



PH Notes Record Sales & Cash Flow; Profit Offset by Write-downs, Realignment and Recession

July 30, 2002

CLEVELAND, Jul 30, 2002 /PRNewswire-FirstCall via COMTEX/ -- Parker Hannifin Corporation (NYSE: PH) today reported lower-than-expected quarterly and annual results for the fiscal year ended June 30, 2002. With fourth-quarter sales of \$1.66 billion, the company reported a quarterly loss of \$11.9 million -- 10 cents per diluted share. As previously announced, results were affected by business-realignment costs of \$11.7 million pretax and \$48.9 million pretax in asset impairments, for a total of \$60.6 million pretax, or \$51.0 million after-tax, which is 44 cents per share. Before these primarily non-cash charges earnings for the quarter were 34 cents per diluted share. Last year's fourth-quarter net income was \$49.4 million, or 42 cents per diluted share, earned on sales of \$1.48 billion. This comparison includes 15 cents per share in business-realignment costs and other items and 12 cents in goodwill amortization. Therefore, the quarterly earnings comparison a year ago excluding these items is 69 cents per diluted share, versus this year's pre-charge earnings of 34 cents.

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

The company's quarterly results reflect greater-than-anticipated operating costs amounting to 12 cents, including manufacturing under-absorption and obsolete inventory; higher medical and benefit costs; and increased warranty cost reserves in non-core businesses. Year-over-year, the company's medical, pension and insurance costs were approximately \$47 million higher.

For the full year, fiscal 2002 brought a modest increase in annual sales, marking a new record at \$6.15 billion, and net earnings of \$130.2 million, or \$1.12 per diluted share. Before \$81.8 million in charges, \$66.6 million after-tax, or 57 cents per share, annual earnings were \$1.69 per diluted share. Last year, sales were \$5.98 billion, and net income was \$340.8 million, or \$2.96 per diluted share. Results for FY 2001 include goodwill amortization and a net benefit of five cents from non-recurring items, which included a gain on the sale of real estate; business-realignment costs and other corporate accruals. For a clear comparison of last year's results, add 44 cents to reflect the adoption of the FASB 142 goodwill provision and subtract the five-cent benefit for a total of 39 cents. Therefore, earnings last year were \$3.35 per diluted share, versus this year's results of \$1.69.

The company generated a record \$631 million in cash from operations during the year, compared with \$532 million last year, due in large part to tight management of working capital, especially inventory, receivables and accounts payable. Washkewicz said, "Throughout the course of this tough recession year, we worked to strengthen our profitability for an eventual economic recovery. We addressed under-performing assets and realigned operations to reflect demand, cutting capital expenditures by more than a third. We also made difficult job-cut decisions, and in total, our divisions cut about 6,200 positions over the past two years." Specific actions include:

- Facility consolidations netting 50 fewer locations;
- Greater utilization of low-cost incubators in the Czech Republic, Poland, China, Mexico and Korea;
- A 5.8-percent inventory reduction in the company's base business (excluding current-year acquisitions);
- Divestiture of two non-core businesses, Commercial Metal Forming and Wynn Warranty; and

"Going forward, we will remain focused on strategic initiatives to lean out our processes and inventories, which will improve our productivity and profitability worldwide."

Operating Results

After a year of severely depressed demand in the company's industrial and aerospace markets, a few areas showing signs of life in the fourth quarter were residential air conditioning, defense, heavy-duty truck, semiconductor, construction and mobile equipment. Commercial aviation, aside from regional jets, remains on the downslide. The fourth quarter also proved the typical three-month market lag between North American and overseas markets, as demand in Europe and Asia followed North America's downward trend.

In the North American Industrial units, fourth-quarter operating income increased 3.1 percent from a year ago to \$39.2 million on

\$768.4 million in sales. Including \$2.6 million in business-realignment costs, the quarterly return on sales was 5.1 percent. Full-year operating income in the North American Industrial units was \$141.3 million on revenues of \$2.79 billion. With \$8.9 million in business-realignment costs, the annual operating margin also was 5.1 percent.

Fourth-quarter income in the International Industrial businesses was 28.4 percent lower than last year. On \$366.2 million in quarterly revenues, the units earned \$10.6 million for a 2.9-percent operating margin. Business-realignment costs were \$6.1 million in the quarter. For the year, the international businesses posted sales of \$1.28 billion, with operating income of \$55.7 million, including business-realignment costs and asset impairments totaling \$14.7 million. With these costs, the full-year return on sales was 4.4 percent.

In the company's "Other" segment, including Climate & Industrial Controls and businesses previously classified as assets held for sale, fourth-quarter sales were \$236.2 million. Including business-realignment costs of \$2 million, quarterly income was 10.2-percent lower than last year, at \$9.9 million, for an operating margin of 4.2 percent. Full-year sales were \$905.5 million, and income was \$54.6 million, for a return on sales of 6.0 percent. Business-realignment costs for the year were \$4.7 million.

Parker Aerospace saw an 11.3-percent drop in fourth-quarter sales to \$286.8 million, while income fell 38.8 percent, to \$37.3 million, with \$1.1 million in business-realignment costs. The quarterly return on sales was 13.0 percent. For the year, the aerospace business earned \$189.4 million on sales of \$1.2 billion, a 16.1-percent return on sales. Costs for business-realignment in the year were \$4.7 million.

Outlook

With assumptions for a slow recovery in fiscal year 2003, the company said it expects earnings for the fiscal first quarter ending September 30 to be between 35 and 45 cents per share before business-realignment costs. For the full year, earnings are expected to be between \$2.20 and \$2.50 per share, not including business-realignment costs previously announced, including severance, operating realignments, plant closures and consolidations in the company's industrial segment.

These additional costs, currently projected at \$23 million (\$15 million after-tax), or 13 cents per share, will be reflected on the income statement during fiscal year 2003 as they are implemented. As a result of these planned actions and those taken in fiscal year 2002, the company is on track to achieve savings of approximately \$12 million in fiscal year 2003. With another \$20 million in savings planned for fiscal year 2004, the company should thereby achieve running savings of \$32 million per year.

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 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.

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 to future uncertainties and risks. All earnings projections and statements regarding future performance, 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 its "Win Strategy" initiatives, business-realignment and acquisition-integration activities and its ability to increase sales of higher margin products. 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 disclosure, and while it undertakes no obligation to update them, reserves the right to update earnings projections for any reason during the quarter, including the occurrence of material events.

PARKER HANNIFIN CORPORATION - JUNE 30, 2002
CONSOLIDATED STATEMENT OF INCOME

Three Months Ended June 30, Year Ended June 30,
(Dollars in thousands)

except per share amounts)	2002	2001	2002	2001
Net sales	\$1,657,593	\$1,484,796	\$6,149,122	\$5,979,604
Cost of sales	1,405,807	1,195,520	5,116,570	4,728,156
Gross profit	251,786	289,276	1,032,552	1,251,448
Selling, general and administrative expenses	184,423	188,346	686,485	679,963
Goodwill impairment loss	39,516	-	39,516	-
Other income (deductions):				
Interest expense	(19,551)	(19,344)	(82,484)	(90,362)
Interest and other income, net	(6,298)	(5,062)	(6,031)	52,473
	(25,849)	(24,406)	(88,515)	(37,889)
Income before income taxes	1,998	76,524	218,036	533,596
Income taxes	13,848	27,166	87,886	189,426
Income (loss) before extraordinary item	(11,850)	49,358	130,150	344,170
Extraordinary item - extinguishment of debt				(3,378)
Net income (loss)	\$(11,850)	\$49,358	\$130,150	\$340,792
Earnings (loss) per share:				
Basic earnings (loss) per share before extraordinary item	\$(.10)	\$.43	\$1.13	\$3.01
Extraordinary item - extinguishment of debt				(.03)
Basic earnings (loss) per share	\$(.10)	\$.43	\$1.13	\$2.98
Diluted earnings (loss) per share before extraordinary item	\$(.10)	\$.42	\$1.12	\$2.99
Extraordinary item - extinguishment of debt				(.03)
Diluted earnings (loss) per share	\$(.10)	\$.42	\$1.12	\$2.96
Average shares outstanding during period - Basic	115,954,864	114,843,825	115,408,872	114,304,977
Average shares outstanding during period - Diluted	116,589,133	115,615,197	116,060,719	115,064,447
Cash dividends per				

common share	\$.18	\$.18	\$.72	\$.70
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Note: Selling, general and administrative expenses for the three months and year ended June 30, 2001 includes \$15,834 (\$13,608 after tax or \$.12 per share) and \$59,582 (\$51,206 after tax or \$.44 per share) of goodwill amortization, respectively.

PRO FORMA RESULTS EXCLUDING GOODWILL AMORTIZATION

(Dollars in thousands except per share amounts)	Three Months Ended June 30,		Year Ended June 30,	
	2002	2001	2002	2001
Reported net income (loss)	\$(11,850)	\$49,358	\$130,150	\$340,792
Add back goodwill amortization		13,608		51,206
Adjusted net income (loss)	\$(11,850)	\$62,966	\$130,150	\$391,998

Earnings (loss) per share:

Reported basic earnings (loss) per share	\$(.10)	\$.43	\$1.13	\$2.98
Goodwill amortization		.12		.44
Adjusted basic earnings (loss) per share	\$(.10)	\$.55	\$1.13	\$3.42
Reported diluted earnings (loss) per share	\$(.10)	\$.42	\$1.12	\$2.96
Goodwill amortization		.12		.44
Adjusted diluted earnings (loss) per share	\$(.10)	\$.54	\$1.12	\$3.40

BUSINESS SEGMENT INFORMATION BY INDUSTRY

(Dollars in thousands)	Three Months Ended June 30,		Year Ended June 30,	
	2002	2001	2002	2001
Net sales				
Industrial:				
North America	\$768,368	\$691,119	\$2,792,315	\$2,941,697
International	366,203	311,117	1,278,694	1,275,516
Aerospace	286,807	323,365	1,172,608	1,205,624
Other	236,215	159,195	905,505	556,767
Total	\$1,657,593	\$1,484,796	\$6,149,122	\$5,979,604
Segment operating income				
Industrial:				
North America	\$39,183	\$37,990	\$141,314	\$322,786
International	10,561	14,755	55,749	92,561
Aerospace	37,333	60,988	189,353	218,851
Other	9,864	10,988	54,643	41,451
Total segment operating income	96,941	124,721	441,059	675,649
Corporate general and administrative expenses	23,172	29,970	73,335	85,738
Income from operations before interest expense and other	73,769	94,751	367,724	589,911

Interest expense	19,551	19,344	82,484	90,362
Other expense (income)	52,220	(1,117)	67,204	(34,047)
Income before income taxes	\$1,998	\$76,524	\$218,036	\$533,596

Note: Income before income taxes for the three months and year ended June 30, 2001 includes \$15,834 (\$8,982 in Industrial North America; \$3,270 in Industrial International; \$1,951 in Aerospace; \$1,095 in Other; and \$536 in Other expense (income)) and \$59,582 (\$31,056 in Industrial North America; \$12,369 in Industrial International; \$7,800 in Aerospace; \$4,347 in Other; and \$4,010 in Other expense (income)) of goodwill amortization, respectively.

BUSINESS SEGMENT INFORMATION BY INDUSTRY
EXCLUDING GOODWILL AMORTIZATION

(Dollars in thousands)	Three Months Ended		Year Ended	
	2002	June 30, 2001	2002	June 30, 2001
Net sales				
Industrial:				
North America	\$768,368	\$691,119	\$2,792,315	\$2,941,697
International	366,203	311,117	1,278,694	1,275,516
Aerospace	286,807	323,365	1,172,608	1,205,624
Other	236,215	159,195	905,505	556,767
Total	\$1,657,593	\$1,484,796	\$6,149,122	\$5,979,604
Segment operating income				
Industrial:				
North America	\$39,183	\$46,972	\$141,314	\$353,842
International	10,561	18,025	55,749	104,930
Aerospace	37,333	62,939	189,353	226,651
Other	9,864	12,083	54,643	45,798
Total segment operating income	96,941	140,019	441,059	731,221
Corporate general and administrative expenses	23,172	29,970	73,335	85,738
Income from operations before interest expense and other	73,769	110,049	367,724	645,483
Interest expense	19,551	19,344	82,484	90,362
Other expense (income)	52,220	(1,653)	67,204	(38,057)
Income before income taxes	\$1,998	\$92,358	\$218,036	\$593,178

Note: Amounts for the three months and year ended June 30, 2001 eliminates goodwill amortization, reflecting the Company's early adoption of FAS 142. It is intended to assist investors in making year-over-year comparisons with the three months and year ended June 30, 2002.

CONSOLIDATED BALANCE SHEET

(Dollars in thousands)	June 30,	2002	2001
Assets			
Current assets:			

Cash and cash equivalents	\$46,384	\$23,565
Accounts receivable, net	1,006,313	922,325
Inventories	1,051,968	1,008,864
Prepaid expenses	48,532	39,486
Deferred income taxes	82,421	91,439
Assets held for sale		110,683
Total current assets	2,235,618	2,196,362
Plant and equipment, net	1,696,965	1,548,688
Excess cost of investments over net assets acquired	1,083,768	953,648
Other assets	736,232	638,963
Total assets	\$5,752,583	\$5,337,661

Liabilities and shareholders' equity

Current liabilities:

Notes payable	\$416,693	\$546,502
Accounts payable	443,525	367,806
Accrued liabilities	451,310	436,947
Accrued domestic and foreign taxes	48,309	61,874
Total current liabilities	1,359,837	1,413,129
Long-term debt	1,088,883	857,078
Pensions and other postretirement benefits	508,313	318,527
Deferred income taxes	76,955	131,708
Other liabilities	135,079	88,304
Shareholders' equity	2,583,516	2,528,915
Total liabilities and shareholders' equity	\$5,752,583	\$5,337,661

CONSOLIDATED STATEMENT OF CASH FLOWS

(Dollars in thousands)	Year Ended June 30, 2002	2001
Cash flows from operating activities:		
Net income	\$130,150	\$340,792
Depreciation and amortization	281,598	264,527
Net effect of extraordinary loss		3,378
Net change in receivables, inventories, and trade payables	171,078	(42,557)
Net change in other assets and liabilities	8,495	(14,729)
Other, net	39,725	(19,246)
Net cash provided by operating activities	631,046	532,165
Cash flows from investing activities:		
Acquisitions (less cash acquired of \$3,118 in 2002 and \$10,143 in 2001)	(388,315)	(583,254)
Capital expenditures	(206,564)	(334,748)
Other, net	(13,839)	98,174
Net cash used in investing activities	(608,718)	(819,828)
Cash flows from financing activities:		
Net proceeds from common share activity	20,250	15,971
Net proceeds from debt	61,711	308,087
Dividends	(82,838)	(79,921)

Net cash (used in) provided by financing activities	(877)	244,137
Effect of exchange rate changes on cash	1,368	(1,369)
Net increase (decrease) in cash and cash equivalents	22,819	(44,895)
Cash and cash equivalents at beginning of period	23,565	68,460
Cash and cash equivalents at end of period	\$46,384	\$23,565
Non-cash transactions:		
Stock issued for acquisitions	\$13,081	

PARKER HANNIFIN CORPORATION
SEGMENT RESULTS FOURTH QUARTER 2002
RECONCILIATION OF REPORTED RESULTS TO RESULTS EXCLUDING BUSINESS
REALIGNMENT CHARGE, ASSET IMPAIRMENTS, GOODWILL AMORTIZATION AND OTHER
ITEMS
(amounts in thousands, except percentages)

	FOURTH QUARTER FY 2002			Segment results excluding business realignment and asset impairments
	Segment results at reported	Business realignment charges	Asset impairment charges	
Net Sales				
Industrial:				
North America	\$768,368			\$768,368
International	366,203			366,203
Aerospace	286,807			286,807
Other	236,215			236,215
Total Parker Hannifin	1,657,593			1,657,593
Segment Operating Income:				
Industrial:				
North America	39,183	\$2,566		41,749
International	10,561	6,063		16,624
Aerospace	37,333	1,120		38,453
Other	9,864	1,961		11,825
Total segment operating income	96,941	(11,710)		108,651
Corporate administration	23,172			23,172
Income before interest expense and other	73,769	(11,710)		85,479
Interest expense	19,551			19,551
Other expense (income)	52,220		\$48,904	3,316
Income before income taxes	1,998	(11,710)	(48,904)	62,612
Income taxes	13,848	4,040	5,618	23,506
Income (loss) before extraordinary item	(11,850)	(7,670)	(43,286)	39,106

Extraordinary item				
Net income (loss)	(11,850)	(7,670)	(43,286)	39,106
Diluted earnings per share	\$(0.10)	\$0.07	\$0.37	\$0.34

Percent of Sales

Segment Operating Income:

Industrial:

North America	5.1%		5.4%
International	2.9%		4.5%
Aerospace	13.0%		13.4%
Other	4.2%		5.0%
Total segment operating income	5.8%		6.6%
Corporate administration	1.4%		1.4%
Income before interest expense and other	4.5%		5.2%
Interest expense	1.2%		1.2%
Other	3.2%		0.2%
Income before income taxes	0.1%		3.8%
Income taxes	0.8%		1.4%
Income (loss) before extraordinary item	-0.7%		2.4%
Extraordinary item	0.0%		0.0%
Net income (loss)	-0.7%		2.4%

Explanation of "Other items" under Fourth Quarter FY 2001 - Amounts include certain asset impairments and other corporate accruals.

PARKER HANNIFIN CORPORATION

SEGMENT RESULTS FOURTH QUARTER 2002

RECONCILIATION OF REPORTED RESULTS TO RESULTS EXCLUDING BUSINESS REALIGNMENT CHARGE, ASSET IMPAIRMENTS, GOODWILL AMORTIZATION AND OTHER ITEMS

(amounts in thousands, except percentages)

FOURTH QUARTER FY 2001

	Segment results as reported	Business realignment charges	Goodwill amortization (see detail below)	Other items	Segment results excluding business realignment, goodwill amortization and other items
Net Sales					
Industrial:					
North America	\$691,119				\$691,119
International	311,117				311,117
Aerospace	323,365				323,365
Other	159,195				159,195

Total Parker Hannifin	1,484,796				1,484,796
Segment Operating					
Income:					
Industrial:					
North America	37,990	\$11,296	\$8,982		58,268
International	14,755	3,521	3,270		21,546
Aerospace	60,988		1,951		62,939
Other	10,988	1,050	1,095		13,133
Total segment operating					
income	124,721	(15,867)	(15,298)		155,886
Corporate administration	29,970			\$11,418	18,552
Income before interest					
expense and other	94,751	(15,867)	(15,298)	(11,418)	137,334
Interest expense	19,344				19,344
Other expense (income)	(1,117)		536	723	(2,376)
Income before income					
taxes	76,524	(15,867)	(15,834)	(12,141)	120,366
Income taxes	27,166	5,981	2,226	4,550	39,923
Income (loss) before					
extraordinary item	49,358	(9,886)	(13,608)	(7,591)	80,443
Extraordinary item					
Net income (loss)	49,358	(9,886)	(13,608)	(7,591)	80,443
Diluted earnings per					
share	\$0.42	\$0.09	\$0.12	\$0.06	\$0.69

Percent of Sales

Segment Operating					
Income:					
Industrial:					
North America	5.5%				8.4%
International	4.7%				6.9%
Aerospace	18.9%				19.5%
Other	6.9%				8.2%
Total segment operating					
income	8.4%				10.5%
Corporate administration	2.0%				1.2%
Income before interest					
expense and other	6.4%				9.2%
Interest expense	1.3%				1.3%
Other	-0.2%				-0.2%
Income before income					
taxes	5.2%				8.1%
Income taxes	1.8%				2.7%
Income (loss) before					
extraordinary item	3.3%				5.4%
Extraordinary item	0.0%				0.0%
Net income (loss)	3.3%				5.4%

PARKER HANNIFIN CORPORATION
SEGMENT RESULTS TOTAL FISCAL YEAR 2002
RECONCILIATION OF REPORTED RESULTS TO RESULTS EXCLUDING BUSINESS
REALIGNMENT CHARGE, ASSET IMPAIRMENTS, GOODWILL AMORTIZATION AND OTHER

ITEMS

(amounts in thousands, except percentages)

TOTAL FISCAL YEAR 2002

	Segment results at reported	Business realignment charges	Asset impairment charges	Segment results excluding business realignment and asset impairments
Net Sales				
Industrial:				
North America	\$2,792,315			\$2,792,315
International	1,278,694			1,278,694
Aerospace	1,172,608			1,172,608
Other	905,505			905,505
Total Parker Hannifin	6,149,122			6,149,122
Segment Operating Income:				
Industrial:				
North America	141,314	\$8,892		150,206
International	55,749	9,722	4,973	70,444
Aerospace	189,353	4,667		194,020
Other	54,643	4,683		59,326
Total segment operating income	441,059	(27,964)	(4,973)	473,996
Corporate administration	73,335			73,335
Income before interest expense and other	367,724	(27,964)	(4,973)	400,661
Interest expense	82,484			82,484
Other expense (income)	67,204		48,904	18,300
Income before income taxes	218,036	(27,964)	(53,877)	299,877
Income taxes	87,886	9,635	5,630	103,151
Income before extraordinary item	130,150	(18,329)	(48,247)	196,726
Extraordinary item				
Net income	130,150	(18,329)	(48,247)	196,726
Diluted earnings per share	\$1.12	\$0.16	\$0.41	\$1.69

Percent of Sales

Segment Operating Income:			
Industrial:			
North America	5.1%		5.4%
International	4.4%		5.5%
Aerospace	16.1%		16.5%
Other	6.0%		6.6%
Total segment operating income	7.2%		7.7%
Corporate administration	1.2%		1.2%
Income before interest expense and other	6.0%		6.5%
Interest expense	1.3%		1.3%
Other	1.1%		0.3%
Income before income taxes	3.5%		4.9%

Income taxes	1.4%	1.2%
Income before extraordinary item	2.1%	3.2%
Extraordinary item	0.0%	0.0%
Net income	2.1%	3.2%

Explanation of "Other items" under Total Fiscal Year 2001 - Amounts include gain on sale of real property, certain non-operating asset impairments and other corporate accruals.

PARKER HANNIFIN CORPORATION
SEGMENT RESULTS TOTAL FISCAL YEAR 2002
RECONCILIATION OF REPORTED RESULTS TO RESULTS EXCLUDING BUSINESS
REALIGNMENT CHARGE, ASSET IMPAIRMENTS, GOODWILL AMORTIZATION AND OTHER
ITEMS

(amounts in thousands, except percentages)

		TOTAL FISCAL YEAR 2001				Segment results excluding business realignment, goodwill amortization and other items
	Segment results as reported	Business realignment charges	Goodwill amort- ization	Other items (see detail below)		
Net Sales						
Industrial:						
North America	\$2,941,697					\$2,941,697
International	1,275,516					1,275,516
Aerospace	1,205,624					1,205,624
Other	556,767					556,767
Total Parker Hannifin	5,979,604					5,979,604
Segment Operating Income:						
Industrial:						
North America	322,786	\$13,182	\$31,056			367,024
International	92,561	5,875	12,369			110,805
Aerospace	218,851		7,800			226,651
Other	41,451	1,250	4,347			47,048
Total segment operating income	675,649	(20,307)	(55,572)			751,528
Corporate administration	85,738			11,418		74,320
Income before interest expense and other	589,911	(20,307)	(55,572)	(11,418)		677,208
Interest expense	90,362					90,362
Other expense (income)	(34,047)		4,010	(47,131)		9,074
Income before income taxes	533,596	(20,307)	(59,582)	35,713		577,772
Income taxes	189,426	7,649	8,376	(13,992)		191,459

Income before extraordinary item	344,170	(12,658)	(51,206)	21,721	386,313
Extraordinary item	(3,378)				(3,378)
Net income	340,792	(12,658)	(51,206)	21,721	382,935
 Diluted earnings per share	 \$2.96	 \$0.14	 \$0.44	 \$(0.19)	 \$3.35

Percent of Sales

Segment Operating

Income:					
Industrial:					
North America	11.0%				12.5%
International	7.3%				8.7%
Aerospace	18.2%				18.8%
Other	7.4%				8.5%
Total segment operating income	11.3%				12.6%
Corporate administration	1.4%				1.2%
Income before interest expense and other	9.9%				11.3%
Interest expense	1.5%				1.5%
Other	-0.7%				0.2%
Income before income taxes	8.9%				9.7%
Income taxes	3.2%				3.2%
Income before extraordinary item	5.8%				6.5%
Extraordinary item	-0.1%				-0.1%
Net income	5.7%				6.4%

Explanation of "Other items" under Total Fiscal Year 2001 - Amounts include gain on sale of real property, certain non-operating asset impairments and other corporate accruals.

SOURCE Parker Hannifin Corporation

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