



## **Parker Agrees to Acquire Velcon Filters to Strengthen Its Position in Aviation and Industrial Fuel and Process Filtration Applications**

October 5, 2012

CLEVELAND, Oct. 5, 2012 /PRNewswire/ -- Parker Hannifin Corporation (NYSE: PH), the global leader in motion and control technologies, today announced that it has signed an agreement to acquire Velcon Filters, LLC, from The Sterling Group LP, a private equity firm. Velcon is a global market leader in the manufacturing of filtration equipment and replacement cartridges for the aviation, industrial fuel, and industrial process filtration markets. Terms of the transaction were not disclosed and are subject to regulatory approval.

(Logo: <http://photos.prnewswire.com/prnh/19990816/PHLOGO> )

Velcon reported sales of \$115 million for the twelve months ended August 31<sup>st</sup>, 2012 and has approximately 300 employees globally. The acquired company will become a part of Parker's Filtration Group. Approximately 33% percent of revenues will be reported in the Industrial North America segment and 67% percent reported in the Industrial International segment.

"This acquisition brings us a leadership position in aviation and industrial fuel filtration under the Velcon and Warner Lewis product brands, particularly for aviation fuel which requires specialist expertise and certifications," said Peter Popoff, President - Filtration Group. "We are also strengthening our offering in process filtration markets such as oil and gas with the addition of the Twin Filter brand. We are excited about the opportunities to combine our strengths and extend our solutions to more customers, markets and geographies."

"Velcon is the leader in the jet fuel filtration market with a brand that has become synonymous with the highest standard for safety in the industry," said Greg Elliott, Partner at The Sterling Group. "Under Sterling's ownership, Velcon has seen a diversification of end-markets and geographies and has significant growth potential as part of Parker's Filtration Group."

Headquartered in Colorado Springs, Colorado, Velcon is a niche manufacturer of filtration systems, including vessels and replacement cartridges that meet specific requirements for fluid filtration processes in a variety of domestic and international end-markets. The company's aviation division, through Velcon and Warner Lewis branded product lines, is a global leader in the filtration process for aviation fuel delivery, engineering and manufacturing products that filter, purify and remove water and contaminants from aviation fuel along the transport chain from the refinery to the aircraft. Velcon's process division, through its Twin Filter brand, engineers, manufactures and markets equipment and replacement cartridges for the oil, liquid and air filtration markets in Europe, Asia, North America and other international markets.

With annual sales exceeding \$13 billion in fiscal year 2012, Parker Hannifin is the world's leading diversified manufacturer of motion and control technologies and systems, providing precision-engineered solutions for a wide variety of mobile, industrial and aerospace markets. The company employs approximately 60,000 people in 48 countries around the world. Parker has increased its annual dividends paid to shareholders for 56 consecutive fiscal years, among the top five longest-running dividend-increase records in the S&P 500 index. For more information, visit the company's web site at [www.parker.com](http://www.parker.com) or its investor information web site at [www.phstock.com](http://www.phstock.com).

### **Forward-Looking Statements**

Forward-looking statements contained in this and other written and oral reports are made based on known events and circumstances at the time of release, and as such, are subject in the future to unforeseen uncertainties and risks. All statements regarding future performance, earnings projections, events or developments are forward-looking statements. It is possible that the future performance and earnings projections of the company, including its individual segments, may differ materially from current expectations, depending on economic conditions within its mobile, industrial and aerospace markets, and the company's ability to maintain and achieve anticipated benefits associated with announced realignment activities, strategic initiatives to improve operating margins, actions taken to combat the effects of the current economic environment, and growth, innovation and global diversification initiatives. A change in economic conditions in individual markets may have a particularly volatile effect on segment performance. Among other factors which may affect future performance are: changes in business relationships with and purchases by or from major customers, suppliers or distributors, including delays or cancellations in shipments, disputes regarding contract terms or significant changes in financial condition, changes in contract cost and revenue estimates for new development programs and changes in product mix; uncertainties surrounding timing, successful completion or integration of acquisitions; ability to realize

anticipated costs savings from business realignment activities; threats associated with and efforts to combat terrorism; uncertainties surrounding the ultimate resolution of outstanding legal proceedings, including the outcome of any appeals; competitive market conditions and resulting effects on sales and pricing; increases in raw material costs that cannot be recovered in product pricing; the company's ability to manage costs related to insurance and employee retirement and health care benefits; and global economic factors, including manufacturing activity, air travel trends, currency exchange rates, difficulties entering new markets and general economic conditions such as inflation, deflation, interest rates and credit availability. The company makes these statements as of the date of this disclosure, and undertakes no obligation to update them unless otherwise required by law.

SOURCE Parker Hannifin Corporation

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