

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): January 27, 2015

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

On January 27, 2015, Parker-Hannifin Corporation issued a press release and presented a Webcast announcing results of operations for the quarter ended December 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 January 27, 2015.
 - 99.2 Webcast presentation by Parker-Hannifin Corporation, dated January 27, 2015.
-

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: January 27, 2015



Exhibit 99.1

For Release: Immediately

Contact: Media -
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Stock symbol: PH - NYSE

Parker Reports Record Fiscal 2015 Second Quarter Sales and Earnings per Share

- *Record second quarter sales increased 1% to \$3.13 billion; organic sales increased 4%*
- *Record earnings per share of \$1.80 increased 8%*
- *Segment operating margins increased 150 basis points to 13.7%*
- *Positive order growth continues*
- *Company increases fiscal 2015 full year guidance*

CLEVELAND, January 27, 2015 -- Parker Hannifin Corporation (NYSE: PH), the global leader in motion and control technologies, today reported results for the fiscal 2015 second quarter ended December 31, 2014. Fiscal 2015 second quarter sales were \$3.13 billion, a second quarter record, compared with \$3.11 billion in the prior year quarter. Net income was \$267.3 million, a 6 percent increase compared with \$253.4 million in the second quarter of fiscal 2014. Fiscal 2015 second quarter earnings per share were \$1.80, a second quarter record and an increase of 8 percent, compared with \$1.66 in the prior year quarter. Adjusted earnings per share for the second quarter of fiscal 2015 were \$1.84, compared with \$1.30 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 \$538.5 million or 8.4 percent of sales for the first six months of fiscal 2015 compared with \$540.1 million in the prior year period.

“This was a record quarter for Parker as we continue to execute very well in fiscal 2015,” said Chairman, CEO and President, Don Washkewicz. “While currency headwinds were significant, this was offset by solid organic growth of 4%. Our year-over-year segment operating margins improved by 150 basis points, primarily reflecting strength in our Diversified Industrial North America businesses and improvement in our Aerospace Systems segment.”

Segment Results

Diversified Industrial Segment: North American second quarter sales increased 5 percent to \$1.4 billion, and operating income was \$226.9 million compared with \$200.6 million in the same period a year ago. International second quarter sales decreased 7 percent to \$1.2 billion, and operating income was \$136.5 million compared with \$134.2 million in the same period a year ago.

Aerospace Systems Segment: Second quarter sales increased 11 percent to \$558.4 million, and operating income was \$66.8 million compared with \$45.0 million in the same period a year ago.

Orders

Parker reported an increase of 4 percent in orders for the quarter ending December 31, 2014, compared with the same quarter a year ago.

The company reported the following orders by business:

- Orders increased 4 percent in the Diversified Industrial North America businesses compared with the same quarter a year ago.
- Orders increased 1 percent in the Diversified Industrial International businesses compared with the same quarter a year ago.
- Orders increased 9 percent in the Aerospace Systems segment on a rolling 12-month average basis.

Share Repurchases

During the second quarter of fiscal year 2015, the company completed share repurchases of \$817 million.

Outlook

For the fiscal year ending June 30, 2015, the company has increased guidance for earnings from continuing operations to the range of \$7.70 to \$8.10 per share, or \$7.90 to \$8.30 per share on an adjusted basis. Fiscal year 2015 guidance is adjusted for expected restructuring expenses of approximately \$0.20 per share.

Washkewicz added, "We are increasing our fiscal 2015 full year guidance to primarily reflect strong first half performance and the impact of our share repurchase program. We expect currency headwinds into the future. Despite these conditions, Parker remains on track to deliver a record year."

NOTICE OF CONFERENCE CALL: Parker Hannifin's conference call and slide presentation to discuss its fiscal 2015 second 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. 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 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, or its investor information website at 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 expenses, the effects of a joint venture and the effects of asset write downs; and (b) the effect of restructuring expenses on forecasted earnings from continuing operations per diluted share. The effects of restructuring expenses, the effects of a joint venture and the effects of asset write downs 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; 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.

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CONSOLIDATED STATEMENT OF INCOME

(Unaudited)	Three Months Ended December 31,		Six Months Ended December 31,	
(Dollars in thousands except per share amounts)	2014	2013	2014	2013
Net sales	\$ 3,134,993	\$ 3,106,006	\$ 6,404,925	\$ 6,332,150
Cost of sales	2,401,584	2,419,971	4,861,449	4,896,380
Gross profit	733,409	686,035	1,543,476	1,435,770
Selling, general and administrative expenses	379,804	398,636	780,644	805,566
Goodwill and intangible asset impairment	—	188,870	—	188,870
Interest expense	27,645	20,851	48,606	41,809
Other (income), net	(17,306)	(417,638)	(25,675)	(419,881)
Income before income taxes	343,266	495,316	739,901	819,406
Income taxes	75,931	241,912	192,395	321,682
Net income	267,335	253,404	547,506	497,724
Less: Noncontrolling interests	83	116	165	120
Net income attributable to common shareholders	\$ 267,252	\$ 253,288	\$ 547,341	\$ 497,604

Earnings per share attributable to common shareholders:

Basic earnings per share	\$ 1.84	\$ 1.70	\$ 3.72	\$ 3.34
Diluted earnings per share	\$ 1.80	\$ 1.66	\$ 3.66	\$ 3.28
Average shares outstanding during period - Basic	145,493,247	149,153,599	147,116,038	149,195,452
Average shares outstanding during period - Diluted	148,182,777	152,151,024	149,463,280	151,743,389
Cash dividends per common share	\$ 0.63	\$ 0.45	\$ 1.11	\$ 0.90

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

Net income	\$ 267,335	\$ 253,404	\$ 547,506	\$ 497,724
Adjustments:				
Restructuring charges	6,450	9,565	11,962	18,134
Asset writedowns	—	192,188	—	192,188
Gain related to joint venture agreement	—	(255,652)	—	(255,652)
Adjusted net income	\$ 273,785	\$ 199,505	\$ 559,468	\$ 452,394
Earnings per diluted share	\$ 1.80	\$ 1.66	\$ 3.66	\$ 3.28
Adjustments:				
Restructuring charges	0.04	0.06	0.08	0.12
Asset writedowns	—	1.26	—	1.26
Gain related to joint venture agreement	—	(1.68)	—	(1.68)
Adjusted earnings per diluted share	\$ 1.84	\$ 1.30	\$ 3.74	\$ 2.98

BUSINESS SEGMENT INFORMATION BY INDUSTRY

(Unaudited)	Three Months Ended December 31,		Six Months Ended December 31,	
(Dollars in thousands)	2014	2013	2014	2013
Net sales				
Diversified Industrial:				
North America	\$ 1,389,207	\$ 1,325,402	\$ 2,861,019	\$ 2,713,277
International	1,187,400	1,276,851	2,450,897	2,547,646
Aerospace Systems	558,386	503,753	1,093,009	1,071,227
Total net sales	\$ 3,134,993	\$ 3,106,006	\$ 6,404,925	\$ 6,332,150
Segment operating income				
Diversified Industrial:				
North America	\$ 226,888	\$ 200,628	\$ 491,124	\$ 434,826
International	136,525	134,198	326,330	307,608
Aerospace Systems	66,817	45,034	132,166	102,332
Total segment operating income	430,230	379,860	949,620	844,766
Corporate general and administrative expenses	51,360	46,819	106,804	94,029
Income before interest expense and other expense	378,870	333,041	842,816	750,737
Interest expense	27,645	20,851	48,606	41,809
Other expense (income)	7,959	(183,126)	54,309	(110,478)
Income before income taxes	\$ 343,266	\$ 495,316	\$ 739,901	\$ 819,406

PARKER HANNIFIN CORPORATION - DECEMBER 31, 2014

CONSOLIDATED BALANCE SHEET

(Unaudited)	December 31,		June 30,		December 31,	
(Dollars in thousands)	2014		2014		2013	
Assets						
Current assets:						
Cash and cash equivalents	\$	1,075,307	\$	1,613,555	\$	2,139,522
Marketable securities and other investments		886,879		573,701		—
Trade accounts receivable, net		1,572,864		1,858,176		1,625,782
Non-trade and notes receivable		428,090		388,437		236,067
Inventories		1,453,996		1,371,681		1,448,628
Prepaid expenses		160,335		129,837		169,262
Deferred income taxes		150,301		136,193		125,612
Total current assets		5,727,772		6,071,580		5,744,873
Plant and equipment, net		1,716,489		1,824,294		1,820,312
Goodwill		3,011,894		3,171,425		3,161,699
Intangible assets, net		1,090,972		1,188,282		1,220,547
Other assets		1,021,272		1,018,781		916,505
Total assets	\$	12,568,399	\$	13,274,362	\$	12,863,936
Liabilities and equity						
Current liabilities:						
Notes payable	\$	242,043	\$	816,622	\$	1,217,292
Accounts payable		1,145,202		1,252,040		1,074,512
Accrued liabilities		817,152		960,523		839,095
Accrued domestic and foreign taxes		134,754		223,611		172,204
Total current liabilities		2,339,151		3,252,796		3,303,103
Long-term debt		2,725,510		1,508,142		1,507,019
Pensions and other postretirement benefits		1,309,477		1,346,224		1,303,527
Deferred income taxes		86,606		94,819		112,561
Other liabilities		347,514		409,573		339,440
Shareholders' equity		5,756,749		6,659,428		6,295,226
Noncontrolling interests		3,392		3,380		3,060
Total liabilities and equity	\$	12,568,399	\$	13,274,362	\$	12,863,936

PARKER HANNIFIN CORPORATION - DECEMBER 31, 2014

CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited)	Six Months Ended December 31,	
(Dollars in thousands)	2014	2013
Cash flows from operating activities:		
Net income	\$ 547,506	\$ 497,724
Depreciation and amortization	160,625	170,090
Stock incentive plan compensation	52,217	75,370
Goodwill and intangible asset impairment	—	188,870
Gain on sale of deconsolidation of subsidiary	—	(412,612)
Gain on sale of businesses	(5,791)	—
Net change in receivables, inventories, and trade payables	2,205	53,841
Net change in other assets and liabilities	(167,918)	(80,362)
Other, net	(50,347)	47,188
Net cash provided by operating activities	538,497	540,109
Cash flows from investing activities:		
Acquisitions (net of cash of \$3,979 in 2014)	(18,640)	728
Capital expenditures	(109,781)	(111,847)
Proceeds from sale of plant and equipment	3,902	8,790
Proceeds from sale of businesses	22,779	—
Proceeds from deconsolidation of subsidiary	—	202,498
Purchases of marketable securities and other investments	(971,606)	—
Maturities and sales of marketable securities and other investments	475,851	—
Other, net	(43,239)	(728)
Net cash (used in) provided by investing activities	(640,734)	99,441
Cash flows from financing activities:		
Net payments for common stock activity	(852,524)	(81,784)
Net proceeds from (payments for) debt	669,975	(116,834)
Dividends	(164,758)	(134,718)
Net cash (used in) financing activities	(347,307)	(333,336)
Effect of exchange rate changes on cash	(88,704)	51,896
Net (decrease) increase in cash and cash equivalents	(538,248)	358,110
Cash and cash equivalents at beginning of period	1,613,555	1,781,412
Cash and cash equivalents at end of period	\$ 1,075,307	\$ 2,139,522

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

(Unaudited)

(Amounts in dollars)

	Fiscal Year 2015
Forecasted earnings per diluted share	\$7.70 to \$8.10
Adjustments:	
Restructuring	0.20
Adjusted forecasted earnings per diluted share	\$7.90 to \$8.30

Parker Hannifin Corporation

Exhibit 99.2

2nd Quarter Fiscal Year 2015 Earnings Release



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ENGINEERING YOUR SUCCESS.

January 27, 2015

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 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 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 from operating activities 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) net income and earnings per diluted share reported in accordance with U.S. GAAP to net income & earnings per diluted share without the effect of restructuring expenses, asset write downs & the effect of a joint venture. The effects of acquisitions, divestitures, currency exchange rates, the discretionary pension plan contributions, restructuring expenses, asset write downs and the effect of a joint venture 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

- **Chairman and CEO Comments**

- **Key Performance Measures & Outlook**

- **Questions and Answers**

- **Chairman Closing Comments**

Highlights

2nd Quarter FY2015

- Record Second Quarter Sales of \$3.1B
- Record As Reported Earnings per Share of \$1.80
 - Record Adjusted Earnings per Share of \$1.84
- Organic Growth of 4.2%
- Orders increased 4% and Positive Across all Segments
- Segment Operating Margins 13.7%
 - 150 basis point increase YOY
 - Adjusted Segment Operating Margins 14.0%
- Restructuring on Track
- Share Repurchase Program Update

Leadership Transition



Tom Williams
Chief Executive Officer

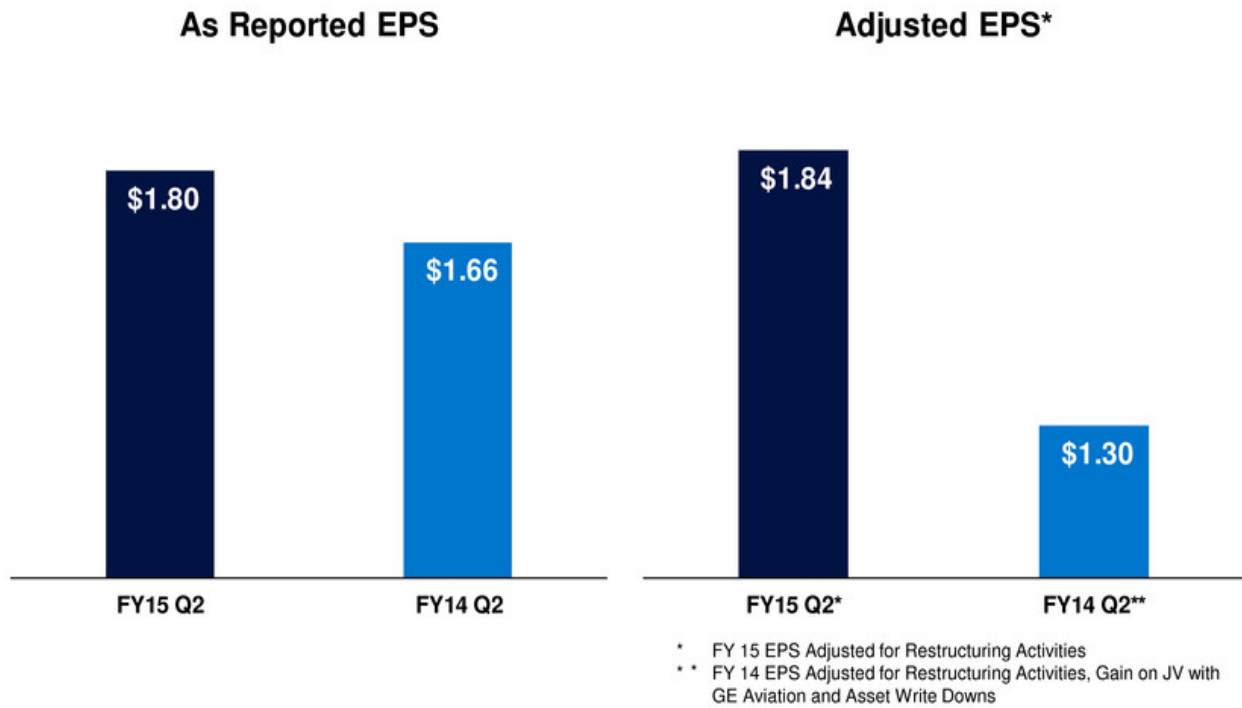


Lee Banks,
President & Chief Operating Officer



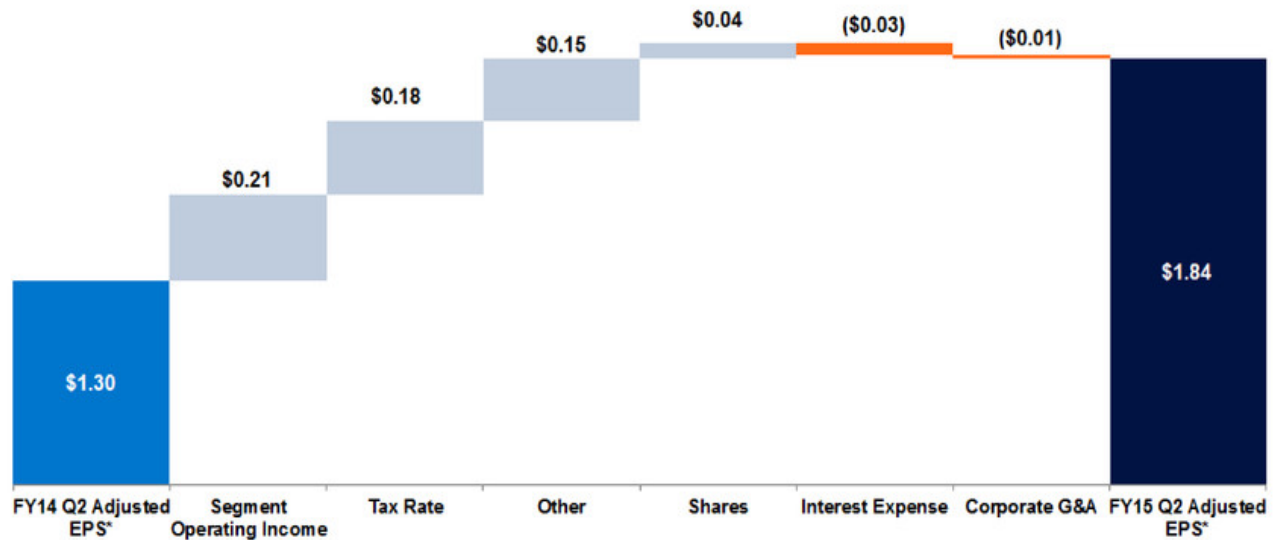
Diluted Earnings Per Share

2nd Quarter FY2015



Influences on Adjusted Earnings Per Share

2nd Quarter FY2015 vs. 2nd Quarter FY2014



- * FY 15 EPS Adjusted for Restructuring Activities
- * FY 14 EPS Adjusted for Restructuring Activities, Gain on JV with GE Aviation and Asset Write Downs

Sales & Segment Operating Margin

Total Parker

\$ in millions	2nd Quarter			
	FY2015	% Change	FY2014	
Sales				
As Reported	\$3,135	0.9 %	\$3,106	
Acquisitions	6	0.2 %		
Currency	(108)	(3.5)%		
Organic Sales	\$3,237	4.2 %		
	FY2015	% of Sales	FY2014	% of Sales
Segment Operating Margin				
As Reported	\$ 430	13.7 %	\$ 380	12.2 %
Restructuring	9		13	
Adjusted	\$ 439	14.0 %	\$ 393	12.7 %

Sales & Segment Operating Margin

Diversified Industrial North America

\$ in millions	2nd Quarter		
	FY2015	% Change	FY2014
Sales			
As Reported	\$ 1,389	4.8 %	\$ 1,325
Acquisitions	4	0.3 %	
Currency	(10)	(0.7)%	
Organic Sales	\$ 1,395	5.2 %	

	FY2015	% of Sales	FY2014	% of Sales
Segment Operating Margin				
As Reported	\$ 227	16.3 %	\$ 201	15.1 %
Restructuring	0		0	
Adjusted	\$ 227	16.3 %	\$ 201	15.1 %

Sales & Segment Operating Margin

Diversified Industrial International

\$ in millions	2nd Quarter			
	FY2015	% Change	FY2014	
Sales				
As Reported	\$ 1,188	(7.0)%	\$ 1,277	
Acquisitions	2	0.2 %		
Currency	(96)	(7.5)%		
Organic Sales	\$ 1,282	0.3 %		
	FY2015	% of Sales	FY2014	% of Sales
Segment Operating Margin				
As Reported	\$ 137	11.5 %	\$ 134	10.5 %
Restructuring	9		13	
Adjusted	\$ 146	12.3 %	\$ 147	11.5 %

Sales & Segment Operating Margin

Aerospace Systems

\$ in millions	2nd Quarter			
	FY2015	% Change	FY2014	
Sales				
As Reported	\$ 558	10.8 %	\$ 504	
Acquisitions	-	- %		
Currency	(2)	(0.4)%		
Organic Sales	\$ 560	11.2 %		
	FY2015	% of Sales	FY2014	% of Sales
Segment Operating Margin				
As Reported	\$ 67	12.0 %	\$ 45	8.9 %
Restructuring	-		-	
Adjusted	\$ 67	12.0 %	\$ 45	8.9 %

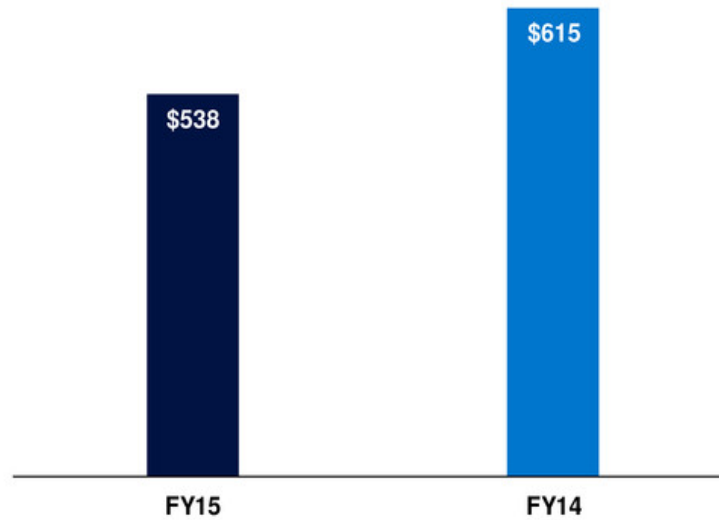
Order Rates

	<u>Dec 2014</u>	<u>Sept 2014</u>	<u>Dec 2013</u>	<u>Sept 2013</u>
Total Parker	+ 4 %	+ 5 %	+ 5 %	+ 5 %
Diversified Industrial North America	+ 4 %	+ 6 %	+ 3 %	+ 3 %
Diversified Industrial International	+ 1 %	+ 2 %	+ 6 %	+ 5 %
Aerospace Systems	+ 9 %	+ 12 %	+ 7 %	+ 11 %

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

Cash Flow from Operating Activities

FY2015 YTD



	<u>FY 2015</u>	<u>% of Sales</u>	<u>FY 2014</u>	<u>% of Sales</u>
As Reported Cash Flow From Operating Activities	538	8.4%	540	8.5%
Discretionary Pension Plan Contribution			75	
Adjusted Cash Flow From Operating Activities	538	8.4%	615	9.7%

FY2015 Guidance

Adjusted EPS Increased to \$8.10 Midpoint

Adjusted Sales Growth vs. Prior Year	
Diversified Industrial North America	3% - 6%
Diversified Industrial International	(8%) - (6%)
Aerospace Systems	4% - 5%
Total Parker	(1%) - 1%

Adjusted Segment Operating Margins	
Diversified Industrial North America	16.9% - 17.3%
Diversified Industrial International	14.9% - 15.1%
Aerospace Systems	13.4% - 13.8%
Total Parker	15.6% - 15.9%

Below the Line Items	
Corporate General & Administrative Expense, Interest and Other	\$455 M

Tax Rate	
Full Year	27.0%

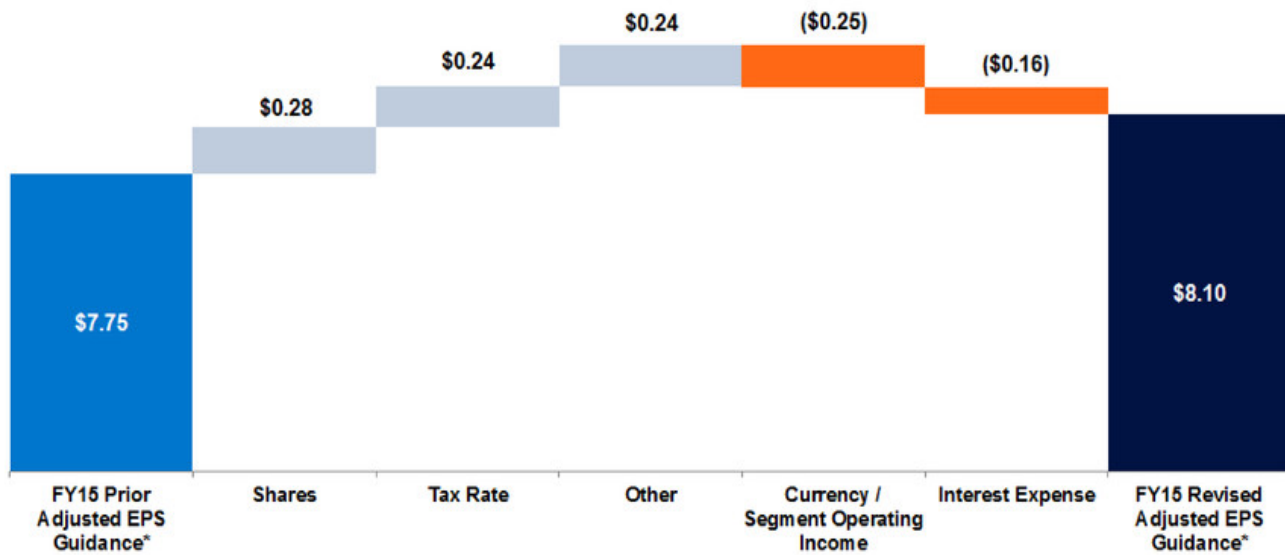
Shares	
Diluted Shares Outstanding	145.8 M

Earnings Per Share	
As Reported Range	\$7.70 - \$8.10
Adjusted Range	\$7.90 - \$8.30

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

FY2015 Guidance

Reconciliation to Prior Guidance at Midpoint



* FY 15 EPS Adjusted for Restructuring Activities



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Appendix

- Consolidated Statement of Income
- Reconciliation of Net Income & EPS
- Business Segment Information By Industry
- 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 December 31,		Six Months Ended December 31,	
	2014	2013	2014	2013
Net sales	\$ 3,134,993	\$ 3,106,006	\$ 6,404,925	\$ 6,332,150
Cost of sales	2,401,584	2,419,971	4,861,449	4,896,380
Gross profit	733,409	686,035	1,543,476	1,435,770
Selling, general and administrative expenses	379,804	398,636	780,644	805,566
Goodwill and intangible asset impairment	-	188,870	-	188,870
Interest expense	27,645	20,851	48,606	41,809
Other (income), net	(17,306)	(417,638)	(25,675)	(419,881)
Income before income taxes	343,266	495,316	739,901	819,406
Income taxes	75,931	241,912	192,395	321,682
Net income	267,335	253,404	547,506	497,724
Less: Noncontrolling interests	83	116	165	120
Net income attributable to common shareholders	\$ 267,252	\$ 253,288	\$ 547,341	\$ 497,604
Earnings per share attributable to common shareholders:				
Basic earnings per share	\$ 1.84	\$ 1.70	\$ 3.72	\$ 3.34
Diluted earnings per share	\$ 1.80	\$ 1.66	\$ 3.66	\$ 3.28
Average shares outstanding during period - Basic	145,493,247	149,153,599	147,116,038	149,195,452
Average shares outstanding during period - Diluted	148,182,777	152,151,024	149,463,280	151,743,389
Cash dividends per common share	\$.63	\$.45	\$ 1.11	\$.90

Reconciliation of Net Income & EPS

(Unaudited) (Dollars in thousands except per share amounts)	Three Months Ended December 31,		Six Months Ended December 31,	
	2014	2013	2014	2013
Net income	\$ 267,335	\$ 253,404	\$ 547,506	\$ 497,724
Adjustments:				
Restructuring charges	6,450	9,565	11,962	18,134
Asset w ritedow ns	-	192,188	-	192,188
Gain related to joint venture agreement	-	(255,652)	-	(255,652)
Adjusted net income	\$ 273,785	\$ 199,505	\$ 559,468	\$ 452,394
Earnings per diluted share	\$ 1.80	\$ 1.66	\$ 3.66	\$ 3.28
Adjustments:				
Restructuring charges	0.04	0.06	0.08	0.12
Asset w ritedow ns	-	1.26	-	1.26
Gain related to joint venture agreement	-	(1.68)	-	(1.68)
Adjusted earnings per diluted share	\$ 1.84	\$ 1.30	\$ 3.74	\$ 2.98

Business Segment Information By Industry

(Unaudited)	Three Months Ended December 31,		Six Months Ended December 31,	
(Dollars in thousands)	2014	2013	2014	2013
Net sales				
Diversified Industrial:				
North America	\$ 1,389,207	\$ 1,325,402	\$ 2,861,019	\$ 2,713,277
International	1,187,400	1,276,851	2,450,897	2,547,646
Aerospace Systems	558,386	503,753	1,093,009	1,071,227
Total net sales	\$ 3,134,993	\$ 3,106,006	\$ 6,404,925	\$ 6,332,150
Segment operating income				
Diversified Industrial:				
North America	\$ 226,888	\$ 200,628	\$ 491,124	\$ 434,826
International	136,525	134,198	326,330	307,608
Aerospace Systems	66,817	45,034	132,166	102,332
Total segment operating income	430,230	379,860	949,620	844,766
Corporate general and administrative expenses	51,360	46,819	106,804	94,029
Income before interest and other	378,870	333,041	842,816	750,737
Interest expense	27,645	20,851	48,606	41,809
Other expense (income)	7,959	(183,126)	54,309	(110,478)
Income before income taxes	\$ 343,266	\$ 495,316	\$ 739,901	\$ 819,406

Consolidated Balance Sheet

(Unaudited)	December 31,	June 30,	December 31,
(Dollars in thousands)	2014	2014	2013
Assets			
Current assets:			
Cash and cash equivalents	\$ 1,075,307	\$ 1,613,555	\$ 2,139,522
Marketable securities and other investments	886,879	573,701	-
Trade accounts receivable, net	1,572,864	1,858,176	1,625,782
Non-trade and notes receivable	428,090	388,437	236,067
Inventories	1,453,996	1,371,681	1,448,628
Prepaid expenses	160,335	129,837	169,262
Deferred income taxes	150,301	136,193	125,612
Total current assets	5,727,772	6,071,580	5,744,873
Plant and equipment, net	1,716,489	1,824,294	1,820,312
Goodwill	3,011,894	3,171,425	3,161,699
Intangible assets, net	1,090,972	1,188,282	1,220,547
Other assets	1,021,272	1,018,781	916,505
Total assets	\$ 12,568,399	\$ 13,274,362	\$ 12,863,936
Liabilities and equity			
Current liabilities:			
Notes payable	\$ 242,043	\$ 816,622	\$ 1,217,292
Accounts payable	1,145,202	1,252,040	1,074,512
Accrued liabilities	817,152	960,523	839,095
Accrued domestic and foreign taxes	134,754	223,611	172,204
Total current liabilities	2,339,151	3,252,796	3,303,103
Long-term debt	2,725,510	1,508,142	1,507,019
Pensions and other postretirement benefits	1,309,477	1,346,224	1,303,527
Deferred income taxes	86,606	94,819	112,561
Other liabilities	347,514	409,573	339,440
Shareholders' equity	5,756,749	6,659,428	6,295,226
Noncontrolling interests	3,392	3,380	3,060
Total liabilities and equity	\$ 12,568,399	\$ 13,274,362	\$ 12,863,936

Consolidated Statement of Cash Flows

(Unaudited)	Six Months Ended December 31,	
(Dollars in thousands)	2014	2013
Cash flows from operating activities:		
Net income	\$ 547,506	\$ 497,724
Depreciation and amortization	160,625	170,090
Stock incentive plan compensation	52,217	75,370
Goodwill and intangible asset impairment	-	188,870
Gain on deconsolidation of subsidiary	-	(412,612)
Gain on sale of businesses	(5,791)	-
Net change in receivables, inventories, and trade payables	2,205	53,841
Net change in other assets and liabilities	(167,918)	(80,362)
Other, net	(50,347)	47,188
Net cash provided by operating activities	538,497	540,109
Cash flows from investing activities:		
Acquisitions (net of cash of \$3,979 in 2014)	(18,640)	728
Capital expenditures	(109,781)	(111,847)
Proceeds from sale of plant and equipment	3,902	8,790
Proceeds from sale of businesses	22,779	-
Proceeds from deconsolidation of subsidiary	-	202,498
Purchase of marketable securities and other investments	(971,606)	-
Maturities and sales of marketable securities and other investments	475,851	-
Other, net	(43,239)	(728)
Net cash (used in) provided by investing activities	(640,734)	99,441
Cash flows from financing activities:		
Net payments for common stock activity	(852,524)	(81,784)
Net proceeds from (payments for) debt	669,975	(116,834)
Dividends	(164,758)	(134,718)
Net cash (used in) financing activities	(347,307)	(333,336)
Effect of exchange rate changes on cash	(88,704)	51,896
Net (decrease) increase in cash and cash equivalents	(538,248)	358,110
Cash and cash equivalents at beginning of period	1,613,555	1,781,412
Cash and cash equivalents at end of period	\$ 1,075,307	\$ 2,139,522

Reconciliation of Forecasted EPS

(Unaudited)	Fiscal Year
(Amounts in dollars)	2015
Forecasted earnings per diluted share	\$7.70 to \$8.10
Adjustments:	
Restructuring	.20
Adjusted forecasted earnings per diluted share	\$7.90 to \$8.30

Supplemental Sales Information

Global Technology Platforms

(Unaudited)	Three Months Ended Dec 31,		Six Months Ended Dec 31,	
(Dollars in thousands)	2014	2013	2014	2013
Net sales				
Diversified Industrial:				
Motion Systems	\$ 895,661	\$ 928,466	\$ 1,842,925	\$ 1,862,654
Flow and Process Control	985,012	1,001,366	2,040,897	2,027,055
Filtration and Engineered Materials	695,934	672,421	1,428,094	1,371,214
Aerospace Systems	558,386	503,753	1,093,009	1,071,227
Total	\$ 3,134,993	\$ 3,106,006	\$ 6,404,925	\$ 6,332,150

