FORM 10-K

Annual report pursuant to section 13 and 15(d)

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APPLIED INDUSTRIAL TECHNOLOGIES INC

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SIC: **5080** Machinery, equipment & supplies

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended June 30, 2012, or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from __________ to __________

Commission file number 1-2299

APPLIED INDUSTRIAL TECHNOLOGIES, INC.

(Exact name of registrant as specified in its charter)

Ohio	34-0117420
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1 Applied Plaza, Cleveland, Ohio 44115
(Address of principal executive offices) (Zip Code)
Registrant's telephone number, including area code: (216) 426-4000.
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, without par value	New York Stock Exchange

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☒Yes ☐ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934. ☐ Yes ☒ No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☒ Yes ☐ No

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer X	Accelerated filer __
Non-accelerated filer __	Smaller reporting company __

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter (December 31, 2011): $1,453,338,000.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Class	Outstanding at August 6, 2012
Common Stock, without par value	41,969,194

DOCUMENTS INCORPORATED BY REFERENCE

Listed hereunder are the documents, portions of which are incorporated by reference, and the Parts of this Form 10-K into which such portions are incorporated:

(1) Applied Industrial Technologies, Inc. annual report to shareholders for the fiscal year ended June 30, 2012, portions of which are incorporated by reference into Parts I, II and IV of this Form 10-K, and
(2) Applied's proxy statement for the annual meeting of shareholders to be held October 23, 2012, portions of which are incorporated by reference into Parts II, III, and IV of this Form 10-K.

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CAUTIONARY STATEMENT
UNDER PRIVATE SECURITIES LITIGATION REFORM ACT

This report, including the documents incorporated by reference, contains statements that are forward-looking, based on management's current expectations about the future. Forward-looking statements are often identified by qualifiers such as "guidance," "expect," "believe," "plan," "intend," "will," "should," "could," "would," "anticipate," "estimate," "forecast," "may," and derivative or similar words or expressions. Similarly, descriptions of our objectives, strategies, plans, or goals are also forward-looking statements. These statements may discuss, among other things, expected growth, future sales, future cash flows, future capital expenditures, future performance, and the anticipation and expectations of Applied and its management as to future occurrences and trends. Applied intends that the forward-looking statements be subject to the safe harbors established in the Private Securities Litigation Reform Act of 1995 and by the Securities and Exchange Commission in its rules, regulations, and releases.

Readers are cautioned not to place undue reliance on any forward-looking statements. All forward-looking statements are based on current expectations regarding important risk factors, many of which are outside Applied's control. Accordingly, actual results may differ materially from those expressed in the forward-looking statements. The making of those statements should not be regarded as a representation by Applied or any other person that the results expressed in the statements will be achieved. In addition, Applied assumes no obligation publicly to update or revise any forward-looking statements, whether because of new information or events, or otherwise, except as may be required by law.

Applied believes its primary risk factors include, but are not limited to, those identified in "Risk Factors" at Part I, Item 1A, and in "Narrative Description of Business," at Part I, Item 1, section (c), in this annual report on Form 10-K, as well as in "Management's Discussion and Analysis" in Applied's 2012 annual report to shareholders. PLEASE READ THOSE DISCLOSURES CAREFULLY.

PART I.

ITEM 1. BUSINESS.

In this annual report on Form 10-K, "Applied" refers to Applied Industrial Technologies, Inc., an Ohio corporation. References to "we," "us," "our," and "the company" refer to Applied and its subsidiaries.

Applied is a leading industrial distributor in North America and, since August 1, 2012, in Australia and New Zealand, supplying customers in a wide range of industries with products including bearings, power transmission components, fluid power components and systems, industrial rubber products, linear motion components, tools, safety products, and other industrial supplies. We provide engineering, design, and systems integration for industrial and fluid power applications, as well as customized mechanical, fabricated rubber, and fluid power shop services. We also offer maintenance training and inventory and storeroom management solutions.

We serve customers for both MRO (maintenance, repair, and operations) and OEM (original equipment manufacturing) product applications. We offer technical application support for our products and provide solutions to help customers minimize their production downtime, improve machine performance, and reduce overall procurement and maintenance costs.

Applied and its predecessor companies have engaged in this business since 1923. Applied reincorporated in Ohio in 1988.

Our Internet address is *www.applied.com*. The following documents are available free of charge via hyperlink from the investor relations area of our website:

- Applied's annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports, together with Section 16 insider beneficial stock ownership reports - these documents are posted as soon as reasonably practicable after they are electronically filed with, or furnished to, the Securities and Exchange Commission
- Applied's Code of Business Ethics
- Applied's Board of Directors Governance Principles and Practices
- Applied's Director Independence Standards
- Charters for the Audit, Corporate Governance, and Executive Organization & Compensation Committees of Applied's Board of Directors

The information available via hyperlink from our website is not incorporated into this annual report on Form 10-K.

(a) General Development of Business.

Information regarding developments in our business can be found in Applied's 2012 annual report to shareholders under the caption "Management's Discussion and Analysis." This information is incorporated here by reference.

(b) Financial Information about Segments.

We have identified two reportable segments, service center-based distribution and fluid power businesses.

The service center-based distribution segment provides customers with a wide range of industrial products through a network of service centers. The fluid power businesses segment consists of specialized regional companies that distribute fluid power components and operate shops to assemble fluid power systems and perform equipment repair. The fluid power businesses primarily sell products and services directly to customers rather than through the service centers.

Segment financial information can be found in the 2012 annual report to shareholders in note 12 to the consolidated financial statements. That information is incorporated here by reference.

(c) Narrative Description of Business.

Overview. Our field operating structure is built on two platforms - service center-based distribution and fluid power businesses:

- *Service Center-Based Distribution*. We distribute a wide range of industrial products through service centers across North America and, since August 1, 2012, Australia and New Zealand. Customers primarily purchase our products for scheduled maintenance of their machinery and equipment and for emergency repairs.

  In addition to the service center network, this segment includes:

  - Regional fabricated rubber shops, which modify and repair conveyor belts and make hose assemblies in accordance with customer requirements,
  - Rubber service field crews, which install and repair belts and rubber linings at customer locations, and
  - UZ Engineered Products, a distributor of industrial supplies to government and commercial customers.

  The service center-based distribution business accounts for a substantial majority of our field operations and 80% of our 2012 sales dollars. The business operates in the United States, Canada, Australia, and New Zealand using the Applied Industrial Technologies trade name. We also use the UZ Engineered Products trade name in the United States and Canada. We are known as Applied México in Mexico and Rafael Benitez Carrillo in Puerto Rico.

- *Fluid Power Businesses*. Our specialized fluid power businesses primarily market products and services to customers within the businesses' geographic regions. In the United States, the businesses also market products and services through our service center network. In addition to distributing fluid power components, the businesses assemble fluid power systems and components, perform equipment repair, and offer technical advice to customers. Customers include firms purchasing for maintenance, repair, and operational needs, as well as for original equipment manufacturing applications. Our fluid power businesses include the following:

United States		International
A&H Fluid Technologies	ESI Power Hydraulics	Atelier P.V. Hydraulique (Canada)
Air Draulics Engineering	Elect-Air	HyPower (Canada)
Air-Hydraulic Systems	Engineered Sales	Pro-Hydraulique (Canada)
Applied Engineered Systems	FluidTech	Vycmex (Mexico)
Bay Advanced Technologies	HydroAir Hughes	
Carolina Fluid Components	Kent Fluid Power	
DTS Fluid Power	Power Systems	
Dees Fluid Power	Spencer Fluid Power	

Products. We are a leading distributor of products including bearings, power transmission components, fluid power components and systems, industrial rubber products, linear motion components, tools, safety products, and other industrial supplies. Fluid power products include hydraulic, pneumatic, lubrication, and filtration components and systems.

These products are generally supplied to us by manufacturers whom we serve as a non-exclusive distributor. The suppliers also may provide us product training, as well as sales and marketing support. Authorizations to represent particular suppliers and product lines may vary by geographic region, particularly for our fluid power businesses. We believe our supplier relationships are generally good, and many have existed for decades. The disruption of relationships with certain suppliers, or the disruption of their operations, could adversely affect our business.

Our product suppliers typically confine their direct sales activities to large-volume transactions, mainly with original equipment manufacturers. The suppliers generally do not sell maintenance and repair products directly to the customer, but instead refer the customer to us or another distributor. There is no assurance this practice will continue and its discontinuance could adversely affect our business.

Net sales by product category for the most recent three fiscal years is detailed in the 2012 annual report to shareholders in note 12 to the consolidated financial statements. That information is incorporated here by reference.

Services. Our associates advise and assist customers in selecting and applying products, and in managing inventory. We consider this advice and assistance to be an integral part of our sales efforts. Beyond logistical distribution services, we offer product and process solutions involving multiple technologies. These solutions help customers minimize production downtime, improve machine performance, and reduce overall procurement and maintenance costs. By providing high levels of service, product and industry expertise, and technical support, while at the same time offering product breadth and competitive pricing, we believe we develop stronger, longer-lasting, and more profitable customer relationships.

Our service center sales associates include customer sales and service representatives and account managers, as well as product and industry specialists. Customer sales and service representatives receive, process, and expedite customer orders, provide product information, and assist account managers in serving customers. Account managers make on-site calls to current and potential customers to provide product information, identify customer requirements, make recommendations, and assist in implementing equipment maintenance and storeroom management programs, as well as automated supplies dispensing systems. Account managers also measure and document the value of the cost savings and increased productivity we help generate. Product and industry specialists assist with applications in their areas of expertise.

We maintain product inventory levels at each service center tailored to the local market. These inventories consist of standard items as well as other items specific to local customer demand. Distribution centers replenish service center inventories and also may ship products directly to customers. Having product in stock helps us satisfy customers' immediate needs.

Timely delivery of products is an integral part of our service, particularly when customers require products for emergency repairs. Service centers and distribution centers use the most effective method of transportation available to meet customer needs. These methods include our own delivery vehicles, dedicated third-party transportation providers, as well as surface and air common carrier and courier services. Customers can also pick up items at our service centers.

Our information systems enhance our customer service. Customers turn to our website at *www.applied.com* to search for products in a comprehensive electronic catalog, research product attributes, view prices, check inventory levels, place orders, and track order status. We also transact with customers through electronic data interchange (EDI) and interface with customers' technology platforms and plant maintenance systems.

In addition to our electronic capabilities, we serve customers with our paper catalog, a comprehensive resource for industrial products.

We supplement the service center product offering with our MaintenancePro® fee-based technical training seminars. These courses provide customer personnel with information on maintenance, troubleshooting, component application, and failure analysis in the areas of hydraulics and pneumatics, lubrication, bearings, and power transmission.

In addition to distributing products, we offer shop services in select geographic areas. Our fabricated rubber shops modify and repair conveyor belts and provide hose assemblies (also available at select service centers and distribution centers) in accordance with customer requirements. Field crews install and repair belts and rubber lining, primarily at customer locations. Among the other services we offer, either performed by us directly or by third party providers, are the rebuilding or assembly of speed reducers, pumps, valves, cylinders, and electric and hydraulic motors, and custom machining.

Our specialized fluid power businesses generally operate independently of the service centers, but as product distributors, share the same focus on customer service. Product and application recommendations, inventory availability, and delivery speed are all important to the businesses' success.

The fluid power businesses distinguish themselves from most component distributors by offering engineering, design, system fabrication, installation, and repair services. Our capabilities extend to the following specialties: fluid power system integration; manifold design, machining, and assembly; and the integration of hydraulics with electronics for complete machine design. These services can represent a significant portion of the overall value provided to customers.

Each business has account managers with technical knowledge, who handle sophisticated projects, including original equipment manufacturing applications. The businesses also provide technical support to our service centers and their customers.

Markets. We purchase from over 2,000 product manufacturers and resell the products to thousands of customers in a wide variety of industries, including agriculture and food processing, automotive, chemical processing, forest products, industrial machinery and equipment, mining, primary metals, transportation, and utilities, as well as to government entities. Customers range from very large businesses, with which we may have multiple-location relationships, to very small ones. We are not significantly dependent on a single customer or group of customers, the loss of which would have a material adverse effect on our business as a whole, and no single customer accounts for more than 4% of our net sales.

Competition. We consider our business to be highly competitive. In addition, our markets present few economic or technological barriers to entry, contributing to a high fragmentation of market share. Longstanding supplier and customer relationships, geographic coverage, name recognition, and our associates' knowledge and experience do, however, support our competitive position. Competition is based generally on breadth and quality of product and service offerings, product availability, price, ease of product selection and ordering, online capability, catalogs, and having a local presence. In the fluid power businesses, product manufacturer authorizations are often more selective and can be a more significant competitive factor, along with market reputation and product application knowledge.

Our principal competitors are other bearing, power transmission, industrial rubber, fluid power, linear motion, tools, and safety product distributors, and, to a lesser extent, distributors of other industrial supplies and catalog companies. These competitors include local, regional, national, and multinational operations. We also compete with original equipment manufacturers and their distributors in the sale of maintenance and replacement components. Some competitors have greater financial resources than we do. The identity and number of our competitors vary throughout the geographic and product markets we serve.

Although we are one of the leading distributors in North America, Australia, and New Zealand for the primary categories of products we provide in those areas, our market share for those products in any given geographic area may be relatively small compared to the portion of the market served by original equipment manufacturers and other distributors.

Backlog Orders and Seasonality. Because of our product resources and distribution network, backlog orders are not material to our business as a whole, although they are a more important factor for our fluid power businesses. Our business has exhibited minor seasonality - in particular, sales per day during the first half of our fiscal year have tended in the past to be slightly lower compared with the second half due, in part, to the impact of customer plant shutdowns and holidays.

Patents, Trademarks, Trade Names, and Licenses. Customer recognition of our service marks and trade names, including Applied Industrial Technologies®, Applied®, and AIT®, is an important contributing factor to our sales. Patents and licenses are not of material importance to our business.

Raw Materials and General Business Conditions. Our operations are dependent on general industrial and economic conditions. We would be adversely affected by the unavailability of raw materials to our suppliers, prolonged labor disputes experienced by suppliers or customers, or by any recession or depression that has an adverse effect on industrial activity generally in the markets we serve or on key customer industries.

Number of Employees. At June 30, 2012, we had 4,664 employees.

Working Capital. Our working capital position is discussed in “Management's Discussion and Analysis” in the 2012 annual report to shareholders.

We require substantial working capital related to accounts receivable and inventories. Significant amounts of inventory are carried to meet customers' delivery requirements. We generally require payments for sales on account within 30 days. Returns are not considered to have a material effect on our working capital requirements. We believe these practices are generally consistent among companies in our industry.

Environmental Laws. We believe that compliance with laws regulating the discharge of materials into the environment or otherwise relating to environmental protection will not have a material adverse effect on our capital expenditures, earnings, or competitive position.

(d) Financial Information about Geographic Areas.

Information regarding our foreign operations, including information about revenues and long-lived assets, is included in the 2012 annual report to shareholders in note 12 to the consolidated financial statements and in “Quantitative and Qualitative Disclosures about Market Risk.” That information is incorporated here by reference.

ITEM 1A. RISK FACTORS.

In addition to other information set forth in this report, you should carefully consider the following factors that could materially affect our business, financial condition, or results of operations. The risks described below are not the only risks facing our company. Certain risks are identified in “Management's Discussion and Analysis” in Applied's 2012 annual report to shareholders and that information is incorporated here by reference. Additional risks not currently known to us, risks that could apply broadly to issuers, or risks that we currently deem immaterial, may also impact our business and operations.

Our business depends heavily on the operating levels of our customers and the economic factors that affect them. Many of the primary markets for the products and services we sell are subject to cyclical fluctuations that affect demand for goods and materials that our customers produce. Consequently, demand for our products and services has been and will continue to be influenced by most of the same economic factors that affect demand for and production of customers' goods and materials.

When customers or prospective customers reduce production levels because of lower demand or tight credit conditions, their need for our products and services diminishes. Selling prices and terms of sale come under pressure, adversely affecting the profitability and the durability of customer relationships, and credit losses increase too. Volatile economic and credit conditions also make it more difficult for distributors, as well as customers and suppliers, to forecast and plan future business activities.

In addition, our industry confronts a longer-term secular trend of manufacturing customers moving production to lower-cost countries to reduce costs. Our ability to continue to serve such customers may be impaired and the size of our overall opportunity in the markets we serve could be adversely affected.

Consolidation occurring in our customers' and suppliers' industries could adversely affect our business and financial results. In recent years, we have witnessed increased consolidation among our product suppliers and customers. As customer industries consolidate, a greater proportion of our sales could be derived from higher volume contracts, which could adversely impact the amount and volatility of our earnings. Consolidation among customers can trigger changes in their purchasing strategies, potentially moving large blocks of business among competing industrial distributors and contributing to volatility in our sales and pressure on prices. In addition, consolidation increases the risk of larger customers seeking to purchase industrial products directly from manufacturers rather than through distributors. Similarly, continued consolidation among our suppliers could reduce our ability to negotiate favorable pricing and other commercial terms for our inventory purchases.

Loss of key supplier authorizations, lack of product availability, or changes in supplier distribution programs could adversely affect our sales and earnings. Our business depends on maintaining an immediately available supply of various products to meet customer demand. Many of our relationships with key product suppliers are longstanding, but are terminable by either party. The loss of key supplier authorizations, or a substantial decrease in the availability of their products, could put us at a competitive disadvantage and have a material adverse effect on our business. Supply interruptions could arise from raw materials shortages, inadequate manufacturing capacity or utilization to meet demand, financial problems, labor disputes or weather conditions affecting suppliers' production, transportation disruptions, or other reasons beyond our control.

In addition, as a distributor, we face the risk of key product suppliers changing their relationships with distributors generally, or Applied in particular, in a manner that adversely impacts us. For example, key suppliers could change any of the following: the prices we must pay for their products relative to other distributors or relative to competing products; the geographic or product line breadth of distributor authorizations; supplier purchasing incentive or other support programs; or product purchase or stocking expectations.

An increase in competition could decrease sales or earnings. We operate in a highly competitive industry. Our competitors include local, regional, national, and multinational distributors of industrial machinery parts, equipment, and supplies. Competition is largely focused in the local service area and is generally based on product line breadth, product availability, service capabilities, and price. Some existing competitors have, and potential market entrants may have, greater financial or other resources than we do, or broader product or service offerings. If existing or future competitors seek to gain or to retain market share by reducing prices, we may need to lower our prices for products or services, thereby adversely affecting financial results.

The purchasing incentives we earn from product suppliers can be impacted if we reduce our purchases in response to declining customer demand. Certain of our product suppliers have historically offered to their distributors, including us, incentives for purchasing their products. In addition to market or customer account-specific incentives, certain suppliers pay incentives to the distributor for attaining specific purchase volumes during the program period. In some cases, in order to earn incentives, we must achieve year-over-year growth in purchases with the supplier. When demand for our products declines, we may be less willing to add inventory to take advantage of certain incentive programs, thereby potentially adversely impacting our profitability.

Our ability to transact business is highly reliant on our information systems. We face additional risks in this regard as we implement a new integrated information technology platform for our business. We depend on information systems to process customer orders, manage inventory and accounts receivable collections, purchase products, manage accounts payable processes, ship products to customers on a timely basis, maintain cost-effective operations, provide superior service to customers, and accumulate financial results. A serious, prolonged disruption of our information systems or breach in security could materially impair fundamental business processes and increase expenses, decrease sales, or otherwise reduce earnings.

In 2010 we announced our plans to replace multiple legacy applications with an SAP software platform, to enhance our business information and transaction systems to support future growth. The implementation is occurring over several years in planned phases, primarily based on geographic region; in fiscal 2012 our operations in western Canada converted to SAP. The process is technically intensive, requiring design, testing, modifications, training, and project coordination. Despite extensive planning, we could experience significant disruptions in our business operations related to the implementation because of the project's complexity. Disruptions could result in material adverse consequences, including delays, loss of information, damage to our ability to process transactions, harm to our control environment, diminished employee productivity, and unanticipated increases in costs. Further, our ability to achieve anticipated operational benefits from the new platform is not assured.

Volatility in product and energy costs can affect our profitability. In recent years, cost increases in commodity resources, such as steel and energy, led product manufacturers to increase the prices of products we distribute. In addition, a portion of our own distribution costs is comprised of fuel for our sales and delivery vehicles, freight, and utility expenses for our facilities. All of these costs have fluctuated significantly in recent years. Our ability to pass along to customers the increases in our costs depends on market conditions. Raising our prices could result in decreased sales volume, which could significantly reduce our profitability. When costs fall, market prices can fall too, again potentially affecting profitability.

Future acquisitions are a key component of our anticipated growth. We may not be able to identify or to complete future acquisitions, to integrate them effectively into our operations, or to realize their anticipated benefits. Many industries we serve are mature. As a result, acquisitions of other businesses have been important to our growth in recent years. While we wish to continue to acquire businesses, we may not be able to identify and to negotiate suitable acquisitions, to obtain financing for them on satisfactory terms, or otherwise to complete acquisitions. In addition, existing or future competitors may increasingly seek to compete with us for acquisitions, which could have the effect of increasing the price and reducing the number of suitable opportunities.

We seek acquisition opportunities that complement and expand our operations. However, substantial costs, delays, or other difficulties related to integrating acquisitions into our operations could adversely affect our business or financial results. We could face significant challenges in consolidating functions and integrating procedures, information systems, personnel, and operations in a timely and efficient manner.

Further, even if we successfully integrate the acquisitions with our operations, we may not be able to realize the cost savings, sales increases, or other benefits that we anticipate from these acquisitions, either as to amount or in the time frame we expect. Our ability to realize anticipated benefits may be affected by a number of factors, including the following: our ability to reduce duplicative expenses and inventory effectively, and to consolidate facilities; the incurrence of significant integration costs or charges in order to achieve those benefits; and our ability to retain key product supplier authorizations, customer relationships, and employees. In addition, future acquisitions could place significant demand on administrative, operational, and financial resources.

Tight credit markets could impact our ability to obtain financing on reasonable terms or increase the cost of future financing. Although the credit market turmoil of several years ago did not have a significant adverse impact on our liquidity or borrowing costs, the availability of funds tightened and credit spreads on corporate debt increased. If credit market volatility were to return, then obtaining additional or replacement financing could be more difficult and the cost of issuing new debt or replacing a credit facility could be higher than under our current facilities. Tight credit conditions could limit our ability to finance acquisitions on terms acceptable to us. For more information relating to borrowing and interest rates, see the following sections of Applied's 2012 annual report to shareholders: the “Liquidity and Capital Resources” section of “Management's Discussion and Analysis,” “Quantitative and Qualitative Disclosures about Market Risk,” and note 5 to the consolidated financial statements.

Our growth outside the United States increases our exposure to global economic and political conditions. Foreign operations contributed 15% of our sales in 2012 and we have since acquired operations in Australia and New Zealand. If we continue to grow outside the U.S., the risks associated with exposure to more volatile economic conditions, political instability, cultural and legal differences in conducting business, and currency fluctuations will increase.

Our business depends on our ability to retain and to attract qualified sales and customer service personnel and other skilled professionals. There are significant costs associated with recruiting, training, and developing skilled employees. With respect to sales and customer service positions, we greatly benefit from having employees who are familiar with the products we sell and their applications, as well as with our customer and supplier relationships. We could be adversely affected by a shortage of available skilled workers or the loss of a significant number of our sales and customer service or other professionals, including through retirement as the workforce ages.

An interruption of operations at our headquarters or distribution centers could adversely impact our business. Our business depends on maintaining operations at our headquarters and distribution centers. A serious, prolonged interruption due to power outage, telecommunications outage, terrorist attack, earthquake, hurricane, fire, flood or other natural disaster, or other interruption could have a material adverse effect on our business and financial results.

We are subject to litigation risk due to the nature of our business, which may have a material adverse effect on our business. From time to time, we are involved in lawsuits or other legal proceedings that arise from business transactions. These may, for example, relate to product liability claims, commercial disputes, personal injuries, or employment matters. In addition, we could face claims over other matters, such as claims arising from our status as a government contractor or corporate or securities law matters. The defense and ultimate outcome of lawsuits or other legal proceedings may result in higher operating expenses, which could have a material adverse effect on our business, financial condition, or results of operations.

In addition to the risks identified above, other risks to our future performance include, but are not limited to, the following:

- changes in customer preferences for products and services of the nature, brands, quality, or cost sold by Applied;
- changes in customer procurement policies and practices;
- changes in the market prices for products and services relative to the costs of providing them;
- changes in operating expenses;
- organizational changes within the company;
- adverse regulation and legislation, both enacted and under consideration, including with respect to health care and federal tax policy (e.g., affecting the use of the LIFO inventory accounting method and the taxation of foreign-sourced income);
- the variability and timing of new business opportunities including acquisitions, alliances, customer relationships, and supplier authorizations;
- the incurrence of debt and contingent liabilities in connection with acquisitions;
- volatility of our stock price and the resulting impact on our consolidated financial statements; and
- changes in accounting policies and practices that could impact our financial reporting and increase compliance costs.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

Not applicable.

ITEM 2. PROPERTIES.

We believe having a local presence is important to serving our customers, so we maintain service centers and other operations in local markets throughout the countries in which we operate. At June 30, 2012, we owned real properties at 129 locations and leased 317 locations. Certain properties house more than one operation.

The following were our principal owned real properties (each of which has more than 30,000 square feet of floor space) at June 30, 2012.

Location of Principal Owned Real Property	Type of Facility
Atlanta, Georgia	Distribution center and service center
Florence, Kentucky	Distribution center
Carlisle, Pennsylvania	Distribution center
Fort Worth, Texas	Distribution center and rubber shop

Our principal leased real properties (each of which has more than 30,000 square feet of floor space) at June 30, 2012 were:

Location of Principal Leased Real Property	Type of Facility
Cleveland, Ohio	Corporate headquarters
Fontana, California	Distribution center, rubber shop, fluid power shop and service center
Newark, California	Fluid power shop
Denver, Colorado	Rubber shop and service center
Lenexa, Kansas	Fluid power shop
Chanhassen, Minnesota	Fluid power shop
Billings, Montana	Fluid power shop
Cleveland, Ohio	Offices and warehouse
Elyria, Ohio	Product return center and service center
Portland, Oregon	Distribution center
Kent, Washington	Offices, fluid power shop, and service center
Longview, Washington	Service center, rubber shop and fluid power shop
Appleton, Wisconsin	Offices, service center, and rubber shop
Edmonton, Alberta	Service center
Winnipeg, Manitoba	Distribution center and service center

The properties in Newark, Lenexa, Chanhassen, and Billings are used in our fluid power businesses segment. The Fontana, Kent, and Longview properties are used in operations both in the service center-based distribution segment and the fluid power businesses segment. The remaining properties are used in the service center-based distribution segment.

We consider our properties generally sufficient to meet our requirements for office space and inventory stocking. A service center's size is primarily influenced by the amount of inventory the service center requires to meet customers' needs.

In recent years, when opening new operations, we have tended to lease rather than purchase real property. We do not consider any of our service center, distribution center, or shop properties to be material, because we believe that, if it becomes necessary or desirable to relocate an operation, other suitable property could be found.

In addition to operating locations, we own or lease certain properties which in the aggregate are not material and are either for sale, lease, or sublease to third parties due to a relocation or closing. We also may lease or sublease to others unused portions of buildings.

Additional information regarding our properties is included in the 2012 annual report to shareholders in note 11 to the consolidated financial statements. That information is incorporated here by reference.

ITEM 3. LEGAL PROCEEDINGS.

Applied and/or one of its subsidiaries is a party to pending legal proceedings with respect to product liability, commercial, personal injury, and other matters. Although it is not possible to predict the outcome of these proceedings or the range of reasonably possible loss, we believe, based on circumstances currently known, that the likelihood is remote that the ultimate resolution of any of these proceedings will have, either individually or in the aggregate, a material adverse effect on Applied's consolidated financial position, results of operations, or cash flows.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

EXECUTIVE OFFICERS OF THE REGISTRANT.

Applied's executive officers are elected by the Board of Directors for a term of one year, or until their successors are chosen and qualified, at the Board's organizational meeting held following the annual meeting of shareholders. The following is a list of the executive officers and a description of their business experience during the past five years. Except as otherwise stated, the positions and offices indicated are with Applied, and the persons were elected to their current positions on October 25, 2011:

Name	Positions and Experience	Age
Neil A. Schrimsher	Chief Executive Officer since October 2011. From February 2010 to August 2011, Mr. Schrimsher was Executive Vice President of Cooper Industries plc (NYSE: CBE), a global electrical products manufacturer, where he led Cooper's Electrical Products Group and headed numerous domestic and international growth initiatives. He was also President of Cooper Lighting, Inc. throughout the period from 2006 to December 2010.	48
Benjamin J. Mondics	President & Chief Operating Officer since January 2008; previously served as Executive Vice President & Chief Operating Officer	54
Thomas E. Armold	Vice President-Marketing and Strategic Accounts since February 2008; previously served as Vice President-Product Management and Marketing	57
Todd A. Barlett	Vice President-Acquisitions and Global Business Development	57
Fred D. Bauer	Vice President-General Counsel & Secretary	46

Michael L. Coticchia	Vice President-Chief Human Resources Officer since July 2012; previously served as Vice President-Chief Administrative Officer and prior to October 2010 was Vice President-Chief Administrative Officer and Government Business	49
Mark O. Eisele	Vice President-Chief Financial Officer & Treasurer	55

PART II.

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Applied's common stock, without par value, is listed for trading on the New York Stock Exchange with the ticker symbol “AIT.” Information concerning the principal market for Applied's common stock, the quarterly stock prices and dividends for the fiscal years ended June 30, 2012, 2011, and 2010 and the number of shareholders of record as of August 6, 2012 is set forth in the 2012 annual report to shareholders, under the captions “Quarterly Operating Results” and “Quarterly Volume and Price Information,” and that information is incorporated here by reference.

The following table summarizes Applied's repurchases of its common stock in the quarter ended June 30, 2012.

Period	(a) Total Number of Shares (1)	(b) Average Price Paid per Share ($)	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (2)
April 1, 2012 to April 30, 2012	--	--	--	1,475,900
May 1, 2012 to May 31, 2012	110,500	36.95	110,500	1,365,400
June 1, 2012 to June 30, 2012	222,600	35.77	222,600	1,142,800
Total	333,100	36.16	333,100	1,142,800

(1) During the quarter ended June 30, 2012, Applied purchased 86 shares in connection with an employee deferred compensation program. This purchase is not counted in the authorization in note (2).

(2) On October 25, 2011, the Board of Directors authorized the purchase of up to 1.5 million shares of Applied's common stock. We publicly announced the authorization that day. Purchases can be made in the open market or in privately negotiated transactions. The authorization is in effect until all shares are purchased, or the Board revokes or amends the authorization.

ITEM 6. SELECTED FINANCIAL DATA.

The summary of selected financial data for the last five years is set forth in Exhibit 13 to this Form 10-K under the caption “5 Year Summary.” That information is incorporated here by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

“Management's Discussion and Analysis” is set forth in the 2012 annual report to shareholders and is incorporated here by reference.

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ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

The disclosures about market risk required by this item are set forth in Applied's 2012 annual report to shareholders, which information is incorporated here by reference. For more information relating to borrowing and interest rates, see the "Liquidity and Capital Resources" section of "Management's Discussion and Analysis" and note 5 to the consolidated financial statements in Applied's 2012 annual report to shareholders. That information is also incorporated here by reference. In addition, see "Risk Factors," above, for additional risk factors relating to our business.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The following consolidated financial statements and supplementary data of Applied and its subsidiaries and the reports of the independent registered public accounting firm listed below, which are included in the 2012 annual report to shareholders at the pages indicated, are incorporated here by reference and filed with this report:

	Page No.
Financial Statements:	
• Statements of Consolidated Income for the Years Ended June 30, 2012, 2011, and 2010	14
• Statements of Consolidated Comprehensive Income for the Years Ended June 30, 2012, 2011, and 2010	15
• Consolidated Balance Sheets at June 30, 2012 and 2011	16
• Statements of Consolidated Cash Flows for the Years Ended June 30, 2012, 2011, and 2010	17
• Statements of Consolidated Shareholders' Equity For the Years Ended June 30, 2012, 2011, and 2010	18
• Notes to Consolidated Financial Statements for the Years Ended June 30, 2012, 2011, and 2010	19-37
Reports of Independent Registered Public Accounting Firm	38
Supplementary Data:	
• Quarterly Operating Results	41

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES.

Applied's management, under the supervision and with the participation of the chief executive officer and the chief financial officer, has evaluated the effectiveness of Applied's disclosure controls and procedures, as defined in

Rule 13a-15(e) of the Exchange Act, as of the end of the period covered by this report. Based on that evaluation, management has concluded that the disclosure controls and procedures are effective.

Management's annual report on Applied's internal control over financial reporting and the attestation report of the independent registered public accounting firm are set forth in the 2012 annual report to shareholders and are incorporated here by reference.

Management has not identified any change in internal control over financial reporting occurring during the fourth quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION.

Not applicable.

PART III.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

The information required by this Item as to Applied's directors is incorporated by reference to Applied's proxy statement relating to the annual meeting of shareholders to be held October 23, 2012, under the caption “Item 1 - Election of Directors.” The information required by this Item as to Applied's executive officers has been furnished in this report in Part I, after Item 4, under the caption “Executive Officers of the Registrant.”

The information required by this Item regarding compliance with Section 16(a) of the Securities Exchange Act of 1934 is incorporated by reference to Applied's proxy statement, under the caption “Section 16(a) Beneficial Ownership Reporting Compliance.”

Applied has a code of ethics, named the Code of Business Ethics, that applies to our employees, including our chief executive officer, chief operating officer, chief financial officer, and corporate controller. The Code of Business Ethics is posted via hyperlink at the investor relations area of our *www.applied.com* website. In addition, amendments to and waivers from the Code of Business Ethics will be disclosed promptly at the same location.

Information regarding the composition of Applied's audit committee and the identification of audit committee financial experts serving on the audit committee is incorporated by reference to Applied's proxy statement, under the caption “Corporate Governance.”

ITEM 11. EXECUTIVE COMPENSATION.

The information required by this Item is incorporated by reference to Applied's proxy statement for the annual meeting of shareholders to be held October 23, 2012, under the captions “Executive Compensation” and “Compensation Committee Report.”

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

Applied's shareholders have approved the following equity compensation plans: the 1997 Long-Term Performance Plan, the 2007 Long-Term Performance Plan, the 2011 Long-Term Performance Plan, the Deferred Compensation Plan, and the Deferred Compensation Plan for Non-Employee Directors. All of these plans are currently in effect.

The following table shows information regarding the number of shares of Applied common stock that may be issued pursuant to equity compensation plans or arrangements of Applied as of June 30, 2012.

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Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans
Equity compensation plans approved by security holders	1,228,085	$ 24.68	*
Equity compensation plans not approved by security holders	0	--	0
Total	1,228,085	$ 24.68	*

* The 2011 Long-Term Performance Plan was adopted to replace the 2007 Long-Term Performance Plan, and the 2007 Long-Term Performance Plan replaced the 1997 Long-Term Performance Plan. Stock options and stock appreciation rights remain outstanding under each of the 1997 and 2007 plans, but no new awards are made under those plans. The aggregate number of shares that remained available for awards under the 2011 Long-Term Performance Plan at June 30, 2012, was 1,958,851. The number of shares issuable under the Deferred Compensation Plan for Non-Employee Directors and the Deferred Compensation Plan depends on the dollar amount of participant contributions deemed invested in Applied common stock.

Information concerning the security ownership of certain beneficial owners and management is incorporated by reference to Applied's proxy statement for the annual meeting of shareholders to be held October 23, 2012, under the caption “Holdings of Major Shareholders, Officers, and Directors.”

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

The information required by this Item is incorporated by reference to Applied's proxy statement for the annual meeting of shareholders to be held October 23, 2012, under the caption “Corporate Governance.”

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

The information required by this Item is incorporated by reference to Applied's proxy statement for the annual meeting of shareholders to be held October 23, 2012, under the caption “Item 3 - Ratification of Auditors.”

PART IV.

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a)1. Financial Statements.

The following consolidated financial statements, notes thereto, the reports of independent registered public accounting firm, and supplemental data are included in the 2012 annual report to shareholders, and are incorporated by reference in Item 8 of this report:

- Statements of Consolidated Income for the Years Ended June 30, 2012, 2011, and 2010
- Statements of Consolidated Comprehensive Income for the Years Ended June 30, 2012, 2011, and 2010
- Consolidated Balance Sheets at June 30, 2012 and 2011
- Statements of Consolidated Cash Flows for the Years Ended June 30, 2012, 2011, and 2010
- Statements of Consolidated Shareholders' Equity For the Years Ended June 30, 2012, 2011, and 2010
- Notes to Consolidated Financial Statements for the Years Ended June 30, 2012, 2011, and 2010
- Reports of Independent Registered Public Accounting Firm
- Supplementary Data:
    - Quarterly Operating Results

(a)2. Financial Statement Schedule.

The following report and schedule are included in this Part IV, and are found in this report at the pages indicated:

	Page No.
• Report of Independent Registered Public Accounting Firm	25
• Schedule II - Valuation and Qualifying Accounts	26

All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission have been omitted because they are not required under the related instructions, are not applicable, or the required information is included in the consolidated financial statements and notes thereto.

(a)3. Exhibits.

* Asterisk indicates an executive compensation plan or arrangement.

Exhibit No.	Description
3.1	Amended and Restated Articles of Incorporation of Applied Industrial Technologies, Inc., as amended on October 25, 2005 (filed as Exhibit 3(a) to Applied's Form 10-Q for the quarter ended December 31, 2005, SEC File No. 1-2299, and incorporated here by reference).

3.2 Code of Regulations of Applied Industrial Technologies, Inc., as amended on October 19, 1999 (filed as Exhibit 3(b) to Applied's Form 10-Q for the quarter ended September 30, 1999, SEC File No. 1-2299, and incorporated here by reference).

4.1	Certificate of Merger of Bearings, Inc. (Ohio) and Bearings, Inc. (Delaware) filed with the Ohio Secretary of State on October 18, 1988, including an Agreement and Plan of Reorganization dated September 6, 1988 (filed as Exhibit 4(a) to Applied's Registration Statement on Form S-4 filed May 23, 1997, Registration No. 333-27801, and incorporated here by reference).
4.2	Private Shelf Agreement dated as of November 27, 1996, between Applied and Prudential Investment Management, Inc. (assignee of The Prudential Insurance Company of America), conformed to show all amendments (filed as Exhibit 4.2 to Applied's Form 10-Q for the quarter ended March 31, 2010, SEC File No. 1-2299, and incorporated here by reference).
4.3	Credit Agreement dated as of May 15, 2012, among Applied Industrial Technologies, Inc., KeyBank National Association as Agent, and various financial institutions (filed as Exhibit 4 to Applied's Form 8-K dated May 17, 2012, SEC File No. 1-2299, and incorporated here by reference).
*10.1	A written description of Applied's director compensation program is incorporated by reference to Applied's proxy statement for the annual meeting of shareholders to be held October 23, 2012 under the caption "Director Compensation."
*10.2	Deferred Compensation Plan for Non-Employee Directors (September 1, 2003 Restatement), the terms of which govern benefits vested as of December 31, 2004, for certain directors (filed as Exhibit 10(c) to Applied's Form 10-K for the year ended June 30, 2003, SEC File No. 1-2299, and incorporated here by reference).
*10.3	Deferred Compensation Plan for Non-Employee Directors (Post-2004 Terms) (filed as Exhibit 10.2 to Applied's Form 10-Q for the quarter ended December 31, 2008, SEC File No. 1-2299, and incorporated here by reference).
*10.4	Form of Director and Officer Indemnification Agreement entered into between Applied and each of its directors and executive officers (filed as Exhibit 10(g) to Applied's Registration Statement on Form S-4 filed May 23, 1997, Registration No. 333-27801, and incorporated here by reference).
*10.5	A written description of Applied's Life and Accidental Death and Dismemberment Insurance for executive officers (filed as Exhibit 10(d) to Applied's Form 10-K for the year ended June 30, 2007, SEC File No. 1-2299, and incorporated here by reference).
*10.6	A written description of Applied's Long-Term Disability Insurance for executive officers (filed as Exhibit 10(c) to Applied's Form 10-Q for the quarter ended December 31, 1997, SEC File No. 1-2299, and incorporated here by reference).
*10.7	Form of Change in Control Agreement between Applied and each of its executive officers, except for Neil A. Schrimsher (filed as Exhibit 99.1 to Applied's Form 8-K dated April 25, 2008, SEC File No. 1-2299, and incorporated here by reference).
*10.8	Key Executive Restoration Plan for Applied's executive officers and list of participants (filed as Exhibit 10.2 to Applied's Form 8-K dated December 22, 2011, SEC File No. 1-2299, and incorporated here by reference).
*10.9	Supplemental Executive Retirement Benefits Plan (Restated Post-2004 Terms) in which all executive officers, except for Neil A. Schrimsher, participate (filed as Exhibit 10.1 to Applied's Form 10-Q for the quarter ended December 31, 2008, SEC File No. 1-2299, and incorporated here by reference).

*10.10	First Amendment to the Applied Industrial Technologies, Inc. Supplemental Executive Retirement Benefits Plan (Restated Post-2004 Terms) (filed as Exhibit 10.1 to Applied's Form 8-K dated December 22, 2011, SEC File No. 1-2299, and incorporated here by reference).
*10.11	Deferred Compensation Plan (September 1, 2003 Restatement), the terms of which govern benefits vested as of December 31, 2004, for Mark O. Eisele (filed as Exhibit 10(h) to Applied's Form 10-K for the year ended June 30, 2003, SEC File No. 1-2299, and incorporated here by reference).

*10.12	First Amendment to Deferred Compensation Plan (September 1, 2003 Restatement) (filed as Exhibit 10 to Applied's Form 10-Q for the quarter ended December 31, 2003, SEC File No. 1-2299, and incorporated here by reference).
*10.13	Deferred Compensation Plan (Post-2004 Terms) (filed as Exhibit 10.3 to Applied's Form 10-Q for the quarter ended December 31, 2008, SEC File No. 1-2299, and incorporated here by reference).
*10.14	1997 Long-Term Performance Plan, as amended April 19, 2007 (filed as Exhibit 10(k) to Applied's Form 10-K for the year ended June 30, 2007, SEC File No. 1-2299, and incorporated here by reference).
*10.15	Section 409A Amendment to the 1997 Long-Term Performance Plan (filed as Exhibit 10.4 to Applied's Form 10-Q for the quarter ended December 31, 2008, SEC File No. 1-2299, and incorporated here by reference).
*10.16	2007 Long-Term Performance Plan (filed as Exhibit 10 to Applied's Form 8-K dated October 23, 2007, SEC File No. 1-2299, and incorporated here by reference).
*10.17	Section 409A Amendment to the 2007 Long-Term Performance Plan (filed as Exhibit 10.5 to Applied's Form 10-Q for the quarter ended December 31, 2008, SEC File No. 1-2299, and incorporated here by reference).
*10.18	2011 Long-Term Performance Plan (filed as Appendix to Applied's proxy statement for the annual meeting of shareholders held on October 25, 2011, SEC File No. 1-2299, and incorporated here by reference).
*10.19	Supplemental Defined Contribution Plan (January 1, 1997 Restatement) the terms of which govern benefits vested as of December 31, 2004, for certain executive officers (filed as Exhibit 10(m) to Applied's Registration Statement on Form S-4 filed May 23, 1997, Registration No. 333-27801, and incorporated here by reference).
*10.20	First Amendment to Supplemental Defined Contribution Plan effective as of October 1, 2000 (filed as Exhibit 10(a) to Applied's Form 10-Q for the quarter ended September 30, 2000, SEC File No. 1-2299, and incorporated here by reference).
*10.21	Second Amendment to Supplemental Defined Contribution Plan effective as of January 16, 2001 (filed as Exhibit 10(a) to Applied's Form 10-Q for the quarter ended March 31, 2001, SEC File No. 1-2299, and incorporated here by reference).
*10.22	Supplemental Defined Contribution Plan (Post-2004 Terms) (filed as Exhibit 10.6 to Applied's Form 10-Q for the quarter ended December 31, 2008, SEC File No. 1-2299, and incorporated here by reference).
*10.23	Non-Statutory Stock Option Award Terms and Conditions (Directors) (filed as Exhibit 10 to Applied's Form 8-K dated November 30, 2005, SEC File No. 1-2299, and incorporated here by reference).
*10.24	Restricted Stock Award Terms and Conditions (Directors) (filed as Exhibit 10.1 to Applied's Form 10-Q for the quarter ended March 31, 2012, SEC File No. 1-2299, and incorporated here by reference).

*10.25	Stock Appreciation Rights Award Terms and Conditions (Officers) (August 2011 revision) (filed as Exhibit 10.03 to Applied's Form 8-K dated August 12, 2011, SEC File No. 1-2299, and incorporated here by reference).
*10.26	Performance Shares Terms and Conditions (filed as Exhibit 10.05 to Applied's Form 8-K dated August 12, 2011, SEC File No. 1-2299, and incorporated here by reference).
*10.27	Restricted Stock Units Terms and Conditions (filed as Exhibit 10.04 to Applied's Form 8-K dated August 12, 2011, SEC File No. 1-2299, and incorporated here by reference).
*10.28	Management Incentive Plan General Terms (filed as Exhibit 10.01 to Applied's Form 8-K dated August 12, 2011, SEC File No. 1-2299, and incorporated here by reference).

*10.29	Executive Management Incentive Plan General Terms (filed as Exhibit 10.02 to Applied's Form 8-K dated August 12, 2011, SEC File No. 1-2299, and incorporated here by reference).
*10.30	Offer of Employment dated October 14, 2011 for Neil A. Schrimsher (filed as Exhibit 10.1 to Applied's Form 8-K dated October 17, 2011, SEC File No. 1-2299, and incorporated here by reference).
*10.31	General Terms for Annual Incentive Plan for Neil A. Schrimsher (filed as Exhibit 10.1 to Applied's Form 8-K dated October 31, 2011, SEC File No. 1-2299, and incorporated here by reference).
*10.32	Severance Agreement for Neil A. Schrimsher (filed as Exhibit 10.2 to Applied's Form 8-K dated October 31, 2011, SEC File No. 1-2299, and incorporated here by reference).
*10.33	Change in Control Agreement for Neil A. Schrimsher (filed as Exhibit 10.3 to Applied's Form 8-K dated October 31, 2011, SEC File No. 1-2299, and incorporated here by reference).
*10.34	Terms and Conditions for Inducement Restricted Units Award for Neil A. Schrimsher (filed as Exhibit 10.4 to Applied's Form 8-K dated October 31, 2011, SEC File No. 1-2299, and incorporated here by reference).
*10.35	Terms and Conditions for Inducement Stock Appreciation Rights Award for Neil A. Schrimsher (filed as Exhibit 10.5 to Applied's Form 8-K dated October 31, 2011, SEC File No. 1-2299, and incorporated here by reference).
*10.36	Non-qualified Deferred Compensation Agreement between Applied and J. Michael Moore effective as of December 31, 1997 (filed as Exhibit 10(a) to Applied's Form 10-Q for the quarter ended March 31, 1998, SEC File No. 1-2299, and incorporated here by reference).
10.37	Lease dated as of March 1, 1996 between Applied and the Cleveland-Cuyahoga County Port Authority (filed as Exhibit 10(n) to Applied's Registration Statement on Form S-4 filed May 23, 1997, Registration No. 333-27801, and incorporated here by reference).
13	Applied's 2012 annual report to shareholders (not deemed “filed” as part of this Form 10-K except for those portions that are expressly incorporated by reference).
21	Applied's subsidiaries at June 30, 2012.
23	Consent of Independent Registered Public Accounting Firm.
24	Powers of attorney.
31	Rule 13a-14(a)/15d-14(a) certifications.
32	Section 1350 certifications.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Scheme Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document

101.PRE XBRL Taxonomy Extension Presentation Linkbase Document

Applied will furnish a copy of any exhibit described above and not contained herein upon payment of a specified reasonable fee, which shall be limited to Applied's reasonable expenses in furnishing the exhibit.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Applied Industrial Technologies, Inc.
Cleveland, Ohio

We have audited the consolidated financial statements of Applied Industrial Technologies, Inc. and subsidiaries (the “Company”) as of June 30, 2012 and 2011, and for each of the three years in the period ended June 30, 2012, and the Company's internal control over financial reporting as of June 30, 2012, and have issued our reports thereon dated August 15, 2012; such consolidated financial statements and reports are included in the 2012 Annual Report to Shareholders and are incorporated herein by reference. Our audits also included the consolidated financial statement schedule of the Company listed in Item 15. This consolidated financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such consolidated financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

/s/ Deloitte & Touche LLP

Cleveland, Ohio
August 15, 2012

APPLIED INDUSTRIAL TECHNOLOGIES, INC. & SUBSIDIARIES
SCHEDULE II
VALUATION AND QUALIFYING ACCOUNTS
YEARS ENDED JUNE 30, 2012, 2011 AND 2010

(in thousands)

COLUMN A	COLUMN B	COLUMN C		COLUMN D	COLUMN E
DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	ADDITIONS CHARGED TO COSTS AND EXPENSES	ADDITIONS (DEDUCTIONS) CHARGED TO OTHER ACCOUNTS	DEDUCTIONS FROM RESERVE	BALANCE AT END OF PERIOD
YEAR ENDED JUNE 30, 2012:					
Reserve deducted from assets to which it applies — accounts receivable allowances	$ 7,016	$ 3,915	$ 122 (A)	$ 2,721 (B)	$ 8,332
YEAR ENDED JUNE 30, 2011:					
Reserve deducted from assets to which it applies — accounts receivable allowances	$ 6,379	$ 2,029	$ 111 (A)	$ 1,503 (B)	$ 7,016
YEAR ENDED JUNE 30, 2010:					
Reserve deducted from assets to which it applies — accounts receivable allowances	$ 6,464	$ 2,508	$ (95) (A)	$ 2,498 (B)	$ 6,379

(A) Amounts represent reserves for the return of merchandise by customers.

(B) Amounts represent uncollectible accounts charged off.

SIGNATURES

Pursuant to the requirements of Section 13 of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

APPLIED INDUSTRIAL TECHNOLOGIES, INC.

/s/ Neil A. Schrimsher	/s/ Benjamin J. Mondics
Neil A. Schrimsher Chief Executive Officer	Benjamin J. Mondics President & Chief Operating Officer
/s/ Mark O. Eisele	/s/ Daniel T. Brezovec
Mark O. Eisele Vice President-Chief Financial Officer & Treasurer	Daniel T. Brezovec Corporate Controller (Principal Accounting Officer)

Date: August 15, 2012

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

*	*
William G. Bares, Director	Thomas A. Commes, Director
*	*
Peter A. Dorsman, Director	L. Thomas Hiltz, Director
*	*
Edith Kelly-Green, Director	Dan P. Komnenovich, Director
*	*
John F. Meier, Director and Chairman	J. Michael Moore, Director
	/s/ Neil A. Schrimsher
Vincent K. Petrella, Director	Neil A. Schrimsher, Chief Executive Officer and Director
*	*
Dr. Jerry Sue Thornton, Director	Peter C. Wallace, Director

/s/ Fred D. Bauer

Fred D. Bauer, as attorney in fact
for persons indicated by "*"

Date: August 15, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS
<u>OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>

Exhibit 13

OVERVIEW

With more than 4,600 associates across North America, Applied Industrial Technologies ("Applied," the "Company," "We," "Us" or "Our") is a leading industrial distributor serving MRO and OEM customers in virtually every industry. In addition, Applied provides engineering, design and systems integration for industrial and fluid power applications, as well as customized mechanical, fabricated rubber and fluid power shop services. Applied also offers maintenance training and inventory management solutions that provide added value to its customers. We have a long tradition of growth dating back to 1923, the year our business was founded in Cleveland, Ohio. At June 30, 2012, business was conducted in the United States, Canada, Mexico and Puerto Rico from 476 facilities.

When reviewing the discussion and analysis set forth below, please note that the majority of SKUs we sell in any given year were not sold in the prior year, resulting in the inability to quantify certain commonly used comparative metrics analyzing sales, such as changes in product mix and volume.

Our fiscal 2012 sales were $2.4 billion, an increase of $162.6 million or 7.3% compared to the prior year. Net sales from acquired businesses added $16.6 million or 0.7% to the current year. Gross margin of 27.6% compares to 27.7% in the prior year. Our operating margin increased to 7.1% compared to the prior year's 6.8%. Our earnings per share was $2.54 versus $2.24 in fiscal year 2011, an increase of 13.4%.

Our consolidated balance sheet remains strong. Shareholders' equity is $672.1 million, up from $633.6 million at June 30, 2011. Working capital increased $31.4 million from June 30, 2011 to $435.6 million at June 30, 2012. Our current ratio remains strong at 2.9 to 1, consistent with the June 30, 2011 level.

Applied monitors several economic indices that have been key indicators for industrial economic activity in the United States. These include the Industrial Production and Manufacturing Capacity Utilization (MCU) indices published by the Federal Reserve Board and the Purchasing Managers Index (PMI) published by the Institute for Supply Management (ISM). Historically, our performance correlates well with the MCU, which measures productivity and calculates a ratio of actual manufacturing output versus potential full capacity output. When manufacturing plants are running at a high rate of capacity, they tend to wear out machinery and require replacement parts. Our sales tend to lag the MCU by up to six months.

Industrial production increased 0.4% in June after having declined 0.2% in May. In the manufacturing sector, outputs advanced 0.7% in June, reversing a decline of 0.7% in May and increased at an annual rate of 1.4% in the second quarter. In June, capacity utilization for manufacturing moved up 0.4% to 77.7%, a rate 13.9 percentage points above its trough in June of 2009 and was still 1.1 percentage points below its long-run average. The ISM PMI registered 49.7 in June, the first time this indicator dropped below 50 (its expansionary threshold) since July 2009. We remain optimistic about the U.S. industrial economy for our fiscal 2013.

YEAR ENDED JUNE 30, 2012 vs. 2011

The following table is included to aid in review of Applied's statements of consolidated income.

	Year Ended June 30, As a % of Net Sales		Change in $'s Versus Prior Period
	2012	2011	% Increase
Net Sales	100.0%	100.0%	7.3%
Gross Profit	27.6%	27.7%	6.7%
Selling, Distribution & Administrative	20.5%	20.9%	5.1%
Operating Income	7.1%	6.8%	11.7%
Net Income	4.6%	4.4%	12.4%

Net sales in fiscal 2012 were $2.4 billion, which was $162.6 million or 7.3% above the prior year, driven by improvements in the industrial economy as well as a continued focus on profitable sales growth. Incremental net sales from companies acquired since the prior year period contributed $16.6 million or 0.7%. Currency translation decreased fiscal year sales by approximately $1.8 million or 0.1%. In local currency, net sales from our Canadian operations were up 12.2% from fiscal 2011, including 2.8% from acquisitions. In local currency, net sales from our Mexican operations were up 25.9%. The number of selling days in fiscal 2012 was the same as in fiscal 2011.

Net sales of our Service Center Based Distribution segment increased $133.8 million, or 7.6%, compared to fiscal year 2011 led by improvements in the industrial economy, as well as a continued focus on profitable sales growth, with acquisitions adding $16.6 million or 0.9%. Net sales of our Fluid Power Businesses segment increased $28.8 million or 6.5%, also driven by improvements in the industrial economy as well as a continued focus on profitable sales growth.

The sales product mix for fiscal 2012 was 70.8% industrial products and 29.2% fluid power products compared to 70.5% industrial and 29.5% fluid power in the prior year.

At June 30, 2012, we had a total of 476 operating facilities in the U.S., Canada and Mexico versus 474 at June 30, 2011.

Our gross profit margin was 27.6% in fiscal 2012 versus 27.7% in fiscal 2011. Positive impacts as a result of higher supplier purchasing incentives offset the impact of lower LIFO layer liquidation benefits recognized in the current year ($3.4 million of LIFO layer liquidation benefits in fiscal 2012 versus $12.3 million in fiscal 2011).

Selling, distribution and administrative expenses (SD&A) consist of associate compensation, benefits and other expenses associated with selling, purchasing, warehousing, supply chain management, and providing marketing and distribution of the Company's products, as well as costs associated with a variety of administrative functions such as human resources, information technology, treasury, accounting, legal, and facility related expenses. SD&A increased $23.7 million or 5.1% during fiscal 2012 compared to the prior year, and as a percent of sales decreased to 20.5% from 20.9% in fiscal 2011. Enterprise Resource Planning (ERP) project cash expenses were $18.3 million ($9.8 million above the prior year period). SD&A of businesses acquired since the prior year period added $5.6 million. Effective December 31, 2011, the Executive Organization and Compensation Committee of the Board of Directors froze participant benefits (credited service and final average earnings) and entry into the Supplemental Executive Retirement Benefits Plan (SERP) which constituted a plan curtailment. As a result, we recognized $3.1 million in prior service costs upon curtailment of the plan in the second quarter of fiscal 2012. We also incurred one-time expenses associated with our CEO transition of $1.4 million in fiscal 2012. The translation impact of our foreign subsidiaries into U.S. dollars had an unfavorable impact of $0.5 million on SD&A in the year.

Operating income increased 11.7% to $168.4 million during fiscal 2012 from $150.8 million during 2011. As a percent of sales, operating income increased to 7.1% in the current year from 6.8% in 2011. The $17.6 million increase in operating income during fiscal 2012 primarily reflects higher sales levels and the impact of leverage on increased sales as we kept our SD&A to 20.5% of sales in 2012 versus 20.9% in fiscal 2011.

Operating income as a percentage of sales for the Service Center Based Distribution segment increased to 7.1% in fiscal 2012 from 6.5% in fiscal 2011, this increase is attributable to improved gross profit margins (representing 0.4% of the improvement) and higher sales levels without a commensurate increase in SD&A (representing 0.2% of the improvement).

The Fluid Power Businesses segment operating income decreased slightly to 9.2% in fiscal 2012 from 9.5% in fiscal 2011. This reduction is attributable to lower net gross profit margins primarily from one vertical market within one of our Fluid Power Businesses (representing 0.5% of the reduction). Lower SD&A expenses as a percent of sales helped offset the reduction in gross profit. Management continues to seek opportunities to take advantage of economies of scale to improve the SD&A expenses in this segment.

Interest expense, net, decreased $1.7 million during fiscal 2012 compared with the prior year. We repaid all of our outstanding debt in fiscal 2011 which lowered interest expense.

Other expense (income), net, represents certain non-operating items of income and expense. This was $1.6 million of expense in fiscal 2012 compared to income of $3.8 million of income in fiscal 2011. Current year expense primarily consists of foreign currency transaction losses of $1.6 million. Fiscal 2011 included $2.0 million of unrealized gains on investments held by non-qualified deferred compensation trusts and recognition of a $1.7 million gain from death benefits received under two life insurance policies.

Income tax expense as a percent of income before taxes was 34.8% for fiscal 2012 and 36.7% for fiscal 2011. The impact of lower effective tax rates and higher income in foreign jurisdictions favorably reduced our rate when compared to the U.S. federal statutory rate by 1.8%. Further reducing our rate compared to the U.S. federal statutory rate is a permanent dividend deduction benefit of 0.5%. These reductions compared to the U.S. federal rate were offset by the impact of state and local taxes which increased the rate by 2.5%.

In fiscal 2011, the impact of lower effective tax rates and higher income in foreign jurisdictions favorably reduced our rate when compared to the U.S. federal statutory rate by 1.0%. Further reducing our rate compared to the U.S. federal statutory rate is a permanent dividend deduction benefit of 0.5%. These reductions compared to the U.S. federal rate were offset by the impact of state and local taxes and by provision made for U.S. income tax on a portion of undistributed earnings not considered permanently reinvested in our Canadian subsidiaries which increased the rate by 2.8% and 1.8%, respectively.

We expect our income tax rate for fiscal 2013 to be in the range of 34.0% to 35.0%.

As a result of the factors addressed above, net income for fiscal 2012 increased $12.0 million or 12.4% from the prior year. Net income per share increased at a slightly higher rate of 13.4% due to stock repurchases in fiscal 2012.

The number of Company associates was 4,664 at June 30, 2012 and 4,640 at June 30, 2011.

YEAR ENDED JUNE 30, 2011 vs. 2010

The following table is included to aid in review of Applied's statements of consolidated income.

	Year Ended June 30, As a % of Net Sales		Change in $'s Versus Prior Period
	2011	2010	% Increase
Net Sales	100.0%	100.0%	16.9%
Gross Profit	27.7%	27.2%	18.9%
Selling, Distribution & Administrative	20.9%	21.4%	14.0%
Operating Income	6.8%	5.8%	37.0%
Net Income	4.4%	3.5%	46.8%

Net sales in fiscal 2011 were $2.2 billion, which was $319.6 million or 16.9% above the prior year driven by improvements in the industrial economy. Incremental net sales from companies acquired in fiscal 2011 contributed approximately $40.8 million or 1.8%. Currency translation increased fiscal year 2012 sales by approximately $16.3 million or 0.7%. In local currency, net sales from our Canadian operations were up 23.1% from fiscal 2010, including 8.4% from acquisitions. In local currency, net sales from our Mexican operations were up 17.9%. The number of selling days in fiscal 2011 was the same as in fiscal 2010.

Net sales of our Service Center Based Distribution segment increased $234.3 million, or 15.2%, compared to fiscal year 2010 led by improvements in the industrial economy, with acquisitions adding $40.8 million or 2.7%. Net sales of our Fluid Power Businesses segment increased $85.4 million or 23.9%, driven by improvements in the industrial economy.

The sales product mix for fiscal 2011 was 70.5% industrial products and 29.5% fluid power products compared to 71.7% industrial and 28.3% fluid power in the prior year.

At June 30, 2011, we had a total of 474 operating facilities in the U.S., Canada and Mexico versus 455 at June 30, 2010. The increase in operating facilities represented 11 new locations due to acquisitions, the opening of 2 new locations, the impact of redefining certain shop operations which added 11 locations, and the merger of 5 locations with other locations.

Our gross profit margin increased to 27.7% in fiscal 2011 from 27.2% in fiscal 2010. LIFO benefits had a negative 1.0% impact on gross profit margin in fiscal 2011 versus fiscal 2010. LIFO benefits recorded during fiscal year 2011 totaled $5.3 million which provided an overall benefit in our gross profit percent of 0.2%. This compares to a LIFO benefit of $23.5 million in fiscal 2010 which added 1.2% to gross profit. Our focused efforts on selling products at a higher gross profit margin led to an approximate 0.9% improvement in gross profit margins. Other positive impacts on margins were an increase of approximately 0.4% from businesses acquired during the fiscal year and an increase of approximately 0.2% due to lower scrap expense.

SD&A increased $56.7 million or 14.0% during fiscal 2011 compared to fiscal year 2010, and as a percent of sales decreased to 20.9% from 21.4% in fiscal 2010. Associate compensation and benefits, including amounts tied to financial performance, increased $27.4 million. Acquisitions added $18.4 million of SD&A compared to fiscal year 2010, including additional amortization expense of $1.4 million. Incremental expenses associated with the development of a new ERP platform totaled $8.6 million. Foreign currency translation had an unfavorable impact of $3.1 million in fiscal 2011.

Operating income increased 37.0% to $150.8 million during fiscal 2011 from $110.1 million during 2010. As a percent of sales, operating income increased to 6.8% in fiscal 2011 from 5.8% in 2010. The $40.7 million increase in operating income during fiscal 2011 primarily reflects higher sales levels, improved gross profit margins and the impact of leverage on increased sales as we kept our SD&A to 20.9% of sales in 2011 versus 21.4% in fiscal 2010.

Operating income as a percentage of sales for the Service Center Based Distribution segment increased to 6.5% in fiscal 2011 from 5.0% in fiscal 2010, this increase is attributed to higher sales levels without a commensurate increase in SD&A (representing 0.9% of the improvement) and improved gross profit margins (representing 0.6% of the improvement).

The Fluid Power Businesses segment operating income increased to 9.5% in fiscal 2011 from 7.5% in fiscal 2010, attributed to higher sales levels without a commensurate increase in SD&A (representing 1.5% of the improvement) and improved gross profit margins (representing 0.5% of the improvement).

Interest expense, net, decreased $3.8 million during fiscal 2011 compared with the prior year. We repaid all of our outstanding debt in fiscal 2011 which lowered interest expense.

Other expense (income), net, was $3.8 million of income in fiscal 2011 compared to income of $0.4 million in fiscal 2010. Fiscal 2011 included $2.0 million of unrealized gains on investments held by non-qualified deferred compensation trusts and recognition of a $1.7 million gain from death benefits received under two life insurance policies.

Income tax expense as a percent of income before taxes was 36.7% for fiscal 2011 and 37.2% for fiscal 2010. The net decrease in the effective tax rate reflects higher income levels earned in fiscal 2011 in foreign jurisdictions which have a lower overall statutory rate than the U.S. as well as the reversal of a valuation allowance no longer necessary. These factors were offset somewhat by provision made for U.S. income tax on a portion of undistributed earnings not considered permanently reinvested in our Canadian subsidiaries.

As a result of the factors addressed above, net income for fiscal 2011 increased $30.9 million or 46.8% from fiscal year 2010. Net income per share increased at a comparable rate.

The number of Company associates was 4,640 at June 30, 2011 and 4,468 at June 30, 2010. The net associate increase year-over-year was attributable primarily to acquisitions (net increase of 239 associates), partially offset by headcount reductions in pre-existing operations.

LIQUIDITY AND CAPITAL RESOURCES

Our primary source of capital is cash flow from operations, supplemented as necessary by bank borrowings or other sources of debt. At June 30, 2012 and June 30, 2011, we had no outstanding borrowings. Management expects that our existing cash, cash equivalents, funds available under the revolving credit facility, cash provided from operations, and the use of operating leases will be sufficient to finance normal working capital needs in each of the countries we operate in, payment of dividends, acquisitions, investments in properties, facilities and equipment, and the purchase of additional Company common stock. Management also believes that additional long-term debt and line of credit financing could be obtained based on the Company's credit standing and financial strength.

The Company's working capital at June 30, 2012 was $435.6 million compared to $404.2 million at June 30, 2011. The current ratio was 2.9 to 1 at June 30, 2012 and at June 30, 2011.

The Executive Organization and Compensation Committee of the Board of Directors froze participant benefits (credited service and final average earnings) and entry into the SERP effective December 31, 2011. This action constituted a plan curtailment, resulting in a reduction of postemployment benefits of $8.9 million and deferred tax assets of $3.4 million in the consolidated balance sheet.

Net Cash Flows

The following table is included to aid in review of Applied's statements of consolidated cash flows; all amounts are in thousands.

	Year Ended June 30,		
Net Cash Provided by (Used in):	**2012**	2011	2010
Operating Activities	**$ 90,422**	$ 76,842	$ 184,324
Investing Activities	**(39,434)**	(47,887)	(6,784)
Financing Activities	**(60,816)**	(116,523)	(30,514)
Exchange Rate Effect	**(2,822)**	2,883	1,109
(Decrease) Increase in Cash and Cash Equivalents	**$ (12,650)**	$ (84,685)	$ 148,135

In the last two fiscal years, and typical during periods of sales expansion, a portion of cash generated from operations is invested in working capital, particularly receivables and inventory. The most significant factor in the spike in 2010 operating cash flows related to the fiscal 2010 inventory management program which by June 30, 2010 had resulted in a $101.4 million reduction in U.S. bearing and drives products inventory amounts from the June 30, 2009 levels.

Net cash used in investing activities in fiscal 2012 included $26.0 million for capital expenditures and $14.7 million for acquisitions. Capital expenditures included $16.7 million related to the ERP project. In fiscal 2011, net cash used in investing activities included $30.5 million for acquisitions and $20.4 million for capital expenditures ($12.5 million related to the ERP project). Net cash used by investing activities was primarily used for capital expenditures in fiscal 2010. Capital expenditures consist primarily of information technology equipment and building improvements.

Net cash used in financing activities in fiscal 2012 included $33.8 million for dividend payments and $31.0 million to repurchase 997,200 shares of treasury stock. These uses were partially offset by $3.7 million of excess tax benefits from share-based compensation. In fiscal 2011, we repaid $50.0 million under our revolving credit facility, $25.0 million under our private placement debt and $12.8 million related to the associated cross-currency swaps. Additionally, we paid dividends of $29.8 million and repurchased 189,600 shares of treasury stock for $6.1 million. In fiscal 2010, financing activities included dividends of $25.4 million, repayment of a net $5.0 million on our revolving credit facility, and $3.9 million to repurchase 159,900 shares of treasury stock. The increase in dividends over the last three fiscal years is the result of increases in our dividend payout rates. We paid dividends of $0.80, $0.70 and $0.60 per share in fiscal 2012, 2011 and 2010, respectively.

Capital Expenditures

We expect capital expenditures for fiscal 2013 to be in the $13.0 million to $14.0 million range, consisting of capital associated with additional information technology equipment and infrastructure investments. Depreciation for fiscal 2013 is expected to be in the range of $12.5 million to $13.5 million.

Share Repurchases

The Board of Directors has authorized the repurchase of shares of the Company's stock. These purchases may be made in open market and negotiated transactions, from time to time, depending upon market conditions. At June 30, 2012, we had authorization to purchase an additional 1,142,800 shares.

In fiscal 2012, 2011 and 2010, we repurchased 997,200, 189,600 and 159,900 shares of the Company's common stock, respectively, at an average price per share of $31.12, $32.09 and $24.57, respectively.

Borrowing Arrangements

The Company has a five-year committed revolving credit agreement that expires in May 2017. This agreement provides for unsecured borrowings of up to $150.0 million. We had no borrowings outstanding under our revolving credit agreements at June 30, 2012 or June 30, 2011. Unused lines under this facility, net of outstanding letters of credit, totaled $143.1 million and were available to fund future acquisitions or other capital and operating requirements. Borrowings under this agreement would be at variable interest rates tied to either LIBOR, prime, or the bank's cost of funds.

We also have an uncommitted long-term financing shelf facility which expires in February 2013 and enables us to borrow up to $100.0 million with terms of up to fifteen years. We had no outstanding borrowings under this facility at June 30, 2012 or June 30, 2011.

The revolving credit facility and uncommitted shelf facility contain restrictive covenants regarding liquidity, net worth, financial ratios, and other covenants. At June 30, 2012, the most restrictive of these covenants required that the Company have consolidated income before interest, taxes, depreciation and amortization at least equal to 300% of net interest expense. At June 30, 2012, the Company was in compliance with all covenants and expects to remain in compliance during the terms of the agreements.

Accounts Receivable Analysis

The following table is included to aid in analysis of accounts receivable and the associated provision for losses on accounts receivable (amounts in thousands):

June 30,	2012	2011
Accounts receivable, gross	**$ 315,375**	$ 297,767
Allowance for doubtful accounts	**8,332**	7,016
Accounts receivable, net	**$ 307,043**	$ 290,751
Allowance for doubtful accounts, % of gross receivables	**2.6%**	2.4%

Year Ended June 30,	2012	2011
Provision for losses on accounts receivable	**$ 3,915**	$ 2,029
Provision as a % of net sales	**0.16%**	0.09%

Accounts receivable are reported at net realizable value and consist of trade receivables from customers. Management monitors accounts receivable by reviewing Days Sales Outstanding (DSO) and the aging of receivables for each of the Company's locations.

On a consolidated basis, DSO was 45.2 at June 30, 2012 versus 44.2 at June 30, 2011. Accounts receivable increased 5.6% this year, compared to a 7.3% increase in sales in the twelve months ended June 30, 2012. We primarily attribute the increase in DSO to higher sales to large contract accounts.

Less than 3% of our accounts receivable balances are more than 90 days past due. On an overall basis, our provision for losses from uncollected receivables represents 0.16% of our sales in the year ended June 30, 2012. Historically, this percentage is around 0.15%. Management believes the overall receivables aging and provision for losses on uncollected receivables are at reasonable levels.

Inventory Analysis

Inventories are valued at the lower of cost or market, using the last-in, first-out (LIFO) method for U.S. inventories and the average cost method for foreign inventories. Management uses an inventory turnover ratio to monitor and evaluate inventory. Management calculates this ratio on an annual as well as a quarterly basis and uses inventory valued at current costs. The annualized inventory turnover (using current costs) for the period ended June 30, 2012 was 4.6 versus 4.7 at June 30, 2011. We believe our inventory turnover ratio in fiscal 2013 will remain similar to the fiscal 2012 levels.

CONTRACTUAL OBLIGATIONS

The following table shows the approximate value of the Company's contractual obligations and other commitments to make future payments as of June 30, 2012 (in thousands):

	Total	Period Less Than 1 yr	Period 1-3 yrs	Period 4-5 yrs	Period Over 5 yrs	Other
Operating leases	$ 81,600	$ 23,500	$ 32,300	$ 14,700	$ 11,100	
Planned funding of post-retirement obligations	45,100	6,300	11,500	6,100	21,200	
Unrecognized income tax benefit liabilities, including interest and penalties	1,970					$ 1,970
Total Contractual Cash Obligations	$ 128,670	$ 29,800	$ 43,800	$ 20,800	$ 32,300	$ 1,970

Purchase orders for inventory and other goods and services are not included in our estimates as we are unable to aggregate the amount of such purchase orders that represent enforceable and legally binding agreements specifying all significant terms. The previous table includes the gross liability for unrecognized income tax benefits including interest and penalties in the “Other” column as the Company is unable to make a reasonable estimate regarding the timing of cash settlements with the respective taxing authorities.

SUBSEQUENT EVENT

On August 1, 2012, the Company acquired SKF's company-owned distribution businesses in Australia and New Zealand for cash consideration. These businesses will expand Applied's global capabilities and are part of the Service Center Based Distribution segment. The Company funded the acquisition from its available cash and existing revolving credit facilities. Results of operations acquired will be included in the Company's results of operations from the date of closing.

CRITICAL ACCOUNTING POLICIES

The preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the United States of America requires management to make judgments, assumptions and estimates at a specific point in time that affect the amounts reported in the consolidated financial statements and disclosed in the accompanying notes.

The Business and Accounting Policies note to the consolidated financial statements describes the significant accounting policies and methods used in preparation of the consolidated financial statements. Estimates are used for, but not limited to, determining the net carrying value of trade accounts receivable, inventories, recording self-insurance liabilities and other accrued liabilities. Actual results could differ from these estimates. The following critical accounting policies are impacted significantly by judgments, assumptions and estimates used in the preparation of the consolidated financial statements.

LIFO Inventory Valuation and Methodology

Inventories are valued at the lower of cost or market, using the last-in, first-out (LIFO) method for U.S. inventories, and the average cost method for foreign inventories. We adopted the link chain dollar value LIFO method for accounting for U.S. inventories in fiscal 1974. Approximately 37% of our domestic inventory dollars relate to LIFO layers added in the 1970s. The excess of current cost over LIFO cost is $144.8 million as reflected in our consolidated balance sheet at June 30, 2012. The Company maintains five LIFO pools based on the following product groupings: bearings, power transmission products, rubber products, fluid power products and other products.

LIFO layers and/or liquidations are determined consistently year-to-year. See the Inventories note to the consolidated financial statements for further information.

Allowances for Slow-Moving and Obsolete Inventories

We evaluate the recoverability of our slow-moving or obsolete inventories at least quarterly. We estimate the recoverable cost of such inventory by product type while considering factors such as its age, historic and current demand trends, the physical condition of the inventory, as well as assumptions regarding future demand. Our ability to recover our cost for slow moving or obsolete inventory can be affected by such factors as general market conditions, future customer demand and relationships with suppliers. Most of the products we hold in inventory have long shelf lives, are not highly susceptible to obsolescence and are eligible for return under various supplier return programs.

Allowances for Doubtful Accounts

We evaluate the collectibility of trade accounts receivable based on a combination of factors. Initially, we estimate an allowance for doubtful accounts as a percentage of net sales based on historical bad debt experience. This initial estimate is adjusted based on recent trends of certain customers and industries estimated to be a greater credit risk, trends within the

entire customer pool and changes in the overall aging of accounts receivable. While we have a large customer base that is geographically dispersed, a general economic downturn in any of the industry segments in which we operate could result in higher than expected defaults, and therefore, the need to revise estimates for bad debts. Accounts are written off against the allowance when it becomes evident collection will not occur.

As of June 30, 2012 and 2011, our allowance for doubtful accounts was 2.6% and 2.4% of gross receivables, respectively. Our provision for losses on accounts receivable was \$3.9 million, \$2.0 million and \$2.5 million in fiscal 2012, 2011 and 2010, respectively.

Goodwill and Intangibles

Goodwill is recognized as the amount by which the cost of an acquired entity exceeds the net amount assigned to assets acquired and liabilities assumed. As part of acquisition accounting, we also recognize acquired intangible assets such as customer relationships, vendor relationships, trade names, and non-competition agreements apart from goodwill. Finite-lived intangibles are evaluated for impairment when changes in conditions indicate carrying value may not be recoverable. We evaluate goodwill and indefinite-lived intangibles for impairment at least annually. This evaluation requires significant judgment by management, including estimated future operating results, estimated future cash flows, the long-term rate of growth of our business, and determination of an appropriate discount rate. While we use available information to prepare the estimates and evaluations, actual results could differ significantly. For example, a worsening of economic conditions beyond those assumed in an impairment analysis could impact the estimates of future growth and result in an impairment charge in a future period. Any resulting impairment charge could be viewed as having a material adverse impact on our financial condition and results of operations.

All of the goodwill remaining on our consolidated financial statements is related to the Service Center Based Distribution segment. We believe the fair value of this segment is well in excess of its carrying value.

Self-Insurance Liabilities

We maintain business insurance programs with significant self-insured retention covering workers' compensation, business, automobile, general product liability and other claims. We accrue estimated losses using actuarial calculations, models and assumptions based on historical loss experience. We maintain a self-insured health benefits plan, which provides medical benefits to U.S. based employees electing coverage. We maintain a reserve for all unpaid medical claims including those incurred but not reported based on historical experience and other assumptions. Although management believes that the estimated liabilities for self-insurance are adequate, the estimates described above may not be indicative of current and future losses. In addition, the actuarial calculations used to estimate self-insurance liabilities are based on numerous assumptions, some of which are subjective. We will continue to adjust our estimated liabilities for self-insurance, as deemed necessary, in the event that future loss experience differs from historical loss patterns.

Pension and Other Postemployment Benefit Plans

The measurement of liabilities related to pension plans and other postemployment benefit plans is based on management's assumptions related to future events including interest rates, return on pension plan assets, and healthcare cost trend rates. We evaluate these assumptions and adjust them as necessary. Changes to these assumptions could result in a material change to the Company's pension obligation causing a related increase or decrease in reported net operating results in the period of change in the estimate. At June 30, 2012, a 1% point change would have the following effects (in thousands):

	One-Percentage Point	
Effect of change in:	Increase	Decrease
Discount rate on liability	\$ (3,501)	\$ 3,965
Discount rate on net periodic benefit cost	(117)	130

Effective December 31, 2011, participant benefits and entry into the SERP was frozen. As such, compensation increases no longer have an impact on the postemployment liability or the associated periodic benefit cost. Additionally, a 1% change in the return on assets is not material since most of the plans are non-qualified and unfunded.

Income Taxes

Deferred income taxes are recorded for estimated future tax effects of differences between the bases of assets and liabilities for financial reporting and income tax purposes, giving consideration to enacted tax laws. As of June 30, 2012, the Company had recognized \$34.4 million of net deferred tax assets. This includes a \$0.2 million valuation allowance recorded related to estimated limitations in the deductibility of certain expenses. Management believes that sufficient income will be earned in the future to realize its deferred income tax assets. The realization of these deferred tax assets can be impacted by changes to tax laws, statutory tax rates and future taxable income levels.

Income taxes on undistributed earnings of non-U.S. subsidiaries are not accrued for the portion of such earnings management considers to be permanently reinvested. At June 30, 2012, undistributed earnings of non-U.S. subsidiaries considered permanently reinvested totaled approximately $79.8 million for which no provision for U.S. income tax had been made. At June 30, 2012, undistributed earnings of non-U.S. subsidiaries not considered permanently reinvested totaled $13.6 million for which $2.8 million in U.S. income taxes were accrued and charged to income tax expense during fiscal 2011.

CAUTIONARY STATEMENT UNDER PRIVATE SECURITIES LITIGATION REFORM ACT

This Annual Report to Shareholders, including Management's Discussion and Analysis, contains statements that are forward-looking based on management's current expectations about the future. Forward-looking statements are often identified by qualifiers, such as "guidance," "expect," "believe," "plan," "intend," "will," "should," "could," "would," "anticipate," "estimate," "forecast," "may," and derivative or similar words or expressions. Similarly, descriptions of objectives, strategies, plans, or goals are also forward-looking statements. These statements may discuss, among other things, expected growth, future sales, future cash flows, future capital expenditures, future performance, and the anticipation and expectations of the Company and its management as to future occurrences and trends. The Company intends that the forward-looking statements be subject to the safe harbors established in the Private Securities Litigation Reform Act of 1995 and by the Securities and Exchange Commission in its rules, regulations and releases.

Readers are cautioned not to place undue reliance on any forward-looking statements. All forward-looking statements are based on current expectations regarding important risk factors, many of which are outside the Company's control. Accordingly, actual results may differ materially from those expressed in the forward-looking statements, and the making of those statements should not be regarded as a representation by the Company or any other person that the results expressed in the statements will be achieved. In addition, the Company assumes no obligation publicly to update or revise any forward-looking statements, whether because of new information or events, or otherwise, except as may be required by law.

Important risk factors include, but are not limited to, the following: risks relating to the operations levels of our customers and the economic factors that affect them; changes in the prices for products and services relative to the cost of providing them; reduction in supplier inventory purchase incentives; loss of key supplier authorizations, lack of product availability, or changes in supplier distribution programs; the cost of products and energy and other operating costs; changes in customer preferences for products and services of the nature and brands sold by us; changes in customer procurement policies and practices; competitive pressures; our reliance on information systems; our ability to implement our ERP system in a timely, cost-effective, and competent manner, and to capture its planned benefits while maintaining an adequate internal control environment; the impact of economic conditions on the collectability of trade receivables; reduced demand for our products in targeted markets due to reasons including consolidation in customer industries and the transfer of manufacturing capacity to foreign countries; our ability to retain and attract qualified sales and customer service personnel; our ability to identify and complete acquisitions, integrate them effectively, and realize their anticipated benefits; the variability and timing of new business opportunities including acquisitions, alliances, customer relationships, and supplier authorizations; the incurrence of debt and contingent liabilities in connection with acquisitions; our ability to access capital markets as needed on reasonable terms; disruption of operations at our headquarters or distribution centers; risks and uncertainties associated with our foreign operations, including volatile economic conditions, political instability, cultural and legal differences, and currency exchange fluctuations; the potential for goodwill and intangible asset impairment; changes in accounting policies and practices; organizational changes within the Company; the volatility of our stock price and the resulting impact on our consolidated financial statements; risks related to legal proceedings to which we are a party; adverse regulation and legislation, including potential changes in tax regulations (e.g., those affecting the use of the LIFO inventory accounting method and the taxation of foreign-sourced income); and the occurrence of extraordinary events (including prolonged labor disputes, natural events and acts of God, terrorist acts, fires, floods, and accidents). Other factors and unanticipated events could also adversely affect our business, financial condition or results of operations. We discuss certain of these matters more fully throughout our "Management's Discussion and Analysis" as well as other of our filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K for the year ended June 30, 2012.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our market risk is impacted by changes in foreign currency exchange rates and to a lesser extent by changes in interest rates. We occasionally utilize derivative instruments as part of our overall financial risk management policy, but do not use derivative instruments for speculative or trading purposes. We do not currently have any outstanding derivative instruments.

Foreign Currency Exchange Rate Risk

Since we operate throughout North America and approximately 15% of our fiscal year 2012 net sales were generated outside the United States, foreign currency exchange rates can impact our financial position, results of operations and competitive position. The financial statements of foreign subsidiaries are translated into their U.S. dollar equivalents at end-of-period exchange rates for assets and liabilities, while income and expenses are translated at average monthly exchange rates. Translation gains and losses are components of accumulated other comprehensive income (loss) as reported in the statements of consolidated comprehensive income. Transaction gains and losses arising from fluctuations in currency exchange rates on transactions denominated in currencies other than the functional currency are recognized in the statements of consolidated income as a component of other expense (income), net. Applied does not currently hedge the net investments in our foreign operations.

During the course of the fiscal year, the Canadian and Mexican foreign exchange rates to the U.S. dollar decreased by 6% and 17%, respectively. In the twelve months ended June 30, 2012, we experienced foreign currency translation losses totaling $14.5 million, which were included in accumulated other comprehensive income (loss). We utilize a sensitivity analysis to measure the potential impact on earnings based on a hypothetical 10% change in foreign currency rates. A 10% strengthening from the levels experienced during the year-ended June 30, 2012 of the U.S. dollar relative to foreign currencies that affect the Company would have resulted in a $2.2 million decrease in net income for the year ended June 30, 2012. A 10% weakening from the levels experienced during the year ended June 30, 2012 of the U.S. dollar relative to foreign currencies that affect the Company would have resulted in a $2.2 million increase in net income for the year ended June 30, 2012.

Interest Rate Risk

We repaid the debt that was outstanding at June 30, 2010 during fiscal 2011, thus, at June 30, 2012, we were not exposed to interest rate fluctuations on outstanding debt. We monitor depository institutions that hold our cash and cash equivalents, primarily for safety of principal and secondarily for maximizing yield on those funds. We diversify our cash and cash equivalents among counterparties to minimize exposure to any of these entities.

STATEMENTS OF CONSOLIDATED INCOME

(In thousands, except per share amounts)

Year Ended June 30,		2012		2011		2010
Net Sales	**$**	**2,375,445**	$	2,212,849	$	1,893,208
Cost of Sales		**1,720,973**		1,599,739		1,377,486
Gross Profit		**654,472**		613,110		515,722
Selling, Distribution and Administrative, including depreciation		**486,077**		462,347		405,672
Operating Income		**168,395**		150,763		110,050
Interest Expense		**457**		2,081		5,738
Interest Income		**(466)**		(413)		(280)
Other Expense (Income), net		**1,578**		(3,793)		(425)
Income Before Income Taxes		**166,826**		152,888		105,017
Income Tax Expense		**58,047**		56,129		39,114
Net Income	**$**	**108,779**	$	96,759	$	65,903
Net Income Per Share — Basic	**$**	**2.58**	$	2.28	$	1.56
Net Income Per Share — Diluted	**$**	**2.54**	$	2.24	$	1.54

See notes to consolidated financial statements.

STATEMENTS OF CONSOLIDATED COMPREHENSIVE INCOME

(In thousands, except per share amounts)

Year Ended June 30,		2012		2011		2010
Net income per the statements of consolidated income	**$**	**108,779**	$	96,759	$	65,903
Other comprehensive income (loss), before tax:						
Foreign currency translation adjustments		**(14,471)**		10,011		2,950
Postemployment benefits:						
Actuarial loss on remeasurement		**(5,028)**		(930)		(3,860)
Reclassification of actuarial losses and prior service cost into SD&A expense and included in net periodic pension costs		**1,123**		2,214		1,781
Impact of reduction in postemployment benefit liability (as forecasted salary increases will not be realized) due to the plan curtailment		**8,860**		—		—
Reclassification of prior service cost into SD&A expense upon plan curtailment		**3,117**		—		—
Unrealized loss on investment securities available for sale		**(220)**		(84)		(46)
Unrealized loss on cash flow hedges		**—**		(266)		(1,103)
Reclassification of interest from cash flow hedge into interest expense		**—**		316		1,408
Total of other comprehensive income (loss), before tax		**(6,619)**		11,261		1,130
Income tax expense (benefit) related to items of other comprehensive income		**3,009**		154		(671)
Other comprehensive income (loss), net of tax		**(9,628)**		11,107		1,801
Comprehensive income, net of tax	**$**	**99,151**	$	107,866	$	67,704

See notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

(In thousands)

June 30,	2012	2011
Assets		
Current assets		
Cash and cash equivalents	**$ 78,442**	$ 91,092
Accounts receivable, less allowances of $8,332 and $7,016	**307,043**	290,751
Inventories	**228,506**	204,066
Other current assets	**51,771**	33,005
Total current assets	**665,762**	618,914
Property — at cost		
Land	**10,245**	10,428
Buildings	**74,477**	73,399
Equipment, including computers and software	**147,004**	129,117
Total Property — at cost	**231,726**	212,944
Less accumulated depreciation	**148,623**	143,930
Property — net	**83,103**	69,014
Intangibles, net	**84,840**	89,551
Goodwill	**83,080**	76,981
Deferred tax assets	**26,424**	43,447
Other assets	**18,974**	17,024
Total Assets	**$ 962,183**	$ 914,931
Liabilities		
Current liabilities		
Accounts payable	**$ 120,890**	$ 108,509
Compensation and related benefits	**63,149**	65,413
Other current liabilities	**46,130**	40,766
Total current liabilities	**230,169**	214,688
Postemployment benefits	**39,750**	47,730
Other liabilities	**20,133**	18,950
Total Liabilities	**290,052**	281,368
Shareholders' Equity		
Preferred stock — no par value; 2,500 shares authorized; none issued or outstanding		
Common stock — no par value; 80,000 shares authorized; 54,213 shares issued	**10,000**	10,000
Additional paid-in capital	**150,070**	148,307
Income retained for use in the business	**743,360**	668,421
Treasury shares — at cost (12,246 and 11,611 shares)	**(226,730)**	(198,224)
Accumulated other comprehensive income (loss)	**(4,569)**	5,059
Total Shareholders' Equity	**672,131**	633,563
Total Liabilities and Shareholders' Equity	**$ 962,183**	$ 914,931

See notes to consolidated financial statements.

STATEMENTS OF CONSOLIDATED CASH FLOWS

(In thousands)

Year Ended June 30,	2012	2011	2010
Cash Flows from Operating Activities			
Net income	**$ 108,779**	$ 96,759	$ 65,903
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization of property	**11,236**	11,234	11,465
Amortization of intangibles	**11,465**	11,382	10,151
Amortization of stock appreciation rights and options	**2,058**	2,473	3,020
Deferred income taxes	**8,641**	4,784	2,408
Provision for losses on accounts receivable	**3,915**	2,029	2,508
Unrealized foreign exchange transaction losses (gains)	**1,298**	—	(4)
Other share-based compensation expense	**4,592**	3,379	2,361
Gain on sale of property	**(627)**	(765)	(198)
Changes in assets and liabilities, net of acquisitions:			
Accounts receivable	**(22,748)**	(36,271)	(48,578)
Inventories	**(28,511)**	(21,197)	83,497
Other operating assets	**(14,735)**	(11,185)	17,408
Accounts payable	**14,157**	12,926	13,566
Other operating liabilities	**(9,098)**	1,294	20,817
Net Cash provided by Operating Activities	**90,422**	76,842	184,324
Cash Flows from Investing Activities			
Property purchases	**(26,021)**	(20,431)	(7,216)
Proceeds from property sales	**1,258**	1,326	532
Net cash paid for acquisition of businesses, net of cash acquired of $38 and $168 in 2012 and 2011, respectively	**(14,671)**	(30,504)	(100)
Other	**—**	1,722	—
Net Cash used in Investing Activities	**(39,434)**	(47,887)	(6,784)
Cash Flows from Financing Activities			
Repayments under revolving credit facility	**—**	(50,000)	(5,000)
Long-term debt repayment	**—**	(25,000)	—
Settlements of cross-currency swap agreements	**—**	(12,752)	—
Purchases of treasury shares	**(31,032)**	(6,085)	(3,929)
Dividends paid	**(33,800)**	(29,751)	(25,416)
Excess tax benefits from share-based compensation	**3,695**	6,404	2,492
Exercise of stock appreciation rights and options	**321**	661	1,339
Net Cash used in Financing Activities	**(60,816)**	(116,523)	(30,514)
Effect of Exchange Rate Changes on Cash	**(2,822)**	2,883	1,109
(Decrease) increase in cash and cash equivalents	**(12,650)**	(84,685)	148,135
Cash and cash equivalents at beginning of year	**91,092**	175,777	27,642
Cash and Cash Equivalents at End of Year	**$ 78,442**	$ 91,092	$ 175,777

Supplemental Cash Flow Information

Cash paid during the year for:			
Income taxes	**$ 53,463**	$ 47,251	$ 31,179
Interest	**672**	2,248	5,195

See notes to consolidated financial statements.

STATEMENTS OF CONSOLIDATED SHAREHOLDERS' EQUITY

(In thousands, except per share amounts)

For the Years Ended June 30, 2012, 2011 and 2010	Shares of Common Stock Outstanding	Common Stock	Additional Paid-In Capital	Income Retained for Use in the Business	Treasury Shares-at Cost	Accumulated Other Compre-hensive Income (Loss)	Total Shareholders' Equity
Balance at July 1, 2009	42,284	$ 10,000	$ 136,895	$560,574	$(191,518)	$ (7,849)	$ 508,102
Net income				65,903			65,903
Other comprehensive income (loss)						1,801	1,801
Cash dividends — $0.60 per share				(25,416)			(25,416)
Purchases of common stock for treasury	(160)				(3,929)		(3,929)
Treasury shares issued for:							
Exercise of stock appreciation rights and options	214		1,499		1,372		2,871
Deferred compensation plans	11		68		187		255
Compensation expense — stock appreciation rights and options			3,020				3,020
Other share-based compensation expense			2,106				2,106
Other	27		(403)	309	420		326
Balance at June 30, 2010	42,376	10,000	143,185	601,370	(193,468)	(6,048)	555,039
Net income				96,759			96,759
Other comprehensive income (loss)						11,107	11,107
Cash dividends — $0.70 per share				(29,751)			(29,751)
Purchases of common stock for treasury	(190)				(6,085)		(6,085)
Treasury shares issued for:							
Exercise of stock appreciation rights and options	379		(109)		706		597
Deferred compensation plans	6		102		119		221
Compensation expense — stock appreciation rights and options			2,473				2,473
Other share-based compensation expense			3,158				3,158
Other	31		(502)	43	504		45
Balance at June 30, 2011	**42,602**	**10,000**	**148,307**	**668,421**	**(198,224)**	**5,059**	**633,563**
Net income				**108,779**			**108,779**
Other comprehensive income (loss)						**(9,628)**	**(9,628)**
Cash dividends — $0.80 per share				**(33,800)**			**(33,800)**
Purchases of common stock for treasury	**(997)**				**(31,032)**		**(31,032)**
Treasury shares issued for:							
Exercise of stock appreciation rights and options	**250**		**(1,853)**		**1,448**		**(405)**
Performance share awards	**91**		**(2,664)**		**714**		**(1,950)**

Deferred compensation plans	**9**		**128**		**156**		**284**
Compensation expense — stock appreciation rights and options			**2,058**				**2,058**
Other share-based compensation expense			**4,308**				**4,308**
Other	**12**		**(214)**	**(40)**	**208**		**(46)**
Balance at June 30, 2012	**41,967**	**$ 10,000**	**$ 150,070**	**$743,360**	**$(226,730)**	**$ (4,569)**	**$ 672,131**

See notes to consolidated financial statements.

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

NOTE 1: BUSINESS AND ACCOUNTING POLICIES

Business

Applied Industrial Technologies, Inc. and subsidiaries (the “Company” or “Applied”) is a leading industrial distributor serving Maintenance Repair Operations (MRO) and Original Equipment Manufacturing (OEM) customers in virtually every industry. In addition, Applied provides engineering, design and systems integration for industrial and fluid power applications, as well as customized mechanical, fabricated rubber and fluid power shop services. Applied also offers maintenance training and inventory management solutions that provide added value to its customers. Although the Company does not generally manufacture the products it sells, it does assemble and repair certain products and systems.

Consolidation

The consolidated financial statements include the accounts of Applied Industrial Technologies, Inc. and its subsidiaries. Intercompany transactions and balances have been eliminated in consolidation. The financial results of the Company’s Canadian and Mexican subsidiaries are included in the consolidated financial statements for the twelve months ended May 31.

Statements of Consolidated Comprehensive Income

Accounting Standards Codification (ASC) Topic 220 "Comprehensive Income" requires the reporting of comprehensive income in addition to net income. Effective for fiscal 2012 and retrospective for fiscal 2011 and 2010, the Company has elected to include a statement of consolidated comprehensive income as part of its basic consolidated financial statements. Prior to inclusion of the statement of consolidated comprehensive income, comprehensive income, other comprehensive income and the components of other comprehensive income were reported as part of the statement of consolidated shareholders' equity.

Foreign Currency

The financial statements of the Company’s Canadian and Mexican subsidiaries are measured using local currencies as their functional currencies. Assets and liabilities are translated into U.S. dollars at current exchange rates, while income and expenses are translated at average exchange rates. Translation gains and losses are reported in other comprehensive income (loss) in the statements of consolidated comprehensive income. Gains and losses resulting from transactions denominated in foreign currencies are included in the statements of consolidated income as a component of other expense (income), net.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results may differ from the estimates and assumptions used in preparing the consolidated financial statements.

Cash and Cash Equivalents

The Company considers all short-term, highly liquid investments with maturities of three months or less at the date of purchase to be cash equivalents. Cash and cash equivalents are carried at cost, which approximates fair value.

Marketable Securities

The primary marketable security investments of the Company include money market and mutual funds held in a rabbi trust for a non-qualified compensation plan. These are included in other assets in the consolidated balance sheets, are classified as trading securities, and reported at fair value based on quoted market prices. Unrealized gains and losses are recorded in other expense (income), net in the statements of consolidated income and reflect changes in the fair value of the investments during the period.

Concentration of Credit Risk

The Company has a broad customer base representing many diverse industries primarily across North America. As such, the Company does not believe that a significant concentration of credit risk exists in its accounts receivable.

The Company's cash and cash equivalents consists of deposits with commercial banks. While Applied monitors the creditworthiness of these commercial banks and institutions, a crisis in the U.S., Canadian or Mexican financial systems could limit access to funds and/or result in the loss of principal. The terms of these deposits and investments provide that all monies are available to the Company upon demand.

Allowances for Doubtful Accounts

The Company evaluates the collectibility of trade accounts receivable based on a combination of factors. Initially, the Company estimates an allowance for doubtful accounts as a percentage of net sales based on historical bad debt experience. This initial estimate is adjusted based on recent trends of customers and industries estimated to be greater credit risks, trends within the entire customer pool and changes in the overall aging of accounts receivable. Accounts are written off against the allowance when it becomes evident collection will not occur. While the Company has a large customer base that is geographically dispersed, a general economic downturn in any of the industry segments in which the Company operates could result in higher than expected defaults, and therefore, the need to revise estimates for bad debts.

Inventories

Inventories are valued at the lower of cost or market, using the last-in, first-out (LIFO) method for U.S. inventories and the average cost method for foreign inventories. The Company adopted the link chain dollar value LIFO method of accounting for U.S. inventories in fiscal 1974. At June 30, 2012, approximately 37% of the Company's domestic inventory dollars relate to LIFO layers added in the 1970s. The Company maintains five LIFO pools based on the following product groupings: bearings, power transmission products, rubber products, fluid power products and other products. LIFO layers and/or liquidations are determined consistently year-to-year.

The Company evaluates the recoverability of its slow moving or obsolete inventories at least quarterly. The Company estimates the recoverable cost of such inventory by product type while considering factors such as its age, historic and current demand trends, the physical condition of the inventory as well as assumptions regarding future demand. The Company's ability to recover its cost for slow moving or obsolete inventory can be affected by such factors as general market conditions, future customer demand and relationships with suppliers. Historically, the Company's inventories have demonstrated long shelf lives, are not highly susceptible to obsolescence and are eligible for return under various supplier return programs.

Supplier Purchasing Programs

The Company enters into agreements with certain suppliers providing for inventory purchase incentives. The Company's inventory purchase incentive arrangements are unique to each supplier and are generally annual programs ending at either the Company's fiscal year end or the supplier's year end. Incentives are received in the form of cash or credits against purchases upon attainment of specified purchase volumes and are received monthly, quarterly or annually. The incentives are generally a specified percentage of the Company's net purchases based upon achieving specific purchasing volume levels. These percentages can increase or decrease based on changes in the volume of purchases. The Company accrues for the receipt of these inventory purchase incentives based upon cumulative purchases of inventory. The percentage level utilized is based upon the estimated total volume of purchases expected during the life of the program. Supplier programs are analyzed each quarter to determine the appropriateness of the amount of purchase incentives accrued. Upon program completion, differences between estimates and actual incentives subsequently received have not been material. Benefits under these supplier purchasing programs are recognized under the Company's LIFO inventory accounting method as a reduction of cost of sales when the inventories representing these purchases are recorded as cost of sales. Accrued incentives expected to be settled as a credit against purchases are reported on the consolidated balance sheet as an offset to amounts due to the related supplier.

Property and Related Depreciation and Amortization

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets and is included in selling, distribution and administrative expenses in the accompanying statements of consolidated income. Buildings, building improvements and leasehold improvements are depreciated over ten to thirty years or the life of the lease if a shorter period, and equipment is depreciated over three to eight years. The Company capitalizes internal use software development costs in accordance with guidance on accounting for costs of computer software developed or obtained for internal use. Amortization of software begins when it is ready for its intended use, and is amortized on a straight-line basis over the estimated useful life of the software, generally not to exceed twelve years. Capitalized software and hardware costs are classified as property on the consolidated balance sheets. The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the recorded value cannot be recovered from undiscounted future cash flows.

Impairment losses, if any, would be measured based upon the difference between the carrying amount and the fair value of the assets.

Goodwill and Intangible Assets

Goodwill is recognized as the excess cost of an acquired entity over the net amount assigned to assets acquired and liabilities assumed. Goodwill is not amortized. Goodwill is reviewed for impairment annually as of January 1 or whenever changes in conditions indicate an evaluation should be completed. These conditions could include a significant change in the business climate, legal factors, operating performance indicators, competition, or sale or disposition of a significant portion of a reporting unit. The Company utilizes discounted cash flow models and market multiples for comparable businesses to determine the fair value of reporting units. Evaluating impairment requires significant judgment by management, including estimated future operating results, estimated future cash flows, the long-term rate of growth of the business, and determination of an appropriate discount rate. While the Company uses available information to prepare the estimates and evaluations, actual results could differ significantly.

The Company recognizes acquired intangible assets such as customer relationships, trade names, vendor relationships, and non-competition agreements apart from goodwill. Customer relationship intangibles are amortized using the sum-of-the-years-digits method over estimated useful lives consistent with assumptions used in the determination of their value. Amortization of all other finite-lived intangible assets is computed using the straight-line method over the estimated period of benefit. The Company also maintains intangible assets with indefinite lives which are not amortized. Amortization of intangible assets is included in selling, distribution and administrative expenses in the accompanying statements of consolidated income. Intangible assets with finite lives are reviewed for impairment when changes in conditions indicate carrying value may not be recoverable. Intangible assets with indefinite lives are reviewed for impairment on an annual basis or whenever changes in conditions indicate an evaluation should be completed.

Self-Insurance Liabilities

The Company maintains business insurance programs with significant self-insured retention covering workers' compensation, business, automobile, general product liability and other claims. The Company accrues estimated losses including those incurred but not reported using actuarial calculations, models and assumptions based on historical loss experience. The Company maintains a self-insured health benefits plan, which provides medical benefits to U.S. based employees electing coverage under the plan. The Company estimates its reserve for all unpaid medical claims including those incurred but not reported based on historical experience, adjusted as necessary based upon management's reasoned judgment.

Revenue Recognition

Sales are recognized when the sales price is fixed, collectibility is reasonably assured and the product's title and risk of loss is transferred to the customer. Typically, these conditions are met when the product is shipped to the customer. The Company charges shipping and handling fees when products are shipped or delivered to a customer, and includes such amounts in net sales. The Company reports its sales net of actual sales returns and the amount of reserves established for anticipated sales returns based on historical rates. Sales tax collected from customers is excluded from net sales in the accompanying statements of consolidated income.

Shipping and Handling Costs

The Company records freight payments to third parties in cost of sales and internal delivery costs in selling, distribution and administrative expenses in the accompanying statements of consolidated income. Internal delivery costs in selling, distribution and administrative expenses were approximately $15,500, $15,400 and $14,400 for the fiscal years ended June 30, 2012, 2011 and 2010, respectively.

Income Taxes

Income taxes are determined based upon income and expenses recorded for financial reporting purposes. Deferred income taxes are recorded for estimated future tax effects of differences between the bases of assets and liabilities for financial reporting and income tax purposes, giving consideration to enacted tax laws. Uncertain tax positions meeting a more-likely-than-not recognition threshold are recognized in accordance with the Income Taxes topic of the ASC. The Company recognizes accrued interest and penalties related to unrecognized income tax benefits in the provision for income taxes.

Share-Based Compensation

Following approval by the Company's shareholders in October 2011, the 2011 Long-Term Performance Plan (the "2011 Plan") replaced the 2007 Long-Term Performance Plan (the "2007 Plan"). Share-based compensation represents the cost related to share-based awards granted to associates under either the 2011 Plan or the 2007 Plan. The Company measures share-based compensation cost at grant date, based on the estimated fair value of the award and recognizes the cost over the requisite service period. Non-qualified stock appreciation rights (SARs) and stock options are granted with an exercise price equal to the closing market price of the Company's common stock at the date of grant and the fair values are determined using a Black-Scholes option pricing model, which incorporates assumptions regarding the expected volatility, the expected option life, the risk-free interest rate and the expected dividend yield. SARs and stock option awards generally vest over four years of continuous service and have ten-year contractual terms. The fair value of restricted stock awards, restricted stock units (RSUs), and performance shares are based on the closing market price of Company common stock on the grant date.

(In thousands, except per share amounts)

Treasury Shares

Shares of common stock repurchased by the Company are recorded at cost as treasury shares and result in a reduction of shareholders' equity in the consolidated balance sheets. The Company uses the weighted-average cost method for determining the cost of shares reissued. The difference between the cost of the shares and the reissuance price is added to or deducted from additional paid-in capital.

New Accounting Pronouncement

In December 2011, the Financial Accounting Standards Board (FASB) issued authoritative guidance on the offsetting of assets and liabilities, which is effective for the Company on July 1, 2013. The guidance requires additional disclosures regarding offsetting arrangements in accordance with ASC 210-20-45 to enable financial statement users to understand the effect of these arrangements on a company's financial position. The Company is currently evaluating the effect the adoption of the guidance will have on its disclosures.

NOTE 2: BUSINESS COMBINATIONS

The Company acquired the following distributors to complement and extend its business over a broader geographic area. Results of operations for the acquired businesses are part of the Service Center Based Distribution segment. The results of operations for these acquisitions are not material for any year presented. Results of operations of acquired businesses are included in the accompanying consolidated financial statements from their respective acquisition dates based on the Company's consolidation policy.

Fiscal 2012 Acquisitions

In February 2012, the Company acquired Solutions Industrielles Chicoutimi, which provides bearings, power transmission products and repair services and Spécialités Industrielles Harvey, which distributes bearings and power transmission products, plus hydraulic, pneumatic and electrical components. In August 2011, the Company acquired Chaines-Plus, a distributor of bearings, power transmission and related products. These distributors are all located in Quebec, Canada.

Fiscal 2011 Acquisitions

In May 2011, the Company acquired Gulf Coast Bearing & Supply Co., a full line bearing and power transmission distributor, located in the U.S. In July 2010, the Company acquired UZ Engineered Products, a distributor of industrial supply products for maintenance, repair, and operational needs, in the government and commercial sectors, throughout the U.S. and Canada. In August 2010, the Company acquired SCS Supply Group, a distributor of bearings, power transmission components, electrical components, fluid power products and industrial supplies located in Ontario, Canada.

NOTE 3: INVENTORIES

Inventories consist of the following:

June 30,	**2012**	2011
U.S. inventories at current cost	**$ 302,465**	$ 280,875
Foreign inventories at average cost	**70,797**	60,837
	373,262	341,712
Less: Excess of current cost over LIFO cost for U.S. inventories	**144,756**	137,646
Inventories on consolidated balance sheets	**$ 228,506**	$ 204,066

Overall LIFO expense increased cost of goods sold by $7,100 for fiscal 2012. This amount is net of $3,400 of LIFO layer liquidation benefits.

(In thousands, except per share amounts)

In fiscal 2011 and 2010, reductions in U.S. inventories, primarily in the bearings pool, resulted in the liquidation of LIFO inventory quantities carried at lower costs prevailing in prior years. As a result, LIFO benefits reduced cost of goods sold by $5,300 and $23,500 in fiscal 2011 and 2010, respectively. The LIFO reserves were reduced by the same amounts. If inventory levels had remained constant with the prior year's levels, instead of recording these benefits, the Company would have recorded LIFO expense of $7,000 and $19,200 in fiscal 2011 and 2010, respectively. Therefore, the overall impact of LIFO layer liquidations increased gross profit by $12,300 and $42,700 in fiscal 2011 and 2010, respectively.

NOTE 4: GOODWILL AND INTANGIBLES

The changes in the carrying amount of goodwill for the Service Center Based Distribution segment for the years ended June 30, 2012 and 2011 are as follows:

Balance at July 1, 2010	$ 63,405
Goodwill acquired during the year	11,700
Other, primarily currency translation	1,876
Balance at June 30, 2011	76,981
Goodwill acquired during the year	**8,403**
Other, primarily currency translation	**(2,304)**
Balance at June 30, 2012	**$ 83,080**

At June 30, 2012, accumulated goodwill impairment losses subsequent to fiscal year 2002, totaled $36,605 and related to the Fluid Power Businesses segment.

Intangibles consist of the following:

June 30, 2012	**Amount**	**Accumulated Amortization**	**Net Book Value**
Finite-Lived Intangibles:			
Customer relationships	**$ 84,249**	**$ 29,905**	**$ 54,344**
Trade names	**25,677**	**7,428**	**18,249**
Vendor relationships	**13,605**	**4,500**	**9,105**
Non-competition agreements	**4,740**	**2,888**	**1,852**
Total Finite-Lived Intangibles	**128,271**	**44,721**	**83,550**
Indefinite-Lived Trade Name	**1,290**		**1,290**
Total Intangibles	**$ 129,561**	**$ 44,721**	**$ 84,840**

June 30, 2011	Amount	Accumulated Amortization	Net Book Value
Finite-Lived Intangibles:			
Customer relationships	$ 78,084	$ 23,111	$ 54,973
Trade names	25,944	5,666	20,278
Vendor relationships	14,211	3,696	10,515
Non-competition agreements	5,127	2,632	2,495
Total Finite-Lived Intangibles	123,366	35,105	88,261
Indefinite-Lived Trade Name	1,290		1,290
Total Intangibles	$ 124,656	$ 35,105	$ 89,551

Amounts include the impact of foreign currency translation. Fully amortized amounts are written off.

(In thousands, except per share amounts)

During 2012, the Company acquired intangible assets with an initial purchase price allocation and weighted-average life as follows:

		Purchase Price Allocation	Weighted-Average Life
Customer relationships	$	7,810	15 years
Trade names		270	2 years
Non-competition agreements		435	2 years
Total Intangibles Acquired	$	8,515	14 years

Amortization of intangibles totaled $11,465, $11,382 and $10,151 in fiscal 2012, 2011 and 2010, respectively, and is included in selling, distribution and administrative expenses in the statements of consolidated income. Amortization expense based on the Company's intangible assets as of June 30, 2012 is estimated to be $11,200 for 2013, $9,800 for 2014, $8,900 for 2015, $8,200 for 2016 and $7,600 for 2017.

NOTE 5: DEBT

The Company had no outstanding borrowings as of June 30, 2012 or June 30, 2011.

The Company has a revolving credit facility with a group of banks expiring in May 2017. This agreement provides for unsecured borrowings of up to $150,000. Fees on this facility range from 0.09% to 0.175% per year based upon the Company's leverage ratio at each quarter end. Borrowings under this agreement carry variable interest rates tied to either LIBOR, prime, or the bank's cost of funds at the Company's discretion. Unused lines under this facility, net of outstanding letters of credit of $6,854 to secure certain insurance obligations, totaled $143,146 at June 30, 2012 and are available to fund future acquisitions or other capital and operating requirements.

The Company has an agreement with Prudential Insurance Company for an uncommitted shelf facility that enables the Company to borrow up to $100,000 in additional long-term financing with terms of up to fifteen years. The agreement expires in February 2013. There were no borrowings under this agreement at June 30, 2012 or June 30, 2011.

The revolving credit facility and uncommitted shelf facility contain restrictive covenants regarding liquidity, net worth, financial ratios, and other covenants. At June 30, 2012, the most restrictive of these covenants required that the Company have consolidated income before interest, taxes, depreciation and amortization at least equal to 300% of net interest expense. At June 30, 2012, the Company was in compliance with all covenants.

NOTE 6: FAIR VALUE MEASUREMENTS

Marketable securities measured at fair value at June 30, 2012 and June 30, 2011 totaled $10,322 and $10,881, respectively. These marketable securities are held in a rabbi trust for a non-qualified deferred compensation plan. The marketable securities are included in other assets on the consolidated balance sheets and their fair values were derived using quoted market prices (Level 1 in the fair value hierarchy).

NOTE 7: INCOME TAXES

Income Before Income Taxes

The components of income before income taxes are as follows:

Year Ended June 30,		2012		2011		2010
U.S.	$	137,667	$	127,567	$	91,932
Foreign		29,159		25,321		13,085
Total income before income taxes	$	166,826	$	152,888	$	105,017

(In thousands, except per share amounts)

Provision

The provision (benefit) for income taxes consists of:

Year Ended June 30,	2012	2011	2010
Current:			
Federal	$ 36,178	$ 36,799	$ 28,342
State and local	5,522	6,208	4,123
Foreign	7,706	8,338	4,241
Total current	49,406	51,345	36,706
Deferred:			
Federal	8,577	5,648	1,880
State and local	503	169	(311)
Foreign	(439)	(1,033)	839
Total deferred	8,641	4,784	2,408
Total	$ 58,047	$ 56,129	$ 39,114

The exercise of non-qualified stock appreciation rights and options during fiscal 2012, 2011 and 2010 resulted in $2,725, $6,003 and $1,466, respectively, of income tax benefits to the Company derived from the difference between the market price at the date of exercise and the option price. Vesting of stock awards and other stock compensation in fiscal 2012, 2011 and 2010 resulted in $970, $401 and $1,026, respectively, of incremental income tax benefits over the amounts previously reported for financial reporting purposes. These tax benefits were recorded in additional paid-in capital.

Effective Tax Rates

The following reconciles the federal statutory income tax rate and the Company's effective income tax rate:

Year Ended June 30,	2012	2011	2010
Statutory income tax rate	35.0 %	35.0 %	35.0 %
Effects of:			
State and local taxes	2.5 %	2.8 %	2.2 %
U.S. tax on foreign income, net	—	1.8 %	—
Valuation allowance	—	(0.6)%	0.8 %
Foreign income taxes	(1.8)%	(1.0)%	0.5 %
Deductible dividend	(0.5)%	(0.5)%	(0.7)%
Other, net	(0.4)%	(0.8)%	(0.6)%
Effective income tax rate	34.8 %	36.7 %	37.2 %

(In thousands, except per share amounts)

Consolidated Balance Sheets

Significant components of the Company's net deferred tax assets are as follows:

June 30,	2012	2011
Deferred tax assets:		
Compensation liabilities not currently deductible	**$ 37,341**	$ 36,746
Expenses and reserves not currently deductible	**6,151**	5,498
Goodwill and intangibles	**6,518**	9,075
Net operating loss carryforwards (expiring in years 2015-2027)	**444**	432
Foreign tax credits (expiring in years 2020 and 2022)	**4,092**	4,090
Other	**480**	677
Total deferred tax assets	**55,026**	56,518
Less: Valuation allowance	**(157)**	(158)
Deferred tax assets, net of valuation allowance	**54,869**	56,360
Deferred tax liabilities:		
Inventories	**(6,021)**	(4,755)
Unremitted foreign earnings	**(2,804)**	(2,804)
Depreciation and differences in property bases	**(11,602)**	(2,062)
Total deferred tax liabilities	**(20,427)**	(9,621)
Net deferred tax assets	**$ 34,442**	$ 46,739
The net deferred tax asset is classified as follows:		
Other current assets	**$ 12,189**	$ 5,510
Deferred tax assets (long-term)	**26,424**	43,447
Other liabilities	**(4,171)**	(2,218)
Net deferred tax assets	**$ 34,442**	$ 46,739

Valuation allowances are provided against deferred tax assets where it is considered more-likely-than-not that the Company will not realize the benefit of such assets. The remaining net deferred tax asset is the amount management believes is more-likely-than-not of being realized. The realization of these deferred tax assets can be impacted by changes to tax laws, statutory rates and future income levels.

U.S. federal income taxes are provided on the portion of non-U.S. subsidiaries income that is not considered to be permanently reinvested outside the U.S. and may be remitted to the U.S. At June 30, 2012, undistributed earnings of non-U.S. subsidiaries considered to be permanently reinvested and for which no U.S. tax has been provided totaled approximately $79,800. Determination of the net amount of the unrecognized tax liability with respect to these earnings is not practicable; however, foreign tax credits would be available to partially reduce U.S. income taxes in the event of a distribution. Undistributed earnings of non-U.S. subsidiaries not considered permanently reinvested totaled approximately $13,600. U.S. taxes totaling $2,804 have been accrued on these earnings.

Unrecognized Income Tax Benefits

The Company and its subsidiaries file income tax returns in U.S. federal, various state, local and foreign jurisdictions. The following is a reconciliation of the Company's total gross unrecognized income tax benefits:

Year Ended June 30,	2012	2011	2010
Unrecognized Income Tax Benefits at beginning of the year	**$ 1,181**	$ 1,842	$ 1,860
Current year tax positions	**331**	153	130
Prior year tax positions	**398**	50	46
Expirations of statutes of limitations	**(371)**	(273)	(194)
Settlements	**—**	(591)	—

Unrecognized Income Tax Benefits at end of year	**$**	**1,539**	$	1,181	$	1,842

(In thousands, except per share amounts)

Included in the balance of unrecognized income tax benefits at June 30, 2012, 2011 and 2010 are $1,221, $659 and $988, respectively, of income tax benefits that, if recognized, would affect the effective income tax rate.

During 2012, 2011 and 2010, the Company recognized $(95), $(22) and $22, respectively, for interest and penalties related to unrecognized income tax benefits in its statements of consolidated income. The Company had a liability for penalties and interest of $430 and $525 as of June 30, 2012 and 2011, respectively. The Company does not anticipate a significant change to the total amount of unrecognized income tax benefits within the next twelve months.

The Company is subject to U.S. federal income tax examinations for the tax years 2009 through 2012 and to state and local income tax examinations for the tax years 2008 through 2012. In addition, the Company is subject to foreign income tax examinations for the tax years 2005 through 2012.

The Company's unrecognized income tax benefits are included in other liabilities in the consolidated balance sheets since payment of cash is not expected within one year.

NOTE 8: SHAREHOLDERS' EQUITY

Treasury Shares

At June 30, 2012, 596 shares of the Company's common stock held as treasury shares were restricted as collateral under escrow arrangements relating to change in control and director and officer indemnification agreements.

Accumulated Other Comprehensive Income (Loss)

Accumulated other comprehensive income (loss) is comprised of the following:

June 30,		**2012**		2011
Postemployment liability, net of income taxes of $(3,899) and $(6,990)	**$**	**(6,229)**	$	(11,212)
Foreign currency translation		**1,718**		16,189
Unrealized gains on investment securities available for sale, net of income taxes of $(32) and $48		**(58)**		82
Total accumulated other comprehensive income (loss)	**$**	**(4,569)**	$	5,059

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(In thousands, except per share amounts)

Other Comprehensive Income (Loss)

Details of other comprehensive income (loss) are as follows:

Year Ended June 30,	**2012**			2011			2010		
	Pre-Tax Amount	**Tax Expense (Benefit)**	**Net Amount**	Pre-Tax Amount	Tax Expense (Benefit)	Net Amount	Pre-Tax Amount	Tax Expense (Benefit)	Net Amount
Foreign currency translation adjustments	**$(14,471)**	**$ —**	**$(14,471)**	$ 10,011	$ (264)	$ 10,275	$ 2,950	$ (32)	$ 2,982
Postemployment benefits:									
Actuarial loss on remeasurement	**(5,028)**	**(1,954)**	**(3,074)**	(930)	(435)	(495)	(3,860)	(1,467)	(2,393)
Reclassification of actuarial losses and prior service cost into SD&A expense and included in net periodic pension costs	**1,123**	**432**	**691**	2,214	850	1,364	1,781	677	1,104
Impact of reduction in postemployment benefit liability (as forecasted salary increases will not be realized) due to a plan curtailment	**8,860**	**3,411**	**5,449**	—	—	—	—	—	—
Reclassification of prior service cost into SD&A expense upon plan curtailment	**3,117**	**1,200**	**1,917**	—	—	—	—	—	—
Unrealized loss on investment securities available for sale	**(220)**	**(80)**	**(140)**	(84)	(31)	(53)	(46)	(19)	(27)
Unrealized loss on cash flow hedges	**—**	**—**	**—**	(266)	(82)	(184)	(1,103)	(365)	(738)
Reclassification of interest from cash flow hedge into interest expense	**—**	**—**	**—**	316	116	200	1,408	535	873
Other comprehensive income (loss)	**$ (6,619)**	**$ 3,009**	**$ (9,628)**	$ 11,261	$ 154	$ 11,107	$ 1,130	$ (671)	$ 1,801

Net Income Per Share

The following is a computation of basic and diluted earnings per share:

Year Ended June 30,		**2012**		2011		2010
Net Income	**$**	**108,779**	$	96,759	$	65,903
Average Shares Outstanding:						
Weighted-average common shares outstanding for basic computation		**42,139**		42,433		42,312
Dilutive effect of potential common shares		**684**		821		549
Weighted-average common shares outstanding for dilutive computation		**42,823**		43,254		42,861
Net Income Per Share — Basic	**$**	**2.58**	$	2.28	$	1.56
Net Income Per Share — Diluted	**$**	**2.54**	$	2.24	$	1.54

Stock appreciation rights and options relating to the acquisition of 140, 176 and 1,034 shares of common stock were outstanding at June 30, 2012, 2011 and 2010, respectively, but were not included in the computation of diluted earnings per share for the fiscal years then ended as they were anti-dilutive.

NOTE 9: SHARE-BASED COMPENSATION

Share-Based Incentive Plans

Following approval by the Company's shareholders in October 2011, the 2011 Long-Term Performance Plan (the "2011 Plan") replaced the 2007 Long-Term Performance Plan. The 2011 Plan, which expires in 2016, provides for granting of SARs, stock options, stock awards, cash awards, and such other awards or combination thereof as the Executive Organization and Compensation Committee or the Corporate Governance Committee of the Board of Directors (the Committee) may determine to officers, other key associates and members of the Board of Directors. Grants are generally made by the Committee at regularly scheduled meetings. Compensation costs charged to expense under award programs paid (or to be paid) with shares (including SARs, stock options, performance shares, restricted stock, and RSUs) are summarized in the table below:

Year Ended June 30,	**2012**	2011	2010
SARs and options	**$ 2,058**	$ 2,473	$ 3,020
Performance shares	**1,983**	1,705	1,076
Restricted stock and RSUs	**2,325**	1,453	1,029
Total compensation costs under award programs	**$ 6,366**	$ 5,631	$ 5,125

Such amounts are included in selling, distribution and administrative expenses in the accompanying statements of consolidated income. It has been the practice of the Company to issue shares from treasury to satisfy requirements of awards paid with shares. The aggregate unrecognized compensation cost for share-based award programs paid (or with the potential to be paid) at June 30, 2012 is $7,434. Cost of these programs will be recognized as expense over the weighted-average remaining vesting period of 2.1 years. The aggregate number of shares of common stock which may be awarded under the 2011 Plan is 2,000; shares available for future grants at June 30, 2012 were 1,959.

Stock Appreciation Rights and Stock Options

The weighted-average assumptions used for SARs and stock option grants issued in fiscal 2012, 2011 and 2010 are:

	2012	2011	2010
Expected life, in years	**5.6**	5.1	5.5
Risk free interest rate	**1.1%**	1.6%	2.4%
Dividend yield	**2.5%**	2.5%	2.5%
Volatility	**44.2%**	46.2%	52.2%
Per share fair value of SARs and stock options granted during the year	**$ 9.88**	$ 9.78	$ 8.45

The expected life is based upon historical exercise experience of the officers, other key associates and members of the Board of Directors. The risk free interest rate is based upon U.S. Treasury zero-coupon bonds with remaining terms equal to the expected life of the SARs and stock options. The assumed dividend yield has been estimated based upon the Company’s historical results and expectations for changes in dividends and stock prices. The volatility assumption is calculated based upon historical daily price observations of the Company’s common stock for a period equal to the expected life.

SARs are redeemable solely in Company common stock. The exercise price of stock option awards may be settled by the holder with cash or by tendering Company common stock.

A summary of SARs and stock options activity is presented below:

Year Ended June 30, 2012 (Share amounts in thousands)	**Shares**	**Weighted-Average Exercise Price**
Outstanding, beginning of year	**1,804**	**$ 22.68**
Granted	**246**	**30.14**
Exercised	**(802)**	**21.83**

Forfeited	**(20)**		**25.94**
Outstanding, end of year	**1,228**	**$**	**24.68**
Exercisable at end of year	**794**	**$**	**23.37**

The weighted-average remaining contractual terms for SARs and stock options outstanding and exercisable at June 30, 2012 were 6.0 and 4.8 years, respectively. The aggregate intrinsic values of SARs and stock options outstanding and exercisable at June 30, 2012 were $15,023 and $10,775, respectively. The aggregate intrinsic value of the SARs and stock options exercised during fiscal 2012, 2011 and 2010 was $13,747, $18,526 and $5,157, respectively.

As of June 30, 2012, unrecognized compensation cost related to SARs and stock options amounted to $1,951. That cost is expected to be recognized over a weighted-average period of 2.4 years. The total fair value of shares vested during fiscal 2012, 2011 and 2010 was $4,266, $2,645 and $2,673, respectively.

Performance Shares

Performance shares are intended to provide incentives to achieve three-year goals. Performance shares pay out in shares of Applied stock at the end of a three-year period provided the Company achieves the established goals. The number of Applied shares payable will vary depending on the level of the goal achieved.

A summary of nonvested performance shares activity at June 30, 2012 is presented below:

Year Ended June 30, 2012 (Share amounts in thousands)	**Shares**		**Weighted-Average Grant-Date Fair Value**
Nonvested, beginning of year	**222**	**$**	**23.23**
Granted	**31**		**28.34**
Forfeitures	**(47)**		**27.15**
Vested	**(144)**		**20.67**
Nonvested, end of year	**62**	**$**	**28.80**

The Committee set three one-year goals for the 2012 and 2011 grants tied to the Company's earnings before interest, tax, depreciation, and amortization (EBITDA) and after-tax return on assets (ROA). Each fiscal year during the three-year term has its own separate goals. Achievement during any particular fiscal year is "banked" for payout at the end of the three-year term.

As of June 30, 2012, the potential shares to be banked in future periods was 62. Unrecognized compensation cost relating to these shares has the potential to reach $1,812 and would be recognized in expense over the weighted-average remaining vesting period of 1.7 years.

Restricted Stock and Restricted Stock Units

Restricted stock award recipients are entitled to receive dividends on, and have voting rights with respect to their respective shares, but are restricted from selling or transferring the shares prior to vesting. Restricted stock awards vest over periods of one to four years. RSUs are grants valued in shares of Applied stock, but shares are not issued until the grants vest three years from the award date, assuming continued employment with Applied. RSUs vest on a pro rata basis upon retirement during the three-year term. Applied pays dividend equivalents on RSUs on a current basis.

A summary of the status of the Company's nonvested restricted stock and RSUs at June 30, 2012 is presented below:

Year Ended June 30, 2012 (Share amounts in thousands)	**Shares**		**Weighted-Average Grant-Date Fair Value**
Nonvested, beginning of year	**162**	**$**	**25.97**
Granted	**135**		**31.58**
Forfeitures	**(31)**		**27.30**
Vested	**(15)**		**31.42**
Nonvested, end of year	**251**	**$**	**28.50**

Unrecognized compensation cost related to unvested restricted stock awards and RSUs aggregated $3,670 at June 30, 2012, and is expected to be recognized over the weighted-average remaining vesting period of 2.1 years.

Performance Grants

In fiscal 2009 and 2008, the Executive Organization and Compensation Committee made annual awards of three-year performance grants to key officers. A target payout was established at the beginning of each three-year performance period. The actual payout at the end of the period is calculated based upon the Company's achievement of sales growth, return on sales, and total shareholder return targets. All performance periods had expired by June 30, 2011. During fiscal 2011 and 2010, the Company recorded $1,020 and $(231), respectively, of compensation expense (income) for achievement relative to the total shareholder return-based goals of the Company's performance grants. The liability at June 30, 2011 was $1,558; this was paid in fiscal 2012.

NOTE 10: BENEFIT PLANS

Retirement Savings Plan

Substantially all U.S. associates participate in the Applied Industrial Technologies, Inc. Retirement Savings Plan. Participants may elect to contribute up to 50% of their compensation, subject to Internal Revenue Code maximums. The Company makes a discretionary profit-sharing contribution to the Retirement Savings Plan generally based upon a percentage of the Company's U.S. income before income taxes and before the amount of the contribution (5% for fiscal 2012, 2011 and 2010). The Company partially matches 401(k) contributions by participants; this match was suspended from January 1, 2009 to June 30, 2010. The Company's expense for profit sharing and matching of associates' 401(k) contributions was $10,866, $11,251 and $4,891 during fiscal 2012, 2011 and 2010, respectively.

Deferred Compensation Plans

The Company has deferred compensation plans that enable certain associates of the Company to defer receipt of a portion of their compensation and non-employee directors to defer receipt of director fees. The Company funds these deferred compensation liabilities by making contributions to rabbi trusts. Assets held in these rabbi trusts consist of investments in money market and mutual funds and Company common stock.

Postemployment Benefit Plans

The Company provides the following postemployment benefits which, except for the Qualified Defined Benefit Retirement Plan, are unfunded:

Supplemental Executive Retirement Benefits Plan

The Company has a non-qualified pension plan to provide supplemental retirement benefits to certain officers. Benefits are payable beginning at retirement and determinable at retirement based upon a percentage of the participant's historical compensation. On December 19, 2011, the Executive Organization and Compensation Committee of the Board of Directors froze participant benefits (credited service and final average earnings) and entry into the Supplemental Executive Retirement Benefits Plan (SERP) effective December 31, 2011. This action constituted a plan curtailment. The plan liability was remeasured in conjunction with the curtailment using a 3.5% discount rate and participant final average earnings through the curtailment date. The remeasurement in conjunction with the curtailment resulted in an actuarial loss (recorded in other comprehensive income (loss)) of $302 ($492 loss, net of income tax of $190).

The curtailment is reflected in the Company's consolidated balance sheets as: 1) a reduction to the overall SERP liability (included in postemployment benefits) of $8,860, 2) a reduction to deferred tax assets of $3,411 and 3) an increase in accumulated other comprehensive income (loss) of $5,449. Prior service costs previously recorded through accumulated other comprehensive income (loss) were reclassified into the statements of consolidated income ($3,117 gross expense, net of income tax of $1,200). The gross expense is recorded in selling, distribution and administrative expense in fiscal 2012.

Key Executive Restoration Plan

In fiscal 2012, the Executive Organization & Compensation Committee of the Board of Directors adopted the Key Executive Restoration Plan (KERP), an unfunded, non-qualified deferred compensation plan, to replace the SERP. The Company recorded $128 of expense associated with this plan in fiscal 2012.

Qualified Defined Benefit Retirement Plan

The Company has a qualified defined benefit retirement plan that provides benefits to certain hourly associates at retirement. These associates do not participate in the Retirement Savings Plan. The benefits are based on length of service and date of retirement.

(In thousands, except per share amounts)

Salary Continuation Benefits

The Company has agreements with certain retirees of acquired companies to pay monthly retirement benefits through fiscal 2020.

Retiree Health Care Benefits

The Company provides health care benefits to eligible retired associates who pay the Company a specified monthly premium. Premium payments are based upon current insurance rates for the type of coverage provided and are adjusted annually. Certain monthly health care premium payments are partially subsidized by the Company. Additionally, in conjunction with a fiscal 1998 acquisition, the Company assumed the obligation for a postretirement medical benefit plan which provides health care benefits to eligible retired associates at no cost to the individual.

The Company uses a June 30 measurement date for all plans.

The following table sets forth the changes in benefit obligations and plan assets during the year and the funded status for the postemployment plans at June 30:

	Pension Benefits		Retiree Health Care Benefits	
	2012	2011	**2012**	2011
Change in benefit obligation:				
Benefit obligation at beginning of the year	**$ 53,490**	$ 51,114	**$ 4,667**	$ 4,593
Service cost	**289**	460	**30**	39
Interest cost	**2,047**	2,232	**237**	235
Plan participants' contributions	**—**	—	**47**	37
Benefits paid	**(4,144)**	(1,856)	**(256)**	(227)
Amendments	**150**	151	**—**	—
Actuarial loss (gain) during year	**4,179**	1,389	**423**	(10)
Curtailment	**(8,860)**	—	**—**	—
Benefit obligation at end of year	**$ 47,151**	$ 53,490	**$ 5,148**	$ 4,667
Change in plan assets:				
Fair value of plan assets at beginning of year	**$ 6,056**	$ 5,229	**$ —**	$ —
Actual (loss) gain on plan assets	**(30)**	984	**—**	—
Employer contributions	**4,557**	1,699	**209**	190
Plan participants' contributions	**—**	—	**47**	37
Benefits paid	**(4,144)**	(1,856)	**(256)**	(227)
Fair value of plan assets at end of year	**$ 6,439**	$ 6,056	**$ —**	$ —
Funded status at end of year	**$ (40,712)**	$ (47,434)	**$ (5,148)**	$ (4,667)

The amounts recognized in the consolidated balance sheets and in accumulated other comprehensive income (loss) for the postemployment plans were as follows:

	Pension Benefits		Retiree Health Care Benefits	
June 30,	**2012**	2011	**2012**	2011
Amounts recognized in the consolidated balance sheets:				
Other current liabilities	**$ 6,018**	$ 4,151	**$ 220**	$ 220
Postemployment benefits	**34,694**	43,283	**4,928**	4,447
Net amount recognized	**$ 40,712**	$ 47,434	**$ 5,148**	$ 4,667
Amounts recognized in accumulated other comprehensive income (loss):				

Net actuarial (loss) gain	**$ (10,112)**	$ (15,012)	**$ 398**	$ 892
Prior service cost	**(279)**	(3,808)	**(135)**	(274)
Total amounts recognized in accumulated other comprehensive income (loss)	**$ (10,391)**	$ (18,820)	**$ 263**	$ 618

(In thousands, except per share amounts)

The following table provides information for pension plans with projected benefit obligations and accumulated benefit obligations in excess of plan assets:

	Pension Benefits	
June 30,	**2012**	2011
Projected benefit obligations	**$ 47,151**	$ 53,490
Accumulated benefit obligations	**47,151**	43,528
Fair value of plan assets	**6,439**	6,056

The net periodic costs are as follows:

	Pension Benefits			Retiree Health Care Benefits		
Year Ended June 30,	**2012**	2011	2010	**2012**	2011	2010
Service cost	**$ 289**	$ 460	$ 574	**$ 30**	$ 39	$ 52
Interest cost	**2,047**	2,232	2,911	**237**	235	259
Expected return on plan assets	**(396)**	(385)	(351)	**—**	—	—
Recognized net actuarial loss (gain)	**644**	1,449	924	**(72)**	(83)	(87)
Amortization of prior service cost	**412**	710	797	**139**	139	148
Recognition of prior service cost upon plan curtailment	**3,117**	—	—	**—**	—	—
Net periodic cost	**$ 6,113**	$ 4,466	$ 4,855	**$ 334**	$ 330	$ 372

The estimated net actuarial loss and prior service cost for the pension plans that will be amortized from accumulated other comprehensive income (loss) into net periodic benefit cost over the next fiscal year are $735 and $83, respectively. The estimated net actuarial gain and prior service cost for the retiree health care benefits that will be amortized from accumulated other comprehensive income (loss) into net periodic benefit cost over the next fiscal year are $(53) and $107, respectively.

Assumptions

The discount rate is used to determine the present value of future payments. In general, the Company's liability increases as the discount rate decreases and decreases as the discount rate increases. The Company computes a weighted-average discount rate taking into account anticipated plan payments and the associated interest rates from the Citigroup Pension Discount Yield Curve.

The weighted-average actuarial assumptions used to determine benefit obligations and net periodic benefit cost for the plans were as follows:

	Pension Benefits		Retiree Health Care Benefits	
June 30,	**2012**	2011	**2012**	2011
Assumptions used to determine benefit obligations at year end:				
Discount rate	**2.8%**	4.5%	**4.0%**	5.5%
Rate of compensation increase	**N/A**	5.5%	**N/A**	N/A
Assumptions used to determine net periodic benefit cost:				
Discount rate	**3.5%**	4.3%	**5.5%**	5.5%
Expected return on plan assets	**7.5%**	7.5%	**N/A**	N/A
Rate of compensation increase	**5.5%**	5.5%	**N/A**	N/A

Due to freezing participant benefits in the SERP plan, the rate of compensation increase is no longer applicable. The assumed health care cost trend rates used in measuring the accumulated benefit obligation for retiree health care benefits were 7.5% and 8% as of June 30, 2012 and 2011, respectively, decreasing to 5% by 2018.

A one-percentage point change in the assumed health care cost trend rates would have had the following effects as of June 30, 2012 and for the year then ended:

	One-Percentage Point	
	Increase	Decrease
Effect on total service and interest cost components of periodic expense	$ 48	$ (39)
Effect on postretirement benefit obligation	854	(701)

(In thousands, except per share amounts)

Plan Assets

The fair value of each major class of plan assets for the Company's Qualified Benefit Retirement Plan are valued using quoted market prices in active markets for identical instruments, or Level 1 in the fair value hierarchy. Following are the fair values and target allocation as of June 30:

	Target Allocation	Fair Value	
		2012	2011
Asset Class:			
Equity securities	40 – 70%	**$ 3,735**	$ 3,876
Debt securities	20 – 50%	**2,382**	1,756
Other	0 – 20%	**322**	424
Total	100%	**$ 6,439**	$ 6,056

Equity securities do not include any Company common stock.

The Company has established an investment policy and regularly monitors the performance of the assets of the trust maintained in conjunction with the Qualified Defined Benefit Retirement Plan. The strategy implemented by the trustee of the Qualified Defined Benefit Retirement Plan is to achieve long-term objectives and invest the pension assets in accordance with ERISA and fiduciary standards. The long-term primary objectives are to provide for a reasonable amount of long-term capital, without undue exposure to risk; to protect the Qualified Defined Benefit Retirement Plan assets from erosion of purchasing power; and to provide investment results that meet or exceed the actuarially assumed long-term rate of return. The expected long-term rate of return on assets assumption was developed by considering the historical returns and the future expectations for returns of each asset class as well as the target asset allocation of the pension portfolio.

Cash Flows

Employer Contributions

The Company expects to contribute $6,000 to its pension benefit plans and $240 to its retiree health care benefit plans in 2013. Contributions do not equal estimated future payments as certain payments are made from plan assets.

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as applicable, are expected to be paid in each of the next five years and in the aggregate for the subsequent five years:

During Fiscal Years	Pension Benefits	Retiree Health Care Benefits
2013	$ 6,200	$ 240
2014	5,900	240
2015	5,700	240
2016	4,500	240
2017	1,700	260
2018 through 2022	15,200	1,420

(In thousands, except per share amounts)

NOTE 11: LEASES

The Company leases its corporate headquarters facility along with many service center and distribution center facilities, vehicles and equipment under non-cancelable lease agreements accounted for as operating leases. The minimum annual rental commitments under non-cancelable operating leases as of June 30, 2012 are as follows:

During Fiscal Years	
2013	$ 23,500
2014	18,000
2015	14,300
2016	9,600
2017	5,100
Thereafter	11,100
Total minimum lease payments	$ 81,600

Rental expenses incurred for operating leases, principally from leases for real property, vehicles and computer equipment were $31,200 in 2012, $31,400 in 2011 and $30,700 in 2010.

NOTE 12: SEGMENT AND GEOGRAPHIC INFORMATION

The Company's reportable segments are: Service Center Based Distribution and Fluid Power Businesses. The Service Center Based Distribution segment provides customers with solutions to their maintenance, repair and original equipment manufacturing needs through the distribution of industrial products including bearings, power transmission components, fluid power components, industrial rubber products, linear motion products, safety products, general maintenance and a variety of mill supply products. The Fluid Power Businesses segment distributes fluid power components and operates shops that assemble fluid power systems and components, performs equipment repair, and offers technical advice to customers.

The accounting policies of the Company’s reportable segments are generally the same as those described in Note 1. Sales primarily from the Fluid Power Businesses segment to the Service Center Based Distribution segment of $18,097, $17,665 and $14,006, in fiscal 2012, 2011 and 2010, respectively, have been eliminated in the table below.

Segment Financial Information

	Service Center Based Distribution	Fluid Power Businesses	Total
Year Ended June 30, 2012			
Net sales	**$ 1,904,564**	**$ 470,881**	**$ 2,375,445**
Operating income for reportable segments	**135,240**	**43,236**	**178,476**
Assets used in the business	**731,915**	**230,268**	**962,183**
Depreciation and amortization of property	**9,403**	**1,833**	**11,236**
Capital expenditures	**24,339**	**1,682**	**26,021**
Year Ended June 30, 2011			
Net sales	$ 1,770,798	$ 442,051	$ 2,212,849
Operating income for reportable segments	115,798	41,793	157,591
Assets used in the business	700,486	214,445	914,931
Depreciation and amortization of property	9,152	2,082	11,234
Capital expenditures	19,392	1,039	20,431
Year Ended June 30, 2010			
Net sales	$ 1,536,543	$ 356,665	$ 1,893,208
Operating income for reportable segments	77,029	26,794	103,823
Assets used in the business	690,970	200,550	891,520

Depreciation and amortization of property	9,336	2,129	11,465
Capital expenditures	6,389	827	7,216

(In thousands, except per share amounts)

ERP related assets are included in assets used in the business and capital expenditures within the Service Center Based Distribution segment. Within the geographic disclosures, these assets are included in the United States. Expenses associated with the ERP are included in the Corporate and other income, net, line in the reconciliation of operating income for reportable segments to the consolidated income before income taxes table below.

A reconciliation of operating income for reportable segments to the consolidated income before income taxes is as follows:

Year Ended June 30,	2012	2011	2010
Operating income for reportable segments	**$ 178,476**	$ 157,591	$ 103,823
Adjustments for:			
Intangible amortization — Service Center Based Distribution	**3,834**	3,384	1,890
Intangible amortization — Fluid Power Businesses	**7,631**	7,998	8,261
Corporate and other income, net	**(1,384)**	(4,554)	(16,378)
Total operating income	**168,395**	150,763	110,050
Interest (income) expense, net	**(9)**	1,668	5,458
Other expense (income), net	**1,578**	(3,793)	(425)
Income before income taxes	**$ 166,826**	$ 152,888	$ 105,017

Corporate and other income, net, includes the SERP curtailment loss of $3,117 recognized in the second quarter of fiscal 2012. Additional fluctuations in corporate and other income, net, are due to changes in the levels and amounts of expenses being allocated to the segments. The expenses being allocated include corporate charges for working capital, logistics support and other items.

Product Category

Net sales by product category are as follows:

Year Ended June 30,	2012	2011	2010
Industrial	**$ 1,680,926**	$ 1,559,859	$ 1,357,206
Fluid power	**694,519**	652,990	536,002
Net sales	**$ 2,375,445**	$ 2,212,849	$ 1,893,208

The fluid power product category includes sales of hydraulic, pneumatic, lubrication and filtration components and systems, and repair services through the Company's Fluid Power Businesses segment as well as the Service Center Based Distribution segment.

Geographic Information

Net sales are presented in geographic areas based on the location of the facility shipping the product. Long-lived assets are based on physical locations and are comprised of the net book value of property, goodwill and intangible assets. Information by geographic area is as follows:

Year Ended June 30,	2012	2011	2010
Net Sales:			
United States	**$ 2,009,317**	$ 1,891,700	$ 1,644,237
Canada	**292,913**	260,015	199,772
Mexico	**73,215**	61,134	49,199
Total	**$ 2,375,445**	$ 2,212,849	$ 1,893,208

June 30,	2012	2011
Long-Lived Assets:		
United States	**$ 198,076**	$ 191,947
Canada	**42,624**	29,893

Mexico	**10,323**	13,706
Total	**$ 251,023**	$ 235,546

(In thousands, except per share amounts)

NOTE 13: COMMITMENTS AND CONTINGENCIES

In connection with the construction and lease of its corporate headquarters facility, the Company has guaranteed repayment of $4,400 of taxable development revenue bonds issued by Cuyahoga County and the Cleveland-Cuyahoga County Port Authority. These bonds were issued with a 20-year term and are scheduled to mature in March 2016. Any default, as defined in the guarantee agreements, would obligate the Company for the full amount of the outstanding bonds through maturity. Due to the nature of the guarantee, the Company has not recorded any liability on the consolidated financial statements. In the event of a default and subsequent payout under any or all guarantees, the Company maintains the right to pursue all legal options available to mitigate its exposure.

The Company is a party to various pending judicial and administrative proceedings. Based on circumstances currently known, the Company believes the likelihood is remote that the ultimate resolution of any of these matters will have, either individually or in the aggregate, a material adverse effect on the Company's consolidated financial position, results of operations, or cash flows.

NOTE 14: OTHER EXPENSE (INCOME), NET

Other expense (income), net, consists of the following:

Year Ended June 30,	**2012**	2011	2010
Unrealized loss (gain) on assets held in rabbi trust for a non-qualified deferred compensation plan	**$ 36**	$ (2,016)	$ (1,012)
Benefit from payouts on corporate-owned life insurance policies	**—**	(1,722)	—
Foreign currency transaction losses (gains)	**1,592**	(541)	36
Loss on cross-currency swap	**—**	368	510
Other, net	**(50)**	118	41
Total other expense (income), net	**$ 1,578**	$ (3,793)	$ (425)

The Company is the owner and beneficiary under life insurance policies acquired in conjunction with a fiscal 1998 acquisition, with benefits in force of $12,300 and a net cash surrender value of $3,200 at June 30, 2012. In January 2011, the Company received death benefits under two of these policies and realized a gain of $1,722.

NOTE 15: SUBSEQUENT EVENT

On August 1, 2012, the Company acquired SKF's company-owned distribution businesses in Australia and New Zealand for cash consideration. These businesses will expand Applied's global capabilities and are part of the Service Center Based Distribution segment. The Company funded the acquisition from its available cash and existing revolving credit facilities. Results of operations acquired will be included in the Company's results of operations from the date of closing.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Deloitte.

To the Board of Directors and Shareholders of Applied Industrial Technologies, Inc.
Cleveland, Ohio

We have audited the accompanying consolidated balance sheets of Applied Industrial Technologies, Inc. and subsidiaries (the "Company") as of June 30, 2012 and 2011, and the related statements of consolidated income, comprehensive income, shareholders' equity, and cash flows for each of the three years in the period ended June 30, 2012. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Company at June 30, 2012 and 2011, and the results of its operations and its cash flows for each of the three years in the period ended June 30, 2012, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of June 30, 2012, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated August 15, 2012 expressed an unqualified opinion on the Company's internal control over financial reporting.

Deloitte & Touche LLP

Cleveland, Ohio

August 15, 2012

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The Management of Applied Industrial Technologies, Inc. is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed by, or under the supervision of, the Chief Executive Officer and the Vice President — Chief Financial Officer & Treasurer, and effected by the Company's Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

The Company's internal control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and that receipts and expenditures of the Company are being made only in accordance with authorizations of the Company's Management and Board of Directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the consolidated financial statements.

Because of inherent limitations, internal control over financial reporting can provide only reasonable, not absolute, assurance with respect to the preparation and presentation of the consolidated financial statements and may not prevent or detect misstatements. Further, because of changes in conditions, effectiveness of internal control over financial reporting may vary over time.

Management conducted an evaluation of the effectiveness of the Company's internal control over financial reporting as of June 30, 2012. This evaluation was based on the criteria set forth in the framework *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, Management determined that the Company's internal control over financial reporting was effective as of June 30, 2012.

The effectiveness of the Company's internal control over financial reporting has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report which is included herein.

Neil A. Schrimsher
Chief Executive Officer

Mark O. Eisele
Vice President — Chief Financial Officer & Treasurer

Benjamin J. Mondics
President & Chief Operating Officer

Daniel T. Brezovec
Corporate Controller

August 15, 2012

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Deloitte.

To the Board of Directors and Shareholders of Applied Industrial Technologies, Inc.
Cleveland, Ohio

We have audited the internal control over financial reporting of Applied Industrial Technologies, Inc. and subsidiaries (the "Company") as of June 30, 2012, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of June 30, 2012, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet and the related statements of consolidated income, comprehensive income, shareholders' equity and cash flows as of and for the year ended June 30, 2012 of the Company and our report dated August 15, 2012 expressed an unqualified opinion on those consolidated financial statements.

Deloitte & Touche LLP

Cleveland, Ohio

August 15, 2012

QUARTERLY OPERATING RESULTS

(In thousands, except per share amounts)
(UNAUDITED)

	Net Sales	Gross Profit	Operating Income	Net Income	Per Common Share Net Income	Per Common Share Cash Dividend
2012						
First Quarter	**$ 579,574**	**$ 158,704**	**$ 43,267**	**$ 26,382**	**$ 0.61**	**$ 0.19**
Second Quarter	**570,397**	**155,469**	**33,335**	**20,935**	**0.49**	**0.19**
Third Quarter	**605,461**	**167,613**	**42,019**	**29,418**	**0.69**	**0.21**
Fourth Quarter	**620,013**	**172,686**	**49,774**	**32,044**	**0.75**	**0.21**
	$ 2,375,445	**$ 654,472**	**$ 168,395**	**$ 108,779**	**$ 2.54**	**$ 0.80**
2011						
First Quarter	$ 527,501	$ 143,120	$ 34,891	$ 20,755	$ 0.48	$ 0.17
Second Quarter	529,517	144,281	33,056	21,193	0.49	0.17
Third Quarter	565,970	156,566	38,201	26,536	0.61	0.17
Fourth Quarter	589,861	169,143	44,615	28,275	0.65	0.19
	$ 2,212,849	$ 613,110	$ 150,763	$ 96,759	$ 2.24	$ 0.70
2010						
First Quarter	$ 437,743	$ 115,444	$ 17,641	$ 11,187	$ 0.26	$ 0.15
Second Quarter	446,253	116,905	18,903	10,487	0.24	0.15
Third Quarter	486,141	130,356	27,037	16,525	0.39	0.15
Fourth Quarter	523,071	153,017	46,469	27,704	0.64	0.15
	$ 1,893,208	$ 515,722	$ 110,050	$ 65,903	$ 1.54	$ 0.60

On August 6, 2012 there were 5,975 shareholders of record including 4,295 shareholders in the Applied Industrial Technologies, Inc. Retirement Savings Plan. The Company's common stock is listed on the New York Stock Exchange. The closing price on August 6, 2012 was $37.96 per share.

The sum of the quarterly per share amounts may not equal per share amounts reported for year-to-date. This is due to changes in the number of weighted shares outstanding and the effects of rounding for each period.

Cost of sales for interim financial statements are computed using estimated gross profit percentages which are adjusted throughout the year based upon available information. Adjustments to actual cost are primarily made based on periodic physical inventory and the effect of year-end inventory quantities on LIFO costs.

During the year ended June 30, 2012, overall LIFO expense was $7,100, which is net of $3,400 of LIFO layer liquidations recorded in the fourth quarter. The Company recorded overall LIFO benefits of $600 in the fourth quarter (including the liquidation), which reduced cost of goods sold.

During the year ended June 30, 2011, the Company recorded overall LIFO benefits of $5,294, which reduced cost of goods sold. The overall LIFO reserves were reduced by the same amount. Total fiscal year 2011 LIFO benefits were recorded as follows: $301 in the first quarter, $1,823 in the second quarter, $356 in the third quarter and $2,814 in the fourth quarter.

During the year ended June 30, 2010, the Company recorded overall LIFO benefits of $23,500, which reduced cost of goods sold. The overall LIFO reserves were reduced by the same amount. Total fiscal year 2010 LIFO benefits were recorded as follows: $710 in the first quarter, $1,800 in the second quarter, $4,840 in the third quarter and $16,150 in the fourth quarter.

In the second quarter of fiscal 2011, Applied commenced its ERP project to transform the Company's technology platforms and enhance its business information and transaction systems for future growth. Fiscal 2012 cash expenses associated with this project totaled $18,300 and were recorded as follows: $3,700 in the first quarter, $4,100 in the second quarter, $5,700 in the third quarter and $4,800 in the fourth quarter. Fiscal 2011 expenses associated with this project totaled $8,500 and were recorded as follows: $800 in the second quarter, $2,900 in the third quarter and $4,800 in the fourth quarter.

In the second quarter of fiscal 2012, the Company's earnings were reduced by $4,400 due to two one-time items: freezing the Company's Supplemental Executive Retirement Benefits Plan and CEO transition expense.

In the third quarter of fiscal 2011, the Company received death benefits under life insurance policies and realized a gain of $1,722.

QUARTERLY VOLUME AND PRICE INFORMATION

	Shares Traded	Average Daily Volume	Price Range High	Price Range Low
2012				
First Quarter	**26,284,500**	**410,700**	**$ 36.77**	**$ 24.50**
Second Quarter	**19,521,900**	**309,900**	**36.07**	**25.63**
Third Quarter	**15,756,700**	**254,100**	**42.01**	**34.78**
Fourth Quarter	**16,697,600**	**265,000**	**41.79**	**34.44**
2011				
First Quarter	18,731,300	292,700	$ 31.08	$ 24.15
Second Quarter	22,875,900	357,400	33.34	29.00
Third Quarter	17,150,600	276,600	34.92	30.36
Fourth Quarter	19,014,600	301,800	36.01	31.94
2010				
First Quarter	12,316,800	192,400	$ 23.17	$ 18.11
Second Quarter	13,876,700	216,800	22.91	18.80
Third Quarter	11,246,000	184,400	25.20	21.06
Fourth Quarter	23,193,800	368,200	33.00	24.80

5 YEAR SUMMARY

(In thousands, except per share amounts and statistical data)
(UNAUDITED)

	2012	2011	2010	2009[a]	2008
Consolidated Operations — Year Ended June 30					
Net sales	**$2,375,445**	$2,212,849	$1,893,208	$1,923,148	$2,089,456
Depreciation and amortization of property	**11,236**	11,234	11,465	12,736	12,776
Amortization:					
Intangible assets	**11,465**	11,382	10,151	46,260	1,663
SARs and stock options [b]	**2,058**	2,473	3,020	3,702	2,999
Operating income	**168,395**	150,763	110,050	72,493	152,824
Net income	**108,779**	96,759	65,903	42,260	95,456
Per share data:					
Net income:					
Basic	**2.58**	2.28	1.56	1.00	2.23
Diluted	**2.54**	2.24	1.54	0.99	2.19
Cash dividend	**0.80**	0.70	0.60	0.60	0.60
Year-End Position — June 30					
Working capital	**$ 435,593**	$ 404,226	$ 347,528	$ 369,038	$ 409,186
Long-term debt (including long-term debt classified as current)			75,000	75,000	25,000
Total assets	**962,183**	914,931	891,520	809,328	798,771
Shareholders' equity	**672,131**	633,563	555,039	508,102	502,075
Year-End Statistics — June 30					
Current ratio	**2.9**	2.9	2.3	3.4	3.1
Operating facilities	**476**	474	455	464	459
Shareholders of record	**6,225**	6,208	5,884	6,329	6,305
Return on assets [c]	**11.8%**	11.1%	7.9%	7.7%	12.2%
Return on equity [d]	**16.7%**	16.3%	12.4%	8.4%	20.0%
Capital expenditures	**$ 26,021**	$ 20,431	$ 7,216	$ 6,988	$ 8,410

(a) The goodwill impairment charge in fiscal 2009 reduced operating income by $36,605, net income by $23,000 and net income per share by $0.54.

(b) Prior to 2004, the Company did not record SAR or stock option expense as it was not required by Generally Accepted Accounting Principles.

(c) Return on assets is calculated as net income divided by monthly average assets, exclusive of the goodwill impairment.

(d) Return on equity is calculated as net income divided by the average shareholders' equity (beginning of the year and end of the year divided by 2).

EXHIBIT 21

APPLIED INDUSTRIAL TECHNOLOGIES, INC. FORM 10-K FOR
FISCAL YEAR ENDED JUNE 30, 2012
SUBSIDIARIES (as of June 30, 2012)

Name	Jurisdiction of Incorporation or Organization
* 9044-2294 Canada Inc.	Quebec
* A&H Fluid Technologies, Inc.	Alabama
* Air-Hydraulic Systems, Inc.	Minnesota
* Air Draulics Engineering Co.	Tennessee
AIT Canada, ULC	Nova Scotia
AIT International Inc.	Ohio
Applied Australia Holdings Pty Ltd.	Victoria, Australia
Applied Canada, ULC	Nova Scotia
Applied Canada Holdings, ULC	Nova Scotia
* Applied Fluid Power Holdings, LLC	Ohio
Applied Industrial Technologies - CA LLC	Delaware
Applied Industrial Technologies - Capital, Inc.	Delaware
Applied Industrial Technologies - Dixie, Inc.	Tennessee
Applied Industrial Technologies, LP	Ontario
Applied Industrial Technologies - PA LLC	Pennsylvania
Applied Industrial Technologies - PACIFIC LLC	Delaware
Applied Luxembourg, S.a.r.l.	Luxembourg
* Applied México, S.A. de C.V. (97%-owned by subsidiaries of Applied Industrial Technologies, Inc.)	Mexico
Applied Mexico Holdings, S.A. de C.V.	Mexico
Applied Northern Holdings, ULC	Nova Scotia
Applied Nova Scotia Company	Nova Scotia

Applied US, L.P.	Delaware
BER International, Inc.	Barbados
* Bay Advanced Technologies, LLC	Ohio
Bearing Sales & Services Inc.	Washington
Bearings Pan American, Inc.	Ohio
* Carolina Fluid Components, LLC	Ohio
* DTS Fluid Power, LLC	Ohio
* ESI Acquisition Corporation (d/b/a Engineered Sales, Inc., ESI Power Hydraulics, and Applied Engineered Systems)	Ohio
* FluidTech, LLC	Ohio
* HydroAir Hughes, LLC	Ohio
* Power Systems, LLC	Ohio

* Rafael Benitez Carrillo Inc.	Puerto Rico
* Specialites Industrielles Harvey Inc.	Quebec
* Spencer Fluid Power, Inc.	Ohio
* UZ Engineered Products Inc.	Canada (Federal)
* UZ Engineered Products LLC	Ohio
* VYCMEX Mexico, S.A. de C.V.	Mexico

* Operating companies that do not conduct business under Applied Industrial Technologies trade name

EXHIBIT 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-179354, 333-149183, 333-138054, 333-138053, 333-124574, 333-69002, 333-83809, 033-65509, 033-53361, and 033-53401 on Form S-8 of our reports dated August 15, 2012, relating to the consolidated financial statements and financial statement schedule of Applied Industrial Technologies, Inc. and subsidiaries (the "Company"), and the effectiveness of the Company's internal control over financial reporting, appearing in and incorporated by reference in this Annual Report on Form 10-K of the Company for the year ended June 30, 2012.

/s/ Deloitte & Touche LLP

Cleveland, Ohio
August 15, 2012

EXHIBIT 24

POWER OF ATTORNEY

The undersigned director and/or officer of Applied Industrial Technologies, Inc., an Ohio corporation, hereby constitutes and appoints Fred D. Bauer and Mark O. Eisele, and each of them, the true and lawful agents and attorneys-in-fact of the undersigned with full power and authority, and in either or both of them, to sign for the undersigned and in his or her respective name as director and/or officer of the Corporation, the Corporation's Annual Report for the fiscal year ended June 30, 2012 on Form 10-K to be filed with the Securities and Exchange Commission under the Securities Exchange Act of 1934, and the rules and regulations issued thereunder, hereby ratifying and confirming all acts taken by such agents and attorneys-in-fact, or any one of them, as herein authorized.

Date: 8-3-2012 By: /s/ William G. Bares

EXHIBIT 24

POWER OF ATTORNEY

The undersigned director and/or officer of Applied Industrial Technologies, Inc., an Ohio corporation, hereby constitutes and appoints Fred D. Bauer and Mark O. Eisele, and each of them, the true and lawful agents and attorneys-in-fact of the undersigned with full power and authority, and in either or both of them, to sign for the undersigned and in his or her respective name as director and/or officer of the Corporation, the Corporation's Annual Report for the fiscal year ended June 30, 2012 on Form 10-K to be filed with the Securities and Exchange Commission under the Securities Exchange Act of 1934, and the rules and regulations issued thereunder, hereby ratifying and confirming all acts taken by such agents and attorneys-in-fact, or any one of them, as herein authorized.

Date: 8/9/12 By: /s/ T. A. Commes

EXHIBIT 24

POWER OF ATTORNEY

The undersigned director and/or officer of Applied Industrial Technologies, Inc., an Ohio corporation, hereby constitutes and appoints Fred D. Bauer and Mark O. Eisele, and each of them, the true and lawful agents and attorneys-in-fact of the undersigned with full power and authority, and in either or both of them, to sign for the undersigned and in his or her respective name as director and/or officer of the Corporation, the Corporation's Annual Report for the fiscal year ended June 30, 2012 on Form 10-K to be filed with the Securities and Exchange Commission under the Securities Exchange Act of 1934, and the rules and regulations issued thereunder, hereby ratifying and confirming all acts taken by such agents and attorneys-in-fact, or any one of them, as herein authorized.

Date: August 6, 2012 By: /s/ Peter Dorsman

EXHIBIT 24

POWER OF ATTORNEY

The undersigned director and/or officer of Applied Industrial Technologies, Inc., an Ohio corporation, hereby constitutes and appoints Fred D. Bauer and Mark O. Eisele, and each of them, the true and lawful agents and attorneys-in-fact of the undersigned with full power and authority, and in either or both of them, to sign for the undersigned and in his or her respective name as director and/or officer of the Corporation, the Corporation's Annual Report for the fiscal year ended June 30, 2012 on Form 10-K to be filed with the Securities and Exchange Commission under the Securities Exchange Act of 1934, and the rules and regulations issued thereunder, hereby ratifying and confirming all acts taken by such agents and attorneys-in-fact, or any one of them, as herein authorized.

Date: 8/8/12 By: /s/ L. Thomas Hiltz

EXHIBIT 24

POWER OF ATTORNEY

The undersigned director and/or officer of Applied Industrial Technologies, Inc., an Ohio corporation, hereby constitutes and appoints Fred D. Bauer and Mark O. Eisele, and each of them, the true and lawful agents and attorneys-in-fact of the undersigned with full power and authority, and in either or both of them, to sign for the undersigned and in his or her respective name as director and/or officer of the Corporation, the Corporation's Annual Report for the fiscal year ended June 30, 2012 on Form 10-K to be filed with the Securities and Exchange Commission under the Securities Exchange Act of 1934, and the rules and regulations issued thereunder, hereby ratifying and confirming all acts taken by such agents and attorneys-in-fact, or any one of them, as herein authorized.

Date: 8/9/2012 By: /s/ Edith Kelly-Green

EXHIBIT 24

POWER OF ATTORNEY

The undersigned director and/or officer of Applied Industrial Technologies, Inc., an Ohio corporation, hereby constitutes and appoints Fred D. Bauer and Mark O. Eisele, and each of them, the true and lawful agents and attorneys-in-fact of the undersigned with full power and authority, and in either or both of them, to sign for the undersigned and in his or her respective name as director and/or officer of the Corporation, the Corporation's Annual Report for the fiscal year ended June 30, 2012 on Form 10-K to be filed with the Securities and Exchange Commission under the Securities Exchange Act of 1934, and the rules and regulations issued thereunder, hereby ratifying and confirming all acts taken by such agents and attorneys-in-fact, or any one of them, as herein authorized.

Date: Aug. 9, 2012 By: /s/ D. P. Komnenovich

EXHIBIT 24

POWER OF ATTORNEY

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Date: Aug. 9, 2012 By: /s/ J. F. Meier

EXHIBIT 24

POWER OF ATTORNEY

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Date: August 9, 2012 By: /s/ J. M. Moore

EXHIBIT 24

POWER OF ATTORNEY

The undersigned director and/or officer of Applied Industrial Technologies, Inc., an Ohio corporation, hereby constitutes and appoints Fred D. Bauer and Mark O. Eisele, and each of them, the true and lawful agents and attorneys-in-fact of the undersigned with full power and authority, and in either or both of them, to sign for the undersigned and in his or her respective name as director and/or officer of the Corporation, the Corporation's Annual Report for the fiscal year ended June 30, 2012 on Form 10-K to be filed with the Securities and Exchange Commission under the Securities Exchange Act of 1934, and the rules and regulations issued thereunder, hereby ratifying and confirming all acts taken by such agents and attorneys-in-fact, or any one of them, as herein authorized.

Date: August 9, 2012 By: /s/ Jerry Sue Thornton

EXHIBIT 24

POWER OF ATTORNEY

The undersigned director and/or officer of Applied Industrial Technologies, Inc., an Ohio corporation, hereby constitutes and appoints Fred D. Bauer and Mark O. Eisele, and each of them, the true and lawful agents and attorneys-in-fact of the undersigned with full power and authority, and in either or both of them, to sign for the undersigned and in his or her respective name as director and/or officer of the Corporation, the Corporation's Annual Report for the fiscal year ended June 30, 2012 on Form 10-K to be filed with the Securities and Exchange Commission under the Securities Exchange Act of 1934, and the rules and regulations issued thereunder, hereby ratifying and confirming all acts taken by such agents and attorneys-in-fact, or any one of them, as herein authorized.

Date: August 9, 2012 By: /s/ Peter C. Wallace

EXHIBIT 31

APPLIED INDUSTRIAL TECHNOLOGIES, INC. FORM 10-K FOR
FISCAL YEAR ENDED JUNE 30, 2012
CERTIFICATIONS

I, Neil A. Schrimsher, certify that:

1. I have reviewed this annual report on Form 10-K of Applied Industrial Technologies, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 15, 2012

/s/ Neil A. Schrimsher

Neil A. Schrimsher
Chief Executive Officer

I, Mark O. Eisele, certify that:

1. I have reviewed this annual report on Form 10-K of Applied Industrial Technologies, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 15, 2012

/s/ Mark O. Eisele

Mark O. Eisele

Vice President-Chief Financial Officer & Treasurer

EXHIBIT 32

APPLIED INDUSTRIAL TECHNOLOGIES, INC. FORM 10-K FOR
FISCAL YEAR ENDED JUNE 30, 2012

[The following certification accompanies the Annual Report on Form 10-K for the year ended June 30, 2012, and is not filed, as provided in applicable SEC releases.]

CERTIFICATIONS PURSUANT TO 18 U.S.C. 1350

In connection with the Form 10-K (the "Report") of Applied Industrial Technologies, Inc. (the "Company") for the period ending June 30, 2012, we, Neil A. Schrimsher, Chief Executive Officer, and Mark O. Eisele, Vice President-Chief Financial Officer & Treasurer of the Company, certify that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Neil A. Schrimsher	/s/ Mark O. Eisele
Neil A. Schrimsher Chief Executive Officer	Mark O. Eisele Vice President-Chief Financial Officer & Treasurer

Dated: August 15, 2012

[A signed original of this written statement has been provided to Applied Industrial Technologies, Inc. and will be retained by Applied Industrial Technologies, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.]

Goodwill and Intangibles 1 (Details) (USD $) In Thousands, unless otherwise specified	Jun. 30, 2012	Jun. 30, 2011
Amortization details resulting from business combinations		
Amount	$ 128,271	$ 123,366
Intangible assets gross excluding goodwill	129,561	124,656
Total finite lived Intangibles	44,721	35,105
Total Intangibles	83,550	88,261
Total Intangibles	84,840	89,551
Indefinite-Lived Trade Names [Member]		
Amortization details resulting from business combinations		
Indefinite - Lived Trade Names	1,290	1,290
Customer relationships [Member]		
Amortization details resulting from business combinations		
Amount	84,249	78,084
Total finite lived Intangibles	29,905	23,111
Total Intangibles	54,344	54,973
Trade names [Member]		
Amortization details resulting from business combinations		
Amount	25,677	25,944
Total finite lived Intangibles	7,428	5,666
Total Intangibles	18,249	20,278
Vendor relationships [Member]		
Amortization details resulting from business combinations		
Amount	13,605	14,211
Total finite lived Intangibles	4,500	3,696
Total Intangibles	9,105	10,515
Non-competition agreements [Member]		
Amortization details resulting from business combinations		
Amount	4,740	5,127
Total finite lived Intangibles	2,888	2,632
Total Intangibles	$ 1,852	$ 2,495

Share - Based Compensation 1 (Details) (Stock Options and Stock Appreciation Rights [Member], USD $)	12 Months Ended		
	Jun. 30, 2012 Y	Jun. 30, 2011 Y	Jun. 30, 2010 Y
Stock Options and Stock Appreciation Rights [Member]			
Weighted-average assumptions used for SARs and stock option grants issued			
Expected life, in years	5.6	5.1	5.5
Risk free interest rate	1.10%	1.60%	2.40%
Dividend yield	2.50%	2.50%	2.50%
Volatility	44.20%	46.20%	52.20%
Per share fair value of SAR's and stock options granted during the year	$ 9.88	$ 9.78	$ 8.45

Income Taxes 4 (Details) (USD $) In Thousands, unless otherwise specified	12 Months Ended		
	Jun. 30, 2012	Jun. 30, 2011	Jun. 30, 2010
Reconciliation of the Company's total gross unrecognized income tax benefits			
Unrecognized Income Tax Benefits at beginning of the year	$ 1,181	$ 1,842	$ 1,860
Current year tax positions	331	153	130
Prior year tax positions	398	50	46
Expirations of statutes of limitations	(371)	(273)	(194)
Settlements	0	(591)	0
Unrecognized Income Tax Benefits at end of year	$ 1,539	$ 1,181	$ 1,842

Segment and Geographic Information 3 (Details) (USD $) In Thousands, unless otherwise specified	12 Months Ended		
	Jun. 30, 2012	Jun. 30, 2011	Jun. 30, 2010
Revenues From External Customers and Long Lived Assets [Line Items]			
Net Sales	$ 2,375,445	$ 2,212,849	$ 1,893,208
Long-Lived Assets, Foreign countries	251,023	235,546	
United States [Member]			
Revenues From External Customers and Long Lived Assets [Line Items]			
Net Sales	2,009,317	1,891,700	1,644,237
Long-Lived Assets, Foreign countries	198,076	191,947	
Canada [Member]			
Revenues From External Customers and Long Lived Assets [Line Items]			
Net Sales	292,913	260,015	199,772
Long-Lived Assets, Foreign countries	42,624	29,893	
Mexico [Member]			
Revenues From External Customers and Long Lived Assets [Line Items]			
Net Sales	73,215	61,134	49,199
Long-Lived Assets, Foreign countries	$ 10,323	$ 13,706	

Share - Based Compensation 2 (Details) (Stock Options and Stock Appreciation Rights [Member], USD $) In Thousands, except Per Share data, unless otherwise specified	12 Months Ended Jun. 30, 2012
Stock Options and Stock Appreciation Rights [Member]	
Share-based Compensation Arrangement by Share-based Payment Award, Options, Outstanding [Roll Forward]	
Outstanding, beginning of year, Shares	1,804
Granted, Shares	246
Exercised, Shares	(802)
Forfeited, Shares	(20)
Outstanding, end of year, Shares	1,228
Exercisable at end of year, Shares	794
Share-based Compensation Arrangement by Share-based Payment Award, Options, Outstanding, Weighted Average Exercise Price [Roll Forward]	
Outstanding, beginning of year, Weighted-Average Exercise Price	$ 22.68
Granted, Weighted-Average Exercise Price	$ 30.14
Exercised, Weighted-Average Exercise Price	$ 21.83
Forfeited, Weighted-Average Exercise Price	$ 25.94
Outstanding, end of year, Weighted-Average Exercise Price	$ 24.68
Exercisable at end of year, Weighted-Average Exercise Price	$ 23.37

Income Taxes 2 (Details)	12 Months Ended		
	Jun. 30, 2012	Jun. 30, 2011	Jun. 30, 2010
Reconciliations of federal statutory income tax rate and Company's effective income tax rate:			
Statutory income tax rate	35.00%	35.00%	35.00%
State and local taxes	2.50%	2.80%	2.20%
U.S. tax on foreign income, net	0.00%	1.80%	0.00%
Valuation allowance	0.00%	(0.60%)	0.80%
Foreign income taxes	(1.80%)	(1.00%)	0.50%
Deductible dividend	(0.50%)	(0.50%)	(0.70%)
Other, net	(0.40%)	(0.80%)	(0.60%)
Effective income tax rate	34.80%	36.70%	37.20%

Leases (Tables)

Leases (Tables)	12 Months Ended Jun. 30, 2012
Leases [Abstract]	
Minimum annual rental commitments under non-cancelable operating leases	

During Fiscal Years	
2013	$23,500
2014	18,000
2015	14,300
2016	9,600
2017	5,100
Thereafter	11,100
Total minimum lease payments	$81,600

Other Expense (Income), Net (Details) (USD $)	1 Months Ended	12 Months Ended		
	Jan. 31, 2011	Jun. 30, 2012	Jun. 30, 2011	Jun. 30, 2010
Other (income) expense, net				
Unrealized (gain) loss on assets held in rabbi trust for a nonqualified deferred compensation plan		$ 36,000	$ (2,016,000)	$ (1,012,000)
Realized gain from life insurance policy	(1,722,000)	0	(1,722,000)	0
Foreign currency transaction (gains) losses		1,592,000	(541,000)	36,000
Unrealized loss (gain) on cross-currency swap		0	368,000	510,000
Other, net		(50,000)	118,000	41,000
Total other expense (income), net		1,578,000	(3,793,000)	(425,000)
Other (Income) Expense, Net (Textuals) [Abstract]				
Benefits in life insurance policies acquired in 1998 acquisition		12,300,000		
Net cash surrender value in life insurance policies acquired in 1998 acquisition		3,200,000		
Realized gain from life insurance policy	$ (1,722,000)	$ 0	$ (1,722,000)	$ 0

Share - Based Compensation Textuals (Details) (USD $) In Thousands, unless otherwise specified	12 Months Ended Jun. 30, 2012 Y	Jun. 30, 2011	Jun. 30, 2010
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]			
Employee service share-based compensation, nonvested Awards, total compensation cost not yet recognized	$ 7,434		
Weighted-average remaining vesting period	2.1		
Aggregate number of shares of common stock awarded under the 2007 Plan	2,000		
Shares available for future grants	1,959		
Compensation expense	6,366	5,631	5,125
Share-based compensation arrangement by share-based payment award, award vesting period		3 years	
Restricted stock and Restricted Stock units [Member]			
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]			
Employee service share-based compensation, nonvested Awards, total compensation cost not yet recognized	3,670		
Weighted-average remaining vesting period	2.1		
Equity instruments other than options, nonvested, shares	251	162	
Compensation expense	2,325	1,453	1,029
SARs and options [Member]			
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]			
Employee service share-based compensation, nonvested Awards, total compensation cost not yet recognized	1,951		
Weighted-average remaining vesting period	2.4		
Weighted-average remaining contractual terms for SARs/stock options outstanding	6.0		
Weighted-average remaining contractual terms for SARs/stock options exercisable	4.8		
Aggregate intrinsic values of SARs and stock options outstanding	15,023		
Aggregate intrinsic values of SARs/stock options exercisable	10,775		
Aggregate intrinsic value of the SARs/stock options exercised	13,747	18,526	5,157
Total fair value of shares vested	4,266	2,645	2,673
Compensation expense	2,058	2,473	3,020
Performance shares [Member]			
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]			
Employee service share-based compensation, nonvested Awards, total compensation cost not yet recognized	1,812		
Weighted-average remaining vesting period	1.7		
Number of goal reaching periods		3	
Equity instruments other than options, nonvested, shares	62	222	

Performance shares, goal reaching period, tied to Company’s EBITDA		1 year	
Compensation expense	1,983	1,705	1,076
Share-based compensation arrangement by share-based payment award, award vesting period	3 years		
Restricted Stock Units (RSUs) [Member]			
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]			
Share-based compensation arrangement by share-based payment award, award vesting period	3 years		
Long-Term Performance Grants [Member]			
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]			
Employee service share-based compensation, nonvested Awards, total compensation cost not yet recognized		1,558	
Compensation expense		$ 1,020	$ (231)
Share-based compensation arrangement by share-based payment award, award vesting period	3 years		
Minimum [Member] | Restricted Stock [Member]			
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]			
Share-based compensation arrangement by share-based payment award, award vesting period	1 year		
Maximum [Member] | Restricted Stock [Member]			
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]			
Share-based compensation arrangement by share-based payment award, award vesting period	4 years		

Segment and Geographic Information Textuals (Details) (USD $) In Thousands, unless otherwise specified	12 Months Ended		
	Jun. 30, 2012	Jun. 30, 2011	Jun. 30, 2010
Segment and Geographic Information (Textuals) [Abstract]			
Sales primarily from businesses segment	$ 18,097	$ 17,665	$ 14,006
Segment Reporting Information [Line Items]			
Reclassification of prior service cost into SD&A expense upon plan curtailment	3,117	0	0
Pension Benefits [Member]			
Segment Reporting Information [Line Items]			
Reclassification of prior service cost into SD&A expense upon plan curtailment	$ 3,117	$ 0	$ 0

Schedule II - Valuation and Qualifying Accounts	12 Months Ended Jun. 30, 2012
Valuation and Qualifying Accounts [Abstract]	
VALUATION AND QUALIFYING ACCOUNTS	**APPLIED INDUSTRIAL TECHNOLOGIES, INC. & SUBSIDIARIES** **SCHEDULE II** **VALUATION AND QUALIFYING ACCOUNTS** **YEARS ENDED JUNE 30, 2012, 2011 AND 2010** (in thousands)

COLUMN A	COLUMN B	COLUMN C		COLUMN D	COLUMN E
DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	ADDITIONS CHARGED TO COSTS AND EXPENSES	ADDITIONS (DEDUCTIONS) CHARGED TO OTHER ACCOUNTS	DEDUCTIONS FROM RESERVE	BALANCE AT END OF PERIOD
YEAR ENDED JUNE 30, 2012:					
Reserve deducted from assets to which it applies — accounts receivable allowances	$ 7,016	$ 3,915	$ 122 (A)	$ 2,721 (B)	$ 8,332
YEAR ENDED JUNE 30, 2011:					
Reserve deducted from assets to which it applies — accounts receivable allowances	$ 6,379	$ 2,029	$ 111 (A)	$ 1,503 (B)	$ 7,016
YEAR ENDED JUNE 30, 2010:					
Reserve deducted from assets to which it applies — accounts receivable allowances	$ 6,464	$ 2,508	$ (95) (A)	$ 2,498 (B)	$ 6,379

Shareholders' Equity OCI (Details) (USD $) In Thousands, unless otherwise specified	12 Months Ended		
	Jun. 30, 2012	Jun. 30, 2011	Jun. 30, 2010
Accumulated Other Comprehensive Loss			
Postemployment liability, net of income taxes of $(3,899) and $(6,990)	$ (6,229)	$ (11,212)	
Foreign currency translation	1,718	16,189	
Unrealized gains on investment securities available for sale, net of income taxes of $(32) and $48	(58)	82	
Total accumulated other comprehensive income (loss)	(4,569)	5,059	
Postretirement plans tax	(3,899)	(6,990)	
Available for sale securities adjustment tax	(32)	48	
Other comprehensive income (loss) [Abstract]			
Foreign currency translation adjustment pre-tax amount	(14,471)	10,011	2,950
Foreign currency translation adjustment tax expense (benefit)	0	(264)	(32)
Foreign currency translation adjustment net amount	(14,471)	10,275	2,982
Actuarial loss on remeasure, pre-tax amount	(5,028)	(930)	(3,860)
Actuarial loss on remeasurement, tax expense (benefit)	(1,954)	(435)	(1,467)
Actuarial loss on remeasurement, net amount	(3,074)	(495)	(2,393)
Reclassification of actuarial losses and prior service cost into SD&A expense (included in net periodic pension costs) pre-tax amount	1,123	2,214	1,781
Reclassification of actuarial losses and prior service cost into SD&A expense (included in net periodic pension costs) tax expense (benefit)	432	850	677
Reclassification of actuarial losses and prior service cost into SD&A expense (included in net periodic pension costs) net amount	691	1,364	1,104
Other Comprehensive Income (Loss), Finalization of Pension and Non-Pension Postretirement Plan Valuation, before Tax	8,860	0	0
Other Comprehensive Income (Loss), Finalization of Pension and Non-Pension Postretirement Plan Valuation, Tax	3,411	0	0
Other Comprehensive Income (Loss), Finalization of Pension and Non-Pension Postretirement Plan Valuation, Net of Tax	5,449	0	0
Reclassification of prior service cost into SD&A expense upon plan curtailment	3,117	0	0
DefinedBenefitPlanRecognizedNetGainLossDueToCurtailmentsTax	(1,200)	0	0
DefinedBenefitPlanRecognizedNetGainLossDueToCurtailmentsNetOfTax	1,917	0	0
Unrealized loss on investment securities available for sale pre-tax amount	(220)	(84)	(46)
Unrealized loss on investment securities available for sale tax expense (benefit)	(80)	(31)	(19)
Unrealized loss on investment securities available for sale net amount	(140)	(53)	(27)
Unrealized loss on cash flow hedges pre-tax amount	0	(266)	(1,103)
Unrealized loss on cash flow hedges tax expense (benefit)	0	(82)	(365)
Unrealized loss on cash flow hedges net amount	0	(184)	(738)
Reclassification of interest expense into income pre-tax amount	0	316	1,408
Reclassification of interest expense into income tax expense (benefit)	0	116	535
Reclassification of interest expense into income net amount	0	200	873

Other Comprehensive Income (Loss), before Tax	(6,619)	11,261	1,130
Other Comprehensive Income (Loss), Tax	3,009	154	(671)
Other comprehensive income (loss)	$ (9,628)	$ 11,107	$ 1,801

Debt (Details) (USD $) In Thousands, unless otherwise specified	12 Months Ended Jun. 30, 2012
Debt Instrument [Line Items]	
Line of credit facility unsecured borrowings amount	$ 150,000
Line of credit facility, amount outstanding	6,854
Line of Credit Facility, Remaining Borrowing Capacity	143,146
Additional long-term financing under uncommitted shelf facility agreement amount	$ 100,000
Duration of additional long term financing	15 years
Ratio of consolidated income before interest, taxes, depreciation and amortization to net interest expense	300.00%
Minimum [Member]	
Debt Instrument [Line Items]	
Fees on credit facility	0.09%
Maximum [Member]	
Debt Instrument [Line Items]	
Fees on credit facility	0.175%

Inventories (Details) (USD $) In Thousands, unless otherwise specified	12 Months Ended		
	Jun. 30, 2012	Jun. 30, 2011	Jun. 30, 2010
Items Of Inventories			
U.S. inventories at current cost	$ 302,465	$ 280,875	
Foreign inventories at average cost	70,797	60,837	
Inventory, Gross, Total	373,262	341,712	
Less: Excess of current cost over LIFO cost for U.S. inventories	144,756	137,646	
Inventories on consolidated balance sheets	228,506	204,066	
Inventories (Textuals) [Abstract]			
LIFO reserve, effect on income, net	7,100		
Decrease in cost of goods sold from LIFO Inventory Liquidation		5,300	23,500
Decrease in LIFO expense from LIFO Inventory Liquidation		7,000	19,200
Increase in gross profit from LIFO Inventory Liquidation	$ 3,400	$ 12,300	$ 42,700

Shareholders' Equity Textuals (Details) In Thousands, unless otherwise specified	12 Months Ended		
	Jun. 30, 2012	Jun. 30, 2011	Jun. 30, 2010
Shareholders' Equity (Textuals) [Abstract]			
Common stock held as treasury shares restricted as (in shares)	596		
Antidilutive Stock options and appreciation rights relating to the acquisition of shares of common stock not included in the computation of diluted earnings per share (in shares)	140	176	1,034

Segment and Geographic Information (Details) (USD $) In Thousands, unless otherwise specified	12 Months Ended		
	Jun. 30, 2012	Jun. 30, 2011	Jun. 30, 2010
Segment financial information			
Net Sales	$ 2,375,445	$ 2,212,849	$ 1,893,208
Operating income for reportable segments	168,395	150,763	110,050
Assets used in the business	962,183	914,931	
Depreciation and amortization of property	11,236	11,234	11,465
Capital expenditures	26,021	20,431	7,216
Service Center Based Distribution Segment [Member]			
Segment financial information			
Net Sales	1,904,564	1,770,798	1,536,543
Operating income for reportable segments	135,240	115,798	77,029
Assets used in the business	731,915	700,486	690,970
Depreciation and amortization of property	9,403	9,152	9,336
Capital expenditures	24,339	19,392	6,389
Fluid Power Businesses [Member]			
Segment financial information			
Net Sales	470,881	442,051	356,665
Operating income for reportable segments	43,236	41,793	26,794
Assets used in the business	230,268	214,445	200,550
Depreciation and amortization of property	1,833	2,082	2,129
Capital expenditures	1,682	1,039	827
Reportable Segment [Member]			
Segment financial information			
Net Sales	2,375,445	2,212,849	1,893,208
Operating income for reportable segments	178,476	157,591	103,823
Assets used in the business	962,183	914,931	891,520
Depreciation and amortization of property	11,236	11,234	11,465
Capital expenditures	$ 26,021	$ 20,431	$ 7,216

Benefit Plans 3 (Details)	Dec. 31, 2011	12 Months Ended Jun. 30, 2012 Pension Benefits [Member]	Jun. 30, 2011 Pension Benefits [Member]	Jun. 30, 2012 Retiree Health Care Benefits [Member]	Jun. 30, 2011 Retiree Health Care Benefits [Member]
Assumptions used to determine benefit obligations at year-end:					
Discount rate	3.50%	2.80%	4.50%	4.00%	5.50%
Rate of compensation increase			5.50%		
Assumptions used to determine net periodic benefit cost:					
Discount rate		3.50%	4.30%	5.50%	5.50%
Expected return on plan assets		7.50%	7.50%		
Rate of compensation increase		5.50%	5.50%		

Income Taxes 3 (Details) (USD $) In Thousands, unless otherwise specified	Jun. 30, 2012	Jun. 30, 2011
Deferred tax assets:		
Compensation liabilities not currently deductible	$ 37,341	$ 36,746
Expenses and reserves not currently deductible	6,151	5,498
Goodwill and intangibles	6,518	9,075
Net operating loss carryforwards (expiring in years 2015-2026)	444	432
Foreign tax credits (expiring in years 2020 and 2021)	4,092	4,090
Other	480	677
Total deferred tax assets	55,026	56,518
Less: Valuation allowance	(157)	(158)
Deferred tax assets, net of valuation allowance	54,869	56,360
Deferred tax liabilities:		
Inventories	(6,021)	(4,755)
Unremitted foreign earnings	(2,804)	(2,804)
Depreciation and differences in property bases	(11,602)	(2,062)
Total deferred tax liabilities	(20,427)	(9,621)
Net deferred tax assets	34,442	46,739
The net deferred tax asset is classified as follows:		
Other current assets	12,189	5,510
Deferred tax assets (long-term)	26,424	43,447
Other liabilities	(4,171)	(2,218)
Net deferred tax assets	$ 34,442	$ 46,739

Statements of Consolidated Shareholders' Equity Statements of Consolidated Shareholders' Equity (Parenthetical) (USD $)	12 Months Ended		
	Jun. 30, 2012	Jun. 30, 2011	Jun. 30, 2010
Cash dividends (usd per share)	$ 0.80	$ 0.70	$ 0.60

Benefit Plans 4 (Details) (USD $) In Thousands, unless otherwise specified	12 Months Ended Jun. 30, 2012
One-Percentage Point Change in Assumed Health Care Cost Trend Rates	
Effect on total service and interest cost components of periodic expense (Increase)	$ 48
Effect on total service and interest cost components of periodic expense (Decrease)	(39)
Effect on postretirement benefit obligation (Increase)	854
Effect on postretirement benefit obligation (Decrease)	$ (701)

Fair Value Measurements (Details) (Level 1 [Member], USD $) In Thousands, unless otherwise specified	Jun. 30, 2012	Jun. 30, 2011
Level 1 [Member]		
Fair Value, Assets Measured on Recurring Basis, Financial Statement Captions [Line Items]		
Marketable securities	$ 10,322	$ 10,881

Income Taxes (Tables)	12 Months Ended Jun. 30, 2012

Income Tax Disclosure [Abstract]

Components of income before income taxes

Year Ended June 30,	2012	2011	2010
U.S.	**$137,667**	$127,567	$ 91,932
Foreign	**29,159**	25,321	13,085
Total income before income taxes	**$166,826**	$152,888	$105,017

Provision (benefit) for income taxes

Year Ended June 30,	2012	2011	2010
Current:			
Federal	**$36,178**	$36,799	$28,342
State and local	**5,522**	6,208	4,123
Foreign	**7,706**	8,338	4,241
Total current	**49,406**	51,345	36,706
Deferred:			
Federal	**8,577**	5,648	1,880
State and local	**503**	169	(311)
Foreign	**(439)**	(1,033)	839
Total deferred	**8,641**	4,784	2,408
Total	**$58,047**	$56,129	$39,114

Reconciliations of federal statutory income tax rate and Company's effective income tax rate

Year Ended June 30,	2012	2011	2010
Statutory income tax rate	**35.0 %**	35.0 %	35.0 %
Effects of:			
State and local taxes	**2.5 %**	2.8 %	2.2 %
U.S. tax on foreign income, net	**—**	1.8 %	—
Valuation allowance	**—**	(0.6)%	0.8 %
Foreign income taxes	**(1.8)%**	(1.0)%	0.5 %
Deductible dividend	**(0.5)%**	(0.5)%	(0.7)%
Other, net	**(0.4)%**	(0.8)%	(0.6)%
Effective income tax rate	**34.8 %**	36.7 %	37.2 %

Components of the Company's net deferred tax assets

June 30,	2012	2011
Deferred tax assets:		
Compensation liabilities not currently deductible	**$ 37,341**	$36,746

Expenses and reserves not currently deductible	**6,151**	5,498
Goodwill and intangibles	**6,518**	9,075
Net operating loss carryforwards (expiring in years 2015-2027)	**444**	432
Foreign tax credits (expiring in years 2020 and 2022)	**4,092**	4,090
Other	**480**	677
Total deferred tax assets	**55,026**	56,518
Less: Valuation allowance	**(157)**	(158)
Deferred tax assets, net of valuation allowance	**54,869**	56,360
Deferred tax liabilities:		
Inventories	**(6,021)**	(4,755)
Unremitted foreign earnings	**(2,804)**	(2,804)
Depreciation and differences in property bases	**(11,602)**	(2,062)
Total deferred tax liabilities	**(20,427)**	(9,621)
Net deferred tax assets	**$ 34,442**	$46,739
The net deferred tax asset is classified as follows:		
Other current assets	**$ 12,189**	$ 5,510
Deferred tax assets (long-term)	**26,424**	43,447
Other liabilities	**(4,171)**	(2,218)
Net deferred tax assets	**$ 34,442**	$46,739

Reconciliation of the Company's total gross unrecognized income tax benefits

Year Ended June 30,	**2012**	2011	2010
Unrecognized Income Tax Benefits at beginning of the year	**$1,181**	$1,842	$1,860
Current year tax positions	**331**	153	130
Prior year tax positions	**398**	50	46
Expirations of statutes of limitations	**(371)**	(273)	(194)
Settlements	**—**	(591)	—
Unrecognized Income Tax Benefits at end of year	**$1,539**	$1,181	$1,842

Goodwill and Intangibles (Tables)	12 Months Ended Jun. 30, 2012

Goodwill and Intangible Assets Disclosure [Abstract]

Changes in the carrying amount of goodwill by reportable segment

The changes in the carrying amount of goodwill for the Service Center Based Distribution segment for the years ended June 30, 2012 and 2011 are as follows:

Balance at July 1, 2010	$	63,405
Goodwill acquired during the year		11,700
Other, primarily currency translation		1,876
Balance at June 30, 2011		76,981
Goodwill acquired during the year		**8,403**
Other, primarily currency translation		**(2,304)**
Balance at June 30, 2012	**$**	**83,080**

Amortization details resulting from business combinations

Intangibles consist of the following:

June 30, 2012		**Amount**		**Accumulated Amortization**		**Net Book Value**
Finite-Lived Intangibles:						
Customer relationships	**$**	**84,249**	**$**	**29,905**	**$**	**54,344**
Trade names		**25,677**		**7,428**		**18,249**
Vendor relationships		**13,605**		**4,500**		**9,105**
Non-competition agreements		**4,740**		**2,888**		**1,852**
Total Finite-Lived Intangibles		**128,271**		**44,721**		**83,550**
Indefinite-Lived Trade Name		**1,290**				**1,290**
Total Intangibles	**$**	**129,561**	**$**	**44,721**	**$**	**84,840**

June 30, 2011		Amount		Accumulated Amortization		Net Book Value
Finite-Lived Intangibles:						
Customer relationships	$	78,084	$	23,111	$	54,973
Trade names		25,944		5,666		20,278
Vendor relationships		14,211		3,696		10,515
Non-competition agreements		5,127		2,632		2,495
Total Finite-Lived Intangibles		123,366		35,105		88,261
Indefinite-Lived Trade Name		1,290				1,290
Total Intangibles	$	124,656	$	35,105	$	89,551

Schedule of purchase price allocation and associated weighted average life

During 2012, the Company acquired intangible assets with an initial purchase price allocation and weighted-average life as follows:

		Purchase Price Allocation	**Weighted-Average Life**
Customer relationships	**$**	**7,810**	**15 years**
Trade names		**270**	**2 years**
Non-competition agreements		**435**	**2 years**
Total Intangibles Acquired	**$**	**8,515**	**14 years**

Share - Based Compensation 3 (Details) (USD $) In Thousands, except Per Share data, unless otherwise specified	12 Months Ended Jun. 30, 2012
Restricted stock and Restricted Stock units [Member]	
Share-based Compensation Arrangement by Share-based Payment Award, Equity Instruments Other than Options, Nonvested, Number of Shares [Roll Forward]	
Beginning Balance, Shares	162
Granted, shares	135
Forfeitures	(31)
Vested, Shares	(15)
Ending Balance, Shares	251
Share-based Compensation Arrangement by Share-based Payment Award, Equity Instruments Other than Options, Nonvested, Weighted Average Grant Date Fair Value [Roll Forward]	
Beginning Balance, Weighted-Average Grant-Date Fair Value	$ 25.97
Granted, Weighted-Average Grant-Date Fair Value	$ 31.58
Forfeitures, Weighted Average Grant Date Fair Value	$ 27.30
Vested, Weighted-Average Grant- Date Fair Value	$ 31.42
Ending Balance, Weighted-Average Grant-Date Fair Value	$ 28.50
Performance shares [Member]	
Share-based Compensation Arrangement by Share-based Payment Award, Equity Instruments Other than Options, Nonvested, Number of Shares [Roll Forward]	
Beginning Balance, Shares	222
Granted, shares	31
Forfeitures	(47)
Vested, Shares	(144)
Ending Balance, Shares	62
Share-based Compensation Arrangement by Share-based Payment Award, Equity Instruments Other than Options, Nonvested, Weighted Average Grant Date Fair Value [Roll Forward]	
Beginning Balance, Weighted-Average Grant-Date Fair Value	$ 23.23
Granted, Weighted-Average Grant-Date Fair Value	$ 28.34
Forfeitures, Weighted Average Grant Date Fair Value	$ 27.15
Vested, Weighted-Average Grant- Date Fair Value	$ 20.67
Ending Balance, Weighted-Average Grant-Date Fair Value	$ 28.80

Income Taxes (Details) (USD $) In Thousands, unless otherwise specified	12 Months Ended		
	Jun. 30, 2012	Jun. 30, 2011	Jun. 30, 2010
Components of income before income taxes			
U.S.	$ 137,667	$ 127,567	$ 91,932
Foreign	29,159	25,321	13,085
Income Before Income Taxes	$ 166,826	$ 152,888	$ 105,017

Shareholders' Equity (Tables)	12 Months Ended Jun. 30, 2012
Shareholders' Equity (Tables) [Abstract]	
Accumulated Other Comprehensive Loss	

June 30,	2012	2011
Postemployment liability, net of income taxes of $(3,899) and $(6,990)	**$ (6,229)**	$ (11,212)
Foreign currency translation	**1,718**	16,189
Unrealized gains on investment securities available for sale, net of income taxes of $(32) and $48	**(58)**	82
Total accumulated other comprehensive income (loss)	**$ (4,569)**	$ 5,059

Schedule of Comprehensive Income (Loss)

Details of other comprehensive income (loss) are as follows:

Year Ended June 30,	**2012**			2011			2010		
	Pre-Tax Amount	**Tax Expense (Benefit)**	**Net Amount**	Pre-Tax Amount	Tax Expense (Benefit)	Net Amount	Pre-Tax Amount	Tax Expense (Benefit)	Net Amount
Foreign currency translation adjustments	**$(14,471)**	**$ —**	**$(14,471)**	$ 10,011	$ (264)	$ 10,275	$ 2,950	$ (32)	$ 2,982
Postemployment benefits:									
Actuarial loss on remeasurement	**(5,028)**	**(1,954)**	**(3,074)**	(930)	(435)	(495)	(3,860)	(1,467)	(2,393)
Reclassification of actuarial losses and prior service cost into SD&A expense and included in net periodic pension costs	**1,123**	**432**	**691**	2,214	850	1,364	1,781	677	1,104
Impact of reduction in postemployment benefit liability (as forecasted salary increases will not be realized) due to a plan curtailment	**8,860**	**3,411**	**5,449**	—	—	—	—	—	—
Reclassification of prior service cost into SD&A expense upon plan curtailment	**3,117**	**1,200**	**1,917**	—	—	—	—	—	—
Unrealized loss on investment securities available for sale	**(220)**	**(80)**	**(140)**	(84)	(31)	(53)	(46)	(19)	(27)
Unrealized loss on cash flow hedges	**—**	**—**	**—**	(266)	(82)	(184)	(1,103)	(365)	(738)
Reclassification of interest from cash flow hedge into interest expense	**—**	**—**	**—**	316	116	200	1,408	535	873
Other comprehensive income (loss)	**$ (6,619)**	**$ 3,009**	**$ (9,628)**	$ 11,261	$ 154	$ 11,107	$ 1,130	$ (671)	$ 1,801

Computation of basic and diluted earnings per share

Year Ended June 30,	2012	2011	2010
Net Income	**$ 108,779**	$ 96,759	$ 65,903
Average Shares Outstanding:			
Weighted-average common shares outstanding for basic computation	**42,139**	42,433	42,312
Dilutive effect of potential common shares	**684**	821	549

Weighted-average common shares outstanding for dilutive computation		**42,823**		43,254		42,861
Net Income Per Share — Basic	**$**	**2.58**	$	2.28	$	1.56
Net Income Per Share — Diluted	**$**	**2.54**	$	2.24	$	1.54

Share - Based Compensation (Tables)	12 Months Ended Jun. 30, 2012

Share-based Compensation Arrangement by Share-based Payment Award [Line Items]

Schedule of share based compensation expense

Year Ended June 30,	2012	2011	2010
SARs and options	**$2,058**	$2,473	$3,020
Performance shares	**1,983**	1,705	1,076
Restricted stock and RSUs	**2,325**	1,453	1,029
Total compensation costs under award programs	**$6,366**	$5,631	$5,125

Weighted-average assumptions used for SARs and stock option grants issued

	2012	2011	2010
Expected life, in years	**5.6**	5.1	5.5
Risk free interest rate	**1.1%**	1.6%	2.4%
Dividend yield	**2.5%**	2.5%	2.5%
Volatility	**44.2%**	46.2%	52.2%
Per share fair value of SARs and stock options granted during the year	**$9.88**	$9.78	$8.45

Summary of SARs and stock option activity

Year Ended June 30, 2012 (Share amounts in thousands)	Shares		Weighted-Average Exercise Price
Outstanding, beginning of year	**1,804**	**$**	**22.68**
Granted	**246**		**30.14**
Exercised	**(802)**		**21.83**
Forfeited	**(20)**		**25.94**
Outstanding, end of year	**1,228**	**$**	**24.68**
Exercisable at end of year	**794**	**$**	**23.37**

Performance shares [Member]

Share-based Compensation Arrangement by Share-based Payment Award [Line Items]

Summary of the performance shares and restricted stock activity

Year Ended June 30, 2012 (Share amounts in thousands)	Shares		Weighted-Average Grant-Date Fair Value
Nonvested, beginning of year	**222**	**$**	**23.23**
Granted	**31**		**28.34**

Forfeitures	(47)		27.15
Vested	(144)		20.67
Nonvested, end of year	62	$	28.80

Restricted stock and Restricted Stock units [Member]

Share-based Compensation Arrangement by Share-based Payment Award [Line Items]

Summary of the performance shares and restricted stock activity

Year Ended June 30, 2012 (Share amounts in thousands)	Shares		Weighted-Average Grant-Date Fair Value
Nonvested, beginning of year	162	$	25.97
Granted	135		31.58
Forfeitures	(31)		27.30
Vested	(15)		31.42
Nonvested, end of year	251	$	28.50

Statements of Consolidated Shareholders' Equity (USD $) In Thousands, unless otherwise specified	Total	Common Stock	Additional Paid-in Capital	Income Retained for Use in the Business	Treasury Shares-at Cost	Accumulated Other Comprehensive (Loss) Income
Beginning balance at Jun. 30, 2009	$ 508,102	$ 10,000	$ 136,895	$ 560,574	$ (191,518)	$ (7,849)
Beginning balance, shares at Jun. 30, 2009		42,284				
Net income	65,903					
Other comprehensive income (loss)	1,801					1,801
Cash dividends - $0.60, $0.70 and $0.80 per share for 2010, 2011 and 2012 respectively	(25,416)			(25,416)		
Purchases of common stock for treasury	(3,929)				(3,929)	
Purchases of common stock for treasury, shares		(160)				
Treasury shares issued for:						
Exercise of stock appreciation rights and options, shares		214				
Exercise of stock appreciation rights and options	2,871		1,499		1,372	
Deferred compensation plans	255		68		187	
Deferred compensation plans, shares		11				
Compensation expense -- stock appreciation rights and options	3,020		3,020			
Other share-based compensation expense	2,106					
Other share-based compensation expense			2,106			
Other	(326)		403	(309)	(420)	
Other, shares		(27)				
Ending balance at Jun. 30, 2010	555,039	10,000	143,185	601,370	(193,468)	(6,048)
Ending balance, shares at Jun. 30, 2010		42,376				
Net income	96,759					
Other comprehensive income (loss)	11,107					11,107
Cash dividends - $0.60, $0.70 and $0.80 per share for 2010, 2011 and 2012 respectively	(29,751)			(29,751)		

Purchases of common stock for treasury	(6,085)				(6,085)	
Purchases of common stock for treasury, shares		(190)				
Treasury shares issued for:						
Exercise of stock appreciation rights and options, shares		379				
Exercise of stock appreciation rights and options	597		(109)		706	
Deferred compensation plans	221		102		119	
Deferred compensation plans, shares		6				
Compensation expense -- stock appreciation rights and options	2,473		2,473			
Other share-based compensation expense	3,158		3,158			
Other	(45)		502	(43)	(504)	
Other, shares		(31)				
Ending balance at Jun. 30, 2011	633,563	10,000	148,307	668,421	(198,224)	5,059
Ending balance, shares at Jun. 30, 2011		42,602				
Net income	108,779					
Other comprehensive income (loss)	(9,628)					(9,628)
Cash dividends - $0.60, $0.70 and $0.80 per share for 2010, 2011 and 2012 respectively	(33,800)			(33,800)		
Purchases of common stock for treasury	(31,032)				(31,032)	
Purchases of common stock for treasury, shares		(997)				
Treasury shares issued for:						
Exercise of stock appreciation rights and options, shares		250				
Exercise of stock appreciation rights and options	(405)		(1,853)		1,448	
Performance share awards, shares		91				
Performance share awards	(1,950)		(2,664)		714	
Deferred compensation plans	284		128		156	
Deferred compensation plans, shares		9				
Compensation expense -- stock appreciation rights and options	2,058		2,058			
Other share-based compensation expense	4,308		4,308			
Other	46		214	40	(208)	

Other, shares		(12)				
Ending balance at Jun. 30, 2012	$ 672,131	$ 10,000	$ 150,070	$ 743,360	$ (226,730)	$ (4,569)
Ending balance, shares at Jun. 30, 2012		41,967				

Benefit Plans (Tables)

12 Months Ended Jun. 30, 2012

General Discussion of Pension and Other Postretirement Benefits [Abstract]

Summary of changes in benefit obligations, plan assets and funded status for the post employment plans

The following table sets forth the changes in benefit obligations and plan assets during the year and the funded status for the postemployment plans at June 30:

	Pension Benefits		Retiree Health Care Benefits	
	2012	2011	**2012**	2011
Change in benefit obligation:				
Benefit obligation at beginning of the year	**$ 53,490**	$ 51,114	**$ 4,667**	$ 4,593
Service cost	**289**	460	**30**	39
Interest cost	**2,047**	2,232	**237**	235
Plan participants' contributions	—	—	**47**	37
Benefits paid	**(4,144)**	(1,856)	**(256)**	(227)
Amendments	**150**	151	—	—
Actuarial loss (gain) during year	**4,179**	1,389	**423**	(10)
Curtailment	**(8,860)**	—	**—**	—
Benefit obligation at end of year	**$ 47,151**	$ 53,490	**$ 5,148**	$ 4,667
Change in plan assets:				
Fair value of plan assets at beginning of year	**$ 6,056**	$ 5,229	**$ —**	$ —
Actual (loss) gain on plan assets	**(30)**	984	—	—
Employer contributions	**4,557**	1,699	**209**	190
Plan participants' contributions	—	—	**47**	37
Benefits paid	**(4,144)**	(1,856)	**(256)**	(227)
Fair value of plan assets at end of year	**$ 6,439**	$ 6,056	**$ —**	$ —
Funded status at end of year	**$(40,712)**	$(47,434)	**$(5,148)**	$(4,667)

The amounts recognized in the consolidated balance sheets and in accumulated other comprehensive income (loss) for the postemployment plans were as follows:

	Pension Benefits		Retiree Health Care Benefits	
June 30,	**2012**	2011	**2012**	2011

Amounts recognized in the consolidated balance sheets:				
Other current liabilities	**$ 6,018**	$ 4,151	**$ 220**	$ 220
Postemployment benefits	**34,694**	43,283	**4,928**	4,447
Net amount recognized	**$ 40,712**	$ 47,434	**$5,148**	$4,667
Amounts recognized in accumulated other comprehensive income (loss):				
Net actuarial (loss) gain	**$(10,112)**	$(15,012)	**$ 398**	$ 892
Prior service cost	**(279)**	(3,808)	**(135)**	(274)
Total amounts recognized in accumulated other comprehensive income (loss)	**$(10,391)**	$(18,820)	**$ 263**	$ 618

Information for pension plans with projected benefit obligations in excess of plan assets

	Pension Benefits	
June 30,	**2012**	2011
Projected benefit obligations	**$47,151**	$53,490
Accumulated benefit obligations	**47,151**	43,528
Fair value of plan assets	**6,439**	6,056

Net periodic costs

	Pension Benefits			Retiree Health Care Benefits		
Year Ended June 30,	**2012**	2011	2010	**2012**	2011	2010
Service cost	**$ 289**	$ 460	$ 574	**$ 30**	$ 39	$ 52
Interest cost	**2,047**	2,232	2,911	**237**	235	259
Expected return on plan assets	**(396)**	(385)	(351)	**—**	—	—
Recognized net actuarial loss (gain)	**644**	1,449	924	**(72)**	(83)	(87)
Amortization of prior service cost	**412**	710	797	**139**	139	148
Recognition of prior service cost upon plan curtailment	**3,117**	—	—	**—**	—	—
Net periodic cost	**$6,113**	$4,466	$4,855	**$ 334**	$ 330	$ 372

Weighted-average actuarial assumptions used to determine benefit obligations and net periodic benefit cost

	Pension Benefits		Retiree Health Care Benefits	
June 30,	**2012**	2011	**2012**	2011

Assumptions used to determine benefit obligations at year end:				
Discount rate	**2.8%**	4.5%	**4.0%**	5.5%
Rate of compensation increase	**N/A**	5.5%	**N/A**	N/A
Assumptions used to determine net periodic benefit cost:				
Discount rate	**3.5%**	4.3%	**5.5%**	5.5%
Expected return on plan assets	**7.5%**	7.5%	**N/A**	N/A
Rate of compensation increase	**5.5%**	5.5%	**N/A**	N/A

One-Percentage Point Change in Assumed Health Care Cost Trend Rates

	One-Percentage Point	
	Increase	Decrease
Effect on total service and interest cost components of periodic expense	$ 48	$ (39)
Effect on postretirement benefit obligation	854	(701)

Defined Benefit Plan Asset Information

	Target Allocation	Fair Value	
		2012	2011
Asset Class:			
Equity securities	40 – 70%	**$3,735**	$3,876
Debt securities	20 – 50%	**2,382**	1,756
Other	0 – 20%	**322**	424
Total	100%	**$6,439**	$6,056

Estimated future benefit payments

During Fiscal Years	Pension Benefits	Retiree Health Care Benefits
2013	$ 6,200	$ 240
2014	5,900	240
2015	5,700	240
2016	4,500	240
2017	1,700	260
2018 through 2022	15,200	1,420

Goodwill and Intangibles Goodwill and Intangilbes 2 (Details) (USD $) In Thousands, unless otherwise specified	12 Months Ended Jun. 30, 2012 Y
Acquired Finite-Lived Intangible Assets [Line Items]	
Purchase Price Allocation	$ 8,515
Weighted-Average Life (in years)	14
Customer Relationships [Member]	
Acquired Finite-Lived Intangible Assets [Line Items]	
Purchase Price Allocation	7,810
Weighted-Average Life (in years)	15
Trade names [Member]	
Acquired Finite-Lived Intangible Assets [Line Items]	
Purchase Price Allocation	270
Weighted-Average Life (in years)	2
Non-competition agreements [Member]	
Acquired Finite-Lived Intangible Assets [Line Items]	
Purchase Price Allocation	$ 435
Weighted-Average Life (in years)	2

Share - Based Compensation (Details) (USD $) In Thousands, unless otherwise specified	12 Months Ended		
	Jun. 30, 2012	Jun. 30, 2011	Jun. 30, 2010
Compensation costs charged to expense under award programs			
Total compensation costs under award programs	$ 6,366	$ 5,631	$ 5,125
SARs and options [Member]			
Compensation costs charged to expense under award programs			
Total compensation costs under award programs	2,058	2,473	3,020
Performance shares [Member]			
Compensation costs charged to expense under award programs			
Total compensation costs under award programs	1,983	1,705	1,076
Restricted stock and Restricted Stock units [Member]			
Compensation costs charged to expense under award programs			
Total compensation costs under award programs	$ 2,325	$ 1,453	$ 1,029

Commitments and Contingencies (Details) (USD $) In Thousands, unless otherwise specified	12 Months Ended Jun. 30, 2012
Commitments and Contingencies (Textuals) [Abstract]	
Duration of bonds	20 years
Cuyahoga County and the Cleveland Cuyahoga County Port Authority [Member]	
Guarantor Obligations [Line Items]	
Repayment Guarantee of taxable development revenue bond	4,400

Statements of Consolidated Income (USD $) In Thousands, except Per Share data, unless otherwise specified	12 Months Ended		
	Jun. 30, 2012	Jun. 30, 2011	Jun. 30, 2010
Income Statement [Abstract]			
Net Sales	$ 2,375,445	$ 2,212,849	$ 1,893,208
Cost of Sales	1,720,973	1,599,739	1,377,486
Gross profit	654,472	613,110	515,722
Selling, Distribution and Administrative, including depreciation	486,077	462,347	405,672
Operating Income	168,395	150,763	110,050
Interest Expense	457	2,081	5,738
Interest Income	(466)	(413)	(280)
Other Expense (Income), net	1,578	(3,793)	(425)
Income Before Income Taxes	166,826	152,888	105,017
Income Tax Expense	58,047	56,129	39,114
Net Income	$ 108,779	$ 96,759	$ 65,903
Net Income Per Share - Basic	$ 2.58	$ 2.28	$ 1.56
Net Income Per Share - Diluted	$ 2.54	$ 2.24	$ 1.54

Income Taxes Income Taxes 1 (Details) (USD $) In Thousands, unless otherwise specified	12 Months Ended		
	Jun. 30, 2012	Jun. 30, 2011	Jun. 30, 2010
Current:			
Federal	$ 36,178	$ 36,799	$ 28,342
State and local	5,522	6,208	4,123
Foreign	7,706	8,338	4,241
Total current	49,406	51,345	36,706
Deferred:			
Federal	8,577	5,648	1,880
State and local	503	169	(311)
Foreign	(439)	(1,033)	839
Total deferred	8,641	4,784	2,408
Total	$ 58,047	$ 56,129	$ 39,114

Statements of Consolidated Cash Flows (USD $) In Thousands, unless otherwise specified	12 Months Ended		
	Jun. 30, 2012	Jun. 30, 2011	Jun. 30, 2010
Cash Flows from Operating Activities			
Net income	$ 108,779	$ 96,759	$ 65,903
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization of property	11,236	11,234	11,465
Amortization of intangibles	11,465	11,382	10,151
Amortization of stock appreciation rights and options	2,058	2,473	3,020
Deferred income taxes	8,641	4,784	2,408
Provision for losses on accounts receivable	3,915	2,029	2,508
Unrealized foreign exchange transaction losses (gains)	1,298	0	(4)
Other share-based compensation expense	4,592	3,379	2,361
Gain on sale of property	(627)	(765)	(198)
Changes in assets and liabilities, net of acquisitions:			
Accounts receivable	(22,748)	(36,271)	(48,578)
Inventories	(28,511)	(21,197)	83,497
Other operating assets	(14,735)	(11,185)	17,408
Accounts payable	14,157	12,926	13,566
Other operating liabilities	(9,098)	1,294	20,817
Net Cash provided by Operating Activities	90,422	76,842	184,324
Cash Flows from Investing Activities			
Property purchases	(26,021)	(20,431)	(7,216)
Proceeds from property sales	1,258	1,326	532
Net cash paid for acquisition of businesses, net of cash acquired of $38 and $168 in 2012 and 2011, respectively	(14,671)	(30,504)	(100)
Other	0	1,722	0
Net Cash used in Investing Activities	(39,434)	(47,887)	(6,784)
Cash Flows from Financing Activities			
Repayments under revolving credit facility	0	(50,000)	(5,000)
Long-term debt repayment	0	(25,000)	0
Settlements of cross-currency swap agreements	0	(12,752)	0
Purchases of treasury shares	(31,032)	(6,085)	(3,929)
Dividends paid	(33,800)	(29,751)	(25,416)
Excess tax benefits from share-based compensation	3,695	6,404	2,492
Exercise of stock options and appreciation rights	321	661	1,339
Net Cash used in Financing Activities	(60,816)	(116,523)	(30,514)
Effect of Exchange Rate Changes on Cash	(2,822)	2,883	1,109
(Decrease) increase in cash and cash equivalents	(12,650)	(84,685)	148,135
Cash and cash equivalents at beginning of year	91,092	175,777	27,642
Cash and Cash Equivalents at End of Year	78,442	91,092	175,777
Cash paid during the year for:			

Income taxes	53,463	47,251	31,179
Interest	$ 672	$ 2,248	$ 5,195

Benefit Plans 1 (Details) (Pension Benefits [Member], USD $) In Thousands, unless otherwise specified	Jun. 30, 2012	Jun. 30, 2011
Pension Benefits [Member]		
Information for pension plans with projected benefit obligations and accumulated benefit obligations in excess of plan assets		
Projected benefit obligations	$ 47,151	$ 53,490
Accumulated benefit obligations	47,151	43,528
Fair value of plan assets	$ 6,439	$ 6,056

Other Expense (Income), Net (Tables)	12 Months Ended Jun. 30, 2012

Other (Income) Expense, Net [Abstract]

Other (income) expense, net

Year Ended June 30,	2012	2011	2010
Unrealized loss (gain) on assets held in rabbi trust for a non-qualified deferred compensation plan	$ 36	$(2,016)	$(1,012)
Benefit from payouts on corporate-owned life insurance policies	—	(1,722)	—
Foreign currency transaction losses (gains)	1,592	(541)	36
Loss on cross-currency swap	—	368	510
Other, net	(50)	118	41
Total other expense (income), net	$1,578	$(3,793)	$ (425)

Benefit Plans Textuals (Details) (USD $) In Thousands, unless otherwise specified	6 Months Ended	12 Months Ended		
	Dec. 31, 2011	Jun. 30, 2012	Jun. 30, 2011	Jun. 30, 2010
Defined Benefit Plan Disclosure [Line Items]				
Defined Benefit Plan, Assumptions Used Calculating Benefit Obligation, Discount Rate	3.50%			
Actuarial Loss on Remeasurement of Postemployment Benefits, Net Of Tax	$ (302)			
Actuarial Loss on Remeasurement of Postemployment Benefits, Gross	(492)			
Other Comprehensive Income, Actuarial Loss on Remeasurement Of Postemployment Benefits, Tax	(190)			
Other Comprehensive Income (Loss), Finalization of Pension and Non-Pension Postretirement Plan Valuation, Net of Tax		(5,449)	0	0
Reclassification of prior service cost into SD&A expense upon plan curtailment		3,117	0	0
DefinedBenefitPlanRecognizedNetGainLossDueToCurtailmentsTax		1,200	0	0
Other Comprehensive Income (Loss), Finalization of Pension and Non-Pension Postretirement Plan Valuation, before Tax		8,860	0	0
Other Comprehensive Income (Loss), Finalization of Pension and Non-Pension Postretirement Plan Valuation, Tax		3,411	0	0
Benefit Plans (Textuals) [Abstract]				
Percentage of defined contribution plan by plan participants		50.00%		
Percentage of defined contribution plan		5.00%	5.00%	5.00%
Assumed health care cost trend rates used in measuring the accumulated benefit obligation for retiree health care benefits		7.50%	8.00%	
Assumed health care cost trend rates used in measuring the accumulated benefit obligation for retiree health care 2018 rate		5.00%		
Pension Benefits [Member]				
Defined Benefit Plan Disclosure [Line Items]				
Defined Benefit Plan, Assumptions Used Calculating Benefit Obligation, Discount Rate		2.80%	4.50%	
Reclassification of prior service cost into SD&A expense upon plan curtailment		3,117	0	0
Estimated net actuarial gain (loss)		735		
Estimated prior service cost		83		
Expected contribution to benefit plans in 2012		6,000		
Retiree Health Care Benefits [Member]				
Defined Benefit Plan Disclosure [Line Items]				
Defined Benefit Plan, Assumptions Used Calculating Benefit Obligation, Discount Rate		4.00%	5.50%	
Reclassification of prior service cost into SD&A expense upon plan curtailment		0	0	0
Estimated net actuarial gain (loss)		(53)		
Estimated prior service cost		107		

Expected contribution to benefit plans in 2012	240		
KERP [Member]			
Benefit Plans (Textuals) [Abstract]			
Defined contribution plan cost	128		
401(k) [Member]			
Benefit Plans (Textuals) [Abstract]			
Defined contribution plan cost	$ 10,866	$ 11,251	$ 4,891

Commitments and Contingencies	12 Months Ended Jun. 30, 2012
Commitments and Contingencies Disclosure [Abstract]	
COMMITMENTS AND CONTINGENCIES	COMMITMENTS AND CONTINGENCIES In connection with the construction and lease of its corporate headquarters facility, the Company has guaranteed repayment of $4,400 of taxable development revenue bonds issued by Cuyahoga County and the Cleveland-Cuyahoga County Port Authority. These bonds were issued with a 20-year term and are scheduled to mature in March 2016. Any default, as defined in the guarantee agreements, would obligate the Company for the full amount of the outstanding bonds through maturity. Due to the nature of the guarantee, the Company has not recorded any liability on the consolidated financial statements. In the event of a default and subsequent payout under any or all guarantees, the Company maintains the right to pursue all legal options available to mitigate its exposure. The Company is a party to various pending judicial and administrative proceedings. Based on circumstances currently known, the Company believes the likelihood is remote that the ultimate resolution of any of these matters will have, either individually or in the aggregate, a material adverse effect on the Company’s consolidated financial position, results of operations, or cash flows.

Business and Accounting Policies (Details) (USD $) In Thousands, unless otherwise specified	12 Months Ended		
	Jun. 30, 2012	Jun. 30, 2011	Jun. 30, 2010
Business and Accounting Policies (Textuals) [Abstract]			
Company's domestic inventory relate to LIFO layers	37.00%		
Number of LIFO pools maintained (in pools)	5		
Internal delivery costs in selling, distribution and administrative expenses	$ 15,500	$ 15,400	$ 14,400
Vesting period of SARs and stock option awards	4 years		
Contractual terms of SARs and stock option awards	10 years		
Software [Member]			
Finite Lived Assets [Line Items]			
Software useful life, maximum (in years)	12		
Buildings, Buildings Improvements and Leasehold Improvements [Member]			
Finite Lived Assets [Line Items]			
Property, plant and equipment, useful life, minimum (in years)	10		
Property, plant and equipment, useful life, maximum (in years)	30		
Property and Equipment [Member]			
Finite Lived Assets [Line Items]			
Property, plant and equipment, useful life, minimum (in years)	3		
Property, plant and equipment, useful life, maximum (in years)	8		

Subsequent Event	12 Months Ended Jun. 30, 2012
Subsequent Events [Abstract]	
Subsequent Events [Text Block]	SUBSEQUENT EVENT On August 1, 2012, the Company acquired SKF's company-owned distribution businesses in Australia and New Zealand for cash consideration. These businesses will expand Applied's global capabilities and are part of the Service Center Based Distribution segment. The Company funded the acquisition from its available cash and existing revolving credit facilities. Results of operations acquired will be included in the Company's results of operations from the date of closing.

Segment and Geographic Information 1 (Details) (USD $) In Thousands, unless otherwise specified	12 Months Ended		
	Jun. 30, 2012	Jun. 30, 2011	Jun. 30, 2010
Reconciliation of operating income for reportable segments to the consolidated income before income taxes			
Operating income for reportable segments	$ 168,395	$ 150,763	$ 110,050
Adjustments for:			
Intangible amortization	11,465	11,382	10,151
Corporate and other income, net	(1,384)	(4,554)	(16,378)
Total operating income	168,395	150,763	110,050
Interest expense, net	(9)	1,668	5,458
Other Expense (Income), net	1,578	(3,793)	(425)
Income Before Income Taxes	166,826	152,888	105,017
Reportable Segment [Member]			
Reconciliation of operating income for reportable segments to the consolidated income before income taxes			
Operating income for reportable segments	178,476	157,591	103,823
Adjustments for:			
Total operating income	178,476	157,591	103,823
Service Center Based Distribution Segment [Member]			
Reconciliation of operating income for reportable segments to the consolidated income before income taxes			
Operating income for reportable segments	135,240	115,798	77,029
Adjustments for:			
Intangible amortization	3,834	3,384	1,890
Total operating income	135,240	115,798	77,029
Fluid Power Businesses [Member]			
Reconciliation of operating income for reportable segments to the consolidated income before income taxes			
Operating income for reportable segments	43,236	41,793	26,794
Adjustments for:			
Intangible amortization	7,631	7,998	8,261
Total operating income	$ 43,236	$ 41,793	$ 26,794

Statements of Consolidated Cash Flows (Parenthetical) (USD $) In Thousands, unless otherwise specified	12 Months Ended	
	Jun. 30, 2012	Jun. 30, 2011
Cash Flows from Investing Activities		
Cash acquired from businesses acquisition	$ 38	$ 168

Statements of Consolidated Comprehensive Income (USD $) In Thousands, unless otherwise specified	12 Months Ended		
	Jun. 30, 2012	Jun. 30, 2011	Jun. 30, 2010
Net Income per the statements of consolidated income	$ 108,779	$ 96,759	$ 65,903
Other Comprehensive Income (Loss), before Tax [Abstract]			
Foreign currency translation adjustments	(14,471)	10,011	2,950
Postemployment benefits [Abstract]			
Actuarial loss on remeasurement	(5,028)	(930)	(3,860)
Reclassification of actuarial losses and prior service cost into SD&A expense and included in net periodic pension costs	1,123	2,214	1,781
Impact of reduction in postemployment benefit liability (as forecasted salary increases will not be realized) due to the plan curtailment	8,860	0	0
Reclassification of prior service cost into SD&A expense upon plan curtailment	3,117	0	0
Unrealized loss on investment securities available for sale	(220)	(84)	(46)
Unrealized loss on cash flow hedges	0	(266)	(1,103)
Reclassification of interest from cash flow hedge into interest expense	0	316	1,408
Total of other comprehensive income (loss), before tax	(6,619)	11,261	1,130
Income tax expense (benefit) related to items of other comprehensive income	3,009	154	(671)
Other comprehensive income (loss), net of tax	(9,628)	11,107	1,801
Comprehensive income, net of tax	$ 99,151	$ 107,866	$ 67,704

Shareholders' Equity	12 Months Ended Jun. 30, 2012
Stockholders' Equity Note [Abstract]	
SHAREHOLDERS' EQUITY	SHAREHOLDERS' EQUITY

Treasury Shares

At June 30, 2012, 596 shares of the Company's common stock held as treasury shares were restricted as collateral under escrow arrangements relating to change in control and director and officer indemnification agreements.

Accumulated Other Comprehensive Income (Loss)

Accumulated other comprehensive income (loss) is comprised of the following:

June 30,		**2012**		2011
Postemployment liability, net of income taxes of $(3,899) and $(6,990)	**$**	**(6,229)**	$	(11,212)
Foreign currency translation		**1,718**		16,189
Unrealized gains on investment securities available for sale, net of income taxes of $(32) and $48		**(58)**		82
Total accumulated other comprehensive income (loss)	**$**	**(4,569)**	$	5,059

Other Comprehensive Income (Loss)

Details of other comprehensive income (loss) are as follows:

Year Ended June 30,	**2012**			2011			2010		
	Pre-Tax Amount	**Tax Expense (Benefit)**	**Net Amount**	Pre-Tax Amount	Tax Expense (Benefit)	Net Amount	Pre-Tax Amount	Tax Expense (Benefit)	Net Amount
Foreign currency translation adjustments	**$(14,471)**	**$ —**	**$(14,471)**	$ 10,011	$ (264)	$ 10,275	$ 2,950	$ (32)	$ 2,982
Postemployment benefits:									
Actuarial loss on remeasurement	**(5,028)**	**(1,954)**	**(3,074)**	(930)	(435)	(495)	(3,860)	(1,467)	(2,393)
Reclassification of actuarial losses and prior service cost into SD&A expense and included in net periodic pension costs	**1,123**	**432**	**691**	2,214	850	1,364	1,781	677	1,104
Impact of reduction in postemployment benefit liability (as forecasted salary increases will not be realized) due to a plan curtailment	**8,860**	**3,411**	**5,449**	—	—	—	—	—	—
Reclassification of prior service cost into SD&A expense upon plan curtailment	**3,117**	**1,200**	**1,917**	—	—	—	—	—	—
Unrealized loss on investment securities available for sale	**(220)**	**(80)**	**(140)**	(84)	(31)	(53)	(46)	(19)	(27)
Unrealized loss on cash flow hedges	**—**	**—**	**—**	(266)	(82)	(184)	(1,103)	(365)	(738)
Reclassification of interest from cash flow hedge into interest expense	**—**	**—**	**—**	316	116	200	1,408	535	873

Other comprehensive income (loss)	**$ (6,619)**	**$ 3,009**	**$ (9,628)**	$ 11,261	$ 154	$ 11,107	$ 1,130	$ (671)	$ 1,801

Net Income Per Share

The following is a computation of basic and diluted earnings per share:

Year Ended June 30,	**2012**	2011	2010
Net Income	**$ 108,779**	$ 96,759	$ 65,903
Average Shares Outstanding:			
Weighted-average common shares outstanding for basic computation	**42,139**	42,433	42,312
Dilutive effect of potential common shares	**684**	821	549
Weighted-average common shares outstanding for dilutive computation	**42,823**	43,254	42,861
Net Income Per Share — Basic	**$ 2.58**	$ 2.28	$ 1.56
Net Income Per Share — Diluted	**$ 2.54**	$ 2.24	$ 1.54

Stock appreciation rights and options relating to the acquisition of 140, 176 and 1,034 shares of common stock were outstanding at June 30, 2012, 2011 and 2010, respectively, but were not included in the computation of diluted earnings per share for the fiscal years then ended as they were anti-dilutive.

Document and Entity Information (USD $)	12 Months Ended Jun. 30, 2012	Aug. 06, 2012	Dec. 31, 2011
Document and Entity Information [Abstract]			
Entity Registrant Name	APPLIED INDUSTRIAL TECHNOLOGIES INC		
Entity Central Index Key	0000109563		
Current Fiscal Year End Date	--06-30		
Entity Filer Category	Large Accelerated Filer		
Document Type	10-K		
Document Period End Date	Jun. 30, 2012		
Document Fiscal Year Focus	2012		
Document Fiscal Period Focus	FY		
Amendment Flag	false		
Entity Common Stock, Shares Outstanding (actual number)		41,969,194	
Entity Well-known Seasoned Issuer	Yes		
Entity Voluntary Filers	No		
Entity Current Reporting Status	Yes		
Entity Public Float			$ 1,453,338,000

Share - Based Compensation	12 Months Ended Jun. 30, 2012

Share-based Compensation [Abstract]

SHARE-BASED COMPENSATION

SHARE-BASED COMPENSATION

Share-Based Incentive Plans

Following approval by the Company's shareholders in October 2011, the 2011 Long-Term Performance Plan (the "2011 Plan") replaced the 2007 Long-Term Performance Plan. The 2011 Plan, which expires in 2016, provides for granting of SARs, stock options, stock awards, cash awards, and such other awards or combination thereof as the Executive Organization and Compensation Committee or the Corporate Governance Committee of the Board of Directors (the Committee) may determine to officers, other key associates and members of the Board of Directors. Grants are generally made by the Committee at regularly scheduled meetings. Compensation costs charged to expense under award programs paid (or to be paid) with shares (including SARs, stock options, performance shares, restricted stock, and RSUs) are summarized in the table below:

Year Ended June 30,	2012	2011	2010
SARs and options	**$ 2,058**	$ 2,473	$ 3,020
Performance shares	**1,983**	1,705	1,076
Restricted stock and RSUs	**2,325**	1,453	1,029
Total compensation costs under award programs	**$ 6,366**	$ 5,631	$ 5,125

Such amounts are included in selling, distribution and administrative expenses in the accompanying statements of consolidated income. It has been the practice of the Company to issue shares from treasury to satisfy requirements of awards paid with shares. The aggregate unrecognized compensation cost for share-based award programs paid (or with the potential to be paid) at June 30, 2012 is $7,434. Cost of these programs will be recognized as expense over the weighted-average remaining vesting period of 2.1 years. The aggregate number of shares of common stock which may be awarded under the 2011 Plan is 2,000; shares available for future grants at June 30, 2012 were 1,959.

Stock Appreciation Rights and Stock Options

The weighted-average assumptions used for SARs and stock option grants issued in fiscal 2012, 2011 and 2010 are:

	2012	2011	2010
Expected life, in years	**5.6**	5.1	5.5
Risk free interest rate	**1.1%**	1.6%	2.4%
Dividend yield	**2.5%**	2.5%	2.5%
Volatility	**44.2%**	46.2%	52.2%
Per share fair value of SARs and stock options granted during the year	**$ 9.88**	$ 9.78	$ 8.45

The expected life is based upon historical exercise experience of the officers, other key associates and members of the Board of Directors. The risk free interest rate is based upon U.S. Treasury zero-coupon bonds with remaining terms equal to the expected life of the SARs and stock options. The assumed dividend yield has been estimated based upon the Company’s historical results and expectations for changes in dividends and stock prices. The volatility assumption is calculated based upon historical daily price observations of the Company's common stock for a period equal to the expected life.

SARs are redeemable solely in Company common stock. The exercise price of stock option awards may be settled by the holder with cash or by tendering Company common stock.

A summary of SARs and stock options activity is presented below:

Year Ended June 30, 2012 (Share amounts in thousands)	Shares		Weighted-Average Exercise Price
Outstanding, beginning of year	**1,804**	**$**	**22.68**
Granted	**246**		**30.14**
Exercised	**(802)**		**21.83**
Forfeited	**(20)**		**25.94**
Outstanding, end of year	**1,228**	**$**	**24.68**
Exercisable at end of year	**794**	**$**	**23.37**

The weighted-average remaining contractual terms for SARs and stock options outstanding and exercisable at June 30, 2012 were 6.0 and 4.8 years, respectively. The aggregate intrinsic values of SARs and stock options outstanding and exercisable at June 30, 2012 were $15,023 and $10,775, respectively. The aggregate intrinsic value of the SARs and stock options exercised during fiscal 2012, 2011 and 2010 was $13,747, $18,526 and $5,157, respectively.

As of June 30, 2012, unrecognized compensation cost related to SARs and stock options amounted to $1,951. That cost is expected to be recognized over a weighted-average period of 2.4 years. The total fair value of shares vested during fiscal 2012, 2011 and 2010 was $4,266, $2,645 and $2,673, respectively.

Performance Shares

Performance shares are intended to provide incentives to achieve three-year goals. Performance shares pay out in shares of Applied stock at the end of a three-year period provided the Company achieves the established goals. The number of Applied shares payable will vary depending on the level of the goal achieved.

A summary of nonvested performance shares activity at June 30, 2012 is presented below:

Year Ended June 30, 2012 (Share amounts in thousands)	Shares		Weighted-Average Grant-Date Fair Value
Nonvested, beginning of year	**222**	**$**	**23.23**
Granted	**31**		**28.34**
Forfeitures	**(47)**		**27.15**
Vested	**(144)**		**20.67**
Nonvested, end of year	**62**	**$**	**28.80**

The Committee set three one-year goals for the 2012 and 2011 grants tied to the Company's earnings before interest, tax, depreciation, and amortization (EBITDA) and after-tax return on assets (ROA). Each fiscal year during the three-year term has its own separate goals. Achievement during any particular fiscal year is “banked” for payout at the end of the three-year term.

As of June 30, 2012, the potential shares to be banked in future periods was 62. Unrecognized compensation cost relating to these shares has the potential to reach $1,812 and would be recognized in expense over the weighted-average remaining vesting period of 1.7 years.

Restricted Stock and Restricted Stock Units

Restricted stock award recipients are entitled to receive dividends on, and have voting rights with respect to their respective shares, but are restricted from selling or transferring the shares prior to vesting. Restricted stock awards vest over periods of one to four years. RSUs are grants valued in shares of Applied stock, but shares are not issued until the grants vest three years from the award date, assuming continued employment with Applied. RSUs vest on a pro rata basis upon retirement during the three-year term. Applied pays dividend equivalents on RSUs on a current basis.

A summary of the status of the Company’s nonvested restricted stock and RSUs at June 30, 2012 is presented below:

Year Ended June 30, 2012 (Share amounts in thousands)	Shares	Weighted-Average Grant-Date Fair Value
Nonvested, beginning of year	**162**	**$ 25.97**
Granted	**135**	**31.58**
Forfeitures	**(31)**	**27.30**
Vested	**(15)**	**31.42**
Nonvested, end of year	**251**	**$ 28.50**

Unrecognized compensation cost related to unvested restricted stock awards and RSUs aggregated $3,670 at June 30, 2012, and is expected to be recognized over the weighted-average remaining vesting period of 2.1 years.

Performance Grants

In fiscal 2009 and 2008, the Executive Organization and Compensation Committee made annual awards of three-year performance grants to key officers. A target payout was established at the beginning of each three-year performance period. The actual payout at the end of the period is calculated based upon the Company’s achievement of sales growth, return on sales, and total shareholder return targets. All performance periods had expired by June 30, 2011. During fiscal 2011 and 2010, the Company recorded $1,020 and $(231), respectively, of compensation expense (income) for achievement relative to the total shareholder return-based goals of the Company’s performance grants. The liability at June 30, 2011 was $1,558; this was paid in fiscal 2012.

Consolidated Balance Sheets (USD $) In Thousands, unless otherwise specified	Jun. 30, 2012	Jun. 30, 2011
Current assets		
Cash and cash equivalents	$ 78,442	$ 91,092
Accounts receivable, less allowances of $8,332 and $7,016	307,043	290,751
Inventories	228,506	204,066
Other current assets	51,771	33,005
Total current assets	665,762	618,914
Property - at cost		
Land	10,245	10,428
Buildings	74,477	73,399
Equipment, including computers and software	147,004	129,117
Total Property - at cost	231,726	212,944
Less accumulated depreciation	148,623	143,930
Property - net	83,103	69,014
Intangibles, net	84,840	89,551
Goodwill	83,080	76,981
Deferred tax assets	26,424	43,447
Other assets	18,974	17,024
Total Assets	962,183	914,931
Current liabilities		
Accounts payable	120,890	108,509
Compensation and related benefits	63,149	65,413
Other current liabilities	46,130	40,766
Total current liabilities	230,169	214,688
Postemployment benefits	39,750	47,730
Other liabilities	20,133	18,950
Total Liabilities	290,052	281,368
Shareholders' Equity		
Preferred stock - no par value; 2,500 shares authorized; none issued or outstanding		
Common stock - no par value; 80,000 shares authorized; 54,213 shares issued	10,000	10,000
Additional paid-in capital	150,070	148,307
Income retained for use in the business	743,360	668,421
Treasury shares - at cost (12,246 and 11,611 shares)	(226,730)	(198,224)
Accumulated other comprehensive income (loss)	(4,569)	5,059
Total Shareholders' Equity	672,131	633,563
Total Liabilities and Shareholders' Equity	$ 962,183	$ 914,931

Inventories	12 Months Ended Jun. 30, 2012

Inventory Disclosure [Abstract]

INVENTORIES

INVENTORIES

Inventories consist of the following:

June 30,	2012	2011
U.S. inventories at current cost	**$302,465**	$280,875
Foreign inventories at average cost	**70,797**	60,837
	373,262	341,712
Less: Excess of current cost over LIFO cost for U.S. inventories	**144,756**	137,646
Inventories on consolidated balance sheets	**$228,506**	$204,066

Overall LIFO expense increased cost of goods sold by $7,100 for fiscal 2012. This amount is net of $3,400 of LIFO layer liquidation benefits.

In fiscal 2011 and 2010, reductions in U.S. inventories, primarily in the bearings pool, resulted in the liquidation of LIFO inventory quantities carried at lower costs prevailing in prior years. As a result, LIFO benefits reduced cost of goods sold by $5,300 and $23,500 in fiscal 2011 and 2010, respectively. The LIFO reserves were reduced by the same amounts. If inventory levels had remained constant with the prior year's levels, instead of recording these benefits, the Company would have recorded LIFO expense of $7,000 and $19,200 in fiscal 2011 and 2010, respectively. Therefore, the overall impact of LIFO layer liquidations increased gross profit by $12,300 and $42,700 in fiscal 2011 and 2010, respectively.

Business Combinations	12 Months Ended Jun. 30, 2012
Business Combinations [Abstract]	
BUSINESS COMBINATIONS	

BUSINESS COMBINATIONS

The Company acquired the following distributors to complement and extend its business over a broader geographic area. Results of operations for the acquired businesses are part of the Service Center Based Distribution segment. The results of operations for these acquisitions are not material for any year presented. Results of operations of acquired businesses are included in the accompanying consolidated financial statements from their respective acquisition dates based on the Company’s consolidation policy.

Fiscal 2012 Acquisitions

In February 2012, the Company acquired Solutions Industrielles Chicoutimi, which provides bearings, power transmission products and repair services and Spécialités Industrielles Harvey, which distributes bearings and power transmission products, plus hydraulic, pneumatic and electrical components. In August 2011, the Company acquired Chaines-Plus, a distributor of bearings, power transmission and related products. These distributors are all located in Quebec, Canada.

Fiscal 2011 Acquisitions

In May 2011, the Company acquired Gulf Coast Bearing & Supply Co., a full line bearing and power transmission distributor, located in the U.S. In July 2010, the Company acquired UZ Engineered Products, a distributor of industrial supply products for maintenance, repair, and operational needs, in the government and commercial sectors, throughout the U.S. and Canada. In August 2010, the Company acquired SCS Supply Group, a distributor of bearings, power transmission components, electrical components, fluid power products and industrial supplies located in Ontario, Canada.

Other Expense (Income), Net	**12 Months Ended Jun. 30, 2012**
Other (Income) Expense, Net [Abstract]	
OTHER (INCOME) EXPENSE, NET	

OTHER EXPENSE (INCOME), NET

Other expense (income), net, consists of the following:

Year Ended June 30,	**2012**	2011	2010
Unrealized loss (gain) on assets held in rabbi trust for a non-qualified deferred compensation plan	**$ 36**	$(2,016)	$(1,012)
Benefit from payouts on corporate-owned life insurance policies	**—**	(1,722)	—
Foreign currency transaction losses (gains)	**1,592**	(541)	36
Loss on cross-currency swap	**—**	368	510
Other, net	**(50)**	118	41
Total other expense (income), net	**$1,578**	$(3,793)	$ (425)

The Company is the owner and beneficiary under life insurance policies acquired in conjunction with a fiscal 1998 acquisition, with benefits in force of $12,300 and a net cash surrender value of $3,200 at June 30, 2012. In January 2011, the Company received death benefits under two of these policies and realized a gain of $1,722.

Benefit Plans	12 Months Ended Jun. 30, 2012
General Discussion of Pension and Other Postretirement Benefits [Abstract]	
BENEFIT PLANS	

BENEFIT PLANS

Retirement Savings Plan

Substantially all U.S. associates participate in the Applied Industrial Technologies, Inc. Retirement Savings Plan. Participants may elect to contribute up to 50% of their compensation, subject to Internal Revenue Code maximums. The Company makes a discretionary profit-sharing contribution to the Retirement Savings Plan generally based upon a percentage of the Company’s U.S. income before income taxes and before the amount of the contribution (5% for fiscal 2012, 2011 and 2010). The Company partially matches 401(k) contributions by participants; this match was suspended from January 1, 2009 to June 30, 2010. The Company’s expense for profit sharing and matching of associates’ 401(k) contributions was $10,866, $11,251 and $4,891 during fiscal 2012, 2011 and 2010, respectively.

Deferred Compensation Plans

The Company has deferred compensation plans that enable certain associates of the Company to defer receipt of a portion of their compensation and non-employee directors to defer receipt of director fees. The Company funds these deferred compensation liabilities by making contributions to rabbi trusts. Assets held in these rabbi trusts consist of investments in money market and mutual funds and Company common stock.

Postemployment Benefit Plans

The Company provides the following postemployment benefits which, except for the Qualified Defined Benefit Retirement Plan, are unfunded:

Supplemental Executive Retirement Benefits Plan

The Company has a non-qualified pension plan to provide supplemental retirement benefits to certain officers. Benefits are payable beginning at retirement and determinable at retirement based upon a percentage of the participant’s historical compensation. On December 19, 2011, the Executive Organization and Compensation Committee of the Board of Directors froze participant benefits (credited service and final average earnings) and entry into the Supplemental Executive Retirement Benefits Plan (SERP) effective December 31, 2011. This action constituted a plan curtailment. The plan liability was remeasured in conjunction with the curtailment using a 3.5% discount rate and participant final average earnings through the curtailment date. The remeasurement in conjunction with the curtailment resulted in an actuarial loss (recorded in other comprehensive income (loss)) of $302 ($492 loss, net of income tax of $190).

The curtailment is reflected in the Company's consolidated balance sheets as: 1) a reduction to the overall SERP liability (included in postemployment benefits) of $8,860, 2) a reduction to deferred tax assets of $3,411 and 3) an increase in accumulated other comprehensive income (loss) of $5,449. Prior service costs previously recorded through accumulated other comprehensive income (loss) were reclassified into the statements of consolidated income ($3,117 gross expense, net of income tax of $1,200). The gross expense is recorded in selling, distribution and administrative expense in fiscal 2012.

Key Executive Restoration Plan

In fiscal 2012, the Executive Organization & Compensation Committee of the Board of Directors adopted the Key Executive Restoration Plan (KERP), an unfunded, non-qualified deferred compensation plan, to replace the SERP. The Company recorded $128 of expense associated with this plan in fiscal 2012.

Qualified Defined Benefit Retirement Plan

The Company has a qualified defined benefit retirement plan that provides benefits to certain hourly associates at retirement. These associates do not participate in the Retirement Savings Plan. The benefits are based on length of service and date of retirement.

Salary Continuation Benefits

The Company has agreements with certain retirees of acquired companies to pay monthly retirement benefits through fiscal 2020.

Retiree Health Care Benefits

The Company provides health care benefits to eligible retired associates who pay the Company a specified monthly premium. Premium payments are based upon current insurance rates for the type of coverage provided and are adjusted annually. Certain monthly health care premium payments are partially subsidized by the Company. Additionally, in conjunction with a fiscal 1998 acquisition, the Company assumed the obligation for a postretirement medical benefit plan which provides health care benefits to eligible retired associates at no cost to the individual.

The Company uses a June 30 measurement date for all plans.

The following table sets forth the changes in benefit obligations and plan assets during the year and the funded status for the postemployment plans at June 30:

	Pension Benefits		Retiree Health Care Benefits	
	2012	2011	**2012**	2011
Change in benefit obligation:				
Benefit obligation at beginning of the year	**$ 53,490**	$ 51,114	**$ 4,667**	$ 4,593
Service cost	**289**	460	**30**	39
Interest cost	**2,047**	2,232	**237**	235
Plan participants’ contributions	**—**	—	**47**	37
Benefits paid	**(4,144)**	(1,856)	**(256)**	(227)
Amendments	**150**	151	**—**	—
Actuarial loss (gain) during year	**4,179**	1,389	**423**	(10)
Curtailment	**(8,860)**	—	**—**	—
Benefit obligation at end of year	**$ 47,151**	$ 53,490	**$ 5,148**	$ 4,667
Change in plan assets:				
Fair value of plan assets at beginning of year	**$ 6,056**	$ 5,229	**$ —**	$ —
Actual (loss) gain on plan assets	**(30)**	984	**—**	—
Employer contributions	**4,557**	1,699	**209**	190
Plan participants’ contributions	**—**	—	**47**	37
Benefits paid	**(4,144)**	(1,856)	**(256)**	(227)
Fair value of plan assets at end of year	**$ 6,439**	$ 6,056	**$ —**	$ —
Funded status at end of year	**$(40,712)**	$(47,434)	**$ (5,148)**	$ (4,667)

The amounts recognized in the consolidated balance sheets and in accumulated other comprehensive income (loss) for the postemployment plans were as follows:

	Pension Benefits		Retiree Health Care Benefits	
June 30,	**2012**	2011	**2012**	2011
Amounts recognized in the consolidated balance sheets:				
Other current liabilities	**$ 6,018**	$ 4,151	**$ 220**	$ 220
Postemployment benefits	**34,694**	43,283	**4,928**	4,447
Net amount recognized	**$ 40,712**	$ 47,434	**$ 5,148**	$ 4,667
Amounts recognized in accumulated other comprehensive income (loss):				
Net actuarial (loss) gain	**$(10,112)**	$(15,012)	**$ 398**	$ 892
Prior service cost	**(279)**	(3,808)	**(135)**	(274)
Total amounts recognized in accumulated other comprehensive income (loss)	**$(10,391)**	$(18,820)	**$ 263**	$ 618

The following table provides information for pension plans with projected benefit obligations and accumulated benefit obligations in excess of plan assets:

	Pension Benefits	
June 30,	**2012**	2011
Projected benefit obligations	**$ 47,151**	$ 53,490
Accumulated benefit obligations	**47,151**	43,528
Fair value of plan assets	**6,439**	6,056

The net periodic costs are as follows:

	Pension Benefits			Retiree Health Care Benefits		
Year Ended June 30,	**2012**	2011	2010	**2012**	2011	2010
Service cost	**$ 289**	$ 460	$ 574	**$ 30**	$ 39	$ 52
Interest cost	**2,047**	2,232	2,911	**237**	235	259
Expected return on plan assets	**(396)**	(385)	(351)	**—**	—	—
Recognized net actuarial loss (gain)	**644**	1,449	924	**(72)**	(83)	(87)
Amortization of prior service cost	**412**	710	797	**139**	139	148
Recognition of prior service cost upon plan curtailment	**3,117**	—	—	**—**	—	—
Net periodic cost	**$6,113**	$4,466	$4,855	**$ 334**	$ 330	$ 372

The estimated net actuarial loss and prior service cost for the pension plans that will be amortized from accumulated other comprehensive income (loss) into net periodic benefit cost over the next fiscal year are $735 and $83, respectively. The estimated net actuarial gain and prior service cost for the retiree health care benefits that will be amortized from accumulated other comprehensive income (loss) into net periodic benefit cost over the next fiscal year are $(53) and $107, respectively.

Assumptions

The discount rate is used to determine the present value of future payments. In general, the Company's liability increases as the discount rate decreases and decreases as the discount rate increases. The Company computes a weighted-average discount rate taking into account anticipated plan payments and the associated interest rates from the Citigroup Pension Discount Yield Curve.

The weighted-average actuarial assumptions used to determine benefit obligations and net periodic benefit cost for the plans were as follows:

	Pension Benefits		Retiree Health Care Benefits	
June 30,	**2012**	2011	**2012**	2011
Assumptions used to determine benefit obligations at year end:				
Discount rate	**2.8%**	4.5%	**4.0%**	5.5%
Rate of compensation increase	**N/A**	5.5%	**N/A**	N/A
Assumptions used to determine net periodic benefit cost:				
Discount rate	**3.5%**	4.3%	**5.5%**	5.5%
Expected return on plan assets	**7.5%**	7.5%	**N/A**	N/A
Rate of compensation increase	**5.5%**	5.5%	**N/A**	N/A

Due to freezing participant benefits in the SERP plan, the rate of compensation increase is no longer applicable. The assumed health care cost trend rates used in measuring the accumulated benefit obligation for retiree health care benefits were 7.5% and 8% as of June 30, 2012 and 2011, respectively, decreasing to 5% by 2018.

A one-percentage point change in the assumed health care cost trend rates would have had the following effects as of June 30, 2012 and for the year then ended:

	One-Percentage Point	
	Increase	Decrease
Effect on total service and interest cost components of periodic expense	$ 48	$ (39)
Effect on postretirement benefit obligation	854	(701)

Plan Assets

The fair value of each major class of plan assets for the Company's Qualified Benefit Retirement Plan are valued using quoted market prices in active markets for identical instruments, or Level 1 in the fair value hierarchy. Following are the fair values and target allocation as of June 30:

	Target Allocation	Fair Value	
		2012	2011
Asset Class:			
Equity securities	40 – 70%	**$ 3,735**	$ 3,876
Debt securities	20 – 50%	**2,382**	1,756
Other	0 – 20%	**322**	424
Total	100%	**$ 6,439**	$ 6,056

Equity securities do not include any Company common stock.

The Company has established an investment policy and regularly monitors the performance of the assets of the trust maintained in conjunction with the Qualified Defined Benefit Retirement Plan. The strategy implemented by the trustee of the Qualified Defined Benefit Retirement Plan is to achieve long-term objectives and invest the pension assets in accordance with ERISA and fiduciary standards. The long-term primary objectives are to provide for a reasonable amount of long-term capital, without undue exposure to risk; to protect the Qualified Defined Benefit Retirement Plan assets from erosion of purchasing power; and to provide investment results that meet or exceed the actuarially assumed long-term rate of return. The expected long-term rate of return on assets assumption was developed by considering the historical returns and the future expectations for returns of each asset class as well as the target asset allocation of the pension portfolio.

Cash Flows

Employer Contributions

The Company expects to contribute $6,000 to its pension benefit plans and $240 to its retiree health care benefit plans in 2013. Contributions do not equal estimated future payments as certain payments are made from plan assets.

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as applicable, are expected to be paid in each of the next five years and in the aggregate for the subsequent five years:

During Fiscal Years	Pension Benefits	Retiree Health Care Benefits
2013	$ 6,200	$ 240
2014	5,900	240
2015	5,700	240
2016	4,500	240
2017	1,700	260
2018 through 2022	15,200	1,420

Fair Value Measurements	12 Months Ended Jun. 30, 2012
Fair Value Measurements [Abstract]	
FAIR VALUE MEASUREMENTS	FAIR VALUE MEASUREMENTS Marketable securities measured at fair value at June 30, 2012 and June 30, 2011 totaled $10,322 and $10,881, respectively. These marketable securities are held in a rabbi trust for a non-qualified deferred compensation plan. The marketable securities are included in other assets on the consolidated balance sheets and their fair values were derived using quoted market prices (Level 1 in the fair value hierarchy).

Benefit Plans 2 (Details) (USD $) In Thousands, unless otherwise specified	12 Months Ended		
	Jun. 30, 2012	Jun. 30, 2011	Jun. 30, 2010
Net periodic costs			
Reclassification of prior service cost into SD&A expense upon plan curtailment	$ 3,117	$ 0	$ 0
Pension Benefits [Member]			
Net periodic costs			
Service cost	289	460	574
Interest cost	2,047	2,232	2,911
Expected return on plan assets	(396)	(385)	(351)
Recognized net actuarial loss (gain)	644	1,449	924
Amortization of prior service cost	412	710	797
Reclassification of prior service cost into SD&A expense upon plan curtailment	3,117	0	0
Net periodic cost	6,113	4,466	4,855
Retiree Health Care Benefits [Member]			
Net periodic costs			
Service cost	30	39	52
Interest cost	237	235	259
Expected return on plan assets	0	0	0
Recognized net actuarial loss (gain)	(72)	(83)	(87)
Amortization of prior service cost	139	139	148
Reclassification of prior service cost into SD&A expense upon plan curtailment	0	0	0
Net periodic cost	$ 334	$ 330	$ 372

Goodwill and Intangibles	12 Months Ended Jun. 30, 2012

Goodwill and Intangible Assets Disclosure [Abstract]

GOODWILL AND INTANGIBLES

GOODWILL AND INTANGIBLES

The changes in the carrying amount of goodwill for the Service Center Based Distribution segment for the years ended June 30, 2012 and 2011 are as follows:

Balance at July 1, 2010	$ 63,405
Goodwill acquired during the year	11,700
Other, primarily currency translation	1,876
Balance at June 30, 2011	76,981
Goodwill acquired during the year	**8,403**
Other, primarily currency translation	**(2,304)**
Balance at June 30, 2012	**$ 83,080**

At June 30, 2012, accumulated goodwill impairment losses subsequent to fiscal year 2002, totaled $36,605 and related to the Fluid Power Businesses segment.

Intangibles consist of the following:

June 30, 2012	**Amount**	**Accumulated Amortization**	**Net Book Value**
Finite-Lived Intangibles:			
Customer relationships	**$ 84,249**	**$ 29,905**	**$ 54,344**
Trade names	**25,677**	**7,428**	**18,249**
Vendor relationships	**13,605**	**4,500**	**9,105**
Non-competition agreements	**4,740**	**2,888**	**1,852**
Total Finite-Lived Intangibles	**128,271**	**44,721**	**83,550**
Indefinite-Lived Trade Name	**1,290**		**1,290**
Total Intangibles	**$ 129,561**	**$ 44,721**	**$ 84,840**

June 30, 2011	Amount	Accumulated Amortization	Net Book Value
Finite-Lived Intangibles:			
Customer relationships	$ 78,084	$ 23,111	$ 54,973
Trade names	25,944	5,666	20,278
Vendor relationships	14,211	3,696	10,515
Non-competition agreements	5,127	2,632	2,495
Total Finite-Lived Intangibles	123,366	35,105	88,261
Indefinite-Lived Trade Name	1,290		1,290
Total Intangibles	$ 124,656	$ 35,105	$ 89,551

Amounts include the impact of foreign currency translation. Fully amortized amounts are written off.

During 2012, the Company acquired intangible assets with an initial purchase price allocation and weighted-average life as follows:

	Purchase Price Allocation	**Weighted-Average Life**
Customer relationships	**$ 7,810**	**15 years**
Trade names	**270**	**2 years**
Non-competition agreements	**435**	**2 years**

Total Intangibles Acquired	**$**	**8,515**	**14 years**

Amortization of intangibles totaled $11,465, $11,382 and $10,151 in fiscal 2012, 2011 and 2010, respectively, and is included in selling, distribution and administrative expenses in the statements of consolidated income. Amortization expense based on the Company’s intangible assets as of June 30, 2012 is estimated to be $11,200 for 2013, $9,800 for 2014, $8,900 for 2015, $8,200 for 2016 and $7,600 for 2017.

Debt	12 Months Ended Jun. 30, 2012
Debt Disclosure [Abstract]	
DEBT	DEBT The Company had no outstanding borrowings as of June 30, 2012 or June 30, 2011. The Company has a revolving credit facility with a group of banks expiring in May 2017. This agreement provides for unsecured borrowings of up to $150,000. Fees on this facility range from 0.09% to 0.175% per year based upon the Company's leverage ratio at each quarter end. Borrowings under this agreement carry variable interest rates tied to either LIBOR, prime, or the bank’s cost of funds at the Company’s discretion. Unused lines under this facility, net of outstanding letters of credit of $6,854 to secure certain insurance obligations, totaled $143,146 at June 30, 2012 and are available to fund future acquisitions or other capital and operating requirements. The Company has an agreement with Prudential Insurance Company for an uncommitted shelf facility that enables the Company to borrow up to $100,000 in additional long-term financing with terms of up to fifteen years. The agreement expires in February 2013. There were no borrowings under this agreement at June 30, 2012 or June 30, 2011. The revolving credit facility and uncommitted shelf facility contain restrictive covenants regarding liquidity, net worth, financial ratios, and other covenants. At June 30, 2012, the most restrictive of these covenants required that the Company have consolidated income before interest, taxes, depreciation and amortization at least equal to 300% of net interest expense. At June 30, 2012, the Company was in compliance with all covenants.

Income Taxes	12 Months Ended Jun. 30, 2012

Income Tax Disclosure [Abstract]

INCOME TAXES

INCOME TAXES

Income Before Income Taxes

The components of income before income taxes are as follows:

Year Ended June 30,	2012	2011	2010
U.S.	**$137,667**	$127,567	$ 91,932
Foreign	**29,159**	25,321	13,085
Total income before income taxes	**$166,826**	$152,888	$105,017

Provision

The provision (benefit) for income taxes consists of:

Year Ended June 30,	2012	2011	2010
Current:			
Federal	**$ 36,178**	$ 36,799	$ 28,342
State and local	**5,522**	6,208	4,123
Foreign	**7,706**	8,338	4,241
Total current	**49,406**	51,345	36,706
Deferred:			
Federal	**8,577**	5,648	1,880
State and local	**503**	169	(311)
Foreign	**(439)**	(1,033)	839
Total deferred	**8,641**	4,784	2,408
Total	**$ 58,047**	$ 56,129	$ 39,114

The exercise of non-qualified stock appreciation rights and options during fiscal 2012, 2011 and 2010 resulted in $2,725, $6,003 and $1,466, respectively, of income tax benefits to the Company derived from the difference between the market price at the date of exercise and the option price. Vesting of stock awards and other stock compensation in fiscal 2012, 2011 and 2010 resulted in $970, $401 and $1,026, respectively, of incremental income tax benefits over the amounts previously reported for financial reporting purposes. These tax benefits were recorded in additional paid-in capital.

Effective Tax Rates

The following reconciles the federal statutory income tax rate and the Company's effective income tax rate:

Year Ended June 30,	2012	2011	2010
Statutory income tax rate	**35.0 %**	35.0 %	35.0 %
Effects of:			
State and local taxes	**2.5 %**	2.8 %	2.2 %
U.S. tax on foreign income, net	**—**	1.8 %	—
Valuation allowance	**—**	(0.6)%	0.8 %
Foreign income taxes	**(1.8)%**	(1.0)%	0.5 %

Deductible dividend	**(0.5)%**	(0.5)%	(0.7)%
Other, net	**(0.4)%**	(0.8)%	(0.6)%
Effective income tax rate	**34.8 %**	36.7 %	37.2 %

Consolidated Balance Sheets

Significant components of the Company's net deferred tax assets are as follows:

June 30,	**2012**	2011
Deferred tax assets:		
Compensation liabilities not currently deductible	**$ 37,341**	$ 36,746
Expenses and reserves not currently deductible	**6,151**	5,498
Goodwill and intangibles	**6,518**	9,075
Net operating loss carryforwards (expiring in years 2015-2027)	**444**	432
Foreign tax credits (expiring in years 2020 and 2022)	**4,092**	4,090
Other	**480**	677
Total deferred tax assets	**55,026**	56,518
Less: Valuation allowance	**(157)**	(158)
Deferred tax assets, net of valuation allowance	**54,869**	56,360
Deferred tax liabilities:		
Inventories	**(6,021)**	(4,755)
Unremitted foreign earnings	**(2,804)**	(2,804)
Depreciation and differences in property bases	**(11,602)**	(2,062)
Total deferred tax liabilities	**(20,427)**	(9,621)
Net deferred tax assets	**$ 34,442**	$ 46,739
The net deferred tax asset is classified as follows:		
Other current assets	**$ 12,189**	$ 5,510
Deferred tax assets (long-term)	**26,424**	43,447
Other liabilities	**(4,171)**	(2,218)
Net deferred tax assets	**$ 34,442**	$ 46,739

Valuation allowances are provided against deferred tax assets where it is considered more-likely-than-not that the Company will not realize the benefit of such assets. The remaining net deferred tax asset is the amount management believes is more-likely-than-not of being realized. The realization of these deferred tax assets can be impacted by changes to tax laws, statutory rates and future income levels.

U.S. federal income taxes are provided on the portion of non-U.S. subsidiaries income that is not considered to be permanently reinvested outside the U.S. and may be remitted to the U.S. At June 30, 2012, undistributed earnings of non-U.S. subsidiaries considered to be permanently reinvested and for which no U.S. tax has been provided totaled approximately $79,800. Determination of the net amount of the unrecognized tax liability with respect to these earnings is not practicable; however, foreign tax credits would be available to partially reduce U.S. income taxes in the event of a distribution. Undistributed earnings of non-U.S. subsidiaries not considered permanently reinvested totaled approximately $13,600. U.S. taxes totaling $2,804 have been accrued on these earnings.

Unrecognized Income Tax Benefits

The Company and its subsidiaries file income tax returns in U.S. federal, various state, local and foreign jurisdictions. The following is a reconciliation of the Company's total gross unrecognized income tax benefits:

Year Ended June 30,	**2012**	2011	2010
Unrecognized Income Tax Benefits at beginning of the year	**$ 1,181**	$ 1,842	$ 1,860
Current year tax positions	**331**	153	130
Prior year tax positions	**398**	50	46
Expirations of statutes of limitations	**(371)**	(273)	(194)
Settlements	**—**	(591)	—
Unrecognized Income Tax Benefits at end of year	**$ 1,539**	$ 1,181	$ 1,842

Included in the balance of unrecognized income tax benefits at June 30, 2012, 2011 and 2010 are $1,221, $659 and $988, respectively, of income tax benefits that, if recognized, would affect the effective income tax rate.

During 2012, 2011 and 2010, the Company recognized $(95), $(22) and $22, respectively, for interest and penalties related to unrecognized income tax benefits in its statements of consolidated income. The Company had a liability for penalties and interest of $430 and $525 as of June 30, 2012 and 2011, respectively. The Company does not anticipate a significant change to the total amount of unrecognized income tax benefits within the next twelve months.

The Company is subject to U.S. federal income tax examinations for the tax years 2009 through 2012 and to state and local income tax examinations for the tax years 2008 through 2012. In addition, the Company is subject to foreign income tax examinations for the tax years 2005 through 2012.

The Company's unrecognized income tax benefits are included in other liabilities in the consolidated balance sheets since payment of cash is not expected within one year.

Benefit Plans 6 (Details) (USD $) In Thousands, unless otherwise specified	Jun. 30, 2012
Pension Benefits [Member]	
Estimated future benefit payments	
2012	$ 6,200
2013	5,900
2014	5,700
2015	4,500
2016	1,700
2017 through 2021	15,200
Retiree Health Care Benefits [Member]	
Estimated future benefit payments	
2012	240
2013	240
2014	240
2015	240
2016	260
2017 through 2021	$ 1,420

Leases (Details) (USD $) In Thousands, unless otherwise specified	12 Months Ended		
	Jun. 30, 2012	Jun. 30, 2011	Jun. 30, 2010
Minimum Annual Rental Commitments Under Non Cancelable Operating Leases			
2013	$ 23,500		
2014	18,000		
2015	14,300		
2016	9,600		
2017	5,100		
Thereafter	11,100		
Total minimum lease payments	81,600		
Leases (Textuals) [Abstract]			
Rental expenses of operating leases	$ 31,200	$ 31,400	$ 30,700

Benefit Plans 5 (Details) (USD $) In Thousands, unless otherwise specified	12 Months Ended Jun. 30, 2012	Jun. 30, 2012 Fair Value, Inputs, Level 1 [Member]	Jun. 30, 2011 Fair Value, Inputs, Level 1 [Member]	Jun. 30, 2012 Equity Securities [Member] Fair Value, Inputs, Level 1 [Member]	Jun. 30, 2011 Equity Securities [Member] Fair Value, Inputs, Level 1 [Member]	Jun. 30, 2012 Debt Securities [Member] Fair Value, Inputs, Level 1 [Member]	Jun. 30, 2011 Debt Securities [Member] Fair Value, Inputs, Level 1 [Member]	Jun. 30, 2012 Other Asset [Member] Fair Value, Inputs, Level 1 [Member]	Jun. 30, 2011 Other Asset [Member] Fair Value, Inputs, Level 1 [Member]
Defined Benefit Plan Asset Information									
Equity securities Minimum	40.00%								
Equity securities Maximum	70.00%								
Debt Securities Minimum	20.00%								
Debt Securities Maximum	50.00%								
Other Minimum	0.00%								
Other Maximum	20.00%								
Target Allocation, Total	100.00%								
Fair value of plan assets		$ 6,439	$ 6,056	$ 3,735	$ 3,876	$ 2,382	$ 1,756	$ 322	$ 424

Segment and Geographic Information (Tables)

Segment Reporting [Abstract]

Segment financial information

	12 Months Ended Jun. 30, 2012		
	Service Center Based Distribution	Fluid Power Businesses	Total
Year Ended June 30, 2012			
Net sales	**$ 1,904,564**	**$ 470,881**	**$2,375,445**
Operating income for reportable segments	**135,240**	**43,236**	**178,476**
Assets used in the business	**731,915**	**230,268**	**962,183**
Depreciation and amortization of property	**9,403**	**1,833**	**11,236**
Capital expenditures	**24,339**	**1,682**	**26,021**
Year Ended June 30, 2011			
Net sales	$ 1,770,798	$ 442,051	$2,212,849
Operating income for reportable segments	115,798	41,793	157,591
Assets used in the business	700,486	214,445	914,931
Depreciation and amortization of property	9,152	2,082	11,234
Capital expenditures	19,392	1,039	20,431
Year Ended June 30, 2010			
Net sales	$ 1,536,543	$ 356,665	$1,893,208
Operating income for reportable segments	77,029	26,794	103,823
Assets used in the business	690,970	200,550	891,520
Depreciation and	9,336	2,129	11,465

amortization of property			
Capital expenditures	6,389	827	7,216

Reconciliation of operating income for reportable segments to the consolidated income before income taxes

Year Ended June 30,	**2012**	2011	2010
Operating income for reportable segments	**$178,476**	$157,591	$103,823
Adjustments for:			
Intangible amortization — Service Center Based Distribution	**3,834**	3,384	1,890
Intangible amortization — Fluid Power Businesses	**7,631**	7,998	8,261
Corporate and other income, net	**(1,384)**	(4,554)	(16,378)
Total operating income	**168,395**	150,763	110,050
Interest (income) expense, net	**(9)**	1,668	5,458
Other expense (income), net	**1,578**	(3,793)	(425)
Income before income taxes	**$166,826**	$152,888	$105,017

Net sales by product category

Year Ended June 30,	**2012**	2011	2010
Industrial	**$1,680,926**	$1,559,859	$1,357,206
Fluid power	**694,519**	652,990	536,002
Net sales	**$2,375,445**	$2,212,849	$1,893,208

Information by geographic area

Year Ended June 30,	**2012**	2011	2010
Net Sales:			
United States	**$2,009,317**	$1,891,700	$1,644,237
Canada	**292,913**	260,015	199,772
Mexico	**73,215**	61,134	49,199
Total	**$2,375,445**	$2,212,849	$1,893,208

June 30,	**2012**	2011
Long-Lived Assets:		
United States	**$198,076**	$191,947
Canada	**42,624**	29,893
Mexico	**10,323**	13,706
Total	**$251,023**	$235,546

Shareholders' Equity (Details) (USD $) In Thousands, except Per Share data, unless otherwise specified	12 Months Ended		
	Jun. 30, 2012	Jun. 30, 2011	Jun. 30, 2010
Computation of basic and diluted earnings per share			
Net income	$ 108,779	$ 96,759	$ 65,903
Average Shares Outstanding:			
Weighted-average common shares outstanding for basic computation	42,139	42,433	42,312
Dilutive effect of potential common shares	684	821	549
Weighted-average common shares outstanding for dilutive computation	42,823	43,254	42,861
Net Income Per Share - Basic	$ 2.58	$ 2.28	$ 1.56
Net Income Per Share - Diluted	$ 2.54	$ 2.24	$ 1.54

Segment and Geographic Information	12 Months Ended Jun. 30, 2012

Segment Reporting [Abstract]

SEGMENT AND GEOGRAPHIC INFORMATION

SEGMENT AND GEOGRAPHIC INFORMATION

The Company's reportable segments are: Service Center Based Distribution and Fluid Power Businesses. The Service Center Based Distribution segment provides customers with solutions to their maintenance, repair and original equipment manufacturing needs through the distribution of industrial products including bearings, power transmission components, fluid power components, industrial rubber products, linear motion products, safety products, general maintenance and a variety of mill supply products. The Fluid Power Businesses segment distributes fluid power components and operates shops that assemble fluid power systems and components, performs equipment repair, and offers technical advice to customers.

The accounting policies of the Company's reportable segments are generally the same as those described in Note 1. Sales primarily from the Fluid Power Businesses segment to the Service Center Based Distribution segment of $18,097, $17,665 and $14,006, in fiscal 2012, 2011 and 2010, respectively, have been eliminated in the table below.

Segment Financial Information

	Service Center Based Distribution	Fluid Power Businesses	Total
Year Ended June 30, 2012			
Net sales	**$ 1,904,564**	**$ 470,881**	**$2,375,445**
Operating income for reportable segments	**135,240**	**43,236**	**178,476**
Assets used in the business	**731,915**	**230,268**	**962,183**
Depreciation and amortization of property	**9,403**	**1,833**	**11,236**
Capital expenditures	**24,339**	**1,682**	**26,021**
Year Ended June 30, 2011			
Net sales	$ 1,770,798	$ 442,051	$2,212,849
Operating income for reportable segments	115,798	41,793	157,591
Assets used in the business	700,486	214,445	914,931
Depreciation and amortization of property	9,152	2,082	11,234
Capital expenditures	19,392	1,039	20,431
Year Ended June 30, 2010			
Net sales	$ 1,536,543	$ 356,665	$1,893,208
Operating income for reportable segments	77,029	26,794	103,823
Assets used in the business	690,970	200,550	891,520
Depreciation and amortization of property	9,336	2,129	11,465
Capital expenditures	6,389	827	7,216

ERP related assets are included in assets used in the business and capital expenditures within the Service Center Based Distribution segment. Within the geographic disclosures, these assets are included in the United States. Expenses associated with the ERP are included in the Corporate and other income, net, line in the reconciliation of operating income for reportable segments to the consolidated income before income taxes table below.

A reconciliation of operating income for reportable segments to the consolidated income before income taxes is as follows:

Year Ended June 30,	2012	2011	2010
Operating income for reportable segments	**$ 178,476**	$ 157,591	$ 103,823
Adjustments for:			
Intangible amortization — Service Center Based Distribution	**3,834**	3,384	1,890
Intangible amortization — Fluid Power Businesses	**7,631**	7,998	8,261
Corporate and other income, net	**(1,384)**	(4,554)	(16,378)
Total operating income	**168,395**	150,763	110,050
Interest (income) expense, net	**(9)**	1,668	5,458
Other expense (income), net	**1,578**	(3,793)	(425)
Income before income taxes	**$ 166,826**	$ 152,888	$ 105,017

Corporate and other income, net, includes the SERP curtailment loss of $3,117 recognized in the second quarter of fiscal 2012. Additional fluctuations in corporate and other income, net, are due to changes in the levels and amounts of expenses being allocated to the segments. The expenses being allocated include corporate charges for working capital, logistics support and other items.

Product Category

Net sales by product category are as follows:

Year Ended June 30,	2012	2011	2010
Industrial	**$1,680,926**	$1,559,859	$1,357,206
Fluid power	**694,519**	652,990	536,002
Net sales	**$2,375,445**	$2,212,849	$1,893,208

The fluid power product category includes sales of hydraulic, pneumatic, lubrication and filtration components and systems, and repair services through the Company's Fluid Power Businesses segment as well as the Service Center Based Distribution segment.

Geographic Information

Net sales are presented in geographic areas based on the location of the facility shipping the product. Long-lived assets are based on physical locations and are comprised of the net book value of property, goodwill and intangible assets. Information by geographic area is as follows:

Year Ended June 30,	2012	2011	2010
Net Sales:			
United States	**$2,009,317**	$1,891,700	$1,644,237
Canada	**292,913**	260,015	199,772
Mexico	**73,215**	61,134	49,199

Total	**$2,375,445**	$2,212,849	$1,893,208

June 30,	**2012**	2011
Long-Lived Assets:		
United States	**$198,076**	$191,947
Canada	**42,624**	29,893
Mexico	**10,323**	13,706
Total	**$251,023**	$235,546

Business and Accounting Policies (Policies)	12 Months Ended Jun. 30, 2012	Jun. 30, 2011
Accounting Policies [Abstract]		
Business	**Business** Applied Industrial Technologies, Inc. and subsidiaries (the “Company” or “Applied”) is a leading industrial distributor serving Maintenance Repair Operations (MRO) and Original Equipment Manufacturing (OEM) customers in virtually every industry. In addition, Applied provides engineering, design and systems integration for industrial and fluid power applications, as well as customized mechanical, fabricated rubber and fluid power shop services. Applied also offers maintenance training and inventory management solutions that provide added value to its customers. Although the Company does not generally manufacture the products it sells, it does assemble and repair certain products and systems.	
Consolidation	**Consolidation** The consolidated financial statements include the accounts of Applied Industrial Technologies, Inc. and its subsidiaries. Intercompany transactions and balances have been eliminated in consolidation. The financial results of the Company’s Canadian and Mexican subsidiaries are included in the consolidated financial statements for the twelve months ended May 31.	
Adoption of Accounting Standard [Policy Text Block]		**Statements of Consolidated Comprehensive Income** Accounting Standards Codification (ASC) Topic 220 "Comprehensive Income" requires the reporting of comprehensive income in addition to net income. Effective for fiscal 2012 and retrospective for fiscal 2011 and 2010, the Company has elected to include a statement of consolidated comprehensive income as part of its basic consolidated financial statements. Prior to inclusion of

the statement of consolidated comprehensive income, comprehensive income, other comprehensive income and the components of other comprehensive income were reported as part of the statement of consolidated shareholders' equity.

Foreign Currency	**Foreign Currency** The financial statements of the Company's Canadian and Mexican subsidiaries are measured using local currencies as their functional currencies. Assets and liabilities are translated into U.S. dollars at current exchange rates, while income and expenses are translated at average exchange rates. Translation gains and losses are reported in other comprehensive income (loss) in the statements of consolidated comprehensive income. Gains and losses resulting from transactions denominated in foreign currencies are included in the statements of consolidated income as a component of other expense (income), net.
Use of Estimates, Policy [Policy Text Block]	**Estimates** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results may differ from the estimates and assumptions used in preparing the consolidated financial statements.
Cash and Cash Equivalents	**Cash and Cash Equivalents** The Company considers all short-term, highly liquid investments with maturities of three months or less at the date of purchase to be cash equivalents. Cash and cash equivalents are carried at cost, which approximates fair value.
Marketable Securities	**Marketable Securities** The primary marketable security investments of the Company include money market and mutual funds held in a rabbi trust for a non-qualified compensation plan. These are included in other assets in the consolidated balance sheets, are classified as trading securities, and reported at fair value based on quoted market prices. Unrealized gains and losses are recorded in other expense (income), net in the statements of consolidated income and reflect changes in the fair value of the investments during the period.

Concentration of Credit Risk

The Company has a broad customer base representing many diverse industries primarily across North America. As such, the Company does not believe that a significant concentration of credit risk exists in its accounts receivable. The Company's cash and cash equivalents consists of deposits with commercial banks. While Applied monitors the creditworthiness of these commercial banks and institutions, a crisis in the U.S., Canadian or Mexican financial systems could limit access to funds and/or result in the loss of principal. The terms of these deposits and investments provide that all monies are available to the Company upon demand.

Allowances for Doubtful Accounts

The Company evaluates the collectibility of trade accounts receivable based on a combination of factors. Initially, the Company estimates an allowance for doubtful accounts as a percentage of net sales based on historical bad debt experience. This initial estimate is adjusted based on recent trends of customers and industries estimated to be greater credit risks, trends within the entire customer pool and changes in the overall aging of accounts receivable. Accounts are written off against the allowance when it becomes evident collection will not occur. While the Company has a large customer base that is geographically dispersed, a general economic downturn in any of the industry segments in which the Company operates could result in higher than expected defaults, and therefore, the need to revise estimates for bad debts.

Inventories

Inventories are valued at the lower of cost or market, using the last-in, first-out (LIFO) method for U.S. inventories and the average cost method for foreign inventories. The Company adopted the link chain dollar value LIFO method of accounting for U.S. inventories in fiscal 1974. At June 30, 2012, approximately 37% of the Company's domestic inventory dollars relate to LIFO layers added in the 1970s. The Company maintains five LIFO pools based on the following product groupings: bearings, power transmission products, rubber products, fluid power products and other products. LIFO layers and/or liquidations are determined consistently year-to-year.

The Company evaluates the recoverability of its slow moving or obsolete inventories at least quarterly. The Company estimates the recoverable cost of such inventory by product type while considering factors such as its age, historic and current demand trends, the physical condition of the inventory as well as assumptions regarding future demand. The Company's ability to recover its cost for slow moving or obsolete inventory can be affected by such factors as general market conditions, future customer demand and relationships with suppliers. Historically, the Company's inventories have demonstrated long shelf lives, are not highly susceptible to obsolescence and are eligible for return under various supplier return programs.

Supplier Purchasing Programs

The Company enters into agreements with certain suppliers providing for inventory purchase incentives. The Company's inventory purchase incentive arrangements are unique to each supplier and are generally annual programs ending at either the Company's fiscal year end or the supplier's year end. Incentives are received in the form of cash or credits against purchases upon attainment of specified purchase volumes and are received monthly, quarterly or annually. The incentives are generally a specified percentage of the Company's net purchases based upon achieving specific purchasing volume levels. These percentages can increase or decrease based on changes in the volume of purchases. The Company accrues for the receipt of these inventory purchase incentives based upon cumulative purchases of inventory. The percentage level utilized is based upon the estimated total volume of purchases expected during the life of the program. Supplier programs are analyzed each quarter to determine the appropriateness of the amount of purchase incentives accrued. Upon program completion, differences between estimates and actual incentives subsequently received have not been material. Benefits under these supplier purchasing programs are recognized under the Company's LIFO inventory accounting method as a reduction of cost of sales when the inventories representing these purchases are recorded as cost of sales. Accrued incentives expected to be settled as a credit against purchases are reported on the consolidated balance sheet as an offset to amounts due to the related supplier.

Property and related Depreciation and Amortization

Property and Related Depreciation and Amortization

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets and is included in selling, distribution and administrative expenses in the accompanying statements of consolidated income. Buildings, building improvements and leasehold improvements are depreciated over ten to thirty years or the life of the lease if a shorter period, and equipment is depreciated over three to eight years. The Company capitalizes internal use software development costs in accordance with guidance on accounting for costs of computer software developed or obtained for internal use. Amortization of software begins when it is ready for its intended use, and is amortized on a straight-line basis over the estimated useful life of the software, generally not to exceed twelve years. Capitalized software and hardware costs are classified as property on the consolidated balance sheets. The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the recorded value cannot be recovered from undiscounted future cash flows. Impairment losses, if any, would be measured based upon the difference between the carrying amount and the fair value of the assets.

Goodwill and Intangible Assets

Goodwill and Intangible Assets

Goodwill is recognized as the excess cost of an acquired entity over the net amount assigned to assets acquired and liabilities assumed. Goodwill is not amortized. Goodwill is reviewed for impairment annually as of January 1 or whenever changes in conditions indicate an evaluation should be completed. These conditions could include a significant change in the business climate, legal factors, operating performance indicators, competition, or sale or disposition of a significant portion of a reporting unit. The Company utilizes discounted cash flow models and market multiples for comparable businesses to determine the fair value of reporting units. Evaluating impairment requires significant judgment by management, including estimated future operating results, estimated future cash flows, the long-term rate of growth of the business, and determination of an appropriate discount rate. While the Company uses available information to prepare the estimates and evaluations, actual results could differ significantly.

The Company recognizes acquired intangible assets such as customer relationships, trade names, vendor relationships, and non-competition agreements apart from goodwill. Customer relationship intangibles are amortized using the sum-of-the-years-digits method over estimated useful lives consistent with assumptions used in the determination of their value. Amortization of all other finite-lived intangible assets is computed using the straight-line method over the estimated period of benefit. The Company also maintains intangible assets with indefinite lives which are not amortized. Amortization of intangible assets is included in selling, distribution and administrative expenses in the accompanying statements of consolidated income. Intangible assets with finite lives are reviewed for impairment when changes in conditions indicate carrying value may not be recoverable. Intangible assets with indefinite lives are reviewed for impairment on an annual basis or whenever changes in conditions indicate an evaluation should be completed.

[Self-Insurance Liabilities](#)

Self-Insurance Liabilities

The Company maintains business insurance programs with significant self-insured retention covering workers' compensation, business, automobile, general product liability and other claims. The Company accrues estimated losses including those incurred but not reported using actuarial calculations, models and assumptions based on historical loss experience. The Company maintains a self-insured health benefits plan, which provides medical benefits to U.S. based employees electing coverage under the plan. The Company estimates its reserve for all unpaid medical claims including those incurred but not reported based on historical experience, adjusted as necessary based upon management's reasoned judgment.

[Revenue Recognition](#)

Revenue Recognition

Sales are recognized when the sales price is fixed, collectibility is reasonably assured and the product's title and risk of loss is transferred to the customer. Typically, these conditions are met when the product is shipped to the customer. The Company charges shipping and handling fees when products are shipped or delivered to a customer, and includes such amounts in net sales. The Company reports its sales net of actual sales returns and the amount of reserves established for anticipated sales returns based on historical rates. Sales tax collected from customers is excluded from net sales in the accompanying statements of consolidated income.

Shipping and Handling Costs

Shipping and Handling Costs

The Company records freight payments to third parties in cost of sales and internal delivery costs in selling, distribution and administrative expenses in the accompanying statements of consolidated income. Internal delivery costs in selling, distribution and administrative expenses were approximately $15,500, $15,400 and $14,400 for the fiscal years ended June 30, 2012, 2011 and 2010, respectively.

Income Taxes

Income Taxes

Income taxes are determined based upon income and expenses recorded for financial reporting purposes. Deferred income taxes are recorded for estimated future tax effects of differences between the bases of assets and liabilities for financial reporting and income tax purposes, giving consideration to enacted tax laws. Uncertain tax positions meeting a more-likely-than-not recognition threshold are recognized in accordance with the Income Taxes topic of the ASC. The Company recognizes accrued interest and penalties related to unrecognized income tax benefits in the provision for income taxes.

Share-Based Compensation

Share-Based Compensation

Following approval by the Company's shareholders in October 2011, the 2011 Long-Term Performance Plan (the "2011 Plan") replaced the 2007 Long-Term Performance Plan (the "2007 Plan"). Share-based compensation represents the cost related to share-based awards granted to associates under either the 2011 Plan or the 2007 Plan. The Company measures share-based compensation cost at grant date, based on the estimated fair value of the award and recognizes the cost over the requisite service period. Non-qualified stock appreciation rights (SARs) and stock options are granted with an exercise price equal to the closing market price of the Company's common stock at the date of grant and the fair values are determined using a Black-Scholes option pricing model, which incorporates assumptions regarding the expected volatility, the expected option life, the risk-free interest rate and the expected dividend yield. SARs and stock option awards generally vest over four years of continuous service and have ten-year contractual terms. The fair value of restricted stock awards, restricted stock units (RSUs), and performance shares are based on the closing market price of Company common stock on the grant date.

Treasury Shares

Treasury Shares

Shares of common stock repurchased by the Company are recorded at cost as treasury shares and result in a reduction of shareholders' equity in the consolidated balance sheets. The Company uses the weighted-average cost method for determining the cost of shares reissued. The difference between the cost of the shares and the reissuance price is added to or deducted from additional paid-in capital.

Description of New Accounting Pronouncements Not yet Adopted [Text Block]	**New Accounting Pronouncement** In December 2011, the Financial Accounting Standards Board (FASB) issued authoritative guidance on the offsetting of assets and liabilities, which is effective for the Company on July 1, 2013. The guidance requires additional disclosures regarding offsetting arrangements in accordance with ASC 210-20-45 to enable financial statement users to understand the effect of these arrangements on a company's financial position. The Company is currently evaluating the effect the adoption of the guidance will have on its disclosures.

Income Taxes Textuals (Details) (USD $) In Thousands, unless otherwise specified	12 Months Ended		
	Jun. 30, 2012	Jun. 30, 2011	Jun. 30, 2010
Income Taxes (Textuals) [Abstract]			
Income tax benefits from exercise of non-qualified stock options and appreciation rights	$ 2,725	$ 6,003	$ 1,466
Incremental income tax benefits from vesting of stock awards and other stock compensation recorded in additional paid-in capital	970	401	1,026
Undistributed earnings of foreign subsidiaries on which no provision has been made for income taxes	79,800		
Undistributed earnings of non US subsidiaries	13,600		
Unremitted foreign earnings	2,804	2,804	
Unrecognized income tax benefits that would affect the effective income tax rate	1,221	659	988
Interest and penalties related to unrecognized income tax benefits	(95)	(22)	22
Liability for penalties and interest	$ 430	$ 525	

Goodwill and Intangibles Textuals (Details) (USD $) In Thousands, unless otherwise specified	12 Months Ended		
	Jun. 30, 2012	Jun. 30, 2011	Jun. 30, 2010
Goodwill and Intangibles (Textuals) [Abstract]			
Amortization of intangibles	$ 11,465	$ 11,382	$ 10,151
Amortization Expense for For 2013	11,200		
Amortization Expense for For 2014	9,800		
Amortization Expense for For 2015	8,900		
Amortization Expense for For 2016	8,200		
Amortization Expense for For 2017	7,600		
Fluid Power Businesses Segment [Member]			
Goodwill [Line Items]			
Accumulated goodwill impairment losses	$ 36,605		

Consolidated Balance Sheets (Parenthetical) (USD $) In Thousands, except Share data, unless otherwise specified	Jun. 30, 2012	Jun. 30, 2011
Current assets		
Accounts receivable, allowances	$ 8,332	$ 7,016
Shareholders' Equity		
Preferred stock, par value	$ 0	$ 0
Preferred stock, shares authorized	2,500,000	2,500,000
Preferred stock, shares issued	0	0
Preferred stock, shares outstanding	0	0
Common stock, par value	$ 0	$ 0
Common stock, shares authorized	80,000,000	80,000,000
Common stock, shares issued	54,213,000	54,213,000
Treasury stock, shares	12,246,000	11,611,000

Business and Accounting Policies	12 Months Ended Jun. 30, 2012
Accounting Policies [Abstract]	
Significant Accounting Policies	

BUSINESS AND ACCOUNTING POLICIES

Business

Applied Industrial Technologies, Inc. and subsidiaries (the “Company” or “Applied”) is a leading industrial distributor serving Maintenance Repair Operations (MRO) and Original Equipment Manufacturing (OEM) customers in virtually every industry. In addition, Applied provides engineering, design and systems integration for industrial and fluid power applications, as well as customized mechanical, fabricated rubber and fluid power shop services. Applied also offers maintenance training and inventory management solutions that provide added value to its customers. Although the Company does not generally manufacture the products it sells, it does assemble and repair certain products and systems.

Consolidation

The consolidated financial statements include the accounts of Applied Industrial Technologies, Inc. and its subsidiaries. Intercompany transactions and balances have been eliminated in consolidation. The financial results of the Company’s Canadian and Mexican subsidiaries are included in the consolidated financial statements for the twelve months ended May 31.

Statements of Consolidated Comprehensive Income

Accounting Standards Codification (ASC) Topic 220 "Comprehensive Income" requires the reporting of comprehensive income in addition to net income. Effective for fiscal 2012 and retrospective for fiscal 2011 and 2010, the Company has elected to include a statement of consolidated comprehensive income as part of its basic consolidated financial statements. Prior to inclusion of the statement of consolidated comprehensive income, comprehensive income, other comprehensive income and the components of other comprehensive income were reported as part of the statement of consolidated shareholders' equity.

Foreign Currency

The financial statements of the Company’s Canadian and Mexican subsidiaries are measured using local currencies as their functional currencies. Assets and liabilities are translated into U.S. dollars at current exchange rates, while income and expenses are translated at average exchange rates. Translation gains and losses are reported in other comprehensive income (loss) in the statements of consolidated comprehensive income. Gains and losses resulting from transactions denominated in foreign currencies are included in the statements of consolidated income as a component of other expense (income), net.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results may differ from the estimates and assumptions used in preparing the consolidated financial statements.

Cash and Cash Equivalents

The Company considers all short-term, highly liquid investments with maturities of three months or less at the date of purchase to be cash equivalents. Cash and cash equivalents are carried at cost, which approximates fair value.

Marketable Securities

The primary marketable security investments of the Company include money market and mutual funds held in a rabbi trust for a non-qualified compensation plan. These are included in other assets in the consolidated balance sheets, are classified as trading securities, and reported at fair value based on quoted market prices. Unrealized gains and losses are recorded in other expense (income), net in the statements of consolidated income and reflect changes in the fair value of the investments during the period.

Concentration of Credit Risk

The Company has a broad customer base representing many diverse industries primarily across North America. As such, the Company does not believe that a significant concentration of credit risk exists in its accounts receivable.

The Company's cash and cash equivalents consists of deposits with commercial banks. While Applied monitors the creditworthiness of these commercial banks and institutions, a crisis in the U.S., Canadian or Mexican financial systems could limit access to funds and/or result in the loss of principal. The terms of these deposits and investments provide that all monies are available to the Company upon demand.

Allowances for Doubtful Accounts

The Company evaluates the collectibility of trade accounts receivable based on a combination of factors. Initially, the Company estimates an allowance for doubtful accounts as a percentage of net sales based on historical bad debt experience. This initial estimate is adjusted based on recent trends of customers and industries estimated to be greater credit risks, trends within the entire customer pool and changes in the overall aging of accounts receivable. Accounts are written off against the allowance when it becomes evident collection will not occur. While the Company has a large customer base that is geographically dispersed, a general economic downturn in any of the industry segments in which the Company operates could result in higher than expected defaults, and therefore, the need to revise estimates for bad debts.

Inventories

Inventories are valued at the lower of cost or market, using the last-in, first-out (LIFO) method for U.S. inventories and the average cost method for foreign inventories. The Company adopted the link chain dollar value LIFO method of accounting for U.S. inventories in fiscal 1974. At June 30, 2012, approximately 37% of the Company's domestic inventory dollars relate to LIFO layers added in the 1970s. The Company maintains five LIFO pools based on the following product groupings: bearings, power transmission products, rubber products, fluid power products and other products. LIFO layers and/or liquidations are determined consistently year-to-year.

The Company evaluates the recoverability of its slow moving or obsolete inventories at least quarterly. The Company estimates the recoverable cost of such inventory by product type while considering factors such as its age, historic and current demand trends, the physical condition of the inventory as well as assumptions regarding future demand. The Company's ability to recover its cost for slow moving or obsolete inventory can be affected by such factors as general market conditions, future customer demand and relationships with suppliers. Historically, the Company's inventories have demonstrated long shelf lives, are not highly susceptible to obsolescence and are eligible for return under various supplier return programs.

Supplier Purchasing Programs

The Company enters into agreements with certain suppliers providing for inventory purchase incentives. The Company's inventory purchase incentive arrangements are unique to each supplier and are generally annual programs ending at either the Company's fiscal year end or the supplier's year end. Incentives are received in the form of cash or credits against purchases upon attainment of specified purchase volumes and are received monthly, quarterly or annually. The incentives are generally a specified percentage of the Company's net purchases based upon achieving specific purchasing volume levels. These percentages can increase or decrease based on changes in the volume of purchases. The Company accrues for the receipt of these inventory purchase incentives based upon cumulative purchases of inventory. The percentage level utilized is based upon the estimated total volume of purchases expected during the life of the program. Supplier programs are analyzed each quarter to determine the appropriateness of the amount of purchase incentives accrued. Upon program completion, differences between estimates and actual incentives subsequently received have not been material. Benefits under these supplier purchasing programs are recognized under the Company's LIFO inventory accounting method as a reduction of cost of sales when the inventories representing these purchases are recorded as cost of sales. Accrued incentives expected to be settled as a credit against purchases are reported on the consolidated balance sheet as an offset to amounts due to the related supplier.

Property and Related Depreciation and Amortization

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets and is included in selling, distribution and administrative expenses in the accompanying statements of consolidated income. Buildings, building improvements and leasehold improvements are depreciated over ten to thirty years or the life of the lease if a shorter period, and equipment is depreciated over three to eight years. The Company capitalizes internal use software development costs in accordance with guidance on accounting for costs of computer software developed or obtained for internal use. Amortization of software begins when it is ready for its intended use, and is amortized on a straight-line basis over the estimated useful life of the software, generally not to exceed twelve years. Capitalized software and hardware costs are classified as property on the consolidated balance sheets. The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the recorded value cannot be recovered from undiscounted future cash flows. Impairment losses, if any, would be measured based upon the difference between the carrying amount and the fair value of the assets.

Goodwill and Intangible Assets

Goodwill is recognized as the excess cost of an acquired entity over the net amount assigned to assets acquired and liabilities assumed. Goodwill is not amortized. Goodwill is reviewed for impairment annually as of January 1 or whenever changes in conditions indicate an evaluation should be completed. These conditions could include a significant change in the business climate, legal factors, operating performance indicators, competition, or sale or disposition of a significant portion of a reporting unit. The Company utilizes discounted cash flow models and market multiples for comparable businesses to determine the fair value of reporting units. Evaluating impairment requires significant judgment by management, including estimated future operating results, estimated future cash flows, the long-term rate of growth of the business, and determination of an appropriate discount rate. While the Company uses available information to prepare the estimates and evaluations, actual results could differ significantly.

The Company recognizes acquired intangible assets such as customer relationships, trade names, vendor relationships, and non-competition agreements apart from goodwill. Customer relationship intangibles are amortized using the sum-of-the-years-digits method over estimated useful lives consistent with assumptions used in the determination of their value. Amortization of all other finite-lived intangible assets is computed using the straight-line method over the estimated period of benefit. The Company also maintains intangible assets with indefinite lives which are not amortized. Amortization of intangible assets is included in selling, distribution and administrative expenses in the accompanying statements of consolidated income. Intangible assets with finite lives are reviewed for impairment when changes in conditions indicate carrying value may not be recoverable. Intangible assets with indefinite lives are reviewed for impairment on an annual basis or whenever changes in conditions indicate an evaluation should be completed.

Self-Insurance Liabilities

The Company maintains business insurance programs with significant self-insured retention covering workers' compensation, business, automobile, general product liability and other claims. The Company accrues estimated losses including those incurred but not reported using actuarial calculations, models and assumptions based on historical loss experience. The Company maintains a self-insured health benefits plan, which provides medical benefits to U.S. based employees electing coverage under the plan. The Company estimates its reserve for all unpaid medical claims including those incurred but not reported based on historical experience, adjusted as necessary based upon management's reasoned judgment.

Revenue Recognition

Sales are recognized when the sales price is fixed, collectibility is reasonably assured and the product's title and risk of loss is transferred to the customer. Typically, these conditions are met when the product is shipped to the customer. The Company charges shipping and handling fees when products are shipped or delivered to a customer, and includes such amounts in net sales. The Company reports its sales net of actual sales returns and the amount of reserves established for anticipated sales returns based on historical rates. Sales tax collected from customers is excluded from net sales in the accompanying statements of consolidated income.

Shipping and Handling Costs

The Company records freight payments to third parties in cost of sales and internal delivery costs in selling, distribution and administrative expenses in the accompanying statements of consolidated income. Internal delivery costs in selling, distribution and administrative expenses were approximately $15,500, $15,400 and $14,400 for the fiscal years ended June 30, 2012, 2011 and 2010, respectively.

Income Taxes

Income taxes are determined based upon income and expenses recorded for financial reporting purposes. Deferred income taxes are recorded for estimated future tax effects of differences between the bases of assets and liabilities for financial reporting and income tax purposes, giving consideration to enacted tax laws. Uncertain tax positions meeting a more-likely-than-not recognition threshold are recognized in accordance with the Income Taxes topic of the ASC. The Company recognizes accrued interest and penalties related to unrecognized income tax benefits in the provision for income taxes.

Share-Based Compensation

Following approval by the Company's shareholders in October 2011, the 2011 Long-Term Performance Plan (the "2011 Plan") replaced the 2007 Long-Term Performance Plan (the "2007 Plan"). Share-based compensation represents the cost related to share-based awards granted to associates under either the 2011 Plan or the 2007 Plan. The Company measures share-based compensation cost at grant date, based on the estimated fair value of the award and recognizes the cost over the requisite service

period. Non-qualified stock appreciation rights (SARs) and stock options are granted with an exercise price equal to the closing market price of the Company's common stock at the date of grant and the fair values are determined using a Black-Scholes option pricing model, which incorporates assumptions regarding the expected volatility, the expected option life, the risk-free interest rate and the expected dividend yield. SARs and stock option awards generally vest over four years of continuous service and have ten-year contractual terms. The fair value of restricted stock awards, restricted stock units (RSUs), and performance shares are based on the closing market price of Company common stock on the grant date.

Treasury Shares

Shares of common stock repurchased by the Company are recorded at cost as treasury shares and result in a reduction of shareholders' equity in the consolidated balance sheets. The Company uses the weighted-average cost method for determining the cost of shares reissued. The difference between the cost of the shares and the reissuance price is added to or deducted from additional paid-in capital.

New Accounting Pronouncement

In December 2011, the Financial Accounting Standards Board (FASB) issued authoritative guidance on the offsetting of assets and liabilities, which is effective for the Company on July 1, 2013. The guidance requires additional disclosures regarding offsetting arrangements in accordance with ASC 210-20-45 to enable financial statement users to understand the effect of these arrangements on a company's financial position. The Company is currently evaluating the effect the adoption of the guidance will have on its disclosures.

Benefit Plans (Details) (USD $) In Thousands, unless otherwise specified	12 Months Ended		
	Jun. 30, 2012	Jun. 30, 2011	Jun. 30, 2010
Amounts recognized in the consolidated balance sheets:			
Postemployment benefits	$ 39,750	$ 47,730	
Pension Benefits [Member]			
Change in benefit obligation:			
Benefit obligation at beginning of the year	53,490	51,114	
Service cost	289	460	574
Interest cost	2,047	2,232	2,911
Plan participants' contributions	0	0	
Benefits paid	(4,144)	(1,856)	
Amendments	150	151	
Actuarial loss (gain) during year	4,179	1,389	
Benefit obligation at end of year	47,151	53,490	51,114
Change in plan assets:			
Fair value of plan assets at beginning of year	6,056	5,229	
Actual (loss) gain on plan assets	(30)	984	
Employer contributions	4,557	1,699	
Fair value of plan assets at end of year	6,439	6,056	5,229
Funded status at end of year	(40,712)	(47,434)	
Amounts recognized in the consolidated balance sheets:			
Other current liabilities	6,018	4,151	
Postemployment benefits	34,694	43,283	
Net amount recognized	40,712	47,434	
Amounts recognized in accumulated other comprehensive income (loss):			
Net actuarial (loss) gain	(10,112)	(15,012)	
Prior service cost	(279)	(3,808)	
Total amounts recognized in accumulated other comprehensive income (loss)	(10,391)	(18,820)	
Defined Benefit Plan, Curtailments	(8,860)	0	
Retiree Health Care Benefits [Member]			
Change in benefit obligation:			
Benefit obligation at beginning of the year	4,667	4,593	
Service cost	30	39	52
Interest cost	237	235	259
Plan participants' contributions	47	37	
Benefits paid	(256)	(227)	
Amendments	0	0	
Actuarial loss (gain) during year	423	(10)	
Benefit obligation at end of year	5,148	4,667	4,593
Change in plan assets:			

Fair value of plan assets at beginning of year	0	0	
Actual (loss) gain on plan assets	0	0	
Employer contributions	209	190	
Fair value of plan assets at end of year	0	0	0
Funded status at end of year	(5,148)	(4,667)	
Amounts recognized in the consolidated balance sheets:			
Other current liabilities	220	220	
Postemployment benefits	4,928	4,447	
Net amount recognized	5,148	4,667	
Amounts recognized in accumulated other comprehensive income (loss):			
Net actuarial (loss) gain	398	892	
Prior service cost	(135)	(274)	
Total amounts recognized in accumulated other comprehensive income (loss)	263	618	
Defined Benefit Plan, Curtailments	$ 0	$ 0	

Segment and Geographic Information 2 (Details) (USD $) In Thousands, unless otherwise specified	12 Months Ended		
	Jun. 30, 2012	Jun. 30, 2011	Jun. 30, 2010
Net sales by product category			
Net Sales	$ 2,375,445	$ 2,212,849	$ 1,893,208
Industrial [Member]			
Net sales by product category			
Net Sales	1,680,926	1,559,859	1,357,206
Fluid Power [Member]			
Net sales by product category			
Net Sales	$ 694,519	$ 652,990	$ 536,002

Inventories (Tables)	12 Months Ended Jun. 30, 2012
Inventory Disclosure [Abstract]	
Items of Inventories	Inventories consist of the following:

June 30,	2012	2011
U.S. inventories at current cost	**$302,465**	$280,875
Foreign inventories at average cost	**70,797**	60,837
	373,262	341,712
Less: Excess of current cost over LIFO cost for U.S. inventories	**144,756**	137,646
Inventories on consolidated balance sheets	**$228,506**	$204,066

Schedule II - Valuation and Qualifying Accounts (Details) (Allowance for Doubtful Accounts [Member], USD $) In Thousands, unless otherwise specified	12 Months Ended					
	Jun. 30, 2012		Jun. 30, 2011		Jun. 30, 2010	
Allowance for Doubtful Accounts [Member]						
Movement in Valuation Allowances and Reserves [Roll Forward]						
Balance at beginning of period	$ 7,016		$ 6,379		$ 6,464	
Additions charged to costs and expenses	3,915		2,029		2,508	
Additions (Deductions) charged to other accounts	122	[1]	111	[1]	(95)	[1]
Deductions from reserves	2,721	[2]	1,503	[2]	2,498	[2]
Balance at end of period	$ 8,332		$ 7,016		$ 6,379	

[1] Amounts represent reserves for the return of merchandise by customers.
[2] Amounts represent uncollectible accounts charged off.

Goodwill and Intangibles (Details) (USD $) In Thousands, unless otherwise specified	12 Months Ended	
	Jun. 30, 2012	Jun. 30, 2011
Changes in the carrying amount of goodwill by reportable segment		
Goodwill, ending balance	$ 83,080	$ 76,981
Service Center Based Distribution Segment [Member]		
Changes in the carrying amount of goodwill by reportable segment		
Goodwill, beginning balance	76,981	63,405
Goodwill acquired during the year	8,403	11,700
Other, primarily currency translation	(2,304)	1,876
Goodwill, ending balance	$ 83,080	$ 76,981

Leases	12 Months Ended Jun. 30, 2012
Leases [Abstract]	
LEASES	LEASES

The Company leases its corporate headquarters facility along with many service center and distribution center facilities, vehicles and equipment under non-cancelable lease agreements accounted for as operating leases. The minimum annual rental commitments under non-cancelable operating leases as of June 30, 2012 are as follows:

During Fiscal Years	
2013	$23,500
2014	18,000
2015	14,300
2016	9,600
2017	5,100
Thereafter	11,100
Total minimum lease payments	$81,600

Rental expenses incurred for operating leases, principally from leases for real property, vehicles and computer equipment were $31,200 in 2012, $31,400 in 2011 and $30,700 in 2010.