

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934 [FEE REQUIRED]

For the fiscal year ended December 31, 1995

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

For the transition period from .....to .....

Commission file number 1-4982

A. Full title of the plan and the address of the plan, if different from  
that of the issuer named below:

PARKER HANNIFIN EMPLOYEES'  
SAVINGS PLUS STOCK OWNERSHIP PLAN

B. Name of issuer of the securities held pursuant to the plan and the  
address of its principal executive office:

PARKER-HANNIFIN CORPORATION  
17325 EUCLID AVENUE  
CLEVELAND, OHIO 44112

THE PARKER-HANNIFIN EMPLOYEES' SAVINGS PLUS STOCK OWNERSHIP PLAN

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Shareholders and  
Board of Directors  
Parker Hannifin Corporation

We have audited the accompanying statements of financial condition of the Parker-Hannifin Employees' Savings Plus Stock Ownership Plan as of December 31, 1995 and 1994, and the related statements of income and changes in plan equity for the years then ended. These financial statements are the responsibility of the Plan'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 financial condition of the Parker-Hannifin Employees' Savings Plus Stock Ownership Plan as of December 31, 1995 and 1994, and the results of its operations and changes in its plan equity for the years then ended, in conformity with generally accepted accounting principles.

Coopers & Lybrand L.L.P.

Cleveland, Ohio  
June 26, 1996

THE PARKER-HANNIFIN EMPLOYEES' SAVINGS PLUS STOCK OWNERSHIP PLAN  
STATEMENTS OF FINANCIAL CONDITION

CONSOLIDATED

	December 31,	
	1995	1994
<b>Assets</b>		
Investments at market value (Notes 1 & 4)	\$ 391,593,876	\$ 305,176,374
Participant loans receivable	16,581,558	14,659,980
Investment contracts (Notes 1 & 5)	155,287,642	158,629,321
Contributions receivable	848,436	895,147
Investment income receivable	905,905	1,049,790
Security sales receivable	186	34,920
Other receivables	3,251	33,610
	<u>\$ 565,220,854</u>	<u>\$ 480,479,142</u>
	=====	=====
<b>Liabilities &amp; Plan Equity</b>		
Dividends payable to participants (Note 6)	\$ 2,885,266	\$ 2,394,461
Security purchases payable	447,208	791,787
Notes payable (Note 3)	6,895,000	19,733,000
	<u>10,227,474</u>	<u>22,919,248</u>
Total liabilities	10,227,474	22,919,248
Plan equity	554,993,380	457,559,894
Total liabilities & plan equity	<u>\$ 565,220,854</u>	<u>\$ 480,479,142</u>
	=====	=====

STATEMENTS OF INCOME AND CHANGES IN PLAN EQUITY

	Year ended December 31,	
	1995	1994
<b>Contributions (Notes 1 &amp; 2):</b>		
Employees' payroll deductions	\$ 39,120,731	\$ 32,662,751
Lump-sum contributions	61,853	256,483
Transfers from other plans (Note 2)	-	364,557
	<u>39,182,584</u>	<u>33,283,791</u>
Total employees' contributions and transfers	39,182,584	33,283,791
Employer's contributions	18,200,977	16,341,467
Interest income	13,498,568	12,399,247
Dividend income - net	1,587,546	1,878,701
Net appreciation in the fair value of investments (Notes 1 & 4)	57,593,264	32,983,650
Withdrawals and terminations	(30,551,247)	(30,278,307)
Interest expense (Note 3)	(1,396,102)	(2,399,541)
Trustee fees and expenses	(682,104)	(550,234)
	<u>97,433,486</u>	<u>63,658,774</u>
Increase in plan equity	97,433,486	63,658,774
Beginning plan equity	457,559,894	393,901,120
Ending plan equity	<u>\$ 554,993,380</u>	<u>\$ 457,559,894</u>
	=====	=====

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

## NOTES TO FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### INVESTMENT VALUATION

The investments in Parker-Hannifin Corporation (the Company) common shares, non-convertible corporate bonds, U.S. Government bonds, Key Trust Employee Benefits Value Equity Fund and the Key Trust Employee Benefits Fixed Income Fund are valued as of the last reported trade price on the last business day of the period. The Parker-Hannifin Employees' Savings Plus Stock Ownership Plan (the Plan) presents in the Statement of Income and Changes in Plan Equity the net appreciation (depreciation) in the fair value of its investments which consists of the realized gains or losses from the sale of investments and the unrealized appreciation (depreciation) on investments held by the Plan.

Investments in the Key Trust Employee Benefits Money Market Fund are valued at market, which approximates cost. Refer to Note 5 for additional information relating to funds held by Certus in the Contract Income Fund.

Management believes that the Plan's investments are well diversified and do not create a significant concentration of credit risk. Participants assume all risk in connection with any decrease in the market price of any securities in all the Funds. Although the annual rates of return with respect to the contracts held in the Contract Income Fund are guaranteed by major insurance and bank companies, the Company does not make any representations as to the financial capability of such companies or their ability to make payments under the contracts.

#### CONTRIBUTIONS

Contributions from employees and the Company are recorded in the period that payroll deductions are made from Plan participants.

Company contributions are invested solely in the ESOP Fund, which holds Company stock and some cash.

#### OTHER

Purchases and sales of securities are reflected on a trade-date basis.

Dividend income is recorded on the ex-dividend date. Interest and other income are recorded as earned on the accrual basis.

Costs incident to the purchase and sale of securities, such as brokerage commissions and stock transfer taxes, as well as investment advisory fees, are charged to the Funds to which they relate and netted against interest income. All other costs and expenses incurred in administering the Plan, including fees of the Trustee, are paid out of the Plan's assets, unless the Company elects to pay such costs.

The Plan has a loan provision which allows an active participant to borrow a minimum of \$500 and up to a maximum of a) 50% of his account balance or b) \$50,000 minus the largest outstanding loan balance he had in the last 12 months, whichever is less. The loan must be repaid, with interest equal to the prime rate at the time the loan is entered into plus 1%, over a period from 1 year to 4 1/2 years for a general purpose loan and up to ten years for a residential loan. Refer to Note 11 for changes effective in 1996.

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.

Participants should refer to the summary plan description or the plan agreement for more complete information.

#### STOCK SPLIT

On April 13, 1995 the Board of Directors authorized a 3-for-2 split of the Company's common shares, paid June 2, 1995. All per share amounts in the financial statements and notes thereto have been restated to give effect to the 3-for-2 split.

2. CONTRIBUTIONS AND TRANSFERS

PARTICIPANT PAYROLL DEDUCTION CONTRIBUTIONS

A participant may elect to contribute, through payroll deductions, not less than 1% nor more than 15% of his total compensation for a Plan year and, beginning in 1996, may change such percentage upon request. The amount which a highly compensated employee may contribute may be limited in order to comply with Internal Revenue Code sections 401(k) and 401(m). A participant may suspend his contributions at any time. Upon enrollment or re-enrollment, each participant stipulates his contributions to be invested in accordance with the following investment options:

- (a) Company Stock Fund - Invested primarily in Common Shares of the Company purchased on the open market. A participant's contribution is limited to 50% invested in this fund.
- (b) Fixed Income Fund - Invested primarily in securities which have a fixed rate of return such as government and high-quality corporate bills, notes, bonds, and other similar investments of issuers other than the Company.
- (c) Equity Fund - Invested primarily in common stock of high-quality medium and large capitalization companies other than the Company.
- (d) Contract Income Fund - Invested primarily in high-quality fixed income investments such as contracts issued by insurance companies and banks which provide a return guaranteed by the issuer, and debt securities such as notes and bonds issued by Federal agencies or mortgage backed securities, with each of these investments typically providing a stable rate of return for a specific period of time. Refer to Note 5 for a description of assets managed by Certus.
- (e) Balanced Fund - Invested primarily in bonds, convertible securities, money market investments, and common stocks of high-quality medium and large capitalization companies other than the Company.
- (f) Small Capitalization Fund (Available January 1, 1996) - Invested primarily in equity securities of small companies that have demonstrated or have the potential for above-average capital growth.
- (g) International Fund (Available January 1, 1996) - Invested primarily in common stocks, preferred stocks, warrants and rights to subscribe to common stocks on non-U.S. issuers.
- (h) S&P 500 Index Fund (Available January 1, 1996) - Invested in stocks which comprise the S&P 500 Index, most of which are listed on the New York Stock Exchange.

PARTICIPANT LUMP-SUM CONTRIBUTIONS

Through December 31, 1995 a participant could elect to make an annual voluntary lump-sum contribution as of year end, providing he is actively contributing to the Plan. The amount of any lump-sum contribution, when added to a participant's payroll deduction contributions during the plan year, could not exceed an amount equal to 15% of his total compensation for the year. The highly compensated employees may have been prohibited from making such contributions. A participant's voluntary lump-sum contribution could be invested in the same manner as payroll deduction contributions except that up to 100% of such contribution could be invested in the Company Stock Fund. The right to make a voluntary lump sum contribution has been eliminated beginning with the 1996 Plan year.

TRANSFER OF PROFIT-SHARING ACCOUNT BALANCES

A participant who has an account attributable to the old Profit-Sharing Plan (replaced by the Retirement Plan) may make an irrevocable election to have his entire account balance transferred to the Plan. The account balance may be transferred upon request.

TRANSFERS FROM OTHER PLANS

As a result of an acquisition in 1994, \$364,557 was transferred into the Plan from the account balances of the LDI Pneutronics Stock Savings Plan.

TRANSFERS AMONG SAVINGS PLAN FUNDS

A participant may elect to reallocate, upon request, his account balances attributable to his contributions invested in any Fund (other than the ESOP Fund) to one or more of the other Funds. Prior to 1996, any such change could be made quarterly. Effective in 1996, such changes may be made daily.

A participant age 55 or older, with 10 or more years of participation in the Plan, may transfer a portion of the shares of stock in the ESOP Fund to any of the investment funds within the Plan. Beginning in 1996, such transfer may be made anytime during the year.

PARKER-HANNIFIN CORPORATION CONTRIBUTIONS

The Company makes monthly matching contributions equal to the first 5% of a participant's deferred compensation (before-tax) contributions. The Company contributes an amount equal to 100% of the first 3% of the monthly before-tax contributions and an amount equal to 25% of the 4% and 5% of the contribution. If the contribution is on an after-tax basis only, the Company contributes an amount equal to 50% of the first 1% of the after-tax contribution and 25% of the next 2%, 3%, 4%, and 5% of the contribution. Company contributions will match the before-tax contributions prior to the after-tax contributions. With regards to lump-sum contributions made through 1995, the Company matches only participant contributions which, when added to payroll deduction contributions for such Plan year, do not exceed 5% of his total compensation for such year. Company contributions are invested solely in the ESOP Fund.

Effective in 1996, the Company will eliminate the match on the first 3% of after-tax contribution and will match only the 4% and 5% at 25%.

PLAN PARTICIPANTS

The number of active participants in each fund at December 31, 1995 and 1994 are as follows:

	1995	1994
Company Stock Fund	6,051	4,046
Fixed Income Fund	3,597	3,307
Equity Fund	8,139	6,591
Contract Income Fund	7,702	7,717
Balanced Fund	3,908	3,311

The total number of participants in the Plan is less than the sum of the number of participants shown above because many were participating in more than one fund.

3. ESOP FUND NOTES PAYABLE

During May and June of 1989, the ESOP Fund borrowed \$70 million to purchase 3.75 million shares of the Company's common stock on the open market. Commencing July 1, 1989 and continuing over the period of the loan, the shares purchased by the ESOP Fund are being allocated to participants making contributions to the Plan (see Note 2). The ESOP Fund uses Company contributions and cash dividends received on unallocated shares to repay the loan plus interest (8.41% per annum for 1995 and 1994). Graduated principal payments and related interest are due semiannually, commencing December 31, 1989 and ending on June 30, 1996. The loan is guaranteed by the Company. The principal amount payable in the year ending December 31, 1996 is \$6,895,000.

NOTES TO FINANCIAL STATEMENTS (contd)

4. INVESTMENTS

Investments held by the Plan at December 31, 1995 and 1994 are summarized as follows:

	December 31, 1995		December 31, 1994	
	Market Value	Cost	Market Value	Cost
<b>Company Stock Fund</b>				
Key Trust Employee Benefits				
Money Market Fund	\$ 519,372	\$ 519,372	\$ 745,563	\$ 745,563
Parker-Hannifin Common Shares*	56,391,221	30,557,724	46,160,736	25,515,852
Total	<u>56,910,593</u>	<u>31,077,096</u>	<u>46,906,299</u>	<u>26,261,415</u>
<b>Fixed Income Fund</b>				
Key Trust Employee Benefits				
Money Market Fund	548,845	548,845	4,058,714	4,058,714
U.S. Government Securities**	18,600,406	17,947,389	12,017,627	12,997,776
Non-Convertible Corporate Bonds**	6,217,809	6,110,887	4,104,953	4,287,354
Total	<u>25,367,060</u>	<u>24,607,121</u>	<u>20,181,294</u>	<u>21,343,844</u>
<b>Equity Fund</b>				
Key Trust Employee Benefits				
Money Market Fund	-	-	346,502	346,502
Value Equity Fund	95,862,263	54,426,496	60,988,910	41,853,579
Total	<u>95,862,263</u>	<u>54,426,496</u>	<u>61,335,412</u>	<u>42,200,081</u>
<b>Contract Income Fund</b>				
Key Trust Employee Benefits				
Money Market Fund	14,609,536	14,609,536	6,179,884	6,179,884
Total	<u>14,609,536</u>	<u>14,609,536</u>	<u>6,179,884</u>	<u>6,179,884</u>
<b>Balanced Fund</b>				
Key Trust Employee Benefits				
Money Market Fund	-	-	158,512	158,512
Key Trust Employee Benefits				
Value Equity Fund	21,166,896	15,871,671	13,318,526	13,002,686
Key Trust Employee Benefits				
Fixed Income Fund	11,971,679	10,507,590	8,502,034	8,653,229
Total	<u>33,138,575</u>	<u>26,379,261</u>	<u>21,979,072</u>	<u>21,814,427</u>
<b>ESOP Fund</b>				
Key Trust Employee Benefits				
Money Market Fund	4,987,792	4,987,792	3,742,100	3,742,100
Parker-Hannifin Common Shares*				
Allocated	149,536,973	80,354,809	118,470,639	71,721,711
Unallocated	11,181,084	7,510,710	26,381,674	17,668,734
Total	<u>165,705,849</u>	<u>92,853,311</u>	<u>148,594,413</u>	<u>93,132,545</u>
Total Investments	<u>\$ 391,593,876</u>	<u>\$ 243,952,821</u>	<u>\$ 305,176,374</u>	<u>\$ 210,932,196</u>
<b>Contract Income Fund</b>				
Investment contracts	<u>\$ 155,287,642</u>	<u>\$ 155,287,642</u>	<u>\$ 158,629,321</u>	<u>\$ 158,629,321</u>

\* The number of Parker-Hannifin common shares held by the Plan were 6,960,706 at December 31, 1995 and 6,316,356 at December 31, 1994.

\*\* The principal amounts of the U.S. Government Securities, Non-Convertible Corporate Bonds held by the Plan were \$23,541,079 at December 31, 1995 and \$16,973,720 at December 31, 1994.



NOTES TO FINANCIAL STATEMENTS (contd)

The net realized gain (loss) on disposition of investments included in the Plan equity is as follows:

	Company Stock Fund	Fixed Income Fund	Equity Fund	Contract Income Fund	Balanced Fund	ESOP Fund	Total
Year Ended December 31, 1995							
Selling price	\$ 12,065,247	\$ 24,803,683	\$ 16,226,629	\$ 42,486,268	\$ 6,299,761	\$ 30,462,561	\$ 132,344,149
Cost*	10,728,720	25,087,417	15,003,111	42,486,268	6,124,555	28,717,691	128,147,762
Realized gain (loss)	<u>\$ 1,336,527</u>	<u>\$ (283,734)</u>	<u>\$ 1,223,518</u>	<u>-</u>	<u>\$ 175,206</u>	<u>\$ 1,744,870</u>	<u>\$ 4,196,387</u>
Year Ended December 31, 1994							
Selling price	\$ 12,085,110	\$ 9,569,472	\$ 15,110,956	\$ 75,448,242	\$ 7,202,794	\$ 28,778,421	\$ 148,194,995
Cost*	10,239,542	9,665,838	13,809,017	75,443,070	7,203,931	27,344,813	143,706,211
Realized gain (loss)	<u>\$ 1,845,568</u>	<u>\$ (96,366)</u>	<u>\$ 1,301,939</u>	<u>\$ 5,172</u>	<u>\$ (1,137)</u>	<u>\$ 1,433,608</u>	<u>\$ 4,488,784</u>

The net unrealized appreciation (depreciation) of investments included in the Plan equity is as follows:

	Company Stock Fund	Fixed Income Fund	Equity Fund	Contract Income Fund	Balanced Fund	ESOP Fund	Total
Balance at December 31, 1993	\$ 14,367,697	\$ 153,333	\$ 19,312,812	\$ (259,983)	\$ 73,445	\$ 32,102,008	\$ 65,749,312
Change for the fiscal period	6,277,187	(1,315,883)	(177,481)	259,983	91,200	23,359,860	8,494,866
Balance at December 31, 1994	<u>20,644,884</u>	<u>(1,162,550)</u>	<u>19,135,331</u>	<u>-</u>	<u>164,645</u>	<u>55,461,868</u>	<u>94,244,178</u>
Change for the fiscal period	5,188,613	1,922,489	22,300,436	-	6,594,669	17,390,670	53,396,877
Balance at December 31, 1995	<u>\$ 25,833,497</u>	<u>\$ 759,939</u>	<u>\$ 41,435,767</u>	<u>\$ -</u>	<u>\$ 6,759,314</u>	<u>\$ 72,852,538</u>	<u>\$ 147,641,055</u>

\* Cost of securities sold is determined on an average historical cost basis.

5. CONTRACT INCOME FUND

Reported in the aggregate for the Contract Income Fund at December 31:

	1995 -----	1994 -----
Contract Value of Assets	\$ 169,961,276	\$ 165,135,412
Fair Value of Assets	\$ 172,323,519	\$ 157,477,576
Average Yield of Assets	6.35%	6.51%
Return on assets for the 12 months ended December 31	6.44%	6.52%
Duration	2.38 years	2.72 years

The above information is provided in compliance with the AICPA Statement of Position 94-4 (SOP 94-4). SOP 94-4 requires that fair value be based upon the standard discounted cash flow methodology as referred to in the Statement of Financial Accounting Standards No. 107. To arrive at the above aggregate fair value, comparable duration Wall Street Journal Guaranteed Investment Contract (GIC) Index rates were used as the discount factor within the discounted cash flow formula. A standard present value calculation has been employed to arrive at a current value for each cash flow within a contract. The sum of the present values for each contract's cash flows is the estimated total fair value for that contract. All of the contract fair values are then added together to arrive at the above aggregate fair value for the portfolio.

The Contract Income Fund contains a managed synthetic GIC. This is a portfolio of securities owned by the Fund with a benefit-responsive, book-value "wrap" contract associated with the portfolio. The wrap contract assures that book-value, benefit-responsive payments can be made for participant withdrawals. The managed synthetic GIC included in the above amounts at December 31, 1995 and 1994 had a contract value of \$44,176,639 and \$41,790,738, while the fair value was \$44,678,558 and \$38,463,187, respectively. The crediting rate on the managed synthetic GIC resets at least quarterly and will have an interest rate of no less than 0%.

The Contract Income Fund contains non-benefit responsive contracts. SOP 94-4 recommends that these contracts be carried at a fair value. However, the Fund's non-benefit responsive contracts are not a large enough representation of the portfolio (1.6% and 3.4% at December 31, 1995 and 1994) to result in a material impact on the Contract Income Fund. Therefore, these contracts have been reported at contract value in the financial statements.

It is important to note that, in the absence of an actively traded market, discounted cash flows are only an estimate of the contract's economic value. These values are not a useful value for participant statement purposes nor are they representative of the value which may be received from these contracts in either a participant disbursement or an early termination of the contract.

6. VESTING, WITHDRAWALS AND DISTRIBUTIONS

A participant's interest in the Plan attributable to his own contributions and Company contributions is fully vested at all times. A participant may withdraw in cash a portion of his contributions, subject to certain limitations and restrictions.

After a participant terminates employment for any reason, all amounts are distributed to him or, if he is deceased, to his designated beneficiary. If his interest exceeds \$3,500, he may defer his distribution up to his attainment of age 70 1/2. Distribution is either in a single payment, quarterly installments or, by purchase of an annuity. Amounts held in the Company Stock Fund and ESOP Fund are distributed in the form of Common Shares or cash, as the participant elects. All other amounts are distributed in the form of cash or annuity.

Dividends received by the ESOP Fund with respect to allocated Company shares are paid to participants subsequent to the end of each plan year.

7. TAX STATUS

The United States Treasury Department advised on July 24, 1995, that the Plan, as restated as of January 1, 1992, constitutes a qualified trust under Section 401(a) of the Internal Revenue Code and is therefore exempt from federal income taxes under provisions of Section 501(a).

Contributions matched by the Company and all earnings are not taxable until distributed to the participants. Participants are allowed to make deferred compensation contributions to the Plan in amounts up to 10% of their total compensation (15% as of January 1, 1996) but not to exceed \$9,240 in 1995 and 1994 (may be adjusted annually for cost-of-living increases), as mandated by the Tax Reform Act of 1986. Such contributions are made in accordance with a salary reduction arrangement under Section 401(k) of the Internal Revenue Code of 1986, as amended, and are treated for federal income tax purposes as Company contributions. Contributions by highly compensated employees are limited by testing in accordance with section 401(k).

8. PLAN TERMINATION

The Company, by action of its Board of Directors, without further approval by the shareholders, has the right to amend, modify, suspend, or terminate the Plan in its entirety, or as to any subsidiary or operating location. No amendment, modification, suspension, or termination shall provide that assets held in trust by the Trustee may be used for or diverted to purposes other than for the exclusive benefit of participants or their beneficiaries. If the Plan is terminated, the Company contributions credited to each affected participant shall continue to be fully vested.

9. RECONCILIATION WITH FORM 5500

The Department of Labor requires that amounts owed to withdrawing but unpaid former participants be classified as a plan liability on Form 5500, while these amounts are not reported as a liability in the Statements of Financial Condition. As a result, the following reconciliations were prepared:

	1995	1994
	-----	-----
Plan Equity per Form 5500	\$ 552,376,550	\$ 455,848,656
Distributions payable that are allocated but unpaid to former participants	2,616,830	1,711,238
Plan Equity per financial statements	\$ 554,993,380 =====	\$ 457,559,894 =====
Distributions to former participants per Form 5500	\$ 31,456,839	\$ 30,913,712
Distributions payable that are allocated but unpaid to former participants	(2,616,830)	(1,711,238)
Prior year distributions payable that were paid to former participants in the current year	1,711,238	1,075,833
Distributions to former participants per financial statements	\$ 30,551,247 =====	\$ 30,278,307 =====

10. ASSET ALLOCATION

As described in Note 2, the participants may elect to invest their contributions in five investment funds (eight in 1996) and Company contributions are invested in the ESOP Fund. The allocation of assets, liabilities, income and changes in plan equity, among the funds follows on pages F-11 through F-17.

11. SUBSEQUENT EVENT

Effective January 1, 1996, certain changes were made to the Plan. Several of these changes are as follows:

- \* Plan is now valued daily
- \* Participants may change contribution percentages and future investment elections upon request
- \* Funds may be reallocated upon request
- \* An interactive voice response system has been implemented
- \* Investment elections may be allocated in whole percentage increments (limited to 50% in the Stock Fund)
- \* Three new funds have been added (Small Capitalization, International, and S&P 500 Index Funds)
- \* The maximum before-tax contribution has been increased from 10% to 15%
- \* Eligibility begins 3 months after date of hire
- \* Diversification of ESOP shares is allowed anytime during the year (subject to age and service requirements)
- \* After-tax withdrawal is available upon request
- \* Participant is allowed two loans at a time
- \* Lump sum contributions have been eliminated
- \* The after-tax match on the first 3% of after-tax contributions has been eliminated and the Company now matches only the 4% and 5% at 25%
- \* Plan name has been changed to the Parker Retirement Savings Plan

For a more complete explanation of the Plan, participants should refer to the summary plan description.

THE PARKER-HANNIFIN EMPLOYEES' SAVINGS PLUS STOCK OWNERSHIP PLAN  
STATEMENTS OF FINANCIAL CONDITION

COMPANY STOCK FUND

	December 31,	
	1995	1994
<b>Assets</b>		
Investments at market value	\$ 56,910,593	\$ 46,906,299
Contributions receivable	120,400	70,584
Investment income receivable	3,353	3,366
Other receivables	3,251	3,251
<b>Total assets</b>	<b>\$ 57,037,597</b>	<b>\$ 46,983,500</b>
	=====	=====
<b>Liabilities &amp; Fund Equity</b>		
Security purchases payable	\$ 199,966	\$ 359,674
<b>Total liabilities</b>	<b>199,966</b>	<b>359,674</b>
Fund equity	56,837,631	46,623,826
<b>Total liabilities &amp; fund equity</b>	<b>\$ 57,037,597</b>	<b>\$ 46,983,500</b>
	=====	=====

STATEMENTS OF INCOME AND CHANGES IN FUND EQUITY

	Year ended December 31,	
	1995	1994
<b>Contributions:</b>		
Employees' payroll deductions	\$ 5,904,379	\$ 3,658,367
Lump-sum contributions	17,711	43,873
Transfers from other plans	-	26,115
<b>Total employees' contributions and transfers</b>	<b>5,922,090</b>	<b>3,728,355</b>
Transfers from other Savings Plan Funds	1,711,350	760,170
Interest income	28,807	23,394
Dividend income	1,118,664	1,065,064
Net appreciation in the fair value of investments	6,525,140	8,122,755
Withdrawals and terminations	(3,070,697)	(2,957,562)
Trustee fees and expenses	(39,712)	(23,419)
Transfers to other Savings Plan Funds	(1,981,837)	(6,374,588)
<b>Increase in fund equity</b>	<b>10,213,805</b>	<b>4,344,169</b>
Beginning fund equity	46,623,826	42,279,657
<b>Ending fund equity</b>	<b>\$ 56,837,631</b>	<b>\$ 46,623,826</b>
	=====	=====

THE PARKER-HANNIFIN EMPLOYEES' SAVINGS PLUS STOCK OWNERSHIP PLAN  
STATEMENTS OF FINANCIAL CONDITION

FIXED INCOME FUND

	December 31,	
	1995	1994
Assets		
Investments at market value	\$ 25,367,060	\$ 20,181,294
Contributions receivable	37,930	75,837
Investment income receivable	534,564	312,876
Other receivables	-	30,359
Total assets	<u>\$ 25,939,554</u>	<u>\$ 20,600,366</u>
	=====	=====
Liabilities & Fund Equity		
Fund equity	\$ 25,939,554	\$ 20,600,366
Total liabilities & fund equity	<u>\$ 25,939,554</u>	<u>\$ 20,600,366</u>
	=====	=====

STATEMENTS OF INCOME AND CHANGES IN FUND EQUITY

	Year ended December 31,	
	1995	1994
Contributions:		
Employees' payroll deductions	\$ 3,799,019	\$ 3,262,850
Lump-sum contributions	5,235	17,861
Transfers from other plans	-	47,877
Total employees' contributions and transfers	<u>3,804,254</u>	<u>3,328,588</u>
Transfers from other Savings Plan Funds	730,040	1,028,331
Interest income	1,476,593	1,221,043
Net appreciation (depreciation) in the fair value of investments	1,638,755	(1,412,249)
Withdrawals and terminations	(1,240,139)	(1,437,396)
Trustee fees and expenses	(53,784)	(44,573)
Transfers to other Savings Plan Funds	(1,016,531)	(1,930,896)
Increase in fund equity	<u>5,339,188</u>	<u>752,848</u>
Beginning fund equity	<u>20,600,366</u>	<u>19,847,518</u>
Ending fund equity	<u>\$ 25,939,554</u>	<u>\$ 20,600,366</u>
	=====	=====

THE PARKER-HANNIFIN EMPLOYEES' SAVINGS PLUS STOCK OWNERSHIP PLAN  
STATEMENTS OF FINANCIAL CONDITION

EQUITY FUND

	December 31,	
	1995	1994
<b>Assets</b>		
Investments at market value	\$ 95,862,263	\$ 61,335,412
Contributions receivable	133,392	182,699
Investment income receivable	219	2,019
<b>Total assets</b>	<b>\$ 95,995,874</b>	<b>\$ 61,520,130</b>
	=====	=====
<b>Liabilities &amp; Fund Equity</b>		
Fund equity	\$ 95,995,874	\$ 61,520,130
<b>Total liabilities &amp; fund equity</b>	<b>\$ 95,995,874</b>	<b>\$ 61,520,130</b>
	=====	=====

STATEMENTS OF INCOME AND CHANGES IN FUND EQUITY

	Year ended December 31,	
	1995	1994
<b>Contributions:</b>		
Employees' payroll deductions	\$ 12,441,882	\$ 10,084,086
Lump-sum contributions	23,545	35,600
Transfers from other plans	-	73,561
<b>Total employees' contributions and transfers</b>	<b>12,465,427</b>	<b>10,193,247</b>
Transfers from other Savings Plan Funds	4,430,954	3,288,501
Interest income	22,401	9,569
Net appreciation in the fair value of investments	23,523,954	1,124,458
Withdrawals and terminations	(3,445,167)	(3,468,944)
Trustee fees and expenses	(266,125)	(177,235)
Transfers to other Savings Plan Funds	(2,255,700)	(4,442,193)
<b>Increase in fund equity</b>	<b>34,475,744</b>	<b>6,527,403</b>
Beginning fund equity	61,520,130	54,992,727
<b>Ending fund equity</b>	<b>\$ 95,995,874</b>	<b>\$ 61,520,130</b>
	=====	=====

THE PARKER-HANNIFIN EMPLOYEES' SAVINGS PLUS STOCK OWNERSHIP PLAN  
STATEMENTS OF FINANCIAL CONDITION

CONTRACT INCOME FUND

	December 31,	
	1995	1994
<b>Assets</b>		
Investments at market value	\$ 14,609,536	\$ 6,179,884
Investment contracts	155,287,642	158,629,321
Contributions receivable	-	41,803
Investment income receivable	311,154	681,597
Security sales receivable	186	34,920
<b>Total assets</b>	<b>\$ 170,208,518</b>	<b>\$ 165,567,525</b>
	=====	=====
<b>Liabilities &amp; Fund Equity</b>		
Security purchases payable	\$ 247,242	\$ 432,113
<b>Total liabilities</b>	<b>247,242</b>	<b>432,113</b>
<b>Fund equity</b>	<b>169,961,276</b>	<b>165,135,412</b>
<b>Total liabilities &amp; fund equity</b>	<b>\$ 170,208,518</b>	<b>\$ 165,567,525</b>
	=====	=====

STATEMENTS OF INCOME AND CHANGES IN FUND EQUITY

	Year ended December 31,	
	1995	1994
<b>Contributions:</b>		
Employees' payroll deductions	\$ 11,625,898	\$ 10,615,311
Lump-sum contributions	7,950	150,708
Transfers from other plans	-	194,938
<b>Total employees' contributions and transfers</b>	<b>11,633,848</b>	<b>10,960,957</b>
Transfers from other Savings Plan Funds	4,427,582	3,945,114
Interest income	10,436,961	10,353,520
Net appreciation in the fair value of investments	-	265,155
Withdrawals and terminations	(14,864,629)	(14,715,938)
Trustee fees and expenses	(217,250)	(240,743)
Transfers to other Savings Plan Funds	(6,590,648)	(11,724,752)
<b>Increase (decrease) increase in fund equity</b>	<b>4,825,864</b>	<b>(1,156,687)</b>
<b>Beginning fund equity</b>	<b>165,135,412</b>	<b>166,292,099</b>
<b>Ending fund equity</b>	<b>\$ 169,961,276</b>	<b>\$ 165,135,412</b>
	=====	=====

THE PARKER-HANNIFIN EMPLOYEES' SAVINGS PLUS STOCK OWNERSHIP PLAN  
STATEMENTS OF FINANCIAL CONDITION

BALANCED FUND

	Year ended December 31,	
	1995	1994
Assets		
Investments at market value	\$ 33,138,575	\$ 21,979,072
Contributions receivable	56,248	99,575
Investment income receivable	73	1,526
	<u>33,194,896</u>	<u>22,080,173</u>
Total assets	\$ 33,194,896	\$ 22,080,173
	=====	=====
Liabilities & Fund Equity		
Fund equity	\$ 33,194,896	\$ 22,080,173
	<u>33,194,896</u>	<u>22,080,173</u>
Total liabilities & fund equity	\$ 33,194,896	\$ 22,080,173
	=====	=====

STATEMENTS OF INCOME AND CHANGES IN FUND EQUITY

	Year ended December 31,	
	1995	1994
Contributions:		
Employees' payroll deductions	\$ 5,349,553	\$ 5,042,137
Lump-sum contributions	7,412	8,441
Transfers from other plans	-	22,066
	<u>5,356,965</u>	<u>5,072,644</u>
Total employees' contributions and transfers	5,356,965	5,072,644
Transfers from other Savings Plan Funds	1,645,891	2,219,126
Interest income	4,718	7,961
Net appreciation in the fair value of investments	6,769,875	90,063
Withdrawals and terminations	(867,112)	(1,131,326)
Trustee fees and expenses	(105,233)	(64,264)
Transfers to other Savings Plan Funds	(1,690,381)	(1,632,254)
	<u>11,114,723</u>	<u>4,561,950</u>
Increase in fund equity	11,114,723	4,561,950
Beginning fund equity	22,080,173	17,518,223
	<u>33,194,896</u>	<u>22,080,173</u>
Ending fund equity	\$ 33,194,896	\$ 22,080,173
	=====	=====

THE PARKER-HANNIFIN EMPLOYEES' SAVINGS PLUS STOCK OWNERSHIP PLAN  
STATEMENTS OF FINANCIAL CONDITION

LOAN FUND

	December 31,	
	1995	1994
Assets		
Participant Loans Receivable	\$ 16,581,558	\$ 14,659,980
Total assets	\$ 16,581,558	\$ 14,659,980
Liabilities & Fund Equity		
Fund equity	16,581,558	14,659,980
Total liabilities & fund equity	\$ 16,581,558	\$ 14,659,980

STATEMENTS OF INCOME AND CHANGES IN FUND EQUITY

	Year ended December 31,	
	1995	1994
Transfers from other Savings Plan Funds	\$ 7,912,590	\$ 17,347,100
Interest income	1,182,681	537,177
Withdrawals and terminations	(544,271)	(354,616)
Transfers to other Savings Plan Funds	(6,629,422)	(2,869,681)
Increase in fund equity	1,921,578	14,659,980
Beginning fund equity	14,659,980	-
Ending fund equity	\$ 16,581,558	\$ 14,659,980

THE PARKER-HANNIFIN EMPLOYEES' SAVINGS PLUS STOCK OWNERSHIP PLAN  
STATEMENTS OF FINANCIAL CONDITION

ESOP FUND

	December 31,	
	1995	1994
<b>Assets</b>		
Investments at market value	\$ 165,705,849	\$ 148,594,413
Contributions receivable	500,466	424,649
Investment income receivable	56,542	48,406
<b>Total assets</b>	<b>\$ 166,262,857</b>	<b>\$ 149,067,468</b>
<b>Liabilities &amp; Fund Equity</b>		
Dividends payable to participants	\$ 2,885,266	\$ 2,394,461
Notes payable	6,895,000	19,733,000
<b>Total liabilities</b>	<b>9,780,266</b>	<b>22,127,461</b>
Fund equity	156,482,591	126,940,007
<b>Total liabilities &amp; fund equity</b>	<b>\$ 166,262,857</b>	<b>\$ 149,067,468</b>

STATEMENTS OF INCOME AND CHANGES IN FUND EQUITY

	Year ended December 31,	
	1995	1994
<b>Contributions:</b>		
Employer's contributions	\$ 18,200,977	\$ 16,341,467
Transfers from other Savings Plan Funds	68,971	1,493,719
Interest income	346,407	246,583
Dividend income - net	468,882	813,637
Net appreciation in the fair value of investments	19,135,540	24,793,468
Withdrawals and terminations	(6,519,232)	(6,212,525)
Interest expense	(1,396,102)	(2,399,541)
Transfers to other Savings Plan Funds	(762,859)	(1,107,697)
<b>Increase in fund equity</b>	<b>29,542,584</b>	<b>33,969,111</b>
Beginning fund equity	126,940,007	92,970,896
<b>Ending fund equity</b>	<b>\$ 156,482,591</b>	<b>\$ 126,940,007</b>

SIGNATURE

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

THE PARKER-HANNIFIN EMPLOYEES'  
SAVINGS PLUS STOCK OWNERSHIP PLAN

BY: Michael J. Hiemstra  
Michael J. Hiemstra  
Vice President-Finance & Administration  
& Chief Financial Officer

June 26, 1996