

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

**FORM 8-K**

**CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d) of the  
Securities Exchange Act of 1934**

Date of report (Date of earliest event reported): August 2, 2012

**PARKER-HANNIFIN CORPORATION**

(Exact Name of Registrant as Specified in Charter)

**Ohio**  
(State or other jurisdiction of  
Incorporation or Organization)  
**6035 Parkland Boulevard, Cleveland, Ohio**  
(Address of Principal Executive Offices)

**34-0451060**  
(I.R.S. Employer  
Identification No.)  
**44124-4141**  
(Zip Code)

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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## **Item 2.02 Results of Operations and Financial Condition**

### **Item 7.01 Regulation FD Disclosure**

The following information is furnished pursuant to Item 2.02, “Results of Operations and Financial Condition” and Item 7.01, “Regulation FD Disclosure”

On August 2, 2012, Parker-Hannifin Corporation issued a press release and presented a Webcast announcing earnings for the quarter ended June 30, 2012. The press release contains references to sales growth excluding the effects of acquisitions and currency exchange rates and the effect on cash flows from operating activities as a percent of sales of a discretionary pension plan contribution. The effects of acquisitions, currency exchange rates and the discretionary pension plan contribution are removed to allow investors and the company to meaningfully evaluate changes in sales and cash flows from operating activities as a percent of sales on a comparable basis from period to period. A copy of the press release is filed as Exhibit 99.1 to this report. A copy of the Webcast presentation is filed as Exhibit 99.2 to this report.

### **Item 9.01 Financial Statements and Exhibits**

(c) Exhibits:

99.1 Press release issued by Parker-Hannifin Corporation, dated August 2, 2012.

99.2 Webcast presentation by Parker-Hannifin Corporation, dated August 2, 2012.

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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

PARKER-HANNIFIN CORPORATION

By: /s/ Jon P. Marten

Jon P. Marten

Executive Vice President - Finance and  
Administration and Chief Financial Officer

Date: August 2, 2012



Exhibit 99.1

**For Release: Immediately**

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**Stock Symbol:** PH – NYSE

## **Parker Reports Year End Results with Record Sales, Net Income and EPS**

- **Fiscal 2012 Full Year Sales Reach Record of \$13.1 billion**
- **Fiscal 2012 Full Year Diluted Earnings per Share a Record at \$7.45**
- **Company Generates Strong Annual Operating Cash Flow of \$1.5 billion**
- **Issues Guidance for Record Full Year Earnings in Fiscal 2013, Including Increased Pension Expense of Approximately \$0.35 per Diluted Share**

**CLEVELAND, August 2, 2012** -- Parker Hannifin Corporation (NYSE: PH), the global leader in motion and control technologies, today reported results for the fiscal 2012 fourth quarter and year ended June 30, 2012. Fiscal 2012 sales were a record at \$13.1 billion, an increase of 6.5 percent from \$12.3 billion in the prior year. Net income for the year was also a record at \$1.2 billion, an increase of 9.3 percent compared with \$1.1 billion in fiscal 2011. Fiscal 2012 earnings per diluted share were a record at \$7.45, an increase of 17.0 percent compared with \$6.37 in the previous year. Cash flow from operations for fiscal 2012 was \$1.5 billion, or 11.6 percent of sales, compared with cash flow from operations of \$1.2 billion, or 9.5 percent of sales, in the prior year period. Cash flow from operations in fiscal 2011 included a discretionary contribution to the company's pension plan of \$400 million.

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Fiscal 2012 fourth quarter sales of \$3.4 billion were equivalent to the same quarter a year ago and included a negative 4 percent impact from foreign currency translation. Net income for the fiscal 2012 fourth quarter was \$302.3 million, an increase of 2.6 percent compared with \$294.7 million in the fourth quarter of fiscal 2011. Earnings per diluted share for the fiscal 2012 fourth quarter were \$1.96, an increase of 9.5 percent compared with \$1.79 in last year's fourth quarter. Cash flow from operations for the fiscal 2012 fourth quarter was \$523.9 million, or 15.4 percent of sales, compared with cash flow from operations of \$367.0 million, or 10.8 percent of sales, in the prior year period. Cash flow from operations in the fiscal 2011 fourth quarter included a discretionary contribution to the company's pension plan of \$200 million.

"I am very pleased that we were able to achieve record performance in fiscal year 2012, despite moderate growth in the global economy," said Chairman, CEO and President, Don Washkewicz. "Of particular note, we surpassed 15 percent annual total segment operating margin for the first time in our history, which is a target we set when we initiated the Win Strategy. This year's performance confirms Parker's operational transformation into a fundamentally stronger company and reflects the contribution of our global team.

"Our fourth quarter performance exceeded expectations largely on the strength of our business in North America, as International markets remain soft. Total sales this quarter were essentially unchanged compared with the prior year quarter as organic growth of 3 percent and acquisition growth of 1 percent were offset by negative foreign currency translation of 4 percent. We experienced strong growth in our Industrial North America and Aerospace segments, which was offset by a decline in the Industrial International segment. We were particularly pleased that we achieved total segment operating margin of 15.5 percent, a 70 basis point improvement over the prior year quarter, despite a moderate demand environment."

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## **Fourth Quarter Segment Results**

In the Industrial North America segment, fiscal 2012 fourth quarter sales increased 9.0 percent to \$1.34 billion, and operating income was \$249.1 million compared with \$207.3 million in the same period a year ago.

In the Industrial International segment, fourth quarter sales decreased 10.4 percent to \$1.24 billion, and operating income was \$163.9 million compared with \$202.8 million in the same period a year ago.

In the Aerospace segment, fourth quarter sales increased 8.5 percent to \$566.0 million, and operating income was \$85.3 million compared with \$70.7 million in the same period a year ago.

In the Climate and Industrial Controls segment, fourth quarter sales decreased 3.0 percent to \$268.5 million, and operating income was \$31.5 million compared with \$22.5 million in the same period a year ago.

## **Orders**

Parker reported a decrease of 1 percent in orders for the quarter ended June 30, 2012, compared with the same quarter a year ago. The company reported the following orders by operating segment:

- Orders increased 4 percent in the Industrial North America segment, compared with the same quarter a year ago.
- Orders decreased 9 percent in the Industrial International segment, compared with the same quarter a year ago.
- Orders increased 7 percent in the Aerospace segment on a rolling 12-month average basis.
- Orders increased 1 percent in the Climate and Industrial Controls segment, compared with the same quarter a year ago.

## **Fiscal 2013 Outlook**

For fiscal 2013, the company has issued guidance for earnings from continuing operations in the range of \$7.10 to \$7.90 per diluted share. Fiscal 2013 guidance includes an expected increase in domestic qualified pension expense of approximately \$0.35 per diluted share due to accounting regulations which require the use of a lower discount rate based on current market conditions.

Washkewicz added, "Our earnings guidance for fiscal 2013 anticipates another record year for Parker at the midpoint of our guidance range and continued stronger operational performance, despite an expected increase in pension expense. We will continue to stay the course with a strong focus on the fundamentals of the Win Strategy, which will allow us to deliver another strong year of performance as we continue to invest in profitable growth through new product and systems innovation, strategic acquisitions, and continued expansion of our distribution network."

**NOTICE OF CONFERENCE CALL:** Parker Hannifin's conference call and slide presentation to discuss its fiscal 2012 fourth quarter and full year results are available to all interested parties via live webcast today at 10:00 a.m. ET, on the company's investor information web site at [www.phstock.com](http://www.phstock.com). To access the call, click on the "Live Webcast" link. From this link, users also may complete a pre-call system test and register for e-mail notification of future events and information available from Parker. A replay of the conference call will also be available at [www.phstock.com](http://www.phstock.com) for one year after the call.

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).

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**Notes on Orders**

Orders provide near-term perspective on the company's outlook, particularly when viewed in the context of prior and future quarterly order rates. However, orders are not in themselves an indication of future performance. All comparisons are at constant currency exchange rates, with the prior year restated to the current-year rates. All exclude acquisitions until they can be reflected in both the numerator and denominator. Aerospace comparisons are rolling 12-month average computations. The total Parker orders number is derived from a weighted average of the year-over-year quarterly percent change in orders for the Industrial North America, Industrial International, and Climate and Industrial Controls segments, and the year-over-year 12-month rolling average of orders for the Aerospace segment.

**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 the 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; ability to identify acceptable strategic acquisition targets; uncertainties surrounding timing, successful completion or integration of acquisitions; ability to realize anticipated cost 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.

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**PARKER HANNIFIN CORPORATION - JUNE 30, 2012**

**CONSOLIDATED STATEMENT OF INCOME**

(Dollars in thousands except per share amounts)	Three Months Ended June 30,		Twelve Months Ended June 30,	
	2012	2011	2012	2011
<b>Net sales</b>	\$ 3,411,666	\$ 3,409,830	\$ 13,145,942	\$ 12,345,870
Cost of sales	2,572,258	2,590,772	9,958,337	9,387,457
Gross profit	839,408	819,058	3,187,605	2,958,413
Selling, general and administrative expenses	386,681	413,441	1,519,316	1,467,773
Interest expense	23,487	24,821	92,790	99,704
Other expense (income), net	3,901	(594)	(1,199)	(22,785)
Income before income taxes	425,339	381,390	1,576,698	1,413,721
Income taxes	123,037	86,736	421,206	356,571
Net income	302,302	294,654	1,155,492	1,057,150
Less: Noncontrolling interests	337	2,464	3,669	8,020
<b>Net income attributable to common shareholders</b>	\$ 301,965	\$ 292,190	\$ 1,151,823	\$ 1,049,130

**Earnings per share attributable to common shareholders:**

Basic earnings per share	\$ 2.01	\$ 1.83	\$ 7.62	\$ 6.51
Diluted earnings per share	\$ 1.96	\$ 1.79	\$ 7.45	\$ 6.37

Average shares outstanding during period - Basic	150,470,993	159,369,296	151,222,033	161,125,869
Average shares outstanding during period - Diluted	154,155,617	163,688,610	154,664,510	164,798,221

Cash dividends per common share	\$ 0.41	\$ 0.37	\$ 1.54	\$ 1.25
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**BUSINESS SEGMENT INFORMATION BY INDUSTRY**

(Dollars in thousands)	Three Months Ended June 30,		Twelve Months Ended June 30,	
	2012	2011	2012	2011
<b>Net sales</b>				
Industrial:				
North America	\$ 1,337,580	\$ 1,227,412	\$ 5,041,106	\$ 4,516,510
International	1,239,571	1,383,748	5,034,249	4,917,007
Aerospace	565,990	521,868	2,102,747	1,921,984
Climate & Industrial Controls	268,525	276,802	967,840	990,369
<b>Total</b>	\$ 3,411,666	\$ 3,409,830	\$ 13,145,942	\$ 12,345,870

**Segment operating income**

Industrial:				
North America	\$ 249,059	\$ 207,290	\$ 895,010	\$ 745,544
International	163,899	202,848	733,123	754,222
Aerospace	85,311	70,722	290,135	247,126
Climate & Industrial Controls	31,456	22,504	84,274	76,134
<b>Total segment operating income</b>	529,725	503,364	2,002,542	1,823,026
Corporate general and administrative expenses	50,838	51,187	193,367	163,868
<b>Income before interest and other</b>	478,887	452,177	1,809,175	1,659,158
Interest expense	23,487	24,821	92,790	99,704
Other expense	30,061	45,966	139,687	145,733
<b>Income before income taxes</b>	\$ 425,339	\$ 381,390	\$ 1,576,698	\$ 1,413,721

PARKER HANNIFIN CORPORATION - JUNE 30, 2012

CONSOLIDATED BALANCE SHEET

	June 30, 2012	June, 30 2011
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(Dollars in thousands)

**Assets**

**Current assets:**

Cash and cash equivalents	\$ 838,317	\$ 657,466
Accounts receivable, net	1,992,284	1,977,856
Inventories	1,400,732	1,412,153
Prepaid expenses	137,429	111,934
Deferred income taxes	129,352	145,847

<b>Total current assets</b>	<b>4,498,114</b>	<b>4,305,256</b>
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Plant and equipment, net	1,719,968	1,797,179
Goodwill	2,925,856	3,009,116
Intangible assets, net	1,095,218	1,177,722
Other assets	931,126	597,532

<b>Total assets</b>	<b>\$ 11,170,282</b>	<b>\$ 10,886,805</b>
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**Liabilities and equity**

**Current liabilities:**

Notes payable	\$ 225,589	\$ 75,271
Accounts payable	1,194,684	1,173,851
Accrued liabilities	911,931	909,147
Accrued domestic and foreign taxes	153,809	232,774

<b>Total current liabilities</b>	<b>2,486,013</b>	<b>2,391,043</b>
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Long-term debt	1,503,946	1,691,086
Pensions and other postretirement benefits	1,909,755	862,938
Deferred income taxes	88,091	160,035
Other liabilities	276,747	293,367
Shareholders' equity	4,896,515	5,383,854
Noncontrolling interests	9,215	104,482

<b>Total liabilities and equity</b>	<b>\$ 11,170,282</b>	<b>\$ 10,886,805</b>
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**PARKER HANNIFIN CORPORATION - JUNE 30, 2012**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

Twelve Months Ended June 30,

(Dollars in thousands)	2012		2011	
<b>Cash flows from operating activities:</b>				
Net income	\$	1,155,492	\$	1,057,150
Depreciation and amortization		321,929		339,800
Stock incentive plan compensation		80,935		73,238
Net change in receivables, inventories, and trade payables		(59,732)		(170,650)
Net change in other assets and liabilities		86,407		(156,080)
Other, net		(54,646)		23,475
<b>Net cash provided by operating activities</b>		<b>1,530,385</b>		<b>1,166,933</b>
<b>Cash flows from investing activities:</b>				
Acquisitions (net of cash of \$19,161 in 2012 and \$385 in 2011)		(156,256)		(60,227)
Capital expenditures		(218,817)		(207,294)
Proceeds from sale of plant and equipment		20,404		32,289
Other, net		(21,099)		(9,706)
<b>Net cash (used in) investing activities</b>		<b>(375,768)</b>		<b>(244,938)</b>
<b>Cash flows from financing activities:</b>				
Net (payments for) common stock activity		(430,263)		(624,411)
Acquisition of noncontrolling interests		(147,441)		—
Net (payments for) debt		(5,162)		(85,283)
Dividends		(240,654)		(206,084)
<b>Net cash (used in) financing activities</b>		<b>(823,520)</b>		<b>(915,778)</b>
Effect of exchange rate changes on cash		(150,246)		75,723
Net increase in cash and cash equivalents		180,851		81,940
Cash and cash equivalents at beginning of period		657,466		575,526
<b>Cash and cash equivalents at end of period</b>	<b>\$</b>	<b>838,317</b>	<b>\$</b>	<b>657,466</b>

Exhibit 99.2

**PH**  
**LISTED**  
**NYSE**

## ***Parker Hannifin Corporation***

Quarterly Earnings Release  
4<sup>th</sup> Quarter and Total Year FY2012

August 2, 2012

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# ***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 the 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; ability to identify acceptable strategic acquisition targets; uncertainties surrounding timing, successful completion or integration of acquisitions; ability to realize anticipated cost 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.

# ***Non-GAAP Financial Measures***

This presentation reconciles sales amounts reported in accordance with U.S. GAAP to sales amounts adjusted to remove the effects of acquisitions made within the prior four quarters and the effects of currency exchange rates. This presentation also reconciles cash flow from operating activities as a percent of sales in accordance with U.S. GAAP to cash flow from operating activities as a percent of sales without the effect of a discretionary pension plan contribution. The effects of acquisitions, currency exchange rates and the discretionary pension plan contribution are removed to allow investors and the company to meaningfully evaluate changes in sales and cash flow from operating activities as a percent of sales on a comparable basis from period to period.

## ***Discussion Agenda***

- CEO 4<sup>th</sup> Quarter and Total Year Highlights
- Key Performance Measures & Outlook
- Questions & Answers
- CEO Closing Comments

# ***4<sup>th</sup> Quarter & Total Year FY12 Highlights***

## **4<sup>th</sup> Quarter FY12:**

- **Sales Growth:** Record Sales of \$3.4B, including a negative 4% from Foreign Currency Translation
- **Net Income:** Achieved Record Net Income, EPS and Net Income/Sales
- **Operating Margins:** Record Total Segment Operating Margin of 15.5%
- **Strong Cash Flow:** Generated Operating Cash Flow of \$524M or 15.4% of sales

## **Total Year FY12:**

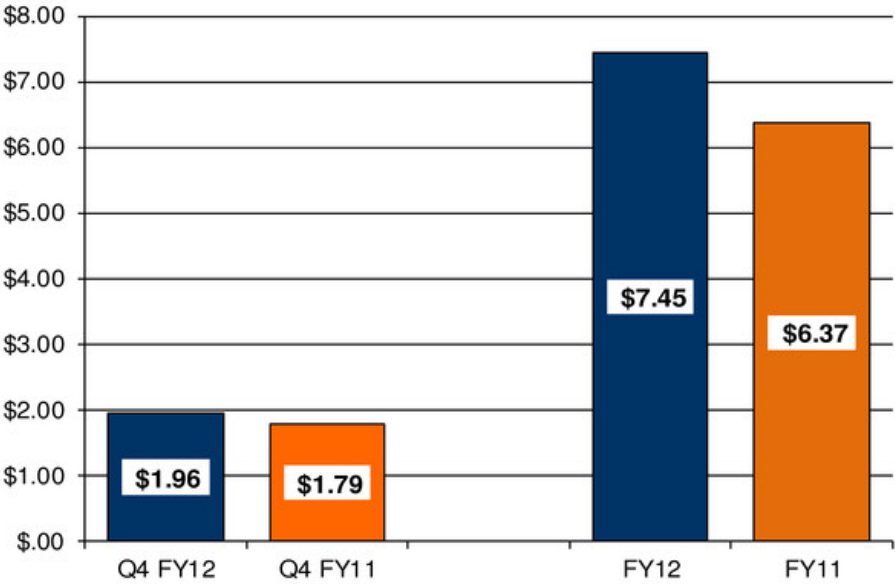
- **Sales Growth:** All-time Record Sales of \$13.1B, increasing 6.5% Year-over-Year
- **Operating Margins:** All-time Record Total Segment Operating Margin of 15.2%
- **Net Income & EPS:** All-time Record Net Income, EPS and Net Income/Sales
- **Continued Strong Cash Flow:** Operating Cash Flow/Sales of 11.6%
  - Repurchased Shares in the amount of \$455M
  - Increased Dividend Per Share: \$1.54 from \$1.25, a 23% increase



# ***Financial Highlights***

## ***Diluted Earnings per Share***

### ***4<sup>th</sup> Quarter and Total Year***



# ***Influences on 4<sup>th</sup> Quarter Earnings***

## **Diluted Earnings Per Share Increased Year-over-Year by \$.17 or 9.5%**

### **Driven By:**

- Improved Segment Operating Margins to 15.5% from 14.8% (\$.12 EPS Impact) driven by Industrial North America, Aerospace and Climate & Industrial Controls
- Lower Expense Below Segment Operating Income mainly due to Favorable Currency (\$.08 EPS Impact)
- Lower Noncontrolling Interest (\$.01) and less Shares Outstanding due to Share Repurchase (\$.12 EPS Impact)

### **Offset by:**

- Higher Tax Rate due to NA / International earnings mix and favorable resolution of prior year tax filings in FY11 (\$.16 EPS Impact)

# Financial Highlights

## Sales – 4<sup>th</sup> Quarter and Total Year

### Total Parker

Dollars in millions

	4th Quarter			Total Year		
	FY2012	% Change	FY2011	FY2012	% Change	FY2011
<u>Sales</u>						
As reported	\$ 3,412	0.1 %	\$ 3,410	\$ 13,146	6.5 %	\$ 12,346
Acquisitions	33	1.0 %		72	0.6 %	
Currency	(146)	(4.3)%		(102)	(0.8)%	
Adjusted Sales	\$ 3,525	3.4 %		\$ 13,176	6.7 %	

### Operating Margin

As reported	\$ 530		\$ 503	\$ 2,003		\$ 1,823
% of Sales	15.5 %		14.8 %	15.2 %		14.8 %

# Segment Reporting

## Industrial North America

### North America

Dollars in millions

	4th Quarter			Total Year		
	FY2012	% Change	FY2011	FY2012	% Change	FY2011
<u>Sales</u>						
As reported	\$ 1,338	9.0 %	\$ 1,227	\$ 5,041	11.6 %	\$ 4,517
Acquisitions	27	2.2 %		45	1.0 %	
Currency	(11)	(0.9)%		(14)	(0.3)%	
Adjusted Sales	\$ 1,322	7.7 %		\$ 5,010	10.9 %	
<u>Operating Margin</u>						
As reported	\$ 249		\$ 207	\$ 895		\$ 746
% of Sales	18.6 %		16.9 %	17.8 %		16.5 %

# Segment Reporting

## Industrial International

### International

Dollars in millions

	4th Quarter			Total Year		
	FY2012	% Change	FY2011	FY2012	% Change	FY2011
<u>Sales</u>						
As reported	\$ 1,239	(10.4)%	\$ 1,384	\$ 5,034	2.4 %	\$ 4,917
Acquisitions	6	0.5 %		26	0.5 %	
Currency	(125)	(9.0)%		(79)	(1.6)%	
Adjusted Sales	\$ 1,358	(1.9)%		\$ 5,087	3.5 %	
<u>Operating Margin</u>						
As reported	\$ 164		\$ 203	\$ 733		\$ 754
% of Sales	13.2 %		14.7 %	14.6 %		15.3 %

# Segment Reporting

## Aerospace

### Aerospace

Dollars in millions

	4th Quarter			Total Year		
	FY2012	% Change	FY2011	FY2012	% Change	FY2011
<u>Sales</u>						
As reported	\$ 566	8.5 %	\$ 522	\$ 2,103	9.4 %	\$ 1,923
Acquisitions	-	-- %		-	-- %	
Currency	(2)	(0.4)%		(2)	(0.1)%	
Adjusted Sales	\$ 568	8.9 %		\$ 2,105	9.5 %	

### Operating Margin

As reported	\$ 85		\$ 71	\$ 290		\$ 247
% of Sales	15.1 %		13.6 %	13.8 %		12.9 %

# Segment Reporting

## Climate & Industrial Controls

### CIC

Dollars in millions	4th Quarter			Total Year		
	FY2012	% Change	FY2011	FY2012	% Change	FY2011
<u>Sales</u>						
As reported	\$ 269	(3.0)%	\$ 277	\$ 968	(2.3)%	\$ 990
Acquisitions	-	-- %		1	0.1 %	
Currency	(8)	(2.9)%		(7)	(0.7)%	
Adjusted Sales	\$ 277	(0.1)%		\$ 974	(1.7)%	
<u>Operating Margin</u>						
As reported	\$ 31		\$ 23	\$ 84		\$ 76
% of Sales	11.7 %		8.1 %	8.7 %		7.7 %

# ***Parker Order Rates***

## **Three Month Rolling at Period End**

	<b>JUN '12</b>	<b>MAR '12</b>	<b>JUN '11</b>	<b>MAR '11</b>
<b>Total Parker</b>	<b>- 1 %</b>	<b>+ 2 %</b>	<b>+ 15 %</b>	<b>+ 24 %</b>
Industrial North America	+ 4 %	+ 7 %	+ 11 %	+ 20 %
Industrial International	- 9 %	- 1 %	+ 18 %	+ 22 %
Aerospace	+ 7 %	+ 4 %	+ 27 %	+ 44 %
Climate & Industrial Controls	+ 1 %	- 6 %	+ 1 %	+ 14 %

**Excludes Acquisitions & Currency**  
**3-month year-over-year comparisons of total dollars, except Aerospace**  
**Aerospace is calculated using a 12-month rolling average**



# ***Balance Sheet Summary***

- Cash
- Working capital
  - Accounts receivable
  - Inventory
  - Accounts payable

# ***Strong Cash Flow***

## ***4<sup>th</sup> Quarter and Total Year***

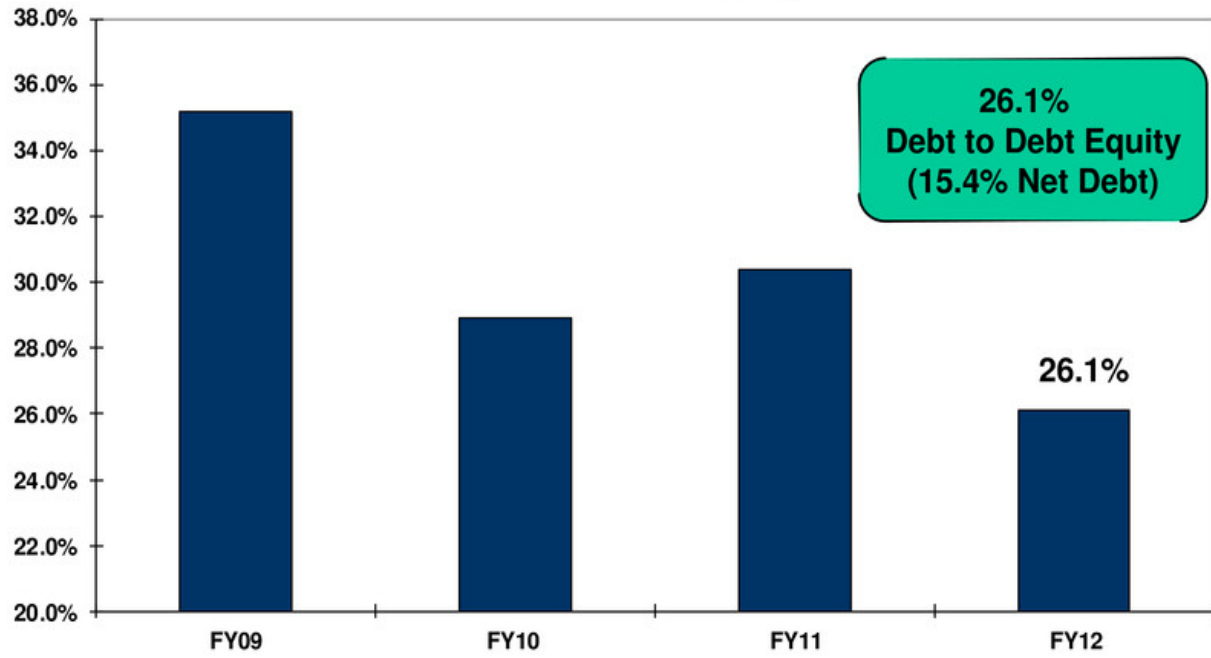
<b>Cash Flow From Operating Activities</b>		
	<b><u>Q4 '12</u></b>	<b><u>Q4 '11</u></b>
As Reported	\$524M	\$367M
As Reported % Sales	15.4%	10.8%
Pension Plan Contribution	\$0M	\$200M
<b>Adjusted Cash From Operating Activities</b>	<b>\$524M</b>	<b>\$567M</b>
<b>Adjusted % Sales</b>	<b>15.4%</b>	<b>16.6%</b>

	<b><u>FY '12</u></b>	<b><u>FY '11</u></b>
As Reported	\$1,530M	\$1,167M
As Reported % Sales	11.6%	9.5%
Pension Plan Contribution	\$0M	\$400M
<b>Adjusted Cash From Operating Activities</b>	<b>\$1,530M</b>	<b>\$1,567M</b>
<b>Adjusted % Sales</b>	<b>11.6%</b>	<b>12.7%</b>

# Financial Leverage

## Debt to Debt Equity



## ***FY 2013 Earnings Outlook Assumptions Segment Sales & Operating Margins***

<b>FY 2013 Sales Change versus FY 2012</b>	
Industrial North America	<b>5.1 % -- 9.1 %</b>
Industrial International	<b>(2.0)% -- 2.0 %</b>
Aerospace	<b>4.4 % -- 7.4 %</b>
Climate & Industrial Controls	<b>2.1 % -- 6.2 %</b>

<b>FY 2013 Operating Margin Percentages</b>	
Industrial North America	<b>17.5 % -- 18.1 %</b>
Industrial International	<b>14.1 % -- 14.7 %</b>
Aerospace	<b>13.8 % -- 14.1 %</b>
Climate & Industrial Controls	<b>10.0 % -- 10.6 %</b>

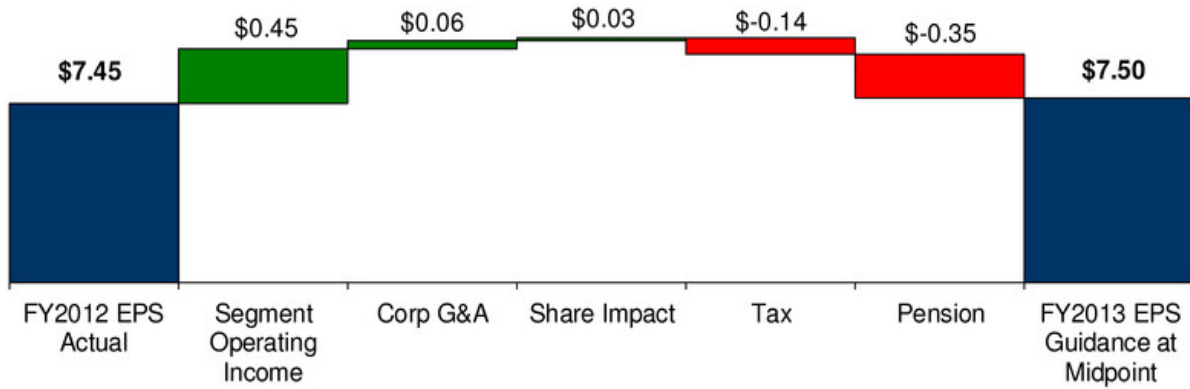
## ***FY 2013 Earnings Outlook Assumptions below Operating Income (+/-2.7%)***

- Expenses Below Segment Operating Income\*
  - \$489M at Midpoint
  
- Tax Rate = 28.0%

*\* Corporate Admin, Interest and Other Expense (Income)*

# ***FY 2013 EPS Guidance at Midpoint***

**FY12 Actual EPS vs FY13 EPS Guidance**



	<u>Low</u>	<u>Midpoint</u>	<u>High</u>
<b>Diluted Earnings Per Share</b>	\$ 7.10	\$ 7.50	\$ 7.90

# ***Questions & Answers...***

## ***Appendix***

- Income Statement
    - 4<sup>th</sup> Quarter FY2012
    - Total Year FY2012
-



# ***Income Statement – 4<sup>th</sup> Quarter***

Quarter	FY 2012		FY 2011	
Dollars in millions	% of Sales		% of Sales	
<b>Net Sales</b>	\$ 3,411.7	100.0 %	\$ 3,409.8	100.0 %
Cost of sales	2,572.3	75.4 %	2,590.8	76.0 %
Gross profit	839.4	24.6 %	819.0	24.0 %
S, G & A	386.7	11.3 %	413.4	12.1 %
Interest expense	23.5	.7 %	24.8	.7 %
Other expense (income), net	3.9	.1 %	(.6)	(.0)%
Income before taxes	425.3	12.5 %	381.4	11.2 %
Income taxes	123.0	3.6 %	86.7	2.5 %
<b>Net income</b>	\$ 302.3	8.9 %	\$ 294.7	8.7 %
Less: Noncontrolling interests	.3	.0 %	2.5	.1 %
<b>Net income attributable to common shareholders</b>	\$ 302.0	8.9 %	\$ 292.2	8.6 %

## ***Income Statement – Total Year***

Total Year Dollars in millions	FY 2012		FY 2011	
		% of Sales		% of Sales
<b>Net Sales</b>	\$ 13,145.9	100.0 %	\$ 12,345.9	100.0 %
Cost of sales	9,958.3	75.8 %	9,387.5	76.0 %
Gross profit	3,187.6	24.2 %	2,958.4	24.0 %
S, G & A	1,519.3	11.5 %	1,467.8	11.9 %
Interest expense	92.8	.7 %	99.7	.8 %
Other expense (income), net	(1.2)	(.0)%	(22.8)	(.2)%
Income before taxes	1,576.7	12.0 %	1,413.7	11.5 %
Income taxes	421.2	3.2 %	356.6	2.9 %
<b>Net income</b>	\$ 1,155.5	8.8 %	\$ 1,057.1	8.6 %
Less: Noncontrolling interests	3.7	.0 %	8.0	.1 %
<b>Net income attributable to common shareholders</b>	\$ 1,151.8	8.8 %	\$ 1,049.1	8.5 %

