

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): October 28, 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))
-

## **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 October 28, 2014, Parker-Hannifin Corporation issued a press release and presented a Webcast announcing earnings for the quarter ended September 30, 2014. 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 October 28, 2014.

99.2 Webcast presentation by Parker-Hannifin Corporation, dated October 28, 2014.

---

**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: October 28, 2014



Exhibit 99.1

**For Release: Immediately**

**Contact: Media -**  
Aidan Gormley - Director, Global Communications and Branding 216-896-3258  
aidan.gormley@parker.com  
**Financial Analysts -**  
Pamela Huggins, Vice President - Treasurer 216-896-2240  
phuggins@parker.com

**Stock symbol:** PH - NYSE

## **Parker Reports Fiscal 2015 First Quarter Sales, Net Income and Earnings per Share**

- *Earnings per diluted share increased 15 percent to \$1.85, or \$1.89 adjusted for restructuring*
- *Segment operating margins strong; reflecting restructuring benefits*
- *Order growth positive across all segments*
- *Company increases fiscal 2015 full year guidance*

**CLEVELAND, October 28, 2014** -- Parker Hannifin Corporation (NYSE: PH), the global leader in motion and control technologies, today reported results for the fiscal 2015 first quarter ended September 30, 2014. Fiscal 2015 first quarter sales were \$3.27 billion, a first quarter record, compared with \$3.23 billion in the prior year quarter. Net income was \$280.2 million, a 15 percent increase compared with \$244.3 million in the first quarter of fiscal 2014. Fiscal 2015 first quarter earnings per diluted share were \$1.85, an increase of 15 percent compared with \$1.61 in the prior year quarter. Excluding restructuring, earnings per diluted share for the first quarter of fiscal 2015 were \$1.89, compared with \$1.67 in the prior year quarter. A reconciliation of reported to adjusted earnings per share is included with the financial tables accompanying this news release. Cash flow from operations was \$260.9 million or 8 percent of sales compared with \$282.7 million in the prior year quarter.

---

“We are off to a very strong start in fiscal year 2015 reinforcing our positive view on the year,” said Chairman, CEO and President, Don Washkewicz. “As a result of the restructuring activities we engaged in last year, we are beginning to see stronger year-over-year segment operating margin performance which reached 15.9 percent this quarter or 16.1 percent adjusted. Margin performance was driven by improvements in our Diversified Industrial International and Aerospace businesses and continued strength in our Diversified Industrial North America business where we had an all-time record for quarterly operating margins. We continue to execute well.”

### **Segment Results**

*Diversified Industrial Segment:* North American first quarter sales increased 6 percent to \$1.47 billion, and operating income was \$264.2 million compared with \$234.2 million in the same period a year ago. International first quarter sales decreased 1 percent to \$1.26 billion, and operating income was \$189.8 million compared with \$173.4 million in the same period a year ago.

*Aerospace Systems Segment:* First quarter sales decreased 6 percent to \$534.6 million, primarily reflecting the impact of the joint venture between Parker Aerospace and GE Aviation recorded in the second quarter of fiscal 2014. Operating income was \$65.3 million compared with \$57.3 million in the same period a year ago.

### **Orders**

Parker reported an increase of 5 percent in orders for the quarter ending September 30, 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 compared with the same quarter a year ago.
  - Orders increased 2 percent in the Diversified Industrial International businesses compared with the same quarter a year ago.
  - Orders increased 12 percent in the Aerospace Systems segment on a rolling 12-month average basis.
-

## **Outlook**

For the fiscal year ending June 30, 2015, the company has increased guidance for earnings from continuing operations to the range of \$7.20 to \$7.80 per diluted share, or \$7.45 to \$8.05 per diluted share on an adjusted basis. Fiscal year 2015 guidance is adjusted for expected restructuring expenses of approximately \$0.25 per diluted share.

Washkewicz added, "We are increasing our fiscal 2015 guidance to reflect strong first quarter performance moderated by what we anticipate to be the expected negative effect of foreign currency. Macroeconomic readings indicate some uncertainty in demand levels, particularly internationally. However, savings resulting from the timely and solid execution of our restructuring activities give us confidence that we can achieve our earnings outlook and deliver a record year. Reflecting confidence in our outlook, last week the Board approved a 31 percent increase in the quarterly dividend and a new share repurchase authorization. Our goal is to repurchase \$2 billion to \$3 billion in shares in the next 24 months."

**NOTICE OF CONFERENCE CALL:** Parker Hannifin's conference call and slide presentation to discuss its fiscal 2015 first quarter 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 2014, 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 57,500 people in 50 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) earnings per diluted share without the effect of restructuring expense; (b) the effect of restructuring expenses on forecasted earnings from continuing operations per diluted share; and (c) segment operating margins without the effect of restructuring expense. The effects of restructuring expenses are removed to allow investors and the company to meaningfully evaluate changes in earnings per diluted share and segment operating margins 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. 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; ability to implement successfully the Company's capital allocation initiatives, including timing, price and execution of share repurchases; 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.

###

---

## CONSOLIDATED STATEMENT OF INCOME

(Unaudited)	Three Months Ended September 30,	
(Dollars in thousands except per share amounts)	2014	2013
<b>Net sales</b>	<b>\$ 3,269,932</b>	<b>\$ 3,226,144</b>
Cost of sales	2,459,865	2,476,409
Gross profit	810,067	749,735
Selling, general and administrative expenses	400,840	406,930
Interest expense	20,961	20,958
Other (income), net	(8,369)	(2,243)
Income before income taxes	396,635	324,090
Income taxes	116,464	79,770
Net income	280,171	244,320
Less: Noncontrolling interests	82	4
<b>Net income attributable to common shareholders</b>	<b>\$ 280,089</b>	<b>\$ 244,316</b>
<b>Earnings per share attributable to common shareholders:</b>		
Basic earnings per share	\$ 1.88	\$ 1.64
Diluted earnings per share	\$ 1.85	\$ 1.61
Average shares outstanding during period - Basic	148,738,828	149,237,306
Average shares outstanding during period - Diluted	151,073,635	151,860,261
Cash dividends per common share	\$ 0.48	\$ 0.45

## RECONCILIATION OF EARNINGS PER DILUTED SHARE TO ADJUSTED EARNINGS PER DILUTED SHARE

(Unaudited)	Three Months Ended September 30,	
	2014	2013
<b>Earnings per diluted share</b>	<b>\$ 1.85</b>	<b>\$ 1.61</b>
Adjustments:		
Restructuring charges	0.04	0.06
<b>Adjusted earnings per diluted share</b>	<b>\$ 1.89</b>	<b>\$ 1.67</b>



**BUSINESS SEGMENT INFORMATION BY INDUSTRY**

(Unaudited)	Three Months Ended September 30,			
(Dollars in thousands)	2014		2013	
<b>Net sales</b>				
Diversified Industrial:				
North America	\$	1,471,812	\$	1,387,875
International		1,263,497		1,270,795
Aerospace Systems		534,623		567,474
<b>Total</b>	<b>\$</b>	<b>3,269,932</b>	<b>\$</b>	<b>3,226,144</b>
<b>Segment operating income</b>				
Diversified Industrial:				
North America	\$	264,236	\$	234,198
International		189,805		173,410
Aerospace Systems		65,349		57,298
<b>Total segment operating income</b>		<b>519,390</b>		<b>464,906</b>
Corporate general and administrative expenses		55,444		47,210
<b>Income before interest expense and other expense</b>		<b>463,946</b>		<b>417,696</b>
Interest expense		20,961		20,958
Other expense		46,350		72,648
<b>Income before income taxes</b>	<b>\$</b>	<b>396,635</b>	<b>\$</b>	<b>324,090</b>

**RECONCILIATION OF NET SALES TO ADJUSTED NET SALES**

(Unaudited)	Three Months Ended September 30,				
	2014		2013		% Change
<b>Total net sales</b>	<b>\$</b>	<b>3,269,932</b>	<b>\$</b>	<b>3,226,144</b>	<b>1.4 %</b>
Adjustments:					
Sales related to GE joint venture		—		49,510	
<b>Adjusted total net sales</b>	<b>\$</b>	<b>3,269,932</b>	<b>\$</b>	<b>3,176,634</b>	<b>2.9 %</b>
Aerospace Systems net sales					
	\$	534,623	\$	567,474	(5.8)%
Adjustments:					
Sales related to GE joint venture		—		49,510	
<b>Adjusted Aerospace Systems net sales</b>	<b>\$</b>	<b>534,623</b>	<b>\$</b>	<b>517,964</b>	<b>3.2 %</b>

**RECONCILIATION OF SEGMENT OPERATING MARGIN TO ADJUSTED SEGMENT OPERATING MARGIN**

(Unaudited)	Three Months Ended		
	September 30, 2014		
	Operating income		Margin
As reported segment operating income	\$	519,390	15.9 %
Adjustments:			
Restructuring charges		5,849	0.2 %
<b>Adjusted segment operating income</b>	<b>\$</b>	<b>525,239</b>	<b>16.1 %</b>

## PARKER HANNIFIN CORPORATION - SEPTEMBER 30, 2014

## CONSOLIDATED BALANCE SHEET

(Unaudited)

(Unaudited)

(Dollars in thousands)	September 30, 2014	June 30, 2014	September 30, 2013
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 1,092,137	\$ 1,613,555	\$ 1,945,623
Marketable securities	945,431	573,701	—
Trade accounts receivable, net	1,711,798	1,858,176	1,749,383
Non-trade and notes receivable	421,085	388,437	219,107
Inventories	1,441,439	1,371,681	1,465,431
Prepaid expenses	116,962	129,837	176,245
Deferred income taxes	147,410	136,193	123,390
<b>Total current assets</b>	<b>5,876,262</b>	<b>6,071,580</b>	<b>5,679,179</b>
Plant and equipment, net	1,755,254	1,824,294	1,833,748
Goodwill	3,068,420	3,171,425	3,285,228
Intangible assets, net	1,130,312	1,188,282	1,280,431
Other assets	914,377	1,018,781	709,778
<b>Total assets</b>	<b>\$ 12,744,625</b>	<b>\$ 13,274,362</b>	<b>\$ 12,788,364</b>
<b>Liabilities and equity</b>			
<b>Current liabilities:</b>			
Notes payable	\$ 702,018	\$ 816,622	\$ 1,335,339
Accounts payable	1,192,652	1,252,040	1,130,676
Accrued liabilities	834,569	960,523	808,218
Accrued domestic and foreign taxes	158,960	223,611	180,776
<b>Total current liabilities</b>	<b>2,888,199</b>	<b>3,252,796</b>	<b>3,455,009</b>
Long-term debt	1,482,492	1,508,142	1,506,744
Pensions and other postretirement benefits	1,328,123	1,346,224	1,309,981
Deferred income taxes	89,038	94,819	107,000
Other liabilities	374,409	409,573	319,859
Shareholders' equity	6,579,003	6,659,428	6,086,861
Noncontrolling interests	3,361	3,380	2,910
<b>Total liabilities and equity</b>	<b>\$ 12,744,625</b>	<b>\$ 13,274,362</b>	<b>\$ 12,788,364</b>

## PARKER HANNIFIN CORPORATION - SEPTEMBER 30, 2014

## CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited)	Three Months Ended September 30,	
(Dollars in thousands)	2014	2013
<b>Cash flows from operating activities:</b>		
Net income	\$ 280,171	\$ 244,320
Depreciation and amortization	81,768	85,580
Stock incentive plan compensation	40,559	48,998
Gain on sale of business	(5,782)	—
Net change in receivables, inventories, and trade payables	(60,018)	16,213
Net change in other assets and liabilities	(117,527)	(106,293)
Other, net	41,703	(6,127)
<b>Net cash provided by operating activities</b>	<b>260,874</b>	<b>282,691</b>
<b>Cash flows from investing activities:</b>		
Acquisitions	—	1,491
Capital expenditures	(54,709)	(56,651)
Proceeds from sale of business	22,770	—
Purchase of marketable securities and other investments	(497,192)	—
Maturities and sales of marketable securities and other investments	50,528	—
Other, net	(2,324)	2,964
<b>Net cash (used in) investing activities</b>	<b>(480,927)</b>	<b>(52,196)</b>
<b>Cash flows from financing activities:</b>		
Net payments for common stock activity	(44,494)	(44,905)
Net (payments for) proceeds from debt	(113,565)	1,269
Dividends	(71,607)	(67,388)
<b>Net cash (used in) financing activities</b>	<b>(229,666)</b>	<b>(111,024)</b>
Effect of exchange rate changes on cash	(71,699)	44,740
Net (decrease) increase in cash and cash equivalents	(521,418)	164,211
Cash and cash equivalents at beginning of period	1,613,555	1,781,412
<b>Cash and cash equivalents at end of period</b>	<b>\$ 1,092,137</b>	<b>\$ 1,945,623</b>

**PARKER HANNIFIN CORPORATION - SEPTEMBER 30, 2014****RECONCILIATION OF FORECASTED EARNINGS PER DILUTED SHARE TO ADJUSTED FORECASTED EARNINGS PER DILUTED SHARE**

(Unaudited)

(Amounts in dollars)

	<b>Fiscal Year 2015</b>
<b>Forecasted earnings per diluted share</b>	<b>\$7.20 to \$7.80</b>
Adjustments:	
Restructuring charges	<b>0.25</b>
<b>Adjusted forecasted earnings per diluted share</b>	<b>\$7.45 to \$8.05</b>

# Parker Hannifin Corporation

Exhibit 99.2

## 1<sup>st</sup> Quarter Fiscal Year 2015 Earnings Release



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

ENGINEERING YOUR SUCCESS.

October 28, 2014

---

# 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; 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, ability to implement successfully the Company's capital allocation initiatives, including the timing, price and execution of share repurchases; 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 GE 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. The effects of acquisitions, divestitures, currency exchange rates, the discretionary pension plan contributions and restructuring expenses 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 Highlights**

- **Key Performance Measures & Outlook**

- **Questions and Answers**

- **CEO Closing Comments**

# Highlights

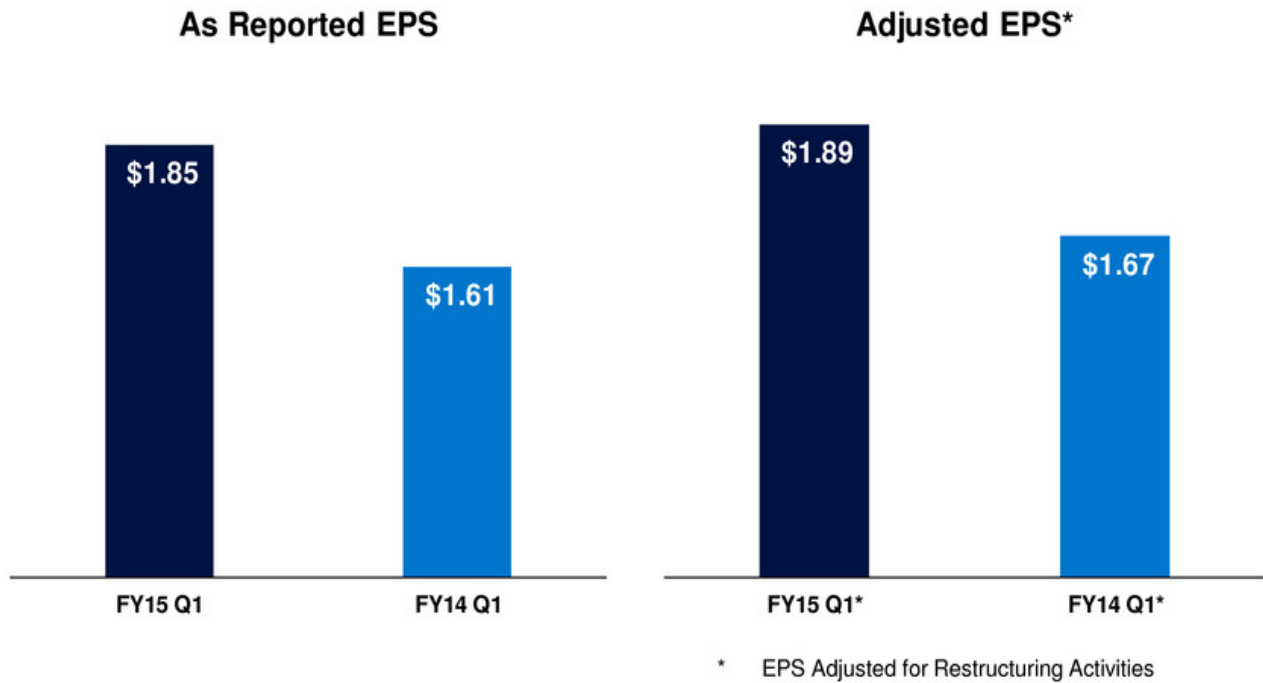
## 1<sup>st</sup> Quarter FY2015

- Record first quarter Sales of \$3.3B
- Adjusted Organic Growth of 4%
- Orders increased 5% and positive across all segments
- Segment Operating Margins 15.9%
  - 150 basis point increase YOY
  - Adjusted Segment Operating Margins 16.1%
- Benefiting from restructuring cost savings
- Strong Operating Cash Flow of \$261M
- Capital Allocation Actions



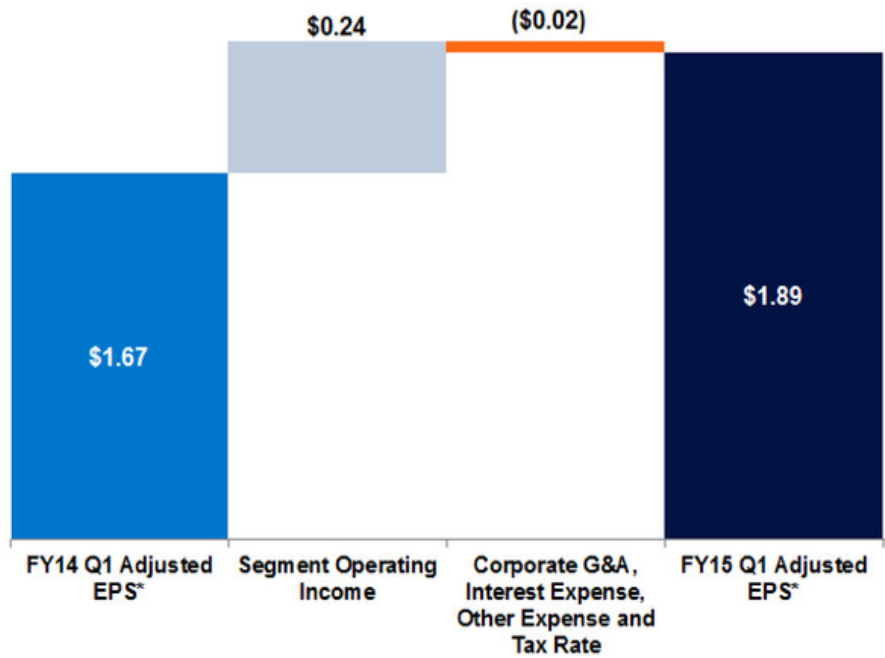
# Diluted Earnings Per Share

## FY2015



# Influences on Adjusted Earnings Per Share

## 1<sup>st</sup> Quarter FY2015 vs. 1<sup>st</sup> Quarter FY2014



\* EPS Adjusted for Restructuring Activities

# Sales & Segment Operating Margin

## Total Parker

\$ in millions

1st Quarter

	As Reported			Adjusted for Joint Venture		
			%			%
	FY2015	Change	FY2014	FY2015	Change	FY2014
<b>Sales</b>						
As Reported	\$3,270	1.4 %	\$3,226	\$3,270	2.9 %	\$3,177
Acquisitions	3	0.1 %		3	(0.0)%	
Currency	(23)	(0.7)%		(23)	(0.7)%	
Organic Sales	\$3,290	2.0 %		\$3,290	3.7 %	

	FY2015	% of Sales	FY2014	% of Sales
<b>Segment Operating Margin</b>				
As Reported	\$ 519	15.9 %	\$ 465	14.4 %
Restructuring	6		11	
Adjusted Margin	\$ 525	16.1 %	\$ 476	15.0 %

Restructuring Amounts exclude amounts reported in Other Expense FY15 \$1.9M, FY14 \$1.1M

# Sales & Segment Operating Margin

## Diversified Industrial North America

\$ in millions	1st Quarter		
	FY2015	% Change	FY2014
<b>Sales</b>			
As Reported	\$ 1,472	6.0 %	\$ 1,388
Acquisitions	3	0.2 %	
Currency	(6)	(0.4)%	
Organic Sales	\$ 1,475	6.2 %	

	FY2015	% of Sales	FY2014	% of Sales
<b>Segment Operating Margin</b>				
As Reported	\$ 264	18.0 %	\$ 234	16.9 %
Restructuring	0		1	
Adjusted Margin	\$ 264	18.0 %	\$ 236	17.0 %

# Sales & Segment Operating Margin

## Diversified Industrial International

\$ in millions	1st Quarter		
	FY2015	% Change	FY2014
Sales			
As Reported	\$1,263	(0.6)%	\$1,271
Acquisitions	-	- %	
Currency	(17)	(1.3)%	
Organic Sales	\$1,280	0.7 %	

	FY2015	% of Sales	FY2014	% of Sales
Segment Operating Margin				
As Reported	\$ 190	15.0 %	\$ 173	13.6 %
Restructuring	6		9	
Adjusted Margin	\$ 195	15.5 %	\$ 183	14.4 %

# Sales & Segment Operating Margin

## Aerospace Systems

\$ in millions

1st Quarter

	1st Quarter					
	As Reported			Adjusted for Joint Venture		
	FY2015	% Change	FY2014	FY2015	% Change	FY2014
<b>Sales</b>						
As Reported	\$ 535	(5.8)%	\$ 567	\$ 535	3.1 %	\$ 518
Acquisitions	-	- %		-	- %	
Currency	-	(0.1)%		-	(0.1)%	
Organic Sales	\$ 535	(5.7)%		\$ 535	3.2 %	

	FY2015	% of Sales	FY2014	% of Sales
<b>Segment Operating Margin</b>				
As Reported	\$ 65	12.2 %	\$ 57	10.1 %
Restructuring	0		1	
Adjusted Margin	\$ 66	12.2 %	\$ 58	11.2 %

# Order Rates

	<u>Sept 2014</u>	<u>June 2014</u>	<u>Sept 2013</u>	<u>June 2013</u>
<b>Total Parker</b>	<b>+ 5 %</b>	<b>+ 4 %</b>	<b>+ 5 %</b>	<b>0%</b>
Diversified Industrial North America	+ 6 %	+ 6 %	+ 3 %	- 5 %
Diversified Industrial International	+ 2 %	- 4 %	+ 5 %	+ 3 %
Aerospace Systems	+ 12 %	+ 17 %	+ 11 %	+ 3 %

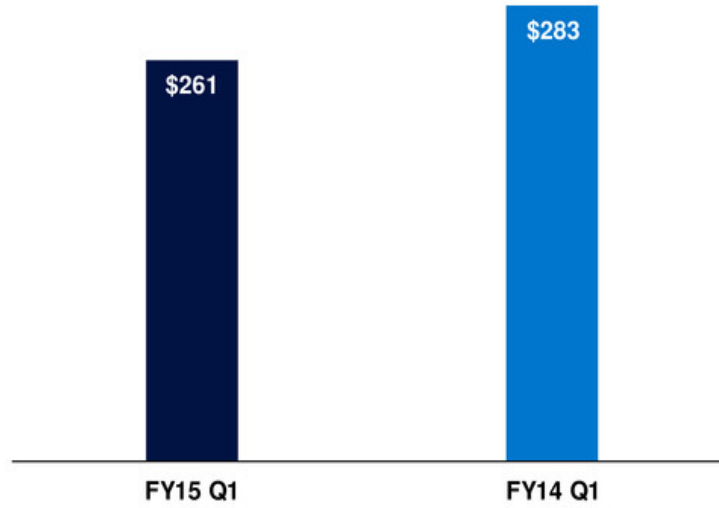
**Excludes Acquisitions, Divestitures & Currency**  
**3-month year-over-year comparisons of total dollars, except Aerospace Systems**  
**Aerospace Systems is calculated using a 12-month rolling average**

# Balance Sheet Summary

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



# Cash Flow from Operating Activities



As Reported Cash Flow From Operating Activities	1st Quarter			
	FY 2015	% of Sales	FY 2014	% of Sales
	261	8.0%	283	8.8%

# FY2015 Guidance

## Adjusted EPS Increased to \$7.75 Midpoint

<b>Adjusted Sales Growth vs. Prior Year</b>	
Diversified Industrial North America	3% - 7%
Diversified Industrial International	(4%) - (1%)
Aerospace Systems	2% - 3%
<b>Total Parker</b>	<b>0% - 3%</b>

<b>Adjusted Segment Operating Margins</b>	
Diversified Industrial North America	16.9% - 17.3%
Diversified Industrial International	15.3% - 15.7%
Aerospace Systems	13.3% - 13.8%
<b>Total Parker</b>	<b>15.7% - 16.1%</b>

<b>Below the Line Items</b>	
Corporate General & Administrative Expense, Interest and Other	<b>\$470 M</b>

<b>Tax Rate</b>	
Full Year	<b>29.0%</b>

<b>Shares</b>	
Diluted Shares Outstanding	<b>151.1 M</b>

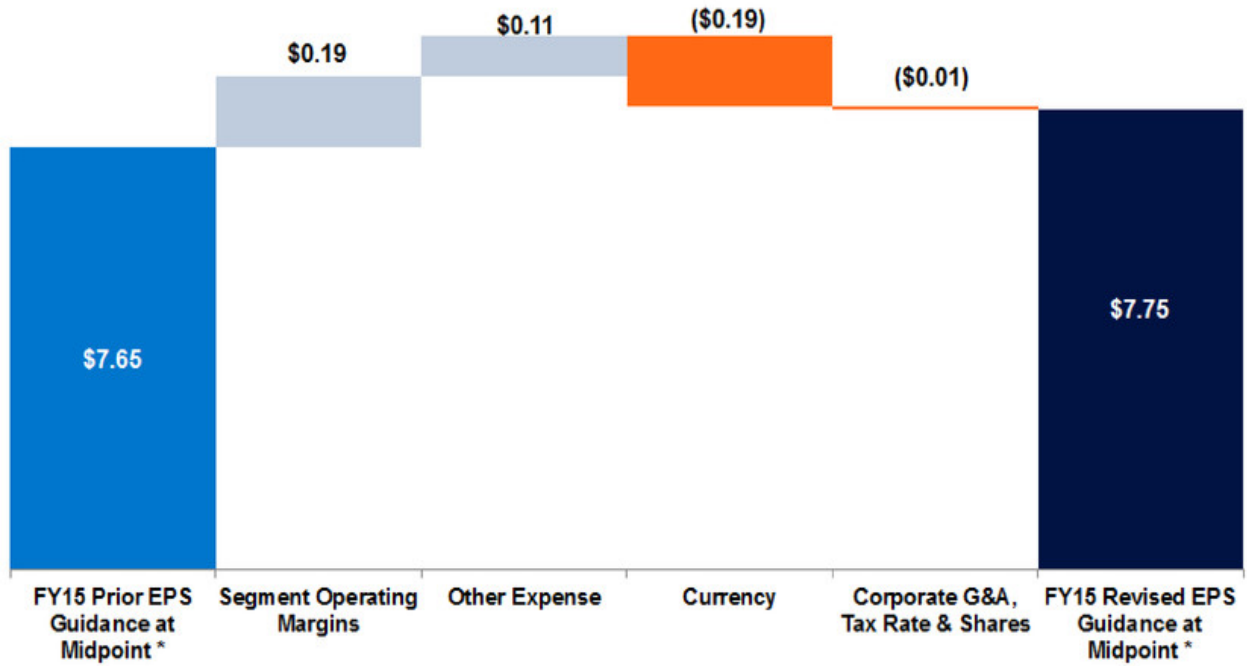
  

<b>Earnings Per Share</b>	
As Reported Range	<b>\$7.20 - \$7.80</b>
Adjusted Range	<b>\$7.45 - \$8.05</b>

FY15 Sales Growth %'s calculated from FY14 Sales adjusted for JV with GE Aviation  
FY15 Segment Operating Margins exclude FY15 Restructuring expenses

# FY2015 Guidance

## Reconciliation to Prior Guidance



\* EPS Adjusted for Restructuring Activities





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

---

# Appendix

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

# Consolidated Statement of Income

(Unaudited) (Dollars in thousands except per share amounts)	Three Months Ended September 30,	
	2014	2013
<b>Net sales</b>	<b>\$ 3,269,932</b>	<b>\$ 3,226,144</b>
Cost of sales	2,459,865	2,476,409
Gross profit	810,067	749,735
Selling, general and administrative expenses	400,840	406,930
Interest expense	20,961	20,958
Other (income), net	(8,369)	(2,243)
Income before income taxes	396,635	324,090
Income taxes	116,464	79,770
Net income	280,171	244,320
Less: Noncontrolling interests	82	4
<b>Net income attributable to common shareholders</b>	<b>\$ 280,089</b>	<b>\$ 244,316</b>
<b>Earnings per share attributable to common shareholders:</b>		
Basic earnings per share	\$ 1.88	\$ 1.64
Diluted earnings per share	\$ 1.85	\$ 1.61
Average shares outstanding during period - Basic	148,738,828	149,237,306
Average shares outstanding during period - Diluted	151,073,635	151,860,261
Cash dividends per common share	\$ .48	\$ .45

# Reconciliation of EPS

(Unaudited)

Three Months Ended September 30,  
2014 2013

<b>Earnings per diluted share</b>	<b>\$</b>	<b>1.85</b>	<b>\$ 1.61</b>
Adjustments:			
Restructuring charges		<b>0.04</b>	<b>0.06</b>
<b>Adjusted earnings per diluted share</b>	<b>\$</b>	<b>1.89</b>	<b>\$ 1.67</b>

# Business Segment Information By Industry

(Unaudited)	Three Months Ended September 30,	
(Dollars in thousands)	2014	2013
<b>Net sales</b>		
Diversified Industrial:		
North America	\$ 1,471,812	\$ 1,387,875
International	1,263,497	1,270,795
Aerospace Systems	534,623	567,474
<b>Total</b>	<b>\$ 3,269,932</b>	<b>\$ 3,226,144</b>
<b>Segment operating income</b>		
Diversified Industrial:		
North America	\$ 264,236	\$ 234,198
International	189,805	173,410
Aerospace Systems	65,349	57,298
<b>Total segment operating income</b>	<b>519,390</b>	<b>464,906</b>
Corporate general and administrative expenses	55,444	47,210
<b>Income before interest and other</b>	<b>463,946</b>	<b>417,696</b>
Interest expense	20,961	20,958
Other expense	46,350	72,648
<b>Income before income taxes</b>	<b>\$ 396,635</b>	<b>\$ 324,090</b>



# Reconciliation of Net Sales

(Unaudited)

	Three Months Ended September 30,		%
	2014	2013	Change
<b>Total net sales</b>	<b>\$ 3,269,932</b>	<b>\$ 3,226,144</b>	<b>1.4%</b>
Adjustments:			
Sales related to GE joint venture	-	49,510	
<b>Adjusted total net sales</b>	<b>\$ 3,269,932</b>	<b>\$ 3,176,634</b>	<b>2.9%</b>
<b>Aerospace Systems net sales</b>	<b>\$ 534,623</b>	<b>\$ 567,474</b>	<b>(5.8%)</b>
Adjustments:			
Sales related to GE joint venture	-	49,510	
<b>Adjusted Aerospace Systems net sales</b>	<b>\$ 534,623</b>	<b>\$ 517,964</b>	<b>3.2%</b>

# Reconciliation of Segment Operating Margin

(Unaudited)

	Three Months Ended September 30, 2014	
	Operating income	Margin
<b>As reported segment operating income</b>	<b>\$ 519,390</b>	<b>15.9%</b>
Adjustments:		
Restructuring charges	5,849	0.2%
<b>Adjusted segment operating income</b>	<b>\$ 525,239</b>	<b>16.1%</b>

# Consolidated Balance Sheet

(Dollars in thousands)	(Unaudited)		(Unaudited)
	September 30, 2014	June 30, 2014	September 30, 2013
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 1,092,137	\$ 1,613,555	\$ 1,945,623
Marketable securities	945,431	573,701	-
Trade accounts receivable, net	1,711,798	1,858,176	1,749,383
Non-trade and notes receivable	421,085	388,437	219,107
Inventories	1,441,439	1,371,681	1,465,431
Prepaid expenses	116,962	129,837	176,245
Deferred income taxes	147,410	136,193	123,390
<b>Total current assets</b>	<b>5,876,262</b>	<b>6,071,580</b>	<b>5,679,179</b>
Plant and equipment, net	1,755,254	1,824,294	1,833,748
Goodwill	3,068,420	3,171,425	3,285,228
Intangible assets, net	1,130,312	1,188,282	1,280,431
Other assets	914,377	1,018,781	709,778
<b>Total assets</b>	<b>\$ 12,744,625</b>	<b>\$ 13,274,362</b>	<b>\$ 12,788,364</b>
<b>Liabilities and equity</b>			
<b>Current liabilities:</b>			
Notes payable	\$ 702,018	\$ 816,622	\$ 1,335,339
Accounts payable	1,192,652	1,252,040	1,130,676
Accrued liabilities	834,569	960,523	808,218
Accrued domestic and foreign taxes	158,960	223,611	180,776
<b>Total current liabilities</b>	<b>2,888,199</b>	<b>3,252,796</b>	<b>3,455,009</b>
Long-term debt	1,482,492	1,508,142	1,506,744
Pensions and other postretirement benefits	1,328,123	1,346,224	1,309,981
Deferred income taxes	89,038	94,819	107,000
Other liabilities	374,409	409,573	319,859
Shareholders' equity	6,579,003	6,659,428	6,086,861
Noncontrolling interests	3,361	3,380	2,910
<b>Total liabilities and equity</b>	<b>\$ 12,744,625</b>	<b>\$ 13,274,362</b>	<b>\$ 12,788,364</b>

# Consolidated Statement of Cash Flows

(Unaudited) (Dollars in thousands)	Three Months Ended September 30,	
	2014	2013
<b>Cash flows from operating activities:</b>		
Net income	\$ 280,171	\$ 244,320
Depreciation and amortization	81,768	85,580
Stock incentive plan compensation	40,559	48,998
Gain on sale of business	(5,782)	-
Net change in receivables, inventories, and trade payables	(60,018)	16,213
Net change in other assets and liabilities	(117,527)	(106,293)
Other, net	41,703	(6,127)
<b>Net cash provided by operating activities</b>	<b>260,874</b>	<b>282,691</b>
<b>Cash flows from investing activities:</b>		
Acquisitions	-	1,491
Capital expenditures	(54,709)	(56,651)
Proceeds from sale of business	22,770	-
Purchase of marketable securities and other investments	(497,192)	-
Maturities and sales of marketable securities and other investments	50,528	-
Other, net	(2,324)	2,964
<b>Net cash (used in) investing activities</b>	<b>(480,927)</b>	<b>(52,196)</b>
<b>Cash flows from financing activities:</b>		
Net payments for common stock activity	(44,494)	(44,905)
Net (payments for) proceeds from debt	(113,565)	1,269
Dividends	(71,607)	(67,388)
<b>Net cash (used in) financing activities</b>	<b>(229,666)</b>	<b>(111,024)</b>
Effect of exchange rate changes on cash	(71,699)	44,740
Net (decrease) increase in cash and cash equivalents	(521,418)	164,211
Cash and cash equivalents at beginning of period	1,613,555	1,781,412
<b>Cash and cash equivalents at end of period</b>	<b>\$ 1,092,137</b>	<b>\$ 1,945,623</b>

# Reconciliation of Forecasted EPS

(Unaudited)  
(Amounts in dollars)

	Fiscal Year 2015
<b>Forecasted earnings per diluted share</b>	<u>\$7.20 to \$7.80</u>
Adjustments:	
Restructuring charges	.25
<b>Adjusted forecasted earnings per diluted share</b>	<u>\$7.45 to \$8.05</u>

# Supplemental Sales Information

## Global Technology Platforms

(Unaudited)	Three Months Ended Sept 30,	
(Dollars in thousands)	2014	2013
<b>Net sales</b>		
Diversified Industrial:		
Motion Systems	\$ 947,264	\$ 934,188
Flow and Process Control	1,055,885	1,025,689
Filtration and Engineered Materials	732,160	698,793
Aerospace Systems	534,623	567,474
<b>Total</b>	<b>\$ 3,269,932</b>	<b>\$ 3,226,144</b>

