At any meeting at which the holders of Serial Preferred Stock shall be entitled to elect Directors, the holders of not less than a majority of the outstanding shares of Serial Preferred Stock of all series, present in person or by proxy, shall be sufficient to constitute a quorum, and the vote of the holders of a majority of such shares so present at any such meeting at which there shall be a quorum shall be sufficient to elect the members of the Board of Directors which the holders of Serial Preferred Stock are entitled to elect as herein before provided.

The two Directors who may be elected by the holders of Serial Preferred Stock pursuant to the foregoing provision shall be in addition to any other Directors then in office or proposed to be elected otherwise than pursuant to such provisions, and nothing in such provisions shall prevent any change otherwise permitted in the total number of Directors of the Corporation or require the resignation of any Director elected otherwise than pursuant to such provisions.

(b) The vote or consent of the holders of at least two-thirds of the then outstanding shares of Serial Preferred Stock, given in person or by proxy, either in writing or at a meeting called for the purpose at which the holders of Serial Preferred Stock shall vote separately as a class, shall be necessary to effect any one or more of the following (but so far as the holders of Serial Preferred Stock are concerned, such action may be effected with such vote or consent):

(i) Any amendment, alteration or repeal of any of the provisions of the Articles of Incorporation or of the Code of Regulations of the Corporation which affects adversely the voting powers, rights or preferences of the holders of Serial Preferred Stock; provided, however, that for the purpose of this clause (i) only, neither the amendment of the Articles of Incorporation of the Corporation to authorize, or to increase the authorized or outstanding number of shares of, Serial Preferred Stock or of any shares of any class ranking on a parity with or junior to the Serial Preferred Stock, nor the increase by the shareholders pursuant to the Code of Regulations of the number of Directors of the Corporation shall be deemed to affect adversely the voting powers, rights or preferences of the holders of Serial Preferred Stock; and provided further, that if such amendment, alteration or repeal affects adversely the rights or preferences of one or more but not all then outstanding series of Serial Preferred Stock, only the vote or consent of the holders of at least two-thirds of the number of the then outstanding shares of the series so affected shall be required;

(ii) The authorization of, or the increase in the authorized number of, any shares of any class ranking prior to the Serial Preferred Stock; or

(iii) The purchase or redemption (whether for sinking fund purposes or otherwise) of less than all the then outstanding shares of Serial Preferred Stock except in accordance with a purchase offer made to all holders of record of Serial Preferred Stock, unless all dividends on all Serial Preferred Stock then outstanding for all previous quarterly dividend periods shall have been declared and paid or funds therefor set apart and all accrued sinking fund obligations applicable to all Serial Preferred Stock shall have been complied with.

(c) The vote or consent of the holders of at least a majority of the then outstanding shares of Serial Preferred Stock, given in person or by proxy, either in writing or at a meeting called for the purpose at which the holders of Serial Preferred Stock shall vote separately as a class, shall be necessary (but so far as the holders of Serial Preferred Stock are concerned such action may be effected with such vote or consent) to authorize any shares ranking on a parity with the Serial Preferred Stock or an increase in the authorized number of shares of Serial Preferred Stock.

7. No holder of Serial Preferred Stock of any series shall be entitled as such as a matter of right to subscribe for or purchase any part of any issue of shares of the Corporation, of any class whatsoever, or any part of any issue of securities convertible into shares of the Corporation, of any class whatsoever, and whether issued for cash, property, services, or otherwise.

8. For the purposes of this Division A:

(a) Whenever reference is made to shares "ranking prior to the Serial Preferred Stock", such reference shall mean and include all shares of the Corporation in respect of which the rights of the holders thereof as to the payment of dividends or as to distributions in the event of a voluntary or involuntary liquidation, dissolution or winding up of the Corporation are given preference over the rights of the holders of Serial Preferred Stock.

(b) Whenever reference is made to shares "on a parity with the Serial Preferred Stock", such reference shall mean and include all shares of the Corporation in respect of which the rights of the holders thereof as to the payment of dividends or as to distributions in the event of a voluntary or involuntary liquidation, dissolution or winding up of the Corporation on an equality with the rights of the holders of Serial Preferred Stock.

(c) Whenever reference is made to shares "ranking junior to the Serial Preferred Stock", such reference shall mean and include all shares of the Corporation in respect of which the rights of the holders thereof as to the payment of dividends and as to distributions in the event of a voluntary or involuntary liquidation, dissolution or winding up of the

Corporation are junior or subordinate to the rights of the holders of Serial Preferred Stock.

DIVISION B

EXPRESS TERMS OF COMMON SHARES

1. The Common Shares shall be subject to the express terms of the Serial Preferred Stock and any series thereof. Each Common Share shall be equal to every other Common Share. The holders of Common Shares shall be entitled to one vote for each share held by them upon all matters presented to the shareholders.

2. No holder of Common Shares shall be entitled as such as a matter of right to subscribe for or purchase any part of any issue of shares of the Corporation, of any class whatsoever, or any part of any issue of securities convertible into shares of the Corporation, of any class whatsoever, and whether issued for cash, property, services or otherwise.

FIFTH.

A. A Business Combination (as hereinafter defined) shall be authorized and approved by the affirmative vote of the holders of not less than eighty percent (80%) of the outstanding shares of the Corporation entitled to vote generally in elections of Directors; provided, however, that the eighty percent (80%) voting requirement shall not be applicable if:

1. The Board of Directors of the Corporation by affirmative vote, which shall include not less than a majority of the entire number of Continuing Directors (as hereinafter defined), (a) has approved in advance the acquisition of those outstanding shares of the Corporation which caused the Interested Party (as hereinafter defined) to become an Interested Party or (b) has approved the Business Combination; or

2. The Business Combination is a merger or consolidation and the cash or Fair Market Value of other consideration to be received per share by holders of the Common Shares and, if outstanding, the Serial Preferred Stock of the Corporation in said merger or consolidation is not less than an amount equal to (a) the highest of (i) the highest per share price, including commissions, paid by the Interested Party for any shares of the same class or series during the two-year period ending on the date of the most recent purchase by the Interested Party of any such shares, (ii) the highest sales price reported for shares of the same class or series traded on a national securities exchange or in the over-the-counter market during the two-year period preceding the first public announcement of the proposed Business Combination, or (iii) in the case of the Serial Preferred Stock, the amount of the per share liquidation preference, plus (b) interest compounded annually from the date on which the Interested Party became an Interested Party through the date of the Business Combination (the "Interest Period") at the average discount interest rate on six-month U.S. Treasury Bills, as published each week, less (c) the aggregate amount of any cash dividends paid on the shares of the same class or series during the Interest Period, in an amount up

to but not exceeding the amount of interest so payable per share under clause (b) hereof.

B. For purposes of this Article Fifth:

1. The term "Business Combination" shall mean (a) any merger or consolidation of the Corporation or a subsidiary of the Corporation with or into an Interested Party, (b) any merger or consolidation of an Interested Party with or into the Corporation or a subsidiary, (c) any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions) in which an Interested Party is involved, of any of the assets either of the Corporation (including without limitation any voting securities of a subsidiary) or of a subsidiary having a Fair Market Value in excess of \$20,000,000, (d) the adoption of any plan or proposal for the liquidation or dissolution of the Corporation proposed by or on behalf of any Interested Party, (e) the issuance or transfer (in one transaction or a series of transactions) by the Corporation or a subsidiary of the Corporation to an Interested Party of any securities of the Corporation or such subsidiary, which securities have a Fair Market Value of \$20,000,000 or more, or (f) any recapitalization, reclassification, merger or consolidation involving the Corporation or a subsidiary of the Corporation that would have the effect of increasing, directly or indirectly, the Interested Party's voting power in the Corporation or such subsidiary.

2. The term "Interested Party" shall mean and include (a) any individual, corporation, partnership, trust or other person or entity which, together with its "affiliates" and "associates" (as those terms are defined in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as in effect on September 24, 1984) is or, with respect to a Business Combination, was within two years prior thereto a beneficial owner of shares aggregating twenty percent (20%) or more of the aggregate voting power of any class of capital stock of the Corporation entitled to vote generally in the election of Directors, and (b) any affiliate or associate of any such individual, corporation, partnership, trust or other person or entity. For the purposes of determining whether a person is an Interested Party, the number of shares deemed to be outstanding shall include shares which the Interested Party or any of its affiliates or associates has the right to acquire (whether immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, warrants, or options, or otherwise, but shall not include any other shares which may be issuable to any other person.

3. The term "Continuing Director" shall mean a director who is not an affiliate of an Interested Party and who was a member of the Board of Directors of the Corporation immediately prior to the time that the Interested Party involved in a Business Combination became an Interested Party, and any successor to a Continuing Director who is not such an affiliate and who is nominated to succeed a Continuing Director by a majority of the Continuing Directors in office at the time of such nomination.

4. "Fair Market Value" shall mean the fair market value of the property in question as determined by a majority of the Continuing Directors in good faith.

C. The provisions of this Article Fifth shall be construed liberally to the end that the consideration paid to holders whose shares are acquired by an Interested Party in connection with a merger or consolidation shall not be less favorable than that paid to holders of such shares prior to such merger or consolidation. Nothing contained in this Article Fifth shall be construed to relieve any Interested Party from any fiduciary duties or obligations imposed by law.

D. Notwithstanding any other provision of the Amended Articles of Incorporation or the Regulations of the Corporation and notwithstanding the fact that a lesser percentage may be specified by law, these Amended Articles or the Regulations of the Corporation, the affirmative vote of the holders of not less than eighty percent (80%) of the then outstanding shares shall be required to amend, alter, change or repeal, or adopt any provisions inconsistent with, this Article Fifth; provided, however, that this paragraph D shall not apply to, and the eighty percent (80%) vote shall not be required for, any amendment, alteration, change or repeal recommended to the shareholders by the Board of Directors of the Corporation if the recommendation has been approved by at least two-thirds of the Continuing Directors.

SIXTH. These Amended Articles of Incorporation supersede the existing Articles of Incorporation of the Corporation

Exhibit (10)(a)* to Report
on Form 10-K for Fiscal
Year Ended June 30, 1996
by Parker-Hannifin Corporation

Form of Change in Control Severance Agreement
entered into by the Registrant and
certain executive officers, dated
as of August 15, 1996

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

PARKER-HANNIFIN CORPORATION
CHANGE IN CONTROL SEVERANCE AGREEMENT

THIS AGREEMENT is entered into as of the 15th day
of August, 1996, by and between Parker-Hannifin Corporation
(the "Company") and _____ (the "Executive").

W I T N E S S E T H

WHEREAS, the Company considers the establishment
and maintenance of a sound and vital management to be
essential to protecting and enhancing the best interests of
the Company and its stockholders; and

WHEREAS, the Company recognizes that, as is the
case with many publicly held corporations, the possibility
of a change in control may arise and that such possibility
may result in the departure or distraction of management
personnel to the detriment of the Company and its
stockholders; and

WHEREAS, the Board (as defined in Section 1) has
determined that it is in the best interests of the Company
and its stockholders to secure the Executive's continued
services and to ensure the Executive's continued and
undivided dedication to his duties in the event of any
threat or occurrence of a change in control of the Company;
and

WHEREAS, the Board has authorized the Company to
enter into this Agreement.

NOW, THEREFORE, for and in consideration of the
premises and the mutual covenants and agreements herein
contained, the Company and the Executive hereby agree as
follows:

1. Definitions. As used in this Agreement, the following terms shall have the respective meanings set forth below:

(a) "Board" means the Board of Directors of the Company.

(b) "Bonus" means the annual bonuses payable pursuant to the RONA Plan and the Target Incentive Program.

(c) "Cause" means (i) a material breach by the Executive of the duties and responsibilities of the Executive (other than as a result of incapacity due to physical or mental illness) which is demonstrably willful and deliberate on the Executive's part, which is committed in bad faith or without reasonable belief that such breach is in the best interests of the Company and which is not remedied in a reasonable period of time after receipt of written notice from the Company specifying such breach or (ii) the commission by the Executive of a felony involving moral turpitude. The determination of Cause shall be made by the Board. Cause shall not exist unless and until the Company has delivered to the Executive a copy of a resolution duly adopted by three-quarters (3/4) of the Board at a meeting of the Board called and held for such purpose (after reasonable notice to the Executive and an opportunity for the Executive, together with the Executive's counsel, to be heard before the Board), finding that in the good faith opinion of the Board the Executive was guilty of the conduct set forth in this Section 1(c) and specifying the particulars thereof in detail. The Company must notify the Executive that it believes Cause has occurred within ninety (90) days of its knowledge of the event or condition constituting Cause or such event shall not constitute Cause under this Agreement. For purposes of clause (i) above, any act, or failure to act, by the Executive based upon

authority given pursuant to a resolution duly adopted by the Board or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company.

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

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

of Company Voting Securities from the Company, if a majority of the Board approves a resolution providing expressly that the acquisition pursuant to this clause (F) does not constitute a Change in Control under this paragraph (i);

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

(iii) the consummation of a merger, consolidation, share exchange or similar form of corporate reorganization of the Company or any Subsidiary that requires the approval of the Company's stockholders, whether for such transaction or the

issuance of securities in connection with the transaction or otherwise (a "Business Combination"), unless (A) immediately following such Business Combination: (1) more than 50% of the total voting power of the corporation resulting from such Business Combination (the "Surviving Corporation") or, if applicable, the ultimate parent corporation which directly or indirectly has beneficial ownership of 100% of the voting securities eligible to elect directors of the Surviving Corporation (the "Parent Corporation"), is represented by Company Voting Securities that were outstanding immediately prior to the Business Combination (or, if applicable, shares into which such Company Voting Securities were converted pursuant to such Business Combination), and such voting power among the holders thereof is in substantially the same proportion as the voting power of such Company Voting Securities among the holders thereof immediately prior to the Business Combination, (2) no person (other than any employee benefit plan sponsored or maintained by the Surviving Corporation or Parent Corporation) is or becomes the beneficial owner, directly or indirectly, of 20% or more of the total voting power of the outstanding voting securities eligible to elect directors of the Parent Corporation (or, if there is no Parent Corporation, the Surviving Corporation), and (3) at least a majority of the members of the board of directors of the Parent Corporation (or, if there is no Parent Corporation, the Surviving Corporation), following the Business Combination, were members of the Incumbent Board at the time of the Board's approval of the execution of the initial agreement providing for such Business Combination (a "Non-Control Transaction") or (B) the Business Combination is effected by means of

the acquisition of Company Voting Securities from the Company, and a majority of the Board approves a resolution providing expressly that such Business Combination does not constitute a Change in Control under this paragraph (iii); or

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

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

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

employment shall be deemed to be the date of a Change in Control.

(e) "Company" means Parker-Hannifin Corporation, an Ohio corporation.

(f) "Date of Termination" means the date on which the Executive's employment by the Company terminates.

(g) "Good Reason" means, without the Executive's express written consent, the occurrence of any of the following events after a Change in Control:

(i) the assignment to the Executive of any duties (including a diminution of duties) inconsistent in any adverse respect with the Executive's position(s), duties, responsibilities or status with the Company immediately prior to such Change in Control; (ii) an adverse change in the Executive's reporting responsibilities, titles or offices with the Company as in effect immediately prior to such Change in Control; (iii) any removal or involuntary termination of the Executive from the Company otherwise than as expressly permitted by this Agreement or any failure to re-elect the Executive to any position with the Company held by the Executive immediately prior to such Change in Control; (iv) a reduction by the Company in the Executive's rate of annual base salary as in effect immediately prior to such Change in Control or as the same may be increased from time to time thereafter; (v) any requirement of the Company that the Executive (A) be based anywhere more than twenty-five (25) miles from the facility where the Executive is located at the time of the Change in Control or (B) travel on Company business to an extent substantially more burdensome than the travel obligations of the Executive immediately prior to such

Change in Control; (vi) the failure of the Company to (A) continue in effect any employee benefit plan or compensation plan in which the Executive is participating immediately prior to such Change in Control, or the taking of any action by the Company which would adversely affect the Executive's participation in or reduce the Executive's benefits under any such plan (including the failure to provide the Executive with a level of discretionary incentive award grants consistent with the past practice of the Company in granting such awards to the Executive during the three-Year period immediately preceding the Change in Control), (B) provide the Executive and the Executive's dependents with welfare benefits (including, without limitation, medical, prescription, dental, disability, salary continuance, employee life, group life, accidental death and travel accident insurance plans and programs) in accordance with the most favorable plans, practices, programs and policies of the Company and its affiliated companies in effect for the Executive immediately prior to such Change in Control, (C) provide fringe benefits in accordance with the most favorable plans, practices, programs and policies of the Company and its affiliated companies in effect for the Executive immediately prior to such Change in Control, or (D) provide the Executive with paid vacation in accordance with the most favorable plans, policies, programs and practices of the Company and its affiliated companies as in effect for the Executive immediately prior to such Change in Control, unless in the case of any violation of (A), (B) or (C) above, the Executive is permitted to participate in other plans, programs or arrangements which provide the Executive (and, if applicable, the Executive's

dependents) with no less favorable benefits at no greater cost to the Executive; or (vii) the failure of the Company to obtain the assumption agreement from any successor as contemplated in Section 9(b).

Any event or condition described in Sections 1(g)(i) through (vi) which occurs prior to a Change in Control, but was at the request of a Third Party, shall constitute Good Reason following a Change in Control for purposes of this Agreement (as if a Change in Control had occurred immediately prior to the occurrence of such event or condition) notwithstanding that it occurred prior to the Change in Control. For purposes of this Agreement, any good faith determination of Good Reason made by the Executive shall be conclusive; provided, however, that an isolated, insubstantial and inadvertent action taken in good faith and which is remedied by the Company promptly after receipt of notice thereof given by an Executive shall not constitute Good Reason. The Executive's right to terminate employment for Good Reason shall not be affected by the Executive's incapacitation due to mental or physical illness and the Executive's continued employment shall not constitute consent to or a waiver of rights with respect to any event or condition constituting Good Reason. The Executive must provide notice of termination within ninety (90) days of his knowledge of an event or condition constituting Good Reason hereunder or such event shall not constitute Good Reason hereunder. A transaction which results in the Company no longer being a publicly traded entity shall not in and of itself be treated as Good Reason unless and until one of the events or conditions set forth in Sections 1(g)(i) through (vii) occurs.

Notwithstanding anything in this Section 1(g) to the contrary, if during the 180-day period commencing upon the 91st day immediately following a Change in Control, the Executive's employment terminates for any or no reason (other than for Cause) such termination shall be treated as a termination for Good Reason hereunder.

(h) "Nonqualifying Termination" means a termination of the Executive's employment (i) by the Company for Cause, (ii) by the Executive for any reason other than Good Reason, (iii) as a result of the Executive's death, (iv) by the Company due to the Executive's absence from his duties with the Company on a full-time basis for at least one hundred eighty (180) consecutive days as a result of the Executive's incapacity due to physical or mental illness or (v) as a result of the Executive's Retirement.

(i) "Projected Bonus Amount" means, with respect to any Year, the greater of (i) the Executive's Target Bonus Amount for such Year; or (ii) to the extent calculable after at least one calendar quarter of the Year, the Bonus the Executive would have earned in the Year in which the Executive's Date of Termination occurs had the Company's financial performance through the end of the fiscal quarter immediately preceding the Date of Termination continued throughout said Year (the "Earned Bonus Amount").

(j) "Retirement" means the Executive's mandatory retirement (not including any mandatory early retirement) in accordance with the Company's retirement policy generally applicable to its salaried employees, as in effect immediately prior to the Change in Control, or in accordance with any retirement arrangement established with respect to the Executive with the Executive's written consent.

(k) "RONA Plan" means the Company's Return on Net Assets Plan, or any successor thereto.

(l) "Subsidiary" means any corporation or other entity in which the Company has a direct or indirect ownership interest of 50% or more of the total combined voting power of the then outstanding securities of such corporation or other entity.

(m) "Target Bonus Amount" means, with respect to any Year, the Participant's target Bonus for such Year based upon the Company's forecasted Operational Plan.

(n) "Target Incentive Program" means the Company's Target Incentive Program, or any successor thereto.

(o) "Termination Period" means the period of time beginning with a Change in Control and ending three (3) years following such Change in Control.

(p) "Year" means the fiscal year of the Company.

2. Payments Upon Termination of Employment.

(a) If during the Termination Period the employment of the Executive shall terminate, other than by reason of a Nonqualifying Termination, then the Company shall pay to the Executive (or the Executive's beneficiary or estate), within five (5) days following the Date of Termination, as compensation for services rendered to the Company:

(i) a lump-sum cash amount equal to the sum of (A) the Executive's base salary from the Company and its Subsidiaries through the Date of Termination and any outstanding Bonus or long-term bonus awards for which payment is due and owing at such time, (B) any compensation previously deferred by the Executive other than pursuant to a tax-qualified plan (together with any interest and earnings thereon) (the "Deferred Amount"), plus an additional adjustment payment

calculated in accordance with the formula set forth in Exhibit A hereto, (C) any accrued vacation pay, and (D) to the extent not provided under the Company's Bonus plans, a pro-rata portion of the Executive's Projected Bonus Amount for the Year in which the Executive's Date of Termination occurs, in each case to the extent not theretofore paid; plus

(ii) a lump-sum cash amount equal to the product of (A) the lesser of (1) three (3) and (2) the quotient resulting from dividing the number of full and partial months from the Executive's Date of Termination until the Executive would be subject to Retirement, by twelve (12) and (B) the sum of (1) the Executive's highest annual rate of base salary during the 12-month period immediately preceding the Date of Termination and (2) the highest of (x) the Executive's average Bonus (annualized for any partial Years of employment) earned during the 3-Year period immediately preceding the Year in which the Date of Termination occurs (or shorter annualized period if the Executive had not been employed for the full three-Year period), (y) the Executive's Target Bonus Amount for the Year in which the Change in Control occurs and (z) the Executive's Target Bonus Amount for the Year in which the Date of Termination occurs; provided, that any amount paid pursuant to this Section 2(a)(ii) shall offset an equal amount of any severance relating to salary or bonus continuation to be received by the Executive upon termination of employment of the Executive under any severance plan, policy, or arrangement of the Company.

(b) If during the Termination Period, the employment of the Executive shall terminate, other than by reason of a Nonqualifying Termination, for a period of three

(3) years (or, if lesser, the period ending on the date on which the Executive would be subject to Retirement) commencing on the Date of Termination, the Company shall continue to keep in full force and effect (or otherwise provide) all policies of medical, accident, disability and life insurance with respect to the Executive and his dependents with the same level of coverage, upon the same terms and otherwise to the same extent (and on the same after-tax basis), as such policies shall have been in effect immediately prior to the Date of Termination (or, if more favorable to the Executive, immediately prior to the Change in Control), and the Company and the Executive shall share the costs of the continuation of such insurance coverage in the same proportion as such costs were shared immediately prior to the Date of Termination.

(c) If during the Termination Period the employment of the Executive shall terminate, other than by reason of a Nonqualifying Termination, then the Executive shall be credited with three (3) years additional age and service credit for purposes of qualifying for any retiree medical benefits programs of the Company, although receipt of such retiree medical benefits shall not commence until the Executive is otherwise eligible under the terms of the retiree medical plan. If the Executive is terminated pursuant to a Nonqualifying Termination and would have been eligible to retire under the terms and conditions of the Company's retiree medical program as of immediately prior to the Executive's Date of Termination (or, if more favorable to the Executive, as of immediately prior to the Change in Control), the Executive's termination of employment shall be treated as a retirement under the Company's retiree medical program. The retiree medical benefits (and cost) to be provided to the Executive (and the Executive's eligible dependents) by the Company shall be no less favorable than

the benefits (and cost) under the retiree medical program of the Company as of immediately prior to the Executive's Date of Termination (or, if more favorable to the Executive, as of immediately prior to the Change in Control), and shall be provided notwithstanding any amendment to, or termination of, the Company's retiree medical program.

(d) If during the Termination Period the employment of the Executive shall terminate by reason of a Nonqualifying Termination, then the Company shall pay to the Executive within thirty (30) days following the Date of Termination, a cash amount equal to the sum of (i) the Executive's base salary from the Company and its Subsidiaries through the Date of Termination and any outstanding Bonus or long-term bonus awards for which payment is due and owing at such time, (ii) any compensation previously deferred by the Executive other than pursuant to a tax-qualified plan (together with any interest and earnings thereon), (iii) any accrued vacation pay, and (iv) if the Nonqualifying Termination is other than for Cause, to the extent not provided under the Company's Bonus plans, a pro-rata portion of the Executive's Earned Bonus Amount for the Year in which the Executive's Date of Termination occurs, in each case to the extent not theretofore paid.

(e) If subsequent to a Change in Control and the end of the Termination Period, the employment of the Executive shall be terminated by the Company (other than by reason of a Nonqualifying Termination), the Company shall pay the Executive within five (5) days following his Date of Termination a lump sum cash payment equal to the sum of (i) the Executive's highest annual rate of base salary during the 12-month period immediately preceding the Date of Termination and (ii) the higher of (A) the Executive's average Bonus (annualized for any partial years of

employment) earned during the 3-year period immediately preceding the year in which the Date of Termination occurs and (B) the Executive's Target Bonus Amount for the year in which the Date of Termination occurs; provided, that any amount paid pursuant to clauses (i) and (ii) of this Section 2(e) shall offset an equal amount of any severance relating to salary or bonus continuation to be received by the Executive upon termination of employment of the Executive under any severance plan, policy or arrangement of the Company.

(f) If subsequent to a Change in Control and the end of the Termination Period, the employment of the Executive shall be terminated by the Company, the Company shall pay the Executive within five (5) days following his Date of Termination a lump sum cash payment equal to (i) the Executive's base salary from the Company and its Subsidiaries through the Date of Termination and any outstanding Bonus or long-term bonus awards for which payment is due and owing at such time, (ii) any accrued vacation pay, and (iii) if the termination is other than for Cause, to the extent not provided under the Company's Bonus plans, a pro-rata portion of the Executive's Earned Bonus Amount for the year in which the Executive's Date of Termination occurs, in each case to the extent not theretofore paid.

3. Gross-Up Payment.

(a) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment, distribution or acceleration of vesting of any award or benefit by the Company or its Subsidiaries to or for the benefit of the Executive (whether paid or payable, distributed or distributable or accelerated or subject to acceleration pursuant to the terms of this Agreement or

otherwise) (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Code, or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes) imposed upon the Gross-Up Payment, the Executive retains an amount equal to the sum of (i) the Excise Tax imposed upon the Payments and (ii) the product of any deductions disallowed because of the inclusion of the Gross-Up Payment in the Executive's adjusted gross income for federal income tax purposes and the highest applicable marginal rate of federal income taxation for the calendar year in which the Gross-Up Payment is to be made. For purposes of determining the amount of the Gross-Up Payment, the Executive shall be deemed to (1) pay applicable federal income taxes at the highest applicable marginal rates of federal income taxation for the calendar year in which the Gross-Up Payment is to be made, (2) pay applicable state and local income taxes at the highest applicable marginal rate of taxation for the calendar year in which the Gross-Up Payment is to be made, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes and (3) have otherwise allowable deductions for federal income tax purposes at least equal to those which could be disallowed because of the inclusion of the Gross-Up Payment in the Executive's adjusted gross income. The payment of a Gross-Up Payment under this Section 3(a) shall in no event be conditioned upon the Executive's termination of employment or the receipt of severance benefits under this Agreement.

(b) Subject to the provisions of Section 3(a), all determinations required to be made under this Section 3, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by Mullin Consulting Inc. (the "Accounting Firm") which shall provide detailed supporting calculations both to the Company and the Executive within fifteen (15) business days of the receipt of notice from the Company or the Executive that there has been a Payment, or such earlier time as is requested by the Company (collectively, the "Determination"). In the event that the Accounting Firm is serving as a consultant for the individual, entity or group effecting the Change in Control, the Executive may appoint a nationally recognized public accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by the Company and the Company shall enter into any agreement requested by the Accounting Firm in connection with the performance of the services hereunder. The Gross-Up Payment under this Section 3 with respect to any Payments shall be made no later than thirty (30) days following the date of such Payment. If the Accounting Firm determines that no Excise Tax is payable by the Executive, it shall furnish the Executive with a written opinion to such effect, and to the effect that failure to report the Excise Tax, if any, on the Executive's applicable federal income tax return will not result in the imposition of a negligence or similar penalty. The Determination by the Accounting Firm shall be binding upon the Company and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the Determination, it is possible that Gross-Up Payments which will not have been made by the

Company should have been made ("Underpayment") or Gross-Up Payments are made by the Company which should not have been made ("Overpayment"), consistent with the calculations required to be made hereunder. In the event that the Executive thereafter is required to make payment of any additional Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment (together with interest at the rate provided in Section 1274(b)(2)(B) of the Code) shall be promptly paid by the Company to or for the benefit of the Executive. In the event the amount of the Gross-Up Payment exceeds the amount necessary to reimburse the Executive for his Excise Tax, the Accounting Firm shall determine the amount of the Overpayment that has been made and any such Overpayment (together with interest at the rate provided in Section 1274(b)(2) of the Code) shall be promptly paid by the Executive to or for the benefit of the Company. The Executive shall cooperate, to the extent his expenses are reimbursed by the Company, with any reasonable requests by the Company in connection with any contests or disputes with the Internal Revenue Service in connection with the Excise Tax.

(c) Notwithstanding Section 6 hereof, this Section 3 shall survive the termination of this Agreement unless the Executive's employment was terminated by the Company for Cause.

4. Withholding Taxes. The Company may withhold from all payments due to the Executive (or his beneficiary or estate) hereunder all taxes which, by applicable federal, state, local or other law, the Company is required to withhold therefrom.

5. Reimbursement of Expenses. If any contest or dispute shall arise under this Agreement involving termination of the Executive's employment with the Company or involving the failure or refusal of the Company to perform fully in accordance with the terms hereof, the Company shall reimburse the Executive, on a current basis, for all legal fees and expenses, if any, incurred by the Executive in connection with such contest or dispute (regardless of the result thereof), together with interest in an amount equal to the prime rate of Key Bank from time to time in effect, but in no event higher than the maximum legal rate permissible under applicable law, such interest to accrue from the date the Company receives the Executive's statement for such fees and expenses through the date of payment thereof.

6. Termination of Agreement. This Agreement shall be effective on the date hereof and shall continue until the first to occur of (i) the termination of the Executive's employment with the Company prior to a Change in Control (except as otherwise provided hereunder), (ii) a Nonqualifying Termination, or (iii) the Executive's termination of employment following the Termination Period.

7. Scope of Agreement. Nothing in this Agreement shall be deemed to entitle the Executive to continued employment with the Company or its Subsidiaries, and if the Executive's employment with the Company shall terminate prior to a Change in Control, the Executive shall have no further rights under this Agreement (except as otherwise provided hereunder); provided, however, that notwithstanding anything herein to the contrary, any termination of the Executive's employment following a Change in

Control shall be subject to all of the benefit and payment provisions of this Agreement.

8. Obligations of the Executive.

The Executive agrees that if a Change in Control shall occur, the Executive shall not voluntarily leave the employ of the Company without Good Reason during the 90-day period immediately following a Change in Control.

9. Successors' Binding Obligation.

(a) This Agreement shall not be terminated by any Business Combination or transfer of assets. In the event of any Business Combination or transfer of assets, the provisions of this Agreement shall be binding upon the surviving or resulting corporation or any person or entity to which the assets of the Company are transferred.

(b) The Company agrees that concurrently with any Business Combination or transfer of assets, it will cause any successor or transferee unconditionally to assume by written instrument delivered to the Executive (or his beneficiary or estate) all of the obligations of the Company hereunder. Failure of the Company to obtain such assumption prior to the effectiveness of any such Business Combination or transfer of assets that results in a Change in Control shall constitute Good Reason hereunder and shall entitle the Executive to compensation and other benefits from the Company in the same amount and on the same terms as the Executive would be entitled hereunder if the Executive's employment were terminated following a Change in Control other than by reason of a Nonqualifying Termination. For purposes of implementing the foregoing, the date on which any such Business Combination or transfer of assets becomes effective shall be deemed the date Good Reason occurs, and

the Executive may terminate employment for Good Reason on or following such date.

(c) This Agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive shall die while any amounts would be payable to the Executive hereunder had the Executive continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to such person or persons appointed in writing by the Executive to receive such amounts or, if no person is so appointed, to the Executive's estate.

10. Notice. (a) For purposes of this Agreement, all notices and other communications required or permitted hereunder shall be in writing and shall be deemed to have been duly given when delivered or five (5) days after deposit in the United States mail, certified and return receipt requested, postage prepaid, addressed as follows:

If to the Executive:

If to the Company:

Parker-Hannifin Corporation
17325 Euclid Avenue
Cleveland, Ohio 44122
Attention: Secretary

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt. Alternatively, notice may be deemed to have been delivered when sent by facsimile or telex to a location provided by the other party hereto.

(b) A written notice of the Executive's Date of Termination by the Company or the Executive, as the case may be, to the other, shall (i) indicate the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated and (iii) specify the termination date (which date shall not be less than fifteen (15) nor more than sixty (60) days after the giving of such notice). The failure by the Executive or the Company to set forth in such notice any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of the Executive or the Company hereunder or preclude the Executive or the Company from asserting such fact or circumstance in enforcing the Executive's or the Company's rights hereunder.

11. Full Settlement; No Mitigation. The Company's obligation to make any payments provided for by this Agreement to the Executive and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others. In no event shall the Executive be obligated to seek other employment or take other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and such amounts shall not be reduced whether or not the Executive obtains other employment.

12. Employment with Subsidiaries. Employment with the Company for purposes of this Agreement shall include employment with any Subsidiary.

13. Governing Law; Validity. The interpretation, construction and performance of this Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of Ohio without regard to the principle of conflicts of laws. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which other provisions shall remain in full force and effect.

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

15. Miscellaneous. No provision of this Agreement may be modified or waived unless such modification or waiver is agreed to in writing and signed by the Executive and by a duly authorized officer of the Company. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. Failure by the Executive or the Company to insist upon strict compliance with any provision of this Agreement or to assert any right the Executive or the Company may have hereunder, including without limitation, the right of the Executive to terminate employment for Good Reason, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement. Except as otherwise specifically provided herein, the rights of, and benefits payable to, the Executive, his estate or his beneficiaries pursuant to this

Agreement are in addition to any rights of, or benefits payable to, the Executive, his estate or his beneficiaries under any other employee benefit plan or compensation program of the Company.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by a duly authorized officer of the Company and the Executive has executed this Agreement as of the day and year first above written.

PARKER-HANNIFIN CORPORATION

By: _____

[EXECUTIVE]

EXHIBIT A

The purpose of the adjustment payment to be added to the Deferred Amount pursuant to Section 2(a)(i)(3) (the "Make Whole Amount") is to offset the Executive's inability to defer until retirement or later the payment of taxes on both the Deferred Amount and the earnings and interest that would have otherwise accrued between the Date of Termination and the date on which the Executive elected to commence receipt of the Deferred Amount (the "Commencement Date") under the Company's Executive Deferral Plan (the "Plan").

The Make Whole Amount shall be calculated as follows:

1. The Executive's Deferred Amount under the Plan as of the Date of Termination (the "EDP Amount") will be projected forward to the Commencement Date at an assumed tax-deferred annual earnings rate equal to the Moody's Seasoned Baa Corporate Bond Yield Average for the last twelve full calendar months prior to the Date of Termination (the "Moody's Rate") (such projected amount shall be known as the "Projected Balance"). The Projected Balance will then be converted into annual installment benefit payments based upon the Executive's elected form of retirement payments under the Plan, assuming continued tax-deferred earnings on the undistributed balance at the Moody's Rate (the "Projected Annual Payouts"). The Projected Annual Payouts will then be reduced for assumed income taxes at the highest applicable federal, state and local marginal rates of taxation in effect in the Executive's taxing jurisdiction(s) for the calendar year in which the Make Whole Amount is paid (the "Tax Rate"). The after-tax Projected Annual Payouts will be known as the "After-Tax Projected Benefits".
2. The term "Made Whole Amount", as used herein, shall mean the EDP Amount plus the Make Whole Amount. The Make Whole Amount is the amount which, when added to the EDP Amount, will yield After-Tax Annuity Benefits (as hereinafter defined) equal to the After-Tax Projected Benefits, based on the following assumptions:
 - a. The Made Whole Amount will be taxed at the Tax Rate upon receipt by the Executive.
 - b. The after-tax Made Whole Amount will be deemed to be invested by the Executive in a tax-deferred annuity that is structured to make payments beginning on the Commencement Date in the same form as elected by the Executive under the Plan (the "Annuity").
 - c. The Annuity will accrue interest at the Moody's Rate, less 80 basis points (i.e., 0.80%).
 - d. Annual Annuity payments will be taxed at the Tax Rate (after taking into account the annuity exclusion ratio), yielding "After-Tax Annuity Benefits".

Exhibit (10)(b)* to Report
on Form 10-K for Fiscal
Year Ended June 30, 1996
by Parker-Hannifin Corporation

Parker-Hannifin Corporation Change in Control Severance Plan,
as amended as of August 15, 1996

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

PARKER-HANNIFIN CORPORATION
CHANGE IN CONTROL SEVERANCE PLAN

The Board of Directors of Parker-Hannifin Corporation (the "Company") has determined that it is in the best interests of the Company and its stockholders to secure the continued services and dedication and objectivity of its management employees in the event of any threat or occurrence of, or negotiation or other action that could lead to, or create the possibility of, a Change in Control (as defined in Section 1(d)) of the Company, without concern as to whether such employees might be hindered or distracted by personal uncertainties and risks created by any such possible Change in Control. To encourage the full attention and dedication to the Company by such employees, the Board has authorized the Company to adopt the Parker-Hannifin Corporation Change in Control Severance Plan (the "Plan").

1. Definitions. As used in this Plan, the following terms shall have the respective meanings set forth below:

(a) "Board" means the Board of Directors of the Company.

(b) "Bonus" means the annual bonuses payable pursuant to the RONA Plan and the Target Incentive Program.

(c) "Cause" means (1) a material breach by a Participant (as defined in Section 1(j)) of the duties and responsibilities of the Participant (other than as a result of incapacity due to physical or mental illness) which is demonstrably willful and deliberate on the Participant's part, which is committed in bad faith or without reasonable belief that such breach is in the best interests of the Company and which is not remedied in a reasonable period of time after receipt of written notice from the Company specifying such breach or (2) the commission by the Participant of a felony involving moral turpitude. The determination of Cause shall be made by the Board unless

expressly delegated in writing by the Board to the Compensation Committee of the Board (the "Committee"). Cause shall not exist unless and until the Company has delivered to the Participant a copy of a resolution duly adopted by three-quarters (3/4) of the Board (or a majority of the Committee) at a meeting of the Board (or the Committee) called and held for such purpose (after reasonable notice to the Participant and an opportunity for the Participant, together with the Participant's counsel, to be heard before the Board or the Committee, as the case may be), finding that in the good faith opinion of the Board (or the Committee) the Participant was guilty of the conduct set forth in this Section 1(c) and specifying the particulars thereof in detail. The Company must notify the Participant that it believes "Cause" has occurred within ninety (90) days of its knowledge of the event or condition constituting Cause. For the purposes of clause (1) above, any act, or failure to act, by the Participant based upon authority given pursuant to a resolution duly adopted by the Board or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by the Participant in good faith and in the best interests of the Company.

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

(i) any "person" (as such term is defined in Section 3(a)(9) of the Securities Exchange Act of 1934 (the "Exchange Act") and as used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act) is or becomes a "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's then outstanding securities eligible to vote for the election of the Board (the "Company Voting Securities"); provided, however, that the event described in this paragraph shall not be deemed to be a Change in Control by virtue of any of

the following situations: (A) an acquisition by the Company or any Subsidiary; (B) an acquisition by any employee benefit plan sponsored or maintained by the Company or any Subsidiary; (C) an acquisition by any underwriter temporarily holding securities pursuant to an offering of such securities; (D) a Non-Control Transaction (as defined in paragraph (iii)); (E) with respect to a Participant, any acquisition by the Participant or any group of persons (within the meaning of Sections 13(d)(3) and 14(d)(2) of the Exchange Act) including the Participant (or any entity in which the Participant or a group of persons including the Participant, directly or indirectly, holds a majority of the voting power of such entity's outstanding voting interests); or (F) the acquisition of Company Voting Securities from the Company, if a majority of the Board approves a resolution providing expressly that the acquisition pursuant to this clause (F) does not constitute a Change in Control under this paragraph (i);

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

Company as a result of an actual or threatened election contest with respect to directors or any other actual or threatened solicitation of proxies or consents by or on behalf of any person other than the Board shall be deemed to be a member of the Incumbent Board;

(iii) the consummation of a merger, consolidation, share exchange or similar form of corporate reorganization of the Company or any Subsidiary that requires the approval of the Company's stockholders, whether for such transaction or the issuance of securities in connection with the transaction or otherwise (a "Business Combination"), unless (A) immediately following such Business Combination: (1) more than 50% of the total voting power of the corporation resulting from such Business Combination (the "Surviving Corporation") or, if applicable, the ultimate parent corporation which directly or indirectly has beneficial ownership of 100% of the voting securities) eligible to elect directors of the Surviving Corporation (the "Parent Corporation"), is represented by Company Voting Securities that were outstanding immediately prior to the Business Combination (or, if applicable, shares into which such Company Voting Securities were converted pursuant to such Business Combination), and such voting power among the holders thereof is in substantially the same proportion as the voting power of such Company Voting Securities among the holders thereof immediately prior to the Business Combination, (2) no person (other than any employee benefit plan sponsored or maintained by the Surviving Corporation or Parent Corporation) is or becomes the beneficial owner, directly or indirectly, of 20% or more of the total voting power of the outstanding voting securities eligible to elect directors of the Parent Corporation (or, if there is no Parent Corporation, the Surviving Corporation), and (3) at least a majority of the

members of the board of directors of the Parent Corporation (or, if there is no Parent Corporation, the Surviving Corporation), following the Business Combination, were members of the Incumbent Board at the time of the Board's approval of the execution of the initial agreement providing for such Business Combination (a "Non-Control Transaction") or (B) the Business Combination is effected by means of the acquisition of Company Voting Securities from the Company, and a majority of the Board approves a resolution providing expressly that such Business Combination does not constitute a Change in Control under this paragraph (iii); or

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

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

Notwithstanding anything in this Plan to the contrary, if the Participant's employment is terminated prior to a Change in Control, and the Participant reasonably

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

(e) "Company" means Parker-Hannifin Corporation, an Ohio corporation.

(f) "Date of Termination" means the date on which a Participant's employment by the Company terminates.

(g) "Effective Date" means March 1, 1996.

(h) "Good Reason" means, without a Participant's express written consent, the occurrence of any of the following events after a Change in Control:

(1) the assignment to the Participant of any duties inconsistent in any adverse respect with the Participant's position(s), duties, responsibilities or status with the Company immediately prior to such Change in Control, (2) an adverse change in the Participant's reporting responsibilities, titles or offices with the Company as in effect immediately prior to such Change in Control; (3) any removal or involuntary termination of the Participant from the Company otherwise than as expressly permitted by this Plan or any failure to re-elect the Participant to any position with the Company held by the Participant immediately prior to such Change in Control; (4) a reduction by the Company in the Participant's rate of annual base salary as in effect immediately prior to such Change in Control or as the same may be increased from time to time thereafter; (5) any requirement of the Company that the Participant (A) be based anywhere more than twenty-five (25) miles from the facility where the Participant is located at the time of the Change in Control or (B) travel on Company business to an extent substantially more burdensome than the travel obligations of

the Participant immediately prior to such Change in Control; (6) the failure of the Company to (A) continue in effect any employee benefit plan or compensation plan in which the Participant is participating immediately prior to such Change in Control, or the taking of any action by the Company which would adversely affect the Participant's participation in or reduce the Participant's benefits under any such plan (including the failure to provide the Participant with a level of discretionary incentive award grants consistent with the Company's grants of such awards to the Participant during the three-Year period immediately prior to the Change in Control), (B) provide the Participant and the Participant's dependents with welfare benefits (including, without limitation, medical, prescription, dental, disability, salary continuance, employee life, group life, accidental death and travel accident insurance plans and programs) in accordance with the most favorable plans, practices, programs and policies of the Company and its affiliated companies in effect for the Participant immediately prior to such Change in Control, (C) provide fringe benefits in accordance with the most favorable plans, practices, programs and policies of the Company and its affiliated companies in effect for the Participant immediately prior to such Change in Control, or (D) provide the Participant with paid vacation in accordance with the most favorable plans, policies, programs and practices of the Company and its affiliated companies as in effect for the Participant immediately prior to such Change in Control, unless in the case of any violation of (A), (B) or (C) above, the Participant is permitted to participate in other plans, programs or arrangements which provide the Participant (and, if applicable, the Participant's dependents) with no less favorable benefits at no greater cost to the Participant; or (7) the failure of the Company to obtain the assumption agreement from any successor as contemplated in Section 8(b).

Any event or condition described in Sections 1(h)(1) through (6) which occurs prior to a Change in Control, but was at the request of a Third Party, shall constitute Good Reason following a Change in Control for purposes of this Plan (as if a Change in Control had occurred immediately prior to the occurrence of such event or condition) notwithstanding that it occurred prior to the Change in Control. For purposes of this Plan, any good faith determination of Good Reason made by a Participant shall be conclusive; provided, however, that an isolated, insubstantial and inadvertent action taken in good faith and which is remedied by the Company promptly after receipt of notice thereof given by a Participant shall not constitute Good Reason. The Participant's right to terminate employment for Good Reason shall not be affected by the Participant's incapacitation due to mental or physical illness and the Participant's continued employment shall not constitute consent to or a waiver of rights with respect to any event or condition constituting Good Reason. The Participant must provide notice of termination within ninety (90) days of his knowledge of an event or condition constituting Good Reason hereunder. A transaction which results in the Company no longer being a publicly traded entity shall not in and of itself be treated as Good Reason unless and until one of the events or conditions set forth in Sections 1(h)(1) through (7) occurs.

Notwithstanding anything in this Section 1(h) to the contrary, if during the 90-day period immediately following a Change in Control, a Participant's employment terminates for any or no reason (other than for Cause) such termination shall be treated as a termination for Good Reason hereunder.

(i) "Nonqualifying Termination" means a termination of a Participant's employment (1) by the Company for Cause, (2) by the Participant for any reason other than a Good Reason, (3) as a result of the Participant's death,

(4) by the Company due to the Participant's absence from his duties with the Company on a full-time basis for at least one hundred eighty (180) consecutive days as a result of the Participant's incapacity due to physical or mental illness or (5) as a result of the Participant's Retirement.

(j) "Participant" means any employee of the Company or any Subsidiary (other than employees who have entered into Change in Control severance agreements with the Company) who is employed at or above Grade 15 (or the equivalent level), not taking into account any reduction of employment level following a Change in Control which would constitute Good Reason under this Plan.

(k) "Plan" means the Parker-Hannifin Corporation Change in Control Severance Plan.

(l) "Projected Bonus Amount" means, with respect to any Year, the greater of (i) the Participant's Target Bonus Amount for such Year; or (ii) to the extent calculable after at least one calendar quarter of the Year, the Bonus the Participant would have earned in the Year in which the Executive's Date of Termination occurs had the Company's financial performance through the end of the fiscal quarter immediately preceding the Date of Termination continued throughout said Year (the "Earned Bonus Amount").

(m) "Retirement" means a Participant's mandatory retirement (not including any mandatory early retirement) in accordance with the Company's retirement policy generally applicable to its salaried employees, as in effect immediately prior to the Change in Control, or in accordance with any retirement arrangement established with respect to such Participant with the Participant's written consent.

(n) "RONA Plan" means the Company's Return on Net Assets Plan, or any successor thereto.

(o) "Subsidiary" means any corporation or other entity in which the Company has a direct or indirect ownership interest of 50% or more of the total combined

voting power of the then outstanding securities of such corporation or other entity.

(p) "Termination Period" with respect to a Participant means the period of time beginning with a Change in Control and ending on the earliest to occur of (1) the Participant's death, and (2) two (2) years following such Change in Control.

(q) "Target Bonus Amount" means, with respect to any Year, the Participant's target Bonus for such Year based upon the Company's forecasted Operational Plan.

(r) "Target Incentive Program" means the Company's Target Incentive Program, or any successor thereto.

(s) "Year" means the fiscal year of the Company.

2. Payments Upon Termination of Employment.

(a) If during the Termination Period the employment of a Participant shall terminate, other than by reason of a Nonqualifying Termination, then the Company shall pay to the Participant (or the Participant's beneficiary or estate) within five (5) days following the Date of Termination, as compensation for services rendered to the Company:

(1) a lump-sum cash amount equal to the sum of (A) the Participant's base salary from the Company and its Subsidiaries through the Date of Termination and any outstanding annual Bonus or long-term bonus awards for which payment is due and owing at such time, (B) any compensation previously deferred by the Participant other than pursuant to a tax-qualified plan (together with any interest and earnings thereon), (C) any accrued vacation pay, and (D) to the extent not provided under the Company's Bonus plans, a pro-rata portion of the Participant's Projected Bonus Amount for the Year in which the Date of Termination occurs, in each case to the extent not theretofore paid; plus

(2) a lump-sum cash amount equal to the product of (A) the lesser of (1) one (1) and (2) the quotient resulting from dividing the number of full and partial months from the Participant's Date of Termination until the Participant would be subject to Retirement, by twelve (12) and (B) the sum of (i) the Participant's highest annual rate of base salary during the 12-month period immediately preceding the Date of Termination and (ii) the highest of (x) the Participant's average Bonus (annualized for any partial Years of employment) earned during the 3-Year period immediately preceding the Year in which the Date of Termination occurs (or shorter annualized period if the Participant had not been employed for the full three-Year period), (y) the Participant's Target Bonus Amount for the Year in which the Change in Control occurs and (z) the Participant's Target Bonus Amount for the Year in which the Date of Termination occurs; provided, that any amount paid pursuant to this Section 2(a)(2) shall offset an equal amount of any severance relating to salary or bonus continuation to be received by the Participant upon termination of employment of the Participant under any severance plan, policy, or arrangement or employment agreement of the Company.

(3) For a period of one (1) year (or, if lesser, the period ending on the date on which the Executive would be subject to Retirement) commencing on the Date of Termination, the Company shall continue to keep in full force and effect (or otherwise provide) all policies of medical, accident, disability and life insurance with respect to the Participant and his dependents with the same level of coverage, upon the same terms and otherwise to the same extent as such policies shall have been in effect immediately prior to the Date of Termination (or, if more favorable to the Participant, immediately prior to the Change in Control), and the Company and the Participant shall share the costs of the continuation of such insurance coverage in the same proportion as such costs were shared

immediately prior to the Date of Termination. Following such one (1) year period of coverage, the Company shall offer the Participant continued health coverage under Section 4980B of the Internal Revenue Code of 1986, as amended (the "Code"), for a period of twelve (12) additional months.

(b) If during the Termination Period the employment of a Participant shall terminate by reason of a Nonqualifying Termination, then the Company shall pay to the Participant within thirty (30) days following the Date of Termination, a cash amount equal to the sum of (1) the Participant's base salary from the Company and its Subsidiaries through the Date of Termination and any outstanding Bonus or long-term bonus awards for which payment is due and owing at such time, (2) any compensation previously deferred by the Participant other than pursuant to a tax-qualified plan (together with any interest and earnings thereon), (3) any accrued vacation pay, and (4) if the Nonqualifying Termination is other than for Cause, to the extent not provided under the Company's Bonus plans, a pro-rata portion of the Participant's Earned Bonus Amount for the Year in which the Date of Termination occurs, in each case to the extent not theretofore paid.

3. Excise Tax Limitation.

(a) Notwithstanding anything contained in this Plan or any other agreement or plan to the contrary, the payments and benefits provided to, or for the benefit of, any Participant under this Plan or under any other plan or agreement (the "Payments") shall be reduced (but not below zero) to the extent necessary so that no payment to be made, or benefit to be provided, to the Participant or for his benefit under this Plan or any other plan or agreement shall be subject to the imposition of excise tax under Section 4999 of the Code (such reduced amount is hereinafter referred to as the "Limited Payment Amount"). Unless the Participant shall have given prior written notice specifying

a different order to the Company, the Company shall reduce or eliminate the Payments to the Participant reducing first the payments under Section 2(a)(2). Any notice given by a Participant pursuant to the preceding sentence shall take precedence over the provisions of any other plan, arrangement or agreement governing the Participant's rights and entitlement to any benefits or compensation.

(b) All determinations required to be made under this Section 3 shall be made by Mullin Consulting Inc. accounting firm (the "Accounting Firm"). The Accounting Firm shall provide its calculations, together with detailed supporting documentation, both to the Company and Participant within fifteen (15) days after the receipt of notice from the Participant that there has been a Payment (or at such earlier times as is requested by the Company) and, with respect to the Limited Payment Amount, a reasonable opinion to the Participant that he is not required to report any Excise Tax on his federal income tax return with respect to the Limited Payment Amount (collectively, the "Determination"). In the event that the Accounting Firm is serving as a consultant for the individual, entity or group effecting the Change in Control, the Company shall prior to the Change in Control appoint a nationally recognized public accounting firm to make the determination required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees, costs and expenses (including, but not limited to, the costs of retaining experts) of the Accounting Firm shall be borne by the Company. The Determination by the Accounting Firm shall be binding upon the Company and the Participant (except as provided in Subsection (c) below).

(c) If it is established pursuant to a final determination of a court or an Internal Revenue Service (the "IRS") proceeding which has been finally and conclusively resolved, that Payments have been made to, or provided for the benefit of, a Participant by the Company, which are in excess of the limitations provided in Section 3 (hereinafter

referred to as an "Excess Payment"), such Excess Payment shall be deemed for all purposes to be a loan to the Participant made on the date the Participant received the Excess Payment and the Participant shall repay the Excess Payment to the Company on demand, together with interest on the Excess Payment at the applicable federal rate (as defined in Section 1274(d) of the Code) from the date of the Participant's receipt of such Excess Payment until the date of such repayment. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the Determination, it is possible that Payments which will not have been made by the Company should have been made (an "Underpayment"), consistent with the calculations required to be made under this Section 3. In the event that it is determined (1) by the Accounting Firm, the Company (which shall include the position taken by the Company, or together with its consolidated group, on its federal income tax return) or the IRS or (2) pursuant to a determination by a court, that an Underpayment has occurred, the Company shall pay an amount equal to such Underpayment to the Participant within ten (10) days of such determination together with interest on such amount at the applicable federal rate from the date such amount would have been paid to the Participant until the date of payment.

4. Withholding Taxes. The Company may withhold from all payments due to a Participant (or his beneficiary or estate) hereunder all taxes which, by applicable federal, state, local or other law, the Company is required to withhold therefrom.

5. Reimbursement of Expenses. If any contest or dispute shall arise under this Plan involving termination of a Participant's employment with the Company or involving the failure or refusal of the Company to perform fully in accordance with the terms hereof, the Company shall reimburse the Participant, on a current basis, for all legal

fees and expenses, if any, incurred by the Participant in connection with such contest or dispute (regardless of the result thereof), together with interest in an amount equal to the prime rate of Key Bank from time to time in effect, but in no event higher than the maximum legal rate permissible under applicable law, such interest to accrue from the date the Company receives the Participant's statement for such fees and expenses through the date of payment thereof.

6. Termination or Amendment of Plan.

(a) This Plan shall be in effect as of the Effective Date and shall continue until terminated by the Company as provided in paragraph (b) of this Section 6; provided, however, that a Participant's participation under this Plan shall terminate in any event upon the first to occur of (1) the Participant's death and (2) termination of the Participant's employment with the Company prior to a Change in Control (except as otherwise provided herein).

(b) The Company shall have the right prior to a Change in Control, in its sole discretion, pursuant to action by the Board, to approve the termination or amendment of this Plan; provided, however, that no such action which would adversely affect the rights or potential rights of Participants shall be taken by the Board during any period of time when the Board has knowledge that any person has taken steps reasonably calculated to effect a Change in Control until, in the opinion of the Board, such person has abandoned or terminated its efforts to effect a Change in Control; and provided, further, that in no event shall this Plan be terminated or amended within the two-year period following a Change in Control in any manner which would adversely affect the rights or potential rights of Participants.

7. Scope of Plan. Nothing in this Plan shall be deemed to entitle any Participant to continued employment

with the Company or its Subsidiaries, and if a Participant's employment with the Company shall terminate prior to a Change in Control, the Participant shall have no further rights under this Plan (except as otherwise provided herein); provided, however, that any termination of a Participant's employment during the two-year period following a Change in Control shall be subject to all of the provisions of this Plan.

8. Successors Binding Obligation.

(a) This Plan shall not be terminated by any Business Combination or transfer of assets. In the event of any Business Combination or transfer of assets, the provisions of this Plan shall be binding upon the surviving or resulting corporation or the person or entity to which such assets are transferred.

(b) The Company agrees that concurrently with any Business Combination or transfer of assets, it will cause any successor or transferee unconditionally to assume all of the obligations of the Company hereunder. Failure of the Company to obtain such assumption prior to the effectiveness of any such Business Combination or transfer of assets constituting a Change in Control shall constitute Good Reason hereunder and shall entitle each Participant to compensation and other benefits from the Company in the same amount and on the same terms as each such Participant would be entitled hereunder if the Participant's employment were terminated following a Change in Control other than by reason of a Nonqualifying Termination. For purposes of implementing the foregoing, the date on which any such merger, consolidation or transfer becomes effective shall be deemed the date Good Reason occurs, and the Participant may terminate employment for Good Reason on or following such date.

(c) This Plan shall inure to the benefit of and be enforceable by each Participant's personal or legal representatives, executors, administrators, successors,

heirs, distributees, devisees and legatees. If a Participant shall die while any amounts would be payable to the Participant hereunder had the Participant continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Plan to such person or persons appointed in writing by the Participant to receive such amounts or, if no person is so appointed, to the Participant's estate.

9. Full Settlement; Resolution of Disputes. The Company's obligation to make any payments provided for by this Plan to a Participant and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Participant or others. In no event shall a Participant be obligated to seek other employment or take other action by way of mitigation of the amounts payable to the Participant under any of the provisions of this Plan and such amounts shall not be reduced whether or not the Participant obtains other employment.

10. Employment with Subsidiaries. Employment with the Company for purposes of this Plan shall include employment with any Subsidiary.

11. Governing Law; Validity. To the extent not pre-empted by ERISA, the interpretation, construction and performance of this Plan shall be governed by and construed and enforced in accordance with the internal laws of the State of Ohio without regard to the principle of conflicts of laws. The invalidity or unenforceability of any provision of this Plan shall not affect the validity or enforceability of any other provision of this Plan, which other provisions shall remain in full force and effect.

12. Notice. For purposes of this Plan, all notices and other communications required or permitted

hereunder shall be in writing and shall be deemed to have been duly given when delivered or five (5) days after deposit in the United States mail, certified and return receipt requested, postage prepaid, addressed as follows:

If to the Participant: Residence address in Company records

If to the Company:

Parker-Hannifin Corporation
17325 Euclid Avenue
Cleveland, Ohio 44122
Attention: Secretary

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt. Alternatively, notice may be deemed to have been delivered when sent by facsimile or telex to a location provided by the other party hereto.

A written notice of the Participant's Date of Termination by the Company or the Participant, as the case may be, to the other, shall (i) indicate the specific termination provision in this Plan relied upon, (ii) to the extent applicable, set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Participant's employment under the provision so indicated and (iii) specify the termination date (which date shall not be less than fifteen (15) nor more than sixty (60) days after the giving of such notice). The failure by the Participant or the Company to set forth in such notice any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of the Participant or the Company hereunder or preclude the Participant or the Company from asserting such fact or circumstance in enforcing the Participant's or the Company's rights hereunder.

Exhibit (10)(e)* to Report
on Form 10-K for Fiscal
Year Ended June 30, 1996
by Parker-Hannifin Corporation

Parker-Hannifin Corporation Supplemental Executive
Retirement Benefits Program (August 15, 1996 Restatement)

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

Parker-Hannifin Corporation

Supplemental Executive
Retirement Benefits Program

TABLE OF CONTENTS

Section	Page
Preamble.....	1
1. Definitions	1
2. Participation.....	5
2.01 Participants.....	5
2.02 Designation of Participants.....	5
2.03 Continuation of Participation.....	5
2.04 Effect of Voluntary Termination of Employment.....	6
3. Supplemental Retirement Benefits.....	6
3.01 Eligibility at or After Normal Retirement Date.....	6
3.02 Eligibility Prior to Normal Retirement Date.....	6
3.03 Amount of Normal Retirement Supplemental Benefit.....	6
3.04 Amount of Early Retirement Supplemental Benefit.....	7
3.05 Gross-Up Payment.....	7
4. Payment of Benefits.....	8
4.01 Commencement of Benefits.....	8
4.02 Payments Under Certain Situations.....	8
(a) Optional Methods of Payment.....	8
(b) Payment Upon a Change in Control.....	8
(c) Election to Receive a Lump Sum Payment.....	8
4.03 Determination of the Lump Sum Payment.....	8
4.04 Certain Matters Following a Lump Sum Payment.....	9
5. Death Benefits.....	10
5.01 Eligibility.....	10
5.02 Benefit Amount.....	10
5.03 Benefit Payments.....	10
6. Non-Competition.....	10
6.01 Condition of Payment.....	10
6.02 Competition.....	11
7. General Provisions.....	11
7.01 Denial of Claims.....	11
7.02 Claims Review Procedure.....	11
7.03 ERISA Plan.....	12
7.04 Trust.....	12
7.05 Rights of Participants.....	12
7.06 Administration.....	13

7.07	Program Non-Contractual.....	13
7.08	Non-Alienation of Retirement Rights or Benefits.....	13
7.09	Payment of Benefits to Others.....	13
7.10	Notices.....	14
7.11	Amendment, Modification, Termination.....	14
7.12	Applicable Law.....	14
7.13	Gender, Singular and Plural.....	14
7.14	Headings.....	14

Parker-Hannifin Corporation

Supplemental Executive
Retirement Benefits Program

WHEREAS, by instrument effective as of January 1, 1980, a supplemental executive retirement benefits program was established for the benefit of certain employees of Parker-Hannifin Corporation and their beneficiaries; and

WHEREAS, said Program was amended and restated from time to time; and

WHEREAS, it is desired to restate the terms, provisions, and conditions of said Program;

NOW, THEREFORE, effective as of August 15, 1996, said Program is hereby amended and restated in its entirety to provide as hereinafter set forth.

1. Definitions

Except as otherwise required by the context, the terms used in this Program shall have the meaning hereinafter set forth.

(a) Actuarial Equivalent or Actuarially Equivalent: An amount that is the actuarial equivalent of a value using the actuarial assumptions specified for such purpose under the Retirement Plan.

(b) Board: The Board of Directors of the Company

(c) Change in Control: Any one or more of the following occurrences:

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

resolution providing expressly that the acquisition pursuant to this clause (F) does not constitute a Change in Control under this paragraph (i);

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

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

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

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

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

(d) Change in Control Lump Sum Payment: The lump sum payment made upon a Change in Control as calculated under Section 4.03(a).

(e) Change in Control Severance Agreement: The agreement between an Eligible Executive and the Company that provides for certain benefits if the Eligible Executive's employment terminates following a Change in Control; provided, that in the case of a former Participant who is receiving benefits under the Program, Change in Control Severance Agreement shall mean the change in control severance agreement that was in effect between the Participant and the Company at the time of his retirement.

(f) Code: The Internal Revenue Code of 1986, as amended, or any successor statute.

(g) Committee: The Compensation and Management Development Committee of the Board.

(h) Company: Parker-Hannifin Corporation, an Ohio corporation, its corporate successors, and the surviving corporation resulting from any merger of Parker-Hannifin Corporation with any other corporation or corporations.

(i) Contingent Annuitant: The person designated by a Participant as a contingent annuitant as provided in the Retirement Plan.

(j) Controlled Group: The Company, its Subsidiaries or any entity that owns, directly or indirectly, 50% or more of the total combined voting power of the Company's then outstanding securities eligible to vote for the election of the Board of Directors of the Company.

(k) Disability: Disability that entitles a Participant to benefits under the Company's long-term disability program.

(l) Highest Average Three-Year Compensation: One-third of the aggregate amount of compensation paid to a Participant from the Controlled Group during the three calendar years of the Participant's employment which were the three highest years of annual compensation, including base salary, bonuses payable under the Company's Return on Net Assets Plan (RONA) and Target Incentive Program, any amounts which would otherwise be paid as compensation during a calendar year but which are deferred by a Participant pursuant to any qualified or nonqualified deferred compensation program sponsored by the Controlled Group, and any amounts that would otherwise be paid as compensation during a calendar year but which are deferred under Section 125 of the Code, but excluding: (i) any deferred compensation received during any such year but credited under the Program to the Participant for a prior year; (ii) any income realized due to the exercise of stock options or stock appreciation rights; (iii) any payments, in cash, deferred or otherwise, payable to the Participant under the Company's Long-Term Incentive Plan, under any extraordinary bonus arrangements, under any severance agreement (other than as may be required under Section 4.03(a)), or as an executive perquisite; and (iv) such items as fringe benefits includible in income as compensation for federal tax purposes, moving and educational reimbursement expenses, overseas allowances received by the Participant from the Controlled Group, and any other irregular payments.

(m) Life Expectancy: The expected remaining lifetime (to the nearest integer) based on the Mortality Table and the age at the nearest birthday of the Participant or Recipient at the date the Lump Sum Payment or Change in Control Lump Sum Payment is made (unless otherwise specified herein). If a joint and contingent survivor annuity has been elected, then Life Expectancy shall reflect the joint Life Expectancy of the Participant or Recipient and Contingent Annuitant.

(n) Lump Sum Payment: The Lump Sum Payment provided in Section 4.02 of the Program with the amount determined as set forth in Section 4.03.

(o) Mortality Table: Eighty percent (80%) of the 1983 Group Annuity Mortality factor (male only).

(p) Normal Retirement Date: The definition set forth in the Retirement Plan.

(q) Participant: An employee of the Company designated to participate in the Program pursuant to Article 2 of the Program, while so employed; provided, however, that any employee of the Company who, as of the date of a Change in Control, has entered into a Change in Control Severance Agreement with the Company shall automatically be a Participant in the Plan.

(r) Profit Sharing Account Balance: The definition set forth in the Retirement Plan.

(s) Program: The Supplemental Executive Retirement Benefits Program set forth herein.

(t) Recipient: A retiree, Contingent Annuitant, term certain beneficiary, or Surviving Spouse, who is currently receiving benefits or is entitled to receive benefits under the Program.

(u) Retirement Plan: The Parker-Hannifin Corporation Retirement Plan as in effect at the time any payment becomes due under this Program.

(v) Service: Employment as an employee by any member of the Controlled Group, as well as employment by a corporation, trade or business, that is now part of the Controlled Group at a time prior to its becoming part of the Controlled Group, but in such case only if and to the extent that the Committee shall so direct at any time prior to retirement. For purposes of determining a Participant's eligibility to receive a benefit hereunder, Service shall include any additional years credited to a Participant under Section 4.03(a)(i)).

(w) Specified Rate: The monthly average annual yield of 30-Year United States Treasury Bonds as published in the Federal Reserve Statistical Release G.13 (415) "Select Interest Rates" for constant maturities and in effect on the first day of the month prior to the month in which a payment is to be made; provided, that for purposes of calculating a Change in Control Lump Sum Payment, the interest rate for immediate annuities of the Pension Benefit Guaranty Corporation (PBGC) in effect on the date of the Change in Control as set forth in Appendix B to Part 2619 of 29 Code of Federal Regulations, or any other successor or similar rate.

(x) Subsidiary: Any corporation or other entity in which the Company has a direct or indirect ownership interest of 50% or more of the total combined voting power of the then outstanding securities or interests of such corporation or other entity.

(y) Surviving Spouse: The person who is the Participant's spouse at the time of the Participant's death and who has been such spouse for at least one year immediately prior to the date of the Participant's death.

2. Participation

2.01 Participants. The Participants in the Program shall be: (i) such officers and other key executives of the Company as shall be designated as Participants from time to time by the Committee; and (ii) upon a Change in Control, those individuals who have entered into a Change in Control Severance Agreement with the Company as of the date of such Change in Control.

2.02 Designation of Participants. An individual may be designated a Participant by action of the Committee or in a written employment agreement approved by the Committee. Participation of each individual designated as a Participant shall be subject to the terms, conditions, and limitations set forth in the Program and to such other terms, conditions and limitations as the Committee may, in its discretion, impose upon the participation of any such individual at the time the individual is designated a Participant in the Program.

2.03 Continuation of Participation. Subject only to the provisions of Section 2.04 and Article 6 of the Program, an individual designated as a Participant shall continue to be a Participant for the purpose of eligibility to receive the supplemental retirement benefits provided by the Program and his participation in the Program shall not be terminated; provided, however, that a Participant who terminates employment at a time when he is not eligible for a benefit under

Article 3 shall cease to be a Participant in the Program.

2.04 Effect of Voluntary Termination of Employment. To be eligible for supplemental retirement benefits under the Program a Participant shall not voluntarily terminate employment with the Company without the consent of the Committee for a period, not exceeding 60 calendar months, set by the Committee at the time he is designated a Participant. If he shall so voluntarily terminate his employment within such period, his participation in the Program shall terminate, he shall cease to be a Participant and (subject to Section 3.02) he shall forfeit all benefits under the Program. Notwithstanding the foregoing, for purposes of this Section 2.04, in no event shall an exercise by a Participant of his right to terminate his employment for "Good Reason" as defined under any Change in Control Severance Agreement between the Participant and the Company be deemed to be a voluntary termination of employment with the Company.

3. Supplemental Retirement Benefits

3.01 Eligibility at or After Normal Retirement Date. Any provision of Section 2.04 to the contrary notwithstanding, any Participant with at least 120 calendar months of Service who terminates his employment with the Controlled Group on or after his Normal Retirement Date shall be eligible for a monthly supplemental retirement benefit computed as set forth in Section 3.03.

3.02 Eligibility Prior to Normal Retirement Date. Any Participant with at least 120 calendar months of Service: (i) who terminates his employment with the Controlled Group with the consent of the Committee after attainment of age 55; or (ii) who is employed at the time of a Change in Control of the Company; or (iii) whose employment with the Controlled Group is terminated by the Company for reasons other than for cause (as determined solely by the Committee) after attainment of age 55 but prior to the expiration of the requisite period of employment established by the Committee with respect to him pursuant to Section 2.04; or (iv) who terminates his employment with the Controlled Group due to Disability prior to his Normal Retirement Date; or (v) who terminates his employment with the Controlled Group after attainment of age 60 (and after completion of the requisite period of employment established by the Committee with respect to him pursuant to Section 2.04) but prior to his Normal Retirement Date; shall be eligible for a monthly supplemental retirement benefit as set forth in Section 3.04.

3.03 Amount of Normal Retirement Supplemental Benefit. The monthly supplemental retirement benefit payable to an eligible Participant at Normal Retirement Date shall be an amount equal to 1/12th of 55% of his Highest Average Three-Year Compensation, reduced by all of the following that are applicable:

(a) in the case of a Participant who does not have at least 15 years of Service at the time of his retirement, .3055 percent for each calendar month his Service is less than 15 years;

(b) the monthly single life Actuarial Equivalent of any benefit to which the Participant is entitled under the Retirement Plan, including the single life monthly equivalent attributable to the Participant's Profit-

Sharing Account Balance, determined as if the Profit-Sharing Account Balance had remained in the Retirement Plan until retirement, whether or not such Profit-Sharing Account Balance has been transferred to the Savings Plan;

(c) the monthly single life Actuarial Equivalent of any benefit to which the Participant is entitled under any other tax-qualified defined benefit plan of the Company and which is attributable to contributions of the Company, unless benefit service for employment on which such benefit is based is credited to the Participant under the Retirement Plan;

(d) the monthly single life Actuarial Equivalent of any benefit to which the Participant is entitled under any non-qualified defined benefit program of the Company;

(e) 50 percent of the monthly primary social security benefit to which the Participant is entitled or would be entitled as of the earliest date following the Participant's termination of employment for which social security benefits would be payable (whether or not social security benefits are actually paid to the Participant at such time), with such reduction to begin at the earliest date after retirement for which social security benefits would be payable to the Participant; and

(f) the monthly single life Actuarial Equivalent of any benefit which the Participant is entitled to receive from any previous employer, provided that a contract between the Participant and the Company grants the Participant service for service with the previous employer and the contract states the amount to be offset.

3.04 Amount of Early Retirement Supplemental Benefit. The monthly supplemental retirement benefit payable to a Participant who is retiring prior to Normal Retirement Date shall be an amount equal to 1/12th of 55 percent of the Highest Average Three-Year Compensation, reduced by all of the following that are applicable:

(a) in the case of a Participant who does not have at least 15 years of Service at the time of his retirement, .3055 percent for each month that his Service is less than 15 years;

(b) after applying Section 3.04(a) if applicable, .1515 percent for each of the first 60 months by which commencement of the benefit precedes Normal Retirement Date, and by .3030 percent for each additional month by which commencement of the benefit precedes Normal Retirement Age; provided, however, that if the Participant has at least 30 years of Service, and entitlement to payment is a result of a Change in Control, the .1515 shall be reduced to .07575, and the .3030 shall be reduced to .1515; and

(c) any amounts described in Sections 3.03(b)-(f).

3.05 Gross-Up Payment. Anything in this Program notwithstanding, in the event it shall be determined that any payment, distribution or acceleration of vesting of any benefit hereunder would be subject to the excise tax imposed by Section 4999 of the Code, or any interest or penalties are incurred by the Participant with respect to such excise tax, then the Participant shall be entitled to receive an additional payment calculated as set forth in the Change in Control Severance Agreement with respect to such benefit hereunder; provided, however, that there shall be no duplication of such additional payment under this Program and the Change in

4. Payment of Benefits

4.01 Commencement of Benefits. Subject to Sections 4.02 (b) and (c), supplemental retirement benefits shall be payable monthly to an eligible Participant commencing with the month next following the month in which he becomes eligible for such benefit and terminating with the month in which the death of such Participant occurs.

4.02 Payments Under Certain Situations.

(a) Optional Methods of Payment. Subject to Sections 4.02 (b) and (c), an optional method of payment selected by the Participant for payment of his retirement benefit under the Retirement Plan shall automatically be applicable to the payment of the supplemental retirement benefits provided by the Program. The benefits provided pursuant to any such optional method of payment shall be the Actuarial Equivalent of the monthly amount of benefit to which the Participant otherwise would be entitled under the Program.

(b) Payment Upon a Change in Control. Within 15 business days of a Change in Control, in lieu of any other payments due with respect to benefits earned under the Program to the date of the Change in Control, each Participant and each Recipient shall receive a Change in Control Lump Sum Payment, as calculated under Section 4.03(a).

(c) Election to Receive a Lump Sum Payment. A Participant who is eligible to receive benefits under the Program pursuant to Section 3.01 or 3.02, or a Recipient, may file a written request with the Committee, subject to the terms and conditions hereinafter set forth, to receive, in lieu of future payments of any and all then unpaid accrued and vested benefits under the Program, a Lump Sum Payment determined in accordance with Section 4.03(b). If the request for a Lump Sum Payment is filed at least 13 months prior to the Participant's termination of employment and is approved by the Committee, then 100% of such Lump Sum Payment shall be paid on the date on which the first monthly benefit payment under the Program would otherwise be made. In any case in which the request for a Lump Sum Payment is not filed at least 13 months prior to the Participant's termination of employment or is denied by the Committee, then the Participant or Recipient shall receive 90% of the Lump Sum Payment, and the remaining 10% shall be forfeited to the Company.

4.03 Determination of the Lump Sum Payment.

(a) The Change in Control Lump Sum Payment referred to in Section 4.02(b) shall be equal to the present value of the monthly payments to which a Participant or Recipient would be entitled under the Program based on the following assumptions: (i) the Participant (but not a Recipient) is treated as having been employed, for purposes of determining age and service hereunder, for the lesser of (A) the duration of the "Termination Period", if any, under Participant's Change in Control Severance Agreement or (B) the period of time remaining until Normal Retirement Date; (ii) Highest Average Three-Year Compensation shall be the greater of

(A) the amount that would be taken into account in determining a Participant's benefit under the Program as of the date of the Change in Control if there were no Change in Control or (B) the lump sum severance payment under Section 2(a)(ii) of the Participant's (but not the Recipient's) Change in Control Severance Agreement (as if he had been terminated immediately following the Change in Control) divided by the multiple used under such section to determine severance pay; (iii) the discount rate equals the Specified Rate; (iv) the Participant (or, if applicable, Recipient) lives the number of years equal to his Life Expectancy (calculated as of the date which includes any additional Service credited hereunder); and (v) with respect to any benefit to be deducted as an offset as described in Section 3.03(b) through (f), the Participant terminated employment with the Company on the date of the Change in Control and began to receive such benefits at the earliest date thereafter permitted under the applicable plan, agreement or statute.

(b) The Lump Sum Payment referred to in Section 4.02(c) shall be equal to the present value of the future monthly payments to which the participant is entitled under the Program based on the following assumptions:

(i) the discount rate equals the Specified Rate; and (ii) the Participant lives the number of years equal to his Life Expectancy on the later of (A) date of his election to receive a Lump Sum Payment, or (B) the date of his termination of employment.

4.04 Certain Matters Following a Lump Sum Payment.

(a) A Participant who has received a Change in Control Lump Sum Payment pursuant to Section 4.02(b) shall thereafter: (i) while in the employ of the Company, continue to accrue benefits under the Program, and (ii) be eligible for further benefits under Section 4.01 or 4.02(a), (b) or (c). The amount of such benefit shall be determined by:

(i) calculating the benefit that would be payable to the Participant if there had been no previous Change in Control Lump Sum Payment;

(ii) determining the present lump sum value of such benefit, using the Specified Rate as the discount rate and assuming the Participant lives the number of years equal to his Life Expectancy on the date of his retirement or termination of employment;

(iii) determining the present lump sum value of the Change in Control Lump Sum Payment, assuming the Change in Control Lump Sum Payment had earned interest at the average Specified Rate in effect from the time of payment of the Change in Control Lump Sum Payment until the date of retirement or other termination of employment;

(iv) reducing the amount determined in (ii) by the amount determined in (iii); and

(v) if applicable, converting the amount determined in (iv) to an Actuarially Equivalent single life only form of payment.

5. Death Benefits

5.01 Eligibility. If a Participant dies after completing 120 calendar months of Service (without regard to the requirements of Section 2.04) but prior to the earlier of his retirement or his Normal Retirement Date, his Surviving Spouse (or, in the event there is no surviving spouse, or there is a common death, his estate) shall be eligible for a benefit under this Article 5.

5.02 Benefit Amount.

(a) The monthly amount of a benefit payable under this Article 5 to a deceased Participant's Surviving Spouse who has applied therefor, shall be equal to the monthly payment the spouse would have received had the Participant retired on the day before his death after having effectively elected to receive payment in the form of a Joint and 75% Survivor Annuity under the Retirement Plan, with his spouse as his Contingent Annuitant under such option; provided, that in lieu of the offset for the Participant's primary social security benefit under Section 3.03(e), the benefit to the Surviving Spouse shall be offset by 50% of the primary or survivor social security benefit to which the Surviving Spouse is entitled at the earliest date as of which such payments become payable. If the estate is the death beneficiary, the estate shall receive a lump sum payment equal to the present value (using the Specified Rate) of the total monthly payments that would have been paid to the Participant assuming he had not died but rather that he: (i) retired on the day before the date of his death (or the first day of the month following the time he would have reached age 55, if later); (ii) elected the 10-Year Certain Annuity under the Retirement Plan; and (iii) received 120 monthly payments.

(b) If the Participant dies before reaching the age that is ten years prior to the Participant's Normal Retirement Date, then the monthly benefit used to determine the death benefit shall be further reduced by .3030 for each month that the Participant was under such age at the time of his death.

5.03 Benefit Payments. Subject to Section 4.02 (b) and (c), the benefit under this Article 5 shall be paid to the deceased Participant's Surviving Spouse commencing with the first day of the month following the month in which the Participant's death occurs, and shall be payable monthly thereafter during the life of the Surviving Spouse, the last payment being for the month in which the death of the Surviving Spouse shall occur. If payment is made to the estate of the Participant, payment shall be made within 30 days of the date of the Participant's death.

6. Non-Competition

6.01 Condition of Payment. Payment of supplemental retirement benefits under the Program shall be subject to the condition that the Participant or retiree-Recipient shall not have engaged in competition (as defined in Section 6.02) with the Company at any time prior to the date of such payment; provided, however, that this Section 6.01 shall not apply to a Participant following his termination of employment if such termination occurs after the date of a Change in Control that occurs at the time the Participant is actively participating in the Program.

6.02 Competition. Competition for purposes of the Program shall mean assuming an ownership position or a consulting, management, employee or director position with a business engaged in the manufacture, processing, purchase or distribution of products of the type manufactured, processed or distributed by the Controlled Group; provided, however, that in no event shall ownership of less than two percent of the outstanding capital stock entitled to vote for the election of directors of a corporation with a class of equity securities held of record by more than 500 persons in itself be deemed Competition; and provided further, that all of the following shall have taken place:

(a) the Secretary of the Company shall have given written notice to the Participant or retiree-Recipient that, in the opinion of the Committee, the Participant or retiree-Recipient is engaged in Competition within the meaning of the foregoing provisions of this Section 6.02, specifying the details;

(b) the Participant or retiree-Recipient shall have been given a reasonable opportunity, upon receipt of such notice, to appear before and to be heard by the Committee with respect to his views regarding the Committee's opinion that the Participant or retiree-Recipient engaged in Competition;

(c) following any hearing pursuant to Section 6.02(b), the Secretary of the Company shall have given written notice to the Participant or retiree-Recipient that the Committee determined that the Participant or retiree-Recipient is engaged in Competition; and

(d) the Participant or retiree-Recipient shall neither have ceased to engage in such Competition within thirty days from his receipt of notice of such determination nor diligently taken all reasonable steps to that end during such thirty-day period and thereafter.

7. General Provisions

7.01 Denial of Claims. Whenever the Company denies, in whole or in part, a claim for benefits filed by any person (hereinafter referred to as the "Claimant"), the Company shall transmit a written notice setting forth, in a manner calculated to be understood by the Claimant, a statement of the specific reasons for the denial of the claim, references to the specific Program provisions on which the denial is based, a description of any additional material or information necessary to perfect the claim and an explanation of why such material or information is necessary, and an explanation of the claims review procedure as set forth in Section 7.02. In addition, the written notice shall contain the date on which the written notice was sent and a statement advising the Claimant that, within 60 days of the date on which such notice was received, he may obtain review of the decision of the Company.

7.02 Claims Review Procedure. Within 60 days of the date on which the notice of denial of claim is received by the Claimant, the Claimant, or his authorized representative, may request that the claim denial be reviewed by filing with the Company a written request therefor, which request shall contain the following information:

(a) The date on which the notice of denial of claim was received by the Claimant;

(b) The date on which the Claimant's request was filed with the Company; provided, however, that the date on which the Claimant's request for review was in fact filed with the Company shall control in the event that the date of the actual filing is later than the date stated by the Claimant pursuant to this subsection (b);

(c) The specific portions of the denial of his claim which the Claimant requests the Company to review;

(d) A statement by the Claimant setting forth the basis upon which he believes the Company should reverse its previous denial of his claim for benefits and accept his claim as made; and

(e) Any written material (included as exhibits) which the Claimant desires the Company to examine in its consideration of his position as stated pursuant to subsection (d).

Within 60 days of the date determined pursuant to Section 7.02(b), the Company shall conduct a full and fair review of the decision denying the Claimant's claim for benefits. Within ten days following the date of such review, the Company will send to the Claimant its written decision setting forth, in a manner calculated to be understood by the Claimant, a statement of the specific reasons for its decision, including references to the specific Program provision relied upon. If the Claimant disputes the Company's decision, such dispute shall be resolved by arbitration in Cleveland, Ohio under the rules of the American Arbitration Association.

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

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

7.05 Rights of Participants. Except as expressly provided in any grantor trust agreement established by the Company:

(a) no Participant or Recipient shall have any right, title, or interest whatsoever in or to any investments which the Company may make to aid it in meeting its obligations under the Program;

(b) nothing contained in the Program shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Company and any Participant, Recipient or any other person;

(c) to the extent that any person acquires a right to receive payments from the Company under the Program, such right shall be no greater than the right of an unsecured general creditor of the Company; and

(d) all payments to be made under the Program shall be paid from the general funds of the Company and no special or separate fund shall be established and no segregation of assets shall be made to assure payment of amounts payable under the Program.

7.06 Administration. The Committee shall be responsible for the general administration of the Program and for carrying out the provisions thereof. Any act authorized, permitted or required to be taken by the Company under the Program may be taken by action of the Committee. Subject to the provisions of Section 7.01 relating to denial of claims and claims review procedure, any action taken by the Committee which is authorized, permitted or required under the Program shall be final and binding upon the Company, all persons who have or who claim an interest under the Program, and all third parties dealing with the Company.

7.07 Program Non-Contractual. Nothing herein contained shall be construed as a commitment or agreement on the part of any person to continue his employment with the Company, and nothing herein contained shall be construed as a commitment on the part of the Company to continue the employment or the rate of compensation of any such person for any period, and all employees of the Company shall remain subject to discharge to the same extent as if the Program had never been put into effect.

7.08 Non-Alienation of Retirement Rights or Benefits. No right or benefit under the Program shall at any time be subject in any manner to alienation or encumbrances. If any person shall attempt to, or shall, alienate or in any way encumber his rights or benefits under the Program, or any part thereof, or if by reason of his bankruptcy or other event happening at any time any such benefits would otherwise be received by anyone else or would not be enjoyed by him, his interest in all such benefits shall automatically terminate and the same, at the discretion of the Company, shall be held or applied to or for the benefit of such person, his spouse, children, or other dependents as the Company may select.

7.09 Payment of Benefits to Others. If any person to whom a retirement benefit is payable is unable to care for his affairs because of illness or accident, any payment due (unless prior claim therefor shall have been made by a duly qualified guardian or legal representative) may be paid to the spouse, parent, brother, or sister, or any other individual deemed by the Company to be maintaining or responsible for the maintenance of such person. The monthly payment of a retirement benefit to a person for the month in which he dies, if not paid to such person prior to his death, shall be paid to his estate. Any payment made in accordance with the provisions of this Section 7.09 shall be a complete discharge of any liability of the Program with respect to the retirement benefit so paid.

7.10 Notices. All notices provided for by the Program shall be in writing and shall be sufficiently given if and when mailed in the continental United States by registered or certified mail or personally delivered to the party entitled thereto at the address stated below or to such changed address as the addressee may have given by a similar notice:

To the Company: Attention: Secretary
 17325 Euclid Avenue
 Cleveland, Ohio 44112

To the Participant: address of residence

Any such notice delivered in person shall be deemed to have been received on the date of delivery.

7.11 Amendment, Modification, Termination. The Program may at any time be terminated, or at any time or from time to time be amended or otherwise modified, prospectively, by the Board of Directors of the Company; provided, however, that no such termination, amendment or modification of the Program shall operate to:

(a) reduce or terminate the benefit of a Participant participating in the Program at the time of any such termination, amendment, or modification;

(b) terminate the participation of a Participant participating in the Program at the time of any such termination, amendment, or modification;

(c) increase the eligibility requirements applicable to a Participant participating in the Program at the time of any such termination, amendment or modification; or

(d) terminate the Program, or reduce or terminate any benefit, or terminate the participation or any rights or benefits, after the occurrence of a Change in Control, with respect to a Participant or Recipient who was a Participant or Recipient, or became a Participant or Recipient, at the time of the occurrence of the Change in Control.

7.12 Applicable Law. Except to the extent preempted by ERISA, the laws of the State of Ohio shall govern the Program and any disputes arising thereunder.

7.13 Gender, Singular and Plural. All pronouns and variations thereof shall be deemed to refer to the masculine, feminine, or neuter, as the identity of the person or persons may require. As the context may require, the singular may be read as the plural and the plural as the singular.

7.14 Headings. All headings are for convenience only and shall not be used in interpreting any text to which they relate.

EXECUTED in Cleveland, Ohio as of the __ day of ____, 1996.

PARKER-HANNIFIN CORPORATION

By: _____

- 15 -

Exhibit (10)(f)* to Report
on Form 10-K for Fiscal
Year Ended June 30, 1996
by Parker-Hannifin Corporation

Parker-Hannifin Corporation 1987 Employees Stock Option Plan,
as amended as of August 15, 1996

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

PARKER-HANNIFIN CORPORATION
1987 EMPLOYEES STOCK OPTION PLAN

Effective: January 29, 1987
Amended: August 15, 1996

1. Purpose. This 1987 Employees Stock Option Plan (the "Plan") is designed to enable the Corporation, by the grant of options, to attract and retain key employees for the Corporation and its subsidiaries and to provide additional incentive to these employees through increased stock ownership. Options granted under the Plan may be (a) incentive stock options within the meaning of Section 422A of the Internal Revenue Code of 1986, as amended (the "Code"), or (b) nonqualified stock options.

2. Administration. The Plan shall be administered by a committee consisting of not less than three directors of the Corporation (the "Committee"), to be appointed by, and to serve during the pleasure of, the Board of Directors of the Corporation. No director who has within one year been eligible to participate in the Plan may be appointed or serve as a member of the Committee. Subject to the terms of the Plan, the Committee shall have full power and authority to interpret the provisions and to supervise the administration of the Plan and to define the terms of and grant options under the Plan. All decisions by the Committee pursuant to the provisions of the Plan shall be made by a majority of its members and shall be final.

3. Employees Who May Participate in the Plan. Employees to whom options are granted shall be designated from time to time by the Committee. An option may be granted to any salaried employee of the Corporation or of a subsidiary with executive, managerial, technical or professional responsibility, including any officer who is a member of the Board of Directors. An employee may hold more than one option; however, for incentive stock options, the aggregate fair market value (determined at the time the option is granted) of the shares with respect to such incentive stock options which are exercisable for the first time during any calendar year (under all plans of the Corporation and its subsidiaries) shall not exceed \$100,000.

4. Shares Subject to the Plan. The shares subject to the Plan shall be the Corporation's Common Shares, without par value, and may be authorized but unissued shares or treasury shares. The total number of shares that may be delivered upon the exercise of all options granted under the Plan may not exceed 1,000,000, subject, however, to adjustment as provided in Section 12. Stock appreciation rights may be granted with respect to all or part of the shares subject to an option granted under the Plan. When all or part of an option is surrendered upon exercise of

the related stock appreciation rights, the shares subject to the surrendered part of the option shall be considered exercised in full and shall not be available for the grant of future options under the Plan, and the number of shares that may be delivered under the Plan shall be reduced accordingly. When, however, an option is surrendered or expires for any reason other than the exercise of the related stock appreciation rights, the shares subject to the option shall again become available for offering under the Plan.

5. Option Price. The option price shall be determined by the Committee or by the Board of Directors. In the case of incentive stock options, the option price may not be less than 100% of the fair market value of the shares subject to the option on the date the option is granted, except that, if the optionee owns, at the time the option is granted, shares possessing more than 10% of the total combined voting power of all classes of stock of the Corporation or a subsidiary, the option price may be not less than 110% of the fair market value of the shares on the date the option is granted. In no event may previously unissued shares be issued at a price less than that permitted by the Ohio General Corporation Law. For purposes of this Plan, the "fair market value" of shares on any date shall be the reported closing price of the shares as reported for New York Stock Exchange-Composite Transactions on that date or, if no shares are traced on that date, the next preceding date on which trading occurred. In the event that the shares cease to be traded on the New York Stock Exchange, the "fair market value" of the shares shall be determined in the manner prescribed by the Committee.

6. Exercise of Options. Except as otherwise provided in Section 7, or as may be permitted pursuant to options granted under Section 13, an option may be exercised only while the optionee is in the employ of the Corporation or of a subsidiary. Unless an option is accelerated as provided in this Section 6, an optionee to whom an option has been granted must remain in the continuous employ of the Corporation or of a subsidiary for one year from the date on which the option is granted before he or she may exercise any part of the option. Thereafter, and during the life of the option, the option may be exercised at any time as to all of the Common Shares subject to the option, or from time to time, as to any portion of such Common Shares or in such installments as the Committee may determine at the time the option is granted. No fraction of a Common Share may, however, be purchased upon the exercise of an option. An option shall be treated as outstanding for this purpose until the option is exercised in full, is surrendered upon the exercise of related stock appreciation rights, or expires by reason of the lapse of time.

The Board of Directors may, in its discretion and upon such terms as it deems appropriate, accelerate the date on which any outstanding option becomes exercisable in the event of a proposed merger or consolidation of the Corporation into or with another corporation, a proposed sale of all or a substantial part of the Corporation's assets, a tender or exchange offer

for the Corporation's Common Shares, or another transaction or series of transactions that the Board determines is likely to result in a change in control of the Corporation. In addition to the foregoing, the Committee may purchase stock options previously granted to any person who is at the time of any such transaction a director or officer of the Corporation for a price equal to the difference between the consideration per share payable pursuant to the terms of the transaction and the option price.

7. Exercise of Options After Termination of Employment. No option may be exercised after termination of the optionee's employment except in the following situations:

(a) If the termination of employment is due to permanent disability or to retirement under the applicable retirement plan or policy of the Corporation or a subsidiary, the optionee shall have the right to exercise the option in whole or in part within the period of two years after the date of the termination of his employment.

(b) If the termination of employment is due to the death of the optionee, the optionee's estate, personal representative, or beneficiary shall have the right to exercise the option in whole or in part within the period of two years after the date of the optionee's death.

(c) If the termination of employment is due to any other reason except the optionee's permanent disability or retirement as specified in (a) above or the optionee's death as specified in (b) above, the optionee shall have the right to exercise the option in whole or in part within the period of three months after the date of such termination of employment.

8. Termination of Options. An option granted under this Plan shall terminate, and the right of the employee to purchase shares upon exercise of the option shall expire, on the date determined by the Committee at the time the option is granted. No option, however, may have a life of more than ten years after the date it is granted, and, in the case of an employee who owns, at the time the option is granted, stock possessing more than 10% of the total combined voting power of all classes of stock of the Corporation or a subsidiary, no incentive stock option may have a life of more than five years after the date it is granted. If an option is accelerated pursuant to Section 6, the Board may prescribe an earlier termination date.

9. Notice of Grant. When an employee is granted an option under the Plan, the Committee shall promptly cause the employee to be notified in writing of the nature of the grant and the terms of the option. The date on which the Committee approves the grant shall be considered to be the date on which the option is granted.

10. Notice of Exercise; Payment for Shares. An option shall be considered to be exercised when the employee notifies the Corporation in writing of his intention to do so and tenders payment in full of the option price. Payment of the option price may be made in cash, by delivery of Common Shares of the Corporation (taken at their fair market value on the date of exercise, as defined in Section 5), or partly in cash and partly in shares, unless otherwise determined by the Committee. The employee shall have none of the rights of a shareholder with respect to shares purchased upon exercise of an option until he has paid the option price in full.

11. Nontransferability of Options. An option granted under the Plan may not be transferred other than by will or by the laws of descent and distribution. Notwithstanding the foregoing, an employee may transfer any nonqualified stock option granted under this Plan to members of his immediate family (defined as his children, grandchildren and spouse) or to one or more trusts for the benefit of such family members or partnerships in which such family members are the only partners if the instrument evidencing such stock option expressly so provides (or is amended to so provide) and the employee does not receive any consideration for the transfer; provided that any such transferred stock option shall continue to be subject to the same terms and considerations that are applicable to such stock option immediately prior to its transfer (except that such transferred stock option shall not be further transferable by the transferee inter vivos). Each employee to whom an option is granted, by accepting the option, agrees with the Corporation that, in the event that the Corporation merges into or consolidates with another corporation, the Corporation sells all or a substantial part of its assets, or the Corporation's Common Shares are subject to a tender or exchange offer, he will consent to the transfer or assumption of the option, or accept a new option in substitution therefor, if the Committee or the Board of Directors requests him to do so.

12. Adjustments upon Changes in Shares. In the event of any change in the shares subject to the Plan or to any option right granted under the Plan by reason of a merger, consolidation, reorganization, recapitalization, stock dividend, stock split, exchange of shares, or other change in the corporate structure of the Corporation, the aggregate number of Common Shares as to which options may thereafter be granted under the Plan, the number of Common Shares subject to each outstanding option, and the option price for shares subject to each outstanding option shall be appropriately adjusted by the Committee.

13. Substitute Options. The Board of Directors may grant options in substitution for, or upon the assumption of, options granted by another corporation that is merged into, consolidated with, or all or a substantial part of the assets or stock of which is acquired by the Corporation or a subsidiary. Subject to the limit in Section 4 on the number of shares that may be delivered upon the exercise of options

granted under this Plan, the terms and provisions of any options granted under this Section 13 may vary from the terms and provisions otherwise specified in this Plan and may, instead, correspond to the terms and provisions of the options granted by the other corporation.

14. Purchase for Investment. Each employee receiving shares upon exercise of an option may be required by the Corporation to furnish a representation that he is acquiring the shares as an investment and not with a view to distribution if the Corporation, in its sole discretion, determines that the representation is required to ensure that the resale or other disposition of the shares would not violate the Securities Act of 1933, as amended, or any applicable state securities laws. The Corporation reserves the right to place any legend or other symbol on certificates for shares delivered pursuant to the Plan, and to issue any stop transfer or similar instructions to the transfer agent, that the Corporation deems necessary and proper to assure compliance with any such representation.

15. Compliance with Securities Laws. No certificate for shares shall be delivered upon exercise of an option until the Corporation has taken any action that is required to comply with the provisions of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, and any applicable state securities laws and with the requirements of any exchange on which the Corporation's Common Shares may, at the time, be listed.

16. Duration and Termination of the Plan. The Plan shall remain in effect until January 28, 1997, and shall then terminate, unless terminated at an earlier date by action of the Board of Directors. Except as provided in Section 18, termination of the Plan shall not affect options previously granted.

17. Amendment of the Plan. The Board of Directors may alter or amend the Plan from time to time prior to its termination, except that, without shareholder approval, no amendment may increase the aggregate number of shares with respect to which options may be granted (except in accordance with the provisions of Section 12), reduce the option price at which options may be exercised (except in accordance with the provisions of Section 12), extend the time within which options may be granted or the time within which an option may be exercised, or change the requirements relating to eligibility or to administration of the Plan. Except in accordance with the provisions of Section 12, the Board of Directors may not, without the consent of the holder of the option, alter or impair any outstanding option previously granted under this Plan. The Committee may, with the agreement of the affected optionee, cancel any stock option granted pursuant to the Plan. In the event of such cancellation the Committee may authorize the grant of a new option for the same number of Common Shares specified in the canceled stock option or for a different number of Common Shares, at such option price and upon terms and

conditions which would have been applicable under the Plan had the original cancelled stock option not been granted.

18. Effective Date. This Plan was adopted by the Board of Directors and became effective on January 29, 1987, subject to approval by the Corporation's shareholders on or before October 28, 1987. Options may be granted prior to approval of the Plan by shareholders, but no such option may be exercised until after the Plan has been approved by shareholders. If the shareholders do not approve the Plan on or before October 28, 1987, all options previously granted under the Plan shall terminate.

Approved by the Shareholders on October 28, 1987.

Exhibit (10)(g)* to Report
on Form 10-K for Fiscal
Year Ended June 30, 1996
by Parker-Hannifin Corporation

Parker-Hannifin Corporation 1990 Employees Stock Option Plan,
as amended as of October 28, 1993
and August 15, 1996

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

PARKER-HANNIFIN CORPORATION
1990 EMPLOYEES STOCK OPTION PLAN

Effective: September 1, 1990
Amended: October 28, 1993
Amended: August 15, 1996

1. Purpose. This 1990 Employees Stock Option Plan (the "Plan") is designed to enable the Corporation, by the grant of options, to attract and retain key employees for the Corporation and its subsidiaries and to provide additional incentive to these employees through increased stock ownership. Options granted under the Plan may be (a) incentive stock options within the meaning of Section 422A of the Internal Revenue Code of 1986, as amended (the "Code"), or (b) nonqualified stock options.

2. Administration. The Plan shall be administered by a committee consisting of not less than three directors of the Corporation (the "Committee"), to be appointed by, and to serve during the pleasure of, the Board of Directors of the Corporation. No director who has within one year been eligible to participate in the Plan may be appointed or serve as a member of the Committee. Subject to the terms of the Plan, the Committee shall have full power and authority to interpret the provisions and to supervise the administration of the Plan and to define the terms of and grant options under the Plan. All decisions by the Committee pursuant to the provisions of the Plan shall be made by a majority of its members and shall be final.

3. Employees Who May Participate in the Plan. Employees to whom options are granted shall be designated from time to time by the Committee. An option may be granted to any salaried employee of the Corporation or of a subsidiary with executive, managerial, technical or professional responsibility, including any officer who is a member of the Board of Directors. An employee may hold more than one option; however, for incentive stock options, the aggregate fair market value (determined at the time the option is granted) of the shares with respect to such incentive stock options which are exercisable for the first time during any calendar year (under all plans of the Corporation and its subsidiaries) shall not exceed \$100,000.

4. Shares Subject to the Plan. The shares subject to the Plan shall be the Corporation's Common Shares, without par value, and may be authorized but unissued shares or treasury shares. The total number of shares that may be delivered upon the exercise of all options granted under the Plan may not exceed 1,000,000, subject, however, to adjustment as provided in Section 12. Stock appreciation rights may be granted with respect to all or part of the shares subject to an option granted under the Plan. When all or part of an option is surrendered upon exercise of the related stock appreciation rights, the shares subject to the surrendered part of the option shall be considered exercised in full and shall not be available for the grant of future options under the Plan, and the number of

shares that may be delivered under the Plan shall be reduced accordingly. When, however, an option is surrendered or expires for any reason other than the exercise of the related stock appreciation rights, the shares subject to the option shall again become available for offering under the Plan.

5. Option Price. The option price shall be determined by the Committee or by the Board of Directors. In the case of incentive stock options, the option price may not be less than 100% of the fair market value of the shares subject to the option on the date the option is granted, except that, if the optionee owns, at the time the option is granted, shares possessing more than 10% of the total combined voting power of all classes of stock of the Corporation or a subsidiary, the option price may be not less than 110% of the fair market value of the shares on the date the option is granted. In no event may previously unissued shares be issued at a price less than that permitted by the Ohio General Corporation Law. For purposes of this Plan, the "fair market value" of shares on any date shall be the reported closing price of the shares as reported for New York Stock Exchange-Composite Transactions on that date, or if no shares are traded on that date, the next preceding date on which trading occurred. In the event that the shares cease to be traded on the New York Stock Exchange, the "fair market value" of the shares shall be determined in the manner prescribed by the Committee.

6. Exercise of Options. Except as otherwise provided in Section 7, or as may be permitted pursuant to options granted under Section 13, an option may be exercised only while the optionee is in the employ of the Corporation or of a subsidiary. Unless an option is accelerated as provided in this Section 6, an optionee to whom an option has been granted must remain in the continuous employ of the Corporation or of a subsidiary for one year from the date on which the option is granted before he or she may exercise any part of the option. Thereafter, and during the life of the option, the option may be exercised at any time as to all of the Common Shares subject to the option, or from time to time, as to any portion of such Common Shares or in such installments as the Committee may determine at the time the option is granted. No fraction of a Common Share may, however, be purchased upon the exercise of an option. An option shall be treated as outstanding for this purpose until the option is exercised in full, is surrendered upon the exercise of related stock appreciation rights, or expires by reason of the lapse of time.

The Board of Directors may, in its discretion and upon such terms as it deems appropriate, accelerate the date on which any outstanding option becomes exercisable in the event of a proposed merger or consolidation of the Corporation into or with another corporation, a proposed sale of all or a substantial part of the Corporation's assets, a tender or exchange offer for the Corporation's Common Shares, or another transaction or series of transactions that the Board determines is likely to result in a change in control of the Corporation. In addition to the foregoing, the Committee may purchase stock options previously granted to any person who is at the time of any such transaction a director or officer of the Corporation for a price equal to the difference between the consideration per share payable pursuant to the terms of the transaction and the option price.

7. Exercise of Options After Termination of Employment. No option may be exercised after termination of the optionee's employment, except in the following situations:

(a) If the termination of employment is due to permanent disability or to retirement under the applicable retirement plan or policy of the Corporation or a subsidiary, the optionee shall have the right to exercise the option in whole or in part within the period of two years after the date of termination of his employment; provided, however, that the Compensation and Management Development Committee of the Board of Directors may, at its sole discretion, extend the period of time in which a particular optionee may exercise an option, in whole or in part, but not for a period exceeding ten years after the date of grant.

(b) If the termination of employment is due to the death of the optionee, the optionee's estate, personal representative, or beneficiary shall have the right to exercise the option in whole or in part within the period of two years after the date of the optionee's death.

(c) If the termination of employment is due to any other reason except the optionee's permanent disability or retirement as specified in (a) above or the optionee's death as specified in (b) above, the optionee shall have the right to exercise the option in whole or in part within the period of three months after the date of such termination of employment.

8. Termination of Options. An option granted under this Plan shall terminate, and the right of the employee to purchase shares upon exercise of the option shall expire, on the date determined by the Committee at the time the option is granted. No option, however, may have a life of more than ten years after the date it is granted, and, in the case of an employee who owns, at the time the option is granted, stock possessing more than 10% of the total combined voting power of all classes of stock of the Corporation or a subsidiary, no incentive stock option may have a life of more than five years after the date it is granted. If an option is accelerated pursuant to Section 6, the Board may prescribe an earlier termination date.

9. Notice of Grant. When an employee is granted an option under the Plan, the Committee shall promptly cause the employee to be notified in writing of the nature of the grant and the terms of the option. The date on which the Committee approves the grant shall be considered to be the date on which the option is granted.

10. Notice of Exercise: Payment for Shares. An option shall be considered to be exercised when the employee notifies the Corporation in writing of his intention to do so and tenders payment in full of the option price. Payment of the option price may be made in cash, by delivery of Common Shares of the Corporation (taken at their fair market value on the date of exercise, as defined in Section 5), or partly in cash and partly in shares, unless otherwise determined by the Committee. The employee shall have none of the rights of a shareholder with respect to shares purchased upon exercise of an option until he has paid the option price in full.

11. Nontransferability of Options. An option granted under the Plan may not be transferred other than by will or by the laws of descent and

distribution. Notwithstanding the foregoing, an employee may transfer any nonqualified stock option granted under this Plan to members of his immediate family (defined as his children, grandchildren and spouse) or to one or more trusts for the benefit of such family members or partnerships in which such family members are the only partners if the instrument evidencing such stock option expressly so provides (or is amended to so provide) and the employee does not receive any consideration for the transfer; provided that any such transferred stock option shall continue to be subject to the same terms and considerations that are applicable to such stock option immediately prior to its transfer (except that such transferred stock option shall not be further transferable by the transferee inter vivos). Each employee to whom an option is granted, by accepting the option, agrees with the Corporation that, in the event that the Corporation merges into or consolidates with another corporation, the Corporation sells all or a substantial part of its assets, or the Corporation's Common Shares are subject to a tender or exchange offer, he will consent to the transfer or assumption of the option, or accept a new option in substitution therefor, if the Committee or the Board of Directors requests him to do so.

12. Adjustments Upon Changes in Shares. In the event of any change in the shares subject to the Plan or to any option right granted under the Plan by reason of a merger, consolidation, reorganization, recapitalization, stock dividend, stock split, exchange of shares, or other change in the corporate structure of the Corporation, the aggregate number of Common Shares as to which options may thereafter be granted under the Plan, the number of Common Shares subject to each outstanding option, and the option price for shares subject to each outstanding option shall be appropriately adjusted by the Committee.

13. Substitute Options. The Board of Directors may grant options in substitution for, or upon the assumption of, options granted by another corporation that is merged into, consolidated with, or all or a substantial part of the assets or stock of which is acquired by the Corporation or a subsidiary. Subject to the limit in Section 4 on the number of shares that may be delivered upon the exercise of options granted under this Plan, the terms and provisions of any options granted under this Section 13 may vary from the terms and provisions otherwise specified in this Plan and may, instead, correspond to the terms and provisions of the options granted by the other corporation.

14. Purchase for Investment. Each employee receiving shares upon exercise of an option may be required by the Corporation to furnish a representation that he is acquiring the shares as an investment and not with a view to distribution if the Corporation, in its sole discretion, determines that the representation is required to ensure that the resale or other disposition of the shares would not violate the Securities Act of 1933, as amended, or any applicable state securities laws. The Corporation reserves the right to place any legend or other symbol on certificates for shares delivered pursuant to the Plan, and to issue any stop transfer or similar instructions to the transfer agent, that the Corporation deems necessary and proper to assure compliance with any such representation.

15. Compliance with Securities Law. No certificate for shares shall be delivered upon exercise of an option until the Corporation has

taken any action that is required to comply with the provisions of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, and any applicable state securities laws and with the requirements of any exchange on which the Corporation's Common Shares may, at the time, be listed.

16. Duration and Termination of the Plan. The Plan shall remain in effect until August 31, 2000, and shall then terminate, unless terminated at an earlier date by action of the Board of Directors. Except as provided in Section 18, termination of the Plan shall not affect options previously granted.

17. Amendment of the Plan. The Board of Directors may alter or amend the Plan from time to time prior to its termination, except that, without shareholder approval, no amendment may increase the aggregate number of shares with respect to which options may be granted (except in accordance with the provisions of Section 12), reduce the option price at which options may be exercised (except in accordance with the provisions of Section 12), extend the time within which options may be granted or the time within which an option may be exercised, or change the requirements relating to eligibility or to administration of the Plan. Except in accordance with the provisions of Section 12, the Board of Directors may not, without the consent of the holder of the option, alter or impair any outstanding options previously granted under this Plan. The Committee, may, with the agreement of the affected optionee, cancel any stock option granted pursuant to the Plan. In the event of such cancellation, the Committee may authorize the grant of a new option for the same number of Common Shares specified in the cancelled stock option or for a different number of Common Shares, at such option price and upon terms and conditions which would have been applicable under the Plan had the original cancelled stock option not been granted.

18. Effective Date. This Plan was adopted by the Board of Directors and became effective on September 1, 1990, subject to approval by the Corporation's shareholders on or before October 24, 1990. Options may be granted prior to approval of the Plan by shareholders, but no such option may be exercised until after the Plan has been approved by shareholders. If the shareholders do not approve the Plan on or before October 24, 1990, all options previously granted under the Plan shall terminate.

Exhibit (10)(h)* to Report
on Form 10-K for Fiscal
Year Ended June 30, 1996
by Parker-Hannifin Corporation

Parker-Hannifin Corporation 1993 Stock Incentive Program,
as amended as of August 15, 1996

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

Parker-Hannifin Corporation 1993 Stock Incentive Program

Effective: April 22, 1993
Amended: August 15, 1996

1. Purpose.

The 1993 Stock Incentive Program is intended to help maintain and develop strong management through ownership of shares of the Corporation by key employees of the Corporation and its Subsidiaries and for recognition of efforts and accomplishments which contribute materially to the success of the Corporation's business interests.

2. Definitions.

In this Program, except where the context otherwise indicates, the following definitions apply:

(a) "Award" means a stock option, stock appreciation right ("SAR"), restricted stock, incentive share, dividend equivalent right ("DER"), or other award under this Program.

(b) "Board" means the Board of Directors of the Corporation.

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

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

(ii) individuals who, at the beginning of any period of twenty-four (24) consecutive months, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority thereof; provided, that (A) any person becoming a director subsequent to the

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

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

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

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

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

(d) "Code" means the Internal Revenue Code, as in effect from time to time.

(e) "Compensation and Management Development Committee" or "Committee" means the committee of the Board so designated. The Committee will be constituted in a manner that satisfies all applicable legal requirements, including satisfying the disinterested administration standard set forth in Rule 16b-3.

(f) "Corporation" means Parker-Hannifin Corporation, an Ohio corporation, and its Subsidiaries.

(g) "Designated beneficiary" means the person designated by the grantee of an award hereunder to be entitled, on the death of the grantee, to any remaining rights arising out of such award. Such designation must be made in writing and in accordance with such regulations as the Committee may establish.

(h) "Detrimental activity" means activity that is determined in individual cases, by the Committee or its express delegate, to be detrimental to the interests of the Corporation or a Subsidiary, including without limitation (i) the rendering of services for an organization, or engaging in a business, that is, in the judgment of the Committee or its express delegate, in competition with the Corporation; (ii) the disclosure to any one outside of the Corporation, or the use for any purpose other than the Corporation's business, of confidential information or material related to the Corporation, whether acquired by the employee during or after employment with the Corporation; or (iii) fraud, embezzlement, theft-in-office or other illegal activity.

(i) "Dividend equivalent right," herein sometimes called a "DER," means the right of the holder thereof to receive, pursuant to the terms of the DER, credits based on the cash dividends that would be paid on the shares specified in the DER if such shares were held by the grantee, as more particularly set forth in Section 12(a) below.

(j) "Eligible employee" means an employee who is an officer, or in a managerial, executive, technical, professional, or other key position as determined by the Committee.

(k) "Employee" means a regular employee of the Corporation or one of its Subsidiaries.

(l) "Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time.

(m) "Fair market value" in relation to a share as of any specific time shall mean such value as reported for New York Stock Exchange--Composite Transactions on such date, or if no shares are traded on that date, the next preceding date on which trading occurred.

(n) "Grantee" means a recipient of an award under this Program.

(o) "Incentive share" means an award of shares granted pursuant to Section 11 below.

(p) "Incentive stock option," herein sometimes called an "ISO," means a stock option meeting the requirements of Section 422 of the Code or any successor provision.

(q) "Insider" means a person subject to the reporting requirements of Section 16(a) of the Exchange Act with respect to equity securities of the Corporation.

(r) "Restricted stock" means any share issued with the restriction that the holder may not sell, transfer, pledge, or assign such share and such other restrictions (which may include, but are not limited to, restrictions on the right to vote or receive dividends) which may expire separately or in combination, at one time or in installments, all as specified by the grant.

(s) "Rule 16b-3" means Rule 16b-3 (or any successor thereto) under the Exchange Act that exempts from Section 16(b) of the Exchange Act transactions under employee benefit plans, as in effect from time to time with respect to this Program.

(t) "Share" means a common share, par value \$.50, of the Corporation issued and reacquired by the Corporation or previously authorized but unissued.

(u) "Shareholder-approved plan" means any of the plans constituting parts of any of the incentive programs previously or hereafter approved by shareholders of the Corporation.

(v) "Stock appreciation right," herein sometimes called an "SAR," means the right of the holder thereof to receive, pursuant to the terms of the SAR, a number of shares or cash or a combination of shares and cash, based on the increase in the value of the number of shares specified in the SAR, as more particularly set forth in Section 9 below.

(w) "Subsidiary" means any corporation, partnership, or other entity in which the Corporation, directly or indirectly, owns a 50 percent or greater equity interest.

(x) "Terminate" means cease to be an employee, except by death, but a change of employment from the Corporation or one Subsidiary to another Subsidiary or to the Corporation shall not be considered a termination.

(y) "Terminate normally" for an employee participating in this Program means terminate

(i) as a result of retirement under the applicable retirement plan or policy of the Corporation or a Subsidiary,

(ii) as a result of that employee becoming eligible for disability income under the Corporation's long-term disability

program, or

(iii) with written approval of the Committee given in the context of recognition that all or a specified portion of the outstanding awards to that employee will not expire or be forfeited or annulled because of such termination and, in each such case, without being terminated for cause.

(z) "Year" means fiscal year.

3. Eligibility.

The selection of eligible employees to receive awards will be within the discretion of the Committee. More than one award may be granted to the same eligible employee. Members of the Committee are not eligible for the grant of awards.

4. Administration.

(a) The Committee shall administer this Program. The Committee will, subject to the terms of the Program, have the authority to (i) select the eligible employees who will receive awards; (ii) grant awards; (iii) determine the number and types of awards to be granted to employees; (iv) determine the terms, conditions, vesting periods and restrictions applicable to awards; (v) adopt, alter and repeal administrative rules and practices governing this Program; (vi) interpret the terms and provisions of this Program and any awards granted under this Program; (vii) prescribe the forms of any notices of awards or other instruments relating to awards; and (viii) otherwise supervise the administration of this Program. All decisions by the Committee will be made with the approval of not less than a majority of its members.

(b) All determinations and interpretations pursuant to the provisions of this Program shall be binding and conclusive upon the individual employees involved and all persons claiming under them.

(c) With respect to Insiders, transactions under this Program are intended to comply with all applicable conditions of Rule 16b-3. To the extent any provision of this Program or any action by the Committee under this Program fails to so comply, such provision or action shall, without further action by any person, be deemed to be automatically amended to the extent necessary to effect compliance with Rule 16b-3, provided that if such provision or action cannot be amended to effect such compliance, such provision or action shall be deemed null and void, to the extent permitted by law and deemed advisable by the appropriate authority. Each award to an Insider under this Program shall be deemed issued subject to the foregoing qualification.

(d) An award under this Program is not transferable except, as provided in the award, by will, pursuant to the laws of descent and distribution, or pursuant to a qualified domestic relations order, and is not subject, in whole or in part, to attachment, execution, or levy of any kind. The designation by a grantee of a designated beneficiary shall not constitute a transfer.

(e) Any rights with respect to an award granted under this Program existing after the grantee dies are exercisable by the grantee's designated beneficiary or, if there is no such designated beneficiary who may, and does, lawfully do so, by the grantee's personal representative.

(f) Except as otherwise provided herein, a particular form of award may be granted to an eligible employee either alone or in addition to other awards hereunder. The provisions of particular forms of award need not be the same

with respect to each recipient.

(g) The Committee may delegate any of its authority to any other person or persons that it deems appropriate, provided the delegation does not cause the Program or any awards granted under this Program to fail to qualify for the exemption provided by Rule 16b-3.

(h) This Program and all action taken under it shall be governed by the laws of the State of Ohio without giving effect to the principles of conflict of laws thereof.

5. Term.

This Program will continue in effect until terminated by the Board.

6. Awards That May Be Granted.

The aggregate number of shares that may be subject to awards granted under this Program in any fiscal year, subject to adjustment as provided in Section 7 below, will be equal to the sum of (a) one and one-half percent (1.5%) of the number of shares outstanding on the last day of the previous fiscal year; plus (b) the number of shares that were available for the grant of awards in previous fiscal years; provided, that, in no event will the number of shares available for the grant of awards in any fiscal year exceed two and one-half percent (2.5%) of the shares outstanding on the last day of the previous fiscal year. The aggregate number of shares that may be issued upon exercise of ISOs is 1,000,000. When an unexercised award lapses, expires, terminates or is forfeited, the related shares may be available for distribution in connection with future awards but will continue to be subject to the 2.5% maximum described above. The assumption of awards granted by an organization acquired by the Corporation, or the grant of awards under this Program in substitution for any such awards, will not reduce the number of shares available in any fiscal year for the grant of awards under this Program.

7. Adjustments.

In the event that the Committee shall determine that any stock dividend, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination, exchange of shares, warrants or rights offering to purchase common stock of the Corporation at a price substantially below fair market value, or other similar corporate event affects the common stock of the Corporation such that an adjustment is required in order to preserve the benefits or potential benefits intended to be made available under this Program, then the Committee shall, in its sole discretion, and in such manner as the Committee may deem equitable, adjust any or all of (a) the number and kind of shares which thereafter may be the subject of Awards under this Program, (b) the number and kind of shares subject to outstanding Awards, and (c) the exercise price with respect to any of the foregoing.

8. Stock Options.

One or more stock options can be granted to any eligible employee. Each stock option so granted shall be subject to such terms and conditions as the Committee shall impose. The exercise price per share shall be specified by the grant, but shall in no instance be less than 100 percent of fair market value at the time of grant. Payment of the exercise price shall be made in

cash, shares, or other consideration, or any combination thereof, in accordance with the terms of this Program and any applicable regulations of the Committee in effect at the time and valued at fair market value on the date of exercise of the stock option. Stock options granted hereunder may be designated as ISOs (except to the extent otherwise specified in this Section 8) or nonqualified stock options. To the extent that the aggregate fair market value of shares with respect to which stock options designated as ISOs are exercisable for the first time by any grantee during any year (under all plans of the Corporation and any Subsidiary thereof) exceeds \$100,000, such stock options shall be treated as not being ISOs. ISOs must comply with requirements of Section 422 of the Code.

9. Stock Appreciation Rights.

(a) An SAR may be granted to an eligible employee as a separate award hereunder. Any such SAR shall be subject to such terms and conditions as the Committee shall impose, which shall include provisions that (i) such SAR shall entitle the holder thereof, upon exercise thereof in accordance with such SAR and the regulations of the Committee, to receive from the Corporation that number of shares having an aggregate value equal to the excess of the fair market value, at the time of exercise of such SAR, of one share over the exercise price per share specified by the grant of such SAR (which shall in no instance be less than 100 percent of fair market value at the time of grant) times the number of shares specified in such SAR, or portion thereof, which is so exercised.

(b) Any stock option granted under this Program may include an SAR, either at the time of grant or by amendment. An SAR included in a stock option shall be subject to such terms and conditions as the Committee shall impose, which shall include provisions that

(i) such SAR shall be exercisable to the extent, and only to the extent, the stock option is exercisable; and

(ii) such SAR shall entitle the optionee to surrender to the Corporation unexercised the stock option in which the SAR is included, or any portion thereof, and to receive from the Corporation in exchange therefor that number of shares having an aggregate value equal to the excess of the fair market value, at the time of exercise of such SAR, of one share over the exercise price specified in such stock option times the number of shares specified in such stock option, or portion thereof, which is so surrendered.

(c) In lieu of the right to receive all or any specified portion of such shares, an SAR may entitle the holder thereof to receive the cash equivalent thereof as specified by the grant.

(d) An SAR may provide that such SAR shall be deemed to have been exercised at the close of business on the business day preceding the expiration of such SAR or the related stock option, if any, if at such time such SAR has positive value and would have expired.

10. Restricted Stock.

(a) An award of restricted stock may be granted hereunder to an eligible employee, for no cash consideration, for such minimum consideration as may be required by applicable law, or for such other consideration as may be specified by the grant. The terms and conditions of restricted stock, including the vesting period, shall be specified by the Committee, at its sole

discretion, in the grant.

(b) Any restricted stock issued hereunder may be evidenced in such manner as the Committee in its sole discretion shall deem appropriate, including, without limitation, book-entry registration or issuance of a stock certificate or certificates. In the event any stock certificate is issued in respect of shares of restricted stock awarded hereunder, such certificate shall bear an appropriate legend with respect to the restrictions applicable to such award.

11. Incentive Shares.

(a) An incentive award may be granted hereunder in the form of shares. Incentive shares may be granted to an eligible employee for no cash consideration, for such minimum consideration as may be required by applicable law, or for such other consideration as may be specified by the grant. The terms and conditions of incentive shares shall be specified by the grant.

(b) Incentive shares may be paid to the grantee in a single installment or in installments and may be paid at the time of grant or deferred to a later date or dates. Each grant shall specify the time and method of payment as determined by the Committee.

12. Dividend Equivalent Rights; Interest Equivalents.

(a) A DER may be granted hereunder to an eligible employee, as a component of another award or as a separate award. The terms and conditions of DERs shall be specified by the grant. Dividend equivalents credited to the holder of a DER may be paid currently or may be deemed to be reinvested in additional shares (which may thereafter accrue additional dividend equivalents). Any such reinvestment shall be at fair market value at the time thereof. DERs may be settled in cash or shares or a combination thereof, in a single installment or installments. A DER granted as a component of another award may provide that such DER shall be settled upon exercise, settlement, or payment of, or lapse of restrictions on, such other award, and that such DER shall expire or be forfeited or annulled under the same conditions as such other award. A DER granted as a component of another award may also contain terms and conditions different from such other award.

(b) Any award under this Program that is settled in whole or in part in cash on a deferred basis may provide by the grant for interest equivalents to be credited with respect to such cash payment. Interest equivalents may be compounded and shall be paid upon such terms and conditions as may be specified by the grant.

13. Deferral of Payment.

With the approval of the Committee, the delivery of shares, cash or any combination thereof subject to an award may be deferred, either in the form of installments or a single future delivery. The Committee may also permit selected grantees to defer payment of some or all of their awards, as well as other compensation, in accordance with procedures established by the Committee to assure that recognition of taxable income is deferred under the Code.

14. Termination of Employment.

If the employment of a grantee terminates for any reason, all unexercised, deferred and unpaid awards may be exercisable and paid only in accordance with rules established by the Committee. These rules may provide,

as the Committee deems appropriate, for the expiration, continuation, or acceleration of the vesting of all or part of the awards.

15. Detrimental Activity.

The Committee may cancel any unexpired, unpaid or deferred awards at any time if the grantee is not in compliance with all applicable provisions of this Program or with the terms of any notice of award or if the grantee engages in detrimental activity. The Committee may, in its discretion and as a condition to the exercise of an award, require a grantee to acknowledge that he or she is in compliance with all applicable provisions of the Program and of any notice of award and has not engaged in any detrimental activity.

16. Change in Control.

The Committee may in its discretion and upon such terms as it deems appropriate, accelerate the date on which any outstanding option or SAR becomes exercisable or waive the restrictions or other terms and conditions on the vesting of any restricted or incentive shares in the event of a proposed change in control of the Corporation. In addition to the foregoing, the Corporation may, with the approval of the Committee, purchase stock options previously granted to any person who is at the time of any such transaction an employee of the Corporation for a price equal to the difference between the consideration per share payable pursuant to the terms of the transaction and the option price.

17. Substitute Awards.

The Committee may grant awards in substitution for, or upon the assumption of, awards granted by another corporation that is merged into, consolidated with, or all or a substantial part of the assets or stock of which is acquired by the Corporation or a Subsidiary. The terms and provisions of any awards granted under this Section 16 may vary from the terms and provisions otherwise specified in this Program and may, instead, correspond to the terms and provisions of the awards granted by the other corporation.

18. Amendments to This Program; Amendments of Outstanding Awards.

(a) The Board can from time to time amend or terminate this Program, or any provision hereof. Approval of the shareholders of the Corporation will be required only to the extent necessary to comply with Rule 16b-3 or any other applicable law, regulation, or listing requirement, or to qualify for an exemption or characterization that is deemed desirable by the Board.

(b) The Committee may, in its discretion, amend the terms of any award, prospectively or retroactively, but no such amendment may impair the rights of any grantee without his or her consent. The Committee may, in whole or in part, waive any restrictions or conditions applicable to, or accelerate the vesting of, any award.

19. Withholding Taxes.

The Corporation shall have the right to deduct from any cash payment made under this Program any federal, state or local income or other taxes required by law to be withheld with respect to such payment. It shall be a condition to the obligation of the Corporation to deliver shares or securities of the Corporation upon exercise of a stock option or SAR, upon settlement of a DER,

upon delivery of restricted stock or incentive shares, or upon exercise, settlement, or payment of any other award under this Program, that the grantee of such award pay to the Corporation such amount as may be requested by the Corporation for the purpose of satisfying any liability for such withholding taxes. Any award under this Program may provide by the grant that the grantee of such award may elect, in accordance with any applicable regulations of the granting authority, to pay a portion or all of the amount of such minimum required or additional permitted withholding taxes in shares. The grantee shall authorize the Corporation to withhold, or shall agree to surrender back to the Corporation, on or about the date such withholding tax liability is determinable, shares previously owned by such grantee or a portion of the shares that were or otherwise would be distributed to such grantee pursuant to such award having a fair market value equal to the amount of such required or permitted withholding taxes to be paid in shares.

20. Grants of Awards to Employees Who are Foreign Nationals.

Without amending this Program, but subject to the limitations specified in Section 18 above, the Committee can grant, amend, administer, annul, or terminate awards to eligible employees who are foreign nationals on such terms and conditions different from those specified in this Program as may in the judgment of the granting authority be necessary or desirable to foster and promote achievement of the purposes of this Program.

21. Rights of Employees.

Nothing in this Program will confer upon any grantee the right to continued employment by the Corporation or limit in any way the Corporation's right to terminate any grantee's employment at will.

22. Effective Date.

This Program was ratified by the Board and became effective on April 22, 1993, subject to approval of the shareholders on or before October 28, 1993. Awards may be granted prior to approval of the Program by shareholders, but no such award may be exercised until after the Program has been approved by shareholders. If the shareholders do not approve the Program on or before October 28, 1993, all awards granted under the Program shall terminate.

Exhibit (10)(j)* to Report
on Form 10-K for Fiscal
Year Ended June 30, 1996
by Parker-Hannifin Corporation

Parker-Hannifin Corporation 1997 Target Incentive
Bonus Plan Description

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

PARKER-HANNIFIN CORPORATION 1997 TARGET INCENTIVE BONUS PLAN

- A. Payments earned under the Bonus Plan depend upon the Company's performance against a pre-tax return on average assets (ROAA) schedule which is based upon the Fiscal Year 1997 operating plan.
- B. The payout under the Plan ranges from 15% to 150% of each participant's target award, with 100% payout set at achievement of fiscal year 1997 planned ROAA.
- C. Any payout pursuant to the Plan that will result in the exceedance of the \$1 million cap on the tax deductibility of executive compensation will be deferred until such time in the earliest subsequent fiscal year that such cap will not be exceeded.
- D. Participants: All of the executive officers of the Company, plus Group Presidents who are not executive officers.
- E. Fiscal year 1997 Planned ROAA: 14.6%

ROAA Payout Schedule

FY97 ROAA	Percentage of Target Award Paid*
< 3.4%	0
3.4%	30%
5.2%	40%
6.9%	50%
8.5%	60%
10.1%	70%
10.2%	71%
11.7%	80%
13.2%	90%
14.6%	100%
15.4%	113%
16.2%	125%
17.0%	138%
17.8%	150%

* Fiscal year 1997 ROAA less than 10.2% will reduce the amount paid by 50%.

- F. ROAA will not include the impact of:
 - 1. Environmental costs in excess of planned amounts
 - 2. Acquisitions/divestitures
 - 3. Currency gains or losses

Exhibit (10)(1)* to Report
on Form 10-K for Fiscal
Year Ended June 30, 1996
by Parker-Hannifin Corporation

Parker-Hannifin Corporation 1995-96-97 Long Term
Incentive Plan Description, as amended as of August 17, 1995
and August 15, 1996

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

PARKER-HANNIFIN CORPORATION
1995-96-97
LONG TERM INCENTIVE PLAN

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

The participants in this plan in the near term will be limited to Corporate Officers and Group Presidents. They clearly can affect broadly the overall financial performance of the company. At a later date, it could be expanded to include Operating Vice Presidents and equivalent Corporate Staff positions.

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

Participation

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

Performance Period

Three-year average Return on Equity with the grant to cover FY 95, 96 and 97.

Size of Awards

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

Performance Objective

The Return on Equity objective is 14%.

Value Range

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

Performance Range

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

Payment

Payments earned under the plan will be paid at the end of the three-year performance period. Payment will be made in restricted stock of the Corporation unless the participant elects a cash payment to be deferred under the Corporation's voluntary income deferral plan. The restricted shares would be subject to a vesting schedule and such other terms and conditions determined by the Compensation Committee at the time of issuance. Any payout pursuant to this plan that will result in the exceedance of the \$1 million cap on the tax deductibility of executive compensation will be deferred until such time in the earliest subsequent fiscal year that such cap will not be exceeded.

Termination of Employment

If a participant dies, retires (with consent of the Compensation and Management Development Committee if earlier than age 60) or is disabled during the performance period, he will receive a pro rata portion of the award payable upon completion of the performance period. A participant who resigns or is otherwise terminated during the performance period forfeits the award.

Performance Schedule

The Plan performance schedule, based on the three year simple average of annual report Return on Equity, is as follows:

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

Change in Control

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

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

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

expressly that the acquisition pursuant to this clause (F) does not constitute a Change in Control under this paragraph (i);

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

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

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

Notwithstanding the foregoing, a Change in Control shall not be deemed to occur solely because any person acquires beneficial ownership of more than 20%

of the Company Voting Securities as a result of the acquisition of Company Voting Securities by the Company which, by reducing the number of Company Voting Securities outstanding, increases the percentage of shares beneficially owned by such person; provided, that if a Change in Control would occur as a result of such an acquisition by the Company (if not for the operation of this sentence), and after the Company's acquisition such person becomes the beneficial owner of additional Company Voting Securities that increases the percentage of outstanding Company Voting Securities beneficially owned by such person, a Change in Control shall then occur.

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

Exhibit (10)(m)* to Report
on Form 10-K for Fiscal
Year Ended June 30, 1996
by Parker-Hannifin Corporation

Parker-Hannifin Corporation 1996-97-98 Long Term
Incentive Plan Description, as amended as of August 15, 1996

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

PARKER-HANNIFIN CORPORATION
1996-97-98
LONG TERM INCENTIVE PLAN

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

The participants in this plan in the near term will be limited to Corporate Officers and Group Presidents. They clearly can affect broadly the overall financial performance of the company. At a later date, it could be expanded to include Operating Vice Presidents and equivalent Corporate Staff positions.

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

Participation

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

Performance Period

Three-year average Return on Equity with the grant to cover FY 96, 97 and 98.

Size of Awards

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

Performance Objective

The Return on Equity objective is 14%.

Value Range

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

Performance Range

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

Payment

Payments earned under the plan will be paid at the end of the three-year performance period. Payment will be made in restricted stock of the Corporation unless the participant is retired at the time of payment or has previously elected a cash payment to be deferred under the Corporation's Executive Deferral Plan. The value of the cash payment in lieu of restricted shares is determined based upon the share price of Parker-Hannifin's Common Shares on June 30, 1998. The restricted shares would be subject to a vesting schedule and such other terms and conditions determined by the Compensation Committee at the time of issuance. Any payout pursuant to this plan that will result in the exceedance of the \$1 million cap on the tax deductibility of executive compensation will be deferred until such time in the earliest subsequent fiscal year that such cap will not be exceeded.

Termination of Employment

If a participant dies, retires (with consent of the Compensation and Management Development Committee if earlier than age 60) or is disabled during the performance period, he will receive a pro rata portion of the award payable upon completion of the performance period. A participant who resigns or is otherwise terminated during the performance period forfeits the award.

Performance Schedule

The Plan performance schedule, based on the three year simple average of annual report Return on Equity, is as follows:

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

Change in Control

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

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

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

indirectly, holds a majority of the voting power of such entity's outstanding voting interests); or (F) the acquisition of Company Voting Securities from the Company, if a majority of the Board approves a resolution providing expressly that the acquisition pursuant to this clause (F) does not constitute a Change in Control under this paragraph (i);

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

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

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

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

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

Exhibit (10)(n)* to Report
on Form 10-K for Fiscal
Year Ended June 30, 1996
by Parker-Hannifin Corporation

Parker-Hannifin Corporation 1997-98-99 Long Term
Incentive Plan Description

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

PARKER-HANNIFIN CORPORATION
1997-98-99
LONG TERM INCENTIVE PLAN

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

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

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

Participation

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

Performance Period

Three-year average Return on Equity with the grant to cover FY 97, 98 and 99.

Size of Awards

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

Performance Objective

The Return on Equity objective is 14%.

Value Range

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

Performance Range

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

Payment

Payments earned under the plan will be paid at the end of the three-year performance period. Payment will be made in restricted stock of the Corporation unless the participant is retired at the time of payment or has previously elected a cash payment to be deferred under the Corporation's Executive Deferral Plan. The value of the cash payment in lieu of restricted shares is determined based upon the share price of Parker-Hannifin's Common Shares on June 30, 1999. The restricted shares would be subject to a vesting schedule and such other terms and conditions determined by the Compensation Committee at the time of issuance. Any payout pursuant to this plan that will result in the exceedance of the \$1 million cap on the tax deductibility of executive compensation will be deferred until such time in the earliest subsequent fiscal year that such cap will not be exceeded.

Termination of Employment

If a participant dies, retires (with consent of the Compensation and Management Development Committee if earlier than age 60) or is disabled during the performance period, he will receive a pro rata portion of the award payable upon completion of the performance period. A participant who resigns or is otherwise terminated during the performance period forfeits the award.

Performance Schedule

The Plan performance schedule, based on the three year simple average of annual report Return on Equity, is as follows:

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

Change in Control

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

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

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

indirectly, holds a majority of the voting power of such entity's outstanding voting interests); or (F) the acquisition of Company Voting Securities from the Company, if a majority of the Board approves a resolution providing expressly that the acquisition pursuant to this clause (F) does not constitute a Change in Control under this paragraph (i);

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

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

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

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

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

Exhibit (10)(o)* to Report
on Form 10-K for Fiscal
Year Ended June 30, 1996
by Parker-Hannifin Corporation

Parker-Hannifin Corporation Savings Restoration Plan,
as amended as of August 17, 1995
and August 15, 1996

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

PARKER-HANNIFIN CORPORATION

SAVINGS RESTORATION PLAN

- 1 -

PARKER-HANNIFIN CORPORATION

SAVINGS RESTORATION PLAN

Parker-Hannifin Corporation, an Ohio corporation, (the "Company"), hereby establishes this Savings Restoration Plan (the "Plan"), effective October 1, 1994, for the purpose of attracting high quality executives and promoting in its executives increased efficiency and an interest in the successful operation of the Company by restoring some of the deferral opportunities and employer-provided benefits that are lost under The Parker-Hannifin Employees' Savings Plus Stock Ownership Plan due to legislative limits. The benefits provided under the Plan shall be provided in consideration for services to be performed after the effective date of the Plan, but prior to the executive's retirement.

ARTICLE 1

Definitions

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

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

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

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

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

the Participant (or any entity in which the Participant or a group of persons including the Participant, directly or indirectly, holds a majority of the voting power of such entity's outstanding voting interests); or (F) the acquisition of Company Voting Securities from the Company, if a majority of the Board approves a resolution providing expressly that the acquisition pursuant to this clause (F) does not constitute a Change in Control under this paragraph (i);

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

(iii) the consummation of a merger, consolidation, share exchange or similar form of corporate reorganization of the Company or any Subsidiary that requires the approval of the Company's stockholders, whether for such transaction or the issuance of securities in connection with the transaction or otherwise (a "Business Combination"), unless (A) immediately following such Business Combination: (1) more than 50% of the total voting power of the corporation resulting from such Business Combination (the "Surviving Corporation") or, if applicable, the ultimate parent corporation which directly or indirectly has beneficial ownership of 100% of the voting securities eligible to elect directors of the Surviving Corporation (the "Parent Corporation"), is represented by Company Voting Securities that were outstanding immediately prior to the Business Combination (or, if applicable, shares into which such Company Voting Securities were converted pursuant to such Business Combination), and such voting power among the holders thereof is in substantially the same proportion as the voting power of such Company Voting Securities among the holders thereof immediately prior to the Business Combination, (2) no person (other than any employee benefit plan sponsored or maintained by the Surviving Corporation or the Parent Corporation) is or becomes the beneficial owner, directly or indirectly, of 20% or more of the total voting power of the outstanding voting securities eligible to elect

directors of the Parent Corporation (or, if there is no Parent Corporation, the Surviving Corporation), and (3) at least a majority of the members of the board of directors of the Parent Corporation (or, if there is no Parent Corporation, the Surviving Corporation), following the Business Combination, were members of the Incumbent Board at the time of the Board's approval of the execution of the initial agreement providing for such Business Combination (a "Non-Control Transaction") or (B) the Business Combination is effected by means of the acquisition of Company Voting Securities from the Company, and a majority of the Board approves a resolution providing expressly that such Business Combination does not constitute a Change in Control under this paragraph (iii); or

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

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

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

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

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

Matching Credits under Article 4 or interest previously credited on such Matching Credits under Section 5.2:

1.6.1 Crediting Rate for Annual Deferrals shall mean any notional gains or losses equal to those generated as if the Restoration Account balance attributable to Annual Deferrals under Article 3 had been invested in one or more of the investment portfolios sponsored by The Prudential Series Fund, Inc. and designated as available by the Administrator, less separate account fees and less applicable administrative charges determined annually by the Administrator.

The allocation of the Restoration Account shall be determined by the Participant among one or more of the available portfolios. The gains or losses shall be credited based upon the daily unit values for the portfolio(s) selected by the Participant. The rules and procedures for allocating the Restoration Account balance among the portfolios shall be determined by the Administrator. The Participant's allocation is solely for the purpose of calculating the Crediting Rate.

Notwithstanding the method of calculating the Crediting Rate, the Company shall be under no obligation to purchase any investments designated by the Participant.

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

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

1.8 Early Retirement Date shall mean age 55 with ten or more years of employment with the Company.

1.9 Eligible Executive shall mean a key employee of the Company or any of its subsidiaries who: (i) participates in the Savings Plan and makes the maximum permissible pre-tax contributions of compensation; (ii) is designated by the Administrator as eligible to participate in the Plan (subject to the restriction in Sections 10.2 and 12.2 of the Plan); and (iii) qualifies as a member of the "select group of management or highly compensated employees" under ERISA.

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

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

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

1.13 Fixed Crediting Rate shall mean an effective annual yield equal to ninety percent (90%) of the sixty (60) month rolling average of the Ten-Year United States Treasury Note as determined by the Administrator on September 30 of the preceding year. Notwithstanding the preceding sentence, with respect to the first Plan Year, the Fixed Crediting Rate shall be determined as of September 30, 1994. The Fixed Crediting Rate in effect as of the Participant's Termination of Employment or death shall be held constant for the remainder of the period for which benefits are paid.

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

1.15 Normal Retirement Date shall mean the date on which a Participant attains age 65.

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

1.17 Participation Agreement shall mean the Participant's written election to participate in the Plan.

1.18 Plan Year shall mean the calendar year, except that the first Plan Year shall be the year commencing October 1, 1994 and ending December 31, 1994.

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

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

1.21 Savings Plan shall mean The Parker-Hannifin Employees' Savings Plus Stock Ownership Plan as it currently exists and as it may subsequently be amended.

1.22 Statutory Limit shall mean any statutory or regulatory limit on salary reduction contributions to savings plans, or on compensation taken into account in calculating employer or employee contributions to savings plans with the exception of Internal Revenue Code Section 415(c), as adjusted for inflation, which shall be deemed to apply to the combination of both employer and employee contributions made in combination to the Plan and the Savings Plan. The impact of such limits on the Participants shall be determined by the Company prior to the beginning of each Plan Year based upon its best estimates and according to procedures determined by the Administrator. Once the Company has determined the impact of the Statutory Limits, no adjustment shall be made to increase deferrals or matching credits under this Plan notwithstanding any adjustments ultimately required under the Savings Plan due to actual employee contributions or other factors.

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

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

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

ARTICLE 2

Participation

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

2.2 Continuation of Participation. An Eligible Executive who has elected to participate in the Plan by making an Annual Deferral shall continue as a Participant in the Plan for purposes of such Annual Deferral even though such executive ceases to be an Eligible Executive. However, a Participant shall not be eligible to elect a new Annual

Deferral unless the Participant is an Eligible Executive for the Plan Year for which the election is made.

ARTICLE 3

Executive Deferrals

3.1 Deferral Election. A Participant who has elected to contribute under the Savings Plan, but whose pre-tax contributions to the Savings Plan are limited by the Statutory Limit, may elect an Annual Deferral under this Plan to defer all or a portion of the Compensation that he or she cannot defer under the Savings Plan due to the Statutory Limit. Such election shall designate a specified percentage of Compensation to be deferred. Such percentage shall include anticipated contributions to the Savings Plan as well as to this Plan. Annual Deferrals under this Plan shall be irrevocable.

3.2 Maximum Annual Deferral. The Annual Deferral for a Plan Year, when combined with the amount the Participant has elected to contribute to the Savings Plan on a pre-tax basis, may not exceed the stated percentage of Compensation that could be deferred in the Savings Plan but for the Statutory Limits. In addition, the Administrator shall, in its sole discretion and prior to the first day of the Plan Year, decrease the deferral as needed to allow the Participant to receive the optimal Matching Credit within the Statutory Limits as defined for purpose of the Plan.

3.3 Discontinuation of Deferral. In the event that a Participant elects to make after-tax contributions of Compensation to the Savings Plan, deferrals under this Plan shall cease for the remainder of the Plan Year.

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

ARTICLE 4

Company Matching Credits

4.1 Amount. The Company's Matching Credit in each Plan Year shall equal one hundred percent (100%) of the first three percent (3%) of Compensation deferred and twenty-five percent (25%) of the next two (2%) of Compensation deferred, reduced by the matching contributions credited to the Participant's account under the Savings Plan.

4.2 Discontinuation of Matching Credits. Notwithstanding the foregoing, if the Participant decreases or ceases pre-tax contributions and/or makes after-tax contributions to the Savings Plan in any Plan Year, additional Matching Credits shall not be credited to the Participant's Restoration Account for the remainder of that Plan Year.

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

ARTICLE 5

Restoration Accounts

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

5.2 Timing of Credits -- Pre-Termination. The Company shall credit to the Restoration Account the Annual Deferrals under Article 3 at the time the deferrals would otherwise have been paid to the Participant but for the deferral election. Matching Credits under Article 4 shall be credited to the Restoration Account quarterly as of the first day of the following quarter. The Company shall also credit gains or losses to the Restoration Account each calendar quarter, or as of the Valuation Date, using the Crediting Rate in effect.

5.3 Mid-Year Terminations. If a Participant's Termination of Employment occurs other than at the end of a Plan Year, the Company shall credit gains or losses to the Restoration Account from the first day of such Plan Year to the Valuation Date.

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

ARTICLE 6

Retirement Benefits

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

6.2 Form of Retirement Benefits. The retirement benefit shall be paid monthly over a period of one hundred eighty (180) months or the number of months required to result in a monthly benefit of one thousand dollars (\$1,000.00), if less. Notwithstanding anything herein to the contrary, the Participant may elect in the Participation Agreement to

have the retirement benefit paid in a lump sum or in installments paid monthly over a period of sixty (60) or one hundred twenty (120) months. Payments shall be made or shall begin as of the first day of the calendar quarter next following the date sixty (60) days after the Participant's Retirement unless the Participant elects in the Participation Agreement for payments to begin on January 1 of a later year. However, in all events payments shall commence on or before the earlier of the date the retired Participant attains age seventy (70) or the January 1 five years after Retirement. Except as provided under Section 10.2, Participants may elect an alternative form of payout as available under this Section 6.2 by written election filed with the Administrator; provided, however, that if the Participant files the election less than thirteen (13) months prior to the date benefit payments are to commence, the Participant's Restoration Account shall be reduced by ten percent (10%).

6.3 Small Benefit Exception. Notwithstanding any of the foregoing, if the sum of all benefits payable to the Participant is less than or equal to five thousand dollars (\$5,000.00), the Company may, in its sole discretion, elect to pay such benefits in a single lump sum.

ARTICLE 7

Termination Benefits

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

7.2 Form of Termination Benefits. The Company shall pay the termination benefits in a single lump sum; provided, however, that except following a Change in Control the Company may, in its sole discretion, elect to pay the termination benefits over a period of three (3) years in monthly installments, in which event the Company shall credit interest on the unpaid balance of the Restoration Account after the Valuation Date at the Fixed Crediting Rate in effect at the time of Termination of Employment.

ARTICLE 8

Survivor Benefits

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

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

8.3 Small Benefit Payment. Notwithstanding any of the foregoing, in the event the sum of all benefits payable to the Beneficiary is less than or equal to five thousand dollars (\$5,000.00), the Company may, in its sole discretion, elect to pay such benefits in a single lump sum.

ARTICLE 9

Disability

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

ARTICLE 10

Change in Control

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

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

ARTICLE 11

Unscheduled Withdrawals

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

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

11.3 Small Benefit Exception. Notwithstanding any of the foregoing, if the sum of all benefits payable to the Participant or Beneficiary who has requested the Unscheduled Withdrawal is less than or equal to five thousand dollars (\$5,000.00), the Company may, in its sole discretion, elect to pay out the entire Restoration Account balance (reduced by the ten percent (10%) penalty) in a single lump sum.

ARTICLE 12

Conditions Related to Benefits

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

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

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

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

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

ARTICLE 13

Administration of Plan

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

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

ARTICLE 14

Beneficiary Designation

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

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

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

ARTICLE 15

Amendment and Termination of Plan

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

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

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

15.3 Amendment or Termination After Change in Control.

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

15.4 Company Action. Except as provided in Section 15.3 or 15.5,

the Company's power to amend or terminate the Plan shall be exercisable by the Company's Board of Directors or by the committee or individual authorized by the Company's Board of Directors to exercise such powers.

15.5 Constructive Receipt Termination. In the event the

Administrator determines that amounts deferred under the Plan have been constructively received by Participants and must be recognized as income for federal income tax purposes, the Plan shall terminate and distributions shall be made to Participants in accordance with the Provisions of Section 15.2 or as may be determined by the Administrator. The determination of the Administrator under this Section 15.4 shall be binding and conclusive.

ARTICLE 16

Miscellaneous

16.1 Successors of the Company. The rights and obligations of

the Company under the Plan shall inure to the benefit of, and shall be binding upon, the successors and assigns of the Company.

16.2 ERISA Plan. The Plan is intended to be an unfunded plan

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

16.3 Trust. The Company shall be responsible for the payment of

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

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

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

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

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

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

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

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

ARTICLE 17

Claims and Review Procedures

17.1 Claims Procedure. The Company shall notify a Participant in writing, within ninety (90) days after his or her written application for benefits, of his or her eligibility or noneligibility for benefits under the Plan. If the Company determines that a Participant is not eligible for benefits or full benefits, the notice shall set forth: (i) the specific reasons for such denial; (ii) a specific reference to the provisions of the Plan on which the denial is based; (iii) a description of any additional information or material necessary for the claimant to perfect his or her claim, and a description of why it is needed; and (iv) an explanation of the Plan's claims review procedure and other appropriate information as to the steps to be taken if the Participant wishes to have

the claim reviewed. If the Company determines that there are special circumstances requiring additional time to make a decision, the Company shall notify the Participant of the special circumstances and the date by which a decision is expected to be made, and may extend the time for up to an additional ninety-day period.

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

Exhibit (10)(p)* to Report
on Form 10-K for Fiscal
Year Ended June 30, 1996
by Parker-Hannifin Corporation

Parker-Hannifin Corporation Pension Restoration Plan,
as amended as of August 17, 1995
and August 15, 1996

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

Parker-Hannifin Corporation

PENSION RESTORATION PLAN

Parker-Hannifin Corporation

PENSION RESTORATION PLAN

Parker-Hannifin Corporation, an Ohio corporation (the "Company"), hereby establishes this Pension Restoration Plan (the "Plan"), effective January 1, 1995, for the purpose of attracting high quality executives and promoting in its executives increased efficiency and an interest in the successful operation of the Company by restoring benefits that are lost due to legislative limits on the Company's qualified retirement plan(s). The benefits provided under the Plan shall be provided in consideration for services to be performed after the effective date of the Plan, but prior to the executive's retirement.

ARTICLE 1

Definitions

1.1 Actuarial Value shall mean the actuarial present value of the benefits calculated by an actuary selected by the Administrator and using the actuarial assumptions employed under the Qualified Plan (other than the Pension Benefit Guaranty Corporation rates used to determine a lump sum benefit).

1.2 Administrator shall mean the Company or, if applicable, the committee appointed by the Board of Directors of the Company to administer the Plan pursuant to Article 6 of the Plan.

1.3 Beneficiary shall mean the person or persons or entity designated as such under the Qualified Plan.

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

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

the Participant (or any entity in which the Participant or a group of persons including the Participant, directly or indirectly, holds a majority of the voting power of such entity's outstanding voting interests); or (F) the acquisition of Company Voting Securities from the Company, if a majority of the Board approves a resolution providing expressly that the acquisition pursuant to this clause (F) does not constitute a Change in Control under this paragraph (i);

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

(iii) the consummation of a merger, consolidation, share exchange or similar form of corporate reorganization of the Company or any Subsidiary that requires the approval of the Company's stockholders, whether for such transaction or the issuance of securities in connection with the transaction or otherwise (a "Business Combination"), unless (A) immediately following such Business Combination: (1) more than 50% of the total voting power of the corporation resulting from such Business Combination (the "Surviving Corporation") or, if applicable, the ultimate parent corporation which directly or indirectly has beneficial ownership of 100% of the voting securities eligible to elect directors of the Surviving Corporation (the "Parent Corporation"), is represented by Company Voting Securities that were outstanding immediately prior to the Business Combination (or, if applicable, shares into which such Company Voting Securities were converted pursuant to such Business Combination), and such voting power among the holders thereof is in substantially the same proportion as the voting power of such Company Voting Securities among the holders thereof immediately prior to the Business Combination, (2) no person (other than any employee benefit plan sponsored or maintained by the Surviving Corporation or the Parent Corporation) is or becomes the beneficial owner, directly or indirectly, of 20% or more of the total voting power of the outstanding voting securities eligible to elect

directors of the Parent Corporation (or, if there is no Parent Corporation, the Surviving Corporation), and (3) at least a majority of the members of the board of directors of the Parent Corporation (or, if there is no Parent Corporation, the Surviving Corporation), following the Business Combination, were members of the Incumbent Board at the time of the Board's approval of the execution of the initial agreement providing for such Business Combination (a "Non-Control Transaction") or (B) the Business Combination is effected by means of the acquisition of Company Voting Securities from the Company, and a majority of the Board approves a resolution providing expressly that such Business Combination does not constitute a Change in Control under this paragraph (iii); or

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

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

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

1.5 Code shall mean the Internal Revenue Code of 1986, as amended, including any successor provisions.

1.6 Early Retirement Date shall mean the "Early Retirement Date" as defined in the Qualified Plan.

1.7 Eligible Executive shall mean an employee of the Company or any of its subsidiaries who (i) participates in the Qualified Plan, (ii) is designated by the Administrator as eligible to participate in the Plan, and (iii) qualifies as a member of the "select group of management or highly compensated employees" under ERISA.

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

1.9 Normal Retirement Date shall mean the "Normal Retirement Date" as defined in the Qualified Plan.

1.10 Participant shall mean an Eligible Executive who has become a participant hereunder pursuant to Article 2.

1.11 Qualified Plan shall mean the Parker-Hannifin Corporation Retirement Plan as it currently exists and as it may subsequently be amended, or any other qualified defined benefit plan maintained by the Company and in which an Eligible Executive participates.

1.12 Statutory Limit shall mean any limit on compensation taken into account in calculating benefits under qualified retirement plans under Section 401(a)(17) of the Code or that directly or indirectly affects the amount of benefits payable from a Qualified Plan.

1.13 Termination of Employment shall mean the date of the cessation of the Participant's employment with the Company for any reason whatsoever, whether voluntary or involuntary, other than as a result of the Participant's death.

ARTICLE 2

Participation

Eligible Executives shall become Participants in the Plan on the first day of the month following their appointment as Eligible Executives.

ARTICLE 3

Restoration Benefits

3.1 Amount. Upon Termination of Employment on or after Normal or Early Retirement Date, or after the Participant has a nonforfeitable right to a deferred benefit

under the Qualified Plan, the Participant shall be entitled to a retirement benefit as provided in paragraph 3.2 of this Plan. The retirement benefit shall equal the benefits that would be payable to the Participant under the Qualified Plan calculated as if the Statutory Limit did not apply to such benefits, less the benefits that are payable under the Qualified Plan taking the Statutory Limit into account.

3.2 Form of Retirement Benefits. (a) Subject to (b) and (c) below, the retirement benefit shall be paid in the same form and at the same time as the Participant's benefits under the Qualified Plan.

(b) Notwithstanding (a) above, the Administrator may, in its sole discretion, elect to pay the Actuarial Value of the benefit under this Plan in a single lump sum if the monthly benefit otherwise due hereunder is less than \$50.00.

(c) Notwithstanding (a) above, a Participant who has retired at or after Normal or Early Retirement Date, or who reaches Normal or Early Retirement Date after a Termination of Employment may elect at any time thereafter to receive the remaining Actuarial Value of his benefit in a single lump sum, provided that his lump sum payment shall be reduced by 10%.

ARTICLE 4

Survivor Benefits

4.1 Survivor Benefit. If benefits are payable to the Participant's Beneficiary under the Qualified Plan following the Participant's death (whether the Participant's death occurs before or after Termination of Employment), the Company shall pay to the Participant's Beneficiary a survivor benefit equal to the benefits that would be payable to the Beneficiary under the Qualified Plan calculated as if the Statutory Limit did not apply to such benefits, less the survivor benefits that are payable under the Qualified Plan taking the Statutory Limit into account.

4.2 Form of Survivor Benefit. The survivor benefit shall be paid in the same form and at the same time as the survivor benefits under the Qualified Plan; provided, however that the Administrator may, in its sole discretion, elect to pay the Actuarial Value of the survivor benefit under this Plan in a single lump sum, if the monthly benefit otherwise payable hereunder is less than \$50.00.

ARTICLE 5

Conditions Related to Benefits

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

5.2 No Right to Company Assets. The benefits paid under the Plan shall be paid from the general funds of the Company, and the Participant and any Beneficiary shall be no more than unsecured general creditors of the Company with no special or prior right to any assets of the Company for payment of any obligations hereunder.

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

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

ARTICLE 6

Administration of Plan

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

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

ARTICLE 7

Change in Control

In the event there is a Change in Control, each Participant shall receive the Actuarial Value of his benefit earned hereunder to the date of the Change in Control. Such benefit shall be paid in monthly installments over thirty-six (36) months commencing within 3 months of the Change in Control; provided, however, that the Administrator may elect, in its sole discretion, to make payment in a single lump sum.

ARTICLE 8

Amendment and Termination of Plan

8.1 Amendment of Plan. The Company may at any time amend the Plan in whole or in part, provided, however, that such amendment shall not decrease the value of benefits accrued under the Plan prior to the time of such amendment.

8.2 Termination of Plan. The Company may at any time terminate the Plan. If the Company terminates the Plan, the date of such termination shall be treated as the date of Termination of Employment for the purpose of calculating Plan benefits. The Company shall pay to the Participant the benefits the Participant is entitled to receive under the Plan in monthly installments over a thirty-six (36) month period; provided, however, that the Administrator may elect, in its sole discretion, to make payment in a single lump sum.

8.3 Amendment or Termination After Change in Control. Notwithstanding the foregoing, the Company shall not amend or terminate the Plan without the prior written consent of affected Participants for a period of two calendar years following a Change in Control and shall not thereafter amend or terminate the Plan in any manner which affects any Participant (or Beneficiary of a deceased Participant) who

commences receiving payment of benefits under the Plan prior to the end of such two year period following a Change in Control.

8.4 Company Action. Except as provided in paragraph 8.5, the Company's power to amend or terminate the Plan shall be exercisable by the Company's Board of Directors or by the committee or individual authorized by the Company's Board of Directors to exercise such powers.

8.5 Constructive Receipt Termination. In the event the Administrator determines that benefits under the Plan have been constructively received by Participants and must be recognized as income for federal income tax purposes, the Plan shall terminate and distributions shall be made to Participants in accordance with the provisions of paragraph 8.2 or as may be determined by the Administrator. The determination of the Administrator under this paragraph 8.5 shall be binding and conclusive.

ARTICLE 9

Miscellaneous

9.1 Successors of the Company. The rights and obligations of the Company under the Plan shall inure to the benefit of, and shall be binding upon, the successors and assigns of the Company.

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

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

9.4 Employment Not Guaranteed. Nothing contained in the Plan nor any action taken hereunder shall be construed as a contract of employment or as giving any Participant any right to continued employment with the Company.

9.5 Gender, Singular and Plural. All pronouns and variations thereof shall be deemed to refer to the masculine, feminine, or neuter, as the identity of the person or

persons may require. As the context may require, the singular may be read as the plural and the plural as the singular.

9.6 Captions. The captions of the articles and paragraphs of the Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

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

9.8 Waiver of Breach. The waiver by the Company of any breach of any provision of the Plan by the Participant shall not operate or be construed as a waiver of any subsequent breach by the Participant.

9.9 Applicable Law. The Plan shall be governed and construed in accordance with the laws of the Ohio except where the laws of the Ohio are preempted by ERISA.

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

ARTICLE 10

Claims and Review Procedures

10.1 Claims Procedure. The Company shall notify a Participant in writing, within ninety (90) days after his or her written application for benefits, of his or her eligibility or noneligibility for benefits under the Plan. If the Company determines that a Participant is not eligible for benefits or full benefits, the notice shall set forth (1) the specific reasons for such denial, (2) a specific reference to the provisions of the Plan on which the denial is based, (3) a description of any additional information or material necessary for the claimant to perfect his or her claim, and a description of why it is needed, and (4) an explanation of the Plan's claims review procedure and other appropriate information as to the steps to be taken if the Participant wishes to have the claim reviewed. If the Company determines that there are special circumstances requiring additional time to make a decision, the Company shall notify the Participant of the special circumstances and the date by which a decision is expected to be made, and may extend the time for up to an additional ninety-day period.

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

Exhibit (10)(q)* to Report
on Form 10-K for Fiscal
Year Ended June 30, 1996
by Parker-Hannifin Corporation

Parker-Hannifin Corporation Executive Deferral Plan,
as amended as of August 17, 1995
and August 15, 1996

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

PARKER-HANNIFIN CORPORATION

EXECUTIVE DEFERRAL PLAN

PARKER-HANNIFIN CORPORATION

EXECUTIVE DEFERRAL PLAN

Parker-Hannifin Corporation, an Ohio corporation (the "Company"), hereby establishes this Executive Deferral Plan (the "Plan"), effective October 1, 1994, for the purpose of attracting high quality executives and promoting in its executives increased efficiency and an interest in the successful operation of the Company by offering a deferral opportunity to accumulate capital on favorable economic terms. The benefits provided under the Plan shall be provided in consideration for services to be performed after the effective date of the Plan, but prior to the executive's retirement.

ARTICLE 1

Definitions

1.1 Account shall mean the sum of the Annual Deferral Account and all LTI Deferral Accounts (vested and unvested).

1.2 Administrator shall mean the Company or, if applicable, the committee appointed by the Board of Directors of the Company to administer the Plan pursuant to Article 12 of the Plan.

1.3 Annual Deferral shall mean the amount of Compensation which the Participant elects to defer for a Plan Year pursuant to Articles 2 and 3 of the Plan.

1.4 Annual Deferral Account shall mean the notional account established with respect to a Participant's Annual Deferrals for recordkeeping purposes pursuant to Article 4 of the Plan.

1.5 Beneficiary shall mean the person or persons or entity designated as such in accordance with Article 13 of the Plan.

1.6 Board shall mean the Board of Directors of the Company.

1.7 Bonuses shall mean amounts paid in cash to the Participant by the Company in the form of annual and other regular periodic bonuses before reductions for deferrals under this Plan, the Savings Plan or the Savings Restoration Plan. "Annual and other regular periodic bonuses" shall include amounts payable under the Company's Return on Net Assets Plan (RONA) and the Target Incentive Program, but shall exclude any payments under any long-term incentive program, any volume incentive or similar bonus program, and any other extraordinary bonus or incentive program.

1.8 Change in Control shall mean any of the following events have occurred:

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

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

(iii) the consummation of a merger, consolidation, share exchange or similar form of corporate reorganization of the Company or any Subsidiary that requires the approval of the Company's stockholders, whether for such transaction or the issuance of securities in connection with the transaction or otherwise (a "Business Combination"), unless (A) immediately following such Business Combination: (1) more than 50% of the total voting power of the corporation resulting from such Business Combination (the "Surviving

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

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

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

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

1.9 Compensation shall mean the sum of the Participant's base salary and anticipated Bonuses for a Plan Year before reductions for deferrals under this Plan, the Savings Plan, the Savings Restoration Plan, or the Benefits Plus Program.

1.10 Crediting Rate shall mean any notional gains or losses equal to those generated as if the Participant's Account balance had been invested in one or more of the investment portfolios designated as available by the Administrator, less separate account fees and less applicable administrative charges determined annually by the Administrator.

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

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

1.12 Early Retirement Date shall mean age 55 with ten or more years of employment with the Company; provided, however, that any Early Retirement prior to age 60 must be with the consent of the Compensation Committee of the Board.

1.13 Eligible Executive shall mean a key employee of the Company or any of its subsidiaries who: (a) is designated by the Administrator as eligible to participate in the Plan (subject to the restriction in Sections 9.2, 10.3 and 11.2 of the Plan); and (b) qualifies as a member of the "select group of management or highly compensated employees" under ERISA.

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

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

1.16 Fixed Crediting Rate shall mean an effective annual yield equal to ninety percent (90%) of the sixty (60) month rolling average of the Ten-Year United States Treasury Note as determined by the Administrator on September 30 of the preceding year. Notwithstanding the preceding sentence, with respect to the first Plan Year, the Fixed Crediting Rate shall be determined as of September 30, 1994.

1.17 In-Service Distribution shall mean a distribution elected by the Participant pursuant to Article 10 of the Plan.

1.18 LTI Payment shall mean the amount that would otherwise be payable to an Eligible Executive for a Plan Year under any long-term incentive program of the Company.

1.19 LTI Deferral shall mean the amount of any LTI Payment which the Participant elects to defer with respect to a Plan Year pursuant to Articles 2 and 3 of the Plan.

1.20 LTI Deferral Account shall mean the one or more notional accounts established with respect to a Participant's LTI Deferrals for recordkeeping purposes pursuant to Article 4 of the Plan.

1.21 Normal Retirement Date shall mean the date on which a Participant attains age 65.

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

1.23 Participation Agreement shall mean the Participant's written election to participate in the Plan.

1.24 Plan Year shall mean the calendar year, except that the first Plan Year shall be the year commencing October 1, 1994 and ending December 31, 1994.

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

1.26 Salary shall mean the Participant's annual basic rate of pay from the Company (excluding Bonuses, commissions and other non-regular forms of compensation) before reductions for deferrals under this Plan, the Savings Plan or the Savings Restoration Plan.

1.27 Savings Plan shall mean The Parker Retirement Savings Plan as it currently exists and as it may subsequently be amended.

1.28 Savings Restoration Plan shall mean the Parker-Hannifin Corporation Savings Restoration Plan as it currently exists and as it may subsequently be amended.

1.29 Scheduled Withdrawal shall mean a distribution of all or a portion of the entire vested amount credited to the Participant's Account requested by the Participant pursuant to the provisions of Article 10 of the Plan.

1.30 Subsidiary shall mean any corporation or other entity in which the Company has a direct or indirect ownership interest of 50% or more of the total combined voting power of the then outstanding securities or interests of such corporation or other entity.

1.31 Termination of Employment shall mean the Participant's employment with the Company ceases for any reason whatsoever, whether voluntary or involuntary, other than Retirement or death.

1.32 Unscheduled Withdrawal shall mean a distribution of all or a portion of the entire amount credited to the Participant's Account requested by the Participant pursuant to the provisions of Article 10 of the Plan.

1.33 Valuation Date shall mean the end of the month in which the Retirement, Termination of Employment, or death occurs, except in the event of an election to delay retirement benefits under Article 5, in which case the Valuation Date shall mean the November 30 of the year preceding commencement of benefit payments.

ARTICLE 2

Participation

2.1 Participation Agreement/Deferrals.

(a) An Eligible Executive shall become a Participant in the Plan on the first day of the Plan Year following appointment as an Eligible Executive and submission to the Administrator of an Annual Participation Agreement. To be effective, the Eligible Executive must submit the Annual Participation Agreement to the Administrator during the enrollment period designated by the Administrator. In the Annual Participation Agreement, and subject to the restrictions in Article 3, the Eligible Executive shall designate the Annual Deferral for the covered Plan Year.

(b) With respect to those Participants who are eligible for an LTI Payment, the Administrator shall provide for a separate enrollment period and separate LTI Participation Agreements each year under which the Participant may designate any LTI Deferrals for a specified Plan Year.

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

ARTICLE 3

Executive Deferrals

3.1 Deferral Commitment.

(a) A Participant may elect in the Annual Participation Agreement to defer an amount equal to a specified dollar amount of Salary and a specified dollar amount or percentage of Bonuses to be earned by such Participant during the next Plan Year.

(b) A Participant may elect in the LTI Participation Agreement to defer an amount equal to a specified dollar amount or a percentage of LTI Payment that may be payable to the Participant in the next Plan Year.

(c) Annual Deferrals and LTI Deferrals under this Plan shall be irrevocable.

3.2 Minimum Annual Deferral.

(a) The Annual Deferral for a Plan Year must equal at least five thousand dollars (\$5,000), from either Salary or Bonuses or a combination of Salary and Bonuses.

(b) The LTI Deferral for a Plan Year must equal at least five thousand dollars (\$5,000).

(c) Where a Participant elects to defer a specified percentage of Salary, Bonuses, and/or LTI Payment, the determination of whether the Annual Deferral or LTI Deferral is at least five thousand dollars (\$5,000) shall be made by multiplying the applicable elected percentages of Salary, Bonuses, and/or LTI Payment to be deferred by the Participant's anticipated Salary, Bonuses, and/or LTI Payment in the Plan Year immediately preceding the Plan Year for which the Deferral is being made. The Administrator may, in its sole discretion, permit Participants to elect to defer amounts in the form of a percentage based on anticipated future Salary, Bonuses, and/or LTI Payments.

3.3 Maximum Deferral Commitment.

(a) The Annual Deferral for any Plan Year may not exceed 20% of Salary plus 75% of Bonuses; provided, that the Annual Deferral may not reduce the Participant's income to an amount below the old age, survivor, and disability insurance wage base under Social Security.

(b) The LTI Deferral for a Plan Year may be 100% of the LTI Payment.

(c) Notwithstanding the foregoing, the Administrator may reduce the amount of an Annual Deferral and/or an LTI Deferral to the extent necessary to insure the Participant will have sufficient earnings from the Company from which to take any taxes required to be withheld from the Participant's earnings under federal, state or local law.

3.4 Vesting. Subject to Section 11.4:

(a) The Participant's right to the value of his Annual Deferral Account, as adjusted for gains and losses, shall be 100% vested at all times.

(b) The Participant's right to the value of each LTI Deferral Account, as adjusted for gains and losses, shall be 100% vested as of the third June 30 following the time the LTI Deferral Account is established; provided, however, that the Participant shall be fully vested in all LTI Deferrals as of the time: (1) he reaches age 60; (2) he retires prior to age 60 with permission of the Compensation Committee of the Board; (3) he retires due to Disability; (4) he dies; (5) there is a Change in Control; or (6) the Plan terminates.

ARTICLE 4

Accounts

4.1 Accounts. Solely for recordkeeping purposes, the Company shall maintain for each Participant one Annual Deferral Account for all Annual Deferrals, and shall maintain for each Participant a separate LTI Deferral Account with respect to each LTI Deferral made by the Participant.

4.2 Timing of Credits -- Pre-Termination. Each Plan Year, the Company shall credit to the Annual Deferral Account a Participant's Annual Deferrals at the time the deferrals would otherwise have been paid to the Participant but for the Annual Deferral election, and shall credit to a separate LTI Deferral Account a Participant's LTI Deferral at the time the deferrals would otherwise have been paid to the Participant but for the LTI Deferral election. The Company shall also credit gains or losses to the Participant's Account each calendar quarter, or as of the Valuation Date, using the Crediting Rate(s) in effect at such time as elected by the Participant.

4.3 Mid-Year Terminations. If a Participant's Termination of Employment occurs other than at the end of a Plan Year, the Company shall credit gains or losses to the Participant's Account from the first day of such Plan Year to the Valuation Date.

4.4 Statement of Accounts. The Administrator shall provide periodically to each Participant a statement setting forth the balance of the Annual Deferral Account and each LTI Deferral Account maintained for such Participant.

ARTICLE 5

Retirement Benefits

5.1 Amount. Upon Retirement, the Company shall pay to the Participant a retirement benefit in the form provided in Section 5.2 of the Plan, based on the balance of the Participant's Account as of the Valuation Date. If paid as a lump sum, the retirement benefit shall be equal to such balance. If paid in installments, the installments shall be paid in amounts that will annually amortize such balance with earnings and losses credited at the Crediting Rate over the period of time benefits are to be paid.

5.2 Form of Retirement Benefits. The retirement benefit shall be paid monthly over a period of one hundred eighty (180) months or the number of months required to result in a monthly benefit of one thousand dollars (\$1,000), if less. Notwithstanding anything herein to the contrary, the Participant may elect in the Participation Agreement to have the retirement benefit paid in a lump sum or in installments paid monthly over a period of sixty (60) or one hundred twenty (120) months. Payment shall be made or shall begin as of the first day of the calendar quarter next following the date sixty (60) days after the Participant's Retirement unless the Participant elects in the Participation Agreement for payments to begin on January 1 of a later year. However, in all events payments shall commence on or before the earlier of the date the retired Participant attains age seventy (70) or the January 1 five years after Retirement. Except as provided under Section 9.2, Participants may elect an alternative form of payout as available under this Section 5.2 by written election filed with the Administrator; provided, however, that if the Participant files the election less than thirteen (13) months prior to the date of retirement, the Annual Deferral Account and each LTI Deferral Account shall be reduced by ten percent (10%).

5.3 Small Benefit Exception. Notwithstanding any of the foregoing, if the sum of all benefits payable to the Participant is less than or equal to five thousand dollars (\$5,000), the Company may, in its sole discretion, elect to pay such benefits in a single lump sum.

ARTICLE 6

Termination Benefits

6.1 Amount. As of the first day of the calendar quarter beginning at least sixty (60) days after Termination of Employment, the Company shall pay to the Participant a termination benefit equal to the balance as of the Valuation Date of the Annual Deferral Account and each LTI Deferral Account in which he is vested under Section 3.4(b).

6.2 Form of Termination Benefits. The Company shall pay the termination benefits in a single lump sum; provided, however, that except following a Change in Control the Company may, in its sole discretion, elect to pay the termination benefits over a period of three (3) years in monthly installments, in which event the Company shall credit interest on the unpaid vested balance of the Account after the Valuation Date at the Fixed Crediting Rate in effect at the time of Termination of Employment.

ARTICLE 7

Survivor Benefits

7.1 Pre-Commencement Survivor Benefit. If the Participant dies prior to the time installment payments have commenced, the Company shall pay to the Participant's Beneficiary within ninety (90) days after the Participant's death a benefit equal to the balance of the Participant's Account as of the Valuation Date.

7.2 Post-Commencement Survivor Benefit. If the Participant dies after the time installment payments have commenced, the Company shall pay to the Participant's Beneficiary an amount equal to the remaining benefits payable to the Participant under the Plan over the same period such benefits would have been paid to the Participant, in which event the Company shall credit interest on the unpaid balance of the Account at the Fixed Crediting Rate in effect at the date of the Participant's death.

7.3 Small Benefit Payment. Notwithstanding any of the foregoing, in the event the sum of all benefits payable to the Beneficiary is less than or equal to five thousand dollars (\$5,000), the Company may, in its sole discretion, elect to pay such benefits in a single lump sum.

ARTICLE 8

Disability

If a Participant suffers a Disability, the Company shall pay the benefit described in Article 5 to the Participant as if the date of the Participant's Termination of Employment for Disability were the Participant's Normal Retirement Date.

ARTICLE 9

Change in Control

9.1 Election.

(a) At the time the Participant is completing his initial Participation Agreement, the Participant may elect that, if a Change in Control occurs, the Participant (or after the Participant's death the Participant's Beneficiary) shall receive a lump sum payment of the balance of the Account within thirty (30) days after the Change of Control. In the event such a distribution is made, the Participant shall receive an additional adjustment payment calculated in accordance with the formula set forth in Exhibit A hereto. Such balance shall be determined as of the end of the month sixty (60) days prior to the month in which the Change in Control occurs.

(b) In addition to any other amounts payable hereunder, in the event it shall be determined that any payment, distribution or acceleration of vesting of any benefit hereunder would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended, or any successor provision, or any interest or penalties are incurred by the Participant with respect to such excise tax, then the Participant shall be entitled to receive an additional "gross-up payment" calculated as set forth in the change in control severance agreement in effect between the Company and the Participant as of the date of the Change in Control; provided, however, that if the Participant does not have a change in control severance agreement, the payment under this Section shall be determined in accordance with the calculation set forth in the most recent change in control severance agreement entered into by the Company and any executive of the Company; provided, further, that there shall be no duplication of such additional payment under this Plan and any change in control severance agreement.

9.2 Benefit Reduction on Withdrawal. If a Participant has not made the election described in Section 9.1 above and, within thirty (30) days after a Change of Control, the Participant (or Beneficiary) elects under Section 10.2 to receive a distribution of the balance of the Account, the lump sum payment (including the additional adjustment payment) otherwise provided under Section 9.1(a) shall be reduced by an amount equal to five percent (5%) of the total balance of the Account (instead of the ten percent (10%))

reduction otherwise provided for in Section 10.3). If a Participant elects such a withdrawal, any on-going Annual Deferral shall cease, any election of an LTI Deferral that otherwise would be effective before the first day of the Plan Year beginning one full Plan Year after such withdrawal shall not be effective, and the Participant may not again be designated as an Eligible Executive until one entire Plan Year following the Plan Year in which such withdrawal was made has elapsed.

ARTICLE 10

Scheduled and Unscheduled Withdrawals

10.1 Payment of Scheduled Withdrawal. No later than the last day of March of the Plan Year designated in the initial Annual Participation Agreement for a Scheduled Withdrawal, the Company shall pay to the Participant, in a lump sum or four approximately equal annual installments, all or a portion of the vested balance in the Participant's Account.

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

10.3 Withdrawal Penalty. There shall be a penalty deducted from the Account prior to an Unscheduled Withdrawal equal to ten percent (10%) of the Unscheduled Withdrawal, which shall be ratably allocated among the Participant's Annual Deferral Account and each of his vested LTI Deferral Accounts. If a Participant elects such a withdrawal, any on-going Annual Deferral shall cease, any election of an LTI Deferral that otherwise would be effective before the first day of the Plan Year beginning one full Plan Year after such withdrawal shall not be effective, and the Participant may not again be designated as an Eligible Executive until one entire Plan Year following the Plan Year in which such withdrawal was made has elapsed.

10.4 Small Benefit Exception. Notwithstanding any of the foregoing, if the sum of all benefits payable to the Participant or Beneficiary who has requested the Unscheduled Withdrawal is less than or equal to five thousand dollars (\$5,000), the Company may, in its sole discretion, elect to pay out the entire vested Account balance (reduced by the ten percent (10%) penalty) in a single lump sum.

ARTICLE 11

Conditions Related to Benefits

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

11.2 Financial Hardship Distribution. Upon a finding that the Participant or the Beneficiary has suffered a Financial Hardship, the Administrator may in its sole discretion, permit the Participant to request distribution of a portion or all of his vested benefits under the Plan in the amount reasonably necessary to alleviate such Financial Hardship. If a distribution is to be made to a Participant on account of Financial Hardship, any on-going Annual Deferrals shall cease, any election of an LTI Deferral that otherwise would be effective before the first day of the Plan Year beginning one full Plan Year after such withdrawal shall not be effective, and the Participant may not again be designated as an Eligible Executive until one entire Plan Year following the Plan Year in which such withdrawal was made has elapsed.

11.3 No Right to Company Assets. The benefits paid under the Plan shall be paid from the general funds of the Company, and the Participant and any Beneficiary shall be no more than unsecured general creditors of the Company with no special or prior right to any assets of the Company for payment of any obligations hereunder.

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

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

ARTICLE 12

Administration of Plan

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

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

ARTICLE 13

Beneficiary Designation

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

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

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

ARTICLE 14

Amendment and Termination of Plan

14.1 Amendment of Plan. Except as provided in Section 14.3, the Company may at any time amend the Plan in whole or in part, provided, however, that such amendment; (a) shall not decrease the balance of the Participant's Account at the time of such amendment; and (b) shall not retroactively decrease the applicable Crediting Rate of the Plan prior to the time of such amendment. The Company may amend the Crediting Rate or Fixed Crediting Rate of the Plan prospectively, in which case, the Company shall notify the Participant of such amendment in writing within thirty (30) days after such amendment.

14.2 Termination of Plan. Except as provided in Section 14.3, the Company may at any time terminate the Plan. If the Company terminates the Plan, the date of such termination shall be treated as the date of Retirement or Termination of Employment for the purpose of calculating Plan benefits, and the Company shall pay to the Participant the benefits the Participant is entitled to receive under the Plan in monthly installments over a thirty-six (36) month period. Interest at the Fixed Crediting Rate will be credited to the Participant's Account prospectively commencing as of the date of the Plan's termination and continuing until distribution under this Section is completed.

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

14.4 Company Action. Except as provided in Section 14.3 or 14.5, the Company's power to amend or terminate the Plan shall be exercisable by the Company's Board of Directors or by the committee or individual authorized by the Company's Board of Directors to exercise such powers.

14.5 Constructive Receipt Termination. In the event the Administrator determines that amounts deferred under the Plan have been constructively received by Participants and must be recognized as income for federal income tax purposes, the Plan shall terminate and distributions shall be made to Participants in accordance with the Provisions of Section 14.2 or as may be determined by the Administrator. The determination of the Administrator under this Section shall be binding and conclusive.

ARTICLE 15

Miscellaneous

15.1 Successors of the Company. The rights and obligations of the Company under the Plan shall inure to the benefit of, and shall be binding upon, the successors and assigns of the Company.

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

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

15.4 Employment Not Guaranteed. Nothing contained in the Plan nor any action taken hereunder shall be construed as a contract of employment or as giving any Participant any right to continued employment with the Company.

15.5 Gender, Singular and Plural. All pronouns and variations thereof shall be deemed to refer to the masculine, feminine, or neuter, as the identity of the person or persons may require. As the context may require, the singular may be read as the plural and the plural as the singular.

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

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

15.8 Waiver of Breach. The waiver by the Company of any breach of any provision of the Plan by the Participant shall not operate or be construed as a waiver of any subsequent breach by the Participant.

15.9 Applicable Law. The Plan shall be governed and construed in accordance with the laws of Ohio except where the laws of Ohio are preempted by ERISA.

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

ARTICLE 16

Claims and Review Procedures

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

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

EXHIBIT A

The purpose of the adjustment payment to be added to the distribution made pursuant to Section 9.1(a) (the "Make Whole Amount") is to offset the Participant's inability to defer until retirement or later the payment of taxes on the amounts deferred and the earnings and interest that would have otherwise accrued between the date of the Change in Control and the date on which the Participant elected to commence receipt of his Account (the "Commencement Date") under the Plan.

The Make Whole Amount shall be calculated as follows:

1. The Participant's Account balance under the Plan as of the date of the Change in Control (the "EDP Amount") will be projected forward to the Commencement Date at an assumed tax-deferred annual earnings rate equal to the Moody's Seasoned Baa Corporate Bond Yield Average for the last twelve full calendar months prior to the Change in Control (the "Moody's Rate") (such projected amount shall be known as the "Projected Balance"). The Projected Balance will then be converted into annual installment benefit payments based upon the Participant's elected form of retirement payments under the Plan, assuming continued tax-deferred earnings on the undistributed balance at the Moody's Rate (the "Projected Annual Payouts"). The Projected Annual Payouts will then be reduced for assumed income taxes at the highest applicable federal, state and local marginal rates of taxation in effect in the Participant's taxing jurisdiction(s) for the calendar year in which the Make Whole Amount is paid (the "Tax Rate"). The after-tax Projected Annual Payouts will be known as the "After-Tax Projected Benefits".

2. The term "Made Whole Amount", as used herein, shall mean the EDP Amount plus the Make Whole Amount. The Make Whole Amount is the amount which, when added to the EDP Amount, will yield After-Tax Annuity Benefits (as hereinafter defined) equal to the After-Tax Projected Benefits, based on the following assumptions:

a. The Made Whole Amount will be taxed at the Tax Rate upon receipt by the Participant.

b. The after-tax Made Whole Amount will be deemed to be invested by the Participant in a tax-deferred annuity that is structured to make payments beginning on the Commencement Date in the same form as elected by the Participant under the Plan (the "Annuity").

c. The Annuity will accrue interest at the Moody's Rate, less 80 basis points (i.e., 0.80%).

d. Annual Annuity payments will be taxed at the Tax Rate (after taking into account the annuity exclusion ratio), yielding "After-Tax Annuity Benefits".

Exhibit (10)(r)* to Report
on Form 10-K for Fiscal
Year Ended June 30, 1996
by Parker-Hannifin Corporation

Parker-Hannifin Corporation Volume Incentive Plan

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

PARKER-HANNIFIN CORPORATION
VOLUME INCENTIVE PLAN

Participants: All Group Presidents, Trading Subsidiary Presidents and
Group Operating Vice Presidents

Terms: Participants will receive a bonus of 1 percent of base pay for each 1 percent increase in excess of a 7.5 percent increase, up to a 12.5 percent increase, in current fiscal year customer sales over previous fiscal year customer sales for their respective operations. Participants will receive a bonus of 2 percent of base pay for each 1 percent increase in customer sales above 12.5 percent. Participants are limited to an overall maximum bonus under the Plan of 15 percent of base pay. Acquisitions may only account for up to 5 percent of the increase in customer sales. Also, sales growth above 12.5 percent will result in additional payments under the Plan only if the operating group is exceeding corporate goals with respect to its return on sales and its assets/sales ratio.

Exhibit (10)(s)* to Report
on Form 10-K for Fiscal
Year Ended June 30, 1996
by Parker-Hannifin Corporation

Parker-Hannifin Corporation Non-Employee Directors' Stock
Plan, as amended as of August 17, 1995
and August 15, 1996

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

PARKER-HANNIFIN CORPORATION NON-EMPLOYEE DIRECTORS'
STOCK PLAN

ARTICLE A -- Purpose.

The purpose of the Parker Hannifin Non-Employee Directors' Stock Plan (hereinafter referred to as the "Plan") is to strengthen the alignment of interests between non-employee directors (hereinafter referred to as "Participants") and the shareholders of Parker Hannifin Corporation (hereinafter referred to as the "Company") through the increased ownership of shares of the Company's Common Stock. This will be accomplished by allowing Participants to elect voluntarily to convert a portion of their fees for services as a director into Common Stock.

ARTICLE B -- Administration.

1. The Plan shall be administered by the Compensation and Management Development Committee (hereinafter referred to as the "Committee") of the Board of Directors of the Company (hereinafter referred to as the "Board"), or such other committee as may be designated by the Board. The Committee shall consist of not less than four (4) members of the Board who are not full-time employees of the Company, appointed by the Board from time to time and to serve at the discretion of the Board.

2. It shall be the duty of the Committee to administer this Plan in accordance with its provisions and to make such recommendations of amendments or otherwise as it deem necessary or appropriate. A decision by a majority of the Committee shall govern all actions of the Committee.

3. Subject to the express provisions of this Plan, the Committee shall have authority to allow Participants the right to elect to receive fees for services as a director partly in cash and partly in whole shares of the Common Stock of the Company, subject to such conditions or restrictions, if any, as the Committee may determine. The Committee also has the authority to make all other determinations it deems necessary or advisable for administering this Plan.

4. The Committee may establish from time to time such regulations, provisions, and procedures within the terms of this Plan as, in its opinion, may be advisable in the administration of this Plan.

5. The Committee may designate the Secretary of the Company or other employees of the Company to assist the Committee in the administration of this Plan and may grant authority to such persons to execute documents on behalf of the Committee.

ARTICLE C -- Participation

Participation in the Plan shall be limited to Directors who are not full-time employees of the Company.

ARTICLE D -- Limitation on Number of Shares for the Plan.

1. The total number of shares of Common Stock of the Company that may be awarded each year shall not exceed 7,500 shares. The total number of shares of Common Stock of the Company that may be awarded under the plan is 50,000.

2. Shares transferred or reserved for purposes of the Plan will be subject to appropriate adjustment in the event of future stock splits, stock dividends or other changes in capitalization; following any such change, the term "Common Stock" or "shares of Common Stock" of the Company, as used in the Plan, shall be deemed to refer to such class of shares or other securities as may be applicable.

ARTICLE E -- Shares Subject to Use Under the Plan.

Shares of Common Stock to be awarded under the terms of this Plan shall be either treasury shares or authorized but unissued shares.

ARTICLE F -- Transfer of Shares.

1. The Committee may transfer Common Stock of the Company under the Plan subject to such conditions or restrictions, if any, as the Committee may determine. The conditions and restrictions may vary from time to time and may be set forth in agreements between the Company and the Participant or in the awards of stock to them, all as the Committee determines.

2. The shares awarded shall be valued at the average of the high and low quotations for Common Stock of the Company on the New York Stock Exchange on the day of the transfer to a Participant. All shares awarded shall be full shares, rounded up to the nearest whole share.

ARTICLE G -- Additional Provisions.

1. The Board may, at any time, repeal this Plan or may amend it from time to time except that no such amendment may amend this paragraph, increase the annual aggregate number of shares subject to this Plan, or alter the persons eligible to participate in this Plan. The Participants and the Company shall be bound by any such amendments as of their effective dates, but if any outstanding awards are affected, notice thereof shall be given to the holders of such awards and such amendments shall not be applicable to such holder without his or her written consent. If this Plan is repealed in its entirety, all theretofore awarded shares subject to conditions or restrictions transferred pursuant to this Plan shall continue to be subject to such conditions or restrictions.

2. Every recipient of shares pursuant to this Plan shall be bound by the terms and provisions of this Plan and the transfer of shares agreement referable thereto, and the acceptance of any transfer of shares pursuant to this Plan shall constitute a binding agreement between the recipient and the Company.

ARTICLE H --Duration of Plan.

This Plan shall become effective as of October 26, 1994 subject to ratification before December 31, 1995 by the affirmative vote of the holders of a majority of the Common Stock of the Company present, or represented, and entitled to vote at a meeting duly held. Any shares awarded prior to approval of the Plan by the shareholders must be restricted until such approval is obtained and shall be subject to immediate forfeiture in the event such approval is not obtained in which case the Participants would receive the fees they would have received for their services as Directors since October 26, 1994. This Plan will terminate on December 31, 2004 unless a different termination date is fixed by the shareholders or by action of the Board but no such termination shall affect the prior rights under this Plan of the Company or of anyone to whom shares have been transferred prior to such termination.

Exhibit (10)(t)* to Report
on Form 10-K for Fiscal
Year Ended June 30, 1996
by Parker-Hannifin Corporation

Parker-Hannifin Corporation Non-Employee Directors
Stock Option Plan

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

PARKER-HANNIFIN CORPORATION

NON-EMPLOYEE DIRECTORS STOCK OPTION PLAN

ADOPTED: AUGUST 15, 1996

1. Purpose. The purpose of the Parker-Hannifin Corporation Non-Employee Directors Stock Option Plan (the "Plan") is to attract, retain and compensate highly qualified individuals who are not current employees of Parker-Hannifin Corporation (the "Company") as members of the Board of Directors and to enable them to increase their ownership of shares of common stock, \$.50 par value, of the Company ("Common Stock"). The Plan will be beneficial to the Company and its shareholders since it will allow these directors to have a greater personal financial stake in the Company through the ownership of Common Stock, in addition to underscoring their common interest and identification with stockholders in increasing the value of Common Stock.

2. Shares Subject to Plan. The total number of shares of Common Stock with respect to which options may be granted under the Plan shall not exceed 250,000 (as adjusted pursuant to Section 7 hereof). Shares issued upon exercise of options granted under the Plan may be either authorized and unissued shares, treasury shares, or any combination thereof. In the event that any option granted under the Plan shall terminate, expire or, with the consent of the optionee, be cancelled as to any shares of Common Stock, without having been exercised in full, new options may be granted with respect to such shares without again being charged against the maximum share limitations set forth above in this Section 2.

3. Administration. The Plan shall be administered by the Compensation and Management Development Committee of the Board of Directors, or any successor Committee (the "Committee"), which shall be appointed by the Board of Directors of the Company and shall consist of such number of directors, not less than two, as shall be determined by the Board of Directors, who shall serve at the pleasure of the Board of Directors, and each of whom shall be "non-employee directors" within the meaning of Rule 16b-3 of the Securities Exchange Act of 1934, or any successor provision at the time in effect. Vacancies occurring in the membership of the Committee shall be filled by appointment by the Board of Directors. If for any reason the Committee is unable to perform its functions and duties under the Plan, the Board of Directors may perform any such functions and duties.

The Committee, from time to time, may adopt rules and regulations for carrying out the provisions and purposes of the Plan. The interpretation and construction by the Committee of any provisions of, and the determination of any questions arising under, the Plan, any such rule or regulation, or any agreement evidencing options under the Plan, shall be final, binding and conclusive on all persons interested in the Plan. The Secretary of the Company shall be authorized to implement the Plan in accordance with its terms and to take such actions of a ministerial nature as shall be necessary to effectuate the intent and purposes hereof. The validity, construction and effect of the Plan and any rules and regulations relating to the Plan shall be determined in accordance with the laws of the State of Ohio without regard to its conflicts of law principles.

4. Eligibility. All members of the Company's Board who are not current or retired employees of the Company or any of its subsidiaries at the time of option award ("Non-Employee Directors") are eligible to participate in the Plan.

5. Types of Options. All options granted under the Plan shall be non-statutory options not intended to qualify under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"). Each option granted under the Plan shall provide that such option will not be treated as an "incentive stock option," as that term is defined in Section 422 of the Code. The Committee, in its sole discretion, shall determine the terms of the options granted hereunder, including, without limitation, the time or times when options shall be granted, the number of shares to be covered by each option so granted, the time or times when such options shall become exercisable, the transferability of such options and the expiration date of such options.

6. Terms and Conditions of Options. All options approved by the Committee under the Plan shall be evidenced by stock option agreements in writing (hereinafter referenced to as "Option Agreements"), in such form as the Committee may from time to time approve, executed on behalf of the Company by the Chairman of the Board or President of the Company. Each Option Agreement shall be subject to the Plan, and, in addition to such other terms and conditions as the Committee may deem desirable, shall provide in substance as follows:

(a) Purchase Price. The purchase price per share of Common Stock for which each option is exercisable shall be equal to 100% of the fair market value of a share of Common Stock ("Fair Market Value") as of the date such option is granted. Such Fair Market Value shall be the last sale price of Common Stock on the date next preceding such date as reported on the New York Stock Exchange Composite Tape or, in the event that no sale shall have taken place on the New York Stock Exchange on such next preceding day, the last sale price of Common Stock on the next preceding day on which there was a sale as reported on the New York Stock Exchange Composite Tape, or if the Common Stock is no longer traded on the New York Stock Exchange, the fair market value on such date as determined by the Committee in accordance with applicable law and regulations. The option price shall be subject to adjustment as provided in Section 7 hereof.

(b) Manner of Exercise. Each Option Agreement shall provide that any option therein granted shall be exercisable only by giving in each case written notice of exercise, accompanied by full payment of the purchase price either (i) in cash (including check, bank draft or money order, or wire or other transfer of funds, or advice of credit to the Company); (ii) in shares of Common Stock with a Fair Market Value equal to the purchase price of a combination of cash and shares of Common Stock which in the aggregate are equal in value to such purchase price; or (iii) from the proceeds of a sale through a broker on the date of exercise of some or all of the shares of Common Stock to which the exercise relates.

7. Adjustment upon Changes in Stock. The Committee shall make or provide for such adjustments in the option price and in the number or kind of shares or other securities covered by outstanding options as the Committee in its sole discretion, exercised in good faith, shall determine is equitably

required to prevent dilution or enlargement of rights of optionees that would otherwise result from (a) any stock dividend, stock split, combination of shares, issuance of rights or warrants to purchase stock, recapitalization or other changes in the capital structure of the Company, (b) any merger, consolidation, reorganization or partial or complete liquidation, or (c) any other corporate transaction or event having an effect similar to any of the foregoing. The Committee also shall make or provide for such adjustments in the number or kind of shares of the Company's Common Stock or other securities which may be acquired pursuant to options granted under this Plan and the number of such securities to be awarded to each optionee as the Committee in its sole discretion, exercised in good faith, shall determine is appropriate to reflect any transaction or event described in the preceding sentence. The determination of the Committee as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive.

8. Fractional Shares. No fractional shares shall be issued pursuant to options granted hereunder, the any fractional share resulting from an adjustment pursuant to Section 7 hereof shall be eliminated.

9. Government Regulations. The Plan, the grant and exercise of options hereunder, and the Company's obligation to sell and deliver shares of Common Stock pursuant to any such exercise, shall be subject to all applicable federal and state laws, rules and regulations and to such approvals by any regulatory or government agency as shall be required. The Company shall not be required to issue or deliver any certificate or certificates for shares of its Common Stock prior to (a) the admission of such shares to listing on any stock exchange or national market system on which the stock shall then be listed or quoted and (b) the completion of any registration or other qualification of such shares under any state or federal law or rulings or regulations of any government body, which the Company shall, in its sole discretion, determine to be necessary or advisable.

10. Term of the Plan. The period during which option grants shall be made under the Plan shall terminate within 10 years from the effective date. Termination of the Plan, however, shall not affect outstanding options which have been granted prior to such termination, and all unexpired options shall continue in full force and operation after termination of the Plan, except as they shall lapse or terminate by their own terms and conditions, and the terms of the Plan shall continue to apply to such options.

11. Amendment, Suspension or Termination of the Plan. The Committee at any time and from time to time may suspend or terminate the Plan or revise or amend the Plan in any respect whatsoever. No action may, without the consent of a participant, reduce the participant's rights under any previously granted and outstanding option.

12. No Right to Continue as Director. Neither the Plan, nor the granting of an option nor any other action taken pursuant to the Plan, shall constitute or be evidence of any agreement or understanding, express or implied, that a director has a right to continue as a director for any period of time, or at any particular rate of compensation.

Exhibit (10)(u)* to Report
on Form 10-K for Fiscal
Year Ended June 30, 1996
by Parker-Hannifin Corporation

Parker-Hannifin Corporation Deferred Compensation Plan
for Directors, as amended as of August 15, 1996

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

DEFERRED COMPENSATION PLAN
FOR DIRECTORS OF PARKER-HANNIFIN CORPORATION

Parker-Hannifin Corporation has established the Deferred Compensation Plan for Directors of Parker-Hannifin Corporation to provide Directors with the opportunity to defer payment of their directors' fees in accordance with the provisions of this Plan.

ARTICLE I
DEFINITIONS

For the purposes hereof, the following words and phrases shall have the meaning indicated.

1. "Account" shall mean the aggregate of a Participant's Deferral Account and his or her Parker Stock Account, if any.

2. "Beneficiary" shall mean the person designated by a Participant in accordance with the Plan to receive payment of the remaining balance of a Participant's Account in the event of the death of the Participant prior to receipt of the entire amount credited to the Participant's Account.

3. "Change in Control" shall mean the occurrence of one of the following events:

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

the meaning of Sections 13(d)(3) and 14(d)(2) of the Exchange Act) including the Participant (or any entity in which the Participant or a group of persons including the Participant, directly or indirectly, holds a majority of the voting power of such entity's outstanding voting interests); or (F) the acquisition of Corporation Voting Securities from the Corporation, if a majority of the Board approves a resolution providing expressly that the acquisition pursuant to this clause (F) does not constitute a Change in Control under this paragraph (i);

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

(iii) the consummation of a merger, consolidation, share exchange or similar form of corporate reorganization of the Corporation or any Subsidiary that requires the approval of the Corporation's stockholders, whether for such transaction or the issuance of securities in connection with the transaction or otherwise (a "Business Combination"), unless (A) immediately following such Business Combination: (1) more than 50% of the total voting power of the corporation resulting from such Business Combination (the "Surviving Corporation") or, if applicable, the ultimate parent corporation which directly or indirectly has beneficial ownership of 100% of the voting securities eligible to elect directors of the Surviving Corporation (the "Parent Corporation"), is represented by Corporation Voting Securities that were outstanding immediately prior to the Business Combination (or, if applicable, shares into which such Corporation Voting Securities were converted pursuant to such Business Combination), and such voting power among the holders thereof is in substantially the same proportion as the voting power of such Corporation Voting Securities among the holders thereof immediately prior to the Business Combination, (2) no person (other than any employee benefit plan sponsored or maintained by the Surviving Corporation or the Parent Corporation) is or becomes the beneficial owner, directly or indirectly, of 20% or more of the total voting power of the outstanding voting securities eligible to elect directors of the Parent Corporation (or, if there is no Parent Corporation, the Surviving Corporation), and (3) at least a majority of the members of the board of directors of the Parent Corporation (or, if there is no Parent Corporation, the Surviving Corporation), following the Business Combination, were

members of the Incumbent Board at the time of the Board's approval of the execution of the initial agreement providing for such Business Combination (a "Non-Control Transaction") or (B) the Business Combination is effected by means of the acquisition of Corporation Voting Securities from the Corporation, and a majority of the Board approves a resolution providing expressly that such Business Combination does not constitute a Change in Control under this paragraph (iii); or

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

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

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

4. "Corporation" shall mean Parker-Hannifin Corporation, an Ohio corporation, its corporate successors, and the surviving corporation resulting from any merger of Parker-Hannifin Corporation with any other corporation or corporations.

5. "Deferral Account" shall mean the bookkeeping account to which is credited Fees deferred by a Director and any earnings or losses credited thereto in accordance with the Plan.

6. "Director" shall mean any member of the Board of Directors of the Corporation who is not an officer or common-law employee of the Corporation.

7. "Fees" shall mean the retainer and cash meeting fees earned by the Director for his or her services as such.

8. "Participant" shall mean any Director who has at any time elected to defer the receipt of Fees in accordance with the Plan or with respect to whom there has been established a Parker Stock Account under Article III.

9. "Parker Stock Account" shall mean the bookkeeping account to which is credited notional stock with respect to certain Participants under Article III, and any earnings and losses credited thereto in accordance with the Plan.

10. "Plan" shall mean the deferred compensation plan as set forth herein, together with all amendments hereto, which Plan shall be called the Deferred Compensation Plan for Directors of Parker-Hannifin Corporation.

11. "Year" shall mean a calendar year.

ARTICLE II ELECTION TO DEFER

1. Eligibility. Any Director may elect to defer receipt of all or a specified part of his or her Fees for any Year in accordance with Section 2 of this Article. A Director's entitlement to defer shall cease with respect to the Year following the Year in which he or she ceases to be a Director.

2. Election to Defer. A Director who desires to defer the payment of all or a portion of his or her Fees earned in any Year must complete and deliver an Election Agreement, as prescribed by the Corporation, to the Secretary of the Corporation prior to January 1 of such Year; provided, however, that any Director newly elected to the Board of Directors of the Corporation may make an election to defer payment of Fees earned from the date of such election through December 31 of that Year if the new Director delivers an executed Election Agreement to the Secretary of the Corporation within 30 days of his or her election to the Board of Directors. A Director who timely delivers the Election Agreement to the Secretary of the Corporation shall be a Participant. A Director shall be required to execute an Election Agreement with respect to each Year for which he or she defers Fees, which Election Agreement shall be delivered to the Secretary of the Corporation prior to January 1 of such Year. The value of a Participant's Deferral Account shall be fully vested at all times.

3. Amount Deferred; Period of Deferral. A Participant shall designate on the Election Agreement the percentage of his or her Fees that are to be deferred. That percentage of Fees shall be deferred until the date specified by the Participant in his or her Election Agreement, at which time payment of the amount deferred shall be made in accordance with Section 5 or 6 of this Article; provided, however, that except as set forth in Section 8 of this Article, no payment shall be made while a Participant is still serving as a Director. Notwithstanding the foregoing, the Corporation reserves the right to

commence payment of the amount deferred in the calendar quarter following the date the Participant ceases to be a Director, whether by death, retirement or otherwise.

4. Deferral Account; Interest.

(a) The percentage of Fees which a Participant elects to defer shall be credited to a bookkeeping Deferral Account under the Plan as of the date the Fees otherwise would have been paid to the Participant. A Participant's Deferral Account shall be credited with gains or losses each calendar quarter based on the applicable Crediting Rate as described below.

(b) The Crediting Rate shall mean any notional gains or losses equal to those that would have been generated if part or all of the Deferral Account balance had been invested in one or more of the investment portfolios designated as available by the Corporation, and/or as if part or all of the Deferral Account balance were credited with interest at the prime rate, as elected by the Participant, less any separate account fees and less any applicable administrative charges determined annually by the Administrator.

(c) The allocation of the Deferral Account shall be determined by the Participant among one or more of the available options pursuant to rules determined by the Corporation. The gains or losses shall be credited based upon the daily unit values from the portfolio(s) selected by the Participant and/or the average prime rate as in effect for the preceding month, as applicable. Gains and losses will be compounded daily and will be credited to Participants' Deferral Accounts as of the first day of the calendar quarter following the quarter to which they relate. Notwithstanding the method of calculating the Crediting Rate, the Company shall be under no obligation to purchase any investments designated by a Participant.

5. Payment of Deferral Account. The amount of a Participant's Deferral Account shall be paid to the Participant in a lump sum or in a number of approximately equal quarterly installments (not to exceed 20), as designated by the Participant on the Election Agreement. The amount of the Deferral Account remaining unpaid shall continue to bear interest, as provided in Section 4 of this Article. The lump sum payment or the first quarterly installment, as the case may be, shall be made as of the first day of the calendar quarter following the end of the period of deferral as specified in Section 3 of this Article. The election as to the time for and method of payment of the amount of the Deferral Account relating to Fees deferred for a particular Year shall be made on the Election Agreement(s) and may not thereafter be altered.

6. Death of Participant. In the event of the death of a Participant, the amount of the Participant's Deferral Account shall be paid to the Beneficiary or Beneficiaries designated in a writing in such form as shall be prescribed by the Corporation for such purpose, in accordance with the Participant's Election Agreement and Section 5 of this Article. A Participant's Beneficiary designation may be changed at any time prior to his or her death by execution and delivery of a new Beneficiary designation form. The form on file with the Corporation at the time of the Participant's death which bears the latest date shall govern. In the absence of a Beneficiary designation or the failure of any Beneficiary to survive the Participant, the amount of the Participant's Deferral Account shall be paid to the Participant's estate in a lump sum within ninety days after the appointment of an executor or administrator. In the event of the death of a Beneficiary or all of the Beneficiaries after the death of a Participant, but before all amounts credited to the Participant's Deferral Account have been paid to such Beneficiary or Beneficiaries according to the Participant's designation, the remaining applicable amount of the Deferral Account shall be paid in a lump sum to the estate of the deceased Beneficiary or estates of the deceased Beneficiaries within ninety days after the appointment of an executor or administrator.

7. Small Payments. Notwithstanding the foregoing, if the quarterly installment payments elected by a Participant would result in a quarterly payment of less than \$1,000, the entire amount of the Account shall be paid in a lump sum in accordance with Section 5 of this Article.

8. Acceleration. Notwithstanding the foregoing: (i) within 15 days following a Change in Control, the value of a Participant's Deferral Account as of the date of the Change in Control shall be paid to the Participant in a lump sum; and (ii) the Board of Directors of the Corporation may, in its sole discretion, accelerate payment of the amount of the Deferral Account of a Participant in the event of financial hardship of the Participant due to causes not within the control of the Participant.

9. Noncompetition. During the time any Participant is a Director of the Corporation, he or she shall not, directly or indirectly, as officer, director, shareholder (other than an interest of less than 1% of the stock of any publicly held company), partner, employee or in any other capacity, engage in competition with the Corporation in the manufacture, sale or distribution of products or parts thereof. In the event of a breach of this provision, a Participant shall forfeit all right and interest in the amounts credited to his or her Deferral Account, and shall not be entitled to any distribution of any deferred Fees.

ARTICLE III
PARKER STOCK ACCOUNTS

1. Establishment of Parker Stock Account. There may be credits under the Plan to a bookkeeping Parker Stock Account of amounts other than Fees to which a Director may become entitled from the Corporation at the election of the Board of Directors of the Corporation. Such amounts shall be credited to the Parker Stock Account on the date of entitlement in the form of a number of bookkeeping shares (calculated to the second decimal point) calculated at the "Stock Value" as determined as follows. The "Stock Value" on a particular date shall mean the closing sale price of a share of common stock of the Corporation on the New York Stock Exchange ("NYSE") on such date as reported in the principal consolidated transaction reporting system with respect to securities listed as admitted to trading on the NYSE. A Participant's Parker Stock Account shall be fully vested at all times.

2. Earnings on Parker Stock Account. A Participant's Parker Stock Account shall be credited with gains or losses based on the "Stock Rate," determined as follows. The "Stock Rate" shall mean any notional gains or losses equal to those generated as if the Parker Stock Account balance had been invested in the common stock of the Corporation, including reinvestment of dividends on the dividend payment date at the Stock Value.

3. Payment of Parker Stock Account. A Participant shall be entitled to receive payment of his or her Parker Stock Account in 20 quarterly installments beginning as of the first day of the calendar quarter following the time the Participant ceases to be a Director. The amount of each quarterly payment shall be determined by dividing the value of the Parker Stock Account as of the date as of which payment is to be made by the number of remaining installments to be made. The balance in the Parker Stock Account shall continue to be credited with gains and losses at the Stock Rate described in Section 2 above. In lieu of quarterly payments, the Participant may elect to receive a single lump sum payment of the value of his or her Parker Stock Account as of the date he or she ceases to be a Director; provided, that if the election to receive a lump sum payment is received less than 13 months prior to the cessation of services, the value of the Parker Stock Account shall be reduced by 10%.

4. Death of a Participant. In the event of the death of a Participant before his or her entire Parker Stock Account has been paid to him or her, his or her designated Beneficiary, determined in accordance with the rules set forth in paragraph 6 of Article 2, shall be entitled to receive a lump sum payment equal to the value of the Parker Stock Account as of the date of death.

5. Acceleration. Notwithstanding the foregoing: (i) within 15 business days following a Change in Control, the value of a Participant's Parker Stock Account as of the date of the Change in Control shall be paid to the Participant in a lump sum; and (ii) the

Board may, in its sole discretion, accelerate payment of the amount of the Parker Stock Account of a Participant in the event of financial hardship of the Participant due to causes not within the control of the Participant.

6. Noncompetition. During the time any Participant is a Director of the Corporation, he or she shall not, directly or indirectly, as officer, director, shareholder (other than an interest of less than 1% of the stock of any publicly held company), partner, employee or in any other capacity, engage in competition with the Corporation in the manufacture, sale or distribution of products or parts of a type manufactured, sold or distributed by the Corporation. In the event of a breach of this provision, a Participant shall forfeit all right and interest in the amounts credited to his or her Parker Stock Account.

ARTICLE IV ADMINISTRATION

The Corporation shall be responsible for the general administration of the Plan and for carrying out the provisions hereof. The Corporation shall have all such powers as may be necessary to carry out the provisions of the Plan, including the power to determine all questions relating to eligibility for and the amount in the Account and all questions pertaining to claims for benefits and procedures for claim review; to resolve all other questions arising under the Plan, including any questions of construction; and to take such further action as the Corporation shall deem advisable in the administration of the Plan. The actions taken and the decisions made by the Corporation hereunder shall be final and binding upon all interested parties. The Corporation shall provide a procedure for handling claims of Participants or their Beneficiaries under this Plan. Such procedure shall provide adequate written notice within a reasonable period of time with respect to the denial of any such claim as well as a reasonable opportunity upon a Participant's request for a full and fair review by the Corporation of any such denial.

ARTICLE V AMENDMENT AND TERMINATION

The Corporation reserves the right to amend or terminate the Plan at any time by action of its Board of Directors; provided, however, that no such action shall adversely affect any Participant who has an Account or any Beneficiary.

ARTICLE VI
PRIOR PLANS OR AGREEMENTS

The Plan supersedes all prior deferred compensation plans for Directors and all prior deferred compensation arrangements with any individual Director, except as to the obligation to make payment of the amount of the accounts of participants in the prior plans or under the prior arrangements in accordance with their respective terms. Fees earned after termination of the prior plan or arrangement will not be eligible for deferral under such plan or arrangement and deferral elections under the prior plan or arrangement will be of no force or effect with respect to Fees earned after termination.

ARTICLE VII
MISCELLANEOUS

1. Nonalienation of Deferred Compensation. No Participant or Beneficiary shall encumber or dispose of the right to receive any payments hereunder.
2. Interest of Directors. The obligation of the Corporation under the Plan to make payment of amounts reflected on an Account merely constitutes the unsecured promise of the Corporation to make payments from its general assets as provided herein, and no Participant or Beneficiary shall have any interest in, or a lien or prior claim upon, any property of the Corporation.
3. Claims of Other Persons. The provisions of the Plan shall in no event be construed as giving any person, firm or corporation any legal or equitable right as against the Corporation, or the officers, employees, or directors of the Corporation, except any such rights as are specifically provided for in the Plan or are hereafter created in accordance with the terms and provisions of the Plan.
4. Severability. The invalidity and unenforceability of any particular provision of the Plan shall not affect any other provision hereof, and the Plan shall be construed in all respects as if such invalid or unenforceable provision were omitted herefrom.
5. Gender, Singular and Plural. All pronouns and variations thereof shall be deemed to refer to the masculine, feminine, or neuter, as the identity of the person or persons may require. As the context may require, the singular may be read as the plural and the plural as the singular.
6. Governing Law. The provisions of the Plan shall be governed and construed in accordance with the laws of the State of Ohio.

Exhibit (11)* to Report
on Form 10-K for Fiscal
Year Ended June 30, 1996
by Parker-Hannifin Corporation

Computation of Common Shares Outstanding
and Earnings per Share

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

EXHIBIT (11)* TO REPORT ON FORM 10-K
FOR FISCAL YEAR ENDED JUNE 30, 1996

PARKER-HANNIFIN CORPORATION
COMPUTATION OF COMMON SHARES OUTSTANDING
AND EARNINGS PER SHARE
(Dollars in thousands, except per share amounts)

	1996	1995	1994
Net income applicable to common shares	\$ 239,667 =====	\$ 218,238 =====	\$ 47,652 =====
Weighted average common shares outstanding for the year	74,173,811	73,717,476	73,107,704
Increase in weighted average from: Dilutive effect of stock options	618,667	381,600	407,217
Weighted average common shares, assuming issuance of the above securities	74,792,478 =====	74,099,076 =====	73,514,921 =====
Earnings per common share:			
On the weighted average common shares outstanding for the year	\$ 3.23	\$ 2.96	\$.65
Assuming issuance of shares for convertible debentures and dilutive stock options*	\$ 3.20	\$ 2.95	\$.65

* This Exhibit is numbered and submitted in accordance with Regulation S-K Item 601(b)(11) although not required for income statement presentation because it results in dilution less than three percent.

Exhibit (13)* to Report
on Form 10-K for Fiscal
Year Ended June 30, 1996
by Parker-Hannifin Corporation

Excerpts from Annual Report to Shareholders for the fiscal year ended June 30, 1996.

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

MANAGEMENT'S DISCUSSION & ANALYSIS AND FINANCIAL STATEMENTS

DISCUSSION OF STATEMENT OF INCOME

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

NET SALES of \$3.59 billion for fiscal 1996 were 11.6 percent higher than \$3.21 billion in 1995. Acquisitions contributed nearly 60 percent of this increase. North American Industrial operations experienced strong growth in the semiconductor and telecommunications markets, but this was partially offset by a slow-down in the heavy-duty truck market. International Industrial operations experienced a soft economy in Europe during 1996 following stronger performance in 1995. Latin America struggled with a weak economy, but Asia Pacific continued to demonstrate strong growth during 1996. Aerospace operations experienced strong growth during 1996 as gains were made in both original equipment and maintenance, repair and overhaul markets.

Acquisitions contributed nearly one-fourth of the 1995 increase of 24.8 percent over 1994. During 1995 the North American Industrial operations experienced strong demand in the heavy-duty truck, industrial machinery, construction and farm equipment, semi-conductor, mobile, and telecommunications markets. International Industrial operations experienced significant growth, as much of Europe and Latin America recovered from recessions. Aerospace markets were flat in 1995 compared to 1994, as lower spending for military aircraft and a slumping commercial airline industry continued.

The Company is anticipating double-digit growth for the next year. Industrial markets are expected to stay relatively flat, but acquisitions will contribute to the Company's growth. Aerospace markets are expected to continue to show strong growth. With the additional aerospace product lines from the Abex NWL acquisition, and a presence on virtually every significant current commercial and military aircraft program, the Company is very optimistic about the future of its Aerospace business.

NET INCOME of \$239.7 million for 1996 was 9.8 percent higher than 1995. 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 was due to 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. See Note 7 for further description.

INCOME BEFORE EXTRAORDINARY ITEM as a percentage of sales was 6.7 percent in 1996, down slightly from 6.8 percent in 1995, but up from 2.0 percent in 1994. A summary of the changes follows:

	...% to Sales Change...	
(Decrease) Increase in Income	1996-95	1995-94
Gross profit	(.7)	3.5
Selling, general & admin. expenses	.1	(.3)
Provision for business restructuring activities		.7
Impairment of long-term operating assets		1.4
Interest expense		.5
Loss on disposal of assets	.1	.7
Other	.2	
Income taxes	.2	(1.7)
Income before extraordinary item	(.1)	4.8

GROSS PROFIT MARGIN was 23.1 percent in 1996 compared to 23.8 percent in 1995 and 20.3 percent in 1994. Acquisitions contributed to the margin decline in 1996 as the newly acquired operations contributed lower margins and the Company incurred one-time integration costs. In addition, as the mix of products and volume levels changed, certain business units within the Industrial operations adjusted inventory levels and production schedules to meet new levels of demand. Despite lower margins contributed by an acquisition, Aerospace operations improved margins in 1996 due to a better product mix, and higher volume which allowed better absorption of fixed costs.

Higher production levels in 1995 in the Industrial operations provided increased margins and better absorption of fixed costs in that year. Despite level sales volume, the Aerospace operations improved margins during 1995 by taking advantage of efficiencies resulting from previous reorganizations. The benefits of prior years' restructuring activities are being realized in the margin returns of all operations and are expected to continue to benefit future years as well.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES as a percent of sales decreased to 11.9 percent, from 12.0 percent in 1995, but increased from the 11.7 percent in 1994. As volume increased in 1996 these expenses remained relatively even, except for additional expense from acquisitions. Also, selling expenses increased in 1996 as new sales offices were opened and marketing efforts were increased within International markets.

Acquisitions contributed to the increase in 1995 with an average selling, general and administrative expense rate of 17.1 percent of sales. In addition, the Company incurred higher sales-promotion expenses and higher incentive compensation based on increased sales and earnings.

PROVISION FOR BUSINESS RESTRUCTURING ACTIVITIES in 1994 was the result of actions aimed at reducing costs and included downsizing, plant closings and relocations, and write-offs of related capital assets. These actions reduced overhead charges in 1996 and 1995, and should continue to benefit future periods.

The Industrial Segment incurred restructuring charges of \$12.3 million in 1994. The North American Industrial operations incurred restructuring charges of \$5.4 million, 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 an additional 107 employees in 1995 and 1996. 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 in 1995. 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 under-utilized facilities. These activities have been completed and only minor reserves remain for settlement of severance issues.

The Aerospace operations incurred restructuring costs of \$6.5 million in 1994. These charges included a workforce reduction of 597 employees (296 in 1994, 159 in 1995 and 24 in 1996) 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, 118 of the employees to be terminated were maintained and a minor adjustment was recorded to income in 1995.

By June 30, 1996, the majority of the Company's restructuring activities were completed and reserves were utilized with only minor adjustments to income for the reversal of unnecessary reserves.

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 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 \$0.7 million per year.

INTEREST EXPENSE increased by \$5.7 million in 1996 after a reduction of \$6.9 million in 1995. The interest expense reflects the level of debt outstanding. During 1996 additional debt was incurred to finance several acquisitions.

INTEREST AND OTHER INCOME, NET increased to \$8.5 million in 1996 from \$2.3 million in 1995 and \$3.9 million in 1994. The increase in 1996 was primarily due to additional interest income and income from several minor Corporate investments.

LOSS ON DISPOSAL OF ASSETS was \$2.0 million in 1996 as compared to \$4.5 million in 1995 and \$19.6 million in 1994. The decrease in 1996 is due to fewer costs for facility relocations and a gain on the sale of a division. In 1994, \$14.7 million was 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 decreased to an effective rate of 36.0 percent in 1996 as compared to 37.4 percent in 1995 and 53.6 percent in 1994. The reduction in the rate for 1996 was the result of foreign tax credit benefits and a

reduction in the effective state tax rate. The 1995 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 in 1995.

DISCUSSION OF BALANCE SHEET

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

The current ratio at June 30, 1996 dropped slightly from the ratio at June 30, 1995.

Working Capital (millions)	1996	1995
Current Assets	\$ 1,402	\$ 1,246
Current Liabilities	767	653
Working Capital	635	593
Current Ratio	1.8	1.9

ACCOUNTS RECEIVABLE are primarily due from customers for sales of product (\$490.9 million at June 30, 1996, compared to \$426.3 million at June 30, 1995). The current year increase in accounts receivable, as a result of acquisitions, was partially offset by decreases caused by currency rate changes and the collection of an income tax receivable during the year. Days sales outstanding for the Company increased slightly over 1995.

INVENTORIES were \$707.2 million at June 30, 1996, compared to \$625.9 million a year ago. This increase in inventories, primarily due to acquisitions, was mostly within work in process. Currency rate changes partially offset the overall increase. Months supply of inventory on hand at June 30, 1996 remained the same as the prior year.

DEFERRED INCOME TAXES included in current assets increased by \$19.6 million primarily due to acquisitions.

PLANT AND EQUIPMENT, net of accumulated depreciation, increased \$176.0 million in 1996 as a result of significant capital expenditures and additions from acquisitions.

INVESTMENTS AND OTHER ASSETS increased \$45.7 million in 1996 primarily as a result of increased long-term pension assets, mostly from acquisitions.

EXCESS COST OF INVESTMENTS OVER NET ASSETS ACQUIRED increased \$210.8 million in 1996 as a result of acquisitions. The additional excess cost of investments in 1996 is being amortized over 15 years.

ACCOUNTS PAYABLE, TRADE increased \$9.4 million in 1996 due to current-year acquisitions and increases within the Aerospace segment due to volume increases. These increases were partially offset by decreases within the Industrial North American operations.

ACCRUED PAYROLLS AND OTHER COMPENSATION increased \$17.9 million in 1996 primarily as a result of acquisitions and incentive plans based on sales and earnings.

OTHER ACCRUED LIABILITIES increased \$7.7 million in 1996 as a result of acquisitions. The increase from acquisitions was partially offset by decreases in reserves for closing facilities and the current pension accruals.

NOTES PAYABLE AND LONG-TERM DEBT increased a total of \$279.1 million in 1996 primarily due to cash needed for acquisitions. See the Cash Flows From Financing Activities section on page 13-6 for further discussion.

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 the financial goal of maintaining a ratio of debt to debt-equity of 30 to 33 percent. The calculation of the debt to debt-equity ratio at June 30, 1995 includes the Company's previous loan guarantee to the trust established by the Company for the Employee Stock Ownership Plan (ESOP) as described more fully in Note 7. This loan was paid as of June 30, 1996.

Debt to Debt-Equity Ratio (millions)	1996	1995
Debt	\$ 614	\$ 335
Debt & Equity	1,998	1,526
Ratio	30.7%	21.9 %

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

In fiscal 1997 no additional borrowings are anticipated to be used for the stock repurchase program, capital investments, or working capital purposes, but may be utilized for acquisitions.

PENSIONS AND OTHER POSTRETIREMENT BENEFITS increased \$65.3 million to \$253.6 million in 1996, primarily due to acquisitions. These costs are explained further in Note 10 to the Consolidated Financial Statements.

OTHER LIABILITIES increased \$9.1 million in 1996 primarily due to acquisitions.

DISCUSSION OF CASH FLOWS

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

Cash and cash equivalents remained the same in 1996 after decreasing \$17.8 million in 1995 and \$78.4 million in 1994. The major components of these changes in cash flows are as follows:

CASH FLOWS FROM OPERATING ACTIVITIES -- The Company's largest source of cash continues to be net cash provided by operating activities. Net cash provided by operating activities in 1996 was \$338.0 million, a year-to-year increase of \$97.9 million, over \$240.1 million in 1995. The most significant contribution to operating cash in 1996, as in 1995, was Net income, which increased \$21.4 million in 1996. Accounts receivable provided cash of \$8.7 million in 1996 compared to using \$53.1 million cash in 1995. Inventories increased in 1996 as a result of increased volume, using cash of \$15.0 million. This was much less than the use of \$85.8 million cash for inventory increases in 1995. Accounts payable, trade used cash of \$15.5 million in 1996 as compared to providing cash of \$29.7 million in 1995. Net income for 1995 provided \$170.6 more cash than in 1994, but the charge for the impairment of long-term assets in 1994 (\$52.4 million) did not require

the use of cash. Increased volume caused Accounts receivable and Inventories to increase, using \$138.8 million cash in 1995 compared to \$34.1 million in 1994. Accounts payable in 1995 contributed cash of \$29.7 million compared to \$58.5 million in 1994.

Cash paid for income taxes was \$135,380 in 1996, \$123,590 in 1995 and \$71,375 in 1994.

CASH FLOWS FROM INVESTING ACTIVITIES -- The most significant use of cash in 1996 was for Acquisitions. Cash used for Acquisitions was \$365.6 million in 1996; \$126.7 million in 1995 and \$39.4 million in 1994. Acquisition amounts shown represent the net assets of the acquired companies at their respective acquisition dates and consist of the following:

(In thousands)	1996	1995	1994
Assets acquired:			
Accounts receivable	\$ 70,916	\$ 31,160	\$ 2,906
Inventories	77,582	30,528	6,278
Prepaid expenses	1,459	774	2,146
Deferred income taxes	18,942	149	256
Plant & equipment	124,222	57,613	10,299
Other assets	247,388	53,679	22,539
	540,509	173,903	44,424
Liabilities assumed:			
Notes payable	13,256	4,180	
Accounts payable	26,880	11,680	1,260
Accrued payrolls	10,377	3,823	1,977
Accrued taxes	11,620	5,641	204
Other accrued liabilities	47,820	8,053	1,222
Long-term debt	8,235	10,772	375
Pensions and other postretirement benefits	49,798	1,243	
Other liabilities	6,900	1,798	(60)
	174,886	47,190	4,978
Net assets acquired	\$ 365,623	\$ 126,713	\$ 39,446

Capital expenditures, another principal use of long-term funds, increased to \$201.7 million in 1996, demonstrating the Company's commitment to efficient manufacturing technology. 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 1996 the Company increased its outstanding borrowings by a net total of \$273.2 million compared to an increase of \$43.3 million in 1995 and a reduction of \$172.3 million in 1994. Borrowings in both 1996 and 1995 were primarily to fund acquisitions. During 1996 the Company registered \$400,000 of debt securities for future issuance. In May 1996, \$100,000 of 15-year debentures were issued. In June 1996, an additional \$95,000 of medium-term notes were issued. The remaining increase in borrowings was primarily through the utilization of commercial paper notes which have been classified as long-term because the intention of management is to continue to utilize these notes beyond the next year. 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 an acquisition in 1995. Dividends have been paid for 184 consecutive quarters, including a yearly

increase in dividends for the last 40 fiscal years. The current annual dividend rate is \$.72 per share.

Cash paid for interest, net of capitalized interest, was \$35,554 in 1996, \$29,573 in 1995 and \$34,221 in 1994. Noncash financing activities included the reduction in principal of the ESOP debt guarantee, which amounted to \$13,468 in 1996, \$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 Parker's manufacturing facilities and equipment.

DISCUSSION OF BUSINESS SEGMENT INFORMATION

THE BUSINESS SEGMENT INFORMATION presents sales, operating income and assets by the principal industries and geographic areas in which Parker's various businesses operate.

INDUSTRIAL SEGMENT

	1996	1995	1994
Operating income as a percent of sales	12.4%	13.6%	9.2%
Return on average assets	18.3%	22.3 %	13.9%

Sales for the Industrial segment increased 10.1 percent in 1996 and 31.3 percent in 1995. Sales for the North American operations increased to a record \$2.0 billion in 1996, 7.4 percent over 1995, following 1995's increase of 20.9 percent over 1994. One-half of the 1996 increase and one-fifth of the 1995 increase were due to acquisitions. The 1996 growth was primarily within the telecommunication and semi-conductor markets as new products were introduced and the markets themselves expanded. This growth was offset by reduced demand within the heavy-duty truck market which had reached record-level volume in 1995. The increase in 1995 occurred within the heavy-duty truck, industrial machinery, construction and farm equipment, mobile, and telecommunications markets. Many indicators predict slow growth in the North American markets within the year, however the Company expects to again increase sales in 1997 through the benefit of acquisitions and continuing success in gaining market share.

International Industrial sales increased to a record \$989.4 million, 15.9 percent over 1995, after a 1995 increase of 61.1 percent over 1994. Three-fourths of the 1996 increase and one-fourth of the 1995 increase were attributable to acquisitions. Without the effects of acquisitions and currency rate changes, sales for 1996 would have increased approximately 3.5 percent and sales for 1995 would have increased more than 30 percent over the prior year. Sales growth in Europe moderated throughout 1996 after a strong recovery and peak performance in 1995. Latin American operations suffered through a weakened economy throughout 1996, but fourth quarter results began to show signs of improvement. The Company continued to experience significant growth in Asia Pacific in 1996, as in 1995. With moderate growth in Europe and Latin America, increases from acquisitions, and strong growth in the Asia Pacific markets, the Company anticipates an improvement in the International Industrial operations in 1997.

Backlog for the Industrial Segment was \$464.6 million at June 30, 1996, compared to \$441.2 million at the end of the prior period. This increase, the result of acquisitions, was partially offset by decreases within both the North American and International operations. Backlog was \$328.9 million at June 30, 1994.

Operating income for the segment increased less than 1 percent in 1996

following a 94.3 percent increase in 1995. North American operations improved 5.7 percent. International operations however, decreased 15.7 percent from 1995. Recent acquisitions contributed lower margins primarily within International, but also within North America, because of the integration costs incurred without the benefit of synergies yet to be realized. The changing product mix also had a negative effect on manufacturing costs and overhead absorption in certain business units, as inventory levels were re-aligned. Within International, softening markets in Europe caused lower production levels and lower absorption of fixed costs. The weakened economy in Latin America diluted current-year earnings, while Asia Pacific business remained strong. The significant increase in operating income in 1995 was the result of unusual charges in 1994 including restructuring charges of \$5.4 million for North America and \$6.9 million for the International operations. Also, in 1994 the International operations recognized the impairment of long-term assets totaling \$6.6 million pretax. This restructuring and downsizing allowed the operations to take full advantage of the benefits gained from increased volume in 1995. Better absorption of fixed costs through increased capacity utilization helped offset the effects of raw material price increases experienced in 1995.

Assets for the Industrial segment increased 15.2 percent in 1996 and 32.6 percent in 1995 primarily due to acquisitions. Within North America accounts receivable and inventories also increased as a result of increased volume in both years, while these assets, before the effect of acquisitions, declined within International in 1996. In addition to acquisition increases, Net plant and equipment increased due to capital expenditures exceeding depreciation.

AEROSPACE SEGMENT

	1996	1995	1994
Operating income as a percent of sales	13.7%	11.8%	3.2%
Return on average assets	18.9%	19.7%	4.4%

Sales increased 19.2 percent in 1996, one-half of which was due to the Abex NWL acquisition. Sales for 1995 declined only slightly despite the divestiture of the Metal Bellows business in April 1994. Aerospace markets began to recover in 1996 after being relatively flat throughout 1995 and 1994. Gains were made in both original equipment and maintenance, repair and overhaul markets, primarily for commercial aircraft, but also for worldwide military sales. Improvement in the commercial maintenance, repair, and overhaul market began in 1995, but was offset by reduced defense orders in that year. The Aerospace segment revenues continue to be split approximately 60 percent commercial and 40 percent military. Backlog at June 30, 1996 was \$866.3 million compared to \$584.5 million in 1995, reflecting the Abex NWL acquisition and the resurgence of the commercial aircraft build schedule. Backlog was \$523.6 million at the end of 1994.

Operating income increased 38.3 percent in 1996 after 1995 income was more than triple the previous year. Key factors were increased volume, and a very favorable product mix, with contributions from aftermarket sales, initial spare-parts provisioning for new commercial aircraft and OEM military sales. These factors built on gains in productivity resulting from prior years' restructuring activities. Higher margins were achieved using fewer facilities and employees. The 1994 results included recognition of pretax impairment losses of \$28.9 million and restructuring charges of \$6.5 million.

Assets more than doubled in 1996, primarily due to the Abex NWL acquisition. In addition, increased volume caused increases in customer

receivables and inventories in 1996. Assets in 1995 decreased 11.6 percent primarily due to reductions in customer receivables, inventories and net plant and equipment.

CONSOLIDATED STATEMENT OF INCOME
(Dollars in thousands, except per share amounts)

	For the years ended June 30,	1996	1995	1994
NET SALES		\$ 3,586,448	\$ 3,214,370	\$ 2,576,337
Cost of sales		2,756,343	2,448,264	2,053,376
Gross profit		<u>830,105</u>	<u>766,106</u>	<u>522,961</u>
Selling, general and administrative expenses		425,449	384,581	302,668
Provision for business restructuring activities				18,773
Impairment of long-term operating assets				35,483
INCOME FROM OPERATIONS		<u>404,656</u>	<u>381,525</u>	<u>166,037</u>
Other income (deductions):				
Interest expense		(36,667)	(30,922)	(37,832)
Interest and other income, net		8,537	2,335	3,879
Loss on disposal of assets		(2,047)	(4,531)	(19,635)
		<u>(30,177)</u>	<u>(33,118)</u>	<u>(53,588)</u>
Income before income taxes		<u>374,479</u>	<u>348,407</u>	<u>112,449</u>
Income taxes (Note 3)		134,812	130,169	60,274
Income before extraordinary item		<u>239,667</u>	<u>218,238</u>	<u>52,175</u>
Extraordinary item - extinguishment of debt (Note 7)				(4,523)
NET INCOME		<u>\$ 239,667</u>	<u>\$ 218,238</u>	<u>\$ 47,652</u>
		=====	=====	=====
EARNINGS PER SHARE: (Note 4)				
Earnings per share before extraordinary item		\$ 3.23	\$ 2.96	\$.71
Extraordinary item - extinguishment of debt				(.06)
Earnings per share		<u>\$ 3.23</u>	<u>\$ 2.96</u>	<u>\$.65</u>
		=====	=====	=====

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

QUARTERLY INFORMATION

(Dollars in thousands, except per share amounts)

1996 (a)	1st	2nd	3rd	4th	Total
Net sales	\$ 839,054	\$ 824,376	\$ 931,356	\$ 991,662	\$ 3,586,448
Gross profit	193,445	182,895	223,429	230,336	830,105
Net income	57,375	48,396	69,128	64,768	239,667
Earnings per share	.77	.66	.93	.87	3.23
1995 (a)	1st	2nd	3rd	4th	Total
Net sales	\$ 712,457	\$ 738,231	\$ 879,673	\$ 884,009	\$ 3,214,370
Gross profit	161,930	165,369	212,705	226,102	766,106
Net income	43,649	41,084	65,855	67,650	218,238
Earnings per share	.59	.56	.89	.92	2.96

(a) Quarterly Information is unaudited.

CONSOLIDATED BALANCE SHEET
(Dollars in thousands)

	June 30,	1996	1995
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$	63,953	\$ 63,830
Accounts receivable, less allowance for doubtful accounts (1996 - \$6,445; 1995 - \$6,613)		538,645	484,962
Inventories (Notes 1 and 5):			
Finished products		332,213	314,180
Work in process		269,934	201,386
Raw materials		105,078	110,340
		<u>707,225</u>	<u>625,906</u>
Prepaid expenses		16,031	14,994
Deferred income taxes (Notes 1 and 3)		76,270	56,690
		<u>1,402,124</u>	<u>1,246,382</u>
TOTAL CURRENT ASSETS			
Plant and equipment (Note 1):			
Land and land improvements		101,290	87,521
Buildings and building equipment		494,374	426,150
Machinery and equipment		1,373,150	1,234,962
Construction in progress		79,479	64,034
		<u>2,048,293</u>	<u>1,812,667</u>
Less accumulated depreciation		1,056,516	996,896
		<u>991,777</u>	<u>815,771</u>
Investments and other assets (Note 1)		148,363	102,669
Excess cost of investments over net assets acquired (Note 1)		320,152	109,308
Deferred income taxes (Notes 1 and 3)		24,708	28,079
		<u>\$ 2,887,124</u>	<u>\$ 2,302,209</u>
		=====	=====

(Table continued on page 13-13)

June 30, 1996 1995

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES

Notes payable, including long-term debt payable within one year (Notes 6 and 7)	\$ 173,789	\$ 97,372
Accounts payable, trade	236,871	227,482
Accrued payrolls and other compensation	128,136	110,186
Accrued domestic and foreign taxes	49,718	46,876
Other accrued liabilities	178,368	170,705

TOTAL CURRENT LIABILITIES	766,882	652,621
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Long-term debt (Note 7)	439,797	237,157
Pensions and other postretirement benefits (Notes 1 and 10)	253,616	188,292
Deferred income taxes (Notes 1 and 3)	24,683	23,512
Other liabilities	18,188	9,113

TOTAL LIABILITIES	1,503,166	1,110,695
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SHAREHOLDERS' EQUITY (Note 9)

Serial preferred stock, \$.50 par value, authorized 3,000,000 shares, none issued		
Common stock, \$.50 par value, authorized 300,000,000 shares; issued 74,291,917 shares in 1996 and 74,002,402 shares in 1995 at par value	37,146	37,001
Additional capital	165,259	158,454
Retained earnings	1,160,828	974,486
Deferred compensation related to guarantee of ESOP debt (Note 7)		(13,468)
Foreign currency translation adjustments	20,725	35,041

TOTAL SHAREHOLDERS' EQUITY	1,383,958	1,191,514
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TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 2,887,124	\$ 2,302,209
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The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
(Dollars in thousands)

	For the years ended June 30,	1996	1995	1994
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income		\$ 239,667	\$ 218,238	\$ 47,652
Adjustments to reconcile net income to net cash provided by operating activities:				
Net effect of extraordinary loss				4,523
Depreciation		126,544	110,527	106,546
Amortization		14,819	9,403	6,523
Deferred income taxes		(3,691)	(4,299)	(34,000)
Foreign currency transaction loss		1,733	1,903	3,563
Loss on sale of plant and equipment		3,506	3,728	2,849
Impairment losses on long-term assets				52,422
Changes in assets and liabilities, net of effects from acquisitions and dispositions:				
Accounts receivable		8,723	(53,052)	(45,387)
Inventories		(15,046)	(85,795)	11,247
Prepaid expenses		(157)	617	1,887
Other assets		(20,444)	(13,716)	(6,719)
Accounts payable, trade		(15,503)	29,668	58,497
Accrued payrolls and other compensation		11,586	24,726	9,568
Accrued domestic and foreign taxes		(3,589)	(9,159)	22,630
Other accrued liabilities		(31,800)	(5,987)	9,923
Pensions and other postretirement benefits		19,404	12,396	8,971
Other liabilities		2,229	937	(1,491)
Net cash provided by operating activities		<u>337,981</u>	<u>240,135</u>	<u>259,204</u>

(Table continued on page 13-15)

	For the years ended June 30,	1996	1995	1994
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions (excluding cash of \$20,479 in 1996, \$5,961 in 1995 and \$2,661 in 1994)		(365,623)	(126,713)	(39,446)
Capital expenditures		(201,693)	(151,963)	(99,914)
Proceeds from sale of plant and equipment		9,387	13,045	5,774
Proceeds from disposition of business				13,689
Other		(2,812)	1,409	(362)
		<u>(560,741)</u>	<u>(264,222)</u>	<u>(120,259)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from common share activity		4,967	11,528	9,105
Proceeds from (payments of) notes payable, net		81,194	62,021	(18,888)
Proceeds from long-term borrowings		201,724	20,764	3,619
Payments of long-term borrowings		(9,696)	(39,438)	(157,026)
Extraordinary loss on early retirement of debt				(7,238)
Dividends paid, net of tax benefit of ESOP shares		(53,325)	(49,961)	(47,445)
		<u>224,864</u>	<u>4,914</u>	<u>(217,873)</u>
Effect of exchange rate changes on cash		(1,981)	1,413	533
		<u>123</u>	<u>(17,760)</u>	<u>(78,395)</u>
Net increase (decrease) in cash and cash equivalents				
Cash and cash equivalents at beginning of year		63,830	81,590	159,985
Cash and cash equivalents at end of year		<u>\$ 63,953</u> =====	<u>\$ 63,830</u> =====	<u>\$ 81,590</u> =====

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

BUSINESS SEGMENT INFORMATION - BY INDUSTRY
(Dollars in thousands)

	1996	1995(a)	1994(a)
NET SALES, including intersegment sales:			
Industrial:			
North America	\$ 1,976,351	\$ 1,839,810	\$ 1,521,331
International	989,359	853,537	529,891
Aerospace	621,465	521,451	525,372
Intersegment sales	(727)	(428)	(257)
	<u>\$ 3,586,448</u>	<u>\$ 3,214,370</u>	<u>\$ 2,576,337</u>
	=====	=====	=====
INCOME FROM OPERATIONS before corporate general and administrative expenses:			
Industrial:			
North America	\$ 296,081	\$ 280,189	\$ 205,728
International	72,093	85,470	(17,502)
Aerospace	85,329	61,711	17,051
	<u>453,503</u>	<u>427,370</u>	<u>205,277</u>
Corporate general and administrative expenses	48,847	45,845	39,240
	<u>404,656</u>	<u>381,525</u>	<u>166,037</u>
Other deductions	30,177	33,118	53,588
	<u>\$ 374,479</u>	<u>\$ 348,407</u>	<u>\$ 112,449</u>
	=====	=====	=====
IDENTIFIABLE ASSETS:			
Industrial	\$ 2,150,506	\$ 1,866,336	\$ 1,407,778
Aerospace	610,470	294,053	332,517
	<u>2,760,976</u>	<u>2,160,389</u>	<u>1,740,295</u>
Corporate assets (b)	126,148	141,820	185,449
	<u>\$ 2,887,124</u>	<u>\$ 2,302,209</u>	<u>\$ 1,925,744</u>
	=====	=====	=====
PROPERTY ADDITIONS: (c)			
Industrial	\$ 259,356	\$ 199,294	\$ 101,451
Aerospace	63,437	6,448	7,934
Corporate	3,122	3,834	828
	<u>\$ 325,915</u>	<u>209,576</u>	<u>\$ 110,213</u>
	=====	=====	=====
DEPRECIATION:			
Industrial	\$ 106,553	\$ 92,234	\$ 84,152
Aerospace	17,267	15,661	19,119
Corporate	2,724	2,632	3,275
	<u>\$ 126,544</u>	<u>\$ 110,527</u>	<u>\$ 106,546</u>
	=====	=====	=====

- (a) Fiscal 1995 and 1994 results have been restated to reclassify an operating division from the Aerospace Segment to the Industrial Segment (North America) to be consistent with fiscal 1996 reporting. Existing business practices, distribution methods and internal organization more properly align this operating division with the Industrial Segment. The effect on both Segments is immaterial.
- (b) Corporate assets are principally cash and cash equivalents, domestic deferred income taxes, investments, headquarters facilities, idle facilities held for sale and the major portion of the Company's domestic data processing equipment.
- (c) Includes value of net plant and equipment at the date of acquisition of acquired companies accounted for by the purchase method (1996 - \$124,222; 1995 - \$57,613; 1994 - \$10,299).

BUSINESS SEGMENT INFORMATION - BY GEOGRAPHIC AREA
(Dollars in thousands)

	1996	1995	1994
NET SALES, including interarea sales:			
North America	\$ 2,669,201	\$ 2,423,283	\$ 2,091,974
Europe	918,493	728,642	433,844
All Other	155,963	156,455	109,113
Interarea	(157,209)	(94,010)	(58,594)
	<u>\$ 3,586,448</u>	<u>\$ 3,214,370</u>	<u>\$ 2,576,337</u>
	=====	=====	=====
INCOME FROM OPERATIONS before corporate general and administrative expenses:			
North America	\$ 381,154	\$ 341,204	\$ 222,779
Europe	63,083	66,368	(16,708)
All Other	9,266	19,798	(794)
	<u>453,503</u>	<u>427,370</u>	<u>205,277</u>
Corporate general and administrative expenses	48,847	45,845	39,240
	<u>\$ 404,656</u>	<u>\$ 381,525</u>	<u>\$ 166,037</u>
	=====	=====	=====
IDENTIFIABLE ASSETS:			
North America	\$ 1,693,285	\$ 1,346,601	\$ 1,193,568
Europe	933,201	704,061	460,961
All Other	134,490	109,727	85,766
	<u>2,760,976</u>	<u>2,160,389</u>	<u>1,740,295</u>
Corporate assets (b)	126,148	141,820	185,449
	<u>\$ 2,887,124</u>	<u>\$ 2,302,209</u>	<u>\$ 1,925,744</u>
	=====	=====	=====

- (b) Corporate assets are principally cash and cash equivalents, domestic deferred income taxes, investments, headquarters facilities, idle facilities held for sale and the major portion of the Company's domestic data processing equipment.

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

1. SIGNIFICANT ACCOUNTING POLICIES

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

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

The Company operates in two principal business segments: Industrial and Aerospace. The Industrial Segment produces motion-control and fluid power system components for builders and users of various types of manufacturing, packaging, processing, transportation, agricultural, construction, and military machinery, vehicles and equipment. Industrial Segment products are marketed primarily through field sales employees and more than 7,000 independent distributors. The North American Industrial business represents the largest portion of the Company's manufacturing plants and distribution networks and primarily services North America. The International Industrial operations bring Parker products and services to countries throughout Europe, Asia Pacific and Latin America.

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

There are no individual customers to whom sales are 3 percent or more of the Company's consolidated sales.

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

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

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

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

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

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

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

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

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

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

DERIVATIVE FINANCIAL INSTRUMENTS - Derivative financial instruments are utilized by the Company to manage risks generally associated with foreign exchange rate and interest rate market volatility. The Company does not hold or issue derivative financial instruments for trading purposes.

Through the use of foreign currency forward exchange contracts (forward contracts) and cross-currency swap agreements, the Company reduces its exposure to fluctuations in related foreign currencies. These contracts are with major financial institutions and the risk of loss is considered remote.

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

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

The Company has an interest rate agreement to convert fixed-rate debt to variable-rate debt. The interest rate swap involves the exchange of fixed and floating rate interest payment obligations over the life of the agreement without the exchange of the notional payment obligation. The differential to be paid or received is accrued monthly as interest rates change and is recognized over the life of the agreement as an adjustment to Interest expense.

2. ACQUISITIONS AND DIVESTITURES

ACQUISITIONS - Effective April 15, 1996 the Company completed an agreement with Power Control Technologies, Inc. to purchase the aerospace assets of the Abex NWL Division of Pneumo Abex Corporation for approximately \$201 million cash. Abex NWL, headquartered in Kalamazoo, Michigan, is a major international producer of aerospace hydraulic and electromechanical actuation equipment, engine thrust-reverser actuators, hydraulic pumps, and electrohydraulic servovalves, with annual sales of approximately \$200 million.

On February 29, 1996 the Company completed the acquisition of VOAC Hydraulics AB of Boras, Sweden for approximately \$163 million cash. VOAC is a worldwide leader in manufacturing mobile hydraulic equipment and had calendar 1995 annual sales of approximately \$166 million.

If the above acquisitions had occurred on July 1, 1995 the unaudited pro forma consolidated results of operations for the Company would have been:

Years ended June 30,	1996	1995
Net sales	\$ 3,857,601	\$ 3,552,462
Net income	240,270	213,805
Earnings per share	3.24	2.90

This pro forma information is based on historical information and does not necessarily reflect the actual results that would have occurred, nor is it necessarily indicative of future results of operations.

In June 1996 the Company acquired the remaining 60 percent of Schrader Bellows Parker, S.A. de C.V., a Mexico City-based manufacturer of pneumatic and hydraulic products, for an additional investment of \$4.0 million. On August 4, 1995 the Company purchased inventory and machinery from Teledyne Fluid Systems consisting of the Republic Valve product line, the Sprague double-diaphragm pump line and the Sprague airborne accumulator product line for approximately \$5.2 million in cash. On July 31, 1995 the Company purchased the General Valve Corp. of Fairfield, New Jersey, a leading producer of miniature solenoid valves for high-technology applications for approximately 152,000 shares of common stock, valued at \$6.1 million. Sales by these operations for their most recent fiscal year prior to acquisition approximated \$24.8 million.

Effective March 30, 1995 the Company acquired the assets of Figgie International's Power Systems Division, a manufacturer of hydraulic bladder accumulators and pneumatic cylinders headquartered in Rockford, Illinois, for \$7.0 million cash. On March 3, 1995 the Company purchased the stock of Byron Valve and Machine Company, Inc. of Siloam Springs, Arkansas, a producer of distributors and flow raters, for \$3.1 million cash. As of December 31, 1994 the Company purchased the Polyflex Schwarz Group of companies located in Germany, France and Texas, a manufacturer of reinforced high-pressure hoses, fittings and assemblies, for \$18.1 million cash. The Company also purchased Hauser Elektronik GmbH, a producer of automation components and systems, based in Offenburg, Germany, for \$11.6 million cash on December 31, 1994. Effective December 21, 1994 the Company sold its 49 percent interest in its Mexican joint venture, Conductores de Fluidos Parker and purchased its inventory and accounts receivable to form a new wholly-owned subsidiary, Parker Fluid

Connectors de Mexico, for a net purchase price of \$2.5 million cash. On October 31, 1994 the Company acquired Symetrics, Inc., a Newbury Park, California manufacturer of aerospace quick-disconnect valved couplings, for 108,680 shares of Parker-Hannifin Common Stock, valued at \$5.1 million. On September 30, 1994 the Company acquired Chomerics, Inc., a leading producer of electromagnetic interference-shielding materials, with plants in Massachusetts, New Hampshire and the United Kingdom, for \$40.0 million cash. On August 1, 1994 the Company acquired the Automation Division of Atlas Copco AB, a Swedish manufacturer of pneumatic components, for \$37.0 million cash. Combined annual sales for these operations, for their most recent fiscal year prior to acquisition, were approximately \$200 million.

In April 1994 the Company purchased the assets of a leading Scandinavian filter manufacturer, Finn-Filter Oy, for \$9.6 million cash which included manufacturing locations in Finland and a sales subsidiary in Sweden. In December 1993 the Company acquired the remaining 60 percent of LDI Pneutronics Corp., which specializes in advanced-technology pneumatic valves and components for an additional investment of \$5.7 million. In November 1993 the Company acquired the Electro-pneumatic Division of Telemecanique in Evreux, France, a leading European manufacturer of pneumatic products, for \$26.7 million cash. Combined annual sales for these operations for their most recent fiscal year prior to acquisition exceeded \$63.2 million.

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

DIVESTITURES - Effective April 1, 1994 the Company divested nearly all of the assets related to its Metal Bellows operations, which manufactured welded and formed bellows, accumulators and other fabricated assemblies, principally for the aerospace market. The sale resulted in proceeds of \$14.2 million. Annual sales for this product line were approximately \$30 million in fiscal 1993.

3. INCOME TAXES

Income taxes before extraordinary items include the following:

	1996	1995	1994
Federal	\$ 95,127	\$ 90,956	\$ 70,332
Foreign	29,635	23,350	10,004
State and local	14,897	14,631	14,376
Deferred	(4,847)	1,232	(34,438)
	\$ 134,812	\$ 130,169	\$ 60,274

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

	1996	1995	1994
Statutory Federal income tax rate	35.0%	35.0%	35.0%
State and local income taxes	2.3	2.6	6.1
FSC income not taxed	(1.1)	(1.3)	(3.0)
Foreign tax rate difference	1.4	1.0	.8
Foreign losses with no tax benefit	.2		1.5
Foreign tax credits	(.9)		1.1
Recognized loss carryforwards	(1.1)	(1.8)	
Impairment losses with no tax benefit			9.0
Other	.2	1.9	3.1
Effective income tax rate	36.0%	37.4%	53.6%

Deferred income taxes are provided for the temporary differences between the financial reporting basis and the tax basis of assets and liabilities.

The differences comprising the net deferred taxes shown on the Consolidated Balance Sheet at June 30 were as follows:

	1996	1995
Postretirement benefits	\$ 50,485	\$ 45,965
Other liabilities and reserves	50,445	44,741
Long-term contracts	14,870	9,365
Operating loss carryforwards	32,227	35,669
Valuation allowance	(2,770)	(8,867)
Depreciation	(55,890)	(59,892)
Acquisitions	(23,549)	(9,183)
Inventory	13,834	5,746
Net deferred tax asset (liability)	\$ 79,652	\$ 63,544

Change in net deferred tax asset (liability):

Provision for deferred tax	\$ 4,847	\$ (1,232)
Translation adjustment	(2,918)	4,323
Acquisitions	14,179	(1,977)
Total change in net deferred tax	\$ 16,108	\$ 1,114

At June 30, 1996, foreign subsidiaries had benefits for operating loss carryforwards of \$32,227 for tax and \$31,782 for financial reporting, most of which can be carried forward indefinitely. Use of operating loss carryforwards and currency adjustments reduced the valuation allowance.

Non-current deferred income tax assets include a \$22,336 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 with the remainder primarily the result of the recession in Europe; and the Company expects its German operations will return to profitability.

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

4. EARNINGS PER SHARE

Earnings per share are computed using the weighted average number of shares of common stock outstanding during the year, adjusted for shares issued in acquisitions accounted for as poolings of interests and stock splits distributed to shareholders. Fully diluted earnings per share are not presented because such dilution is not material.

5. INVENTORIES

Inventories valued on the last-in, first-out cost method are approximately 37% in 1996 and 40% in 1995 of total inventories. The current cost of these inventories exceeds their valuation determined on the LIFO basis by \$142,049 in 1996 and \$138,974 in 1995. Progress payments of \$22,810 in 1996 and \$11,665 in 1995 are netted against inventories.

6. FINANCING ARRANGEMENTS

The Company has committed lines of credit totaling \$450,000 through several multi-currency unsecured revolving credit agreements with a group of banks, of which \$333,829 was available at June 30, 1996. Agreements totaling \$50,000 expire December, 1996 and the remainder expire October, 2000. The interest on borrowings is based upon the terms of each specific borrowing and is subject to market conditions. The agreements also require facility fees of up to .095% of the commitment per annum. Covenants in some of the agreements include a limitation on the Company's debt to debt-equity ratio.

The Company has other lines of credit, primarily short-term, aggregating \$77,526, from various foreign banks, of which \$39,393 is available at June 30, 1996. Most of these agreements are reviewed annually.

During June 1996, the Company announced a Medium-Term Note Program and registered \$300,000 of medium-term notes of which \$95,000 were issued and outstanding at June 30, 1996.

The Company is authorized to sell up to \$400,000 of short-term commercial paper notes, rated A-1 by Standard & Poor's, P-1 by Moody's and D-1 by Duff & Phelps. At June 30, 1996 there were \$98,400 of commercial paper notes outstanding which are supported by the available domestic lines of credit. There were no commercial paper notes outstanding at June 30, 1995.

Commercial paper, along with short-term borrowings from foreign banks, primarily make up the balance of Notes payable. The balance and weighted average interest rate of the Notes payable at June 30, 1996 and 1995 were \$165,597 and 6.2% and \$74,855 and 6.6%, respectively.

7. DEBT

	June 30,	1996	1995
Domestic:			
Debentures and notes			
10.375%, due 1999-2018	\$ 100,000		\$ 100,000
9.75%, due 2002-2021	100,000		100,000
7.3%, due 2011	100,000		
9.6%, due 1997-1998	4,571		7,428
9.86%, due 1996-1997			2,000
Medium-term notes			
7.33% to 7.39%, due 2007-2010	95,000		
Variable rate demand bonds			
3.40%, due 2010-2025	15,535		15,535
Industrial revenue bonds			
3.3% to 5.3625%, due 2002-2015	4,370		4,660
ESOP loan guarantee			
8.41%, due 1996			13,468
Foreign:			
Bank loans, including revolving credit			
1.5% to 13.2%, due 1997-2013	26,493		15,541
Other long-term debt, including capitalized leases	2,020		1,042
Total long-term debt	447,989		259,674
Less long-term debt payable within one year	8,192		22,517
Long-term debt, net	\$ 439,797		\$ 237,157

Principal amounts of long-term debt payable in the five years ending June 30, 1997 through 2001 are \$8,192, \$8,529, \$9,798, \$8,983, and \$7,692, respectively.

In November 1993, the Company used cash from operating activities to early-retire \$100,000 of 9.45% debentures due November 1997 through 2016, resulting in an early redemption premium and write-off of deferred issuance costs

totaling \$4,207, which is net of applicable income taxes of \$3,515. In addition, the Company early-retired \$3,509 of 15.08% Australian debt due in 1995, resulting in early redemption premium of \$316.

ESOP LOAN GUARANTEE - During 1989, Parker established a leveraged Employee Stock Ownership Plan. A trust established under the plan borrowed \$70,000, which was unconditionally guaranteed by the Company, to purchase 2.5 million shares of Parker-Hannifin Common Stock on the open market. This loan was paid off on June 30, 1996. At June 30, 1995 the unpaid balance of the loan was recorded as Long-term debt and an equivalent amount, representing deferred compensation, was a deduction to Shareholders' equity.

LEASE COMMITMENTS - Future minimum rental commitments as of June 30, 1996, under noncancelable operating leases, which expire at various dates, are as follows: 1997-\$24,170; 1998-\$17,300; 1999-\$10,910; 2000-\$6,032; 2001-\$4,698; and after 2001-\$23,108.

Rental expense in 1996, 1995 and 1994 was \$29,899, \$26,374 and \$21,470, respectively.

8. FINANCIAL INSTRUMENTS

The Company's financial instruments consist primarily of investments in cash, cash equivalents and long-term investments as well as obligations under notes payable and long-term debt. The carrying values for Cash and cash equivalents, Investments and other assets and Notes payable approximate fair value. The estimated fair value of the Company's Long-term debt (excluding leases and cross-currency swaps) was estimated using discounted cash flow analyses based on the Company's current incremental borrowing rate for similar types of borrowing arrangements. The carrying value of this debt, \$453,661 and \$259,359 at June 30, 1996 and 1995, respectively, was estimated to have a fair value of \$462,725 and \$288,935, at June 30, 1996 and 1995, respectively.

The Company has entered into forward contracts and cross-currency swaps to hedge specific transactions. The Company also has an interest-rate swap agreement with a triple-A-rated counterparty which effectively changes the Company's interest rate exposure from a fixed rate to a variable rate on a notional amount of \$50,000. In addition, Company's foreign locations, in the ordinary course of business, enter into financial guarantees, through financial institutions, which enable customers to be reimbursed in the event of nonperformance by the Company. Any risk to the Company as a result of these arrangements is immaterial.

9. SHAREHOLDERS' EQUITY AND OTHER STOCK-RELATED INFORMATION

COMMON SHARES	1996	1995	1994
Balance July 1	\$ 37,001	\$ 24,633	\$ 24,633
Shares issued under stock option plans (1996 - 342,557; 1995 - 282,880; 1994 - 129,801) less shares of stock- for-stock exchange (1996 - 91,124; 1995 - 190,556; 1994 - 129,801)	126	46	
Shares issued (24,642,547) in connection with 3-for-2 stock split		12,321	
Shares issued as restricted stock	19		
Shares issued for prior-year pooled acquisition		1	
Balance June 30	\$ 37,146	\$ 37,001	\$ 24,633

ADDITIONAL CAPITAL	1996	1995	1994
Balance July 1	\$ 158,454	\$ 165,942	\$ 164,430
Shares issued under stock option plans, less shares of stock-for-stock exchange	5,544	1,890	1,512
Shares issued in connection with 3-for-2 stock split		(12,321)	
Shares issued for purchase acquisition	(176)	2,641	
Shares issued as restricted stock	1,437	287	
Shares issued for prior-year pooled acquisition		15	
Balance June 30	\$ 165,259	\$ 158,454	\$ 165,942
RETAINED EARNINGS			
Balance July 1	\$ 974,486	\$ 806,240	\$ 806,033
Net income	239,667	218,238	47,652
Cash dividends paid on common shares, net of tax benefit of ESOP shares (1996 - \$.72 per share; 1995 - \$.68 per share; 1994 - \$.65 per share)	(53,325)	(49,961)	(47,445)
Cash payments for fractional shares in connection with 3-for-2 stock split		(31)	
Balance June 30	\$ 1,160,828	\$ 974,486	\$ 806,240
DEFERRED COMPENSATION RELATED TO ESOP DEBT			
Balance July 1	\$ (13,468)	\$ (25,697)	\$ (36,764)
Reduction of ESOP debt (Note 7)	13,468	12,229	11,067
Balance June 30	\$ --	\$ (13,468)	\$ (25,697)
TRANSLATION ADJUSTMENTS			
Balance July 1	\$ 35,041	\$ 2,538	\$ (10,533)
Translation adjustments (Note 11)	(14,316)	32,503	13,071
Balance June 30	\$ 20,725	\$ 35,041	\$ 2,538
COMMON STOCK IN TREASURY			
Balance July 1	\$ --	\$ (7,305)	\$ (14,899)
Shares purchased at cost	(6,703)	(1,364)	
Shares issued under stock option plans (1995 - 230,234; 1994 - 338,330)		5,890	7,594
Shares issued for purchase acquisition	6,176	2,440	
Shares issued as restricted stock	527	339	
Balance June 30	\$ --	\$ --	\$ (7,305)

The Company's stock option and stock incentive plans provide for the granting of incentive stock options and/or nonqualified options to officers and key employees to purchase shares of common stock at a price not less than 100% of the fair market value of the stock on the dates options are granted. All outstanding options are exercisable one year after the date of grant and expire no more than ten years after grant.

The Company derives a tax deduction measured by the excess of the market value over the option price at the date nonqualified options are exercised. The related tax benefit is credited to additional capital. The Company makes no charges against capital with respect to options granted.

Statement of Financial Accounting Standard No. 123, Accounting for Stock-Based Compensation, requires the Company, beginning in 1997, to either adopt the fair value method of accounting for stock options in its financial statements or to retain its existing method and disclose in the notes to the financial statements the pro forma effects of using the fair value method. The Company intends to retain its existing method of accounting for stock options

and to include pro forma disclosures in the notes to the consolidated financial statements. Accordingly, the standard will have no effect on the Company's financial condition or results of operations.

Additional information as to shares subject to options is as follows:

	Shares Subject To Options	Average Option Price Per Share
Outstanding June 30, 1994	1,681,763	\$ 28.85
Granted (pre-split)	454,200	44.79
Exercised (pre-split)	(370,514)	29.22
Additional shares for split	876,131	
Exercised (post-split)	(142,600)	19.75
Cancelled	(14,287)	
Outstanding June 30, 1995	2,484,693	\$ 22.05
Granted	255,150	39.12
Exercised	(342,557)	20.02
Cancelled	(11,625)	
Outstanding June 30, 1996	2,385,661	\$ 24.14

Options exercisable and shares available for future grant were:

	June 30,	1996	1995
Options exercisable		2,130,511	1,808,643
Shares available for grant		2,196,898	2,189,660

Restricted stock was issued, under the Company's 1993 Stock Incentive Program to certain key employees as payments under the Company's 1993-94-95 Long Term Incentive Plan (LTIP). Value of the payments was set as the market value of the Company's common stock on the date of issuance. Shares were earned and awarded, and an estimated value was accrued, based upon attainment of criteria specified in the LTIP over the cumulative years of the 3-year Plan. Plan participants are entitled to cash dividends and to vote their respective shares, but the shares are restricted as to transferability for three years following issuance.

Restricted Shares for LTIP Plan	1996	1995
Number of shares issued	48,907	19,444
Per share value on date of issuance	\$ 39.08	\$ 27.50
Total value	\$ 1,911	\$ 534

Under the Company's 1994-95-96 LTIP, a payout of 101,944 shares of restricted stock, from the Company's 1993 Stock Incentive Program, will be issued to certain key employees. This payout, accrued over the three years of the plan, will be made in 1997.

In addition, non-employee members of the Board of Directors have been given the opportunity to receive all or a portion of their fees in the form of restricted stock. These shares vest ratably, on an annual basis, over the term of office of the director. In 1996 and 1995, 2,162 and 2,991 shares were issued, respectively, in lieu of directors' fees.

At June 30, 1996, the Company had 4,582,559 common shares reserved for issuance in connection with all of these plans.

10. RETIREMENT BENEFITS

PENSIONS -- The Company has noncontributory defined benefit pension plans covering eligible employees, including certain employees in foreign countries. Plans for most salaried employees provide pay-related benefits based on years

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

Pension costs for all plans were \$22,514, \$17,246 and \$10,850 for 1996, 1995 and 1994, respectively. Pension costs were reduced in 1994 by curtailment gains of \$1,899 for the Metal Bellows divestiture. Pension costs for all defined benefit plans accounted for using SFAS No. 87, Employers' Accounting for Pensions, are as follows:

	1996	1995	1994
Service cost-benefits earned during the period	\$ 20,731	\$ 18,801	\$ 16,889
Interest cost on projected benefit obligation	44,384	37,929	34,330
Actual return on assets	(74,926)	(77,321)	(3,088)
Net amortization and deferral	30,111	35,665	(38,364)
Net periodic pension costs	\$ 20,300	\$ 15,074	\$ 9,767

For domestic plans, the weighted average discount rates and the rates of increase in future compensation levels used in determining the actuarial present value of the projected benefit obligations were 8% and 5%, respectively, at June 30, 1996 and 1995. The expected long-term rate of return on assets was 9% at June 30, 1996 and 1995. For the principal foreign plans located in the United Kingdom and Germany, the weighted average discount rates used were 8% and 7%, respectively, at June 30, 1996 and 1995 and the rates of increase in future compensation used were 6% and 4.5%, respectively, at June 30, 1996 and 1995. The rates of return on assets used in the United Kingdom and Germany were 8.5% and 7%, respectively, at June 30, 1996 and 1995.

The following tables set forth the funded status of all the plans accounted for under SFAS No. 87 and the amounts recognized in the Company's consolidated balance sheet:

	Assets Exceed Accumulated Benefits	
	1996	1995
Actuarial present value of benefit obligations:		
Vested benefit obligation	\$ (445,798)	\$ (371,240)
Accumulated benefit obligation	\$ (458,720)	\$ (380,902)
Projected benefit obligation	\$ (529,564)	\$ (437,653)
Plan assets at fair value	654,495	507,015
Projected benefit obligation less than plan assets	124,931	69,362
Unrecognized net (gain) or loss	(34,822)	(6,415)
Unrecognized prior service cost	13,361	12,033
Unrecognized net (asset) obligation	(20,164)	(23,700)
Prepaid pension cost (pension liability) recognized	\$ 83,306	\$ 51,280

	Accumulated Benefits Exceed Assets	
	1996	1995
Actuarial present value of benefit obligations:		
Vested benefit obligation	\$ (95,054)	\$ (73,642)
Accumulated benefit obligation	\$ (108,165)	\$ (83,387)
Projected benefit obligation	\$ (127,001)	\$ (99,537)
Plan assets at fair value	22,436	17,440
Projected benefit obligation in excess of plan assets	(104,565)	(82,097)
Unrecognized net (gain) or loss	3,643	3,937
Unrecognized prior service cost	5,540	4,883
Unrecognized net (asset) obligation	2,247	2,900
Prepaid pension cost (pension liability) recognized	\$ (93,135)	\$ (70,377)

The majority of the underfunded plans relate to foreign and supplemental executive plans.

The plans' assets consist primarily of listed common stocks, corporate and government bonds, and real estate investments. At June 30, 1996 and 1995, the plans' assets included Company stock with market values of \$15,014 and \$12,844, respectively.

EMPLOYEE SAVINGS PLAN -- During 1989, the Company established a leveraged Employee Stock Ownership Plan (ESOP) as part of its existing savings and investment 401(k) plan, which is available to eligible domestic employees. Parker-Hannifin Common Stock, within the ESOP, is used to match contributions made by employees to the savings plan up to a maximum of 5% of an employee's annual compensation.

	1996	1995	1994
Allocated shares	4,622,796	4,156,716	3,671,907
Committed to be released	40,154	44,365	12,267
Unreleased shares		562,178	1,117,098
Total shares held by the ESOP	4,662,950	4,763,259	4,801,272

Company contributions to the ESOP, recorded as compensation and interest expense, were \$18,626 in 1996, \$17,106 in 1995 and \$15,764 in 1994. The interest expense portion (interest on ESOP debt) was \$856 in 1996, \$1,910 in 1995 and \$2,848 in 1994. Dividends earned by the unallocated shares and interest income within the ESOP are used to service the ESOP debt. These were \$218 in 1996, \$793 in 1995 and \$1,059 in 1994.

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

	1996	1995	1994
Service cost-benefits attributed to service during the period	\$ 3,515	\$ 3,598	\$ 3,414
Interest cost on accumulated postretirement benefit obligations	11,126	9,638	9,656
Net amortization and deferral	(708)	72	364
Net periodic postretirement benefit costs	\$13,933	\$ 13,308	\$ 13,434

The following table reconciles the plans' combined funded status to amounts recognized in the Company's consolidated balance sheet:

	1996	1995
Accumulated postretirement benefit obligation:		
Retirees	\$ (91,419)	\$ (68,452)
Fully eligible active plan participants	(34,912)	(26,602)
Other active plan participants	(42,517)	(34,373)
Unrecognized (gain) loss	2,721	316
Unrecognized prior service cost	144	606
Accrued postretirement benefit costs	\$ (165,983)	\$ (128,505)

For measurement purposes, a 10.75% annual rate of increase in the per capita cost of covered benefits (i.e., health care cost trend rate) was assumed for 1997. The rate was assumed to decrease gradually to 6% by 2007 and remain at that level thereafter. The health care cost trend rate assumption has a significant effect on the amounts reported. To illustrate, increasing the assumed health care cost trend rates by 1 percentage point in each year would increase the accumulated postretirement benefit obligation as of June 30, 1996 by \$9,382, and the aggregate of the service and interest cost components of net periodic postretirement benefit cost for the year then ended by \$568. The weighted average discount rate used in determining the accumulated postretirement benefit obligation was 8% at June 30, 1996 and 1995.

OTHER -- In 1995 the Company established nonqualified deferred compensation programs which permit officers, directors and certain management employees to annually elect to defer a portion of their compensation, on a pre-tax basis, until their retirement. The retirement benefit to be provided is based on the amount of compensation deferred, Company match, and earnings on the deferrals. Deferred compensation expense was \$4,129 and \$2,530 in 1996 and 1995, respectively.

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

11. FOREIGN OPERATIONS

The Company's major foreign operations are located in Germany, the United Kingdom, Brazil, France, Sweden and Italy. Their business activities are conducted principally in their local currency. Net transaction and translation adjustments increased Net income in 1996 by \$873 and reduced Net income in 1995 and 1994 by \$195 and \$382, respectively. Such amounts are net of the tax benefits from monetary corrections for inflation and exclude the effect on Cost of sales resulting from valuing inventories at acquisition cost since sales price increases in each year more than offset this effect.

Net sales, Income before income taxes (and before extraordinary item in 1994) and Net income include the following amounts from foreign operations:

	1996	1995	1994
Net sales	\$ 1,085,676	\$ 932,886	\$ 588,098
Income before income taxes	70,118	92,256	(17,070)
Net income	42,563	63,514	(14,594)

Net assets of foreign operations at June 30, 1996 and 1995 amounted to \$746,356 and \$601,142, respectively.

Accumulated undistributed earnings of foreign operations reinvested in their operations amounted to \$ 103,059, \$100,550, and \$38,938, at June 30, 1996, 1995 and 1994, respectively.

12. RESEARCH AND DEVELOPMENT

Research and development costs amounted to \$91,706 in 1996, \$74,129 in 1995, and \$64,518 in 1994. Customer reimbursements included in the total cost for each of the respective years were \$33,018, \$21,202 and \$22,640. Costs include those costs related to independent research and development as well as customer reimbursed and unreimbursed development programs.

13. CONTINGENCIES

The Company is involved in various litigations arising in the normal course of business, including proceedings based on product liability claims, workers' compensation claims and alleged violations of various environmental laws. The Company is self-insured in the U.S. for health care, workers' compensation, general liability and product liability up to predetermined amounts, above which third party insurance applies. The Company purchases third party product liability insurance for products manufactured by its international operations and for products that are used in aerospace applications. Management regularly reviews the probable outcome of these proceedings, the expenses expected to be incurred, the availability and limits of the insurance coverage, and the established accruals for uninsured liabilities. While the outcome of pending proceedings cannot be predicted with certainty, management believes that any liabilities that may result from these proceedings are not reasonably likely to have a material effect on the Company's liquidity, financial condition or results of operations.

ENVIRONMENTAL - The Company is currently involved in environmental remediation at 20 manufacturing facilities presently or formerly operated by the Company and has been named as a "potentially responsible party", along with other companies, at 11 off-site waste disposal facilities.

As of June 30, 1996, the Company has a reserve of \$9,365 for environmental matters which are probable and reasonably estimable. This reserve is recorded based upon the best estimate of net costs to be incurred in light of the progress made in determining the magnitude of remediation costs, the timing and extent of remedial actions required by governmental authorities, the amount of the Company's liability in proportion to other responsible parties and any recoveries receivable. This reserve is net of \$1,042 for discounting, at a 7.5% annual rate, a portion of the costs at 7 locations for established treatment procedures required over periods ranging from 6 to 19 years. The Company also has an account receivable of \$490 for anticipated insurance recoveries.

The Company's estimated total liability for the above mentioned sites ranges from a minimum of \$8,955 to a maximum of \$23,719. The actual costs to be incurred by the Company will be dependent on final delineation of contamination, final determination of remedial action required, negotiations with federal and state agencies with respect to cleanup levels, changes in regulatory requirements, innovations in investigatory and remedial technology, effectiveness of remedial technologies employed, the ultimate ability to pay of the other responsible parties, and any insurance recoveries.

Report of Management

The Company's management is responsible for the integrity and accuracy of the financial information contained in this annual report. Management believes that the financial statements have been prepared in conformity with generally accepted accounting principles appropriate in the circumstances and that the other information in this annual report is consistent with those statements. In preparing the financial statements, management makes informed judgments and estimates where necessary to reflect the expected effects of events and transactions that have not been completed.

Management is also responsible for maintaining an internal control system designed to provide reasonable assurance at reasonable cost that assets are safeguarded against loss or unauthorized use and that financial records are adequate and can be relied upon to produce financial statements in accordance with generally accepted accounting principles. The system is supported by written policies and guidelines, by careful selection and training of financial management personnel and by an internal audit staff which coordinates its activities with the Company's independent accountants. To foster a strong ethical climate, the Parker Hannifin Code of Ethics is publicized throughout the Company. This addresses, among other things, compliance with all laws and accuracy and integrity of books and records. The Company maintains a systematic program to assess compliance.

Coopers & Lybrand L.L.P., independent accountants, are retained to conduct an audit of Parker Hannifin's consolidated financial statements in accordance with generally accepted auditing standards and to provide an independent assessment that helps ensure fair presentation of the Company's financial position, results of operations and cash flows.

The Audit Committee of the Board of Directors is composed entirely of outside directors. The Committee meets periodically with management, internal auditors and the independent accountants to discuss internal accounting controls and the quality of financial reporting. Financial management, as well as the internal auditors and the independent accountants, have full and free access to the Audit Committee.

Duane E. Collins

Michael J. Hiemstra

Duane E. Collins
President and
Chief Executive Officer

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

Report of Independent Accountants

To the Shareholders and Board of Directors
Parker Hannifin Corporation

We have audited the accompanying consolidated balance sheet of Parker Hannifin Corporation and its subsidiaries at June 30, 1996 and 1995, and the related consolidated statements of income and cash flows for each of the three years in the period ended June 30, 1996. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Parker Hannifin Corporation and its subsidiaries at June 30, 1996 and 1995, and the consolidated results of their operations and their cash flows for each of the three years in the period ended June 30, 1996 in conformity with generally accepted accounting principles.

Coopers & Lybrand L.L.P.

Cleveland, Ohio
August 1, 1996

FIVE-YEAR FINANCIAL SUMMARY

(Dollars in thousands, except per share amounts)

	1996	1995	1994(a)	1993	1992(b)
Net sales	\$ 3,586,448	\$ 3,214,370	\$ 2,576,337	\$ 2,489,323	\$ 2,375,808
Cost of sales	2,756,343	2,448,264	2,053,376	2,004,955	1,925,800
Selling, general and administrative expenses	425,449	384,581	302,668	310,765	282,861
Provision for business restructuring activities			18,773	22,879	14,798
Impairment of long-term assets			35,483		
Interest expense	36,667	30,922	37,832	47,056	52,190
Interest and other income, net	(8,537)	(2,335)	(3,879)	(5,457)	(6,380)
Loss on disposal of assets	2,047	4,531	19,635	1,059	1,148
Income taxes	134,812	130,169	60,274	43,010	41,912
Income - continuing operations	239,667	218,238	52,175	65,056	63,479
Income before extraordinary item and cumulative effect of changes in accounting principles	239,667	218,238	52,175	65,056	63,479
Net income	239,667	218,238	47,652	65,056	11,218
Earnings per share - continuing operations	3.23	2.96	.71	.89	.88
Earnings per share before extraordinary item and cumulative effect of changes in accounting principles	3.23	2.96	.71	.89	.88
Earnings per share	\$ 3.23	\$ 2.96	\$.65	\$.89	\$.15
Average number of shares outstanding (thousands)	74,174	73,717	73,107	72,710	72,429
Cash dividends per share	\$.72	\$.68	\$.65	\$.64	\$.62
Cash dividends paid	\$ 53,325	\$ 49,961	\$ 47,445	\$ 46,121	\$ 44,382
Net income as a percent of net sales	6.7%	6.8%	1.8%	2.6%	0.5%
Return on average assets	9.2%	10.3%	2.5%	3.3%	0.6%
Return on average equity	18.6%	20.2%	5.0%	7.0%	1.2%
Book value per share	\$ 18.63	\$ 16.10	\$ 13.16	\$ 12.80	\$ 12.86
Current assets	1,402,124	1,246,382	1,031,308	1,056,443	1,055,776
Current liabilities	766,882	652,621	504,444	468,254	383,603
Working capital	\$ 635,242	\$ 593,761	\$ 526,864	\$ 588,189	\$ 672,173
Ratio of current assets to current liabilities	1.8	1.9	2.0	2.3	2.8
Plant and equipment, net continuing	\$ 991,777	\$ 815,771	\$ 717,300	\$ 736,056	\$ 752,490
Total assets	2,887,124	2,302,209	1,925,744	1,963,590	1,958,120
Long-term debt	439,797	237,157	257,259	378,476	446,974
Shareholders' equity	\$ 1,383,958	\$ 1,191,514	\$ 966,351	\$ 932,900	\$ 934,019
Debt to debt-equity percent	30.7%	21.9%	22.7%	33.3%	34.0%
Depreciation continuing	\$ 126,544	\$ 110,527	\$ 106,546	\$ 109,673	\$ 102,628
Capital expenditures continuing	\$ 201,693	\$ 151,963	\$ 99,914	\$ 91,484	\$ 84,955
Number of employees	33,289	30,590	26,730	25,646	26,669
Number of shareholders	35,403	35,629	29,625	30,414	30,836
Number of shares outstanding at year-end (thousands)	74,292	74,002	73,410	72,902	72,614

(a) Includes an extraordinary item for the early retirement of debt.

(b) Includes the cumulative effect of changes in accounting principles for SFAS No. 106, Employer's Accounting for Postretirement Benefits Other than Pensions and SFAS No. 109, Accounting for Income Taxes.

Exhibit (21)* to Report
on Form 10-K for Fiscal
Year Ended June 30, 1996
by Parker-Hannifin Corporation

The Company has the following subsidiaries:

Domestic Subsidiaries

Name	Incorporated	Percentage Owned(1)
iPower Distribution Group Inc.	Delaware	100
Parker de Puerto Rico, Inc.	Delaware	100
Parker Finance Corp.	Delaware	100(2)
Parker-Hannifin Asia Pacific Co., Ltd.	Delaware	100(3)
Parker-Hannifin International Corp.	Delaware	100
Parker Intangibles Inc.	Delaware	100
Parker Properties Inc.	Delaware	100
Parker Services Inc.	Delaware	100
Travel 17325 Inc.	Delaware	100

Foreign Subsidiaries

Abex Aerohydraul GmbH	Germany	100(11)
Abex Industries GmbH	Germany	100(5)
Abex Japan Ltd.	Japan	100(19)
Acadia International Insurance Limited	Ireland	100
Alenco (Holdings) Limited	United Kingdom	100(3)
Brownsville Rubber Co., S.A. de C.V.	Mexico	100
Ermeto Productie Maatschappij B.V.	Netherlands	100(4)
N. V. Parker-Hannifin S.A.	Belgium	100(7)
P-H do Brasil Comercial Ltda.	Brazil	100(3)
PH Finance Limited	United Kingdom	100(8)
Parker Automotive de Mexico S.A. de C.V.	Mexico	100
Parker Enzed (N.Z.) Limited	New Zealand	100(3)
Parker Enzed (Australia) Pty. Ltd.	Australia	100(9)
Parker Enzed Equipment (Australia) Pty. Ltd.	Australia	100(9)
Parker Enzed Technologies Pty. Ltd.	Australia	100(9)
Parker Ermeto GmbH	Austria	100(5)
Parker Fluid Connectors de Mexico S.A. de C.V.	Mexico	100
Parker Pneumatic A/S	Denmark	100(17)
Parker Pneumatique S.A.	France	100(10)
Parker Seal de Baja S.A. de C.V.	Mexico	100
Parker Seals S.p.A.	Italy	100(12)
Parker Sistemas de Automatization S.A. de C.V.	Mexico	100
Parker Zenith S.A. de C.V.	Mexico	100
Parker Hannifin (Africa) Pty. Ltd.	South Africa	100
Parker Hannifin Argentina SAIC	Argentina	100
Parker Hannifin A/S	Norway	100(13)
Parker Hannifin (Australia) Pty. Ltd.	Australia	100(3)
Parker Hannifin B.V.	Netherlands	100(3)
Parker Hannifin (Canada) Inc.	Canada	100(3)
Parker Hannifin Danmark A/S	Denmark	100
Parker Hannifin de Venezuela, C.A.	Venezuela	100(3)
Parker Hannifin (España) SA	Spain	100(3)
Parker Hannifin Finance B.V.	Netherlands	100(7)
Parker Hannifin Foreign Sales Corp.	Guam	100(3)
Parker Hannifin GmbH	Germany	100(3)
Parker Hannifin GmbH & Co. KG	Germany	100(14)
Parker Hannifin Hong Kong Limited	Hong Kong	100(15)
Parker Hannifin Industria e Comercio Ltda.	Brazil	100(16)
Parker Hannifin Japan Ltd.	Japan	100
Parker Hannifin Naarden B.V.	Netherlands	100(7)
Parker Hannifin NMF AG	Switzerland	100(5)
Parker Hannifin (N.Z.) Ltd.	New Zealand	100
Parker Hannifin Oy	Finland	100
Parker Hannifin plc	United Kingdom	100(13)
Parker Hannifin RAK, S.A.	France	100
Parker Hannifin S.p.A.	Italy	100
Parker Hannifin Sp. z.o.o.	Poland	100
Parker Hannifin S.r.o.	Czech Republic	100(3)
Parker-Hannifin Singapore Pte. Ltd.	Singapore	100
Parker Hannifin Sweden AB	Sweden	100
Parker Hannifin Taiwan Ltd.	Taiwan	100
Parker Hannifin Verwaltungs GmbH	Germany	100(5)
Polar Seals ApS	Denmark	100(17)
Schrader Bellows Parker de Mexico S.A. de C.V.	Mexico	100(20)
VOAC Engineering GmbH	Germany	100(21)
VOAC Hydraulics AB	Sweden	100(18)
VOAC Hydraulics A/S	Denmark	100(17)
VOAC Hydraulics GmbH	Germany	100(5)
VOAC Hydraulics GmbH	Austria	100(23)
VOAC Hydraulics Oy	Finland	100(22)
VOAC Hydraulics S.A.	Spain	100(24)
VOAC Hydraulics, S.A.	France	100(10)
VOAC Hydraulics S.p.A.	Italy	100(12)

VOAC Hydraulics Nordon AB	Sweden	100(21)
VOAC Hydraulics Sverige AB	Sweden	100(21)
VOAC Odenfastighter AB	Sweden	100(21)

- (1) Excludes directors' qualifying shares
- (2) Owned 100% by Parker de Puerto Rico, Inc.
- (3) Owned 100% by Parker-Hannifin International Corp.
- (4) Owned 100% by Parker-Hannifin Naarden B.V.
- (5) Owned 100% by Parker Hannifin GmbH
- (6) Owned 100% by Parker Enzed (N.Z.) Ltd.
- (7) Owned 100% by Parker Hannifin B.V.
- (8) Owned 100% by Parker Hannifin plc
- (9) Owned 100% by Parker-Hannifin (Australia) Pty. Ltd.
- (10) Owned 100% by Parker Hannifin RAK S.A.
- (11) Owned 99.8% by Abex Industries GmbH and .2% by Parker Hannifin GmbH
- (12) Owned 100% by Parker-Hannifin S.p.A.
- (13) Owned 100% by Alenco (Holdings) Limited
- (14) Owned 99% by Parker Hannifin GmbH and 1% by Parker Hannifin Verwaltungs GmbH
- (15) Owned 99.99% by Parker-Hannifin Corporation and .01% by Parker-Hannifin International Corporation
- (16) Owned 37.5% by P-H do Brasil Comercial Ltda. and 62.5% by Parker-Hannifin International Corp.
- (17) Owned 100% by Parker Hannifin Danmark A/S
- (18) Owned 100% by Parker Hannifin Sweden AB
- (19) Owned 100% by Parker Hannifin Japan Ltd.
- (20) Owned 100% by Parker Sistemas de Automatization S.A. de C.V.
- (21) Owned 100% by VOAC Hydraulics AB
- (22) Owned 100% by Parker Hannifin Oy
- (23) Owned 100% by VOAC Hydraulics GmbH
- (24) Owned 100% by Parker Hannifin (Espana) S.A.

All of the foregoing subsidiaries are included in the Company's consolidated financial statements. In addition to the foregoing, the Company owns four inactive or name holding companies.

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

Exhibit (25)* to Report
on Form 10-K for Fiscal
Year Ended June 30, 1996
by Parker-Hannifin Corporation

Power of Attorney

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

Securities and Exchange Commission
Washington, D.C. 20549

Re: Parker-Hannifin Corporation

Commission File No. 1-4982
Annual Report on Form 10-K
Authorized Representatives

Gentlemen:

Parker-Hannifin Corporation (the "Company") is the issuer of Securities registered under Section 12(b) of the Securities Exchange Act of 1934 (the "Act"). Each of the persons signing his name below confirms, as of the date appearing opposite his signature, that each of the following "Authorized Representatives" is authorized on his behalf to sign and to submit to the Securities and Exchange Commission Annual Reports on Form 10-K and amendments thereto as required by the Act:

Authorized Representatives

Duane E. Collins
Michael J. Hiemstra
Patrick S. Parker
Joseph D. Whiteman

Each person so signing also confirms the authority of each of the Authorized Representatives named above to do and perform, on his behalf, any and all acts and things requisite or necessary to assure compliance by the signing person with the Form 10-K filing requirements. The authority confirmed herein shall remain in effect as to each person signing his name below until such time as the Commission shall receive from such person a written communication terminating or modifying the authority.

	Date		Date
P. S. Parker	8/14/96	Peter W. Likins	8/14/96
P. S. Parker, Chairman of the Board of Directors		P. W. Likins, Director	
D. E. Collins	8/15/96	Allan L. Rayfield	8/15/96
D. E. Collins, Principal Executive Officer and Director		A. L. Rayfield, Director	
M. J. Hiemstra	8/15/96	P. G. Schloemer	8/15/96
M. J. Hiemstra, Principal Financial Officer		P. G. Schloemer, Director	
H. C. Gueritey, Jr	8/15/96	Wolfgang R. Schmitt	8/14/96
H. C. Gueritey, Jr., Principal Accounting Officer		W. R. Schmitt, Director	
J. G. Breen	8/15/96	W. Seipp	
J. G. Breen, Director		W. Seipp, Director	
Paul C. Ely, Jr.	8/15/96	Stephanie Streeter	8/14/96
P. C. Ely, Jr., Director		S. A. Streeter, Director	
Allen H. Ford	8/15/96	D. W. Sullivan	8/14/96
A. H. Ford, Director		D. W. Sullivan, Director	
F. A. LePage	8/15/96	Michael Treschow	8/15/96
F. A. LePage, Director		Michael A. Treschow, Director	

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM PARKER-HANNIFIN CORPORATION'S REPORT ON FORM 10-K FOR ITS FISCAL YEAR ENDED JUNE 30, 1996 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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JUN-30-1996	
	JUN-30-1996
	63,953
	0
	490,925
	6,445
	707,225
1,402,124	
	2,048,293
	1,056,516
	2,887,124
766,882	
	447,989
	37,146
0	
	0
	1,346,812
2,887,124	
	3,586,448
3,586,448	
	2,756,343
2,756,343	
	0
	2,158
36,667	
	374,479
	134,812
239,667	
	0
	0
	0
	239,667
	3.23
	3.20