



Parker Unveils New Incubator-Type Plant in Czech Republic

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Shared operations to facilitate faster entry into lower-cost production centers

CLEVELAND, June 5 /PRNewswire/ -- A new type of plant launched this week in the Czech Republic highlights Parker Hannifin Corp.'s (NYSE: PH) strategy for expanding in lower-cost production centers around the world. In a radical change from the way that Parker has traditionally operated, nine independent divisions will share common services in the 100,000-sq.-ft. incubator plant as they establish production in Central Europe.

(Photo: <http://www.newscom.com/cgi-bin/prnh/19990816/PHLOGO>)

The new \$10-million plant, located in Chomutov, about 90 miles northwest of Prague near the German border, was launched this week in ceremonies attended by Czech Prime Minister Milos Zeman. Representing Parker at the opening event was Jack Myslenski, recently promoted to corporate vice president in charge of all Parker's motion-oriented industrial businesses. Parker, the worldwide leader in motion and control systems and technologies, has 125 product-focused divisions serving industrial and aerospace markets and more than 200 plants around the world today.

"We believe this incubator concept will enable our divisions to establish production in developing countries much faster, at lower cost and with less risk," said Myslenski. "The incubator concept capitalizes on one of our key competitive advantages - Parker's unparalleled range of motion and control products and technologies."

The Chomutov plant was spearheaded by Parker's Hose Division, one of 14 divisions in the Fluid Connectors Group. The unit began operations in the Czech Republic in 1997. It will manufacture hydraulic hose, couplings and fittings in Chomutov for such applications as automotive air conditioners, construction machinery, and transportation equipment. The division will employ 300 people in the Chomutov plant.

"We went in to the Czech Republic with the hose division on a small scale, to prove out the concept," said Myslenski. "Once we found we could get the quality of employees and suppliers we wanted, we expanded the assembly work and began to add component production. We went through three progressively larger buildings, until we decided to bite the bullet and build our own plant."

After receiving commitments to the incubator concept from several other Parker divisions, the decision was made to acquire a much larger site than originally proposed and to build a plant twice as large as the hose division alone required. Each participating division will have its own section of the Chomutov plant and will share common resources such as logistics, tooling, quality control and human resources.

"We are going to fill this building very quickly," said Myslenski. He expects the plant will soon house nine Parker divisions across three product groups and employ a total of 500 people. As the other divisions grow, it is highly likely that they will build their own plants on the site and move out of the incubator. Parker is launching a similar but even larger incubator in Shanghai, China.

"The concept has been highly successful," said Myslenski. "The incubator is creating wonderful opportunities for everyone, and we are very pleased with the skilled workforce we have found in the Czech Republic."

The quality of the workforce was critical for Parker. The Chomutov plant is designed to be a world-class manufacturing facility, not an assembly operation based on low labor costs. Parker has deployed state-of-the-art production equipment and will provide a high level of ongoing training for all employees. For these reasons, Parker was awarded the CzechInvest Award for Investment Most Beneficial to the Community 2000 for its investment in Chomutov.

With annual sales of \$6 billion, Parker Hannifin is the world's leading diversified manufacturer of diversified motion and control technologies and systems, provide precision-engineered solutions for a wide variety of commercial, mobile, industrial and aerospace markets. The company employs 45,000 people in 46 countries around the world. For more information, visit the company's web site at www.parker.com , or its investor information site at www.phstock.com .

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