SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended June 30, 1997

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 No. 1-4982

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

Ohio (State of Incorporation)	34-0451060 (I.R.S. Employer Identification No.)
6035 Parkland Boulevard, Cleveland, Ohio (Address of Principal Executive Offices)	44124-4141 (Zip Code)

Registrant's telephone number, including area code (216) 896-3000

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on which Registered
Common Shares, $.50 par value	New York Stock Exchange

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

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

The aggregate market value of the voting stock held by non-affiliates of the Registrant as of September 10, 1997, excluding, for purposes of this computation, only stock holdings of the Registrant's Directors and Officers. $4,675,975,460.

The number of Common Shares outstanding on September 10, 1997 was 111,633,754.

Portions of the following documents are incorporated by reference:

(1) Annual Report to Shareholders of the Company for the fiscal year ended June 30, 1997. Incorporated by reference into Parts I, II and IV hereof.

(2) Definitive Proxy Statement for the Company's 1997 Annual Meeting of Shareholders. Incorporated by reference into Part III hereof.

FORM 10-K

Fiscal Year Ended June 30, 1997

PART I

ITEM 1. Business. Parker-Hannifin Corporation is a leading worldwide full-line manufacturer of motion control products, including fluid power systems, electromechanical controls and related components. Fluid power involves the transfer and control of power through the medium of liquid, gas or air, in hydraulic, pneumatic and vacuum applications. Fluid power systems move and position materials, control machines, vehicles and equipment and improve industrial efficiency and productivity. Components of a simple fluid power system include a pump which generates pressure, valves which control the fluid's flow, an actuator which translates the pressure in the fluid into mechanical energy, a filter to remove contaminants and numerous hoses, couplings, fittings and seals. Electromechanical control involves the use of electronic components and systems to control motion and precisely locate or vary speed in automation applications. In addition to motion control products, the Company also is a leading worldwide producer of fluid purification, fluid flow, process instrumentation, air conditioning, refrigeration, and electromagnetic shielding and thermal management products.

The Company was incorporated in Ohio in 1938. Its principal executive offices are located at 6035 Parkland Boulevard, Mayfield Heights, Ohio 44124-4141, telephone (216) 896-3000. As used in this Report, unless the context otherwise requires, the term "Company" or "Parker" refers to Parker-Hannifin Corporation and its subsidiaries.

The Company's manufacturing, service, distribution and administrative facilities are located in 35 states, Puerto Rico and worldwide in 37 foreign countries. Its motion control technology is used in the products of its two business Segments: Industrial and Aerospace. The products are sold as original and replacement equipment through product and distribution centers worldwide. The Company markets its products through its direct-sales employees and more than 7,500 independent distributors. Parker products are supplied to over 350,000 customers in virtually every significant manufacturing, transportation and processing industry. For the fiscal year ended June 30, 1997, net sales were $4,091,081,000; Industrial Segment products accounted for 79% of net sales and Aerospace Segment products for 21%.

Markets

Motion control systems are used throughout industry in applications which include moving of materials, controlling machines, vehicles and equipment and positioning materials during the manufacturing process. Motion control systems contribute to the efficient use of energy and improve industrial productivity.

The more than 350,000 customers which purchase the Company's parts are found throughout virtually every significant manufacturing, transportation and processing industry. No customer accounted for more than 3% of the Company's total net sales for the fiscal year.

The major markets for products of the Fluid Connectors, Hydraulics, Automation, Seal and Filtration Groups of the Industrial Segment are agricultural machinery, automotive, construction equipment, electronic equipment, fabricated metals, food production, industrial machinery, lumber and paper, machine tools, marine, medical equipment, mining, mobile equipment, chemicals, robotics, semi-conductor equipment, textiles, transportation and every other major production and processing industry. Products manufactured by the Industrial Segment's Climate and Industrial Controls Group are utilized principally in automotive and mobile air conditioning systems, industrial refrigeration systems and home and commercial air conditioning equipment. The major markets for products manufactured by the Instrumentation Group of the Industrial Segment are power generation, oil and gas exploration, petrochemical and chemical processing, pulp and paper, semi-conductor manufacturing, medical and analytical applications. Sales of Industrial Segment products are made to original equipment manufacturers and their replacement markets.

Aerospace Segment sales are made primarily to the commercial, military and general aviation markets and are made to original equipment manufacturers and to end users for maintenance, repair and overhaul.

Principal Products, Methods of Distribution and Competitive Conditions

Industrial Segment. The product lines of the Company's Industrial Segment cover most of the components of motion control systems. The Fluid

Connectors Group manufactures connectors, including tube fittings and hose fittings, valves, hoses and couplers which control, transmit and contain fluid. The Hydraulics Group produces hydraulic components and systems for builders and users of industrial and mobile machinery and equipment, such as cylinders, accumulators, rotary actuators, valves, motors and pumps, hydrostatic steering units, power units, electrohydraulic systems and metering pumps. The Automation Group supplies pneumatic and electromechanical components and systems, including pneumatic valves, air preparation units, indexers, stepper and servo drives, multi-axis positioning tables, electric and pneumatic cylinders, structural extrusions, vacuum products and pneumatic logic. The Climate and Industrial Controls Group manufactures components for use in industrial, residential and automotive air conditioning and refrigeration systems and other automotive applications, including pressure regulators, solenoid valves, expansion valves, filter-dryers, gerotors and hose assemblies. The Seal Group manufactures sealing devices, including o-rings and o-seals, gaskets and packings which insure leak proof connections and electromagnetic interference shielding and thermal management products. The Filtration Group manufactures filters to remove contaminants from fuel, air, oil, water and other fluids and gases in industrial, process, mobile, marine and environmental applications. The Instrumentation Group manufactures high quality critical flow components for process instrumentation, ultra-high-purity, medical and analytical applications, including instrumentation and ultra-high-purity fittings, ball, plug and needle valves, packless ultra-high-purity valves, Teflon fittings, valves and spray guns, miniature solenoid valves and multi-solenoid manifolds.

Industrial Segment products include both standard items which are produced in large quantities and custom units which are engineered and produced to original equipment manufacturers' specifications for application to a particular end product.

Both standard and custom products are also used in the replacement of original motion control system components. Industrial Segment products are marketed primarily through field sales employees and more than 7,500 independent distributors.

Aerospace Segment. The principal products of the Company's Aerospace Segment are hydraulic, fuel and pneumatic systems and components that are used on most commercial and military airframe and engine programs in production in the Western world today.

The Aerospace Segment offers complete hydraulic systems, as well as components that include hydraulic and electrohydraulic systems used for precise control of aircraft rudders, elevators, ailerons and other aerodynamic control surfaces and utility hydraulic components such as reservoirs, accumulators, selector valves, electrohydraulic servovalves, thrust-reverser actuators, engine-driven pumps, nosewheel steering systems, electromechanical actuators, engine controls and electronic controllers. The Aerospace Segment also designs and manufactures aircraft wheels and brakes for the general aviation and military markets.

The Aerospace fuel product line includes complete fuel systems as well as components such as fuel transfer and pressurization controls, in-flight refueling systems, fuel pumps and valves, fuel measurement and management systems and center of gravity controls, engine fuel injection atomization nozzles and augmentor controls, and electronic monitoring computers.

Pneumatic components include bleed air control systems, pressure regulators, low-pressure pneumatic controls, heat transfer systems, engine start systems, engine bleed control and anti-ice systems, and electronic control and monitoring computers.

Aerospace Segment products are marketed by the Company's regional sales organization and are sold directly to manufacturers and end users.

Competition. All aspects of the Company's business are highly competitive. No single manufacturer competes with respect to all products manufactured and sold by the Company and the degree of competition varies with different products. In the Industrial Segment, the Company competes on the basis of product quality and innovation, customer service, its manufacturing and distribution capability, and price. The Company believes that, in most of its major product markets, it is one of the principal suppliers of motion control systems and components.

In the Aerospace Segment, the Company has developed partnerships with key customers based on Parker's advanced technological capability, superior performance in quality, delivery, and service, and price competitiveness, which has enabled Parker to obtain significant original equipment business on new aircraft programs for its fluid control systems and components and, thereby, to obtain the follow-on repair and replacement business for these programs. The Company believes that it is one of the primary suppliers in the aerospace marketplace.

Research and Product Development

The Company continually researches the feasibility of new products through its development laboratories and testing facilities in many of its worldwide manufacturing locations. Its research and product development staff includes chemists, mechanical, electronic and electrical engineers and physicists.

Research and development costs relating to the development of new products or services and the improvement of existing products or services amounted to $103,155,000 in fiscal 1997, $91,706,000 in fiscal 1996 and $74,129,000 in fiscal 1995. Reimbursements of customer-sponsored research included in the total cost for each of the respective years were $35,986,000, $33,018,000 and $21,202,000.

Patents, Trademarks, Licenses

The Company owns a number of patents, trademarks and licenses related to its products and has exclusive and non-exclusive rights under patents owned by others. In addition, patent applications on certain products are now pending, although there can be no assurance that patents will be issued. The Company is not dependent to any material extent on any single patent or group of patents.

Backlog and Seasonal Nature of Business

The Company's backlog at June 30, 1997 was approximately $1,486,981,000 and at June 30, 1996 was approximately $1,330,970,000. Approximately 79% of the Company's backlog at June 30, 1997 is scheduled for delivery in the succeeding twelve months. The Company's business generally is not seasonal in nature.

Environmental Regulation

The Company is subject to federal, state and local laws and regulations designed to protect the environment and to regulate the discharge of materials into the environment. Among other environmental laws, the Company is subject to the federal "Superfund" law, under which the Company has been designated as a "potentially responsible party" and may be liable for clean up costs associated with various waste sites, some of which are on the U.S. Environmental Protection Agency Superfund priority list. The Company believes that its policies, practices and procedures are properly designed to prevent unreasonable risk of environmental damage and the consequent financial liability to the Company. Compliance with environmental laws and regulations requires continuing management effort and expenditures by the Company. Compliance with environmental laws and regulations has not had in the past, and, the Company believes, will not have in the future, material effects on the capital expenditures, earnings, or competitive position of the Company. The information set forth in Footnote 14 to the Financial Statements contained on page 45 of the Company's Annual Report to Shareholders for the fiscal year ended June 30, 1997 ("Annual Report"), as specifically excerpted on pages 13-34 and 13-35 of Exhibit 13 hereto, is incorporated herein by reference.

Energy Matters and Sources and Availability of Raw Materials

The Company's primary energy source for each of its business segments is electric power. While the Company cannot predict future costs of such electric power, the primary source for production of the required electric power will be coal from substantial, proven coal reserves available to electric utilities. The Company is subject to governmental regulations in regard to energy supplies both in the United States and elsewhere. To date the Company has not experienced any significant disruptions of its operations due to energy curtailments.

Steel, brass, aluminum and elastomeric materials are the principal raw materials used by the Company. These materials are available from numerous sources in quantities sufficient to meet the requirements of the Company.

Employees

The Company employed approximately 34,927 persons as of June 30, 1997, of whom approximately 11,790 were employed by foreign subsidiaries.

Business Segment Information

The net sales, income from operations before corporate general and administrative expenses and identifiable assets by business segment and by geographic area for the past three fiscal years, as set forth on page 37 of the Annual Report and specifically excerpted on pages 13-15 to 13-17 of Exhibit 13 hereto, is incorporated herein by reference.

Item 1A. Executive Officers of the Company

The Company's Executive Officers are as follows:

Name	Position	Officer Since(1)	Age
Duane E. Collins	President, Chief Executive Officer and Director	1983	61
Dennis W. Sullivan	Executive Vice President, Member of Office of the President and Director	1978	58
Lawrence M. Zeno	Vice President, Member of Office of the President and Acting President, Hydraulics	1993	55
Paul L. Carson	Vice President - Information Services	1993	61
Daniel T. Garey	Vice President - Human Resources	1995	54
Stephen L. Hayes	Vice President and President, Aerospace	1993	56
Michael J. Hiemstra	Vice President - Finance and Administration and Chief Financial Officer	1987	50
Lawrence J. Hopcraft	Vice President and President, Climate and Industrial Controls	1990	54
Nickolas W. Vande Steeg	Vice President and President, Seal	1995	54
Joseph D. Whiteman	Vice President, General Counsel and Secretary	1977	64
William D. Wilkerson	Vice President - Technical Director	1987	61
Donald A. Zito	Vice President	1988	57
Harold C. Gueritey, Jr.	Controller	1980	58
Timothy K. Pistell	Treasurer	1993	50

(1) Officers of Parker-Hannifin serve for a term of office from the date of election to the next organizational meeting of the Board of Directors and until their respective successors are elected, except in the case of death, resignation or removal. Messrs. Hiemstra, Hopcraft, Whiteman, Wilkerson and Gueritey have served in the executive capacities indicated above during the past five years.

Mr. Collins was elected as President and Chief Executive Officer of the Company effective July, 1993. He was elected as Vice Chairman of the Board in July, 1992 and Executive Vice President in July, 1988. He was President of the International Sector from January, 1987 until June, 1992.

Mr. Sullivan was elected as Executive Vice President in 1981 and a Member of the Office of the President in April, 1996.

Mr. Zeno was elected a Vice President in October, 1993 and a Member of the Office of the President in July, 1997. He has also been the Acting President of the Hydraulics Group since July, 1997. He was President of the Motion and Control Group (formerly the Fluidpower Group) from January, 1994 to June, 1997 and was Vice President-Operations of the Motion and Control Group from July, 1988 to December, 1993.

Mr. Carson was elected a Vice President in October, 1993. He was Vice President of Management Information Systems from July 1, 1983 to October, 1993.

Mr. Garey was elected Vice President effective in January, 1995. He was Group Vice President Human Resources of the Motion and Control Group (formerly the Fluidpower Group) from July, 1982 to December, 1994.

Mr. Hayes was elected as Vice President and named President of the Aerospace Group in April, 1993. He was a Group Vice President of the

Aerospace Group from February, 1985 to April, 1993.

Mr. Vande Steeg was elected as Vice President effective in September, 1995. He has been President of the Seal Group since May, 1986.

Mr. Pistell was elected as Treasurer of the Company in July, 1993. He was Director of Business Planning from January, 1993 to July, 1993; and Vice President-Finance\Controller of the International Sector from October, 1988 to December, 1992.

Mr. Zito was elected as a Vice President in July, 1988. He served as President of the Fluid Connectors Group from January, 1987 to June, 1997. He has announced his retirement from the Company effective September 30, 1997.

ITEM 2. Properties. The following table sets forth the principal plants and other materially important properties of the Company and its subsidiaries. The leased properties are indicated with an asterisk. A "(1)" indicates that the property is occupied by the Company's Industrial Segment and a "(2)" indicates properties occupied by the Aerospace Segment.

UNITED STATES

State	City
Alabama	Boaz(1)
	Decatur(1)
	Huntsville(1)
	Jacksonville(1)
Arizona	Glendale(2)
	Tolleson(2)
	Tucson*(1)
Arkansas	Siloam Springs(1)
	Trumann(1)
California	Irvine(1)(2)
	Modesto(1)
	Newbury Park*(1)
	Rohnert Park(1)
	San Diego(1)
	San Luis Obispo*(1)
Connecticut	New Britain(1)
Florida	Longwood(1)
	Miami*(1)
Georgia	Dublin(2)
Idaho	Boise*(1)
Illinois	Broadview(1)
	Des Plaines(1)
	Hampshire(1)
	Niles*(1)
	Rockford(1)

State	City
Indiana	Albion(1)
	Ashley(1)
	Ft. Wayne(1)
	Lebanon(1)
	Tell City(1)
Iowa	Red Oak(1)
Kansas	Manhattan(1)
Kentucky	Berea(1)
	Lexington(1)
Louisiana	Harvey*(1)
Maine	Portland(1)
Massachusetts	Waltham(2)
	Woburn(1)
Michigan	Kalamazoo(2)
	Lakeview(1)
	Otsego(1)
	Oxford(1)
	Richland(1)
	Troy*(1)
Minnesota	Golden Valley(1)
Mississippi	Batesville(1)
	Booneville(1)
	Madison(1)
Missouri	Kennett(1)
Nebraska	Lincoln(1)
New Hampshire	Hollis*(1)
	Hudson(1)
	Portsmouth*(1)
New Jersey	Belleville*(1)

	Fairfield*(1)
New York	Clyde(2)
	Lyons(1)
	Smithtown(2)
North Carolina	Forest City(1)
	Hillsborough(1)
	Mooresville(1)
	Sanford(1)
	Wake Forest*(1)
Ohio	Akron(1)
	Andover(2)
	Avon(2)
	Brookville(1)
	Columbus(1)
	Cuyahoga Falls*(1)
	Eaton(1)
	Elyria(1)(2)
	Forest(2)
	Green Camp(1)

State	City
	Kent(1)
	Lewisburg(1)
	Mayfield Heights(1)(2)
	Mentor*(2)
	Metamora(1)
	Ravenna(1)
	St. Marys(1)
	Wadsworth(1)
	Wickliffe(1)
Oklahoma	Henryetta*(1)
Oregon	Eugene(1)
Pennsylvania	Canton(1)
	Harrison City(1)
	Reading(1)
South Carolina	Beaufort(2)
	Inman(1)
	Spartanburg(1)
Tennessee	Greenfield(1)
	Greenville(1)
	Memphis*(1)
Texas	Cleburne(1)
	Ft. Worth(1)
	Mansfield(1)
Utah	Ogden(2)
	Salt Lake City(1)
Washington	Seattle*(1)
Wisconsin	Grantsburg(1)
	Mauston(1)

Territory	City
Puerto Rico	Ponce*(2)

FOREIGN COUNTRIES

Country	City
Argentina	Buenos Aires(1)
Australia	Castle Hill(1)
	Wodonga(1)
Austria	Wiener Neustadt(1)
Belgium	Brussels*(1)
Brazil	Jacarei(1)
	Sao Paulo(1)
Canada	Grimsby(1)
	Owen Sound(1)
Czech Republic	Chomutov*(1)
	Prague*(1)
	Sadska*(1)

Country	City
Denmark	Espergarde(1)
	Ishoj(1)
England	Barnstaple(1)
	Cannock(1)
	Derby(1)
	Hemel Hempstead(1)

	Littlehampton(1)
	Marlow*(1)
	Morley(1)
	Poole*(1)
	Rotherham(1)
	Stratford-upon-Avon*(1)
	Watford(1)
Finland	Hyrynsalmi*(1)
	Urjala(1)
	Vantaa(1)
France	Annemasse(1)
	Contamine(1)
	Evreux(1)
	Pontarlier(1)
	Wissembourg(1)
Germany	Berlin*(1)
	Bielefeld(1)
	Bietigheim-Bissingen(1)
	Cologne(1)
	Erfurt(1)
	Hochmossingen(1)
	Kaarst(1)
	Lampertheim(1)
	Limbach*(1)
	Mainz-Kastel(2)
	Mucke(1)
	Offenburg*(1)
	Pleidelsheim(1)
	Queckborn(1)
	Velbert(1)
Greece	Athens*(1)
Hong Kong	Hong Kong*(1)
Hungary	Budapest*(1)
India	Bombay*(1)
Italy	Adro(1)
	Arsago Seprio(1)
	Corsico(1)
	Gessate(1)
Japan	Yokohama(1)(2)
Jordan	Amman*(1)
Malaysia	Selangor*(1)

FOREIGN COUNTRIES

Country	City
Mexico	Matamoros(1)
	Monterrey(1)
	Naucalpan*(1)
	Tijuana(1)
	Toluca(1)
Netherlands	Hoogezand(1)
	Oldenzaal(1)
New Zealand	Mt. Wellington(1)
Norway	Langhus(1)
Peoples Republic of China	Beijing*(1)(2)
	Shanghai*(1)
Phillippines	Manila*(1)
Poland	Warsaw*(1)
	Wroclaw*(1)
Russia	Moscow*(1)
Singapore	Singapore*(1)(2)
South Africa	Johannesburg*(1)
South Korea	Seoul*(1)
Spain	Madrid*(1)
Sweden	Boras(1)
	Falkoping(1)
	Spanga(1)
	Trollhatten(1)
	Ulricehamn(1)
Switzerland	Geneva(1)
Taiwan	Taipei*(1)
Thailand	Bangkok*(1)
Venezuela	Caracas*(1)
	Puerto Ordaz*(1)

The Company believes that its properties have been adequately maintained, are in good condition generally and are suitable and adequate for its business as presently conducted. The extent of utilization of the Company's properties varies among its plants and from time to time. Additional capacity acquired through business combinations, offset by restructuring efforts in prior years, has adjusted the Company's capacity to proper levels for anticipated needs. The Company's material manufacturing facilities remain capable of handling additional volume increases.

ITEM 3. Legal Proceedings. None.

ITEM 4. Submission of Matters to a Vote of Security Holders. Not applicable.

PART II

ITEM 5. Market for the Registrant's Common Equity and Related Stockholder Matters. As of August 29, 1997, the approximate number of shareholders of record of the Company was 4,340 and the approximate number of beneficial owners was 43,014. The

Company's common shares are traded on the New York Stock Exchange ("NYSE"). Set forth below is a quarterly summary of the high and low sales prices on the NYSE for the Company's common shares and dividends declared for the two most recent fiscal years (adjusted to reflect the 3-shares-for-2 stock split paid on September 5, 1997):

Fiscal Year		1st	2nd	3rd	4th	Full Year
1997	High	$ 29-3/8	$ 28-1/4	$ 30-7/8	$ 41	$ 41
	Low	22-1/4	24-1/8	24-7/8	27	22-1/4
	Dividends	.120	.120	.133	.133	.506
1996	High	$ 27-5/8	$ 25-5/8	$ 26-1/2	$ 29-3/8	$ 29-3/8
	Low	23-5/8	20-5/8	21-1/4	24-5/8	20-5/8
	Dividends	.120	.120	.120	.120	.480

ITEM 6. Selected Financial Data. The information set forth on pages 46 and 47 of the Annual Report, as specifically excerpted on page 13-38 of Exhibit 13 hereto, is incorporated herein by reference.

ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations. The information set forth on pages 30, 32, 34, and 36 of the Annual Report, as specifically excerpted on pages 13-1 to 13-8 of Exhibit 13 hereto, is incorporated herein by reference.

ITEM 7A. Quantitative and Qualitative Disclosures About Market Risk. Not applicable.

ITEM 8. Financial Statements and Supplementary Data. The information set forth on pages 29, 31, 33, 35 and 37 to 45 of the Annual Report, as specifically excerpted on pages 13-9 to 13-37 of Exhibit 13 hereto, is incorporated herein by reference.

ITEM 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure. Not applicable.

PART III

ITEM 10. Directors and Executive Officers of the Registrant. Information required as to the Directors of the Company is contained on pages 1 to 3 of the Company's definitive Proxy Statement dated September 22, 1997 (the "Proxy Statement") under the caption "Election of Directors." The foregoing information is incorporated herein by reference. Information as to the executive officers of the Company is included in Part I hereof.

ITEM 11. Executive Compensation. The information set forth under the caption "Compensation of Directors" on page 4 of the Proxy Statement and under the caption "Executive Compensation" on pages 8 to 11 of the Proxy Statement is incorporated herein by reference.

ITEM 12. Security Ownership of Certain Beneficial Owners and Management. The information set forth under the caption ""Change in Control" Severance Agreements with Officers" on pages 11 and 12 of the Proxy Statement and under the caption "Principal Shareholders of the Corporation" on page 16 of the Proxy Statement is incorporated herein by reference.

ITEM 13. Certain Relationships and Related Transactions. Not applicable.

PART IV

ITEM 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K.

a. The following are filed as part of this report:

1. Financial Statements and Schedules

The financial statements and schedule listed in the accompanying Index to Consolidated Financial Statements and Schedules are filed or incorporated by reference as part of this Report.

2. Exhibits

The exhibits listed in the accompanying Exhibit Index and required by Item 601 of Regulation S-K (numbered in accordance with Item 601 of Regulation S-K) are filed or incorporated by reference as part of this Report.

b. The Registrant did not file a Current Report on Form 8-K in the quarter ending June 30, 1997.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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

Michael J. Hiemstra
Michael J. Hiemstra
Vice President - Finance and
Administration and
Chief Financial Officer

September 29, 1997

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report on Form 10-K has been signed below by the following persons in the capacities and on the date indicated.

Signature and Title

PATRICK S. PARKER, Chairman of the Board of Directors; DUANE E. COLLINS, President, Chief Executive Officer and Director; HAROLD C. GUERITEY, JR., Controller and Principal Accounting Officer; JOHN G. BREEN, Director; PAUL C. ELY, JR., Director; ALLEN H. FORD, Director; FRANK A. LePAGE, Director; PETER W. LIKINS, Director; HECTOR R. ORTINO, Director; ALLAN L. RAYFIELD, Director; PAUL G. SCHLOEMER, Director; WOLFGANG R. SCHMITT, Director; DEBRA L. STARNES, Director; STEPHANIE A. STREETER, Director; DENNIS W. SULLIVAN, Director; and MICHAEL A. TRESCHOW, Director.

Date: September 29, 1997

Michael J. Hiemstra
Michael J. Hiemstra, Vice President - Finance and Administration, Principal Financial Officer and Attorney-in-Fact

PARKER-HANNIFIN CORPORATION
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SCHEDULES

	Reference	
	Form 10-K Annual Report (Page)	Excerpt from Annual Report as set forth in Exhibit 13 (Page)

Individual financial statements and related applicable schedules for the Registrant (separately) have been omitted because the Registrant is primarily an operating company and its subsidiaries are considered to be totally-held.

Schedules other than those listed above have been omitted from this Annual Report because they are not required, are not applicable, or the required information is included in the consolidated financial statements or the notes thereto.

COOPERS & LYBRAND   Coopers & Lybrand L.L.P.

a professional services firm

CONSENT AND REPORT OF INDEPENDENT ACCOUNTANTS

To the Shareholders and Board of Directors
Parker Hannifin Corporation

Our report on the consolidated financial statements of Parker Hannifin Corporation has been incorporated by reference from page 29 of the 1997 Annual Report to Shareholders of Parker Hannifin Corporation, as specifically excerpted on page 13-37 of Exhibit 13 to this Form 10-K. In connection with our audits of such financial statements, we have also audited the related financial statement schedule listed in the index on page F-1 of this Form 10-K.

In our opinion, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information required to be included therein.

We consent to the incorporation by reference in the registration statement of Parker Hannifin Corporation on Form S-3 (File No. 333-2761) and Forms S-8 (File Nos. 33-53193, 33-43938 and 2-66732) of our report dated July 31, 1997 on our audits of the consolidated financial statements and financial statement schedule of Parker Hannifin Corporation as of June 30, 1997 and 1996, and for the years ended June 30, 1997, 1996, and 1995, which report is included in Exhibit 13 of this Form 10-K.

Coopers & Lybrand L.L.P.

Cleveland, Ohio
September 29, 1997

PARKER-HANNIFIN CORPORATION
SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEARS ENDED JUNE 30, 1995, 1996 and 1997
(Dollars in Thousands)

Column A	Column B	Column C	Column D	Column E
Description	Balance at Beginning Of Period	Additions Charged to Costs and Expenses	Other (Deductions)/ Additions (A)	Balance At End Of Period
Allowance for doubtful accounts:				
Year ended June 30, 1995	$ 4,731	$ 2,411	$ (529)	$ 6,613
Year ended June 30, 1996	6,613	2,158	(2,326)	6,445
Year ended June 30, 1997	6,445	1,288	(1,829)	5,904

(A) Net balance of deductions due to uncollectible accounts charged off and additions due to acquisitions or recoveries.

Exhibit Index

Exhibit No.	Description of Exhibit
(3)	Articles of Incorporation and By-Laws
(3)(a)	Amended Articles of Incorporation(A).
(3)(b)	Code of Regulations, as amended(B).
(4)	Instruments Defining Rights of Security Holders:
(4)(a)	Rights Agreement, dated January 31, 1997, between the Registrant and Wachovia National Bank, as successor to Key Bank National Association(C).
	The Registrant is a party to other instruments, copies of which will be furnished to the Commission upon request, defining the rights of holders of its long-term debt identified in Note 7 of the Notes to Consolidated Financial Statements appearing on page 41 of the Annual Report as specifically excerpted on pages 13-24 and 13-25 of Exhibit 13 hereto, which Note is incorporated herein by reference.
(10)	Material Contracts:
(10)(a)	Form of Change in Control Severance Agreement entered into by the Registrant and certain executive officers, dated as of August 15, 1996(D).*
(10)(b)	Parker-Hannifin Corporation Change in Control Severance Plan, as amended as of August 15, 1996(E).*
(10)(c)	Form of Indemnification Agreement entered into by the Registrant and its directors and certain executive officers (F).
(10)(d)	Parker-Hannifin Corporation Supplemental Executive Retirement Benefits Program (August 15, 1996 Restatement)(G).*
(10)(e)	Parker-Hannifin Corporation 1987 Employees Stock Option Plan, as amended as of August 15, 1996(H).*
(10)(f)	Parker-Hannifin Corporation 1990 Employees Stock Option Plan, as amended as of October 28, 1993 and August 15, 1996(I).*

(10)(g)	Parker-Hannifin Corporation 1993 Stock Incentive Program, as amended as of August 15, 1996 (J).*

Exhibit No.	Description of Exhibit
(10)(h)	Parker-Hannifin Corporation 1997 Target Incentive Bonus Plan Description (K).*
(10)(i)	Parker-Hannifin Corporation 1998 Target Incentive Bonus Plan Description.*
(10)(j)	Parker-Hannifin Corporation 1995-96-97 Long Term Incentive Plan Description, as amended as of August 17, 1995 and August 15, 1996(L).*
(10)(k)	Parker-Hannifin Corporation 1996-97-98 Long Term Incentive Plan Description, as amended as of August 15, 1996(M).*
(10)(l)	Parker-Hannifin Corporation 1997-98-99 Long Term Incentive Plan Description(N).*
(10)(m)	Parker-Hannifin Corporation 1998-99-00 Long Term Incentive Plan Description.*
(10)(n)	Parker-Hannifin Corporation Savings Restoration Plan, as amended as of August 17, 1995 and August 15, 1996(O).*
(10)(o)	Parker-Hannifin Corporation Pension Restoration Plan, as amended as of August 17, 1995 and August 15, 1996(P).*
(10)(p)	Parker-Hannifin Corporation Executive Deferral Plan, as amended as of August 17, 1995 and August 15, 1996(Q).*
(10)(q)	Parker-Hannifin Corporation Volume Incentive Plan(R).*
(10)(r)	Parker-Hannifin Corporation Non-Employee Directors' Stock Plan, as amended as of August 17, 1995 and August 15, 1996(S).*
(10)(s)	Parker-Hannifin Corporation Non-Employee Directors Stock Option Plan(T).*
(10)(t)	Parker-Hannifin Corporation Deferred Compensation Plan for Directors, as amended as of August 15, 1996(U).*
(11)	Computation of Common Shares Outstanding and Earnings Per Share.
(13)	Excerpts from Annual Report to Shareholders for the fiscal year ended June 30, 1997 which are incorporated herein by reference thereto.
(21)	List of subsidiaries of the Registrant.
(24)	Consents of Experts (contained in Consent and Report of Independent Accountants appearing on Page F-2 of this Form 10-K).

Exhibit No.	Description of Exhibit
(25)	Power of Attorney
(27)	Financial Data Schedule

*Management contracts or compensatory plans or arrangements.

(A)	Incorporated by reference to Exhibit 3(a) to the Registrant's Report on Form 10-K for the fiscal year ended June 30, 1996.
(B)	Incorporated by reference to Exhibits to the Registrant's Registration Statement on Form S-8 (No. 33-53193) filed with the Commission on April 20, 1994.
(C)	Incorporated by reference to Exhibit 4.1 to the Registrant's Report on Form 8-K filed with the Commission on February 4, 1997.
(D)	Incorporated by reference to Exhibit 10(a) to the Registrant's Report on Form 10-K for the fiscal year ended June 30, 1996.
(E)	Incorporated by reference to Exhibit 10(b) to the Registrant's

Report on Form 10-K for the fiscal year ended June 30, 1996.

(F) Incorporated by reference to Exhibit 10(f) to the Registrant's Report on Form 10-K for the fiscal year ended June 30, 1994.

(G) Incorporated by reference to Exhibit 10(e) to the Registrant's Report on Form 10-K for the fiscal year ended June 30, 1996.

(H) Incorporated by reference to Exhibit 10(f) to the Registrant's Report on Form 10-K for the fiscal year ended June 30, 1996.

(I) Incorporated by reference to Exhibit 10(g) to the Registrant's Report on Form 10-K for the fiscal year ended June 30, 1996.

(J) Incorporated by reference to Exhibit 10(h) to the Registrant's Report on Form 10-K for the fiscal year ended June 30, 1996.

(K) Incorporated by reference to Exhibit 10(j) to the Registrant's Report on Form 10-K for the fiscal year ended June 30, 1995.

(L) Incorporated by reference to Exhibit 10(l) to the Registrant's Report on Form 10-K for the fiscal year ended June 30, 1996.

(M) Incorporated by reference to Exhibit 10(m) to the Registrant's Report on Form 10-K for the fiscal year ended June 30, 1996.

(N) Incorporated by reference to Exhibit 10(n) to the Registrant's Report on Form 10-K for the fiscal year ended June 30, 1996.

(O) Incorporated by reference to Exhibit 10(o) to the Registrant's Report on Form 10-K for the fiscal year ended June 30, 1996.

(P) Incorporated by reference to Exhibit 10(p) to the Registrant's Report on Form 10-K for the fiscal year ended June 30, 1996.

(Q) Incorporated by reference to Exhibit 10(q) to the Registrant's Report on Form 10-K for the fiscal year ended June 30, 1996.

(R) Incorporated by reference to Exhibit 10(r) to the Registrant's Report on Form 10-K for the fiscal year ended June 30, 1996.

(S) Incorporated by reference to Exhibit 10(s) to the Registrant's Report on Form 10-K for the fiscal year ended June 30, 1996.

(T) Incorporated by reference to Exhibit 10(t) to the Registrant's Report on Form 10-K for the fiscal year ended June 30, 1996.

(U) Incorporated by reference to Exhibit 10(u) to the Registrant's Report on Form 10-K for the fiscal year ended June 30, 1996.

Shareholders may request a copy of any of the exhibits to this Annual Report on Form 10-K by writing to the Secretary, Parker-Hannifin Corporation, 6035 Parkland Boulevard, Cleveland, Ohio 44124-4141.

Exhibit (10)(i)* to Report
on Form 10-K for Fiscal
Year Ended June 30, 1997
by Parker-Hannifin Corporation

Parker-Hannifin Corporation 1998 Target Incentive Bonus Plan Description

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

PARKER-HANNIFIN CORPORATION 1998 TARGET INCENTIVE BONUS PLAN

A. Payments earned under the Bonus Plan depend upon the Company's performance against a pre-tax return on average assets (ROAA) schedule which is based upon the Fiscal Year 1998 operating plan.

B. The payout under the Plan ranges from 15% to 150% of each participant's target award, with 100% payout set at achievement of fiscal year 1998 planned ROAA.

C. Any payout pursuant to the Plan that will result in the exceedance of the $1 million cap on the tax deductibility of executive compensation will be deferred until such time in the earliest subsequent fiscal year that such cap will not be exceeded.

D. Participants: All of the executive officers of the Company, plus Group Presidents who are not executive officers.

E. Fiscal year 1998 Planned ROAA: 16.0%

ROAA Payout Schedule

FY98` ROAA	Percentage of Target Award Paid*
< 3.6%	0
3.6%	30%
5.5%	40%
7.4%	50%
9.2%	60%
11.0%	70%
11.4%	72%
12.7%	80%
14.3%	90%
16.0%	100%
16.8%	113%
17.7%	125%
18.5%	138%
19.3%	150%

* Fiscal year 1998 ROAA less than 11.4% will reduce the amount paid by 50%.

F. ROAA will not include the impact of:

1. Environmental costs in excess of planned amounts

2. Acquisitions/divestitures

3. Currency gains or losses

Exhibit (10)(m)* to Report
on Form 10-K for Fiscal
Year Ended June 30, 1997
by Parker-Hannifin Corporation

Parker-Hannifin Corporation 1998-99-00 Long Term
Incentive Plan Description

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

PARKER-HANNIFIN CORPORATION
1998-99-00
LONG TERM INCENTIVE PLAN

The purpose of the Plan is to provide a long-term incentive portion of bonus compensation. The Plan's focus is on return on equity. It balances a competitive base salary pay structure, an annual cash bonus compensation based on a return on average assets, and a stock option plan with ten-year exercise rights. The return on equity objective is a key financial goal and comprehends return on sales at the net income level and asset utilization.

The participants in this Plan are limited to Corporate Officers and Group Presidents. They clearly can affect broadly the overall financial performance of the company.

The key elements of Parker-Hannifin's Plan are as follows:

Participation
Those key executives having a critical impact on the long term performance of the Company selected by the Chief Executive Officer and approved by the Compensation and Management Development Committee of the Board.

Performance Period
Three-year average Return on Equity with the grant to cover FY 98, 99 and 00.

Size of Awards
Commensurate with bonus compensation and stock option level of participants as determined by the CEO with approval of the Compensation and Management Development Committee.

Form of Awards
Awards will be expressed as a certain number of shares of Parker stock calculated by dividing the dollar equivalent of the award by the June 30, 1997 Parker stock price.

Performance Objective
The Return on Equity objective is 14%.

Value Range
Actual value of the payments under the Plan will be within a range of 25% to 200% of target value based on performance against the objective.

Performance Range
For performance below a threshold of 8% ROE objective, no payment will be made. For performance between 8% and 20% ROE, payments will be earned between 25% and 200% of the target value on a proportional basis above and below the target value. The Plan is capped at 200%.

Payment
Payments earned under the Plan will be paid at the end of the three-year performance period. Payment will be made in restricted stock of the

Corporation unless the participant is retired at the time of payment or has previously elected a cash payment to be deferred under the Corporation's Executive Deferral Plan. The value of the cash payment in lieu of restricted shares is determined based upon the share price of Parker-Hannifin's Common Shares on June 30, 2000. The restricted shares would be subject to a vesting schedule and such other terms and conditions determined by the Compensation Committee at the time of issuance. Any payout pursuant to this plan that will result in the exceedance of the $1 million cap on the tax deductibility of executive compensation will be deferred until such time in the earliest subsequent fiscal year that such cap will not be exceeded.

Termination of Employment
If a participant dies, retires (with consent of the Compensation and Management Development Committee if earlier than age 65) or is disabled during the performance period, he/she will receive a pro rata portion of the award payable upon completion of the performance period. A participant who resigns

or is otherwise terminated during the performance period forfeits the award.

Performance Schedule
The Plan performance schedule, based on the three-year simple average of annual report return on average equity, is as follows:

	Return on Equity							
	<8.0%	8.0%	10.0%	12.0%	14.0%	16.0%	18.0%	20.0%
Payout %	0	25	50	75	100	133	167	200

Change in Control
In the event of a "Change in Control" of the Corporation (as defined below), the payout under the Plan will be accelerated to fifteen (15) days after the Change in Control. The amount of the payout will be in cash and will be the greater of the target award or the amount the payout would have been had ROE during the Performance Period to the end of the fiscal quarter immediately preceding the date of the Change in Control continued throughout the Performance Period. The cash amount of such payout will be based upon the closing New York Stock Exchange stock price of the Corporation's Common Shares on the first day of the Performance Period or the date of the Change in Control, whichever is greater. If the Participant will reach age 65 prior to the end of the Performance Period, the payout in the event of a Change in Control will be reduced on a pro rata basis.

"Change in Control" means the occurrence of one of the following events:

(i) any "person" (as such term is defined in Section 3(a)(9) of the Securities Exchange Act of 1934 (the "Exchange Act") and as used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act) is or becomes a "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of Parker-Hannifin Corporation (the "Company") representing 20% or

more of the combined voting power of the Company's then outstanding securities eligible to vote for the election of the Board of Directors of the Company (the "Board") (the "Company's Voting Securities"); provided, however, that the event described in this paragraph shall not be deemed to be a Change in Control by virtue of any of the following situations: (A) an acquisition by the Company or any corporation or entity in which the Company has a direct or indirect ownership interest of 50% or more of the total combined voting power of the then outstanding securities of such corporation or other entity (a "Subsidiary"); (B) an acquisition by any employee benefit plan sponsored or maintained by the Company or any Subsidiary; (C) an acquisition by any underwriter temporarily holding securities pursuant to an offering of such securities; (D) a Non-Control Transaction (as defined in paragraph (iii)); (E) as pertains to a Plan participant (the "Executive"), any acquisition by the Executive or any group of persons (within the meaning of Sections 13(d)(3) and 14(d)(2) of the Exchange Act) including the Executive (or any entity in which the Executive or a group of persons including the Executive, directly or indirectly, holds a majority of the voting power of such entity's outstanding voting interests); or (F) the acquisition of Company Voting Securities from the Company, if a majority of the Board approves a resolution providing expressly that the acquisition pursuant to this clause (F) does not constitute a Change in Control under this paragraph (i);

(ii) individuals who, at the beginning of any period of twenty-four (24) consecutive months, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority thereof; provided, that (A) any person becoming a director subsequent to the beginning of such twenty-four (24) month period, whose election, or nomination for election, by the Company's shareholders was approved by a vote of at least two-thirds of the directors comprising the Incumbent Board who are then on the Board (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without objection to such nomination) shall be, for purposes of this paragraph (ii), considered as though such person were a member of the Incumbent Board; provided, however, that no individual initially elected or nominated as a director of the Company as a result of an actual or threatened election contest with respect to directors or any other actual or threatened solicitation of proxies or consents by or on behalf of any person other than the Board shall be deemed to be a member of the Incumbent Board;

(iii) the consummation of a merger, consolidation, share exchange or similar form of corporate reorganization of the Company or any Subsidiary that requires the approval of the Company's stockholders, whether for such transaction or the issuance of securities in connection with the transaction or otherwise (a "Business Combination"), unless (A) immediately following such Business Combination: (1) more than 50% of the total voting power of the corporation resulting from such Business Combination (the "Surviving Corporation") or, if applicable, the ultimate parent corporation which directly or indirectly has beneficial ownership of 100% of the voting securities eligible to elect directors of the Surviving Corporation (the "Parent Corporation"), is represented by Company Voting Securities that were outstanding immediately prior to the Business Combination (or, if applicable, shares into which such Company Voting Securities were converted pursuant to

such Business Combination), and such voting power among the holders thereof is in substantially the same proportion as the voting power of such Company Voting Securities among the holders thereof immediately prior to the Business Combination, (2) no person (other than any employee benefit plan sponsored or maintained by the Surviving Corporation or the Parent Corporation) is or becomes the beneficial owner, directly or indirectly, of 20% or more of the total voting power of the outstanding voting securities eligible to elect directors of the Parent Corporation (or, if there is no Parent Corporation, the Surviving Corporation), and (3) at least a majority of the members of the board of directors of the Parent Corporation (or, if there is no Parent Corporation, the Surviving Corporation), following the Business Combination, were members of the Incumbent Board at the time of the Board's approval of the execution of the initial agreement providing for such Business Combination (a "Non-Control Transaction") or (B) the Business Combination is effected by means of the acquisition of Company Voting Securities from the Company, and a majority of the Board approves a resolution providing expressly that such Business Combination does not constitute a Change in Control under this paragraph (iii); or

(iv) the stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or the sale or other disposition of all or substantially all of the assets of the Company and its Subsidiaries.

Notwithstanding the foregoing, a Change in Control shall not be deemed to occur solely because any person acquires beneficial ownership of more than 20% of the Company Voting Securities as a result of the acquisition of Company Voting Securities by the Company which, by reducing the number of Company Voting Securities outstanding, increases the percentage of shares beneficially owned by such person; provided, that if a Change in Control would occur as a result of such an acquisition by the Company (if not for the operation of this sentence), and after the Company's acquisition such person becomes the beneficial owner of additional Company Voting Securities that increases the percentage of outstanding Company Voting Securities beneficially owned by such person, a Change in Control shall then occur.

Notwithstanding anything in this Plan to the contrary, if the Executive's employment is terminated prior to a Change in Control, and the Executive reasonably demonstrates that such termination was at the request of a third party who has indicated an intention or taken steps reasonably calculated to effect a Change in Control, (a "Third Party"), then for all purposes of this Plan, the date immediately prior to the date of such termination of employment shall be deemed to be the date of a Change in Control for such Executive.

Exhibit (11)* to Report
on Form 10-K for Fiscal
Year Ended June 30, 1997
by Parker-Hannifin Corporation

Computation of Common Shares Outstanding
and Earnings per Share

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

EXHIBIT (11)* TO REPORT ON FORM 10-K
FOR FISCAL YEAR ENDED JUNE 30, 1997

PARKER-HANNIFIN CORPORATION
COMPUTATION OF COMMON SHARES OUTSTANDING**
AND EARNINGS PER SHARE**
(Dollars in thousands, except per share amounts)

	1997	1996	1995
Net income applicable to common shares	$ 274,039	$ 239,667	$ 218,238
Weighted average common shares outstanding for the year	111,601,484	111,260,717	110,576,214
Increase in weighted average from: Dilutive effect of stock options	916,569	928,000	572,400
Weighted average common shares, assuming issuance of the above securities	112,518,053	112,188,717	111,148,614
Earnings per common share:			
On the weighted average common shares outstanding for the year	$ 2.46	$ 2.15	$ 1.97
Assuming issuance of shares for convertible debentures and dilutive stock options*	$ 2.44	$ 2.14	$ 1.96

* This Exhibit is numbered and submitted in accordance with Regulation S-K Item 601(b)(11) although not required for income statement presentation because it results in dilution less than three percent.

** Shares outstanding and per share amounts have been adjusted to reflect the 3-shares-for-2 Common Stock split paid on September 5, 1997.

Exhibit (13)* to Report
on Form 10-K for Fiscal
Year Ended June 30, 1997
by Parker-Hannifin Corporation

Excerpts from Annual Report to Shareholders for the fiscal year ended
June 30, 1997.

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

DISCUSSION OF STATEMENT OF INCOME

THE CONSOLIDATED STATEMENT OF INCOME summarizes Parker's operating performance over the last three years.

NET SALES of $4.09 billion for fiscal 1997 were 14.1 percent higher than $3.59 billion in 1996. Acquisitions accounted for more than half of this increase. Order demand was strong for the North American Industrial operations, especially within the factory automation, machine tool, and agricultural and construction equipment markets. There was also increasing demand for sealing products, and light-truck and automotive products. The International Industrial operations' results were relatively flat with Europe experiencing a soft economy for most of the year. Volume increases were partially offset by currency rate changes. Fourth-quarter order demand began to show signs of recovery in Europe. The Aerospace operations achieved the majority of the sales growth as demand was strong within the OEM commercial and general aviation industries and the maintenance, repair and overhaul business.

Acquisitions contributed nearly 60 percent of the 1996 increase of 11.6 percent over 1995. During 1996 the North American Industrial operations experienced strong growth in the semiconductor and telecommunications markets, but this was partially offset by a slowdown in the heavy-duty truck market. International Industrial operations experienced a soft economy in Europe during 1996 following stronger performance in 1995. Aerospace operations experienced strong growth during 1996 as gains were made in both original equipment and maintenance, repair and overhaul markets.

The Company is anticipating strong growth for the next year as Industrial markets are expected to continue to grow within North America. If the European economy continues to strengthen, the Company expects significant growth within the European operations. In addition, the Company expects to improve through continuing growth in Latin America and Asia Pacific, and with the completion of potential acquisitions. Strong demand within the Aerospace commercial markets and a presumed stabilized military marketplace provide a positive outlook for the Aerospace business as well.

NET INCOME of $274.0 million for 1997 was 14.3 percent higher than 1996. Net income of $239.7 million for 1996 was 9.8 percent higher than income of $218.2 million in 1995. Net income as a percentage of sales was 6.7 percent in 1997 and 1996, compared to 6.8 percent in 1995.

GROSS PROFIT MARGIN was 22.9 percent in 1997 compared to 23.1 percent in 1996 and 23.8 percent in 1995. Higher volume resulted in improved capacity utilization and higher margins for most of the North American Industrial and Aerospace operations. Offsetting this improvement, newly acquired operations within Industrial International and Aerospace continued to contribute lower margins, although improving throughout the year. In addition, weak demand throughout Europe resulted in lower capacity utilization and reduced gross profit for the International operations.

The margin decline in 1996 resulted from acquisitions contributing lower margins and the Company incurring one-time integration costs. In addition, as the mix of products and volume levels changed, certain business units within the Industrial operations adjusted inventory levels and production schedules to meet new levels of demand. Despite lower margins contributed by an acquisition, Aerospace operations improved margins in 1996 due to a better product mix and higher volume, which allowed better absorption of fixed costs.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES as a percent of sales decreased to 11.6 percent, from 11.9 percent in 1996, and 12.0 percent in 1995. As volume increased in 1997 and 1996, these expenses remained relatively even, except for additional expense from acquisitions. Also, additional selling expenses were incurred as new sales offices were opened and marketing efforts were increased within International markets during 1997 and 1996.

INTEREST EXPENSE increased by $10.0 million in 1997 and $5.7 million in 1996. During the second half of 1996 additional debt was incurred to finance several acquisitions.

INTEREST AND OTHER INCOME, NET decreased to $5.6 million in 1997 from $8.5 million in 1996 primarily due to income received in 1996 from several minor Corporate investments, which did not repeat in 1997. The income in 1996 from these investments, along with additional interest income, caused the increase from $2.3 million in 1995.

GAIN (LOSS) ON DISPOSAL OF ASSETS was a $3.0 million gain in 1997 as compared to a $2.0 million loss in 1996 and $4.5 million loss in 1995. The 1997 gain includes $17.1 million income from the sale of real estate in

California. This income was substantially offset by $13.3 million accrued for exit costs and charges for impaired assets related to the relocation of the corporate headquarters. The decrease in the loss for 1996 is due to fewer costs for facility relocations and a gain on the sale of a division.

INCOME TAXES decreased to an effective rate of 35.5 percent in 1997 as compared to 36.0 percent in 1996 and 37.4 percent in 1995. The reduction in the rate for 1997 is the result of an increased tax benefit based on the export of product manufactured in the U.S. The reduction in the rate for 1996 was the result of foreign tax credit benefits and a reduction in the effective state tax rate.

YEAR 2000 CONSIDERATIONS - The Company is taking actions to assure that its computer systems are capable of processing periods for the year 2000 and beyond. The costs associated with this are not expected to significantly affect the results of the Company.

DISCUSSION OF BALANCE SHEET

THE CONSOLIDATED BALANCE SHEET shows the Company's financial position at year end, compared with the previous year end. This statement provides information to assist in assessing factors such as the Company's liquidity and financial resources.

The effect of currency rate changes during the year caused a $48.1 million decrease in the Foreign currency translation adjustments equity account. These rate changes also caused significant decreases in accounts receivable, inventories, goodwill and plant and equipment, as well as significant decreases in accounts payable and the various accrual accounts.

Working capital and the current ratio improved in 1997 as follows:

Working Capital (millions)	1997	1996
Current Assets	$ 1,500	$ 1,402
Current Liabilities	716	767
Working Capital	784	635
Current Ratio	2.1	1.8

ACCOUNTS RECEIVABLE are primarily due from customers for sales of product ($554.5 million at June 30, 1997, compared to $490.9 million at June 30, 1996). The current year increase in accounts receivable is primarily due to the increased volume, especially in the last months of the fiscal year. Days sales outstanding for the Company decreased slightly from 1996.

INVENTORIES were $727.8 million at June 30, 1997, compared to $707.2 million a year ago. This increase in inventories, due to acquisitions and volume increases, was mostly within work in process. Months supply of inventory on hand at June 30, 1997 decreased to 3.4 months from 3.9 months at June 30, 1996.

PLANT AND EQUIPMENT, net of accumulated depreciation, increased $29.0 million in 1997 as a result of acquisitions and capital expenditures which exceeded annual depreciation.

INVESTMENTS AND OTHER ASSETS increased $25.8 million in 1997 primarily as a result of an increase in the cash surrender value of corporate-owned life insurance contracts and a net receivable resulting from two currency hedges.

EXCESS COST OF INVESTMENTS OVER NET ASSETS ACQUIRED decreased $34.9 million in 1997 as a result of currency rate fluctuations and amortization, partially offset by increases from acquisitions. The additional excess cost of investments in 1997 is being amortized over 15 years.

ACCOUNTS PAYABLE, TRADE increased $30.0 million in 1997 due to increased volume near the end of the fourth quarter. The majority of the increase was within the Industrial North American operations.

ACCRUED PAYROLLS AND OTHER COMPENSATION increased $16.3 million in 1997 primarily as a result of incentive plans based on sales and earnings.

NOTES PAYABLE and LONG-TERM DEBT decreased a total of $111.0 million in 1997 primarily due to the reduction of commercial paper notes. See the Cash Flows From Financing Activities section on page 13-5 for further discussion.

The Company's goal is to maintain no less than an "A" rating on senior debt to ensure availability and reasonable cost of external funds. To meet this objective, the Company has established the financial goal of maintaining a ratio of debt to debt-equity of 30 to 33 percent.

Debt to Debt-Equity Ratio (millions)	1997	1996
Debt	$ 503	$ 614
Debt & Equity	2,050	1,998
Ratio	24.5%	30.7%

In fiscal 1998 no additional borrowings are anticipated for the stock repurchase program, capital investments, or working capital purposes, but may be utilized for acquisitions.

PENSIONS AND OTHER POSTRETIREMENT BENEFITS remained level at $252.7 million in 1997. These costs are explained further in Note 8 to the Consolidated Financial Statements.

OTHER LIABILITIES increased $5.8 million in 1997 due to increases within unfunded deferred compensation plans.

DISCUSSION OF CASH FLOWS

THE CONSOLIDATED STATEMENT OF CASH FLOWS reflects cash inflows and outflows from the Company's operating, investing and financing activities.

Cash and cash equivalents increased $5.0 million in 1997 after remaining level in 1996 and decreasing $17.8 million in 1995. The major components of these changes in cash flows are as follows:

CASH FLOWS FROM OPERATING ACTIVITIES -- The Company's largest source of cash continues to be net cash provided by operating activities. Net cash provided by operating activities in 1997 was $392.3 million compared to $338.0 million in 1996. This increase of $54.3 million is principally the result of an increase of $34.4 million in Net income and the noncash expenses of Depreciation and Amortization increasing $28.5 million. Accounts receivable used cash of $76.1 million in 1997 as a result of increased volume, compared to providing cash of $8.7 million in 1996. Inventories also used cash of $27.0 million in 1997, an increase of $12.0 million compared to the cash used in 1996. Partially offsetting these uses of cash, Accounts payable, trade provided cash of $31.7 million in 1997 compared to using cash of $15.5 million in 1996. Current year increases in Other accrued liabilities also provided cash of $16.0 million in 1997 compared to using cash of $31.8 million in 1996.

The net cash provided by operating activities in 1996 increased $97.8 million compared to 1995. This increase is partially the result of an increase of $21.4 million in Net income, in addition to the noncash expenses of Depreciation and Amortization increasing $21.4 million. Accounts receivable provided cash of $8.7 million in 1996 compared to using $53.1 million cash in 1995. Inventories increased in 1996 as a result of increased volume, using cash of $15.0 million, much less than the use of $85.8 million cash for inventory increases in 1995. Accounts payable, trade used cash of $15.5 million in 1996 as compared to providing cash of $29.7 million in 1995. Other accrued liabilities used additional cash of $25.8 million in 1996 versus 1995.

Cash paid for income taxes was $145,663 in 1997, $135,380 in 1996 and $123,590 in 1995.

CASH FLOWS FROM INVESTING ACTIVITIES -- Net cash used in investing activities was $366.0 million lower in 1997 than 1996. The most significant use of cash in 1997 was Capital expenditures, which at $189.2 million was $12.5 million less than the previous year. Over the past three years the Company has invested $542.9 million in Capital expenditures, which demonstrates the Company's commitment to efficient manufacturing technology. The most significant reduction in the use of cash was for investing in Acquisitions which was reduced $334.2 million in 1997. Cash used for Acquisitions was $31.5 million in 1997; $365.6 million in 1996 and $126.7 million in 1995. The use of cash for Acquisitions shown in the statement represents the net assets of the acquired companies at their respective acquisition dates and consists of the following:

(In thousands)	1997	1996	1995
Assets acquired:			
Accounts receivable	$ 4,549	$ 70,916	$ 31,160
Inventories	13,410	77,582	30,528
Prepaid expenses	247	1,459	774
Deferred income taxes	1,576	18,942	149
Plant & equipment	15,283	124,222	57,613
Other assets	10,475	247,388	53,679
	45,540	540,509	173,903
Liabilities assumed:			
Notes payable	2,050	13,256	4,180
Accounts payable	2,418	26,880	11,680
Accrued payrolls	471	10,377	3,823
Accrued taxes	941	11,620	5,641
Other accrued liabilities	4,582	47,820	8,053
Long-term debt	2,454	8,235	10,772
Pensions and other postretirement benefits	1,163	49,798	1,243
Other liabilities		6,900	1,798
	14,079	174,886	47,190
Net assets acquired	$ 31,461	$ 365,623	$ 126,713

CASH FLOWS FROM FINANCING ACTIVITIES -- In 1997 the Company decreased its outstanding borrowings by a net total of $121.3 million. The Company paid off all commercial paper and selected notes payable within the International operations as of June 30, 1997. In 1996 the Company increased its outstanding borrowings by a net total of $273.2 million primarily to fund acquisitions. During 1996 the Company registered $400,000 of debt securities for future issuance. In May 1996, $100,000 of 15-year debentures were issued. In June 1996, an additional $95,000 of medium-term notes were issued. The remaining increase in borrowings was primarily through the utilization of commercial paper notes. During 1995 outstanding borrowings increased $43.3 million.

Common share activity resulted from the repurchase of stock and the exercise of stock options. Dividends have been paid for 188 consecutive quarters, including a yearly increase in dividends for the last 41 fiscal years. The current annual dividend rate, after a 3-shares-for-2 common stock split paid on September 5, 1997, is $.60 per share.

Cash paid for interest, net of capitalized interest, was $46,812 in 1997, $35,554 in 1996 and $29,573 in 1995. Noncash financing activities included the reduction in principal of the ESOP debt guarantee, which amounted to $13,468 in 1996 and $12,229 in 1995.

In summary, based upon the Company's past performance and current expectations, management believes that the cash flows generated from future operating activities, combined with the Company's worldwide financial capabilities, will provide adequate funds to support planned growth and continued improvements in Parker's manufacturing facilities and equipment.

DISCUSSION OF BUSINESS SEGMENT INFORMATION

THE BUSINESS SEGMENT INFORMATION presents sales, operating income and assets by the principal industries and geographic areas in which Parker's various businesses operate.

INDUSTRIAL SEGMENT

	1997	1996	1995
Operating income as a percent of sales	12.5%	12.4%	13.6%
Return on average assets	18.7%	18.3%	22.3%

Sales for the Industrial segment increased 8.9 percent in 1997 and 10.1 percent in 1996. Sales for the North American operations increased to $2.2 billion in 1997, 9.1 percent over 1996, following 1996's increase of 7.4 percent over 1995. Nearly one-fifth of the 1997 increase and one-half of the 1996 increase were due to acquisitions. The growth in 1997 was spread among numerous markets. The 1996 growth was due to new products as well as expanding markets, offset by reduced demand within the heavy-duty truck market which had reached record-level volume in 1995.

Recent order entry indicates strong growth for the North American operations for 1998 as a result of gains in market share as well as market growth. In addition, the Company expects to increase sales through acquisitions.

International Industrial sales increased to a record $1.1 billion, 8.5 percent over 1996. Without the significant impact of changes in currency rates, volume for 1997 increased nearly 15 percent. Net of the impact from currencies, acquisitions accounted for a majority of the 1997 increase. Demand in Europe was relatively weak for the majority of 1997 with some improvement occurring in the fourth quarter. Latin America made an impressive recovery during the year with strength returning in Brazilian markets. Asia Pacific also contributed to the growth in 1997.

International sales for 1996 increased 15.9 percent over 1995, three-fourths due to acquisitions. Without the effect of currencies, sales for 1996 would have increased approximately 15.7 percent. During 1996 sales growth in Europe moderated after a strong recovery and peak performance in 1995. Latin American operations suffered through a weakened economy throughout most of 1996.

Backlog for the Industrial Segment was $510.8 million at June 30, 1997, compared to $464.6 million at the end of the prior period. Although acquisitions contributed to this increase, the primary growth is due to the increased volume within the North American operations. The 1996 increase over backlog of $441.2 million at June 30, 1995 was due to acquisitions.

Operating income for the segment increased 9.7 percent in 1997 after remaining flat from 1995 to 1996. North American operations increased 11.4 percent with Income from operations as a percent of sales improving to 15.3 percent from 15.0 percent in 1996. Higher capacity utilization resulting from increased volume within the North American operations improved operating margins. Raw material prices remained relatively stable during 1997 and

customer pricing was very competitive.

International Income from operations increased 2.7 percent from 1996 while Income as a percent of sales decreased to 6.9 percent from 7.3 percent. Soft markets in Europe caused lower production levels and lower absorption of fixed costs.

In 1996 and much of 1997 acquisitions contributed lower margins primarily within International, but also within North America, because of the integration costs incurred without the benefit of synergies yet to be realized. A changing product mix in 1996 also had a negative effect on manufacturing costs and overhead absorption in certain business units, as inventory levels were re-aligned.

Assets for the Industrial segment increased only slightly in 1997 after an increase of 15.2 percent in 1996 primarily due to acquisitions. In 1997 currency fluctuations offset increases from acquisitions and increases in accounts receivable and inventories due to additional volume. During 1996 accounts receivable and inventories within North America increased as a result of increased volume, while these assets, before the effect of acquisitions, declined within International. In both years net plant and equipment increased due to capital expenditures exceeding depreciation.

AEROSPACE SEGMENT

	1997	1996	1995
Operating income as a percent of sales	12.7%	13.7%	11.8%
Return on average assets	17.7%	19.2%	19.7%

Sales increased 38.8 percent in 1997 and 19.2 percent in 1996. In both years over one-half of the increase was due to the Abex NWL acquisition. Aerospace markets experienced strong growth during 1997 following the slight recovery in 1996 and the relatively flat volume for several years preceding 1996. Gains were primarily within the commercial-transport original equipment market as the military market remained relatively flat during 1997 as in several years prior. Market penetration in the maintenance, repair and overhaul markets helped make significant gains in volume as well.

Backlog at June 30, 1997 was $976.2 million compared to $866.3 million in 1996, reflecting the strong growth of the commercial aircraft market. The Abex acquisition contributed to the significant increase in backlog in 1996 from a balance of $584.5 million at the end of 1995.

Operating income increased 28.3 percent in 1997 and 38.3 percent in 1996, but declined as a percent of sales in 1997. The decline in margins from the prior year is primarily the result of lower margins contributed by the Abex operations which are still in the integration phase. In addition, the segment incurred an increase in long-term contract reserves related to several new contracts.

An improvement in margins in 1996 was the result of a very favorable product mix, with contributions from aftermarket sales, initial spare-parts provisioning for new commercial aircraft and original equipment military sales.

Assets increased 8.0 percent in 1997. Increases in customer receivables and

inventories were partially offset by a decrease in net goodwill. Assets more than doubled in 1996, primarily due to the Abex NWL acquisition. In addition, increased volume caused increases in customer receivables and inventories in 1996.

CORPORATE ASSETS increased 33.2 percent in 1997 as a result of the construction of a new corporate headquarters, a net receivable resulting from two currency hedges and an increase in short-term investments.

CONSOLIDATED STATEMENT OF INCOME
(Dollars in thousands, except per share amounts)
<TABLE>
<CAPTION>

For the years ended June 30,	1997	1996	1995
<S>	<C>	<C>	<C>
NET SALES	$ 4,091,081	$ 3,586,448	$ 3,214,370
Cost of sales	3,152,988	2,756,343	2,448,264
Gross profit	938,093	830,105	766,106
Selling, general and administrative expenses	475,180	425,449	384,581
INCOME FROM OPERATIONS	462,913	404,656	381,525
Other income (deductions):			
Interest expense	(46,659)	(36,667)	(30,922)
Interest and other income, net	5,623	8,537	2,335
Gain (loss) on disposal of assets	2,990	(2,047)	(4,531)
	(38,046)	(30,177)	(33,118)
Income before income taxes	424,867	374,479	348,407
Income taxes (Note 3)	150,828	134,812	130,169
NET INCOME	$ 274,039	$ 239,667	$ 218,238
EARNINGS PER SHARE (Note 4)	$ 2.46	$ 2.15	$ 1.97

</TABLE>

The accompanying notes are an integral part of the financial statements.

QUARTERLY INFORMATION
(Dollars in thousands, except per share amounts)
<TABLE>
<CAPTION>

1997 (a)	1st	2nd	3rd	4th	Total
<S>	<C>	<C>	<C>	<C>	<C>
Net sales	$ 959,328	$ 969,587	$ 1,047,100	$ 1,115,066	$ 4,091,081
Gross profit	204,830	208,264	246,522	278,477	938,093
Net income	51,105	52,564	77,964	92,406	274,039
Earnings per share (b)	.46	.47	.70	.83	2.46
1996 (a)	1st	2nd	3rd	4th	Total
Net sales	$ 839,054	$ 824,376	$ 931,356	$ 991,662	$ 3,586,448
Gross profit	193,445	182,895	223,429	230,336	830,105
Net income	57,375	48,396	69,128	64,768	239,667
Earnings per share (b)	.52	.43	.62	.58	2.15

<FN>
(a) Quarterly Information is unaudited.
(b) Earnings per share have been adjusted for the 3-shares-for-2 common stock split paid September 5, 1997.
</FN>
</TABLE>

CONSOLIDATED BALANCE SHEET
(Dollars in thousands)

June 30,	1997	1996
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 68,997	$ 63,953
Accounts receivable, less allowance for doubtful accounts (1997 - $5,904; 1996 - $6,445)	601,724	538,645
Inventories (Notes 1 and 5):		
Finished products	317,494	332,213
Work in process	304,743	269,934
Raw materials	105,610	105,078
	727,847	707,225
Prepaid expenses	17,366	16,031
Deferred income taxes (Notes 1 and 3)	83,627	76,270
TOTAL CURRENT ASSETS	1,499,561	1,402,124
Plant and equipment (Note 1):		
Land and land improvements	96,995	101,290
Buildings and building equipment	486,655	494,374
Machinery and equipment	1,443,820	1,373,150
Construction in progress	111,121	79,479
	2,138,591	2,048,293
Less accumulated depreciation	1,117,848	1,056,516
	1,020,743	991,777
Investments and other assets (Note 1)	174,142	148,363
Excess cost of investments over net assets acquired (Note 1)	285,264	320,152
Deferred income taxes (Notes 1 and 3)	19,236	24,708
TOTAL ASSETS	$ 2,998,946	$ 2,887,124

LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Notes payable, including long-term debt payable within one year (Notes 6 and 7)	$ 69,738	$ 173,789
Accounts payable, trade	266,848	236,871
Accrued payrolls and other compensation	144,481	128,136
Accrued domestic and foreign taxes	51,374	49,718
Other accrued liabilities	183,570	178,368
TOTAL CURRENT LIABILITIES	716,011	766,882
Long-term debt (Note 7)	432,885	439,797
Pensions and other postretirement benefits (Notes 1 and 8)	252,709	253,616

Deferred income taxes (Notes 1 and 3)	26,007	24,683
Other liabilities	24,033	18,188
TOTAL LIABILITIES	1,451,645	1,503,166
SHAREHOLDERS' EQUITY (Note 9)		
Serial preferred stock, $.50 par value, authorized 3,000,000 shares; none issued		
Common stock, $.50 par value, authorized 300,000,000 shares; issued 111,809,085 shares in 1997 and 111,437,875 shares in 1996 at par value	55,905	55,719
Additional capital	150,702	146,686
Retained earnings	1,378,297	1,160,828
Foreign currency translation adjustments	(27,345)	20,725
	1,557,559	1,383,958
Common stock in treasury at cost; 282,915 shares in 1997	(10,258)	---
TOTAL SHAREHOLDERS' EQUITY	1,547,301	1,383,958
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 2,998,946	$ 2,887,124

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
(Dollars in thousands)
<TABLE>
<CAPTION>

For the years ended June 30,	1997	1996	1995
<S>	<C>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 274,039	$ 239,667	$ 218,238
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	146,253	126,544	110,527
Amortization	23,580	14,819	9,403
Deferred income taxes	(1,269)	(3,691)	(4,299)
Foreign currency transaction loss	1,947	1,733	1,903
(Gain) loss on sale of plant and equipment	(9,811)	3,506	3,728
Changes in assets and liabilities, net of effects from acquisitions and dispositions:			
Accounts receivable	(76,081)	8,723	(53,052)
Inventories	(27,007)	(15,046)	(85,795)
Prepaid expenses	(1,234)	(157)	617
Other assets	(26,130)	(20,444)	(13,716)
Accounts payable, trade	31,672	(15,503)	29,668
Accrued payrolls and other compensation	23,929	11,586	24,726
Accrued domestic and foreign taxes	4,282	(3,589)	(9,159)
Other accrued liabilities	16,026	(31,800)	(5,987)
Pensions and other postretirement benefits	6,823	19,404	12,396
Other liabilities	5,291	2,229	937
Net cash provided by operating activities	392,310	337,981	240,135

CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions (excluding cash of $1,394 in 1997, $20,479 in 1996 and $5,961 in 1995)	(31,461)	(365,623)	(126,713)
Capital expenditures	(189,201)	(201,693)	(151,963)
Proceeds from sale of plant and equipment	11,307	9,387	13,045
Other	14,624	(2,812)	1,409
Net cash (used in) investing activities	(194,731)	(560,741)	(264,222)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Payments of) proceeds from common share activity	(10,184)	4,967	11,528
(Payments of) proceeds from notes payable, net	(100,655)	81,194	62,021
Proceeds from long-term borrowings	9,390	201,724	20,764
(Payments of) long-term borrowings	(30,059)	(9,696)	(39,438)
Dividends paid, net of tax benefit of ESOP shares	(56,570)	(53,325)	(49,961)
Net cash (used in) provided by financing activities	(188,078)	224,864	4,914
Effect of exchange rate changes on cash	(4,457)	(1,981)	1,413
Net increase (decrease) in cash and cash equivalents	5,044	123	(17,760)
Cash and cash equivalents at beginning of year	63,953	63,830	81,590

Cash and cash equivalents at end of year	$ 68,997	$ 63,953	$ 63,830

</TABLE>

The accompanying notes are an integral part of the financial statements.

BUSINESS SEGMENT INFORMATION - BY INDUSTRY
(Dollars in thousands)
<TABLE>
<CAPTION>

<S>	<C> 1997	<C> 1996	<C> 1995
NET SALES, including intersegment sales:			
Industrial:			
North America	$ 2,156,043	$ 1,976,351	$ 1,839,810
International	1,073,201	989,359	853,537
Aerospace	862,659	621,465	521,451
Intersegment sales	(822)	(727)	(428)
	$ 4,091,081	$ 3,586,448	$ 3,214,370
INCOME FROM OPERATIONS before corporate general and administrative expenses:			
Industrial:			
North America	$ 329,967	$ 296,081	$ 280,189
International	74,058	72,093	85,470
Aerospace	109,470	85,329	61,711
	513,495	453,503	427,370
Corporate general and administrative expenses	50,582	48,847	45,845
Income from operations	462,913	404,656	381,525
Other deductions	38,046	30,177	33,118
Income before income taxes	$ 424,867	$ 374,479	$ 348,407
IDENTIFIABLE ASSETS:			
Industrial	$ 2,167,820	$ 2,150,506	$ 1,866,336
Aerospace (a)	643,694	595,865	294,053
	2,811,514	2,746,371	2,160,389
Corporate assets (a)(b)	187,432	140,753	141,820
	$ 2,998,946	$ 2,887,124	$ 2,302,209
PROPERTY ADDITIONS: (c)			
Industrial	$ 173,635	$ 259,356	$ 199,294
Aerospace	20,608	63,437	6,448
Corporate (d)	32,078	3,122	3,834
	$ 226,321	$ 325,915	$ 209,576

DEPRECIATION:			
Industrial	$ 119,948	$ 106,553	$ 92,234
Aerospace	19,517	17,267	15,661
Corporate	6,788	2,724	2,632
	$ 146,253	$ 126,544	$ 110,527

<FN>

(a) Fiscal 1996 results have been restated to correct the classification of certain deferred taxes.

(b) Corporate assets are principally cash and cash equivalents, domestic deferred income taxes, investments, headquarters facilities, idle facilities held for sale and the major portion of the Company's domestic data processing equipment.

(c) Includes value of net plant and equipment at the date of acquisition of acquired companies accounted for by the purchase method (1997 - $15,283; 1996 - $124,222; 1995 - $57,613).

(d) Fiscal 1997 includes $21,837 for real estate acquired in a tax-free exchange of property.

</FN>
</TABLE>

BUSINESS SEGMENT INFORMATION - BY GEOGRAPHIC AREA
(Dollars in thousands)
<TABLE>
<CAPTION>

<S>	1997 <C>	1996 <C>	1995 <C>
NET SALES, including interarea sales:			
North America	$ 3,062,947	$ 2,669,201	$ 2,423,283
Europe	1,055,401	918,493	728,642
All Other	190,584	155,963	156,455
Interarea	(217,851)	(157,209)	(94,010)
	$ 4,091,081	$ 3,586,448	$ 3,214,370
INCOME FROM OPERATIONS before corporate general and administrative expenses:			
North America	$ 429,432	$ 381,154	$ 341,204
Europe	70,926	63,083	66,368
All Other	13,137	9,266	19,798
	513,495	453,503	427,370
Corporate general and administrative expenses	50,582	48,847	45,845
Income from operations	$ 462,913	$ 404,656	$ 381,525
IDENTIFIABLE ASSETS:			
North America (a)	$ 1,808,154	$ 1,678,680	$ 1,346,601
Europe	859,774	933,201	704,061
All Other	143,586	134,490	109,727
	$ 2,811,514	$ 2,746,371	$ 2,160,389
Corporate assets (a)(b)	187,432	140,753	141,820
	$ 2,998,946	$ 2,887,124	$ 2,302,209

<FN>
(a) Fiscal 1996 results have been restated to correct the classification of certain deferred taxes.

(b) Corporate assets are principally cash and cash equivalents, domestic deferred income taxes, investments, headquarters facilities, idle facilities held for sale and the major portion of the Company's domestic data processing equipment.
</FN>
</TABLE>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in thousands, except per share amounts)

1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in the preparation of the accompanying consolidated financial statements are summarized below.

NATURE OF OPERATIONS - The Company is a leading worldwide producer of motion control products, including fluid power systems, electromechanical controls and related components.

The Company operates in two principal business segments: Industrial and Aerospace. The Industrial Segment produces motion-control and fluid power system components for builders and users of various types of manufacturing, packaging, processing, transportation, agricultural, construction, and military machinery, vehicles and equipment. Industrial Segment products are marketed primarily through field sales employees and more than 7,500 independent distributors. The North American Industrial business represents the largest portion of the Company's manufacturing plants and distribution networks and primarily services North America. The International Industrial operations bring Parker products and services to countries throughout Europe, Asia Pacific and Latin America.

The Aerospace Segment produces hydraulic, pneumatic and fuel systems and components which are utilized on virtually every domestic commercial, military and general aviation aircraft. Its components also perform a vital role in naval vessels, land-based weapons systems, satellites and space vehicles. This Segment serves original equipment and maintenance, repair and overhaul customers worldwide. Its products are marketed by field sales employees and are sold directly to the manufacturer and to the end user.

There are no individual customers to whom sales are 3 percent or more of the Company's consolidated sales. Due to the diverse group of customers throughout the world the Company does not consider itself exposed to any concentration of credit risks.

The Company manufactures and markets its products throughout the world. Although certain risks and uncertainties exist, the diversity and breadth of the Company's products and geographic operations mitigate significantly the risk that adverse changes in any event would materially affect the Company's operating results.

USE OF ESTIMATES - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

BASIS OF CONSOLIDATION - The consolidated financial statements include the accounts of all domestic and foreign subsidiaries. All material intercompany transactions and profits have been eliminated in the consolidated financial statements. Within the Business Segment Information, intersegment and interarea sales are recorded at fair market value.

CASH - Cash equivalents consist of short-term highly liquid investments, with a three-month or less maturity, carried at cost plus accrued interest, which are readily convertible into cash.

INVENTORIES - Inventories are stated at the lower of cost or market. The majority of domestic inventories are valued by the last-in, first-out method and the balance of the Company's inventories are valued by the first-in, first-out method.

LONG-TERM CONTRACTS - The Company enters into long-term contracts for the production of aerospace products. For financial statement purposes, sales are recorded as deliveries are made (units of delivery method of percentage-of-completion). Unbilled costs on these contracts are included in inventory. Progress payments are netted against the inventory balances. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined.

PLANT, EQUIPMENT AND DEPRECIATION - Plant and equipment are recorded at cost and are depreciated principally using the straight-line method for financial reporting purposes. Depreciation rates are based on estimated useful lives of the assets. Improvements which extend the useful life of property are capitalized, and maintenance and repairs are expensed. When property is retired or otherwise disposed of, the cost and accumulated depreciation are removed from the appropriate accounts and any gain or loss is included in current income.

INVESTMENTS AND OTHER ASSETS - Investments in joint-venture companies in which ownership is 50% or less are stated at cost plus the Company's equity in undistributed earnings. These investments and the related earnings are not material to the consolidated financial statements.

EXCESS COST OF INVESTMENTS - The excess cost of investments over net assets acquired is being amortized, on a straight-line basis, primarily over 15 years and not exceeding 40 years. Unamortized cost in excess of associated expected operating cash flows is considered to be impaired and is written down to fair value.

INCOME TAXES - Income taxes are provided based upon income for financial reporting purposes. Deferred income taxes arise from temporary differences in the recognition of income and expense for tax purposes. Tax credits and similar tax incentives are applied to reduce the provision for income taxes in the year in which the credits arise.

STOCK SPLIT - On July 10, 1997 the Company's Board of Directors authorized a 3-shares-for-2 split of the Company's common shares, payable on September 5, 1997 to shareholders of record August 21, 1997. Shareholders' equity has been restated to give retroactive recognition to the stock split for all periods presented by reclassifying from Additional capital to Common shares the par value of the additional shares arising from the split. In addition, all references in the financial statements to number of shares, per share amounts, stock option data, and market prices of the Company's common stock have been restated.

FOREIGN CURRENCY TRANSLATION - Assets and liabilities of most foreign subsidiaries are translated at current exchange rates, and income and expenses are translated using weighted average exchange rates. The effects of these translation adjustments, as well as gains and losses from certain intercompany transactions, are reported in a separate component of Shareholders' equity. Such adjustments will affect Net income only upon sale or liquidation of the underlying foreign investments, which is not contemplated at this time. Exchange gains and losses from transactions in a currency other than the local currency of the entity involved, and translation adjustments in countries with highly inflationary economies, are included in income.

FINANCIAL INSTRUMENTS - The Company's financial instruments consist primarily of investments in cash, cash equivalents and long-term investments as well as obligations under notes payable and long-term debt. The carrying values for Cash and cash equivalents, Investments and other assets and Notes payable approximate fair value.

The Company enters into forward exchange contracts (forward contracts) and cross-currency swap agreements to reduce its exposure to fluctuations in related foreign currencies. These contracts are with major financial institutions and the risk of loss is considered remote. The Company does not hold or issue derivative financial instruments for trading purposes.

Gains or losses on forward contracts which hedge dividends from consolidated subsidiaries are accrued in Shareholders' equity. Gains or losses on forward contracts which hedge specific transactions are recognized in Net income, offsetting the underlying foreign currency gains or losses.

Cross-currency swap agreements are recorded in Long-term debt as dollar-denominated receivables with offsetting foreign-currency payables. If the receivables more than offset the payables, the net difference is reclassified to an asset. Gains or losses are accrued monthly as an adjustment to Net income, offsetting the underlying foreign currency gains or losses. The differential between interest to be received and interest to be paid is accrued monthly as an adjustment to Interest expense.

In addition, the Company's foreign locations, in the ordinary course of business, enter into financial guarantees, through financial institutions, which enable customers to be reimbursed in the event of nonperformance by the Company.

The total value of open contracts and any risk to the Company as a result of the above mentioned arrangements is not material.

2. ACQUISITIONS

On June 4, 1997 the Company acquired the remaining 50 percent of SAES-Parker UHP Components Corp., a manufacturer of valves for ultra-pure gas used in semiconductor manufacturing. On February 3, 1997 the Company purchased Hydroflex S.A. de C.V., a leading Mexican manufacturer of hydraulic hose, fittings and adapters located in Toluca, Mexico. On September 5, 1996 the Company purchased the assets of the industrial hydraulic product line of Hydraulik-Ring AG, of Nurtingen, Germany. Total purchase price for these businesses was approximately $29.3 million cash. Combined annual sales for these operations, for their most recent fiscal year prior to acquisition,

were approximately $52 million.

Effective April 15, 1996 the Company acquired the aerospace assets of the Abex NWL Division of Pneumo Abex Corporation, a major international producer of aerospace hydraulic and electromechanical actuation equipment, engine thrust-reverser actuators, hydraulic pumps, and electrohydraulic servovalves headquartered in Kalamazoo, Michigan, for approximately $201 million cash. On February 29, 1996 the Company acquired VOAC Hydraulics AB, a worldwide leader in manufacturing mobile hydraulic equipment located in Boras, Sweden for approximately $163 million cash. Sales by these operations for their most recent fiscal year prior to acquisition approximated $366 million.

In June 1996 the Company acquired the remaining 60 percent of Schrader Bellows Parker, S.A. de C.V., a Mexico City-based manufacturer of pneumatic and hydraulic products. On August 4, 1995 the Company purchased inventory and machinery from Teledyne Fluid Systems consisting of the Republic Valve product line, the Sprague double-diaphragm pump line and the Sprague airborne accumulator product line. On July 31, 1995 the Company purchased the assets of General Valve Corp. of Fairfield, New Jersey, a leading producer of miniature solenoid valves for high-technology applications. Total purchase price for these businesses was approximately $9.2 million cash and 152,000 shares of common stock valued at $6.1 million. Sales by these operations for their most recent fiscal year prior to acquisition approximated $24.8 million.

Effective March 30, 1995 the Company acquired the assets of Figgie International's Power Systems Division, a manufacturer of hydraulic bladder accumulators and pneumatic cylinders headquartered in Rockford, Illinois. On March 3, 1995 the Company purchased the stock of Byron Valve and Machine Company, Inc. of Siloam Springs, Arkansas, a producer of distributors and flow raters. As of December 31, 1994 the Company purchased the Polyflex Schwarz Group of companies located in Germany, France and Texas, a manufacturer of reinforced high-pressure hoses, fittings and assemblies. The Company also purchased Hauser Elektronik GmbH, a producer of automation components and systems, based in Offenburg, Germany on December 31, 1994. Effective December 21, 1994 the Company sold its 49 percent interest in its Mexican joint venture, Conductores de Fluidos Parker and purchased its inventory and accounts receivable to form a new wholly-owned subsidiary, Parker Fluid Connectors de Mexico. On October 31, 1994 the Company acquired Symetrics, Inc., a Newbury Park, California manufacturer of aerospace quick-disconnect valved couplings. On September 30, 1994 the Company acquired Chomerics, Inc., a leading producer of electromagnetic interference-shielding materials, with plants in Massachusetts, New Hampshire and the United Kingdom. On August 1, 1994 the Company acquired the Automation Division of Atlas Copco AB, a Swedish manufacturer of pneumatic components. Total purchase price for these businesses was approximately $119.3 million cash and 108,680 shares of common stock valued at $5.1 million. Combined annual sales for these operations, for their most recent fiscal year prior to acquisition, were approximately $200 million.

These acquisitions were accounted for by the purchase method, and results are included as of the respective dates of acquisition.

3. INCOME TAXES

Income taxes include the following:

	1997	1996	1995
Federal	$ 113,819	$ 95,127	$ 90,956
Foreign	27,411	29,635	23,350
State and local	13,587	14,897	14,631
Deferred	(3,989)	(4,847)	1,232
	$ 150,828	$ 134,812	$ 130,169

A reconciliation of the Company's effective income tax rate to the statutory Federal rate follows:

	1997	1996	1995
Statutory Federal income tax rate	35.0 %	35.0 %	35.0 %
State and local income taxes	2.0	2.3	2.6
FSC income not taxed	(1.8)	(1.1)	(1.3)
Foreign tax rate difference	.3	.7	1.0
Recognized loss carryforwards	(.6)	(1.1)	(1.8)
Other	.6	.2	1.9
Effective income tax rate	35.5 %	36.0 %	37.4 %

Deferred income taxes are provided for the temporary differences between the financial reporting basis and the tax basis of assets and liabilities. The differences comprising the net deferred taxes shown on the Consolidated Balance Sheet at June 30 were as follows:

	1997	1996
Postretirement benefits	$ 51,257	$ 50,485
Other liabilities and reserves	61,061	50,445
Long-term contracts	16,349	14,870
Operating loss carryforwards	23,286	32,227
Foreign tax credit carryforwards	1,405	
Valuation allowance	(1,768)	(2,770)
Depreciation	(63,963)	(55,890)
Acquisitions	(20,956)	(23,549)
Inventory	11,620	13,834
Net deferred tax asset (liability)	$ 78,291	$ 79,652
Change in net deferred tax asset (liability):		
Provision for deferred tax	$ 3,989	$ 4,847
Translation adjustment	(2,932)	(2,918)
Acquisitions	(2,418)	14,179
Total change in net deferred tax	$ (1,361)	$ 16,108

At June 30, 1997, foreign subsidiaries had benefits for operating loss

carryforwards of $23,286 for tax and $25,554 for financial reporting, most of which can be carried forward indefinitely. Use of operating loss carryforwards and currency adjustments reduced the valuation allowance.

Non-current deferred income tax assets include an $18,707 tax benefit for the net operating loss carryforwards of the Company's German operations. The Company has not provided a valuation allowance that would be required under Statement of Financial Accounting Standards (SFAS) No. 109 if it is more likely that these benefits would not be realized. Although future events cannot be predicted with certainty, management continues to believe these benefits will be realized because: the tax loss carryforward period is unlimited; there are several tax planning strategies that can be used to reduce the carryforward; 26 percent of the losses were due to non-recurring restructuring charges with the remainder primarily the result of the recession in Europe; and the Company's German operations are returning to profitability.

Provision has not been made for additional U.S. or foreign taxes on undistributed earnings of certain international operations as those earnings will continue to be reinvested. It is not practicable to estimate the additional taxes, including applicable foreign withholding taxes, that might be payable on the eventual remittance of such earnings.

4. EARNINGS PER SHARE

Earnings per share are computed using the weighted average number of shares of common stock outstanding during the year, adjusted for shares issued in acquisitions accounted for as poolings of interests and stock splits. Fully diluted earnings per share are not presented because such dilution is not material.

5. INVENTORIES

Inventories valued on the last-in, first-out cost method are approximately 36% in 1997 and 37% in 1996 of total inventories. The current cost of these inventories exceeds their valuation determined on the LIFO basis by $140,364 in 1997 and $142,049 in 1996. Progress payments of $20,728 in 1997 and $22,810 in 1996 are netted against inventories.

6. FINANCING ARRANGEMENTS

The Company has committed lines of credit totaling $450,000 through several multi-currency unsecured revolving credit agreements with a group of banks, of which $419,555 was available at June 30, 1997. Agreements totaling $50,000 expire December, 1997 and the remainder expire October, 2001. The interest on borrowings is based upon the terms of each specific borrowing and is subject to market conditions. The agreements also require facility fees of up to 8/100ths of one percent of the commitment per annum. Covenants in some of the agreements include a limitation on the Company's ratio of secured debt to net tangible assets.

The Company has other lines of credit, primarily short-term, aggregating

$98,703, from various foreign banks, of which $69,923 was available at June 30, 1997. Most of these agreements are renewed annually.

During June 1996, the Company announced a Medium-Term Note Program and registered $300,000 of medium-term notes of which $95,000 were issued and outstanding at June 30, 1997 and 1996.

The Company is authorized to sell up to $400,000 of short-term commercial paper notes, rated A-1 by Standard & Poor's, P-1 by Moody's and D-1 by Duff & Phelps. There were no commercial paper notes outstanding at June 30, 1997. At June 30, 1996 there were $98,400 of commercial paper notes outstanding which were supported by the available domestic lines of credit.

Commercial paper, along with short-term borrowings from foreign banks, primarily make up the balance of Notes payable. The balance and weighted average interest rate of the Notes payable at June 30, 1997 and 1996 were $58,945 and 5.7% and $165,597 and 6.2%, respectively.

7. DEBT

June 30,	1997	1996
Domestic:		
Debentures and notes		
10.375%, due 1999-2018	$ 100,000	$ 100,000
9.75%, due 2002-2021	100,000	100,000
7.3%, due 2011	100,000	100,000
9.6%, due 1998	1,714	4,571
Medium-term notes		
7.33% to 7.39%, due 2007-2010	95,000	95,000
Variable rate demand bonds		
4.2% to 4.25%, due 2010-2025	20,035	15,535
Industrial revenue bonds		
3.3% to 5.3625%, due 2002-2015		4,370
Foreign:		
Bank loans, including revolving credit		
1.0% to 25.0%, due 1998-2013	25,704	26,493
Other long-term debt, including capitalized leases	1,225	2,020
Total long-term debt	443,678	447,989
Less long-term debt payable within one year	10,793	8,192
Long-term debt, net	$ 432,885	$ 439,797

Principal amounts of long-term debt payable in the five years ending June 30, 1998 through 2002 are $10,793, $10,524, $10,216, $7,743, and $11,017, respectively. The carrying value of the Company's Long-term debt (excluding leases and cross-currency swaps) was $443,673 and $453,661 at June 30, 1997 and 1996, respectively, and was estimated to have a fair value of $454,689 and $462,725, at June 30, 1997 and 1996, respectively. The estimated fair value of the Long-term debt was estimated using discounted cash flow analyses based on the Company's current incremental borrowing rate for similar types of borrowing arrangements.

LEASE COMMITMENTS - Future minimum rental commitments as of June 30, 1997, under noncancelable operating leases, which expire at various dates, are as follows: 1998-$27,505; 1999-$19,325; 2000-$12,796; 2001-$6,954; 2002-$5,900 and after 2002-$27,343.

Rental expense in 1997, 1996 and 1995 was $33,305, $29,899, and $26,374, respectively.

8. RETIREMENT BENEFITS

PENSIONS -- The Company has noncontributory defined benefit pension plans covering eligible employees, including certain employees in foreign countries. Plans for most salaried employees provide pay-related benefits based on years of service. Plans for hourly employees generally provide benefits based on flat-dollar amounts and years of service. The Company also has contractual arrangements with certain key employees which provide for supplemental retirement benefits. In general, the Company's policy is to fund these plans based on legal requirements, tax considerations, local practices and investment opportunities. The Company also sponsors defined contribution plans and participates in government-sponsored programs in certain foreign countries.

Pension costs for all plans were $22,773, $22,514 and $17,246 for 1997, 1996 and 1995, respectively. Pension costs for all defined benefit plans accounted for using SFAS No. 87, Employers' Accounting for Pensions, are as follows:

	1997	1996	1995
Service cost-benefits earned during the period	$ 23,715	$ 20,731	$ 18,801
Interest cost on projected benefit obligation	52,726	44,384	37,929
Actual return on assets	(89,614)	(74,926)	(77,321)
Net amortization and deferral	33,703	30,111	35,665
Net periodic pension costs	$ 20,530	$ 20,300	$ 15,074

For domestic plans, the weighted average discount rates and the rates of increase in future compensation levels used in determining the actuarial present value of the projected benefit obligations were 8% and 5%, respectively, at June 30, 1997 and 1996. The expected long-term rate of return on assets was 9% at June 30, 1997 and 1996. For the principal foreign plans located in the United Kingdom and Germany, the weighted average discount rates used were 8% and 7%, respectively, at June 30, 1997 and 1996 and the rates of increase in future compensation used were 6% and 4.5%, respectively, at June 30, 1997 and 1996. The rates of return on assets used in the United Kingdom and Germany were 8.5% and 7%, respectively, at June 30, 1997 and 1996.

The following tables set forth the funded status of all the plans accounted for under SFAS No. 87 and the amounts recognized in the Company's consolidated balance sheet:

	Assets Exceed Accumulated Benefits	
	1997	1996
Actuarial present value of benefit obligations:		
Vested benefit obligation	$ (493,681)	$ (445,798)
Accumulated benefit obligation	$ (510,385)	$ (458,720)
Projected benefit obligation	$ (593,241)	$ (529,564)
Plan assets at fair value	749,386	654,495
Projected benefit obligation less than plan assets	156,145	124,931
Unrecognized net (gain) or loss	(61,122)	(34,822)
Unrecognized prior service cost	15,198	13,361
Unrecognized net (asset) obligation	(16,848)	(20,164)
Prepaid pension cost (pension liability) recognized	$ 93,373	$ 83,306

	Accumulated Benefits Exceed Assets	
	1997	1996

Actuarial present value of benefit obligations:		
Vested benefit obligation	$ (79,521)	$ (95,054)
Accumulated benefit obligation	$ (95,707)	$ (108,165)
Projected benefit obligation	$ (121,458)	$ (127,001)
Plan assets at fair value	18,301	22,436
Projected benefit obligation in excess of plan assets	(103,157)	(104,565)
Unrecognized net (gain) or loss	6,000	3,643
Unrecognized prior service cost	4,714	5,540
Unrecognized net (asset) obligation	1,794	2,247
Prepaid pension cost (pension liability) recognized	$ (90,649)	$ (93,135)

The majority of the underfunded plans relate to foreign and supplemental executive plans.

The plans' assets consist primarily of listed common stocks, corporate and government bonds, and real estate investments. At June 30, 1997 and 1996, the plans' assets included Company stock with market values of $21,502 and $15,014, respectively.

EMPLOYEE SAVINGS PLAN -- The Company sponsors an employee stock ownership plan (ESOP) as part of its existing savings and investment 401(k) plan, which is available to eligible domestic employees. Parker-Hannifin Common Stock is used to match contributions made by employees to the savings plan up to a maximum of 5 percent of an employee's annual compensation. A breakdown of shares held by the ESOP is as follows:

	1997	1996	1995
Allocated shares	7,460,378	6,934,194	6,235,074
Committed to be released		60,231	66,548
Unreleased shares			843,267
Total shares held by the ESOP	7,460,378	6,994,425	7,144,889

Through June 30, 1996 the ESOP was leveraged and the loan was unconditionally guaranteed by the Company. Company contributions to the ESOP, recorded as compensation and interest expense, were $21,235 in 1997, $18,626 in 1996 and $17,106 in 1995. The interest expense portion (interest on ESOP debt) was $856 in 1996 and $1,910 in 1995. Dividends earned by the unallocated shares and interest income within the ESOP were used to service the ESOP debt. These were $218 in 1996 and $793 in 1995. ESOP shares are considered outstanding for purposes of earnings per share computations.

In addition to shares within the ESOP, as of June 30, 1997 employees have elected to invest in 2,456,367 shares of Common Stock within the Company Stock Fund of the Parker Retirement Savings Plan.

OTHER POSTRETIREMENT BENEFITS--The Company provides postretirement medical and life insurance benefits to certain retirees and eligible dependents. Most plans are contributory, with retiree contributions adjusted annually. The plans are unfunded and pay stated percentages of covered medically necessary expenses incurred by retirees, after subtracting payments by Medicare or other providers and after stated deductibles have been met. For most plans, the Company has established cost maximums to more effectively control future medical costs. The Company has reserved the right to change or eliminate these benefit plans. Postretirement benefit costs included the following components:

	1997	1996	1995
Service cost-benefits attributed to service during the period	$ 3,296	$ 3,515	$ 3,598
Interest cost on accumulated postretirement benefit obligations	11,316	11,126	9,638
Net amortization and deferral	(830)	(708)	72
Net periodic postretirement benefit costs	$ 13,782	$ 13,933	$ 13,308

The following table reconciles the plans' combined funded status to amounts recognized in the Company's consolidated balance sheet:

	1997	1996
Accumulated postretirement benefit obligation:		
Retirees	$ (78,114)	$ (91,419)
Fully eligible active plan participants	(31,019)	(34,912)
Other active plan participants	(40,741)	(42,517)
Unrecognized (gain) loss	(15,918)	2,721
Unrecognized prior service cost	131	144

Accrued postretirement benefit costs	$ (165,661)	$ (165,983)

For measurement purposes, a 10.5% annual rate of increase in the per capita cost of covered benefits (i.e., health care cost trend rate) was assumed for 1998. The rate was assumed to decrease gradually to 6% by 2007 and remain at that level thereafter. The health care cost trend rate assumption has a significant effect on the amounts reported. To illustrate, increasing the assumed health care cost trend rates by 1 percentage point in each year would increase the accumulated postretirement benefit obligation as of June 30, 1997 by $8,161, and the aggregate of the service and interest cost components of net periodic postretirement benefit cost for the year then ended by $772. The weighted average discount rate used in determining the accumulated postretirement benefit obligation was 8% at June 30, 1997 and 1996.

OTHER -- In 1995 the Company established nonqualified deferred compensation programs which permit officers, directors and certain management employees to annually elect to defer a portion of their compensation, on a pre-tax basis, until their retirement. The retirement benefit to be provided is based on the amount of compensation deferred, Company match, and earnings on the deferrals. Deferred compensation expense was $4,862, $4,129 and $2,530 in 1997, 1996 and 1995, respectively.

The Company has invested in corporate-owned life insurance policies to assist in funding these programs. The cash surrender values of these policies are in an irrevocable rabbi trust and are recorded as assets of the Company.

9. SHAREHOLDERS' EQUITY

COMMON SHARES	1997	1996	1995
Balance July 1	$ 55,719	$ 55,502	$ 55,431
Shares issued under stock option plans (1997 - 432,096; 1996 - 513,836; 1995 - 424,320) less shares of stock-for-stock exchange (1997 - 153,770; 1996 - 136,686; 1995 - 285,834)	139	189	69
Shares issued for restricted stock	47	28	
Shares issued for prior-year pooled acquisition			2
Balance June 30	$ 55,905	$ 55,719	$ 55,502

ADDITIONAL CAPITAL			
Balance July 1	$ 146,686	$ 139,953	$ 135,144
Shares issued under stock option plans, less shares of stock-for-stock exchange	1,684	5,481	1,867
Shares issued for purchase acquisition		(176)	2,641
Shares issued as restricted stock	2,332	1,428	287
Shares issued for prior-year pooled acquisition			14
Balance June 30	$ 150,702	$ 146,686	$ 139,953

RETAINED EARNINGS			
Balance July 1	$ 1,160,828	$ 974,486	$ 806,240
Net income	274,039	239,667	218,238
Cash dividends paid on common shares, net of tax benefit of ESOP shares (1997 - $.51 per share; 1996 - $.48 per share; 1995 - $.45 per share)	(56,570)	(53,325)	(49,961)
Cash payments for fractional shares in connection with 3-for-2 stock split			(31)
Balance June 30	$ 1,378,297	$ 1,160,828	$ 974,486

DEFERRED COMPENSATION RELATED TO ESOP DEBT			
Balance July 1	$ --	$ (13,468)	$ (25,697)
Reduction of ESOP debt	--	13,468	12,229
Balance June 30	$ --	$ --	$ (13,468)

TRANSLATION ADJUSTMENTS

Balance July 1	$ 20,725	$ 35,041	$ 2,538
Translation adjustments (Note 12)	(48,070)	(14,316)	32,503
Balance June 30	$ (27,345)	$ 20,725	$ 35,041

COMMON STOCK IN TREASURY

Balance July 1	$ --	$ --	$ (7,305)
Shares purchased at cost	(18,690)	(6,703)	(1,364)
Shares issued under stock option plans (1997 - 223,184; 1995 - 345,351)	6,676		5,890
Shares issued for purchase acquisition		6,176	2,440
Shares issued as restricted stock	1,756	527	339
Balance June 30	$ (10,258)	$ --	$ --

ESOP LOAN GUARANTEE - During 1989, Parker established a leveraged Employee Stock Ownership Plan. A trust established under the plan borrowed $70,000, which was unconditionally guaranteed by the Company. This loan was paid off on June 30, 1996. At June 30, 1995 the unpaid balance of the loan was recorded as Long-term debt and an equivalent amount, representing deferred compensation, was a deduction to Shareholders' equity.

10. STOCK INCENTIVE PLANS

EMPLOYEES' STOCK OPTIONS -- The Company's stock option and stock incentive plans provide for the granting of incentive stock options and/or nonqualified options to officers and key employees to purchase shares of common stock at a price not less than 100 percent of the fair market value of the stock on the dates options are granted. Outstanding options generally are exercisable one year after the date of grant and expire no more than ten years after grant.

The Company derives a tax deduction measured by the excess of the market value over the option price at the date nonqualified options are exercised. The related tax benefit is credited to additional capital. The Company makes no charges against capital with respect to options granted.

As permitted by SFAS No. 123, Accounting for Stock-Based Compensation, the Company continues to account for its stock option and stock incentive

plans in accordance with Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees, and makes no charges against capital with respect to options granted. SFAS No. 123 does however require the disclosure of pro forma information regarding Net Income and Earnings per share determined as if the Company had accounted for its stock options under the fair value method. For purposes of this pro forma disclosure the estimated fair value of the options is amortized to expense over the options' vesting period.

		1997	1996
Net income:	As reported	$ 274,039	$ 239,667
	Pro forma	$ 270,758	$ 238,330
Earnings per share:	As reported	$ 2.46	$ 2.15
	Pro forma	$ 2.43	$ 2.14

Because the SFAS No. 123 method of accounting has not been applied to options granted prior to 1996, the above pro forma effect may not be representative of that to be expected in future years.

The fair value for all options granted in 1997 and 1996 were estimated at the date of grant using a Black-Scholes option pricing model with the following weighted-average assumptions:

	Jan/97	Aug/96	Aug/95
Risk-free interest rate	6.3%	6.4%	6.4%
Expected life of option	5 yrs	5 yrs	5 yrs
Expected dividend yield of stock	2.6%	2.6%	3.0%
Expected volatility of stock	26.5%	26.2%	25.2%

A summary of the status and changes of shares subject to options and the related average price per share follows:

Shares Subject Average Option

	To Options	Price Per Share
Outstanding June 30, 1995	3,727,039	$ 14.70
Granted	382,725	26.08
Exercised	(513,836)	13.35
Canceled	(17,436)	
Outstanding June 30, 1996	3,578,492	$ 16.09
Granted	1,351,500	27.37
Exercised	(655,280)	14.48
Canceled	(50,625)	
Outstanding June 30, 1997	4,224,087	$ 19.82

Options exercisable and shares available for future grant on June 30:

	1997	1996	1995
Options exercisable	2,905,887	3,195,767	2,712,965
Weighted-average option price per share of options exercisable	$ 16.41	$ 14.90	$ 12.75
Weighted-average fair value of options granted during the year	$ 7.30	$ 6.44	---
Shares available for grant	3,304,627	3,295,347	3,284,490

The range of exercise prices and the remaining contractual life of options as of June 30, 1997 were:

Range of exercise prices	$11-$15	$17-$21	$24-$29
Options outstanding:			
Outstanding as of June 30, 1997	1,649,900	886,763	1,687,424
Weighted-average remaining contractual life	4.2 yrs	7.4 yrs	9.2 yrs
Weighted-average exercise price	$ 12.50	$ 19.66	$ 27.07
Options exercisable:			
Outstanding as of June 30, 1997	1,649,900	886,763	369,224
Weighted-average remaining contractual life	4.2 yrs	7.4 yrs	8.1 yrs
Weighted-average exercise price	$ 12.50	$ 19.66	$ 26.08

RESTRICTED STOCK -- Restricted stock was issued, under the Company's 1993 Stock Incentive Program, to certain key employees under the Company's 1994-95-96 and 1993-94-95 Long Term Incentive Plans (LTIP). Value of the payments was set at the market value of the Company's common stock on the date of issuance. Shares were earned and awarded, and an estimated value was accrued, based upon attainment of criteria specified in the LTIP over the cumulative years of the 3-year Plans. Plan participants are entitled to cash dividends and to vote their respective shares, but the shares are restricted as to transferability for three years following issuance.

Restricted Shares for LTIP Plan	1997	1996	1995
Number of shares issued	152,916	73,361	29,166
Per share value on date of issuance	$ 25.36	$ 26.05	$ 18.33
Total value	$ 3,878	$ 1,911	$ 534

Under the Company's 1995-96-97 LTIP, a payout of 34,962 shares of restricted stock, from the Company's 1993 Stock Incentive Program, will be issued to certain key employees. The balance of the 1995-96-97 LTIP payout will be made as deferred cash compensation, as individually elected by the participants. The total payout, valued at $10,729, which has been accrued over the three years of the plan, will be made in 1998.

In addition, non-employee members of the Board of Directors have been given the opportunity to receive all or a portion of their fees in the form of restricted stock. These shares vest ratably, on an annual basis, over the term of office of the director. In 1997, 1996 and 1995, 9,923, 3,243 and 4,487 shares were issued, respectively, in lieu of directors' fees.

NON-EMPLOYEE DIRECTORS' STOCK OPTIONS -- In August, 1996, the Company adopted a stock option plan for non-employee directors to purchase shares of common stock at a price not less than 100 percent of the fair market value of the stock on the dates options are granted. All outstanding options are exercisable one year after the date of grant and expire no more than ten years after grant. As of June 30, 1997, none of the 14,250 options granted and outstanding were exercisable.

At June 30, 1997, the Company had 7,961,062 common shares reserved for issuance in connection with all of the stock incentive plans.

11. SHAREHOLDERS' PROTECTION RIGHTS AGREEMENT

The Board of Directors of the Company declared a dividend of one Right for each share of Common Stock outstanding on February 17, 1997 in relation to the Company's Shareholder Protection Rights Agreement. As of June 30, 1997, 111,526,170 shares of Common Stock were reserved for issuance under this Agreement. Under certain conditions involving acquisition of or an offer for 15 percent or more of the Company's Common Stock, all holders of Rights, except an acquiring entity, would be entitled to purchase, at an exercise price of $100, a value of $200 of Common Stock of the Company or an acquiring entity, or at the option of the Board, to exchange each Right for one share of Common Stock. The Rights remain in existence until February 17, 2007, unless earlier redeemed (at one cent per Right), exercised or exchanged under the terms of the agreement. In the event of an unfriendly business combination attempt, the Rights will cause substantial dilution to the person attempting the merger. The Rights should not interfere with any merger or other business combination that is in the best interest of the Company and its shareholders since the Rights may be redeemed.

12. FOREIGN OPERATIONS

The Company's major foreign operations are located in Germany, the United Kingdom, France, Sweden, Italy and Brazil. Their business activities are conducted principally in their local currency. Net transaction and translation adjustments reduced Net income in 1997 by $1,267, increased Net income in 1996 by $873, and reduced Net income in 1995 by $195. Such amounts are net of the tax benefits from monetary corrections for inflation and exclude the effect on Cost of sales resulting from valuing inventories at acquisition cost since sales price increases in each year more than offset this effect.

Net sales, Income before income taxes and Net income include the following amounts from foreign operations:

	1997	1996	1995
Net sales	$ 1,234,669	$ 1,085,676	$ 932,886
Income before income taxes	85,234	70,118	92,256
Net income	50,067	42,563	63,514

Net assets of foreign operations at June 30, 1997 and 1996 amounted to $734,820 and $746,356, respectively.

Accumulated undistributed earnings of foreign operations reinvested in their operations amounted to $121,871, $103,059, and $100,550, at June 30, 1997, 1996 and 1995, respectively.

13. RESEARCH AND DEVELOPMENT

Research and development costs amounted to $103,155 in 1997, $91,706 in 1996, and $74,129 in 1995. Customer reimbursements included in the total cost for each of the respective years were $35,986, $33,018 and $21,202. Costs include those costs related to independent research and development as well as customer reimbursed and unreimbursed development programs.

14. CONTINGENCIES

The Company is involved in various litigation arising in the normal course of business, including proceedings based on product liability claims, workers' compensation claims and alleged violations of various environmental laws. The Company is self-insured in the U.S. for health care, workers' compensation, general liability and product liability up to predetermined amounts, above which third party insurance applies. The Company purchases third party product liability insurance for products manufactured by its international operations and for products that are used in aerospace applications. Management regularly reviews the probable outcome of these proceedings, the expenses expected to be incurred, the availability and limits of the insurance coverage, and the established accruals for uninsured liabilities. While the outcome of pending proceedings cannot be predicted with certainty, management believes that any liabilities that may result from these proceedings are not reasonably likely to have a material effect on the Company's liquidity, financial condition or results of operations.

ENVIRONMENTAL - The Company is currently involved in environmental remediation at 21 manufacturing facilities presently or formerly operated by the Company and has been named as a "potentially responsible party", along with other companies, at 10 off-site waste disposal facilities.

As of June 30, 1997, the Company has a reserve of $9,635 for environmental matters which are probable and reasonably estimable. This reserve is recorded based upon the best estimate of net costs to be incurred in light of the progress made in determining the magnitude of remediation costs, the timing and extent of remedial actions required by governmental authorities, the amount of the Company's liability in proportion to other responsible parties

and any recoveries receivable. This reserve is net of $626 for discounting, at a 7.5% annual rate, a portion of the costs at 7 locations for established treatment procedures required over periods ranging from 5 to 18 years. The Company also has an account receivable of $490 for anticipated insurance recoveries.

The Company's estimated total liability for the above mentioned sites ranges from a minimum of $8,932 to a maximum of $24,837. The actual costs to be incurred by the Company will be dependent on final delineation of contamination, final determination of remedial action required, negotiations with federal and state agencies with respect to cleanup levels, changes in regulatory requirements, innovations in investigatory and remedial technology, effectiveness of remedial technologies employed, the ultimate ability to pay of the other responsible parties, and any insurance recoveries.

REPORT OF MANAGEMENT

The Company's management is responsible for the integrity and accuracy of the financial information contained in this annual report. Management believes that the financial statements have been prepared in conformity with generally accepted accounting principles appropriate in the circumstances and that the other information in this annual report is consistent with those statements. In preparing the financial statements, management makes informed judgments and estimates where necessary to reflect the expected effects of events and transactions that have not been completed.

Management is also responsible for maintaining an internal control system designed to provide reasonable assurance at reasonable cost that assets are safeguarded against loss or unauthorized use and that financial records are adequate and can be relied upon to produce financial statements in accordance with generally accepted accounting principles. The system is supported by written policies and guidelines, by careful selection and training of financial management personnel and by an internal audit staff which coordinates its activities with the Company's independent accountants. To foster a strong ethical climate, the Parker Hannifin Code of Ethics is publicized throughout the Company. This addresses, among other things, compliance with all laws and accuracy and integrity of books and records. The Company maintains a systematic program to assess compliance.

Coopers & Lybrand, L.L.P., independent accountants, are retained to conduct an audit of Parker Hannifin's consolidated financial statements in accordance with generally accepted auditing standards and to provide an independent assessment that helps ensure fair presentation of the Company's consolidated financial position, results of operations and cash flows.

The Audit Committee of the Board of Directors is composed entirely of outside directors. The Committee meets periodically with management, internal auditors and the independent accountants to discuss internal accounting controls and the quality of financial reporting. Financial management, as well as the internal auditors and the independent accountants, have full and free access to the Audit Committee.

Duane E. Collins	Michael J. Hiemstra
Duane E. Collins	Michael J. Hiemstra
President and	Vice President -
Chief Executive Officer	Finance and Administration
	and Chief Financial Officer

REPORT OF INDEPENDENT ACCOUNTANTS

To the Shareholders and Board of Directors
Parker Hannifin Corporation

We have audited the accompanying consolidated balance sheet of Parker Hannifin Corporation and its subsidiaries at June 30, 1997 and 1996, and the related consolidated statements of income and cash flows for each of the three years in the period ended June 30, 1997. 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 generally accepted auditing standards. 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, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Parker Hannifin Corporation and its subsidiaries at June 30, 1997 and 1996, and the consolidated results of their operations and their cash flows for each of the three years in the period ended June 30, 1997 in conformity with generally accepted accounting principles.

Coopers & Lybrand L.L.P.

Cleveland, Ohio
July 31, 1997

FIVE-YEAR FINANCIAL SUMMARY
<TABLE>
<CAPTION>

(Dollars in thousands, except per share amounts)	1997	1996	1995	1994 (a)	1993
<S>	<C>	<C>	<C>	<C>	<C>
Net sales	$ 4,091,081	$ 3,586,448	$ 3,214,370	$ 2,576,337	$ 2,489,323
Cost of sales	3,152,988	2,756,343	2,448,264	2,053,376	2,004,955
Selling, general and administrative expenses	475,180	425,449	384,581	302,668	310,765
Provision for business restructuring activities				18,773	22,879
Impairment of long-term assets				35,483	
Interest expense	46,659	36,667	30,922	37,832	47,056
Interest and other income, net	(5,623)	(8,537)	(2,335)	(3,879)	(5,457)
(Gain) loss on disposal of assets	(2,990)	2,047	4,531	19,635	1,059
Income taxes	150,828	134,812	130,169	60,274	43,010
Income before extraordinary item	274,039	239,667	218,238	52,175	65,056
Net income	274,039	239,667	218,238	47,652	65,056
Earnings per share - continuing operations	2.46	2.15	1.97	.48	.60
Earnings per share before extraordinary item	2.46	2.15	1.97	.48	.60
Earnings per share	$ 2.46	$ 2.15	$ 1.97	$ .43	$ .60
Average number of shares outstanding (thousands)	111,602	111,261	110,576	109,661	109,064
Cash dividends per share	$ .506	$ .480	$ .453	$ .436	$ .427
Cash dividends paid	$ 56,570	$ 53,325	$ 49,961	$ 47,445	$ 46,121
Net income as a percent of net sales	6.7%	6.7%	6.8%	1.8%	2.6%
Return on average assets	9.3%	9.2%	10.3%	2.5%	3.3%
Return on average equity	18.7%	18.6%	20.2%	5.0%	7.0%
Book value per share	$ 13.87	$ 12.42	$ 10.73	$ 8.78	$ 8.53
Current assets	1,499,561	1,402,124	1,246,382	1,031,308	1,056,443
Current liabilities	716,011	766,882	652,621	504,444	468,254
Working capital	$ 783,550	$ 635,242	$ 593,761	$ 526,864	$ 588,189
Ratio of current assets to current liabilities	2.1	1.8	1.9	2.0	2.3

Plant and equipment, net	$ 1,020,743	$ 991,777	$ 815,771	$ 717,300	$ 736,056
Total assets	2,998,946	2,887,124	2,302,209	1,925,744	1,963,590
Long-term debt	432,885	439,797	237,157	257,259	378,476
Shareholders' equity	$ 1,547,301	$ 1,383,958	$ 1,191,514	$ 966,351	$ 932,900
Debt to debt-equity percent	24.5%	30.7%	21.9%	22.7%	33.3%
Depreciation	$ 146,253	$ 126,544	$ 110,527	$ 106,546	$ 109,673
Capital expenditures	$ 189,201	201,693	151,963	99,914	91,484
Number of employees	34,927	33,289	30,590	26,730	25,646
Number of shareholders	43,014	35,403	35,629	29,625	30,414
Number of shares outstanding at year-end (thousands)	111,527	111,438	111,003	110,115	109,352

Shares and per share amounts have been adjusted for the 3-shares-for-2 common stock split paid September 5, 1997.

<FN>

(a) Includes an extraordinary item for the early retirement of debt.

</FN>

</TABLE>

Exhibit (21)* to Report
on Form 10-K for Fiscal
Year Ended June 30, 1997
by Parker-Hannifin Corporation

The Company has the following subsidiaries:

Domestic Subsidiaries

Name	Incorporated	Percentage Owned(1)
iPower Distribution Group Inc.	Ohio	100
Parker AIP Corp.	Delaware	100
Parker de Puerto Rico, Inc.	Delaware	100
Parker Finance Corp.	Delaware	100(2)
Parker-Hannifin Asia Pacific Co., Ltd.	Delaware	100(3)
Parker-Hannifin International Corp.	Delaware	100
Parker Intangibles Inc.	Delaware	100
Parker Properties Inc.	Delaware	100
Parker Services Inc.	Delaware	100
Travel 17325 Inc.	Delaware	100

Foreign Subsidiaries

Abex Japan Ltd.	Japan	100(4)
Acadia International Insurance Limited	Ireland	100
Alenco (Holdings) Limited	United Kingdom	100(3)
Brownsville Rubber Co., S.A. de C.V.	Mexico	100
Ermeto Productie Maatschappij B.V.	Netherlands	100(5)
N. V. Parker-Hannifin S.A.	Belgium	100(6)
P-H do Brasil Comercial Ltda.	Brazil	100(3)
PH Finance Limited	United Kingdom	100(7)
Parker Automotive de Mexico S.A. de C.V.	Mexico	100
Parker Enzed (N.Z.) Limited	New Zealand	100(3)
Parker Enzed (Australia) Pty. Ltd.	Australia	100(8)
Parker Enzed Equipment (Australia) Pty. Ltd.	Australia	100(8)
Parker Enzed Technologies Pty. Ltd.	Australia	100(8)
Parker Ermeto GmbH	Austria	100(9)
Parker Fluid Connectors de Mexico S.A. de C.V.	Mexico	100(10)
Parker Lucifer S.A.	Switzerland	100
Parker Seal de Baja S.A. de C.V.	Mexico	100
Parker Seals S.p.A.	Italy	100(11)
Parker Sistemas de Automatizacion S.A. de C.V.	Mexico	100
Parker Zenith S.A. de C.V.	Mexico	100(10)
Parker Hannifin (Africa) Pty. Ltd.	South Africa	100
Parker Hannifin Argentina SAIC	Argentina	100
Parker Hannifin A/S	Norway	100(12)
Parker Hannifin (Australia) Pty. Ltd.	Australia	100(3)
Parker Hannifin B.V.	Netherlands	100(17)
Parker Hannifin (Canada) Inc.	Canada	100(3)
Parker Hannifin Danmark A/S	Denmark	100
Parker Hannifin de Venezuela, C.A.	Venezuela	100(3)
Parker Hannifin (Espana) SA	Spain	100(3)
Parker Hannifin Finance B.V.	Netherlands	100(6)
Parker Hannifin Foreign Sales Corp.	Guam	100(3)
Parker Hannifin GmbH	Germany	100(3)
Parker Hannifin Hong Kong Limited	Hong Kong	100(13)
Parker Hannifin Industria e Comercio Ltda.	Brazil	100(14)
Parker Hannifin Japan Ltd.	Japan	100
Parker Hannifin Korea Ltd.	Korea	100(3)
Parker Hannifin Motion & Control (Shanghai) Co. Ltd.	China	100
Parker Hannifin Naarden B.V.	Netherlands	100(6)
Parker Hannifin AG	Switzerland	100(9)
Parker Hannifin (N.Z.) Ltd.	New Zealand	100
Parker Hannifin Oy	Finland	100
Parker Hannifin plc	United Kingdom	100(12)
Parker Hannifin S.A.	France	100
Parker Hannifin S.p.A.	Italy	100
Parker Hannifin Sp. z.o.o.	Poland	100
Parker Hannifin s.r.o.	Czech Republic	100(3)
Parker-Hannifin Singapore Pte. Ltd.	Singapore	100
Parker Hannifin Sweden AB	Sweden	100
Parker Hannifin Taiwan Ltd.	Taiwan	100
Parker Hannifin Thailand Co., Ltd.	Thailand	100
Parker Hannifin Thailand (1997) Co., Ltd.	Thailand	100(15)
Parker Hannifin Verwaltungs GmbH	Germany	100(9)
Hydroflex S.A. de C.V.	Mexico	100(10)
Schrader Bellows Parker de Mexico S.A. de C.V.	Mexico	100(10)
VOAC Hydraulics S.A.	Spain	100(16)

(1) Excludes directors' qualifying shares
(2) Owned 100% by Parker de Puerto Rico, Inc.
(3) Owned 100% by Parker-Hannifin International Corp.
(4) Owned 100% by Parker Hannifin Japan Ltd.
(5) Owned 100% by Parker-Hannifin Naarden B.V.
(6) Owned 100% by Parker Hannifin B.V.
(7) Owned 100% by Parker Hannifin plc
(8) Owned 100% by Parker-Hannifin (Australia) Pty. Ltd.
(9) Owned 100% by Parker Hannifin GmbH
(10) Owned 100% by Parker Sistemas de Automatizacion S.A. de C.V.
(11) Owned 100% by Parker-Hannifin S.p.A.
(12) Owned 100% by Alenco (Holdings) Limited
(13) Owned 99.99% by Parker-Hannifin Corporation and .01% by Parker-Hannifin International Corp.
(14) Owned 37.5% by P-H do Brasil Comercial Ltda. and 62.5% by Parker-Hannifin International Corp.
(15) Owned 51% by Parker Hannifin Thailand Co., Ltd. and 49% by Parker-Hannifin Corporation
(16) Owned 100% by Parker Hannifin (Espana) S.A.
(17) Owned 77.52% by Parker Hannifin International Corp. and 22.48% by Parker AIP Corp.

All of the foregoing subsidiaries are included in the Company's consolidated financial statements. In addition to the foregoing, the Company owns three inactive or name holding companies.

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

Exhibit (25)* to Report
on Form 10-K for Fiscal
Year Ended June 30, 1997
by Parker-Hannifin Corporation

Power of Attorney

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

Securities and Exchange Commission
Washington, D.C. 20549

Re: Parker-Hannifin Corporation

Commission File No. 1-4982
Annual Report on Form 10-K
Authorized Representatives

Gentlemen:

Parker-Hannifin Corporation (the "Company") is the issuer of Securities registered under Section 12(b) of the Securities Exchange Act of 1934 (the "Act"). Each of the persons signing his name below confirms, as of the date appearing opposite his signature, that each of the following "Authorized Representatives" is authorized on his behalf to sign and to submit to the Securities and Exchange Commission Annual Reports on Form 10-K and amendments thereto as required by the Act:

Authorized Representatives

Duane E. Collins
Michael J. Hiemstra
Dennis W. Sullivan
Joseph D. Whiteman

Each person so signing also confirms the authority of each of the Authorized Representatives named above to do and perform, on his behalf, any and all acts and things requisite or necessary to assure compliance by the signing person with the Form 10-K filing requirements. The authority confirmed herein shall remain in effect as to each person signing his name below until such time as the Commission shall receive from such person a written communication terminating or modifying the authority.

	Date		Date
P. S. Parker	8/14/97	Peter Likins	8/14/97
P. S. Parker, Chairman of the Board of Directors		P. W. Likins, Director	
D. E. Collins	8/14/97	Hector R. Ortino	8/14/97
D. E. Collins, Principal Executive Officer and Director		H. R. Ortino, Director	
M. J. Hiemstra	8/14/97	Allan L. Rayfield	8/14/97
M. J. Hiemstra, Principal Financial Officer		A. L. Rayfield, Director	
H. C. Gueritey, Jr	14 Aug 1997	P. G. Schloemer	8/14/97
H. C. Gueritey, Jr., Principal Accounting Officer		P. G. Schloemer, Director	
J. G. Breen	8/14/97	Wolf R. Schmitt	8/14/97
J. G. Breen, Director		W. R. Schmitt, Director	
Paul C. Ely, Jr.	Aug 14, 1997	D. L. Starnes	8/14/97
P. C. Ely, Jr., Director		D. L. Starnes, Director	
Allen H. Ford	8/14/97	Stephanie A. Streeter	8/14/97
A. H. Ford, Director		S. A. Streeter, Director	
F. A. LePage	8/14/97	D. W. Sullivan	8/14/97
F. A. LePage, Director		D. W. Sullivan, Director	

Michael Treschow 8/14/97

______________________________ ____

M. A. Treschow, Director

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM PARKER-HANNIFIN CORPORATION'S REPORT ON FORM 10-K FOR ITS FISCAL YEAR ENDED JUNE 30, 1997 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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