

PARKER HANNIFIN CORP
Form DEF 14A
September 22, 2008
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No. __)

Filed by the Registrant ☒

Filed by a Party other than the Registrant ☐

Check the appropriate box:

☐ Preliminary Proxy Statement

☐ **Confidential, for Use of the Commission Only** (as permitted by Rule 14a-6(e)(2))

☒ Definitive Proxy Statement

☐ Definitive Additional Materials

☐ Soliciting Material Pursuant to §240.14a-12

PARKER-HANNIFIN CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☒ No fee required.

☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which the transaction applies:

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(3) Per unit price or other underlying value of the transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of the transaction:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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PARKER-HANNIFIN CORPORATION

6035 Parkland Boulevard Cleveland, Ohio 44124-4141

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

OCTOBER 22, 2008

TO OUR SHAREHOLDERS:

You are cordially invited to attend the annual meeting of the shareholders of Parker-Hannifin Corporation. The meeting will be held at our headquarters located at 6035 Parkland Boulevard, Cleveland, Ohio 44124-4141, on Wednesday, October 22, 2008, at 9:00 a.m., Eastern Daylight Time, for the following purposes:

1. To elect William E. Kassling, Joseph M. Scaminace and Wolfgang R. Schmitt as Directors for a one-year term;
2. To ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending June 30, 2009; and
3. To transact such other business as may properly come before the meeting.

Shareholders of record at the close of business on August 29, 2008 are entitled to vote at the meeting. Your vote is important, so if you do not expect to attend the meeting, or if you do plan to attend but wish to vote by proxy, please mark, date, sign and return the enclosed proxy card promptly in the envelope provided or vote electronically via the internet or by telephone in accordance with the instructions on the enclosed proxy card.

Thank you for your support of Parker-Hannifin Corporation.

By Order of the Board of Directors

Thomas A. Piraino, Jr.
Secretary

September 22, 2008

*Important Notice Regarding the Availability of Proxy Materials for
the Annual Meeting of Shareholders to be held on October 22, 2008.*

This proxy statement, along with our Annual Report on Form 10-K for the fiscal year ended June 30, 2008 and our 2008 Annual Report, are available free of charge on our investor relations website (www.phstock.com).

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PARKER-HANNIFIN CORPORATION

6035 Parkland Boulevard Cleveland, Ohio 44124-4141

PROXY STATEMENT

This Proxy Statement is furnished in connection with the solicitation by our Board of Directors of proxies to be voted at the Annual Meeting of Shareholders scheduled to be held on October 22, 2008, and at all adjournments thereof. Only shareholders of record at the close of business on August 29, 2008 will be entitled to vote at the meeting. On August 29, 2008, 164,542,647 Common Shares were outstanding and entitled to vote at the meeting. Each share is entitled to one vote. This Proxy Statement and the form of proxy are being mailed to shareholders on or about September 22, 2008.

Our shareholders have cumulative voting rights in the election of Directors if any shareholder gives notice in writing to our President, a Vice President or the Secretary not less than 48 hours before the time fixed for holding the meeting that cumulative voting at such election is desired. The fact that such notice has been given must be announced upon the convening of the meeting by the Chairman, the Secretary or by or on behalf of the shareholder giving such notice. In such event, each shareholder has the right to cumulate votes and give one nominee the number of votes equal to the number of Directors to be elected multiplied by the number of votes to which the shareholder is entitled, or to distribute votes on the same principle among two or more nominees, as the shareholder sees fit. If voting at the election is cumulative, the persons named in the proxy will vote Common Shares represented by valid Board of Directors proxies on a cumulative basis for the election of the nominees named below, allocating the votes of such Common Shares in accordance with their judgment.

ELECTION OF DIRECTORS

The Board of Directors presently consists of 10 members divided into three classes. The class whose term expires in 2008 presently consists of three members, the class whose term expires in 2009 presently consists of four members and the class whose term expires in 2010 presently consists of three members. Prior to this year's Annual Meeting, one of the classes of Directors was elected at each Annual Meeting of Shareholders to serve a three-year term. In October 2007, our shareholders approved an amendment to our Code of Regulations to provide for the annual election of the entire Board of Directors, which is to be phased in over a three-year period beginning with this year's Annual Meeting. As a result of the amendment, Directors elected at this year's Annual Meeting, and each subsequent Annual Meeting of Shareholders, will hold office for one year or until their successors are elected at the next Annual Meeting of Shareholders. Directors not standing for election this year will continue in office for the remainder of their original three-year terms. None of our Directors are related to each other.

Shareholder approval is sought to elect William E. Kassling, Joseph M. Scaminace and Wolfgang R. Schmitt, Directors whose terms of office expire in 2008, for a one-year term of office that will expire in 2009. A plurality of the Common Shares voted in person or by proxy is required to elect a Director.

Should any nominee become unable to accept nomination or election, the proxies will be voted for the election of another person for Director as the Board of Directors may recommend. However, the Board of Directors has no reason to believe that this contingency will occur.

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NOMINEES FOR ELECTION AS DIRECTORS FOR TERMS EXPIRING IN 2009

WILLIAM E. KASSLING, 64, has served as a Director since 2001. He is Chairman of the Corporate Governance and Nominating Committee and a member of the Audit Committee. Mr. Kassling has been Chairman of the Board of Wabtec Corporation (technology-based equipment for the rail industry) since 1990. He was previously Chief Executive Officer of Wabtec from May 2004 to February 2006 and President of Wabtec from May 2004 to February 2006.

JOSEPH M. SCAMINACE, 55, has served as a Director since 2004. He is a member of the Corporate Governance and Nominating Committee and the Human Resources and Compensation Committee. Mr. Scaminace has been a Director and Chief Executive Officer of OM Group, Inc. (metal-based specialty chemicals) since June 2005 and Chairman of the Board of OM Group since August 2005. He was previously the President and Chief Operating Officer of The Sherwin Williams Company (paints and coatings) from October 1999 to May 2005. Mr. Scaminace is also a Director of The Boler Company.

WOLFGANG R. SCHMITT, 64, has served as a Director since 1992. He is Chairman of the Human Resources and Compensation Committee and a member of the Audit Committee. Mr. Schmitt has been the Chief Executive Officer of Trends 2 Innovation (strategic growth consultants) since May 2000.

The Board of Directors unanimously recommends a vote FOR each of the nominees to the Board of Directors.

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PRESENT DIRECTORS WHOSE TERMS EXPIRE IN 2009

ROBERT J. KOHLHEPP, 64, has served as a Director since 2002. He is Chairman of the Audit Committee and a member of the Corporate Governance and Nominating Committee. Mr. Kohlhepp has been Vice Chairman of Cintas Corporation (uniform rental) since July 2003 and has been a Director of Cintas since 1979.

GIULIO MAZZALUPI, 67, has served as a Director since 1999. He is a member of the Audit Committee and the Finance Committee. Now retired, Mr. Mazzalupi was the President, Chief Executive Officer and a Director of Atlas Copco AB (industrial manufacturing) in Sweden until July 2002.

KLAUS-PETER MÜLLER, 63, has served as a Director since 1998. He is Chairman of the Finance Committee and a member of the Corporate Governance and Nominating Committee. Mr. Müller has been Chairman of the Supervisory Board of Commerzbank AG (international banking) in Frankfurt, Germany since May 2008. He was previously Chairman of the Board of Managing Directors of Commerzbank from May 2001 to May 2008 and a member of the Board of Managing Directors of Commerzbank from 1990 to May 2008. In March 2005, Mr. Müller was named President of the Association of German Banks, Berlin, Germany.

MARKOS I. TAMBAKERAS, 57, has served as a Director since 2005. He is a member of the Human Resources and Compensation Committee and the Finance Committee. Now an independent investor, Mr. Tambakeras was the Chairman of the Board of Kennametal Inc. (global tooling solutions supplier) from July 2002 to December 2006 and the President and Chief Executive Officer of Kennametal from July 1999 to December 2005. He is also a Director of ITT Industries, Inc. and Newport Corporation and serves on the Board of Trustees of Arizona State University.

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PRESENT DIRECTORS WHOSE TERMS EXPIRE IN 2010

LINDA S. HARTY, 48, has served as a Director since 2007. She is a member of the Audit Committee and the Finance Committee. Ms. Harty has been an Executive Vice President and Treasurer of Cardinal Health, Inc. (health-care products and services) since May 2008. She was previously Executive Vice President Finance and Chief Financial Officer Healthcare Supply Chain Services of Cardinal Health from March 2007 to May 2008; Executive Vice President and Treasurer of Cardinal Health from August 2006 to March 2007; Senior Vice President of Cardinal Health from January 2005 to August 2006; and Senior Vice President and Chief Financial Officer of RTM Restaurant Group (restaurant franchisee group) from July 2003 to January 2005.

CANDY M. OBOURN, 58, has served as a Director since 2002. She is a member of the Corporate Governance and Nominating Committee and the Human Resources and Compensation Committee. Ms. Obourn has been Chief Executive Officer and President of ActivEase Healthcare, Inc. (women's health care products) since February 2006. She was previously General Manager, Film Capture, Digital & Film Imaging Systems of Eastman Kodak Company (photography and digital imaging) from November 2004 to February 2006; Senior Vice President of Eastman Kodak from January 2000 to February 2006; and Chief Operating Officer, Health Imaging Group of Eastman Kodak from January 2002 to November 2004.

DONALD E. WASHKEWICZ, 58, has served as a Director since 2000. Mr. Washkewicz has been our Chairman of the Board of Directors since October 2004; our Chief Executive Officer since July 2001; and our President since January 2007. He was previously our President from February 2000 to October 2004.

Director Independence. In making a determination as to the independence of our Directors for purposes of considering membership on our Board of Directors and Committees, we are in compliance with the rules of the New York Stock Exchange and our Independence Standards for Directors and have broadly considered the materiality of each Director's relationship with us. Based upon the foregoing criteria, the Board of Directors has determined that the following persons who served as Directors during any part of fiscal year 2008 are independent: Linda S. Harty, William E. Kassling, Robert J. Kohlhepp, Giulio Mazzalupi, Klaus-Peter Müller, Candy M. Obourn, Joseph M. Scaminace, Wolfgang R. Schmitt and Markos I. Tambakeras.

Board Meetings. During the fiscal year ended June 30, 2008, there were five meetings of our Board of Directors. Each Director attended at least 75% of the meetings held by the Board of Directors and the Committees of the Board of Directors on which he or she served.

Attendance at Annual Meeting. We hold a regularly scheduled meeting of our Board of Directors in conjunction with our Annual Meeting of Shareholders. Directors are expected to attend the Annual Meeting of Shareholders absent an appropriate reason. All of the members of the Board of Directors attended our 2008 Annual Meeting of Shareholders.

Audit Committee Financial Experts. We have a standing audit committee established in accordance with section 3(a)(58)(A) of the Securities Exchange Act of 1934. Our Board of Directors has determined that Robert J. Kohlhepp, the Chairman of the Audit Committee, and Linda S. Harty, a member of the Audit Committee, are audit committee financial experts as defined in the federal securities laws. Mr. Kohlhepp and Ms. Harty are independent as defined for audit committee members in the listing standards of the New York Stock Exchange.

The Audit Committee, which met seven times during the fiscal year ended June 30, 2008, is responsible for, among other things, appointing, determining the compensation of and overseeing the work of the independent registered public accounting firm and ensuring its independence, approving all non-audit engagements with the independent registered public accounting firm and reviewing with our financial management

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and our independent registered public accounting firm annual and quarterly financial statements, the proposed internal audit plan for each calendar year, the proposed independent audit plan for each fiscal year, the results of the audits and the adequacy of our internal control structure.

The Human Resources and Compensation Committee is our standing compensation committee. The Human Resources and Compensation Committee, which met seven times during the fiscal year ended June 30, 2008, is responsible for, among other things, annually reviewing and approving the salaries and other compensation (including stock incentives) of our executive officers, reviewing and determining the compensation of our non-employee Directors, engaging and determining the fees of compensation consultants, overseeing regulatory compliance with respect to compensation matters, reviewing management succession of key executives, and reviewing corporate policies and programs for the development of management personnel.

The Finance Committee, which met twice during the fiscal year ended June 30, 2008, is responsible for, among other things, reviewing our capital structure and tax and risk management strategies and reviewing and approving our debt and equity offerings, share repurchase programs and the funding and investment policies for our defined benefit plans, defined contribution plans and non-qualified plans.

The Corporate Governance and Nominating Committee is our standing nominating committee. The Corporate Governance and Nominating Committee, which met three times during the fiscal year ended June 30, 2008, is responsible for, among other things, evaluating and recommending to the Board of Directors qualified nominees for election as Directors and qualified Directors for committee membership, establishing evaluation procedures and completing an annual evaluation of the performance of the Board of Directors, developing and recommending corporate governance principles to the Board of Directors and considering other matters pertaining to the size and composition of the Board of Directors. The Corporate Governance and Nominating Committee will give appropriate consideration to qualified persons recommended by shareholders for nomination as our Directors, provided that such recommendations comply with the procedures set forth under the caption *Procedures for Submission and Consideration of Director Candidates* in this Proxy Statement.

The Board of Directors adopted a written charter for each of the committees of the Board of Directors. These charters, as well as our Code of Ethics, Guidelines on Corporate Governance Issues and Independence Standards for Directors, are posted and available under the Corporate Governance page on our investor relations internet website at www.phstock.com. Shareholders may request copies of these corporate governance documents, free of charge, by writing to Parker-Hannifin Corporation, 6035 Parkland Boulevard, Cleveland, Ohio 44124-4141, Attention: Secretary, or by calling (216) 896-3000.

Executive Sessions. In accordance with the listing standards of the New York Stock Exchange, the non-management Directors are scheduled to meet regularly in executive sessions without management, and if required, the independent Directors will meet at least once annually. Additional meetings of the non-management Directors may be scheduled from time to time when the non-management Directors decide such meetings are desirable. The Chairman of the Corporate Governance and Nominating Committee will preside at such meetings. The Corporate Governance and Nominating Committee Charter provides that the Chairman of the Corporate Governance and Nominating Committee has a term limit of three years. The non-management Directors met four times during the fiscal year ended June 30, 2008.

Review and Approval of Transactions with Related Persons. The Corporate Governance and Nominating Committee charter provides that the Corporate Governance and Nominating Committee is responsible for considering questions of possible conflicts of interest of Board members and management and for making recommendations to prevent, minimize or eliminate such conflicts of interest. Our Code of Ethics provides that our Directors, officers, employees, and their spouses and other close family members must avoid interests or activities that create any actual or potential conflict of interest. These restrictions cover, among other things, interests or activities that result in receipt of improper personal benefits by any person as a result of his or her position as our Director, officer, employee, or as a spouse or other close family member of any of our Directors, officers or employees. The Code of Ethics also requires our Directors, officers and employees to promptly disclose any potential

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conflicts of interest to our General Counsel. We also require that each of our executive officers and Directors complete a detailed annual questionnaire which requires, among other things, disclosure of any transactions with a related person meeting the minimum threshold for disclosure under the relevant Securities and Exchange Commission, or SEC, rules. All responses to the annual questionnaires are reviewed and analyzed by our legal counsel and, if necessary or appropriate, presented to the Corporate Governance and Nominating Committee for analysis, consideration and, if appropriate, approval.

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Certain Relationships and Related Transactions. Russell G. Chester, Vice President-Enterprise Compliance, is the spouse of Pamela J. Huggins, our Vice President and Treasurer. Mr. Chester's salary and bonus for the fiscal year ended June 30, 2008 was \$325,723. We have taken the appropriate steps to ensure the avoidance of any conflicting interests resulting from this relationship.

Section 16(a) Beneficial Ownership Reporting Compliance. Section 16(a) of the Securities Exchange Act of 1934 requires our executive officers, Directors and beneficial owners of more than 10% of our Common Shares to file initial stock ownership reports and reports of changes in ownership with the SEC and the New York Stock Exchange. SEC regulations require that we are furnished with copies of these reports. Based solely on a review of these reports and written representations from the executive officers and Directors, we believe that there was compliance with all such filing requirements for the fiscal year ended June 30, 2008, except for the following: (1) Lee C. Banks, Executive Vice President and Operating Officer, inadvertently filed one late Form 4 to report the movement of shares to his wife's trust in 2005; (2) Robert P. Barker, Executive Vice President, Operating Officer and President of the Aerospace Group, inadvertently filed two late Form 4s to report the movement of shares to his family trust in 2004 and 2006; (3) William G. Eline, Vice President Chief Information Officer, inadvertently filed one late Form 4 to report the movement of shares to his wife's trust in 2006; (4) Giulio Mazzalupi, a Director, inadvertently filed one late Form 4 to report share withholding for taxes in 2007; (5) Klaus-Peter Müller, a Director, inadvertently filed one late Form 4 to report share withholding for taxes in 2007; and (6) Joseph M. Scaminace, a Director, inadvertently filed one late Form 4 to report a purchase of shares by his son.

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REPORT OF THE AUDIT COMMITTEE

The Audit Committee of the Board of Directors is composed of five Directors, each of whom is independent in compliance with the independence standards applicable to audit committee members in the listing standards of the New York Stock Exchange. The responsibilities of the Audit Committee are set forth in the written Audit Committee Charter, a copy of which is available on the Corporate Governance page of Parker-Hannifin's investor relations website at www.phstock.com.

In fulfilling its responsibilities, the Audit Committee has reviewed and discussed Parker-Hannifin's audited consolidated financial statements for the fiscal year ended June 30, 2008 with management and with Deloitte & Touche LLP, or D&T, Parker-Hannifin's independent registered public accounting firm for the fiscal year ended June 30, 2008.

The Audit Committee has discussed with D&T the matters required to be discussed by the statement on Auditing Standards No. 61, as amended (AICPA, *Professional Standards*, Vol. 1. AU Section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T. In addition, the Audit Committee has received and reviewed the written disclosures and the letter from D&T required by Independence Standards Board Standard No. 1 (Independence Standards Board Standard No. 1, *Independence Discussions with Audit Committees*), as adopted by the Public Company Accounting Oversight Board in Rule 3600T, and has discussed with D&T their objectivity and independence.

Based on the review and discussions described above, the Audit Committee recommended to the Board of Directors that Parker-Hannifin's audited consolidated financial statements for the fiscal year ended June 30, 2008 be included in its Annual Report on Form 10-K for the fiscal year ended June 30, 2008 filed with the SEC.

Audit Committee:

Robert J. Kohlhepp, Chairman

Linda S. Harty

William E. Kassling

Giulio Mazzalupi

Wolfgang R. Schmitt

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COMPENSATION DISCUSSION AND ANALYSIS

The information contained in this Compensation Discussion and Analysis has been adjusted to give effect to the three-for-two stock split authorized by our Board of Directors on August 16, 2007. The stock split was completed on October 1, 2007.

OBJECTIVES AND PHILOSOPHIES OF THE EXECUTIVE COMPENSATION PROGRAM.

In fiscal year 2001, we introduced the Win Strategy as the foundation of our business. The Win Strategy represents the unified vision of our employees worldwide, and defines the key goals, operational priorities and metrics used to profitably grow our business. The Win Strategy also provides the means by which we can measure and reward success.

The Win Strategy centers on three fundamental goals: premier customer service; financial performance; and profitable growth. The Win Strategy outlines various strategic components intended to advance those goals in all aspects of our business. Those strategic components include on-time delivery of quality products, value-added services and systems, strategic purchasing of goods and services, lean operations, talent development, strategic pricing, product innovation and strong distribution. We are confident that a worldwide focus on the goals of the Win Strategy will maximize the long-term value of our shareholders' investments by helping us to achieve our objectives of top-quartile performance among our competitors and peers and steady appreciation of our stock price.

Our executive compensation program covers all compensation paid to our executive officers. Our executive officers include the Chief Executive Officer, Chief Financial Officer and the four other most highly compensated executive officers identified in the Summary Compensation Table for Fiscal Year 2008 on page 30, which we refer to as the Named Executive Officers. Mr. Myslenski retired as Executive Vice President effective May 2, 2008, but still qualifies as a Named Executive Officer based on his fiscal year 2008 compensation.

The objective of our executive compensation program is to encourage and reward performance that advances each of the three fundamental goals of the Win Strategy. The program is designed to:

align the financial interests of our executive officers and our shareholders by encouraging and rewarding performance that achieves significant financial and operational performance goals;

encourage and reward our executive officers for experience, expertise, level of responsibility, seniority, leadership qualities, advancement, individual accomplishment and other significant contributions to the enhancement of shareholder value and to the success of our business;

attract, retain and motivate highly-talented and ethical individuals at all levels who are focused on the long-term success of our business and who are equipped, motivated and poised to lead and manage our business presently and in the future;

offer compensation that keeps us competitive with companies that compete with us for talented employees and shareholder investment;

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promote internal equity by allocating a greater proportion of the compensation for executive officers, as compared to other employees, to elements that are dependent on the performance of our business, and holding executive officers accountable for performance that falls short of expectations; and

maintain a level of flexibility sufficient to adjust for trends and changes in the continuously expanding and evolving global business and regulatory environment.

ADMINISTRATION, OVERSIGHT AND DETERMINATION OF EXECUTIVE COMPENSATION.

Human Resources and Compensation Committee.

The Human Resources and Compensation Committee of the Board of Directors, which we refer to as the Committee, consists of four directors. Each member of the Committee is independent as defined in the listing standards of the New York Stock Exchange, Inc. The responsibilities of the Committee are described in a written Human Resources and Compensation Committee Charter amended by the Board of Directors on April 16, 2007.

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The Charter specifically describes the duties and responsibilities of the Committee with respect to the administration, oversight and determination of executive compensation. These duties and responsibilities include:

setting and reviewing the compensation of the Chief Executive Officer, and reviewing and approving the compensation programs for other executive officers;

reviewing and evaluating the performance of the Chief Executive Officer, and reviewing performance evaluations of other executive officers;

monitoring the operation and performance of the executive compensation program;

establishing the relevant performance goals of the Chief Executive Officer and determining whether they have been achieved; and

performing other duties and responsibilities assigned by the Board of Directors.

The Committee also retains the discretion to authorize periodic compensation adjustments due to promotions or increases in the responsibilities of our executive officers.

In fulfilling its duties and responsibilities, the Committee seeks periodic input, advice and recommendations from the Board of Directors, the executive officers, executive compensation consultants and other resources, including recommendations from the Vice President Human Resources. The Committee is not bound by that input or advice or those recommendations. The Committee at all times exercises independent discretion in its executive compensation decisions.

Board of Directors.

The Board of Directors approves all incentive compensation plans and equity-based plans reviewed and recommended by the Committee. The Board of Directors does not authorize or approve any other specific executive compensation matters. The Board of Directors oversees the Committee's performance and reviews all material information relating to other executive compensation matters approved by the Committee. This oversight ensures that the Committee fulfills its duties and responsibilities and that the executive compensation program is reasonable and appropriate, meets its objectives and effectively serves the interests of our business and our shareholders.

Executive Officers.

Executive officers also play a role in the administration, oversight and determination of executive compensation. At the beginning of each fiscal year, each executive officer sets annual performance goals for his or her direct reports, which may include other executive officers. The performance goals are designed to promote individual performance that advances the goals of the Win Strategy. Throughout the fiscal year, each executive officer's performance is reviewed and evaluated against his or her performance goals. At the end of the fiscal year, each executive officer conducts a final performance review for each of his or her direct reports. Based on those reviews, the executive officers, other than the

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Chief Executive Officer, recommend any annual compensation adjustments and awards for their executive officer direct reports to the Chief Executive Officer.

The Chief Executive Officer similarly reviews and evaluates his direct reports, which include Mr. Pistell, Mr. Kashkoush, Mr. Banks and Mr. Barker, and which included Mr. Myslenski prior to his May 2, 2008 retirement. The Chief Executive Officer also reviews and evaluates the recommendations made with respect to all other executive officers and makes any modifications that he deems appropriate. The Chief Executive Officer then recommends to the Committee annual compensation adjustments and awards for all executive officers other than himself.

The Chief Executive Officer, the Vice President Human Resources and the Secretary attend all meetings of the Committee other than those relating to the performance or compensation of the Chief Executive Officer. The executive officers also periodically consult with and assist the Committee in calculating incentive compensation payouts, establishing and monitoring performance goals and attending to other executive compensation matters.

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COMPENSATION CONSULTANTS AND BENCHMARKING.

The Committee annually reviews and evaluates our executive compensation program to verify that it provides reasonable compensation ranges at appropriate levels and remains competitive and effective. The Committee engages Towers, Perrin, Forster & Crosby, Inc., an independent human resources and compensation consulting firm, which we refer to as Towers Perrin, to assist the Committee in its review and evaluation.

Towers Perrin collects and analyzes proxy statement data and prepares market studies of base salaries, annual bonuses, long-term incentive compensation and total cash and direct compensation offered to executives of other multi-national diversified manufacturing companies, which we refer to as the Peer Group. The Committee regularly reviews and updates the Peer Group to make sure that it consists of companies which directly compete with us for talented employees and shareholder investment. The Peer Group for fiscal year 2008, which was the same as the Peer Group for fiscal year 2007, consisted of the following companies:

Caterpillar Inc.
Cooper Industries, Ltd.
Cummins Inc.
Danaher Corporation
Deere & Company
Dover Corporation
Eaton Corporation

Emerson Electric Co.
Flowserve Corporation
Goodrich Corporation
Honeywell International, Inc.
Illinois Tool Works Inc.
Ingersoll-Rand Company Limited
ITT Industries, Inc.

Johnson Controls, Inc.
Pall Corporation
Rockwell Automation, Inc.
SPX Corporation
Textron, Inc.

Towers Perrin also reviews and analyzes market studies prepared by leading human resources and compensation consultants for other industrial companies, as well as proxy statement data for approximately 100 of the Fortune 500 companies with annual revenues between \$7.5 billion and \$12.5 billion.

Based on the data and market studies, Towers Perrin provides the Committee with a comprehensive annual review of total compensation for the Chief Executive Officer and base salaries, annual cash incentive compensation and long-term incentive compensation for other executive officers. Towers Perrin uses its annual review to advise the Committee with respect to the effectiveness and competitiveness of the executive compensation program. The Committee uses the annual review to establish competitive base salaries, annual cash incentive compensation and long-term incentive compensation.

Towers Perrin periodically interacts directly with management to gather information on proposals that management may make to the Committee and to better understand our executive compensation program and its objectives. Towers Perrin also periodically assists management in calculating payouts of incentive compensation and addressing other matters relating to executive compensation.

GENERAL POLICIES AND PRACTICES RELATING TO EXECUTIVE COMPENSATION.

General Categories of Executive Compensation.

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Our executive compensation program offers the specific elements of compensation described in the Elements of Executive Compensation section beginning on page 13. Each specific element can be classified under one of the following general categories:

Base Salaries

Annual Cash Incentive Compensation

Long-Term Incentive Compensation

Employee Benefits

Executive Perquisites

The program is structured to offer a reasonable balance of cash and non-cash and short-term and long-term elements of compensation. The program provides a mix of those elements specifically designed to encourage and reward contributions to the advancement of the Win Strategy.

Allocation of Executive Compensation.

The Committee seeks to provide base salaries, annual cash incentive compensation and long-term incentive compensation to each executive officer, and to all executive officers as a group, at approximately the median of the companies included in the Towers Perrin annual review. The Committee does not take into account Con-

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verted RONA Bonuses, which we describe beginning on page 16, in measuring whether or not it meets this objective. The Committee seeks to provide a package of Converted RONA Bonuses, employee benefits and executive perquisites which is adequate to keep us competitive in attracting, retaining and motivating present and future executive officers.

When deciding whether to materially increase or decrease the amount of any element of compensation, the Committee evaluates the Towers Perrin annual review, the annual performance reviews of the executive officers and the performance of our business as a whole. The Committee does not consider amounts realized from prior or other compensation in determining the levels of compensation paid to executive officers.

The Committee makes sure that executive officers, as compared to other employees, have a greater proportion of their total compensation allocated to elements that are based on long-term and short-term corporate performance. The Committee structures the program in this manner because executive officers have greater responsibility and influence over the performance of our business. The Committee does not have any formal policies or guidelines with respect to the allocation of executive compensation between short-term and long-term elements, cash and non-cash elements or different forms of non-cash elements. In practice, however, the Committee has taken the following approaches.

Allocation between short-term and long-term elements. The Committee uses the Towers Perrin annual review to set the total of each executive officer's base salary and annual cash incentive compensation, other than Converted RONA Bonuses, at approximately the midpoint value of his or her comparable position within the companies included in the annual review. The Committee also uses the Towers Perrin annual review to set the total target value of each executive officer's long-term incentive compensation as a multiple of the midpoint of the base salary range of his or her comparable position within the companies included in the annual review.

Allocation between cash and non-cash elements. Base salaries and annual cash incentive compensation are paid in cash. Long-term incentive compensation is generally paid in equity because of the long-term nature of equity awards and our desire to encourage performance that drives long-term appreciation of our stock price.

Allocation between different forms of non-cash elements. The Committee generally allocates 50% of the total target value of each executive officer's long-term incentive compensation to Stock Incentives, which we describe beginning on page 21, and 50% to LTI Awards, which we describe beginning on page 19. The Committee takes this approach to balance the allocation between elements based on long-term financial, operational and strategic metrics and those based on long-term performance of our common stock. The Committee generally tries to allocate half of the total target value to Stock Incentives and half to LTI Awards to avoid any appearance that the executive compensation program is a positive or negative indicator of current common stock value or anticipated common stock performance.

The Committee generally makes all elements of executive compensation available to all executive officers and makes executive compensation decisions on a consistent and equitable basis. The Committee generally does not offer any element to an executive officer that is not available to other executive officers. The Committee does, however, provide only to operating group presidents Volume Incentive Bonuses, which we describe on page 18.

Accounting and Tax Considerations.

Our executive compensation program is structured to achieve flexibility, maximize benefits and minimize detriments to our business and our executive officers from a tax and accounting perspective. As a result, we continuously review and evaluate the impact of changes in tax laws and accounting practices and interpretations and similar factors affecting our executive compensation program. For example, FAS 123R, which results in recognition of compensation expense for Stock Incentives, and Section 409A of the Internal Revenue Code, which impacts deferred

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compensation arrangements, are considered as we evaluate the structure of and contemplate future changes to the program.

In addition, we try to structure the program to maximize our ability to deduct compensation payments for tax purposes. The Committee takes into account whether particular elements are performance-based compensation under Section 162(m) of the Internal Revenue Code. Section 162(m) sets a limit of \$1,000,000 on the amount we can deduct for compensation paid to each of the Chief Executive Officer and the three other most highly compensated executive officers other than the Chief Financial Officer. Compensation that qualifies as performance-based compensation under Section 162(m) does not count toward the \$1,000,000 limit.

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Base salary does not qualify as performance-based compensation under Section 162(m). The Committee tries to make sure that annual cash incentive compensation and long-term incentive compensation qualify as fully deductible performance-based compensation under Section 162(m). At the 2005 Annual Meeting of Shareholders, the shareholders approved our Performance Bonus Plan. The Performance Bonus Plan is designed to ensure that annual cash incentive compensation and long-term incentive compensation awarded under the plan is performance-based compensation exempt from the \$1,000,000 deduction limit under Section 162(m).

For fiscal year 2008, Converted RONA Bonuses did not qualify as performance-based compensation under Section 162(m) because they were awarded more than 90 days after the beginning of the fiscal year 2008 performance period. In future fiscal years, the Committee expects that Converted RONA Bonuses will qualify as performance-based compensation under Section 162(m).

POLICIES AND PRACTICES RELATING TO PERFORMANCE-BASED COMPENSATION.

General Policies and Practices.

To ensure that our executive compensation program meets its objective to drive and support the Win Strategy, the Committee allocates the majority of compensation for executive officers to annual cash incentive compensation and long-term incentive compensation. Each of the performance-based elements of compensation within those categories are directly tied to appreciation of our stock price and/or to significant financial and operational performance goals. More than one-half of the targeted total compensation for the executive officers is, therefore, at risk and may significantly fluctuate from year to year based on our financial, operational and stock performance. The Committee uses performance-based elements to align the financial interests of our executive officers and our shareholders.

Stock Incentives provide a return to the recipient only if our stock price increases. Each other element of annual cash incentive compensation and long-term incentive compensation provides a return to the recipient only if we meet certain financial and operational performance goals. At the beginning of the applicable performance period, the Committee establishes the performance goals and the target payment amount or payment formula to be used upon achieving those goals. At the end of the period, the Committee determines whether or not the goals were achieved and the final payment amounts. The Committee reviews and evaluates the performance goals at least annually to ensure that they remain consistent with the objectives of the executive compensation program.

Committee Discretion.

Annual cash incentive compensation and long-term incentive compensation are generally structured to maximize their deductibility under Section 162(m) of the Internal Revenue Code. The Committee grants all LTI Awards under the Performance Bonus Plan because it is difficult to predict over a long-term period which executive officers will be covered by Section 162(m) and whether or not annual compensation to those executive officers in future years will exceed \$1,000,000.

The Committee also grants Target Incentive Bonuses and RONA Bonuses under the Performance Bonus Plan to executive officers who may potentially be subject to Section 162(m), and then only to the extent that the Committee deems necessary to maximize their deductibility under Section 162(m). In fiscal year 2008, the Committee awarded Target Incentive Bonuses under the Performance Bonus Plan to Mr. Washkewicz, Mr. Pistell, Mr. Banks, Mr. Barker and Mr. Myslenski, and General RONA Bonuses, which we describe beginning on page 16, under the Performance Bonus Plan to Mr. Washkewicz, Mr. Pistell and Mr. Myslenski. The Committee did not award any Converted RONA Bonuses or

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Volume Incentive Bonuses under the Performance Bonus Plan in fiscal year 2008.

The Committee does not relax the pre-determined performance goals and generally does not increase the amount of any performance-based compensation following the grant date. The Committee can, however, increase the amount of any award of annual cash incentive compensation made outside of the Performance Bonus Plan if appropriate to account for corporate policy changes, executive compensation program changes and major corporate programs, and to account for the negative impact of acquisitions on goodwill and amortization expense, losses on dispositions of real property during plant moves or shutdowns and other unexpected occurrences that negatively impact awards. The Committee has historically exercised this discretion only with respect to General RONA Bonuses. The Committee exercises this discretion to encourage our employees to

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engage in activities and initiatives that drive and support the Win Strategy but have an adverse impact on General RONA Bonuses, such as significant restructuring initiatives.

The Committee can reduce the amount of any award of annual cash incentive compensation or long-term incentive compensation other than Stock Incentives made outside of the Performance Bonus Plan. The Committee also can reduce the amount of any award made under the Performance Bonus Plan as long as the award would continue to qualify as performance-based compensation under Section 162(m). The Committee retains this discretion for the following purposes:

to ensure greater control over final performance-based compensation amounts based on its assessment of our overall financial performance;

to preserve the integrity and deductibility of payments and ensure that performance-based compensation continues to effectively serve the interests of our business and our shareholders; and

to avoid inappropriately rewarding or penalizing executive officers based on events or circumstances that were not expected at the beginning of the performance period.

The Committee has historically exercised this discretion only with respect to General RONA Bonuses awarded under the Performance Bonus Plan to the Chief Executive Officer, the Chief Financial Officer and the Executive Vice President Sales, Marketing and Operations Support, which we refer to as the Office of the Chief Executive. At the beginning of the year, the Committee determines for each member of the Office of the Chief Executive a target General RONA Bonus that is large enough to ensure that we meet our objectives for annual cash incentive compensation and, at the same time, preserve the ability of the Committee to exercise its discretion to reduce the amount of the award to an appropriate level as compared to the final amounts paid to executive officers who are awarded General RONA Bonuses outside the Performance Bonus Plan.

STOCK OWNERSHIP GUIDELINES.

In August 1996, the Committee recommended and our Board of Directors adopted stock ownership guidelines to further align the financial interests of our executive officers, directors and shareholders by encouraging the accumulation and retention of our common stock by directors and executive officers. On August 15, 2007, the Committee increased the guidelines for our executive officers. The current guidelines for our directors and executive officers are as follows:

Participants	Guidelines
Chief Executive Officer	Five times annual base salary
Executive or Senior Vice Presidents	Three times annual base salary
Other executive officers	Two times annual base salary
Non-management directors	Four times annual retainer

To accommodate for the increases, the Committee also extended the recommended time period for achieving compliance with the guidelines to June 30, 2012 for all individuals who were serving as executive officers on August 15, 2007. For all other executive officers and all non-management directors, the recommended time period for achieving compliance with the guidelines is five years from election or appointment to the position that is subject to the guidelines. The Committee reviews share ownership information with the Chief Executive

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Officer in August of each year to ensure compliance with the guidelines. As of June 30, 2008, all executive officers and directors in their positions for at least five years were in compliance with the guidelines.

We also maintain an insider trading policy which, among other things, prohibits the hedging of stock ownership positions by executive officers.

ELEMENTS OF EXECUTIVE COMPENSATION.

Our executive compensation program provides the Named Executive Officers with the elements of compensation described below. All of these elements are designed to work together to contribute to our continuing effort to achieve top-quartile performance among our peers and increase our stock price by adhering to the goals of the Win Strategy.

Table of Contents***Base Salaries.***

Each of the Named Executive Officers receives an annual base salary, paid monthly, as compensation for services rendered during the fiscal year. Base salaries encourage and reward attainment of individual performance goals established during the annual performance review process. Base salaries recognize experience, expertise, level of responsibility, seniority, leadership qualities, advancement, individual accomplishment and other significant contributions to the enhancement of shareholder value and the success of our business. We also use base salaries to ensure that the executive compensation program remains competitive to attract, retain and motivate the highly-talented and ethical individuals necessary to advance the goals of the Win Strategy.

The Committee establishes a base salary range for each Named Executive Officer by using the Towers Perrin annual review to analyze base salaries of persons holding comparable positions within the companies included in the Towers Perrin annual review. The Committee determines the base salary for each Named Executive Officer for the next fiscal year based on the Named Executive Officer's annual performance review, and compares the amount to the applicable market range to make sure that it is reasonable. The Committee may also increase base salaries, where appropriate, periodically throughout the fiscal year based on the results of interim performance reviews. The Committee generally tries to target base salary amounts at approximately the median of the companies included in the Towers Perrin annual review.

During fiscal year 2008, the Named Executive Officers received the base salaries included in the Salary column of the Summary Compensation Table for Fiscal Year 2008 on page 30. Those amounts reflect the following percentage increases in base salaries of the Named Executive Officers at the end of fiscal year 2008 as compared to their base salaries at the end of fiscal year 2007:

Named Executive Officer	Percentage Increase in Base Salary
Donald E. Washkewicz*	0.00%
Timothy K. Pistell	4.19%
Marwan M. Kashkoush**	11.91%
Lee C. Banks	4.58%
Robert P. Barker	4.89%
John D. Myslenski	4.24%

* The Committee did not increase the base salary for Mr. Washkewicz in fiscal year 2008. The Committee instead granted additional General RONA Bonus shares to Mr. Washkewicz at the beginning of fiscal year 2008 in an effort to place a higher percentage of his total compensation at risk and subject to fluctuation based on our financial performance.

** Mr. Kashkoush received a percentage increase of 4.29% at the beginning of fiscal year 2008, with the remainder of his increase being awarded on December 7, 2007 due to his October 24, 2007 promotion from Vice President Worldwide Sales and Marketing to Executive Vice President Sales, Marketing and Operations Support.

Annual Cash Incentive Compensation.

The Named Executive Officers are eligible to receive annual cash incentive compensation based on pre-determined financial and growth objectives relating to free cash flow, return on net assets and revenue growth. This category of compensation consists of four specific elements, which we refer to as Target Incentive Bonuses, General RONA Bonuses, Converted RONA Bonuses and Volume Incentive Bonuses. All of the Named Executive Officers are eligible to receive Target Incentive Bonuses, General RONA Bonuses and Converted RONA Bonuses. The only executive officers who are eligible to receive Volume Incentive Bonuses are our operating group presidents, other than Mr. Barker, as described on page 18.

The Committee allocates a significant portion of the total compensation for executive officers to annual cash incentive compensation, which is wholly dependent on achieving pre-determined financial and operational goals. For fiscal year 2008, for example, the Committee targeted General RONA Bonuses and Target Incentive Bonuses to represent 122% of base salary for the Chief Executive Officer, 48-68% of base salary for the Chief Financial Officer, the Executive Vice President Sales, Marketing and Operations Support, and other executive officers with operational profit and loss responsibility, and 36-59% of base salary for all other executive

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officers. The following table reflects the target percentage of base salary represented by Target Incentive Bonuses and General RONA Bonuses for each Named Executive Officer in fiscal year 2008:

Named Executive Officer	Target Percentage of Base Salary Target Incentive Bonuses and General RONA Bonuses
Donald E. Washkewicz	122%
Timothy K. Pistell	68%
Marwan M. Kashkoush*	61%
Lee C. Banks	64%
Robert P. Barker	61%
John D. Myslenski	68%

* For Mr. Kashkoush, the target percentage of base salary represented by his Target Incentive Bonus and General RONA Bonus was 39% at the beginning of fiscal year 2008. This target percentage increased to 61% on December 7, 2007, which was the date on which the Committee adjusted Mr. Kashkoush's base salary and annual cash incentive compensation to account for his October 24, 2007 promotion from Vice President Worldwide Sales and Marketing to Executive Vice President Sales, Marketing and Operations Support.

The Committee pre-determines the performance measures applicable to each element by analyzing our annual goals and objectives for each performance measure and, for Target Incentive Bonuses, the Towers Perrin annual review. The Committee directly and materially links annual cash incentive compensation to performance that drives and supports the Win Strategy.

Target Incentive Bonuses.

During fiscal year 2008, the Named Executive Officers received annual cash incentive compensation based on our free cash flow margin, which we refer to as Target Incentive Bonuses. Free cash flow margin is calculated as the percentage of sales represented by actual operating cash flow less capital expenditures, excluding discretionary pension contributions made during the fiscal year.

The Committee identified free cash flow margin as a performance measure critical to the financial performance and profitable growth goals of the Win Strategy. Maximizing free cash flow allows us to continue to pay annual dividends, acquire our outstanding shares to prevent shareholder dilution caused by Stock Incentives, and reinvest in our business by funding innovation and financing growth through acquisitions of businesses and technologies. Target Incentive Bonuses encourage executive officers to maximize free cash flow by increasing net income, implementing lean initiatives, controlling inventory, collecting receivables, controlling accounts payable and limiting capital expenditures. We have also identified a strong correlation between increases in free cash flow and increases in operating earnings.

During the first quarter of fiscal year 2008, the Committee set the following target awards for each of the Named Executive Officers after evaluating our annual plan for free cash flow margin and comparing the plan to the historical performance of the Peer Group to ensure its reasonableness:

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Named Executive Officer	Target Awards Target
	Incentive Bonuses
Donald E. Washkewicz	\$600,000
Timothy K. Pistell	\$210,000
Marwan M. Kashkoush*	\$ 90,000
Lee C. Banks	\$120,000
Robert P. Barker	\$100,000
John D. Myslenski	\$225,000

* Mr. Kashkoush received a target award of \$60,000 at the beginning of fiscal year 2008, with the remainder of his award being granted on December 7, 2007 due to his October 24, 2007 promotion from Vice President Worldwide Sales and Marketing to Executive Vice President Sales, Marketing and Operations Support.

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The Committee developed the following table to illustrate how final Target Incentive Bonus amounts would be calculated at the end of fiscal year 2008:

	Less than							Greater than or equal
FY08 Free Cash Flow Margin:	3%	3%	4%	5%	6%	7%	8%	to 9%
Payout %	0%	25%	50%	75%	100%	133%	167%	200%

This table illustrates that each recipient of a Target Incentive Bonus would receive a year-end payout of 100% of his or her target award if our free cash flow margin for fiscal year 2008 was 6%, and a maximum payout of 200% of his or her target award if our free cash flow margin was greater than or equal to 9%. This table also illustrates that no Target Incentive Bonuses would be paid if our free cash flow margin for fiscal year 2008 was less than 3%. The payouts are calculated on a sliding-scale basis using this table. For example, a free cash flow margin of 6.5% would result in a payout of 116.67% of the applicable target award.

The Committee designed the Target Incentive Bonuses to reward executive officers directly for performance in relation to our fiscal year 2008 annual plan and against the Peer Group. The Committee determined that a 6% free cash flow margin would meet our fiscal year 2008 annual plan. The Committee also estimated that 3%, 6% and 9% margins would represent bottom-quartile, median and top-quartile free cash flow margin results, respectively, within the Peer Group during fiscal year 2008.

Our actual free cash flow margin for fiscal year 2008 was 8.50%. As a result, each of the Named Executive Officers received 183.33% of his target award, as included in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table for Fiscal Year 2008 on page 30. Target Incentive Bonuses are paid in one lump sum in August for each executive officer whose Target Incentive Bonus is awarded under the Performance Bonus Plan, and are paid in three installments in March, June and August for all other executive officers. The March and June payments are estimated based on year-to-date results and the August payment represents the balance of the Target Incentive Bonus payable based on the actual results for the entire fiscal year. All payments are made in cash, except that the August payment may, at the election of the recipient, be deferred as a credit to the recipient's account under the Executive Deferral Plan, which we describe on page 25.

General RONA Bonuses and Converted RONA Bonuses.

During fiscal year 2008, each of the Named Executive Officers received annual cash incentive compensation, which we refer to as General RONA Bonuses and Converted RONA Bonuses. The Committee awards General RONA Bonuses to our executive officers based on our annual plan for return on net assets, and awards Converted RONA Bonuses to our executive officers in place of certain executive perquisites that were eliminated by the Committee effective January 1, 2008. The performance measure used to determine the amount of the payouts on Converted RONA Bonuses is the return on average net assets for all of our divisions. The performance measures used to determine the amount of the payouts on General RONA Bonuses are as follows:

for the members of the Office of the Chief Executive, return on consolidated net assets;

for operating group presidents other than Mr. Barker, the return on average division net assets for the divisions in his or her operating group; and

for Mr. Barker and all other executive officers, return on average net assets for all divisions.

Return on net assets is calculated by dividing earnings (segment operating income for the fiscal year) by average assets (average of inventory, accounts receivable, prepaid expenses, property, plant and equipment, goodwill and intangibles, less trade accounts payable and contract reserves, at the beginning of the fiscal year and at the end of each quarter of the fiscal year).

The Committee identified return on net assets as a performance measure critical to the financial performance and profitable growth goals of the Win Strategy. The Committee uses General RONA Bonuses and Converted RONA Bonuses to encourage executive officers and other employees to increase segment revenues and control net average assets by reducing investments in assets and increasing efficiency in managing those investments. In addition, General RONA Bonuses and Converted RONA Bonuses encourage executive officers and other employees to increase sales and to reduce materials handling and other costs associated with excess inventory levels by taking profit margins, asset turnover and outside leveraging into account in measuring overall performance. The Committee also believes that offering Converted RONA Bonuses in lieu of certain eliminated executive perquisites is appropriate to keep us competitive in attracting, retaining and motivating present and future executive officers.

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General RONA Bonuses are paid in one lump sum in August for each executive officer whose General RONA Bonus is awarded under the Performance Bonus Plan, and are paid in four installments in October, January, April and August for all other executive officers. Converted RONA Bonuses for fiscal year 2008 were paid in one lump sum in August 2008 to Mr. Washkewicz, Mr. Pistell and Mr. Myslenski, and were paid in two installments in April 2008 and August 2008 to all other executive officers. Each installment is based on actual year-to-date results. We hold back 25% of the year-end estimate from each installment other than the August payments to ensure that we have the flexibility to reconcile the August payments to final year-end results. All payments are made in cash, except that General RONA Bonus payments made in August may, at the election of the recipient, be deferred as a credit to the recipient's Executive Deferral Plan account.

Converted RONA Bonus payments are not eligible for deferral under the Executive Deferral Plan, the Retirement Savings Plan described on page 23 or the Savings Restoration Plan described on page 24. Converted RONA Bonuses are also not considered in calculating benefits under the Pension Plan described on page 22, the Pension Restoration Plan described on page 25, the Supplemental Retirement Program described on page 25, the Executive Long-Term Disability Plan described on page 26 and the Change in Control Agreements described on page 26. The Committee determined that it would not be appropriate to allow Converted RONA Bonuses to be deferred under those plans or considered in those calculations because they are awarded in place of executive perquisites which, traditionally, have not been used or taken into account for those purposes.

The Committee calculates General RONA Bonuses and Converted RONA Bonuses at each payment date as follows:

The applicable return on net assets is calculated by dividing earnings (year-to-date segment operating income) by average assets (average of inventory, accounts receivable, prepaid expenses, property, plant and equipment, goodwill and intangibles, less trade accounts payable and contract reserves, at the beginning of the fiscal year and at the end of each applicable quarter-end to date).

The multiple is calculated as follows:

For that portion of the applicable return on net assets which is less than or equal to 35%, the multiple is 1% for every 5.6% of return on net assets.

For that portion of return on net assets in excess of 35%, the multiple is 1% for every 11.2% of the excess.

For General RONA Bonuses, the amount of the payout is calculated by multiplying the number of General RONA Bonus shares awarded to the recipient by the multiple, and multiplying that total by the recipient's base salary for the fiscal year.

For Converted RONA Bonuses, the amount of the payout is calculated by multiplying the number of Converted RONA Bonus shares awarded to the recipient by the multiple, and multiplying that total by the midpoint of the recipient's base salary range by comparable position within the companies included in the Towers Perrin annual review.

In fiscal year 2008, all Converted RONA Bonus payments were reduced by 50% because Converted RONA Bonuses were awarded after the end of the second quarter on January 1, 2008.

During the first quarter of fiscal year 2008, the Committee awarded to each of the Named Executive Officers the following number of General RONA Bonus shares based on the following General RONA Bonus target amounts after evaluating our annual plan for returns on net assets:

Named Executive Officer	General RONA Bonus Shares	General RONA Bonus Target Amount
Donald E. Washkewicz	28	\$808,500
Timothy K. Pistell	14	\$226,100
Marwan M. Kashkoush*	8	\$188,000
Lee C. Banks	8	\$200,800
Robert P. Barker	8	\$188,800
John D. Myslenski	14	\$240,800

* Mr. Kashkoush received five General RONA Bonus shares representing a General RONA Bonus target amount of \$109,500 at the beginning of fiscal year 2008, with the remainder of his General RONA Bonus shares being awarded on

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December 7, 2007 due to his October 24, 2007 promotion from Vice President Worldwide Sales and Marketing to Executive Vice President Sales, Marketing and Operations Support.

Effective January 1, 2008, the Committee eliminated certain executive perquisites from our executive compensation program and awarded Converted RONA Bonuses to our executive officers in place of those perquisites. Specifically, the Committee eliminated the following executive perquisites and calculated the following target values based on the average historical cost of each eliminated perquisite:

	Target Value Chief	Target Value Other
Executive Perquisite	Executive Officer	Executive Officers
Health and fitness clubs	\$ 1,000	\$ 1,000
Financial planning, tax preparation and estate planning	\$10,500	\$10,500
Home security	\$ 2,000	\$ 2,000
Monthly dues and tax gross-ups (private clubs)	\$43,200	\$20,000*
Tax gross-ups (spousal travel)	\$16,000	\$ 8,000
TOTAL:	\$72,700	\$41,500

* This amount represents a per-club amount. If, for example, an executive officer belongs to two private clubs in accordance with our policy on private club memberships, this amount would be \$40,000 for that executive officer.

The Committee then estimated the number of Converted RONA Bonus shares to be awarded by converting the above target values into a target number of Converted RONA Bonus shares based on a target payout per Converted RONA Bonus share of 5% of the midpoint of each executive officer's base salary range by comparable position within the companies included in the Towers Perrin annual review. This calculation resulted in the Committee awarding to each of the Named Executive Officers the following number of Converted RONA Bonus shares based on the following Converted RONA Bonus target amounts:

	Converted RONA Bonus	
Named Executive Officer	Converted RONA Bonus Shares	Target Amount
Donald E. Washkewicz	1.30	\$74,750
Timothy K. Pistell	2.00	\$60,000
Marwan M. Kashkoush	1.60	\$40,000
Lee C. Banks	1.60	\$40,000
Robert P. Barker	1.60	\$40,000
John D. Myslenski	2.00	\$60,000

During fiscal year 2008, each of the Named Executive Officers received the General RONA Bonuses and Converted RONA Bonuses included in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table for Fiscal Year 2008 on page 30. On August 13, 2008, the Committee compared the original General RONA Bonus amounts awarded to the members of the Office of the Chief Executive at the beginning of fiscal year 2008 with the final amounts paid to the other executive officers. Based on that comparison, the Committee determined that it would be appropriate to reduce the final General RONA Bonus amounts awarded to Mr. Washkewicz, Mr. Pistell and Mr. Myslenski by 15.44%. The amounts reported in the table represent the final amounts paid to Mr. Washkewicz, Mr. Pistell, Mr. Myslenski and the other Named Executive Officers following that exercise of discretion.

Volume Incentive Bonuses.

During fiscal year 2008, each of our operating group presidents other than Mr. Barker received additional annual cash incentive compensation under our Volume Incentive Plan, which we refer to as Volume Incentive Bonuses. In fiscal year 2007, we determined that Mr. Barker was no longer eligible to receive Volume Incentive Bonuses due to his promotion to Senior Vice President and Operating Officer.

Volume Incentive Bonuses encourage our operating group presidents and other participants to maximize sales growth within their operating groups internally and through acquisitions. Based on our continued focus on increased market share, returns on invested capital and price-earnings multiples, the Committee identified sales

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growth as a performance measure critical to advance the financial performance and profitable growth goals of the Win Strategy. The Committee uses Volume Incentive Bonuses to reward participants for performance that exceeds our annual sales growth goals. Volume Incentive Bonuses are only available if sales growth within the applicable operating group exceeds our annual goal of 10% sales growth for that operating group.

Each operating group president receives a Volume Incentive Bonus equal to 1% of base salary for each 1% of sales by which his or her operating group exceeds its sales for the prior year by between 10% and 15%, and 2% of base salary for each 1% of sales by which his or her operating group exceeds its sales for the prior year by more than 15%. Volume Incentive Bonuses are capped at an overall maximum of 15% of base salary. Volume Incentive Bonuses are paid in cash and in one lump sum in August.

Mr. Barker is the only Named Executive Officer who served as an operating group president during fiscal year 2008. Based on the fact that Mr. Barker is no longer eligible to accrue Volume Incentive Bonuses, none of the Named Executive Officers received a Volume Incentive Bonus in fiscal year 2008.

Long-Term Incentive Compensation.

The Named Executive Officers receive long-term incentive compensation consisting of long-term incentive awards, which we refer to as LTI Awards, and stock options with tandem stock appreciation rights, which we refer to as Stock Incentives. The target amounts of LTI Awards and the number of Stock Incentives awarded to the Named Executive Officers are based on similar compensation awarded to persons holding comparable positions within the companies included in the Towers Perrin annual review.

LTI Awards and Stock Incentives encourage long-term focus on shareholder value and are directly and materially linked to performance that advances both the financial performance and profitable growth goals of the Win Strategy over the long-term. LTI Award payouts are based on a comparison of our performance against the Peer Group in certain annual revenues, earnings and return on invested capital results over a three-year performance period. The holders of Stock Incentives realize a payout only if our stock price increases above the applicable grant price over a long-term vesting period. LTI Awards and Stock Incentives work together to align the long-term financial interests of our executive officers and shareholders.

LTI Awards and Stock Incentives are granted to eligible employees on an annual basis at the first meeting of the Committee following our public earnings release for the fourth-quarter of the preceding fiscal year. This meeting is typically held in August of each year and is scheduled at least one year in advance. The only exceptions to this practice are that pro-rated LTI Awards are granted to individuals who become executive officers, are promoted to new executive officer positions or are given increased responsibilities during a performance period, and reload grants of Stock Incentives occur automatically upon certain exercises of Stock Incentives. For example, as previously disclosed in our Compensation Discussion and Analysis for fiscal year 2007, on August 15, 2007 the Committee granted Mr. Pistell a pro rata adjustment to his LTI Awards for the fiscal year 2006-07-08 and 2007-08-09 performance periods due to an overall increase in his day-to-day responsibilities and a corresponding increase in his base salary. Specifically, the Committee adjusted the original awards to Mr. Pistell of 7,925 target LTI Award restricted shares at the beginning of fiscal year 2006 and 8,650 target LTI Award restricted shares at the beginning of fiscal year 2007 to 9,050 and 10,500 target LTI Award restricted shares, respectively.

The Committee does not grant LTI Awards or Stock Incentives to executive officers in anticipation of the release of significant positive earnings announcements or other material non-public information likely to result in changes to the price of our common stock. Similarly, the Committee does not time the release of material non-public information based on Stock Incentive grant dates.

LTI Awards.

Each of the Named Executive Officers received a target LTI Award of restricted shares during the first quarter of fiscal year 2008. The actual LTI Award payouts will be calculated following the three-year performance period ending June 30, 2010 by comparing our compound annual revenue growth, compound annual growth in fully diluted earnings per share from continuing operations and average return on invested capital from continuing operations against the corresponding results for all members of the Peer Group during that period.

The Committee has identified long-term revenue growth, earnings per share growth and returns on invested capital as performance measures critical to the financial performance and profitable growth goals of the Win

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Strategy. The Committee uses LTI Awards to encourage executive officers to maximize those measures by providing on-time delivery of quality products, value-added services and systems, strategic procurement of goods and services, lean operations, strategic pricing, product innovation and strong distribution.

During the first quarter of fiscal year 2008, the Committee established weights of 20% for compound annual revenue growth, 40% for compound annual growth in fully diluted earnings per share from continuing operations and 40% for average return on invested capital from continuing operations for the fiscal year 2008-09-10 performance period. The Committee determined that higher weights for the earnings per share and return on invested capital measures would allow the more profitable growth measures to have a greater impact on LTI Award payouts. The Committee granted to each of the Named Executive Officers the following target LTI Award based on the following target LTI Award values, which the Committee determined to be competitive compared to similar long-term incentive compensation offered within the companies included in the Towers Perrin annual review:

Named Executive Officer	Target LTI Award Restricted Shares	Target LTI Award Values
Donald E. Washkewicz	55,500	\$ 2,925,000
Timothy K. Pistell	16,800	\$ 855,000
Marwan M. Kashkoush*	10,113	\$ 529,667
Lee C. Banks	10,500	\$ 550,000
Robert P. Barker	10,500	\$ 550,000
John D. Myslenski	16,800	\$ 855,000

* Mr. Kashkoush received a grant of 5,850 target LTI Award restricted shares with a target LTI Award value of \$306,000 at the beginning of fiscal year 2008, with his target amount being increased on December 7, 2007 due to his October 24, 2007 promotion from Vice President Worldwide Sales and Marketing to Executive Vice President Sales, Marketing and Operations Support. Mr. Kashkoush's target LTI Award restricted shares for the fiscal year 2006-07-08 and 2007-08-09 performance periods were also increased from 5,700 to 6,792 and 5,925 to 8,843, respectively, due to his promotion.

The target LTI Award restricted shares shown in this table are also included in the Estimated Future Payouts Under Equity Incentive Plan Awards Target column of the Grants of Plan-Based Awards for Fiscal Year 2008 table on page 33. The Stock Awards column of the Summary Compensation Table for Fiscal Year 2008 on page 30 includes the Financial Accounting Standards Board Statement No. 123(R) expense that we recognized for these awards in fiscal year 2008.

The Committee developed the following table to illustrate how final LTI Award payouts would be calculated at the end of fiscal year 2010:

	Less than or equal				Greater than or equal
Peer Group Percentile Rank:	to 35	42.5	50	62.5	to 75
Payout %	0%	50%	100%	150%	200%

At the end of fiscal year 2010, the Committee will determine our percentile rank as compared to the Peer Group for each of the three performance measures. Using this table, the Committee will calculate the portion of the target LTI Award value earned with respect to each performance measure. The Committee will multiply each portion by its applicable weight and add up the total to determine the total LTI Award payout for the fiscal year 2008-09-10 performance period. This table illustrates that LTI Award participants will receive the maximum payout of 200% of the applicable target LTI Award value if we rank at or above the 75th percentile among the Peer Group in the aggregate based on all three performance measures, and will receive no payout if we rank at or below the 35th percentile in the aggregate based on all three

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performance measures. LTI Awards are paid after the end of the applicable three-year performance period in restricted shares or, at the election of the recipient, as a contribution to the recipient's Executive Deferral Plan account. LTI Awards may also be paid in cash if the recipient is retired and did not elect to participate in the Executive Deferral Plan. The restricted shares have a three-year vesting period and entitle the holder to receive non-refundable dividends and vote the shares during that vesting period. The amount of any Executive Deferral Plan contribution will be the number of restricted shares earned multiplied by the closing price of our common stock on June 30, 2010.

The Committee designed LTI Awards to reward executive officers directly in relation to our long-term performance against the Peer Group. The Committee determined that requiring performance in excess of the 50th

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percentile for a payout in excess of 100% would encourage executive officers to achieve performance above median Peer Group performance. The Committee also determined that requiring performance at the 75th percentile for a maximum payout, and awarding no payout for performance at or below the 35th percentile, would further encourage executive officers to achieve top-quartile performance within the Peer Group.

In addition, each of the Named Executive Officers received a payout under LTI Awards granted in fiscal year 2006 for the three-year performance period ended June 30, 2008. The Committee determined that we achieved the following percentile rankings among the Peer Group with respect to the LTI Award performance measures for that performance period:

Performance Measure	Result	Percentile Rank**
Compound annual revenue growth	13.92%	81st
Compound annual growth in fully diluted EPS*	19.38%	23rd
Average return on invested capital*	21.11%	72nd

* Unlike the performance measures described above for the fiscal year 2008-09-10 performance period, the compound annual growth in fully diluted earnings per share and average return on invested capital performance measures for the fiscal year 2006-07-08 performance period shown in this table include discontinued operations.

** Unlike the Peer Group percentile ranks described above for the fiscal year 2008-09-10 performance period, payouts of 50%, 100% or 150% of the applicable target LTI Award value for the fiscal year 2006-07-08 performance period shown in this table, as well as for the fiscal year 2007-08-09 performance period, require Peer Group percentile ranks of 45th, 55th and 65th, respectively.

As a result, each of the Named Executive Officers received the LTI payout in fiscal year 2008 included in the Stock Awards Number of Shares or Units of Stock That Have Not Vested column of the Outstanding Equity Awards at June 30, 2008 table on page 36. Each payment represents a total payout of 113.88% of the target LTI Award values for the three-year performance period ended June 30, 2008.

As previously disclosed in our Compensation Discussion and Analysis for fiscal year 2007, on August 15, 2007 the Committee approved the vesting of Mr. Myslenski in all of his outstanding LTI Awards effective as of his May 2, 2008 retirement. Mr. Myslenski, who was age 57 at the time of his retirement, would have received immediate vesting in his LTI Awards if he retired after age 60. The Committee approved this early vesting in connection with Mr. Myslenski's service as a senior executive officer because he was identified by the Committee as an essential contributor to our efforts to drive and support the Win Strategy.

Stock Incentives.

Each of the Named Executive Officers received Stock Incentives under our 2003 Stock Incentive Plan during the first quarter of fiscal year 2008. The Committee grants Stock Incentives to executive officers to encourage and reward efforts and accomplishments that advance the goals of the Win Strategy and make other contributions to maximize our stock price.

The number of Stock Incentives granted by the Committee is determined by utilizing the Black-Scholes valuation model to convert a target dollar value (adjusted for risk of non-vesting) into the number of Stock Incentives to be granted. The Committee uses the Towers Perrin annual review to set the target dollar values at the median of similar compensation offered within the companies included in the Towers Perrin annual review. The following table shows the Black-Scholes Value and the number of Stock Incentives granted to each of the Named Executive

Officers in the first quarter of fiscal year 2008:

Named Executive Officer	Black-Scholes Target Value	Fiscal Year 2008 Stock Incentive Grants (# of Underlying Shares)
Donald E. Washkewicz	\$2,925,000	155,250
Timothy K. Pistell	\$ 855,000	48,450
Marwan M. Kashkoush	\$ 306,000	17,400
Lee C. Banks	\$ 550,000	29,700
Robert P. Barker	\$ 550,000	29,700
John D. Myslenski	\$ 855,000	48,450

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The fiscal year 2008 Stock Incentive grants shown in this table are also included in the All Other Option Awards: Number of Securities Underlying Options column of the Grants of Plan-Based Awards for Fiscal Year 2008 table on page 33 and the Option Awards Number of Securities Underlying Unexercised Options Unexercisable column of the Outstanding Equity Awards at June 30, 2008 table on page 36. The Option Awards column of the Summary Compensation Table for Fiscal Year 2008 on page 30 includes the Financial Accounting Standards Board Statement No. 123(R) expense that we recognized for these awards in fiscal year 2008.

As required by the terms of our 2003 Stock Incentive Plan, all Stock Incentives have an exercise price equal to the closing price of our common stock on the date of grant. The plan does not permit the re-pricing of Stock Incentives. The Committee analyzes the terms of our 2003 Stock Incentive Plan and the Towers Perrin annual review to establish all other terms of Stock Incentives. Stock Incentives have a ten-year term and vest in one-third increments over three years following the grant date. Upon vesting, the holder may exercise all or any portion of the award as either a stock option or a stock appreciation right, but not both. When vested, each option entitles the holder to purchase the shares underlying the option at the grant price. When vested, each stock appreciation right entitles the holder to receive the increase in value of one common share from the grant date to the date of exercise.

Upon exercise of options or stock appreciation rights, common shares are issued directly to the holder. The appreciation in stock appreciation rights is calculated by subtracting the grant price from the fair market value of the common shares on the day prior to the date of exercise, and multiplying the result by the number of stock appreciation rights exercised. The number of common shares to be issued is determined by dividing that appreciation by the closing price of the common shares on the day prior to the date of exercise.

If an executive officer exercises a Stock Incentive as an option by surrendering shares to satisfy the exercise price, the executive officer will receive a reload grant of stock appreciation rights to restore the appreciation lost on the shares that were surrendered to pay the option cost. The number of stock appreciation rights granted is equal to the number of shares surrendered. The reload grant has the same expiration date as the underlying grant. The reload grant price is equal to the closing stock price of our common stock on the date of exercise of the underlying grant. The reload grant vests one year from the date of exercise if the executive officer remains employed with us and retains ownership of the shares received from the exercise for one year, less shares surrendered or sold to pay income taxes. Grants of stock options or stock appreciation rights made prior to the executive officer's appointment as an executive officer do not offer these reload grants.

During fiscal year 2008, certain Named Executive Officers exercised Stock Incentives previously granted under our 2003 Stock Incentive Plan and 1993 Stock Incentive Program, which are included in the Option Awards Number of Shares Acquired on Exercise column of the Option Exercises and Stock Vested for Fiscal Year 2008 table on page 39.

Employee Benefits.

The Named Executive Officers are eligible to participate in various employee benefit plans and programs. These plans and programs reflect experience, expertise, level of responsibility, longevity and advancement. We use these plans to ensure that our executive compensation program remains sufficiently competitive to attract, retain and motivate the executive officers and other employees necessary to advance the goals of the Win Strategy.

Qualified Benefit Plans.

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During fiscal year 2008, the Named Executive Officers participated in the following tax-qualified benefit plans and programs:

The Parker-Hannifin Consolidated Pension Plan, which we refer to as the Pension Plan; and

The Parker Retirement Savings Plan, which we refer to as the Retirement Savings Plan.

The Pension Plan is a qualified defined benefit pension plan in which most full-time non-union U.S. salaried employees hired prior to April 1, 2004 participate. The Pension Plan offers normal retirement, early retirement and death benefits. The monthly normal retirement benefit is the greater of a minimum benefit and

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an amount based on final average pay. The calculation of the minimum benefit and final average pay amounts can be summarized as follows:

Minimum Benefit:	\$21.00 multiplied by years of service, up to a maximum of 40 years.
Final Average Pay Amount:	0.75% of the highest five consecutive year average of monthly base salary, Target Incentive Bonuses and General RONA Bonuses up to the social security wage base, multiplied by years of service up to a maximum of 35 years; plus
	1.36% of the highest five consecutive year average of monthly base salary, Target Incentive Bonuses and General RONA Bonuses in excess of the social security wage base, multiplied by years of service up to a maximum of 35 years; plus
	0.50% of the highest five consecutive year average of monthly base salary, Target Incentive Bonuses and General RONA Bonuses, multiplied by years of service in excess of 35 up to a maximum of 5 years.

The amount of the benefit is reduced by 6% per year for each year prior to age 65 if retirement occurs before age 65 and after age 55. We elected to freeze new participation in the Pension Plan in 2004. All participants as of April 1, 2004 were given the option to either remain in the Pension Plan or terminate in favor of maintaining a retirement income account under the Retirement Savings Plan. Employees hired after April 1, 2004 were not eligible to participate in the Pension Plan and instead maintain a retirement income account under the Retirement Savings Plan. Each of the Named Executive Officers other than Mr. Kashkoush elected to remain in and continue to accrue benefits under the Pension Plan. Mr. Kashkoush elected to terminate his participation in the Pension Plan and maintain a retirement income account under the Retirement Savings Plan. All benefits accrued by Mr. Kashkoush and the other employees who elected to terminate participation in the Pension Plan were frozen as of June 30, 2004. Those employees initiated their retirement income accounts on July 1, 2004. The Committee does not grant extra years of credited service under the Pension Plan, and we do not have any policy that allows us to do so.

The Retirement Savings Plan is a qualified defined contribution pension plan under Section 401(k) of the Internal Revenue Code. Most full-time U.S. employees are eligible to participate in the Retirement Savings Plan. Participants may make pre-tax contributions to the Retirement Savings Plan up to the applicable statutory limit. Converted RONA Bonuses are not eligible for deferral under the Retirement Savings Plan. We provide to each participant a matching contribution of 100% on the first 3% of pay contributed and 50% on the 4th and 5th percent of pay contributed. As described above, certain participants also maintain a retirement income account within the Retirement Savings Plan. We provide to each holder of a retirement income account an annual contribution equal to a percentage of the amount of the participant's annual compensation up to the Internal Revenue Service statutory limit (currently \$225,000 per year) determined based on age and length of service. These contributions range from 0.5% to 6% of the participant's compensation which does not exceed that limit. Participants accrue earnings on contributions based on the performance of various investment funds available within the Retirement Savings Plan. The contributions made by us under the Retirement Savings Plan for the Named Executive Officers during fiscal year 2008 are included in the All Other Compensation column of the Summary Compensation Table for Fiscal Year 2008 on page 30.

Non-Qualified Benefit Plans.

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During fiscal year 2008, the Named Executive Officers participated in the following non-qualified benefit plans and programs:

The Parker Hannifin Savings Restoration Plan, which we refer to as the Savings Restoration Plan;

The Parker Hannifin Executive Deferral Plan, which we refer to as the Executive Deferral Plan;

The Parker-Hannifin Corporation Pension Restoration Plan, which we refer to as the Pension Restoration Plan; and

The Parker-Hannifin Corporation Supplemental Executive Retirement Benefits Program, which we refer to as the Supplemental Retirement Program.

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The Savings Restoration Plan is available to employees who earn base salaries in excess of \$130,000 per year and who are otherwise eligible to participate in the plan. The Savings Restoration Plan was established to restore deferral opportunities and matching contributions lost because of statutory limits in the Retirement Savings Plan. Specifically, the Savings Restoration Plan allows executive officers to defer a portion of their pre-tax compensation and receive matching contributions from us that would have been available under the Retirement Savings Plan if the Internal Revenue Service statutory limit did not exist. Converted RONA Bonuses are not eligible for deferral under the Savings Restoration Plan. Each Named Executive Officer may annually defer to his or her Savings Restoration Plan account any portion of the compensation that he cannot defer under the Retirement Savings Plan due to the statutory limit, other than Converted RONA Bonuses, up to the greater of 20% of base pay or \$25,000. We provide to each participant a matching contribution of common stock equal to 100% on the first 3% of pay contributed and 50% on the 4th and 5th percent of pay contributed, reduced by the maximum matching contribution available to the participant under the Retirement Savings Plan. We also take into account the matching contributions made under the Retirement Savings Plan to ensure that the maximum match under both plans does not exceed \$17,000. In addition, certain participants also maintain a separate retirement income account within the Savings Restoration Plan similar to the Retirement Savings Plan. We provide to each holder of a retirement income account an annual contribution equal to a percentage of the amount of the participant's annual compensation in excess of the Internal Revenue Service statutory limit determined based on age and length of service. These contributions range from 0.5% to 6% of the amount of the participant's compensation in excess of that limit. All deferrals and contributions are made under the Savings Restoration Plan by accounting entry rather than any physical exchange of cash or common stock. Participants also accrue earnings, on an accounting-entry basis, on deferrals based on the performance of various investment fund choices and on contributions based on the performance of our common stock. Participants are our unsecured creditors for their respective account balances. Account balances are paid out upon any of the following events as follows:

Retirement:	Balances are distributed to the participant in either a lump sum or in periodic installments, based on a prior election by the participant. The participant can delay the first payment for up to five years following retirement or until age 70, whichever is earlier. Balances continue to accumulate earnings under the various investment funds at all times during the payout period.
Termination Before Retirement:	Balances accruing prior to December 31, 2004 are, at our election, distributed to the participant in either a lump sum upon termination or in periodic installments. Account balances accruing on or after January 1, 2005 are distributed to the participant in a lump sum upon termination.
Disability:	If we determine that a participant is totally disabled, the participant's account balance will be paid upon termination in the same manner as if he or she retired.
Withdrawals During Employment:	Balances can be withdrawn without penalty during employment only if we determine that the participant suffered severe financial hardship. Balances accruing prior to December 31, 2004 can also be withdrawn voluntarily during employment, subject to a 10% forfeiture penalty.
Death:	Balances are distributed to the participant's beneficiary in a lump sum.
Change in Control:	Balances accruing prior to December 31, 2004 are distributed to the participant in a lump sum without penalty if the participant expressly elected a lump sum. If the participant did not expressly elect a lump sum, distributions are treated as unscheduled withdrawals and are subject to a forfeiture penalty of 5% if they are withdrawn within 30 days or 10% if they are withdrawn beyond the 30-day period. Balances accruing on or after January 1, 2005 are distributed to the participant in a lump sum or, at our election, in installment payments made over a three year period.

Our matching contributions made under the Savings Restoration Plan for the Named Executive Officers during fiscal year 2008 are included in the All Other Compensation column of the Summary Compensation Table for Fiscal Year 2008 on page 30. All contributions, earnings, withdrawals, distributions and aggregate balances for the Named Executive Officers participating in the Savings Restoration Plan during fiscal year 2008 are included in the Nonqualified Deferred Compensation for Fiscal Year 2008 table on page 41.

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The Executive Deferral Plan is available to executive officers and certain other key employees. The Executive Deferral Plan provides executive officers with an opportunity to defer a portion of their compensation (in addition to that deferred under the Retirement Savings Plan and the Savings Restoration Plan) on a pre-tax basis, including annual cash incentive compensation and LTI Award payouts, and to accumulate tax-deferred earnings on the deferrals. Converted RONA Bonuses are not eligible for deferral under the Executive Deferral Plan. Each executive may defer to his or her account up to 80% of base salary, 80% of General RONA Bonuses paid in August and Target Incentive Bonuses paid in August and 100% of LTI Award payouts. Similar to the Savings Restoration Plan, all deferrals are made under the Executive Deferral Plan by accounting entry rather than any physical exchange of cash. Participants also accrue earnings on an accounting-entry basis based on the performance of various investment fund choices. Participants are our unsecured creditors for their respective account balances. Account balances are paid out upon the same events and in the same manner as account balances under the Savings Restoration Plan, except for distributions made upon a change in control. In that case, balances are distributed to the participant or the participant's beneficiary in a lump sum. Prior to distribution, the balances are increased to reflect any gross-up amount necessary to offset federal excise taxes and any after-tax value the participant would have received if the account had remained in place and been paid as elected by the participant. All contributions, earnings, withdrawals, distributions and aggregate balances for the Named Executive Officers participating in the Executive Deferral Plan during fiscal year 2008 are included in the Nonqualified Deferred Compensation for Fiscal Year 2008 table on page 41.

The Pension Restoration Plan is available to all individuals who participate in the Pension Plan and Savings Restoration Plan and who are otherwise eligible to participate in the Pension Restoration Plan. The Pension Restoration Plan was established to restore benefits lost because of statutory limits on the Pension Plan. Specifically, the benefits available under the Pension Restoration Plan equal the amount that would be payable to the participant under the Pension Plan in excess of the Internal Revenue Service statutory limit if that limit did not exist. Similar to the Pension Plan, Converted RONA Bonuses are not considered in calculating the benefits available under the Pension Restoration Plan.

The Supplemental Retirement Program was established to provide executive officers with retirement benefits supplemental to the benefits under the Pension Plan. The benefit provided under the Supplemental Retirement Program is intended, at age 65, to provide to participants with at least 10 years of service 55% of the average of the three highest years of base salary plus annual cash incentive compensation. Similar to the Pension Plan and the Pension Restoration Plan, Converted RONA Bonuses are not considered in calculating the benefits available under the Supplemental Retirement Program. Volume Incentive Bonuses, LTI Awards and Stock Incentives are also not considered in calculating the benefits available under the Supplemental Retirement Program. The benefit is subject to reduction for early retirement, less than 15 years of service, benefits under the Pension Plan, the Pension Restoration Plan and any of our non-U.S. pension plans, 50% of primary social security benefits, and contributions to the participant's retirement income accounts under the Retirement Savings Plan and the Savings Restoration Plan. Participants vest at age 60, or at age 55 with the consent of the Committee, and with five years of participation in the Supplemental Retirement Program, or a lesser period established by the Committee at the time they become participants. To receive a benefit under the Supplemental Retirement Program, however, a participant must have at least 10 years of service. During fiscal year 2007, the Finance Committee of the Board of Directors adopted an amendment to the Pension Plan which allows us to shift some of our obligations under the Supplemental Retirement Program to the Pension Plan. Under the amendment, as participants vest under the Supplemental Retirement Program, their Pension Plan formulas will be modified to shift a portion of their benefits from the Supplemental Retirement Program to the Pension Plan (up to the limits established by statute and under the Pension Plan). We incurred no additional cost or liability and participants receive no additional value under the Supplemental Retirement Program as a result of the amendment. We and the participants do, however, receive various tax benefits as a result of the amendment.

As previously disclosed in our Compensation Discussion and Analysis for fiscal year 2007, on August 15, 2007 the Committee approved the vesting of Mr. Myslenski as a participant in the Supplemental Retirement Program effective as of his May 2, 2008 retirement. Mr. Myslenski, who was age 57 at the time of his retirement, was scheduled to vest in the Supplemental Retirement Program at age 60. The Committee approved this early vesting in connection with Mr. Myslenski's service as a senior executive officer because he was identified by the Committee as an essential contributor to our efforts to drive and support the Win Strategy. Mr. Myslenski's benefits under the Supplemental Retirement Program will be adjusted for early retirement in

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accordance with the terms of the program. A significant portion of our obligations under the Supplemental Retirement Program resulting from this early vesting was shifted to the Pension Plan at no additional cost to us to ensure that we maximize all available tax benefits.

Health and Welfare Benefits.

The Named Executive Officers participated in various health and welfare programs generally available to all employees during fiscal year 2008. The Named Executive Officers also participated in our Officer Life Insurance Plan and Executive Long-Term Disability Plan.

Under the Officer Life Insurance Plan, we pay all required premiums for life insurance on executive officers who were participants prior to January 1, 2008, which includes the Named Executive Officers, for the longer of 10 years or until the executive officer reaches age 65. The premiums are designed to allow for accumulation of cash surrender values sufficient to fund the policies during retirement up to age 95, assuming that the participant invests only in the policy's fixed income account, and to maintain death benefits equal to:

five times base salary during employment and two times final base salary after retirement at age 65 for the Chief Executive Officer;

four times base salary during employment and two times final base salary after retirement at age 65 for the other members of the Office of the Chief Executive; and

three times base salary during employment and two times final base salary after retirement at age 65 for all other Named Executive Officers and other participants.

We will not make any post-retirement premium payments on behalf of any executive officer who becomes a participant on or after January 1, 2008 and retires prior to reaching age 65 or 10 years of participation in the plan.

If the participant retires between ages 55 and 65, the post-retirement death benefit is reduced by 10% of base salary for each year prior to age 65 that the participant retires. The amount of the death benefit is adjusted each year on January 1st based on the participant's base salary as of the preceding December 1st. The policies underlying the plan are cash value life insurance policies owned by the participants. Cash surrender values accrue earnings prior to distribution based on their investment in various funds offered within the policies. The premiums we paid on behalf of the Named Executive Officers during fiscal year 2008 are included in the "All Other Compensation" column of the Summary Compensation Table for Fiscal Year 2008 on page 30.

The Executive Long-Term Disability Plan is intended to replace a reasonable amount of an executive officer's income upon disability. The plan provides a total benefit in the event of a qualifying disability of two-thirds of base salary plus Target Incentive Bonuses and General RONA Bonuses paid during the calendar year ending December 31 of the year prior to the disability, up to a maximum benefit of \$33,000 per month. Our executive officers are not eligible to receive the long-term disability benefit generally available to other employees.

Change in Control Agreements.

We are not a party to any written employment agreements with our executive officers. We have, however, entered into separate Change in Control Severance Agreements with our executive officers, which we refer to as the Change in Control Agreements. We are not obligated to pay severance to executive officers under any agreement other than the Change in Control Agreements. The executive officers are, however, eligible to receive severance upon termination for reasons other than a change in control in accordance with our general severance policy for salaried employees. The Change in Control Agreements are designed to attract, retain and motivate executive officers, provide for stability and continuity of management in the event of any actual or threatened change in control, encourage executive officers to remain in service after a change in control and ensure that executive officers are able to devote their entire attention to maximizing shareholder value and safeguarding employee interests in event of a change in control. The Committee determined that the amounts payable under the Change in Control Agreements are necessary to achieve those objectives. The Potential Payments upon Termination or Change of Control at June 30, 2008 tables and the related narrative descriptions beginning on page 42 provide additional information on the Change in Control Agreements, including a brief discussion of the material provisions of the Change in Control Agreements beginning on pages 44 and 46 under the captions Payments upon a Change in Control and Payments upon a Qualifying Termination in Connection with a Change in Control .

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Indemnification Agreements.

We enter into separate Indemnification Agreements with each of our executive officers. Each agreement remains in effect during and after employment with respect to any action taken while the individual serves as an executive officer. The agreements are designed to attract, retain and motivate executive officers by encouraging reasonable and measured risk-taking in the interests of our business and our shareholders, and protecting against liabilities incurred in the performance of their duties to the maximum extent permitted by Ohio law.

The agreements provide for indemnification for all expenses, including attorney fees, judgments, fines and settlement amounts, that the executive officer incurs by reason of his or her service:

in a civil action or proceeding by another party (unless it is proven that the officer's act or failure to act was taken with deliberate intent to cause injury to our business or in reckless disregard for the best interest of our business); or

in a criminal action or proceeding (unless the officer had reasonable cause to believe his or her conduct was unlawful).

Executive Perquisites.

During fiscal year 2008, we made various executive perquisites available to each of the Named Executive Officers. On January 1, 2008, we eliminated certain executive perquisites available to the Named Executive Officers and provide only the perquisites described below to our executive officers. These perquisites are offered to promote the business objectives for each perquisite as described below and to reward experience, expertise, level of responsibility, seniority, leadership qualities and advancement. We also use these perquisites to ensure that our executive compensation program remains competitive to attract, retain and motivate the individuals necessary to advance the goals of the Win Strategy. Attributed costs of these perquisites for the Named Executive Officers during fiscal year 2008 are included in the All Other Compensation column of the Summary Compensation Table for Fiscal Year 2008 on page 30.

Private Clubs. We pay or reimburse initiation fees for one private club for each executive officer. We offer this perquisite to encourage executive officers to entertain business colleagues and customers, engage in social interaction with peers from other companies, local leadership and the community, and hold business meetings at offsite locations. We also pay or reimburse the initiation fees for additional clubs for members of the Office of the Chief Executive and at the Executive or Senior Vice President level on a business-needs basis and only with appropriate advance approval.

Spousal Travel. In limited circumstances and only with appropriate advance approval, we reimburse our executive officers for transportation, lodging, meals, entertainment and other travel expenses for their spouses or other family members who accompany them on out-of-town business. We offer these perquisites to encourage executive officers to spend an appropriate amount of time with their direct reports in locations away from corporate headquarters, to allow executive officers and their spouses to develop a more personal relationship with the executive officers' subordinates and their families, and to encourage spouses to attend retirement parties, funerals, business dinners and other corporate functions at locations away from their homes.

Executive Physicals. We pay for annual physicals, colonoscopies, mammograms and pap smears, and any necessary travel vaccinations, for each of our executive officers and certain other key employees. We offer this perquisite as part of our overall preventive medicine program to

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promptly identify and address medical issues and to preserve our investment in our executive officers by encouraging executive officers to maintain healthy lifestyles and be proactive in addressing actual or potential health issues.

Leased Vehicles. We lease an automobile for each of our executive officers and for certain other key employees. We offer this perquisite to provide executive officers with use of a company car for business travel needs, recognizing that the vehicles can also be used for personal purposes. We pay or reimburse each of the executive officers for lease payments on one automobile, typically for a three-year term. All executive officers have a maximum allowance of \$1,570 per month. We also reimburse the executive officers for the cost of tires and maintenance and provide insurance on each vehicle during the lease term. We require each executive officer to take title to his or her vehicle at the end of the lease term because we amortize the entire cost of the vehicle over the lease term. The executive officer is responsible for the payment of all taxes assessed on the fair market value of the vehicle at the time of title transfer.

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Company Apartments. We maintain apartments in Cleveland, Ohio, Newport Beach, California and London, England to provide accommodations to employees working off-site at or relocating to our primary facilities. The apartments are also available to the executive officers for personal use with appropriate advance approval if they are not otherwise being used for business purposes.

Entertainment Venues. We maintain loges, boxes and tickets at various entertainment venues to provide civic support to arts, entertainment and other cultural activities at certain significant business locations and to provide a favorable setting for our employees to entertain customers and other business associates. The loges, boxes and tickets are, however, available to executive officers for personal use if they are not otherwise being used for business purposes. We pay all costs of admission, but all costs of food are paid by the executive officer using the venue only for personal use.

Corporate Aircraft. In limited circumstances, we provide our executive officers with use of corporate aircraft for non-business purposes at no cost. The executive officers may only use corporate aircraft for non-business travel if the flight was previously authorized for business purposes, there are available seats that are not being used for those business purposes and the officer's use does not involve a deviation or extension of the planned business-travel itinerary.

CHANGES TO EXECUTIVE COMPENSATION PROGRAM.

The Committee authorized and adopted the following changes to our executive compensation program for fiscal year 2009:

Deferred Compensation Arrangements: On July 21, 2008, the Committee adopted certain amendments to our deferred compensation plans and arrangements as required by Section 409A of the Internal Revenue Code. These amendments affected the Savings Restoration Plan, the Executive Deferral Plan, the Pension Restoration Plan, the Supplemental Retirement Program and the Change in Control Agreements. These amendments were generally technical in nature and did not change or enhance the amount or terms of any benefits available to any executive officers under those plans and arrangements.

Calculation of Target Incentive Bonuses: The Committee evaluated our fiscal year 2009 annual plan for free cash flow margin and developed the following table to illustrate how final Target Incentive Bonus amounts will be calculated at the end of fiscal year 2009:

	Less than								Greater than or equal
FY09 Free Cash Flow Margin:	4.00%	4.00%	4.83%	5.67%	6.50%	7.13%	7.75%	8.38%	to 9.00%
Payout %	0%	25%	50%	75%	100%	125%	150%	175%	200%

LTI Awards: As described beginning on page 19, LTI Awards are generally paid in restricted shares, but in certain circumstances may be paid as a contribution to the recipient's Executive Deferral Plan account or in cash. On August 13, 2008, the Committee elected to allow for payment under the 2009-10-11 LTI Awards only in restricted shares. The Committee determined that this change would allow us to realize significant savings in accounting expense for the LTI Awards, and that any benefits to the small number of executive officers who elected to have their LTI Awards paid other than in restricted shares did not outweigh the savings.

Pro Rated LTI Awards: The Committee granted Mr. Banks a pro rata adjustment to his LTI Awards for the fiscal year 2007-08-09 and 2008-09-10 performance periods due to his August 14, 2008 promotion from Senior Vice President and Operating Officer to Executive Vice President and Operating Officer. The Committee originally granted to Mr. Banks 10,928 target LTI Award restricted

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shares at the beginning of fiscal year 2007 and 10,500 target LTI Award restricted shares at the beginning of fiscal year 2008. Those awards were adjusted to 11,239 and 11,900 target LTI Award restricted shares, respectively.

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COMPENSATION COMMITTEE REPORT

The Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with the Corporation's management and, based on such review and discussions, the Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

Human Resources and Compensation Committee:

Wolfgang R. Schmitt, Chairman

Candy M. Obourn

Joseph M. Scaminace

Markos I. Tambakeras

Table of Contents**COMPENSATION TABLES****SUMMARY COMPENSATION TABLE FOR FISCAL YEAR 2008**

The following table sets forth compensation information for our Named Executive Officers for fiscal year 2008 and fiscal year 2007.

Name and Principal Position	Year	Salary (\$)	Stock Awards (\$)(2)	Option Awards (\$)(3)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension	Value and Nonqualified Deferred Compensa- tion Earnings	All Other Compensa- tion (\$)	Total (\$)
Donald E. Washkewicz,	2008	1,155,000(1)	4,882,896	4,836,956	2,230,069(4)		2,795,390(5)	231,758(6)	16,132,069
Chief Executive Officer, President and Chairman of the Board	2007	1,155,000	8,327,900	3,416,592	1,854,009		2,030,036	281,472	17,065,009
Timothy K. Pistell,	2008	646,000(1)	1,570,480	1,736,062	727,143(4)		1,451,974(5)	184,375(6)	6,316,034
Chief Financial Officer and Executive Vice President Finance and Administration	2007	620,000	2,484,349	954,142	582,495		1,101,530	223,044	5,965,560
Lee C. Banks,	2008	502,000(1)	891,259	896,150	514,985(4)		286,869(5)	117,133(6)	3,208,396
Executive Vice President and Operating Officer	2007	467,834	1,834,000	409,369	388,891		207,140	102,148	3,409,382
Robert P. Barker,	2008	472,000(1)	891,259	1,207,508	462,287(4)		793,134(5)	116,244(6)	3,942,432
Executive Vice President, Operating Officer and President Aerospace Group	2007	441,667	1,833,069	497,324	464,190		478,254	103,732	3,818,236
Marwan M. Kashkoush(7),	2008	462,000(1)	955,017(8)	609,198	416,666(4)		238,812(5)	187,180(6)	2,868,873
Executive Vice President Sales, Marketing and Operations Support	2008	578,625(1)	1,039,252(10)	1,535,975	649,676(4)		4,458,233(5)	124,479(6)	8,386,240
John D. Myslenski(9)									
	2007	660,000	3,366,029	1,826,121	651,820		687,641	196,002	7,387,613

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- (1) Includes the following amounts deferred under the Savings Restoration Plan for fiscal year 2008: Mr. Washkewicz \$11,550; Mr. Pistell \$6,460; Mr. Banks \$18,350; Mr. Barker \$23,300; Mr. Kashkoush \$23,100; and Mr. Myslenski \$13,367. These amounts are also reported in the Executive Contributions in Last Fiscal Year column of the Nonqualified Deferred Compensation for Fiscal Year 2008 table on page 41.
- (2) This column represents the dollar amount recognized for financial statement reporting purposes for fiscal year 2008 and fiscal year 2007 in accordance with FAS 123R for the following:
For fiscal year 2008, (i) the final adjustment to the amount reported in our fiscal year 2007 financial statements of restricted shares issued in fiscal year 2007 in payment under our 2005-06-07 Long Term Incentive Plan for all Named Executive Officers; and (ii) our 2006-07-08, 2007-08-09 and 2008-09-10 LTI Awards for all Named Executive Officers; and
For fiscal year 2007, (i) the final adjustment to the amount reported in our fiscal year 2006 financial statements of restricted shares issued in fiscal year 2006 in payment under our 2004-05-06 Long Term Incentive Plan for all Named Executive Officers except Mr. Kashkoush; and (ii) our 2005-06-07, 2006-07-08 and 2007-08-09 LTI Awards for all Named Executive Officers except Mr. Kashkoush.
This column includes amounts granted in and prior to fiscal year 2008. The amounts do not reflect whether a Named Executive Officer has actually realized a financial benefit from the awards. The amounts were calculated as follows:
 - (a) Since we are unable to calculate the final payout at the end of the performance period under an LTI Award until our financial statements are completed approximately 30 days after the end of the fiscal year, the expense reported in our financial statements is calculated by comparing

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data from the Peer Group's most recent year-end financial statements as included in their Annual Reports on Form 10-K to our rolling forecast for earnings together with data from our year-to-date financial statements at the end of May. From this data, an estimate of the payout percentage is determined. The estimated payout percentage is applied to each Named Executive Officer's target LTI Award and their awards are valued by using the closing price of our common stock on June 30. This is the amount being reported under (i) our 2006-07-08 LTI Awards for fiscal year 2008 and (ii) our 2005-06-07 LTI Awards for fiscal year 2007.

- (b) Once our financial statements for the fiscal year are final, we are able to determine our actual performance against the Peer Group. This adjusted amount is then reported in our financial statements for the following fiscal year. This is the amount being reported for the restricted shares issued under (i) our 2005-06-07 Long Term Incentive Plan for fiscal year 2008 and (ii) our 2004-05-06 Long Term Incentive Plan for fiscal year 2007.
- (c) Using historical data to track how we performed against the Peer Group for the last three performance periods, we calculated the estimated value of our 2007-08-09 and 2008-09-10 LTI Awards for fiscal year 2008 and our 2006-07-08 and 2007-08-09 LTI Awards for fiscal year 2007 assuming a payout of 150% of the target amount of the LTI Awards and using the closing price of our common stock on June 30.

Dividends are not accrued or paid on the LTI Awards until after the performance period ends and the restricted shares are issued. No restricted shares that were issued in payment of an LTI Award were forfeited by the Named Executive Officers during fiscal year 2008 and fiscal year 2007.

- (3) This column represents the dollar amount recognized for financial statement reporting purposes for fiscal year 2008 and fiscal year 2007 in accordance with FAS 123R of stock option and Stock Incentive grants under our 2003 Stock Incentive Plan and may include amounts from stock options and Stock Incentives granted in and prior to fiscal year 2008. The amounts do not reflect whether a Named Executive Officer has actually realized a financial benefit from the awards. The amounts were calculated using the Black-Scholes option pricing model with the following weighted-average assumptions:

Fiscal Year of Grant	Risk-free Interest Rate	Expected Life of Award	Expected Dividend Yield of Stock	Expected Volatility of Stock
2008	4.4%	5.5 years	1.4%	26.4%
2007	4.7%	5.7 years	1.5%	30.2%
2006	4.2%	5.9 years	1.6%	33.1%
2005	3.5%	4.2 years	1.7%	32.7%

During fiscal year 2008, Mr. Pistell forfeited 2,411 stock options. During fiscal year 2007, no stock options or Stock Incentive awards were forfeited by any of the Named Executive Officers.

- (4) Amounts consist of the following Target Incentive Bonuses, General RONA Bonuses, and Converted RONA Bonuses for fiscal year 2008, which were paid in one or more installments with the final payment in August 2008:

Target Incentive Bonus for fiscal year 2008: Mr. Washkewicz \$1,099,980; Mr. Pistell \$384,993; Mr. Banks \$219,996; Mr. Barker \$183,330; Mr. Kashkoush \$164,997; and Mr. Myslenski \$343,730.

General RONA Bonus for fiscal year 2008: Mr. Washkewicz \$1,080,156; Mr. Pistell \$302,070; Mr. Banks \$268,269; Mr. Barker \$252,237; Mr. Kashkoush \$224,949; and Mr. Myslenski \$279,226.

Converted RONA Bonus for fiscal year 2008: Mr. Washkewicz \$49,933; Mr. Pistell \$40,080; Mr. Banks \$26,720; Mr. Barker \$26,720; Mr. Kashkoush \$26,720; and Mr. Myslenski \$26,720.

- (5) Amounts consist of the change in annual actuarial present value of pension benefits for each of the Named Executive Officers, as also reported in the Pension Benefits for Fiscal Year 2008 table on page 40. None of the Named Executive Officers received above-market or preferential earnings on deferred compensation.
- (6) The following table describes each component of the All Other Compensation column in the Summary Compensation Table for fiscal year 2008:

Name	Company Contributions to	Life Insurance	Tax Gross-Ups	Perquisites	Total All Other Compensation
	Defined Contribution Plans	Premiums Paid	(a)	(b)	
Donald E. Washkewicz	\$16,900	\$133,462	\$27,614	\$53,782	\$231,758
Timothy K. Pistell	17,243	70,842	33,391	62,899(c)	184,375
Lee C. Banks	14,806	41,643	15,037	45,647	117,133
Robert P. Barker	16,605	50,705	8,623	40,311	116,244
Marwan M. Kashkoush	52,784	45,992	22,384	66,020(c)	187,180
John D. Myslenski	13,569	11,102	23,597	76,211	124,479

- (a) Represents the amounts we reimbursed for the payment of taxes with respect to one or more of the following items: (i) private club dues and initiation fees; (ii) spousal travel; and (iii) holiday gift certificate and/or promotional awards.

- (b) Reported in this column are amounts reimbursed or incurred by us with respect to one or more of the following executive perquisites: (i) private club dues and initiation fees; (ii) financial planning, tax preparation and estate planning services; (iii) home security system maintenance and monitoring

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fees; (iv) leased vehicle; (v) spousal travel; (vi) executive physicals; (vii) executive long term disability insurance premiums; (viii) vacation pay; and (ix) personal use of the corporate aircraft. In fiscal year 2008, the Human Resources and Compensation Committee permitted one flight for personal use by Donald E. Washkewicz where the corporate aircraft was not otherwise being used for business purposes. The calculation of the aggregate incremental cost of personal use of the corporate aircraft includes the variable costs incurred by us. The Named Executive Officers also use our loge, box seats or tickets to various entertainment venues. However, there is no incremental cost to us for their use of these loges, box seats and tickets. Unless otherwise indicated in note (c) to this table, no Named Executive Officer received an executive perquisite in an amount that exceeds the greater of \$25,000 or 10% of the total amount of executive perquisites received by the Named Executive Officer.

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- (c) Amounts include: (i) \$28,767 received by Mr. Pistell for spousal travel; and (ii) \$29,986 received by Mr. Kashkoush for spousal travel.
- (7) Mr. Kashkoush was not a Named Executive Officer for fiscal year 2007.
- (8) Mr. Kashkoush elected to defer \$551,660 that he earned under the 2006-07-08 LTI Award under the Performance Bonus Plan and receive it as a credit to his Executive Deferral Plan account. This amount is also reported in the Executive Contributions in Last Fiscal Year column of the Nonqualified Deferred Compensation for Fiscal Year 2008 table on page 41.
- (9) Mr. Myslenski retired as Executive Vice President of the Company effective May 2, 2008, but still qualifies as a Named Executive Officer based on his fiscal year 2008 compensation.
- (10) Pursuant to the terms of his 2006-07-08 LTI Award, Mr. Myslenski's payout of \$1,262,007 was paid in cash because he was retired at the time of payment.

Table of Contents**GRANTS OF PLAN-BASED AWARDS FOR FISCAL YEAR 2008**

The following table sets forth information with respect to non-equity and equity incentive plan awards granted to the Named Executive Officers during fiscal year 2008. The LTI Awards and Stock Incentives listed below have been granted under the 2003 Stock Incentive Plan. The information set forth in this table has been adjusted to reflect the 3-shares-for-2 stock split completed on October 1, 2007.

Name	Grant Date	Compen-	Estimated Future Payouts						All Other Option Awards: Number of Securities Underlying Options	Exercise or Base Price of Option Awards	Grant Date Fair Value of Stock and Option Awards
		sation	Under Non-Equity Incentive								
		Committee	Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards					
			Action Date (If Different than Grant Date)	Threshold	Target	Maximum	Threshold	Target			
			(\$)	(\$)	(\$)	(#)	(#)	(#)	(#)	(\$/Sh)	(\$)
Donald E. Washkewicz											
Target Incentive Bonus	9/11/2007		0	600,000	1,200,000						
General RONA Bonus	9/11/2007		0	(1)	(1)						
Converted RONA Bonus	12/7/2007		0	74,750	(1)						
LTI Award (08-09-10)	8/15/2007					0	55,500	111,000			3,381,800
Stock Incentives Timothy K. Pistell	8/15/2007								155,250	60.9334	2,725,155
Target Incentive Bonus	8/15/2007		0	210,000	420,000						
General RONA Bonus	8/15/2007		0	(1)	(1)						
Converted RONA Bonus	12/7/2007		0	60,000	(1)						
LTI Award (08-09-10)	8/15/2007					0	16,800	33,600			1,023,680
LTI Award (07-08-09)	8/15/2007					0	15,750(2)	31,500(2)			959,700
LTI Award (06-07-08)	8/15/2007					0	13,575(2)	27,150(2)			827,170
Stock Incentives	8/15/2007								48,450	60.9334	850,459
Stock Incentives(3)	4/28/2008	8/10/2005							13,497	79.2400	282,897
Stock Incentives(3)	4/28/2008	8/16/2006							8,360	79.2400	175,226
Stock Incentives(4)	10/25/2007	8/11/1999							2,829	77.9900	30,044
Stock Incentives(4)	10/25/2007	8/9/2000							2,983	77.9900	45,968

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Stock Incentives(4)	10/25/2007	8/8/2001							3,940	77.9900	64,734
Stock Incentives(4)	8/27/2007	8/13/2003							17,740	71.0534	360,724
Stock Incentives(4) Lee C. Banks	8/27/2007	8/11/2004							23,662	71.0534	481,138
Target Incentive Bonus	8/15/2007		0	120,000	240,000						
General RONA Bonus	8/15/2007		0	(1)	(1)						
Converted RONA Bonus	12/7/2007		0	40,000	(1)						
LTI Award (08-09-10)	8/15/2007					0	10,500	21,000			639,800
Stock Incentives	8/15/2007								29,700	60.9334	521,334
Stock Incentives(4)	9/20/2007	8/13/2003							7,872	76.6334	172,607
Stock Incentives(4)	9/20/2007	8/11/2004							14,173	76.6334	310,777

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Name	Grant Date	Compen-	Estimated Future Payouts						All Other Option Awards: Number of Securities Underlying Options	Exercise or Base Price of Option Awards	Grant	
		sation Committee	Under Non-Equity Incentive			Estimated Future Payouts Under Equity Incentive Plan Awards					Date Fair Value of Stock and Option Awards	
			Action Date (If Different than Grant Date)	Threshold	Target	Maximum	Threshold	Target				Maximum
Robert P. Barker												
Target Incentive Bonus	8/15/2007		0	100,000	200,000							
General RONA Bonus	8/15/2007		0	(1)	(1)							
Converted RONA Bonus	12/7/2007		0	40,000	(1)							
LTI Award (08-09-10)	8/15/2007					0	10,500	21,000			639,800	
Stock Incentives Marwan M. Kashkoush	8/15/2007								29,700	60.9334	521,334	
Target Incentive Bonus	8/15/2007		0	90,000(5)	180,000							
General RONA Bonus	8/15/2007		0	(1)	(1)							
Converted RONA Bonus	12/7/2007		0	40,000	(1)							
LTI Award (08-09-10)	12/7/2007					0	10,113	20,226			824,715	
LTI Award (07-08-09)	12/7/2007						8,843	17,686			721,147	
LTI Award (06-07-08)	12/7/2007						6,792	13,584			553,888	
Stock Incentives	8/15/2007								17,400	60.9334	305,428	
Stock Incentives(3) John D. Myslenski	5/15/2008	8/10/2005							5,889	85.1000	133,091	
Target Incentive Bonus	8/15/2007		0	225,000	450,000							
General RONA Bonus	8/15/2007		0	(1)	(1)							
Converted RONA Bonus	12/7/2007		0	60,000	(1)							
LTI Award (08-09-10)	8/15/2007					0	16,800	33,600			1,023,680	
Stock Incentives	8/15/2007								48,450	60.9334	850,459	

- (1) There are no target amounts for General RONA Bonuses and no maximum amounts for General RONA Bonuses or Converted RONA Bonuses. General RONA Bonuses and Converted RONA Bonuses are calculated as described in the Compensation Discussion and Analysis beginning on page 16.
- (2) In recognition of Mr. Pistell's increased responsibilities and corresponding increase in base salary, on August 15, 2007 the Human Resources and Compensation Committee increased Mr. Pistell's target amount of restricted shares under his 2006-07-08 LTI Award previously granted on August 29, 2005 and his 2007-08-09 LTI Award previously granted on August 16, 2006. All other terms and conditions under the original awards remain unaffected.
- (3)

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Represents reload grants of stock appreciation rights which are exercisable on the date following completion of one year of continuous full-time employment after the exercise of the underlying stock option with tandem stock appreciation right, provided, the Named Executive Officer retains ownership for one year of the shares resulting from the underlying option exercise, less shares surrendered or sold to satisfy tax obligations. Reload grants of stock appreciation rights have accelerated vesting in the event of a Change in Control as defined on page 44.

- (4) Represents reload grants of stock options which are exercisable on the date following completion of one year of continuous full-time employment after the exercise of the underlying stock option, provided, the Named Executive Officer retains ownership for one year of the shares resulting from the underlying option exercise, less shares surrendered or sold to satisfy tax obligations. Reload grants of stock options have accelerated vesting in the event of a Change in Control as defined on page 44.

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- (5) In connection with Mr. Kashkoush's promotion to Executive Vice President - Sales, Marketing and Operations Support, on December 7, 2007 the Human Resources and Compensation Committee authorized an increase in Mr. Kashkoush's (i) fiscal year 2008 Target Incentive Bonus award target amount previously granted on August 15, 2007; and (ii) the target amount of restricted shares under his 2008-09-10, 2007-08-09 and 2006-07-08 LTI Awards previously granted on August 15, 2007, August 16, 2006 and August 29, 2005, respectively. All other terms and conditions under the original awards remain unaffected.

The elements of executive compensation included in each Named Executive Officer's total compensation as reported in the Summary Compensation Table for Fiscal Year 2008 on page 30 and the compensation programs under which the grants described in the Grants of Plan-Based Awards for Fiscal Year 2008 table above were made are described in the Compensation Discussion and Analysis, beginning on page 13.

Table of Contents**OUTSTANDING EQUITY AWARDS AT JUNE 30, 2008**

The following table sets forth information with respect to option awards and stock awards held by the Named Executive Officers as of June 30, 2008. The information set forth in this table has been adjusted to reflect the 3-shares-for-2 stock split completed on October 1, 2007.

Name	Option Awards				Stock Awards			
	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested \$(1)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested
							or Other Rights That Have Not Vested	or Other Rights That Have Not Vested
							(#)	\$(1)
Donald E. Washkewicz		155,250(2)	60.9334	8/14/2017				
	6,724		64.4400	8/11/2008				
	8,716		63.2800	8/10/2009				
	33,489		63.2800	2/2/2010				
	119,881		63.2800	8/7/2011				
	52,251	104,499(3)	49.7534	8/15/2016				
	35,881		55.8000	8/8/2010				
	10,915		48.9734	8/8/2010				
	101,500	50,750(4)	43.7667	8/9/2015				
	153,750		36.2600	8/10/2014				
	175,200		31.5267	8/12/2013				
	188,100		26.5600	8/6/2012				
					57,918(5)	4,130,712		
					89,856(6)	6,408,530		
					85,824(7)	6,120,968		

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				56,712(8)	4,044,700	
						116,250(9) 8,290,950
						111,000(9) 7,916,520
Timothy K. Pistell	13,497(10)	79.2400	8/9/2015			
	8,360(10)	79.2400	8/15/2016			
	2,829(11)	77.9900	8/10/2009			
	2,983(11)	77.9900	8/8/2010			
	3,940(11)	77.9900	8/7/2011			
	17,740(12)	71.0534	8/12/2013			
	23,662(12)	71.0534	8/10/2014			
	48,450 (2)	60.9334	8/14/2017			
	26,700 (3)	49.7534	8/15/2016			
	12,249 (4)	43.7667	8/9/2015			
				13,213(5)	942,351	
				33,279(6)	2,373,458	
				31,660(7)	2,257,991	
				15,459(8)	1,102,536	
						31,500(9) 2,246,580
						33,600(9) 2,396,352
Lee C. Banks	7,872(13)	76.6334	8/12/2013			
	14,173(13)	76.6334	8/10/2014			
	29,700 (2)	60.9334	8/14/2017			
	7,246	59.9600	8/7/2011			
	9,075	18,150 (3)	49.7534	8/15/2016		
	11,295	48.1734	8/6/2012			
	17,001	8,499 (4)	43.7667	8/9/2015		
				11,160(5)	795,931	
				10,432(8)	744,010	
						21,114(9) 1,505,850
						21,000(9) 1,497,720

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Name	Option Awards				Stock Awards			Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested
	Number of Securities Underlying Unexercised Options	Number of Securities Underlying Unexercised Options	Option Exercise Price	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested	Market Value of Shares or Units of Stock That Have Not Vested	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested	
	(#)	(#)	(\$)		(#)	\$(1)	(#)	\$(1)
Robert P. Barker		29,700(2)	60.9334	8/14/2017				
	15,906		68.2734	8/10/2014				
	18,184		68.2734	8/12/2013				
	9,075	18,150(3)	49.7534	8/15/2016				
	17,001	8,499(4)	43.7667	8/9/2015				
	18,225		26.5600	8/6/2012				
	14,100		29.6134	8/7/2011				
	8,940		23.9584	8/8/2010				
	6,765		30.0000	8/10/2009				
	8,565		20.5000	1/27/2009				
					21,586(7)	1,539,514		
					10,432(8)	744,010		
							21,114(9)	1,505,850
							21,000(9)	1,497,720
Marwan M. Kashkoush		5,889(14)	85.1000	8/9/2015				
		17,400(2)	60.9334	8/14/2017				
	10,338		68.2734	8/10/2014				
	6,075	12,150(3)	49.7534	8/15/2016				
	26,461		46.5867	8/12/2013				
		5,750(4)	43.7667	8/9/2015				
	12,174		45.7800	8/6/2012				

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				15,928(5)	1,135,985		
						17,686(9)	1,261,366
						20,226(9)	1,442,518
John D. Myslenski	48,450(2)	60.9334	8/14/2017				
	15,285	62.2400	9/3/2013				
	32,568	57.4600	8/12/2013				
	17,250	34,500(3)	49.7534	8/15/2016			
	11,622	54.7000	8/7/2011				
	28,329	55.1467	8/7/2011				
	14,545	48.1734	8/6/2012				
	22,329	44.4334	8/6/2012				
	34,500	17,250(4)	43.7667	8/9/2015			
	15,796	36.1000	8/11/2008				
						19,993(9)(15)	1,425,901
						8,400(9)(15)	599,088

- (1) The market value is calculated by multiplying the closing price of our Common Stock on June 30, 2008 (\$71.32) times the number of shares.
- (2) Represents Stock Incentives granted on August 15, 2007. The grants will vest annually over a three year period from the date of grant in 1/3 increments.
- (3) Represents Stock Incentives granted on August 16, 2006. The grants will vest annually over a three year period from the date of grant in 1/3 increments.
- (4) Represents Stock Incentives granted on August 10, 2005. The grants will vest annually over a three year period from the date of grant in 1/3 increments.
- (5) Represents restricted shares issued in payment under our 2003-04-05 Long Term Incentive Plan, as amended and restated, that vested on August 10, 2008.
- (6) Represents restricted shares issued in payment under our 2004-05-06 Long Term Incentive Plan that will vest on August 16, 2009.
- (7) Represents restricted shares issued in payment under our 2005-06-07 Long Term Incentive Plan that will vest on August 15, 2010.
- (8) Represents restricted shares issued in payment under our 2006-07-08 LTI Award that will vest on August 13, 2011.
- (9) Since the payout of restricted shares under our 2005-06-07 Long Term Incentive Plan for fiscal year 2007 exceeded the target, this number has been adjusted assuming a payout of 200% of the original target award. The vesting schedule, if any, for these awards will be determined at the time of payout.
- (10) Represents reload grants of stock appreciation rights made on April 28, 2008. Assuming continued full-time employment, the grants will vest on April 28, 2009.
- (11) Represents reload grants of stock options made on October 25, 2007. Assuming continued full-time employment, the grants will vest on October 25, 2008.

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- (12) Represents reload grants of stock options made on August 27, 2007. The grants vested on August 27, 2008.
- (13) Represents reload grant of stock options made on September 20, 2007. The grants vested on September 20, 2008.
- (14) Represents reload grant of stock appreciation rights made on May 15, 2008. Assuming continued full-time employment, the grant will vest on May 15, 2009.
- (15) Due to Mr. Myslenski's retirement on May 2, 2008, this amount is the pro-rated number of shares Mr. Myslenski may receive based on the number of full calendar quarters worked during the three-year performance period under the 2007-08-09 LTI Award and the 2008-09-10 LTI Award. Pursuant to the terms of these LTI Awards, the payout will be in cash.

Table of Contents**OPTION EXERCISES AND STOCK VESTED FOR FISCAL YEAR 2008**

The following table sets forth information with respect to stock options exercised and LTI Award restricted shares vested for the Named Executive Officers during fiscal year 2008. The information set forth in this table has been adjusted to reflect the 3-shares-for-2 stock split completed on October 1, 2007.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise	Value Realized on Exercise	Number of Shares Acquired on Vesting	Value Realized on Vesting
	(#)	\$(1)	(#)	\$(2)
Donald E. Washkewicz				
Timothy K. Pistell	143,234	5,815,327		
Lee C. Banks	32,775	2,075,557		
Robert P. Barker				
Marwan M. Kashkoush	49,970	2,163,802		
John D. Myslenski	75,750	3,572,370	114,793(3)	9,410,730

- (1) Calculated by multiplying the number of shares acquired times the difference between the exercise price and closing price of our Common Stock on the exercise date.
- (2) Calculated by multiplying the number of shares acquired times the closing price of our Common Stock on the vesting date.
- (3) Beginning with the 2003-04-05 LTI Awards, the vesting date for the restricted shares issued in payment of the LTI Awards changed from June to August. Mr. Myslenski is the only Named Executive Officer whose LTI Award restricted shares vested during fiscal year 2008 because of the immediate vesting of restricted shares upon his retirement.

Table of Contents**PENSION BENEFITS FOR FISCAL YEAR 2008**

The following table sets forth the actuarial present value of the benefits accumulated by each of the Named Executive Officers under the Pension Plan, the Pension Restoration Plan and the Supplemental Retirement Program.

Name	Plan Name	Number of Years of Credited Service	Present Value of Accumulated Benefit	Payments During Last Fiscal Year
		(#)	(\$)(1)	(\$)
Donald E. Washkewicz	Pension Plan	36	569,684	0
	Pension Restoration Plan	36	7,202,772	0
	Supplemental Retirement Program	36	3,844,570	0
Timothy K. Pistell	Pension Plan	39.1	1,418,422	0
	Pension Restoration Plan	39.1	2,914,485	0
	Supplemental Retirement Program	39.1	1,119,782	0
Lee C. Banks	Pension Plan	16.6	115,710	0
	Pension Restoration Plan	16.6	300,236	0
	Supplemental Retirement Program	16.6	904,844	0
Robert P. Barker	Pension Plan	34.9	580,954	0
	Pension Restoration Plan	34.9	1,691,273	0
	Supplemental Retirement Program	34.9	1,118,955	0
Marwan M. Kashkoush	Pension Plan	26.7(2)	318,334	0
	Pension Restoration Plan	26.7(2)	336,259	0
	Supplemental Retirement Program	30.7	1,100,853	0
John D. Myslenski, retired	Pension Plan	34.9	0	1,385,243
	Pension Restoration Plan	34.9	3,340,345	0
	Supplemental Retirement Program	34.9	3,640,783	0

(1) The present value of the accumulated benefits is calculated under each plan using the following assumptions: (i) a discount rate of 6.80%; (ii) no pre-retirement decrements; and (iii) retirement at age 65.

For the Pension Plan additional assumptions include: (i) 85% males and 50% females are married; (ii) males are 3 years older than their spouses; (iii) married participants elect 50% joint and survivor; (iv) single participants elect a life annuity; and (v) the RP-2000 Combined Healthy Mortality Table for both males and females (post-retirement only) projected to 2008 using scale AA.

For the Pension Restoration Plan, using each Named Executive Officer's participant elections under the Pension Restoration Plan, additional assumptions include: (i) calculating lump sums using the PPA mortality (2008 unisex combined mortality) and (ii) a discount rate of 6.0%.

For the Supplemental Retirement Program, using each Named Executive Officer's participant elections under the Supplemental Retirement Program, additional assumptions include: (i) calculating lump sums using a life expectancy based on 80% of the 1983 Group Annuity Mortality (male rates only) and (ii) a discount rate of 5.30%.

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- (2) Mr. Kashkoush's participation and years of credited service in the Pension Plan and the Pension Restoration Plan were frozen as of June 30, 2004 as described in the Compensation Discussion and Analysis on page 23.

The Pension Plan, the Pension Restoration Plan and the Supplemental Retirement Program are described in the Compensation Discussion and Analysis, beginning on page 22.

Table of Contents**NONQUALIFIED DEFERRED COMPENSATION FOR FISCAL YEAR 2008**

The following table sets forth the contributions, earnings, withdrawals/distributions and aggregate balances for the Named Executive Officers participating in the Savings Restoration Plan and the Executive Deferral Plan during fiscal year 2008.

Name	Executive Contributions in Last Fiscal Year (\$)(1)	Registrant Contributions in Last Fiscal Year (\$)(2)	Aggregate Earnings in Last Fiscal Year (\$)	Aggregate Withdrawals / Distributions (\$)	Aggregate Balance at Last Fiscal Year End (\$)
Donald E. Washkewicz					
Savings Restoration Plan	11,550	7,900	(7,544)	0	432,930(3)
Executive Deferral Plan	0	0	(429,806)	0	3,094,448
Timothy K. Pistell					
Savings Restoration Plan	6,460	7,900	(18,465)	0	405,308(3)
Executive Deferral Plan	0	0	(105,848)	0	1,384,723
Lee C. Banks					
Savings Restoration Plan	18,350	5,772	(14,043)	0	256,726(3)
Executive Deferral Plan	0	0	(489,546)	0	3,707,039(4)
Robert P. Barker					
Savings Restoration Plan	23,300	7,580	23,228	0	397,058(3)
Executive Deferral Plan	0	0	(74,328)	0	3,060,700
Marwan M. Kashkoush					
Savings Restoration Plan	23,100	31,209	(14,173)	0	220,804
Executive Deferral Plan	551,660	0	(269,295)	0	2,015,347
John D. Myslenski					
Savings Restoration Plan	13,367	4,186	44,461	393,341(5)	107,998(3)
Executive Deferral Plan	0	0	22,068	645,216(5)	0

- (1) For each of the Named Executive Officers, amounts are included in the Salary column and referenced in footnote 1 of the Summary Compensation Table for Fiscal Year 2008 on page 30. For Mr. Kashkoush, amounts are also referenced in footnote 8 of the Summary Compensation Table for Fiscal Year 2008 on page 32.
- (2) Amounts are included along with our contributions to the Retirement Savings Plan, which is a qualified deferred compensation plan, in the Company Contributions to Defined Contribution Plans column in the All Other Compensation components table in footnote 6 to the Summary Compensation Table for Fiscal Year 2008 on page 31.
- (3) Includes the following amounts that were deferred during fiscal year 2007 under the Savings Restoration Plan: Mr. Washkewicz \$7,608; Mr. Pistell \$7,027; Mr. Banks \$22,500; Mr. Barker \$13,500; and Mr. Myslenski \$28,358.
- (4) This column includes \$1,591,940 that was deferred by Mr. Banks during fiscal year 2007 under the Executive Deferral Plan.
- (5) Mr. Myslenski received a distribution from the Savings Restoration Plan and Executive Deferral Plan as a result of his retirement.

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The Savings Restoration Plan and the Executive Deferral Plan are described in the Compensation Discussion and Analysis, beginning on page 23. The investment options under both plans are identical. During fiscal year 2008, there were up to nine investment funds that a Named Executive Officer could choose with annual rates of return for the year ended June 30, 2008 ranging from -13.88% to 7.19%. Under the plans, participants have the ability to change their investments at any time.

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POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE OF CONTROL

AT JUNE 30, 2008

Each of the Named Executive Officers, other than Mr. Myslenski, may be entitled to payments under our executive compensation program upon a termination of employment or a change in control. The events which may trigger these payments include death, long-term disability, retirement, termination for cause, termination without cause, resignation, change in control or a qualifying termination in connection with a change in control. The following narratives and tables describe the payments the Named Executive Officers may receive under the written terms of our executive compensation program plans and arrangements as in effect on June 30, 2008 for each triggering event as if the triggering event occurred on June 30, 2008. They do not take into account any reductions that may have been applied at that time based on our requirement to comply in good faith with Section 409A of the Internal Revenue Code, which did not require written amendments until December 31, 2008. As discussed on page 28 of the Compensation Discussion and Analysis, on July 21, 2008, we adopted certain amendments to our deferred compensation plans and arrangements to comply with Section 409A of the Internal Revenue Code, which relate to fiscal year 2009. The impact of these amendments is not reflected in the following tables and narratives. Payments to Mr. Myslenski, who retired as an executive officer on May 2, 2008, are described below under the caption Payments to Mr. Myslenski.

Payments Generally Available

A Named Executive Officer will generally receive the following upon termination of employment:

Base salary earned but not yet paid as of the date of termination;