

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): April 29, 2014

**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**

On April 29, 2014, Parker-Hannifin Corporation issued a press release and presented a Webcast announcing results of operations for the quarter ended March 31, 2014. A copy of the press release is furnished as Exhibit 99.1 to this report. A copy of the Webcast presentation is furnished 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 April 29, 2014.

99.2 Webcast presentation by Parker-Hannifin Corporation, dated April 29, 2014.

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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 &

Administration and Chief Financial Officer

Date: April 29, 2014



Exhibit 99.1

**For Release: Immediately**

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**Stock symbol:** PH - NYSE

## **Parker Reports Fiscal 2014 Third Quarter Sales, Net Income and Earnings per Share**

- *Strong operational quarter, restructuring proceeding ahead of plan*
- *Higher than anticipated restructuring expenses of \$0.28 per diluted share in the quarter*
- *Earnings per diluted share were \$1.60, or \$1.88 excluding restructuring expenses*
- *Positive order growth continues with 7 percent increase*
- *Company increases full year adjusted earnings guidance midpoint to \$6.50 per diluted share*

**CLEVELAND, April 29, 2014** -- Parker Hannifin Corporation (NYSE: PH), the global leader in motion and control technologies, today reported results for the fiscal 2014 third quarter ended March 31, 2014. Fiscal 2014 third quarter sales increased 2 percent to \$3.36 billion compared with \$3.31 billion in the same quarter a year ago. Adjusting for a previously announced joint venture, fiscal 2014 third quarter sales increased 3 percent. Fiscal 2014 third quarter net income was \$242.5 million, or \$1.60 earnings per diluted share and when adjusted for restructuring expenses, was \$285.0 million, or \$1.88 earnings per diluted share. Net income in the prior year quarter was \$256.6 million or \$1.68 earnings per diluted share. A reconciliation of as reported to adjusted sales, net income and earnings per diluted share is included with the financial tables accompanying this news release.

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Cash flow from operations for the first nine months of fiscal 2014 was \$817.5 million or 8.4 percent of sales compared with \$718.8 million or 7.5 percent of sales in the prior year period. Excluding a discretionary contribution to the company's pension plan of \$75 million and the impact of restructuring initiatives of \$15 million in fiscal 2014, cash flow from operations was 9.4 percent of sales.

"We are pleased to have delivered strong operating margins in the third quarter, particularly in our Diversified Industrial International businesses," said Chairman, CEO and President, Don Washkewicz. "Our previously announced restructuring initiatives are proceeding ahead of plan, with \$86 million in pretax expenses incurred fiscal year-to-date. In addition, the improved order growth trend is an encouraging sign for the remainder of this fiscal year."

### **Segment Results**

*Diversified Industrial Segment:* North American third quarter sales increased 1.9 percent to \$1.46 billion, and operating income was \$243.0 million compared with \$224.5 million in the same period a year ago. International third quarter sales increased 4.4 percent to \$1.36 billion, and operating income was \$126.9 million compared with \$158.2 million in the same period a year ago. International operating income in the third quarter adjusted for the impact of restructuring expenses was \$186.4 million.

*Aerospace Systems Segment:* Compared to the same period a year ago, third quarter sales decreased 5.6 percent to \$545.7 million, but increased 2 percent adjusting for the impact of the previously announced joint venture between Parker Aerospace and GE Aviation. Operating income was \$64.0 million compared with \$80.1 million in the same period a year ago, largely reflecting an unfavorable product mix.

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## **Orders**

Parker reported an increase of 7 percent in orders for the quarter ending March 31, 2014, compared with the same quarter a year ago.

The company reported the following orders by business:

- Orders increased 6 percent in the Diversified Industrial North America businesses;
- Orders increased 5 percent in the Diversified Industrial International businesses; and
- Orders increased 16 percent in the Aerospace Systems segment on a rolling 12-month average basis.

## **Outlook**

For the fiscal year ending June 30, 2014, the company has increased guidance for adjusted earnings per diluted share to the range of \$6.40 to \$6.60, or \$6.50 at the midpoint. Fiscal 2014 adjusted earnings guidance includes increased restructuring expenses which are anticipated to be approximately \$0.55 per diluted share, but does not include the gain associated with the previously announced joint venture and asset write downs recorded in the quarter ended December 31, 2013. Restructuring expenses were \$0.28 per diluted share in the third quarter of fiscal 2014 and \$0.40 per diluted share fiscal year-to-date.

Washkewicz added, "We have increased the midpoint of our guidance for fiscal year 2014 to reflect the impact of improved operating margins and positive order trends. Considering the progress we have made, we expect to close the year strong and be well positioned going into fiscal year 2015."

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**NOTICE OF CONFERENCE CALL:** Parker Hannifin's conference call and slide presentation to discuss its fiscal 2014 third quarter results are available to all interested parties via live webcast today at 11:00 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 of \$13 billion in fiscal year 2013, 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 58,000 people in 49 countries around the world. Parker has increased its annual dividends paid to shareholders for 58 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 website at [www.parker.com](http://www.parker.com), or its investor information website at [www.phstock.com](http://www.phstock.com).

**Note 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 Diversified Industrial North America and Diversified Industrial International, and the year-over-year 12-month rolling average of orders for the Aerospace Systems segment.

**Note on Non-GAAP Numbers**

This press release contains references to (a) sales growth excluding the effects of the joint venture, (b) operating income, net income and earnings per diluted share without the effect of restructuring expenses, (c) forecasted earnings per diluted share without the effect of a gain associated with a joint venture and asset write downs, and (d) cash flow excluding discretionary contributions to the company's pension plan and the impact of restructuring. The effects of a joint venture, asset write downs, restructuring expenses and pension plan contributions are removed to allow investors and the company to meaningfully evaluate changes in sales, operating income, net income, earnings per diluted share, and cash flow on a comparable basis from period to period.

**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.

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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 and similar transactions; the ability to successfully divest businesses planned for divestiture and realize the anticipated benefits of such divestitures; the determination to undertake business realignment activities and the expected costs thereof and, if undertaken, the ability to complete such activities and realize the anticipated cost savings from such activities; the ability to realize anticipated benefits of the consolidation of the Climate and Industrial Controls Group; 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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## CONSOLIDATED STATEMENT OF INCOME

(Unaudited) (Dollars in thousands except per share amounts)	Three Months Ended March 31,		Nine Months Ended March 31,	
	2014	2013	2014	2013
<b>Net sales</b>	\$ 3,358,406	\$ 3,307,041	\$ 9,690,556	\$ 9,587,471
Cost of sales	2,605,893	2,569,189	7,502,273	7,468,608
Gross profit	752,513	737,852	2,188,283	2,118,863
Selling, general and administrative expenses	407,241	379,690	1,212,807	1,141,912
Goodwill and intangible asset impairment	—	—	188,870	—
Interest expense	20,594	23,050	62,403	70,775
Other (income), net	(4,812)	(3,439)	(424,693)	(31,062)
Income before income taxes	329,490	338,551	1,148,896	937,238
Income taxes	86,972	81,959	408,654	259,584
Net income	242,518	256,592	740,242	677,654
Less: Noncontrolling interests	112	32	232	391
<b>Net income attributable to common shareholders</b>	\$ 242,406	\$ 256,560	\$ 740,010	\$ 677,263

## Earnings per share attributable to common shareholders:

Basic earnings per share	\$ 1.63	\$ 1.72	\$ 4.96	\$ 4.54
Diluted earnings per share	\$ 1.60	\$ 1.68	\$ 4.88	\$ 4.46
Average shares outstanding during period - Basic	149,039,529	149,287,628	149,143,478	149,191,583
Average shares outstanding during period - Diluted	151,739,617	152,360,612	151,562,276	151,853,522
Cash dividends per common share	\$ 0.48	\$ 0.43	\$ 1.38	\$ 1.25

## RECONCILIATION OF NET INCOME AND EARNINGS PER DILUTED SHARE TO ADJUSTED NET INCOME AND EARNINGS PER DILUTED SHARE

<b>Net income</b>	\$ 242,518	\$ 256,592	\$ 740,242	\$ 677,654
Adjustments:				
Restructuring charges	42,516	1,205	60,830	5,791
<b>Adjusted net income</b>	\$ 285,034	\$ 257,797	\$ 801,072	\$ 683,445
<b>Earnings per diluted share</b>	\$ 1.60	\$ 1.68	\$ 4.88	\$ 4.46
Adjustments:				
Restructuring charges	0.28	0.01	0.40	0.04
<b>Adjusted earnings per diluted share</b>	\$ 1.88	\$ 1.69	\$ 5.28	\$ 4.50

## BUSINESS SEGMENT INFORMATION BY INDUSTRY

(Unaudited)	Three Months Ended March 31,		Nine Months Ended March 31,	
(Dollars in thousands)	2014	2013	2014	2013
<b>Net sales</b>				
Diversified Industrial:				
North America	\$ 1,455,212	\$ 1,428,430	\$ 4,168,489	\$ 4,171,089
International	1,357,513	1,300,585	3,905,159	3,768,617
Aerospace Systems	545,681	578,026	1,616,908	1,647,765
<b>Total</b>	<b>\$ 3,358,406</b>	<b>\$ 3,307,041</b>	<b>\$ 9,690,556</b>	<b>\$ 9,587,471</b>
<b>Segment operating income</b>				
Diversified Industrial:				
North America	\$ 242,998	\$ 224,487	\$ 677,824	\$ 658,993
International	126,933	158,194	434,541	439,839
Aerospace Systems	63,974	80,080	166,306	194,150
<b>Total segment operating income</b>	<b>433,905</b>	<b>462,761</b>	<b>1,278,671</b>	<b>1,292,982</b>
Corporate general and administrative expenses	38,377	41,410	132,406	126,578
<b>Income before interest expense and other expense</b>	<b>395,528</b>	<b>421,351</b>	<b>1,146,265</b>	<b>1,166,404</b>
Interest expense	20,594	23,050	62,403	70,775
Other expense (income)	45,444	59,750	(65,034)	158,391
<b>Income before income taxes</b>	<b>\$ 329,490</b>	<b>\$ 338,551</b>	<b>\$ 1,148,896</b>	<b>\$ 937,238</b>

## RECONCILIATION OF NET SALES TO ADJUSTED NET SALES

	Three Months Ended March 31,		%
	2014	2013	Change
<b>Total net sales</b>	<b>\$ 3,358,406</b>	<b>\$ 3,307,041</b>	<b>1.6 %</b>
Adjustments:			
Sales related to GE joint venture	—	43,731	
<b>Adjusted total net sales</b>	<b>\$ 3,358,406</b>	<b>\$ 3,263,310</b>	<b>2.9 %</b>
Aerospace Systems net sales			
	\$ 545,681	\$ 578,026	(5.6)%
Adjustments:			
Sales related to GE joint venture	—	43,731	
<b>Adjusted Aerospace Systems net sales</b>	<b>\$ 545,681</b>	<b>\$ 534,295</b>	<b>2.1 %</b>

## PARKER HANNIFIN CORPORATION - MARCH 31, 2014

## CONSOLIDATED BALANCE SHEET

(Unaudited)	March 31,	June 30,	March 31,
(Dollars in thousands)	2014	2013	2013
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 2,095,989	\$ 1,781,412	\$ 1,677,319
Accounts receivable, net	2,098,063	2,062,745	2,017,126
Inventories	1,448,989	1,377,405	1,473,072
Prepaid expenses	183,119	182,669	136,268
Deferred income taxes	122,840	126,955	134,724
<b>Total current assets</b>	<b>5,949,000</b>	<b>5,531,186</b>	<b>5,438,509</b>
Plant and equipment, net	1,827,980	1,808,240	1,829,715
Goodwill	3,164,175	3,223,515	3,229,827
Intangible assets, net	1,210,967	1,290,499	1,313,990
Other assets	950,236	687,458	859,731
<b>Total assets</b>	<b>\$ 13,102,358</b>	<b>\$ 12,540,898</b>	<b>\$ 12,671,772</b>
<b>Liabilities and equity</b>			
<b>Current liabilities:</b>			
Notes payable	\$ 1,078,846	\$ 1,333,826	\$ 1,527,696
Accounts payable	1,200,466	1,156,002	1,162,125
Accrued liabilities	933,077	894,296	838,376
Accrued domestic and foreign taxes	154,792	136,079	120,352
<b>Total current liabilities</b>	<b>3,367,181</b>	<b>3,520,203</b>	<b>3,648,549</b>
Long-term debt	1,508,611	1,495,960	1,496,026
Pensions and other postretirement benefits	1,306,667	1,372,437	1,693,048
Deferred income taxes	111,508	102,920	127,159
Other liabilities	354,158	307,897	294,582
Shareholders' equity	6,450,996	5,738,426	5,409,058
Noncontrolling interests	3,237	3,055	3,350
<b>Total liabilities and equity</b>	<b>\$ 13,102,358</b>	<b>\$ 12,540,898</b>	<b>\$ 12,671,772</b>

## PARKER HANNIFIN CORPORATION - MARCH 31, 2014

## CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited)	Nine Months Ended March 31,	
(Dollars in thousands)	2014	2013
<b>Cash flows from operating activities:</b>		
Net income	\$ 740,242	\$ 677,654
Depreciation and amortization	253,150	250,574
Stock incentive plan compensation	84,647	65,516
Goodwill and intangible asset impairment	188,870	—
Gain on sale of deconsolidation of subsidiary	(412,612)	—
Gain on sale of businesses	—	(13,313)
Net change in receivables, inventories, and trade payables	(52,953)	(13,743)
Net change in other assets and liabilities	9,263	(258,332)
Other, net	6,864	10,443
<b>Net cash provided by operating activities</b>	<b>817,471</b>	<b>718,799</b>
<b>Cash flows from investing activities:</b>		
Acquisitions (net of cash of \$33,932 in 2013)	(14,272)	(620,647)
Capital expenditures	(167,371)	(214,061)
Proceeds from sale of plant and equipment	10,785	24,321
Proceeds from sale of businesses	—	72,190
Proceeds from deconsolidation of subsidiary	202,498	—
Other, net	(3,382)	(9,375)
<b>Net cash provided by (used in) investing activities</b>	<b>28,258</b>	<b>(747,572)</b>
<b>Cash flows from financing activities:</b>		
Net payments for common stock activity	(120,890)	(125,325)
Acquisition of noncontrolling interests	—	(1,072)
Net (payments for) proceeds from debt	(255,319)	1,186,679
Dividends	(206,516)	(187,705)
<b>Net cash (used in) provided by financing activities</b>	<b>(582,725)</b>	<b>872,577</b>
Effect of exchange rate changes on cash	51,573	(4,802)
Net increase in cash and cash equivalents	314,577	839,002
Cash and cash equivalents at beginning of period	1,781,412	838,317
<b>Cash and cash equivalents at end of period</b>	<b>\$ 2,095,989</b>	<b>\$ 1,677,319</b>

**PARKER HANNIFIN CORPORATION****RECONCILIATION OF FORECASTED EARNINGS PER DILUTED SHARE TO ADJUSTED FORECASTED EARNINGS PER DILUTED SHARE**

(Unaudited)

(Amounts in dollars)

	<b>Fiscal Year 2014</b>
<b>Forecasted earnings per diluted share</b>	<b>\$6.82 to \$7.02</b>
Adjustments:	
Asset writedowns	<b>\$1.26</b>
Gain related to joint venture agreement	<b>\$(1.68)</b>
<b>Adjusted forecasted earnings per diluted share</b>	<b>\$6.40 to \$6.60</b>

# Parker Hannifin Corporation

Exhibit 99.2

## 3<sup>rd</sup> Quarter Fiscal Year 2014 Earnings Release



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

ENGINEERING YOUR SUCCESS.

April 29, 2014

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# Forward-Looking Statements and Non-GAAP Financial Measures

Safe Harbor 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 and similar transactions; ability to successfully divest businesses planned for divestiture and realize the anticipated benefits of such divestitures; the determination to undertake business realignment activities and the expected costs thereof and, if undertaken, the ability to complete such activities and realize the anticipated cost savings from such activities; the ability to realize anticipated benefits of the consolidation of the Climate and Industrial Controls Group; 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.

This presentation reconciles (a) sales amounts reported in accordance with U.S. GAAP to sales amounts adjusted to remove the effects of acquisitions & deconsolidation of subsidiaries (Joint Venture with JV Aviation) made within the prior four quarters and the effects of currency exchange rates, (b) cash flow from operating activities and cash flow from operating activities as a percent of sales in accordance with U.S. GAAP to cash flow and cash flow from operating activities as a percent of sales without the effect of a discretionary pension plan contribution, (c) operating margins reported in accordance with U.S. GAAP to operating margins without the effect of restructuring expenses and, (d) earnings per diluted share reported in accordance with U.S. GAAP to earnings per diluted share without the effect of restructuring expenses, impact of the Joint Venture with GE Aviation and asset write downs. The effects of acquisitions, divestitures, currency exchange rates, the discretionary pension plan contributions, restructuring expenses, impact of the Joint Venture with GE Aviation, and impact of the asset write downs 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, operating margins, net income and earnings per diluted share on a comparable basis from period to period.

# Agenda

- **CEO 3<sup>rd</sup> Quarter Highlights**

- **Key Performance Measures & Outlook**

- **Questions and Answers**

- **CEO Closing Comments**



# Highlights

## 3<sup>rd</sup> Quarter FY2014

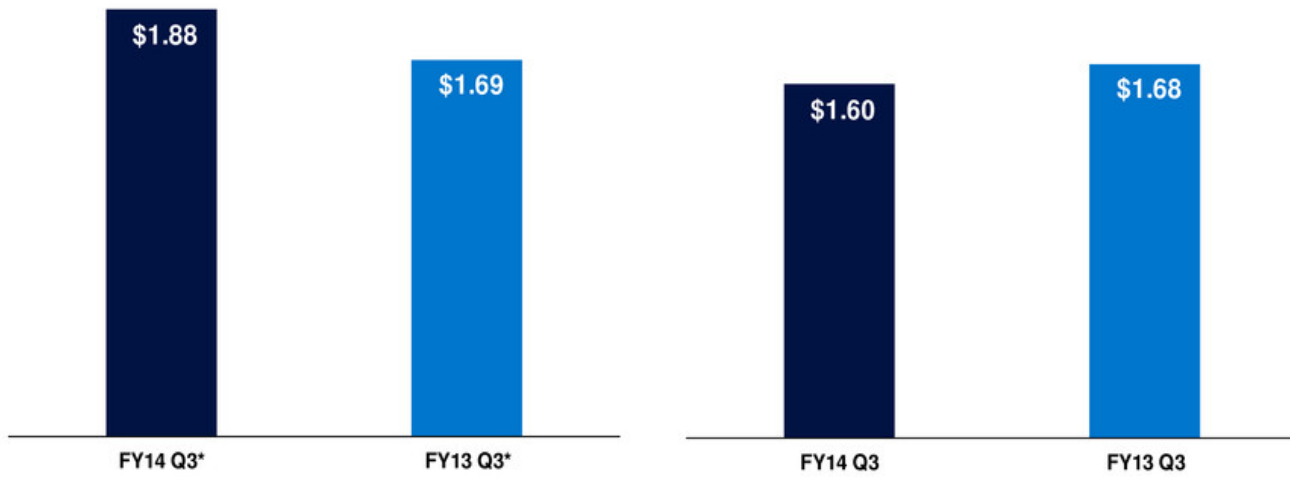
- **Strong Operational Quarter**
- **Adjusted Organic Sales Growth of 3.4%**
- **Positive Order Trends continue**
- **Restructuring Initiatives Progressing**
  - 15% by 2015 on track, well positioned for FY15
- **Increasing EPS Midpoint Guidance by \$0.10 to \$6.50**

# Diluted Earnings Per Share

## 3<sup>rd</sup> Quarter FY2014

Adjusted EPS\*

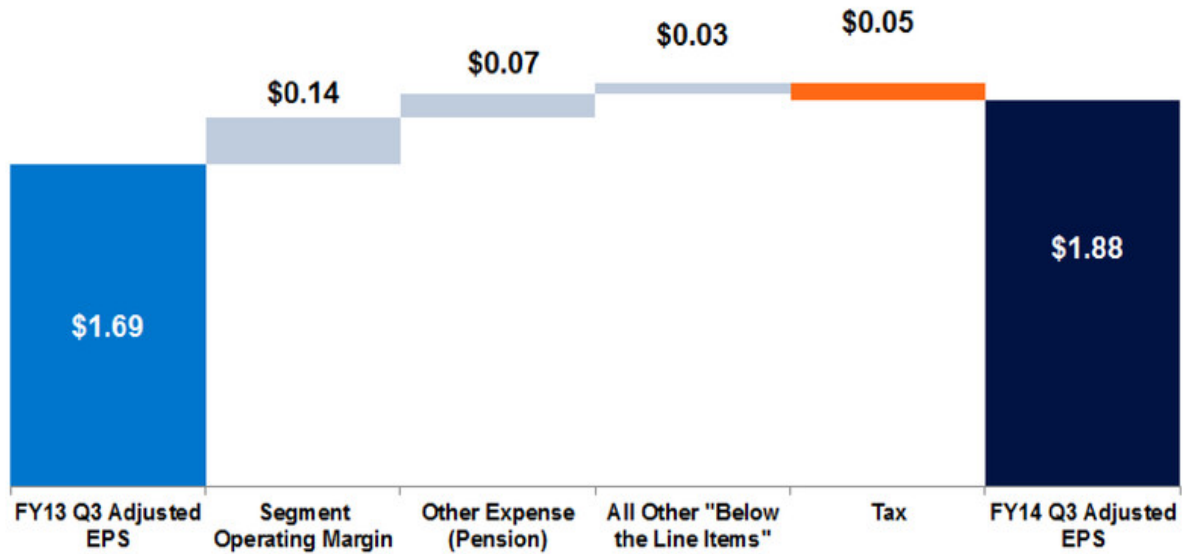
As Reported EPS



\*Adjusted for restructuring activities

# Influences on Adjusted Earnings Per Share

## 3<sup>rd</sup> Quarter FY2014 vs. 3<sup>rd</sup> Quarter FY2013



# Sales & Operating Margin

## 3<sup>rd</sup> Quarter FY2014 - Total Parker

\$ in millions

3rd Quarter

	As Reported			Adjusted for Joint Venture		
	FY2014	% Change	FY2013	FY2014	% Change	FY2013
<u>Sales</u>						
As reported	\$ 3,358	1.6 %	\$ 3,307	\$ 3,358	2.9 %	\$ 3,263
Acquisitions	2	0.1 %		2	0.1 %	
Currency	(18)	(0.5)%		(18)	(0.6)%	
Organic Sales	\$ 3,374	2.0 %		\$ 3,374	3.4 %	

	FY2014	% of Sales	FY2013	% of Sales
<u>Operating Margin</u>				
As reported	\$ 434	12.9 %	\$ 463	14.0 %
Restructuring	60		2	
Adjusted Margin	\$ 494	14.7 %	\$ 465	14.1 %

# Sales & Operating Margin

## 3<sup>rd</sup> Quarter FY2014 – Diversified Industrial North America

\$ in millions	3rd Quarter			
	FY2014	% Change	FY2013	
<b>Sales</b>				
As reported	\$ 1,455	1.9 %	\$ 1,428	
Acquisitions	2	0.2 %		
Currency	(11)	(0.7)%		
Organic Sales	\$ 1,464	2.4 %		
<b>Operating Margin</b>				
As reported	\$ 243	16.7 %	\$ 224	15.7 %
Restructuring	0		1	
Adjusted Margin	\$ 243	16.7 %	\$ 225	15.8 %

# Sales & Operating Margin

## 3<sup>rd</sup> Quarter FY2014 – Diversified Industrial International

\$ in millions	3rd Quarter			
	FY2014	% Change	FY2013	
<b>Sales</b>				
As reported	\$ 1,357	4.4 %	\$ 1,301	
Acquisitions	-	- %		
Currency	(8)	(0.6)%		
Organic Sales	\$ 1,365	5.0 %		
<b>Operating Margin</b>				
As reported	\$ 127	9.4 %	\$ 158	12.2 %
Restructuring	59		1	
Adjusted Margin	\$ 186	13.7 %	\$ 159	12.2 %

# Sales & Operating Margin

## 3<sup>rd</sup> Quarter FY2014 – Aerospace Systems

\$ in millions

3rd Quarter

	As Reported			Adjusted for Joint Venture		
	FY2014	% Change	FY2013	FY2014	% Change	FY2013
<u>Sales</u>						
As reported	\$ 546	(5.6)%	\$ 578	\$ 546	2.1 %	\$ 534
Acquisitions	-	- %		-	- %	
Currency	1	0.1 %		1	0.1 %	
Organic Sales	\$ 545	(5.7)%		\$ 545	2.0 %	\$ 534

	FY2014	% of Sales	FY2013	% of Sales
<u>Operating Margin</u>				
As reported	\$ 64	11.7 %	\$ 80	13.9 %
Restructuring	0		0	
Adjusted Margin	\$ 64	11.7 %	\$ 80	13.9 %

# Order Rates

	<u>Mar 2014</u>	<u>Dec 2013</u>	<u>Mar 2013</u>	<u>Dec 2012</u>
<b>Total Parker</b>	<b>+ 7 %</b>	<b>+ 5 %</b>	<b>- 7 %</b>	<b>- 2 %</b>
Diversified Industrial North America	+ 6 %	+ 3 %	- 10 %	- 6 %
Diversified Industrial International	+ 5 %	+ 6 %	- 7 %	- 5 %
Aerospace Systems	+ 16 %	+ 7 %	+ 0 %	+ 14 %

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

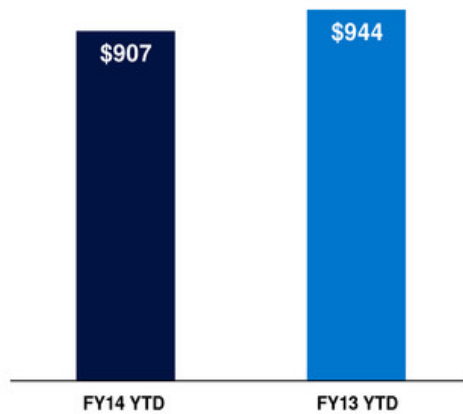


# Balance Sheet Summary

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

# Cash Flow from Operating Activities

## 3<sup>rd</sup> Quarter YTD FY2014



### Adjusted Cash Flow From Operating Activities

	YTD			
	FY2014	% of Sales	FY2013	% of Sales
As Reported Cash Flow From Operating Activities	\$ 817	8.4%	\$ 719	7.5%
Discretionary Pension Plan Contribution & Restructuring	90		226	
<b>Adjusted Cash Flow From Operating Activities</b>	<b>\$ 907</b>	<b>9.4%</b>	<b>\$ 944</b>	<b>9.9%</b>

# FY2014 Guidance

## Increased to \$6.50 at Midpoint

<b>Sales Growth vs. Prior Year</b>	
Diversified Industrial North America	2.0%
Diversified Industrial International	4.0%
Aerospace Systems *	-3.0%
<b>Total Parker **</b>	<b>1.5%</b>
<b>Segment Operating Margins</b>	
Diversified Industrial North America	16.6%
Diversified Industrial International	11.7%
Aerospace Systems	11.8%
<b>Total Parker</b>	<b>13.8%</b>
<b>Below the Line Items - Excluding Non-Recurring Items</b>	
Corporate General & Administrative Expense, Interest and Other	<b>\$461 M</b>
<b>Tax Rate</b>	
Full Year	<b>34.0%</b>
Q4	<b>29.0%</b>
<b>Shares</b>	
Diluted Shares Outstanding	<b>151.7 M</b>
<b>Adjusted Earnings Per Share</b>	
Midpoint	<b>\$6.50</b>
Range	<b>\$6.40 - \$6.60</b>

**Sales Growth Adjusted for Joint Venture:**

\* Aerospace Systems Sales Change vs FY2013 is +3%

\*\* Total Parker Sales Change vs FY2013 is +3%



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# Appendix

- Consolidated Statement of Income
- Reconciliation of Net Income and EPS to Adjusted Net Income and Adjusted EPS
- Business Segment Information By Industry
- Reconciliation of Net Sales to Adjusted Net Sales
- Consolidated Balance Sheet
- Consolidated Statement of Cash Flows
- Supplemental Sales Information – Global Technology Platforms

# Consolidated Statement of Income

(Unaudited) (Dollars in thousands except per share amounts)	Three Months Ended March 31,		Nine Months Ended March 31,	
	2014	2013	2014	2013
<b>Net sales</b>	\$ 3,358,406	\$ 3,307,041	\$ 9,690,556	\$ 9,587,471
Cost of sales	2,605,893	2,569,189	7,502,273	7,468,608
Gross profit	752,513	737,852	2,188,283	2,118,863
Selling, general and administrative expenses	407,241	379,690	1,212,807	1,141,912
Goodwill and intangible asset impairment	-	-	188,870	-
Interest expense	20,594	23,050	62,403	70,775
Other (income), net	(4,812)	(3,439)	(424,693)	(31,062)
Income before income taxes	329,490	338,551	1,148,896	937,238
Income taxes	86,972	81,959	408,654	259,584
Net income	242,518	256,592	740,242	677,654
Less: Noncontrolling interests	112	32	232	391
<b>Net income attributable to common shareholders</b>	\$ 242,406	\$ 256,560	\$ 740,010	\$ 677,263
<b>Earnings per share attributable to common shareholders:</b>				
Basic earnings per share	\$ 1.63	\$ 1.72	\$ 4.96	\$ 4.54
Diluted earnings per share	\$ 1.60	\$ 1.68	\$ 4.88	\$ 4.46
Average shares outstanding during period - Basic	149,039,529	149,287,628	149,143,478	149,191,583
Average shares outstanding during period - Diluted	151,739,617	152,360,612	151,562,276	151,853,522
Cash dividends per common share	\$ .48	\$ .43	\$ 1.38	\$ 1.25

# Reconciliation of Net Income & EPS

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2014	2013	2014	2013
<b>Net income</b>	\$ 242,518	\$ 256,592	\$ 740,242	\$ 677,654
Adjustments:				
Restructuring charges	42,516	1,205	60,830	5,791
<b>Adjusted net income</b>	\$ 285,034	\$ 257,797	\$ 801,072	\$ 683,445
<b>Earnings per diluted share</b>	\$ 1.60	\$ 1.68	\$ 4.88	\$ 4.46
Adjustments:				
Restructuring charges	0.28	0.01	0.40	0.04
<b>Adjusted earnings per diluted share</b>	\$ 1.88	\$ 1.69	\$ 5.28	\$ 4.50

# Business Segment Information By Industry

(Unaudited)	Three Months Ended March 31,		Nine Months Ended March 31,	
(Dollars in thousands)	2014	2013	2014	2013
<b>Net sales</b>				
Diversified Industrial:				
North America	\$ 1,455,212	\$ 1,428,430	\$ 4,168,489	\$ 4,171,089
International	1,357,513	1,300,585	3,905,159	3,768,617
Aerospace Systems	545,681	578,026	1,616,908	1,647,765
<b>Total</b>	<b>\$ 3,358,406</b>	<b>\$ 3,307,041</b>	<b>\$ 9,690,556</b>	<b>\$ 9,587,471</b>
<b>Segment operating income</b>				
Diversified Industrial:				
North America	\$ 242,998	\$ 224,487	\$ 677,824	\$ 658,993
International	126,933	158,194	434,541	439,839
Aerospace Systems	63,974	80,080	166,306	194,150
<b>Total segment operating income</b>	<b>433,905</b>	<b>462,761</b>	<b>1,278,671</b>	<b>1,292,982</b>
Corporate general and administrative expenses	38,377	41,410	132,406	126,578
<b>Income before interest and other</b>	<b>395,528</b>	<b>421,351</b>	<b>1,146,265</b>	<b>1,166,404</b>
Interest expense	20,594	23,050	62,403	70,775
Other expense (income)	45,444	59,750	(65,034)	158,391
<b>Income before income taxes</b>	<b>\$ 329,490</b>	<b>\$ 338,551</b>	<b>\$ 1,148,896</b>	<b>\$ 937,238</b>



# Reconciliation of Net Sales

(Unaudited) (Dollars in thousands)	Three Months Ended March 31,		% Change
	2014	2013	
<b>Total net sales</b>	\$ 3,358,406	\$ 3,307,041	1.6%
Adjustments:			
Sales related to GE joint venture	-	43,731	
<b>Adjusted total net sales</b>	\$ 3,358,406	\$ 3,263,310	2.9%
<b>Aerospace Systems net sales</b>	\$ 545,681	\$ 578,026	-5.6%
Adjustments:			
Sales related to GE joint venture	-	43,731	
<b>Adjusted Aerospace Systems net sales</b>	\$ 545,681	\$ 534,295	2.1%

# Consolidated Balance Sheet

(Unaudited)	March 31,	June 30,	March 31,
(Dollars in thousands)	2014	2013	2013
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 2,095,989	\$ 1,781,412	\$ 1,677,319
Accounts receivable, net	2,098,063	2,062,745	2,017,126
Inventories	1,448,989	1,377,405	1,473,072
Prepaid expenses	183,119	182,669	136,268
Deferred income taxes	122,840	126,955	134,724
<b>Total current assets</b>	<b>5,949,000</b>	<b>5,531,186</b>	<b>5,438,509</b>
Plant and equipment, net	1,827,980	1,808,240	1,829,715
Goodwill	3,164,175	3,223,515	3,229,827
Intangible assets, net	1,210,967	1,290,499	1,313,990
Other assets	950,236	687,458	859,731
<b>Total assets</b>	<b>\$ 13,102,358</b>	<b>\$ 12,540,898</b>	<b>\$ 12,671,772</b>
<b>Liabilities and equity</b>			
<b>Current liabilities:</b>			
Notes payable	\$ 1,078,846	\$ 1,333,826	\$ 1,527,696
Accounts payable	1,200,466	1,156,002	1,162,125
Accrued liabilities	933,077	894,296	838,376
Accrued domestic and foreign taxes	154,792	136,079	120,352
<b>Total current liabilities</b>	<b>3,367,181</b>	<b>3,520,203</b>	<b>3,648,549</b>
Long-term debt	1,508,611	1,495,960	1,496,026
Pensions and other postretirement benefits	1,306,667	1,372,437	1,693,048
Deferred income taxes	111,508	102,920	127,159
Other liabilities	354,158	307,897	294,582
Shareholders' equity	6,450,996	5,738,426	5,409,058
Noncontrolling interests	3,237	3,055	3,350
<b>Total liabilities and equity</b>	<b>\$ 13,102,358</b>	<b>\$ 12,540,898</b>	<b>\$ 12,671,772</b>

# Consolidated Statement of Cash Flows

(Unaudited) (Dollars in thousands)	Nine Months Ended March 31,	
	2014	2013
<b>Cash flows from operating activities:</b>		
Net income	\$ 740,242	\$ 677,654
Depreciation and amortization	253,150	250,574
Stock incentive plan compensation	84,647	65,516
Goodwill and intangible asset impairment	188,870	-
Gain on deconsolidation of subsidiary	(412,612)	-
Gain on sale of businesses	-	(13,313)
Net change in receivables, inventories, and trade payables	(52,953)	(13,743)
Net change in other assets and liabilities	9,263	(258,332)
Other, net	6,864	10,443
<b>Net cash provided by operating activities</b>	<b>817,471</b>	<b>718,799</b>
<b>Cash flows from investing activities:</b>		
Acquisitions (net of cash of \$33,932 in 2013)	(14,272)	(620,647)
Capital expenditures	(167,371)	(214,061)
Proceeds from sale of plant and equipment	10,785	24,321
Proceeds from sale of business	-	72,190
Proceeds from deconsolidation of subsidiary	202,498	-
Other, net	(3,382)	(9,375)
<b>Net cash provided by (used in) investing activities</b>	<b>28,258</b>	<b>(747,572)</b>
<b>Cash flows from financing activities:</b>		
Net payments for common stock activity	(120,890)	(125,325)
Acquisition of noncontrolling interests	-	(1,072)
Net (payments for) proceeds from debt	(255,319)	1,186,679
Dividends	(206,516)	(187,705)
<b>Net cash (used in) provided by financing activities</b>	<b>(582,725)</b>	<b>872,577</b>
Effect of exchange rate changes on cash	51,573	(4,802)
Net increase in cash and cash equivalents	314,577	839,002
Cash and cash equivalents at beginning of period	1,781,412	838,317
<b>Cash and cash equivalents at end of period</b>	<b>\$ 2,095,989</b>	<b>\$ 1,677,319</b>

# Supplemental Sales Information

## Global Technology Platforms

(Unaudited) (Dollars in thousands)	Three Months Ended March 31,		Nine Months Ended March 31,	
	2014	2013	2014	2013
<b>Net sales</b>				
Diversified Industrial:				
Motion Systems	\$999,742	\$971,684	\$2,862,396	\$2,901,477
Flow and Process Control	1,097,427	1,076,542	3,124,482	3,076,571
Filtration and Engineered Materials	715,556	680,789	2,086,770	1,961,658
Aerospace Systems	545,681	578,026	1,616,908	1,647,765
<b>Total</b>	<b>\$ 3,358,406</b>	<b>\$ 3,307,041</b>	<b>\$ 9,690,556</b>	<b>\$ 9,587,471</b>

