

PUGH DAVID L
Form 4
August 10, 2006

FORM 4

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

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
PUGH DAVID L

2. Issuer Name and Ticker or Trading Symbol
APPLIED INDUSTRIAL TECHNOLOGIES INC [AIT]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
ONE APPLIED PLAZA
(Street)

3. Date of Earliest Transaction (Month/Day/Year)
08/08/2006

Director 10% Owner
 Officer (give title below) Other (specify below)
Chairman & CEO

CLEVELAND, OH 441155056
(City) (State) (Zip)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|---|
| Common Stock | | | | | 663,043 ⁽¹⁾ | D | |
| Common Stock | | | | | 787 ⁽¹⁾ | I | By Son |
| Common Stock | | | | | 787 ⁽¹⁾ | I | By Wife as UTMA Custodian for Daughter |
| Common Stock | | | | | 132,115.5 ⁽¹⁾ | I | Deferred Compensation Plan |

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Common
Stock

3,427.07 ⁽¹⁾ I

Retirement
Savings Plan

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474
(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Security (Instr. 3 and 4) | | |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--------------|--------|
| | | | | Code | V (A) (D) | Date Exercisable | Expiration Date | Title | Amount |
| Stock Appreciation Rights | \$ 21.94 | 08/08/2006 | | A | 88,800 | 08/08/2007 ⁽²⁾ | 08/08/2016 | Common Stock | 8 |
| Employee Stock Option (Right to Buy) | \$ 6.94 ⁽³⁾ | | | | | 08/06/2003 ⁽⁴⁾ | 08/06/2012 | Common Stock | 1 |
| Employee Stock Option (Right to Buy) | \$ 9.465 ⁽³⁾ | | | | | 08/08/2004 ⁽⁴⁾ | 08/08/2013 | Common Stock | 2 |
| Stock Appreciation Rights | \$ 12.907 ⁽³⁾ | | | | | 08/06/2005 ⁽²⁾ | 08/06/2014 | Common Stock | 1 |
| Stock Appreciation Rights | \$ 23 ⁽³⁾ | | | | | 08/09/2006 ⁽²⁾ | 08/09/2015 | Common Stock | 7 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|-----------------------------------|---------------|-----------|----------------|-------|
| | Director | 10% Owner | Officer | Other |
| PUGH DAVID L ONE APPLIED PLAZA | X | | Chairman & CEO | |

CLEVELAND, OH 441155056

Signatures

By: Dianne Misenko/POA for David L.
Pugh

08/10/2006

__Signature of Reporting Person

Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) All holdings reflect the effect of the 3 for 2 stock split paid on 6/15/06.
- (2) Stock-only stock appreciation rights which become exercisable in annual increments of 25% commencing one year after the date of grant.
- (3) Both share balance and share price adjusted to reflect the effect of the 3 for 2 stock split paid on 6/15/06.
- (4) These options become exercisable in annual increments of 25% commencing one year after the date of grant.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
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