

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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 1994

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 1-4982

PARKER-HANNIFIN CORPORATION
(Exact name of registrant as specified in its charter)

OHIO
(State or other jurisdiction of incorporation)

34-0451060
(IRS Employer Identification No.)

17325 Euclid Avenue, Cleveland, Ohio
(Address of principal executive offices)

44112
(Zip Code)

Registrant's telephone number, including area code: (216) 531-3000

Indicate by check mark whether Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days.

Yes . No .

Number of Common Shares outstanding at September 30, 1994 48,981,132

The Exhibit Index appears on sequential page 13.

PARKER-HANNIFIN CORPORATION

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*Numbered in accordance with Item 601 of Regulation S-K.

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PART I - FINANCIAL INFORMATION
PARKER-HANNIFIN CORPORATION
CONSOLIDATED STATEMENT OF INCOME
(Dollars in thousands, except per share amounts)
(Unaudited)

	Three Months Ended September 30,	
	1994	1993
Net sales	\$ 712,457	\$ 607,411
Cost of sales	550,527	494,054
Gross profit	161,930	113,357
Selling, general and administrative expenses	81,535	72,770
Provision for business restructuring activities		1,661
Income from operations	80,395	38,926
Other income (deductions):		
Interest expense	(7,224)	(11,611)
Interest and other income, net	188	1,949
	(7,036)	(9,662)
Income before income taxes	73,359	29,264
Income taxes	29,710	13,199
Net income	\$ 43,649	\$ 16,065
Earnings per share	\$.89	\$.33
Cash dividends per common share	\$.25	\$.24

See accompanying notes to consolidated financial statements.

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PARKER-HANNIFIN CORPORATION
CONSOLIDATED BALANCE SHEET
(Dollars in thousands)

	September 30, 1994	June 30, 1994
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 33,905	\$ 81,590
Accounts receivable, net	422,441	388,515
Inventories:		
Finished products	259,016	245,068
Work in process	171,606	171,114
Raw materials	83,659	76,748
	514,281	492,930
Prepaid expenses	13,247	14,263
Deferred income taxes	40,217	41,056
Total current assets	1,024,091	1,018,354

Plant and equipment	1,681,756	1,621,828
Less accumulated depreciation	930,824	904,528
	750,932	717,300
Other assets	201,151	177,136
Total assets	\$ 1,976,174	\$ 1,912,790

LIABILITIES

Current liabilities:

Notes payable	\$ 53,984	\$ 26,973
Accounts payable, trade	166,626	181,148
Accrued liabilities	228,432	238,682
Accrued domestic and foreign taxes	76,177	57,641
Total current liabilities	525,219	504,444
Long-term debt	252,880	257,259
Pensions and other postretirement benefits	173,874	169,081
Deferred income taxes	8,578	8,052
Other liabilities	7,454	7,603
Total liabilities	968,005	946,439

SHAREHOLDERS' EQUITY

Serial preferred stock, \$.50 par value; authorized 3,000,000 shares; none issued	--	--
Common stock, \$.50 par value; authorized 150,000,000 shares; issued 49,267,533 shares at September 30 and 49,265,074 shares at June 30	24,634	24,633
Additional capital	166,603	165,942
Retained earnings	837,645	806,240
Deferred compensation related to guarantee of ESOP debt	(25,697)	(25,697)
Currency translation adjustment	11,689	2,538
	1,014,874	973,656
Less treasury shares, at cost: 286,401 shares at September 30 and 325,371 shares at June 30	(6,705)	(7,305)
Total shareholders' equity	1,008,169	966,351

Total liabilities and shareholders' equity \$ 1,976,174 \$ 1,912,790

See accompanying notes to consolidated financial statements.

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PARKER-HANNIFIN CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
(Dollars in thousands)
(Unaudited)

	Three Months Ended September 30,	
	1994	1993
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 43,649	\$ 16,065
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation	27,621	27,151
Amortization	1,806	1,272
Deferred income taxes	1,225	(3,576)
Foreign currency transaction (gain) loss	(847)	1,917
Loss (gain) on sale of plant and equipment	79	(135)
Provision for restructuring	(1,418)	(6,192)
Changes in assets and liabilities:		
Accounts receivable	(14,423)	3,070
Inventories	(4,282)	6,796
Prepaid expenses	1,824	352
Other assets	(2,903)	(2,523)
Accounts payable, trade	(22,793)	2,684
Accrued payrolls and other compensation	(9,544)	(13,204)
Accrued domestic and foreign taxes	17,655	5,980
Other accrued liabilities	(2,433)	9,127
Pensions and other postretirement benefits	3,964	6,485
Other liabilities	(1,229)	(375)
Net cash provided by operating activities	37,951	54,894
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions (excluding cash of \$4,825 in 1994)	(72,192)	
Capital expenditures	(27,565)	(20,353)
Proceeds from sale of plant and equipment	1,640	679
Other	4,691	916
Net cash used in investing activities	(93,426)	(18,758)
CASH FLOWS FROM FINANCING ACTIVITIES		
Exercise of stock options	728	651

Proceeds from notes payable, net	23,735	9,829
Proceeds from long-term borrowings	10,044	282
Payments of long-term borrowings	(15,151)	(2,348)
Dividends	(12,244)	(11,667)
Net cash provided by (used in) financing activities	7,112	(3,253)
Effect of exchange rate changes on cash	678	(386)
Net (decrease) increase in cash and cash equivalents	(47,685)	32,497
Cash and cash equivalents at beginning of year	81,590	159,985
Cash and cash equivalents at end of period	\$ 33,905	\$ 192,482

See accompanying notes to consolidated financial statements.

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PARKER-HANNIFIN CORPORATION
BUSINESS SEGMENT INFORMATION BY INDUSTRY
(Dollars in thousands)
(Unaudited)

Parker operates in two industry segments: Industrial and Aerospace.

Industrial - This segment produces a broad range of motion-control and fluid systems and components used in all kinds of manufacturing, packaging, processing, transportation, mobile construction, and agricultural and military machinery and equipment. Sales are direct to major original equipment manufacturers (OEMs) and through a broad distribution network to smaller OEMs and the aftermarket. This segment has manufacturing facilities located in North America and numerous International countries.

Aerospace - This segment designs and manufactures products and provides aftermarket support for commercial, military and general-aviation aircraft, missile and spacecraft markets. The Aerospace Segment provides a full range of systems and components for hydraulic, pneumatic, cryogenic and fuel applications. This segment has manufacturing facilities located in North America.

Results by Business Segment:

	Three Months Ended	
	September 30,	
	1994	1993
Net sales, including intersegment sales:		
Industrial:		
North America	\$ 411,021	\$ 346,350
International	170,151	118,428
Aerospace	131,381	142,723
Intersegment sales	(96)	(90)
Total	\$ 712,457	\$ 607,411
Income (loss) from operations before corporate general and administrative expenses:		
Industrial:		
North America	\$ 61,273	\$ 41,674
International	12,920	(5,591)
Aerospace	15,932	12,644
Total	90,125	48,727
Corporate general and administrative expenses	9,730	9,801
Income from operations	\$ 80,395	\$ 38,926

See accompanying notes to consolidated financial statements.

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PARKER-HANNIFIN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Dollars in thousands, except per share amounts

1. Management Representation

In the opinion of the Company, the accompanying unaudited consolidated financial statements contain all adjustments (consisting of only normal recurring accruals) necessary to present fairly the financial position as of September 30, 1994, the results of operations for the three months ended September 30, 1994 and 1993 and cash flows for the three months then ended.

2. Earnings per share

Primary earnings per share are computed using the weighted average number of shares of common stock and common stock equivalents outstanding during the period. Fully diluted earnings per share are not presented because such dilution is not material.

3. Acquisitions

On August 1, 1994, the Company acquired the Automation Division of Atlas Copco AB, a Swedish manufacturer of pneumatic components for a variety of automation markets for \$37 million in cash.

On September 30, 1994, the Company acquired Chomerics Inc., a leading producer of electromagnetic interference-shielding materials and thermal interface products for commercial-electronics and defense-electronics applications for approximately \$40 million in cash. Chomerics has manufacturing facilities in the U.S. and the U.K.

On October 31, 1994, the Company acquired Symetrics, Inc., a manufacturer of aerospace quick-disconnect valved couplings, for 108,680 shares of Parker-Hannifin Common Stock. Symetrics is located in California.

These acquisitions were accounted for by the purchase method, and the accompanying statements include their results of operations since the respective dates of acquisition. Sales for these operations for their most recent fiscal year prior to acquisition exceeded \$98 million.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Business Segment Information by Industry

The Business Segment Information by Industry did not previously disclose the breakdown of the Industrial Segment between North America and International. A comparable breakdown of the fiscal 1994 quarterly information follows:

<S>	<C>	<C>	<C>	<C>	<C>	<C>
	First	Second	Third	Fourth	Total	
Fiscal 1994 - Industrial Segment	Quarter	Quarter	Quarter	Quarter	Year	
Net sales, including intersegment sales:						
North America	\$ 346,350	\$ 342,068	\$ 399,954	\$ 410,240	\$ 1,498,612	
International	118,428	115,919	140,650	154,894	529,891	
Income from operations before corporate general and administrative expenses:						
North America	\$ 41,674	\$ 41,491	\$ 51,524	\$ 70,089	\$ 204,778	
International	(5,591)	(10,042)	(6,324)	4,455	(17,502)	

</TABLE>

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PARKER-HANNIFIN CORPORATION

FORM 10-Q
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 1994
AND COMPARABLE PERIOD ENDED SEPTEMBER 30, 1993

CONSOLIDATED STATEMENT OF INCOME

Net sales for the first quarter of fiscal 1995 increased 17.3 percent to \$712.5 million from \$607.4 million for the first quarter of fiscal 1994. Without the effect of acquisitions or divestitures the increase would have been 15.9 percent. Strongly improved industrial sales in North America and the beginning of an industrial recovery in Europe provided increased sales worldwide in the industrial, farm and construction equipment, and heavy-duty truck markets.

Income from operations increased 106.5 percent to \$80.4 million and as a percent of sales increased to 11.3 percent from 6.4 percent compared to the prior-year quarter. Cost of sales, as a percent of sales, decreased to 77.3 percent from 81.3 percent. Selling, general and administrative expenses, as a percent of sales, decreased to 11.4 percent from 12.0 percent. These improvements are the result of the benefits achieved from prior years' restructuring activities and the positive effects of higher production levels in relation to fixed costs.

The fiscal 1994 first quarter results included a Provision for business restructuring activities amounting to \$1.7 million. This provision was for employment reductions, plant closings and relocations, and write-offs of related capital assets primarily for the European Industrial operations. The Company incurred no material restructuring charges in the first quarter of the current year.

The effective income tax rate for the first quarter of fiscal 1995 is 40.5 percent. This compares to a rate of 39.6 percent for fiscal 1994, computed after eliminating the effect of a one-time charge of \$1.6 million for tax law changes in Germany and the United States.

Net Income increased 171.7 percent to \$43.6 million compared to the prior year, and increased to 6.1 percent of sales compared to 2.6 percent for the prior-year quarter.

Backlog increased to \$869.9 million at September 30, 1994 compared to \$810.2 million the prior year, and \$852.5 million at June 30, 1994. The increases occurred within the Industrial Segment, while Aerospace backlog remained steady.

RESULTS BY BUSINESS SEGMENT

Net sales of the Industrial Segment increased 25.0 percent to \$581.2 million compared to \$464.8 million the prior year. North America sales increased 18.7 percent while International sales increased 43.7 percent. Without the effects of currency rate changes, International sales would have increased approximately 36 percent. The increased sales are the result of increased shipments in the industrial, farm and construction equipment, and heavy-duty truck markets as well as gains made in market share. The sales levels achieved in the first quarter are expected to continue throughout the fiscal year.

Operating income for the Industrial Segment increased 105.6 percent to \$74.2 million. North America increased 47.0 percent while International moved from a loss to income of \$12.9 million. Operating income for the quarter, as a percent of sales, improved to 12.8 percent from 7.8 percent compared to the prior year. The higher margins are the result of increased volume and the benefits from previous restructuring efforts. No further restructuring charges are anticipated and the improved margin levels are expected to continue.

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Industrial Segment backlog increased 32.0 percent compared to a year ago, and 4.7 percent since June 30, 1994. North America backlog increased 26.2 percent and International backlog increased 56.0 percent from the prior year. International backlog increased 15.0 percent since June 30, 1994, further reflecting the recovery occurring in International markets.

Net sales of the Aerospace Segment were down 7.9 percent for the quarter. A portion of the decrease in sales is the result of divesting the Metal Bellows operations in the fourth quarter of fiscal 1994. The remaining decrease is the result of reduced original equipment shipments compared to the prior year quarter.

In spite of the decreased sales, Income from operations increased 26.0 percent and Income from operations as a percent of sales increased to 12.1 percent from 8.9 percent. The Aerospace Segment has carried out a substantial downsizing over the past several years to adjust to the changing markets. These actions have helped the Segment to achieve improved margin levels which are expected to continue. No further restructuring charges are anticipated.

Backlog for the Aerospace Segment decreased 4.3 percent compared to a year ago, but increased slightly since June 30, 1994. The order-entry rate for the Aerospace Segment has been growing in recent months, although a substantial portion of the resulting sales will occur beyond fiscal 1995.

BALANCE SHEET

Working capital decreased to \$498.9 million at September 30, 1994 from \$513.9 million at June 30, 1994, with the ratio of current assets to current liabilities decreasing slightly to 1.9 to 1. This decrease is primarily the result of a \$47.7 million decrease in Cash and cash equivalents and a \$27.0 million increase in Notes payable, offset by increases in Accounts receivable, net and Inventories. Accounts receivable, net increased \$33.9 million from June 30, 1994, \$15.6 million of which was due to acquisitions, with the remainder due to

increased volume and a slight increase in days sales outstanding. Inventories increased \$21.4 million since June 30, 1994, of which \$13.1 million is the result of acquisitions. Increases in Plant and equipment and Other assets since June 30, 1994 are also the result of acquisitions.

The debt to debt-equity ratio, excluding the effect of the ESOP loan guarantee on both Long-term debt and Shareholders' equity, increased to 21.4 percent at September 30, 1994 from 20.7 percent at June 30, 1994, principally due to the increase in Notes payable.

STATEMENT OF CASH FLOWS

Net cash provided by operating activities was \$38.0 million and \$54.9 million for the three months ended September 30, 1994 and 1993, respectively. Net income, adjusted for non-cash items included therein, provided \$72.1 million net cash in fiscal 1995 compared to \$36.5 million in the same three months of fiscal 1994. This additional net cash provided was more than offset by changes in the principal working capital items - Accounts receivable, Inventories, and Accounts payable, trade - which used net cash of \$41.5 million in fiscal 1995 compared to providing cash of \$12.6 million in the same three months of fiscal 1994.

Net cash used in investing activities increased to \$93.4 million in fiscal 1995 compared to \$18.8 million in fiscal 1994, as Acquisitions used net cash of \$72.2 million. Also, net cash used for Capital expenditures increased \$7.2 million in fiscal 1995.

Financing activities provided net cash of \$7.1 million and used net cash of \$3.3 million for the three months ended September 30, 1994 and 1993, respectively. The net cash provided was due to an increase in notes payable which provided \$23.7 million cash in fiscal 1995 compared to \$9.8 million in fiscal 1994. Payments of long-term borrowings, net of proceeds from long-term borrowings, used an additional \$3.0 million net cash in fiscal 1995 compared to the same three months of fiscal 1994.

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PARKER-HANNIFIN CORPORATION

PART II - OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders.

(a) The Annual Meeting of the Shareholders of the Registrant was held on October 26, 1994.

(b) Not applicable.

(c) (i) The Shareholders elected four directors to the three-year class whose term of office will expire in 1997 as follows:

	Votes For	Votes Withheld
Duane E. Collins	43,103,774	234,338
Allen H. Ford	43,102,627	235,485
Allan L. Rayfield	43,105,376	232,736
Paul G. Schloemer	43,078,537	259,575

(ii) The Shareholders approved the appointment of Coopers & Lybrand as auditors of the Corporation for the fiscal year ending June 30, 1995 as follows:

For	43,016,771
Against	157,226
Abstain	164,115

(d) Not applicable.

Item 6. Exhibits and Reports on Form 8-K.

(a) The following document is furnished as an exhibit and numbered pursuant to Item 601 of Regulation S-K:

Exhibit 10 - Volume Incentive Plan for Fiscal Year 1995

Exhibit 11 - Statement regarding computation of per share earnings.

Exhibit 27 - Financial Data Schedule

(b) No reports on Form 8-K have been filed during the quarter for which this Report is filed.

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SIGNATURE

Pursuant to the requirements 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.

PARKER-HANNIFIN CORPORATION
(Registrant)

Michael J. Hiemstra
Michael J. Hiemstra

Vice President - Finance and Administration

Date: November 11, 1994

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EXHIBIT INDEX

Exhibit No.	Description of Exhibit	Sequential Page
10	Volume Incentive Plan for Fiscal Year 1995 *	14
11	Computation of Earnings Per Common Share	15
27	Financial Data Schedule	16

* A management compensation plan.

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EXHIBIT 10

PARKER-HANNIFIN CORPORATION

FORM 10-Q
FOR FISCAL QUARTER ENDED
SEPTEMBER 30, 1994

VOLUME INCENTIVE PLAN
FOR FISCAL YEAR 1995

Participants: All Group Presidents, Trading Subsidiary Presidents and Group Operating Vice Presidents

Terms: Participants will receive a bonus of 5 percent of base pay for each 1 percent increase, in excess of a 7.5 percent increase, in fiscal year 1995 customer sales for their respective operations over fiscal year 1994 customer sales. Acquisitions may only account for up to 5 percent of the increase in customer sales.

EXHIBIT 11

PARKER-HANNIFIN CORPORATION

FORM 10-Q
 COMPUTATION OF EARNINGS PER COMMON SHARE
 (Dollars in thousands, except per share amounts)
 (Unaudited)

	Three Months Ended September 30,	
	1994	1993
Net income (loss) applicable to common shares	\$ 43,649	\$ 16,065
Weighted average common shares outstanding for the period	48,968,837	48,616,195
Increase in weighted average from dilutive effect of exercise of stock options	336,702	204,623
Weighted average common shares, assuming issuance of the above securities	49,305,539	48,820,818
Earnings per common share:		
Primary	\$.89	\$.33
Fully diluted (A)	\$.89	\$.33

(A) This calculation is submitted in accordance with Regulation S-K Item 601(b)(11) although not required for income statement presentation because it results in dilution of less than 3 percent.

EXHIBIT 27

PARKER-HANNIFIN CORPORATION

FORM 10-Q
 FINANCIAL DATA SCHEDULE
 (Dollars in thousands, except per share amounts)
 (Unaudited)

[ARTICLE] 5

[LEGEND]

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM PARKER-HANNIFIN CORPORATION'S REPORT ON FORM 10-Q FOR ITS QUARTERLY PERIOD ENDED SEPTEMBER 30, 1994 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

[MULTIPLIER] 1,000

<TABLE>	<C>
<S>	
[PERIOD-TYPE]	QTR-1
[FISCAL-YEAR-END]	JUN-30-1995
[PERIOD-END]	SEP-30-1994
[CASH]	33,905
[SECURITIES]	0
[RECEIVABLES]	376,975
[ALLOWANCES]	5,130
[INVENTORY]	514,281
[CURRENT-ASSETS]	1,024,091
[PP&E]	1,681,756
[DEPRECIATION]	930,824
[TOTAL-ASSETS]	1,976,174
[CURRENT-LIABILITIES]	525,219
[BONDS]	273,097
[COMMON]	24,634
[PREFERRED-MANDATORY]	0
[PREFERRED]	0
[OTHER-SE]	983,535<F1>
[TOTAL-LIABILITY-AND-EQUITY]	1,976,174
[SALES]	712,457
[TOTAL-REVENUES]	712,457

[CGS]	550,527
[TOTAL-COSTS]	550,527
[OTHER-EXPENSES]	0
[LOSS-PROVISION]	483
[INTEREST-EXPENSE]	7,224
[INCOME-PRETAX]	73,359
[INCOME-TAX]	29,710
[INCOME-CONTINUING]	43,649

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FINANCIAL DATA SCHEDULE (continued)

[DISCONTINUED]	0
[EXTRAORDINARY]	0
[CHANGES]	0
[NET-INCOME]	43,649
[EPS-PRIMARY]	.89
[EPS-DILUTED]	.89

<FN>

<F1>Other Stockholders' Equity includes:

Additional capital	166,603
Retained earnings	837,645
Deferred compensation related to guarantee of ESOP debt	(25,697)
Foreign currency translation adjustment	11,689
Common stock in treasury at cost	(6,705)
Total	983,535

</FN>

</TABLE>

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