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Parker Hannifin Corporation

Quarterly Earnings Release

3rd Quarter FY2012

April 24, 2012

Forward-Looking Statements

Forward-Looking Statements:
Forward-looking statements contained in this and other written and oral reports are made based on known events and circumstances at the time of release, and as such, are subject in the future to unforeseen uncertainties and risks. All statements regarding future performance, earnings projections, events or developments are forward-looking statements. It is possible that the future performance and earnings projections of the company, including its individual segments, may differ materially from current expectations, depending on economic conditions within its mobile, industrial and aerospace markets, and the company's ability to maintain and achieve anticipated benefits associated with announced realignment activities, strategic initiatives to improve operating margins, actions taken to combat the effects of the current economic environment, and growth, innovation and global diversification initiatives. A change in the economic conditions in individual markets may have a particularly volatile effect on segment performance. Among other factors which may affect future performance are: changes in business relationships with and purchases by or from major customers, suppliers or distributors, including delays or cancellations in shipments, disputes regarding contract terms or significant changes in financial condition, changes in contract cost and revenue estimates for new development programs and changes in product mix; ability to identify acceptable strategic acquisition targets; uncertainties surrounding timing, successful completion or integration of acquisitions; ability to realize anticipated cost savings from business realignment activities; threats associated with and efforts to combat terrorism; uncertainties surrounding the ultimate resolution of outstanding legal proceedings, including the outcome of any appeals; competitive market conditions and resulting effects on sales and pricing; increases in raw material costs that cannot be recovered in product pricing; the company’s ability to manage costs related to insurance and employee retirement and health care benefits; and global economic factors, including manufacturing activity, air travel trends, currency exchange rates, difficulties entering new markets and general economic conditions such as inflation, deflation, interest rates and credit availability. The company makes these statements as of the date of this disclosure, and undertakes no obligation to update them unless otherwise required by law.

Non-GAAP Financial Measures

This presentation reconciles sales amounts reported in accordance with U.S. GAAP to sales amounts adjusted to remove the effects of acquisitions made within the prior four quarters and the effects of currency exchange rates on sales. The effects of acquisitions and currency exchange rates are removed to allow investors and the company to meaningfully evaluate changes in sales on a comparable basis from period to period.

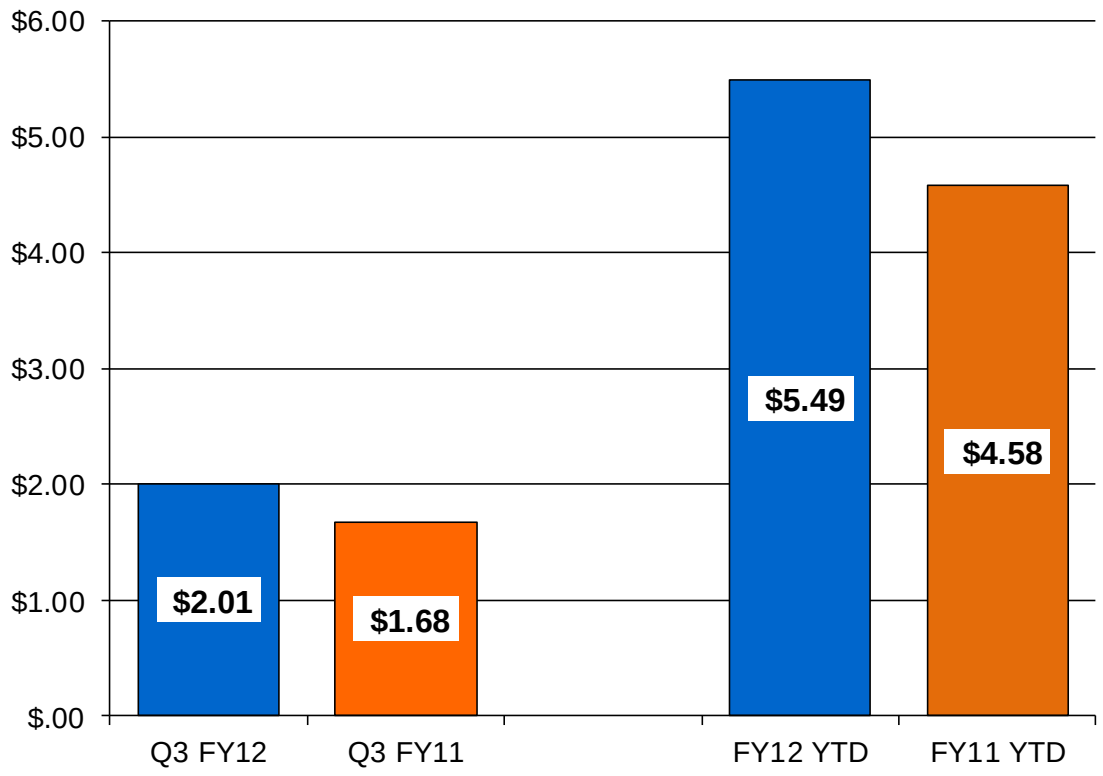
Discussion Agenda

- CEO 3rd Quarter Highlights
- Key Performance Measures & Outlook
- Questions & Answers
- CEO Closing Comments

Third Quarter FY12 Highlights

- **Record 3rd Quarter Sales:** Q3 Sales Increased 4.7% Year-over-Year to $3.4B due to Industrial North America and Aerospace
- **End Market Demand**: Order Improvement of 2% Year-over-Year Against Tougher Comparables driven by North America and Aerospace
- **Operating Margin**: 15.1% as compared to 14.8% in Q3 FY11
  - NA Industrial Increased to 17.3% from 16.1% in Q3 FY11; a Third Quarter Record
- **Net Income:** All-time Quarterly Record of $313 million
- **Earnings Per Share:** All-time Quarterly Record of $2.01 vs. $1.68 in Q3 FY11
- **Strong Balance Sheet:** Cash Balance of $773M and Debt/Total Capitalization Metric of 24.3%
- **Continued Strong Cash Flow**: Q3 FY12 Operating Cash Flow/Sales of 13.1%; YTD FY12 of 10.3%

Financial Highlights
Diluted Earnings per Share
3rd Quarter and Year-to-Date



Influences on 3rd Quarter Earnings

Diluted Earnings Per Share Increase Year-over-Year of $.33 or 20% Primarily Driven By:

- Improved Segment Operating Margins to 15.1% from 14.8% ($.13 EPS Impact) driven by Industrial North America and Climate & Industrial Controls
- Lower Tax Rate due to Favorable Resolution of Prior Year Tax Filings ($.13 EPS Impact)
- Lower Shares Outstanding due to Share Repurchase ($.14 EPS Impact)

Offset by:

- Increased Expense Below Segment Operating Income Mainly due to Negative Currency Impact and Prior Year Favorable Insurance Recoveries ($.08 EPS Impact)

Financial Highlights
Sales – 3rd Quarter

Dollars in millions	3rd Quarter			Year to Date		
	FY2012	% Change	FY2011	FY2012	% Change	FY2011
Sales						
As reported	$ 3,394	4.7 %	$ 3,240	$ 9,734	8.9 %	$ 8,936
Acquisitions	7	0.2 %		39	0.4 %	
Currency	(42)	(1.3)%		44	0.5 %	
Adjusted Sales	$ 3,429	5.8 %		$ 9,651	8.0 %	
Operating Margin						
As reported	$ 511		$ 481	$ 1,473		$ 1,320
% of Sales	15.1 %		14.8 %	15.1 %		14.8 %

Segment Reporting
Industrial North America

Dollars in millions	3rd Quarter			Year to Date		
	FY2012	% Change	FY2011	FY2012	% Change	FY2011
Sales						
As reported	$ 1,315	11.6 %	$ 1,179	$ 3,703	12.6 %	$ 3,289
Acquisitions	3	0.3 %		18	0.6 %	
Currency	(4)	(0.3)%		(3)	(0.1)%	
Adjusted Sales	$ 1,316	11.6 %		$ 3,688	12.1 %	
Operating Margin						
As reported	$ 227		$ 189	$ 646		$ 538
% of Sales	17.3 %		16.1 %	17.4 %		16.4 %

Segment Reporting
Industrial International

Dollars in millions	3rd Quarter			Year to Date		
	FY2012	% Change	FY2011	FY2012	% Change	FY2011
Sales						
As reported	$ 1,287	(0.5)%	$ 1,293	$ 3,795	7.4 %	$ 3,533
Acquisitions	4	0.3 %		20	0.5 %	
Currency	(35)	(2.7)%		46	1.3 %	
Adjusted Sales	$ 1,318	1.9 %		$ 3,729	5.6 %	
Operating Margin						
As reported	$ 195		$ 200	$ 569		$ 551
% of Sales	15.2 %		15.5 %	15.0 %		15.6 %

Segment Reporting
Aerospace

Dollars in millions	3rd Quarter			Year to Date		
	FY2012	% Change	FY2011	FY2012	% Change	FY2011
Sales						
As reported	$ 543	7.7 %	$ 504	$ 1,537	9.8 %	$ 1,401
Acquisitions	0	0.0 %		0	0.0 %	
Currency	(1)	(0.1)%		0	0.0 %	
Adjusted Sales	$ 544	7.8 %		$ 1,537	9.8 %	
Operating Margin						
As reported	$ 66		$ 69	$ 205		$ 176
% of Sales	12.1 %		13.7 %	13.3 %		12.6 %

Segment Reporting
Climate & Industrial Controls

Dollars in millions	3rd Quarter			Year to Date		
	FY2012	% Change	FY2011	FY2012	% Change	FY2011
Sales						
As reported	$ 249	(6.0)%	$ 264	$ 699	(2.0)%	$ 713
Acquisitions	0	0.0 %		1	0.1 %	
Currency	(2)	(0.9)%		1	0.1 %	
Adjusted Sales	$ 251	(5.1)%		$ 697	(2.2)%	
Operating Margin						
As reported	$ 23		$ 23	$ 53		$ 54
% of Sales	9.3 %		8.5 %	7.6 %		7.5 %

Parker Order Rates

Three Month Rolling at Period End

	MAR '12	DEC '11	MAR '11	DEC '10
Total Parker	+ 2 %	+ 3 %	+ 24 %	+ 29 %
Industrial North America	+ 7 %	+ 8 %	+ 20 %	+ 26 %
Industrial International	- 1 %	+ 1 %	+ 22 %	+ 29 %
Aerospace	+ 4 %	+ 0 %	+ 44 %	+ 37 %
Climate & Industrial Controls	- 6 %	- 5 %	+ 14 %	+ 26 %

Excludes Acquisitions & Currency
3-month year-over-year comparisons of total dollars, except Aerospace
Aerospace is calculated using a 12-month rolling average

Balance Sheet Summary

- Cash
- Working capital
  - Accounts receivable
  - Inventory
  - Accounts payable

Strong Cash Flow
Cash from Operating Activities
3rd Quarter and Year-To- Date

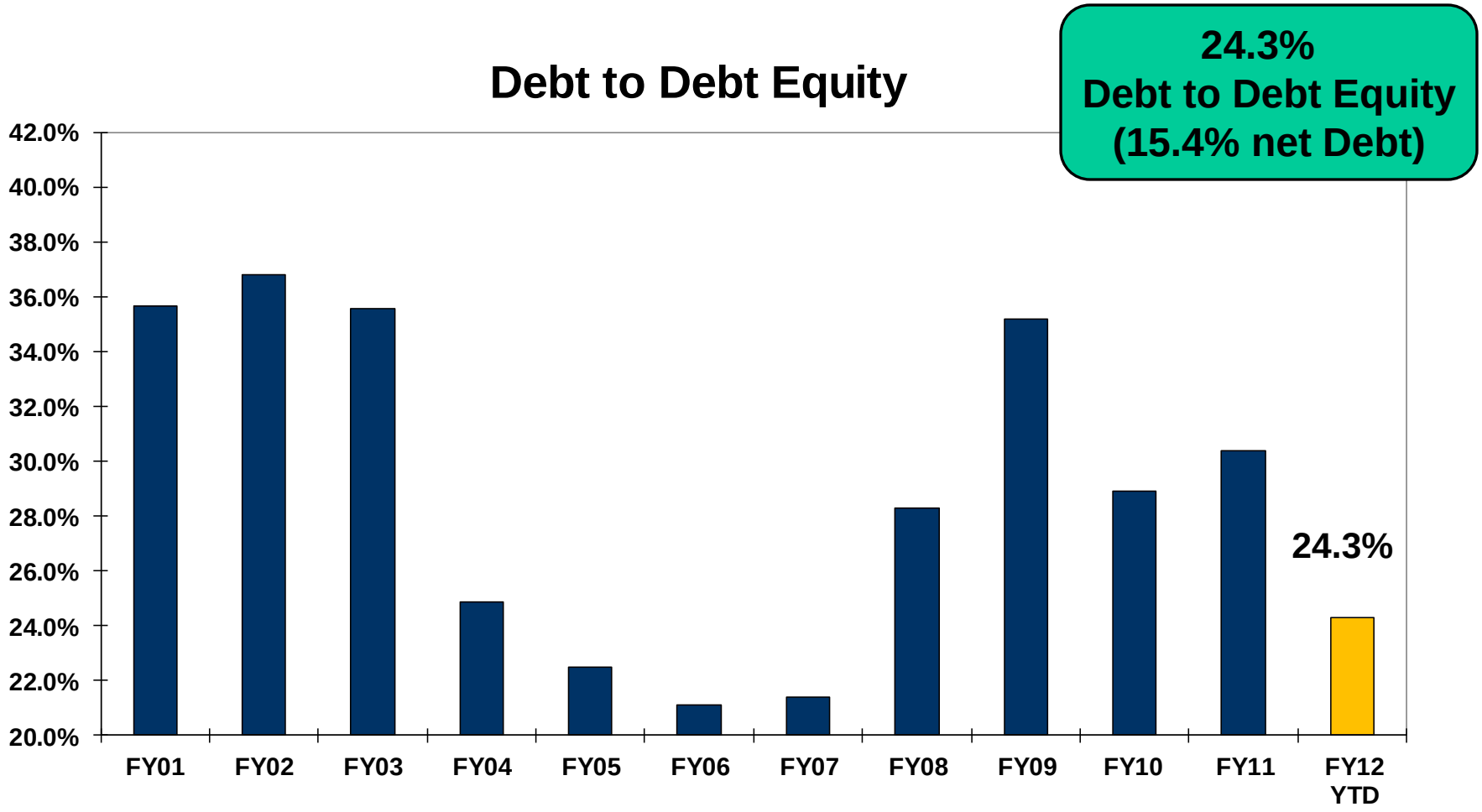
Cash From Operating Activities

	Q3 '12	Q3 '11
As Reported	$443.0M	$391.8M
As Reported % Sales	13.1%	12.1%

Year-to-Date Cash from Operating Activities:

	YTD '12	YTD '11
As Reported	$1,006.5M	$799.9M
As Reported % Sales	10.3%	9.0%

Financial Leverage



FY 2012 Earnings Outlook Assumptions Segment Sales & Operating Margins

FY 2012 Sales change versus FY 2011			
Industrial North America	**11.0 %**	**--**	**11.5 %**
Industrial International	**3.3 %**	**--**	**4.1 %**
Aerospace	**8.0 %**	**--**	**9.0 %**
Climate & Industrial Controls	**(3.9)%**	**--**	**(2.8)%**

FY 2012 Operating margin percentages			
Industrial North America	**17.3 %**	**--**	**17.5 %**
Industrial International	**14.9 %**	**--**	**15.1 %**
Aerospace	**13.2 %**	**--**	**13.4 %**
Climate & Industrial Controls	**8.0 %**	**--**	**8.2 %**

FY 2012 Earnings Outlook Assumptions below Operating Margin (+/-.7%)

- Expenses Below Segment Operating Margin*
  - $429M at Midpoint
- Tax Rate = 26.5%

**Corporate Admin, Interest and Other Expense (Income)*

Earnings Outlook – FY12

	Low	Midpoint	High
Diluted earnings per share	$ 7.30	$7.40	$7.50

Questions & Answers…

Appendix

Income Statement

- 3rd Quarter FY2012
- 3rd Quarter YTD FY2012

Income Statement – 3rd Quarter

Dollars in millions	FY 2012		FY 2011	
		% of Sales		% of Sales
Net Sales	$ 3,393.5	100.0 %	$ 3,240.1	100.0 %
Cost of sales	2,590.3	76.3 %	2,463.1	76.0 %
Gross profit	803.2	23.7 %	777.0	24.0 %
S, G & A	377.5	11.1 %	375.1	11.6 %
Interest expense	22.3	.7 %	24.6	.8 %
Other expense (income), net	2.6	.1 %	(12.4)	(.4)%
Income before taxes	400.8	11.8 %	389.7	12.0 %
Income taxes	88.1	2.6 %	108.1	3.3 %
Net income	$ 312.7	9.2 %	$ 281.6	8.7 %
Less: Noncontrolling interests	$ .6	.0 %	$ 2.0	.1 %
Net income attributable to common shareholders	$ 312.1	9.2 %	$ 279.6	8.6 %

Income Statement – 3rd Quarter YTD

Dollars in millions	FY 2012		FY 2011	
		% of Sales		% of Sales
Net Sales	$ 9,734.3	100.0 %	$ 8,936.0	100.0 %
Cost of sales	7,386.1	75.9 %	6,796.7	76.1 %
Gross profit	2,348.2	24.1 %	2,139.3	23.9 %
S, G & A	1,132.6	11.6 %	1,054.3	11.8 %
Interest expense	69.3	.8 %	74.9	.8 %
Other (income), net	(5.1)	(.1)%	(22.2)	(.2)%
Income before taxes	1,151.4	11.8 %	1,032.3	11.5 %
Income taxes	298.2	3.1 %	269.8	3.0 %
Net income	$ 853.2	8.7 %	$ 762.5	8.5 %
Less: Noncontrolling interests	$ 3.3	.0 %	$ 5.6	.0 %
Net income attributable to common shareholders	$ 849.9	8.7 %	$ 756.9	8.5 %