



Parker Reduces Near-Term Earnings Outlook; Orders Point to Improving Trend

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CLEVELAND, Mar 15, 2002 /PRNewswire-FirstCall via COMTEX/ -- Parker Hannifin Corporation (NYSE: PH) today lowered earnings expectations for its fiscal third quarter ended March 31 and full year ending June 30, 2002. Having projected earnings between 48 and 60 cents per diluted share for the quarter, the company now expects quarterly earnings in a range of 30 to 40 cents. The revised projection for the fiscal year is between \$1.65 and \$1.85 per diluted share, excluding realignment items to date of 11 cents per share and any additional realignment actions which may result in the company's annual planning process.

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"We're just now beginning to feel the pressure in our Aerospace business, particularly in the commercial aftermarket, which has the greatest impact on our margins," said Parker President and CEO Don Washkewicz. "We had been able to sustain margins through the first half, shipping out of backlog. And while we are seeing some benefit from increased military activity, it's not enough to offset the commercial fall-off."

Washkewicz also noted that a slow recovery in the company's industrial markets is being led by sales to large original-equipment manufacturers, while the technology sector has yet to show signs of improvement. "These two factors leave us a lower margin mix, which will improve as we see a pickup in distributor sales and across our broader customer base. Our order trends in North America support a return to growth, but we see no signs of this yet in our international segment."

Since late 2000, when the company first cited signs of an industrial recession, its operating managers have cut back production, inventories and spending. Washkewicz, who became CEO in July, also set forth the "Win Strategy" to strengthen the company's earning power. "In this year's annual planning effort, which is now under way, we're reviewing every operating unit and measuring improvement against a 'Win Scorecard' that will be our accountability standard," said Washkewicz. "In the process, we're going to ensure we have the right assets contributing to our long-term growth."

In addition to providing earnings estimates, Parker advises shareholders to note order trends, for which the company makes a disclosure several business days after the conclusion of each month. This information is available on the company's investor information web site, at www.phstock.com .

With annual sales exceeding \$6 billion, 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 commercial, mobile, industrial and aerospace markets. The company employs more than 45,000 people in 45 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 .

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 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 company's future performance and earnings projections may differ materially from current expectations, depending on economic conditions in industrial and aerospace markets, including any adverse effects related to the events of September 11, 2001, as well as the company's ability to achieve anticipated benefits associated with realignment and acquisition-integration activities and to increase sales of higher margin products. Among other factors which may affect future performance are: changes in business relationships with and purchases by or from major customers or suppliers, including delays or cancellations in shipments; competitive market conditions and resulting effects on sales and pricing; increases in raw-material costs that cannot be recovered in product pricing; threats associated with terrorism; and global economic factors, including potential devaluation of currencies and general economic conditions such as interest rates. In each quarterly earnings report, the company states a range of expected earnings per share for the succeeding quarter and full fiscal year, as estimates of diluted earnings per share before unusual items. The company makes these statements as of the date of this disclosure, and while it undertakes no obligation to update them, reserves the right to update its earnings projections for any reason during the quarter, including the occurrence of material events.

SOURCE Parker Hannifin Corporation

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