

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

FORM 8-K

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

Date of report (Date of earliest event reported): August 4, 2016

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 August 4, 2016, Parker-Hannifin Corporation issued a press release and presented a Webcast announcing results of operations for the quarter ended June 30, 2016. 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 August 4, 2016.
 - 99.2 Webcast presentation by Parker-Hannifin Corporation, dated August 4, 2016.
-

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: August 4, 2016



Exhibit 99.1

For Release: Immediately

Contact: **Media -**
Aidan Gormley -Director, Global Communications and Branding 216-896-3258
aidan.gormley@parker.com
Financial Analysts -
Robin J. Davenport, Vice President, Corporate Finance 216-896-2265
rjdavenport@parker.com

Stock symbol: PH - NYSE

Parker Reports Fiscal 2016 Fourth Quarter and Full Year Results

- *Fourth quarter EPS \$1.77 as reported, or \$1.90 adjusted for realignment expenses*
- *Strong fourth quarter segment operating margins of 14.8% as reported, or 15.6 % adjusted*
- *Company sets guidance for fiscal year 2017 EPS in the range of \$6.15 to \$6.85 as reported, or \$6.40 to \$7.10 adjusted for realignment expenses*

CLEVELAND, August 4, 2016 -- Parker Hannifin Corporation (NYSE: PH), the global leader in motion and control technologies, today announced results for the fiscal 2016 fourth quarter and full year ended June 30, 2016. Fiscal 2016 fourth quarter sales decreased 6% to \$2.96 billion compared with \$3.14 billion in the same quarter a year ago. Fiscal 2016 fourth quarter net income increased 35% to \$241.9 million compared with \$179.6 million in the fourth quarter of fiscal 2015. Fiscal 2016 fourth quarter earnings per share were \$1.77, an increase of 39% compared with \$1.27 per share in the prior year quarter. Adjusted earnings per share were \$1.90 in the fiscal 2016 fourth quarter, an increase of 33% compared with adjusted earnings per share of \$1.43 in the prior year quarter. A reconciliation of as reported to adjusted earnings per share and segment operating margins is included with the financial tables accompanying this news release.

For the full year, fiscal 2016 sales were \$11.4 billion, an 11% decline compared with \$12.7 billion in fiscal 2015. Net income for fiscal 2016 was \$807.2 million, a 20% decline compared with \$1,012.6 million in fiscal 2015. Fiscal 2016 earnings per share were \$5.89, a 15% decline compared with \$6.97 per share in fiscal 2015. Adjusted earnings per share for fiscal 2016 were \$6.46, an 11% decline compared with adjusted earnings per share of \$7.25 in the prior year. Cash flow from operations for fiscal 2016 was \$1.2 billion or 10.3% of sales. Excluding a discretionary contribution to the company's pension plan of \$200 million, fiscal 2016 cash flow from operations was 12.1% of sales.

"I am pleased we ended fiscal year 2016 on such a positive note with strong fourth quarter margin and cash flow performance, which largely reflects the actions we have taken under the new Win Strategy™," said Tom Williams, Chairman and Chief Executive Officer. "Demand levels remained weak globally. Despite these conditions, we achieved adjusted segment operating margins of 15.6% for the fourth quarter, compared with 14.9% in the prior year quarter. Our adjusted decremental marginal return on sales was exceptional at 2.9% for the quarter and less than 25% for the sixth consecutive quarter. This level of performance is a credit to Parker team members globally for acting decisively and implementing structural cost improvements. We continue to make meaningful progress toward the goals we have established under the Win Strategy."

Segment Results

Diversified Industrial Segment: North American fourth quarter sales decreased 11% to \$1.26 billion and operating income was \$221.2 million, compared with \$228.9 million in the same period a year ago. International fourth quarter sales decreased 4% to \$1.09 billion and operating income was \$118.6 million, compared with \$118.1 million in the same period a year ago.

Aerospace Systems Segment: Fourth quarter sales increased 2% to \$602.3 million and operating income was \$97.5 million, compared with \$93.5 million in the same period a year ago.

Orders

Parker reported the following orders for the quarter ending June 30, 2016, compared with the same quarter a year ago:

- Orders decreased 1% for total Parker;
- Orders decreased 10% in the Diversified Industrial North America businesses;
- Orders increased 3% in the Diversified Industrial International businesses; and
- Orders increased 14% in the Aerospace Systems segment on a rolling 12-month average basis.

Share Repurchases

During the fourth quarter, the company repurchased approximately \$108 million of Parker shares bringing the total repurchases for fiscal 2016 to approximately \$558 million.

Outlook

For the fiscal year ending June 30, 2017, the company has issued guidance for earnings from continuing operations in the range of \$6.15 to \$6.85 per share, or \$6.40 to \$7.10 per share on an adjusted basis. Fiscal year 2017 guidance is adjusted for expected business realignment expenses of approximately \$0.25 per share.

Williams added, "In many of our key markets we are seeing a decelerating rate of decline. While we see progress toward stabilization, we remain cautious in our outlook and are not anticipating any meaningful turnaround in global market conditions. In fiscal year 2017, we are estimating flat sales and significant margin improvement, reflecting the benefits of our Simplification and

business restructuring actions and the new Win Strategy. Our primary focus will be on executing the fundamentals of the Win Strategy, which I am confident will allow us to take Parker performance to new levels and will result in a positive impact for our customers and shareholders. While we still have much more to accomplish, Parker is in a very strong position entering fiscal year 2017.”

NOTICE OF CONFERENCE CALL: Parker Hannifin's conference call and slide presentation to discuss its fiscal 2016 fourth quarter and full year 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 of \$11 billion in fiscal year 2016, 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 has operations in 49 countries around the world. Parker has increased its annual dividends paid to shareholders for 60 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 % 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) segment operating margins and earnings per share without the effect of business realignment and voluntary retirement expenses; (b) the effect of business realignment expenses on forecasted earnings from continuing operations per share; and (c) cash flows from operations without the effect of a discretionary pension contribution. The effects of business realignment and voluntary retirement expenses and the discretionary pension contribution are removed to allow investors and the company to meaningfully evaluate changes in segment operating margin, earnings per share and cash flows from operations 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; 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; threats associated with and efforts to combat terrorism and cyber-security risks; 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; 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

(Dollars in thousands except per share amounts)	Three Months Ended June 30,		Twelve Months Ended June 30,	
	2016	2015	2016	2015
Net sales	\$ 2,957,150	\$ 3,144,508	\$ 11,360,753	\$ 12,711,744
Cost of sales	2,272,455	2,420,780	8,823,384	9,655,245
Gross profit	684,695	723,728	2,537,369	3,056,499
Selling, general and administrative expenses	338,572	391,796	1,359,360	1,544,746
Interest expense	32,715	34,797	136,517	118,406
Other (income), net	(22,798)	(6,838)	(73,236)	(38,893)
Income before income taxes	336,206	303,973	1,114,728	1,432,240
Income taxes	94,295	124,388	307,512	419,687
Net income	241,911	179,585	807,216	1,012,553
Less: Noncontrolling interests	115	131	376	413
Net income attributable to common shareholders	\$ 241,796	\$ 179,454	\$ 806,840	\$ 1,012,140
Earnings per share attributable to common shareholders:				
Basic earnings per share	\$ 1.80	\$ 1.29	\$ 5.96	\$ 7.08
Diluted earnings per share	\$ 1.77	\$ 1.27	\$ 5.89	\$ 6.97
Average shares outstanding during period - Basic	134,385,814	138,674,443	135,353,321	142,925,327
Average shares outstanding during period - Diluted	136,255,977	141,000,940	136,911,690	145,112,150
Cash dividends per common share	\$ 0.63	\$ 0.63	\$ 2.52	\$ 2.37

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

Net income	\$ 241,911	\$ 179,585	\$ 807,216	\$ 1,012,553
Adjustments:				
Voluntary retirement expense	—	15,034	—	15,034
Business realignment charges	17,828	7,014	78,069	25,180
Adjusted net income	\$ 259,739	\$ 201,633	\$ 885,285	\$ 1,052,767
Earnings per diluted share	\$ 1.77	\$ 1.27	\$ 5.89	\$ 6.97
Adjustments:				
Voluntary retirement expense	—	0.11	—	0.11
Business realignment charges	0.13	0.05	0.57	0.17
Adjusted earnings per diluted share	\$ 1.90	\$ 1.43	\$ 6.46	\$ 7.25

BUSINESS SEGMENT INFORMATION

(Dollars in thousands)	Three Months Ended June 30,		Twelve Months Ended June 30,	
	2016	2015	2016	2015
Net sales				
Diversified Industrial:				
North America	\$ 1,260,203	\$ 1,413,098	\$ 4,955,211	\$ 5,715,742
International	1,094,585	1,142,231	4,145,272	4,741,376
Aerospace Systems	602,362	589,179	2,260,270	2,254,626
Total net sales	\$ 2,957,150	\$ 3,144,508	\$ 11,360,753	\$ 12,711,744
Segment operating income				
Diversified Industrial:				
North America	\$ 221,158	\$ 228,861	\$ 789,667	\$ 955,501
International	118,634	118,134	448,457	583,937
Aerospace Systems	97,526	93,494	337,531	298,994
Total segment operating income	437,318	440,489	1,575,655	1,838,432
Corporate general and administrative expenses	46,620	63,077	173,203	215,396
Income before interest expense and other	390,698	377,412	1,402,452	1,623,036
Interest expense	32,715	34,797	136,517	118,406
Other expense	21,777	38,642	151,207	72,390
Income before income taxes	\$ 336,206	\$ 303,973	\$ 1,114,728	\$ 1,432,240

RECONCILIATION OF SEGMENT OPERATING MARGIN TO ADJUSTED SEGMENT OPERATING MARGIN

	Three Months Ended June 30, 2016		Three Months Ended June 30, 2015	
		Operating Margin		Operating Margin
Total segment operating income	\$ 437,318	14.8 %	\$ 440,489	14.0 %
Adjustments:				
Voluntary retirement expense	—		18,057	
Business realignment charges	25,024		9,150	
Adjusted total segment operating income	\$ 462,342	15.6 %	\$ 467,696	14.9 %
	Twelve Months Ended June 30, 2016		Twelve Months Ended June 30, 2015	
		Operating Margin		Operating Margin
Total segment operating income	\$ 1,575,655	13.9 %	\$ 1,838,432	14.5 %
Adjustments:				
Voluntary retirement expense	—		18,057	
Business realignment charges	106,642		31,849	
Adjusted total segment operating income	\$ 1,682,297	14.8 %	\$ 1,888,338	14.9 %

PARKER HANNIFIN CORPORATION - JUNE 30, 2016

CONSOLIDATED BALANCE SHEET

(Dollars in thousands)	June 30, 2016	June 30, 2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,221,653	\$ 1,180,584
Marketable securities and other investments	882,342	733,490
Trade accounts receivable, net	1,593,920	1,620,194
Non-trade and notes receivable	232,183	364,534
Inventories	1,173,329	1,300,459
Prepaid expenses	104,360	241,684
Total current assets	5,207,787	5,440,945
Plant and equipment, net	1,568,100	1,664,022
Goodwill	2,903,037	2,942,679
Intangible assets, net	922,571	1,013,439
Other assets	1,455,243	1,218,197
Total assets	\$ 12,056,738	\$ 12,279,282
Liabilities and equity		
Current liabilities:		
Notes payable	\$ 361,840	\$ 223,142
Accounts payable	1,034,589	1,092,138
Accrued liabilities	841,915	894,555
Accrued domestic and foreign taxes	127,597	139,285
Total current liabilities	2,365,941	2,349,120
Long-term debt	2,675,000	2,723,960
Pensions and other postretirement benefits	2,076,143	1,699,197
Deferred income taxes	54,395	63,222
Other liabilities	306,581	336,214
Shareholders' equity	4,575,255	5,104,287
Noncontrolling interests	3,423	3,282
Total liabilities and equity	\$ 12,056,738	\$ 12,279,282

PARKER HANNIFIN CORPORATION - JUNE 30, 2016

CONSOLIDATED STATEMENT OF CASH FLOWS

Twelve Months Ended June 30,

(Dollars in thousands)	2016	2015
Cash flows from operating activities:		
Net income	\$ 807,216	\$ 1,012,553
Depreciation and amortization	306,843	317,491
Stock incentive plan compensation	71,293	96,093
Gain on sale of businesses	(10,666)	(6,420)
Loss on disposal of assets	414	14,953
(Gain) loss on sale of marketable securities	(723)	3,817
Net change in receivables, inventories, and trade payables	85,414	(13,948)
Net change in other assets and liabilities	(47,012)	(63,679)
Other, net	(42,936)	(58,919)
Net cash provided by operating activities	1,169,843	1,301,941
Cash flows from investing activities:		
Acquisitions (net of cash of \$3,814 in 2016 and \$8,332 in 2015)	(67,552)	(18,618)
Capital expenditures	(149,407)	(215,527)
Proceeds from sale of plant and equipment	18,821	19,655
Proceeds from sale of businesses	24,325	37,265
Purchases of marketable securities and other investments	(1,351,464)	(1,747,333)
Maturities and sales of marketable securities and other investments	1,300,633	1,391,396
Other, net	(39,995)	(46,001)
Net cash (used in) investing activities	(264,639)	(579,163)
Cash flows from financing activities:		
Net payments for common stock activity	(546,304)	(1,371,662)
Net proceeds from debt	85,843	667,307
Dividends	(341,962)	(340,389)
Net cash (used in) financing activities	(802,423)	(1,044,744)
Effect of exchange rate changes on cash	(61,712)	(111,005)
Net increase (decrease) in cash and cash equivalents	41,069	(432,971)
Cash and cash equivalents at beginning of period	1,180,584	1,613,555
Cash and cash equivalents at end of period	\$ 1,221,653	\$ 1,180,584

PARKER HANNIFIN CORPORATION - JUNE 30, 2016**RECONCILIATION OF FORECASTED EARNINGS PER DILUTED SHARE TO ADJUSTED FORECASTED EARNINGS PER DILUTED SHARE**

(Unaudited)

(Amounts in dollars)

	Fiscal Year 2017
Forecasted earnings per diluted share	\$6.15 to \$6.85
Adjustments:	
Business realignment charges	0.25
Adjusted forecasted earnings per diluted share	\$6.40 to \$7.10

Parker Hannifin Corporation

Exhibit 99.2

4th Quarter & Fiscal Year 2016 Earnings Release



PH
LISTED
NYSE

ENGINEERING YOUR SUCCESS.

August 4, 2016

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; 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; threats associated with and efforts to combat terrorism and cyber-security risks; 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; 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) segment operating income and operating margins reported in accordance with U.S. GAAP to segment operating income and operating margins without the effect of business realignment charges and voluntary retirement expenses and, (d) net income and earnings per diluted share reported in accordance with U.S. GAAP to net income and earnings per diluted share without the effect of business realignment charges and voluntary retirement expenses. The effects of acquisitions, currency exchange rates, discretionary pension plan contributions, business realignment charges and voluntary retirement 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, segment operating income, operating margins, net income and earnings per diluted share on a comparable basis from period to period. Full year adjusted guidance removes business realignment charges.

Agenda

- **Chairman and CEO Comments**

- **Results and Outlook**

- **Questions and Answers**

Chairman and CEO Comments

4th Quarter FY2016

- Fourth Quarter Sales of \$2.96B, Sequential Improvement in Sales
- As Reported Earnings per Share of \$1.77 (\$1.90 Adjusted)
- Impressive Margin & Decremental MROS Performance

Full Year FY2016

- YTD Operating Cash Flow 10.3% of Sales (12.1% Adjusted)
- Executed Significant Restructuring and Simplification: \$109M
- As Reported Decremental Margins of 19.5%
- Repurchased \$558M of Parker Shares in FY2016

Chairman and CEO Comments

Full Year FY2017 Guidance

- Initiating FY17 Adjusted EPS Guidance of \$6.40 - \$7.10 (\$6.75 midpoint)
- Sales Essentially Flat for the Year, Increased Earnings
- Realignment Expenses of \$48 million or \$0.25 per share

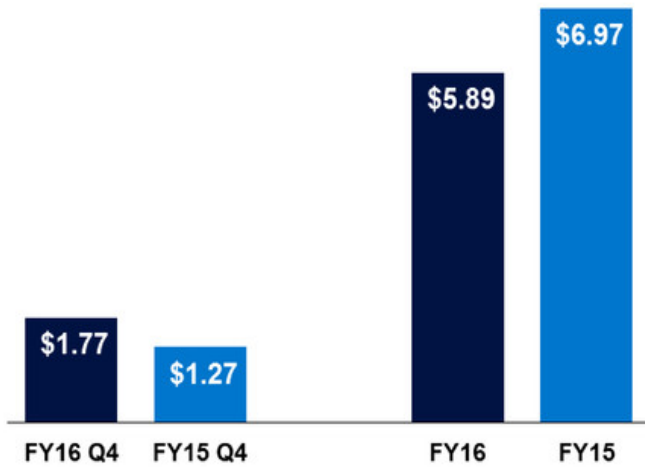
Win Strategy Execution

- Meaningful Progress Across our Strategic Initiatives
- Confident in Achieving our FY20 Financial Objectives

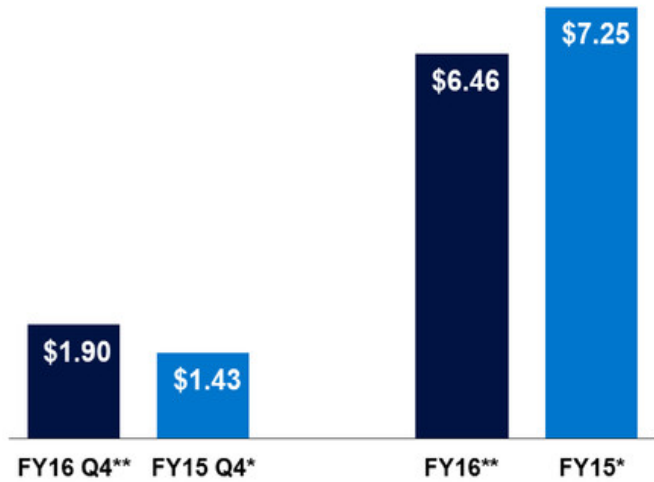
Diluted Earnings Per Share

4th Quarter FY2016

As Reported EPS



Adjusted EPS

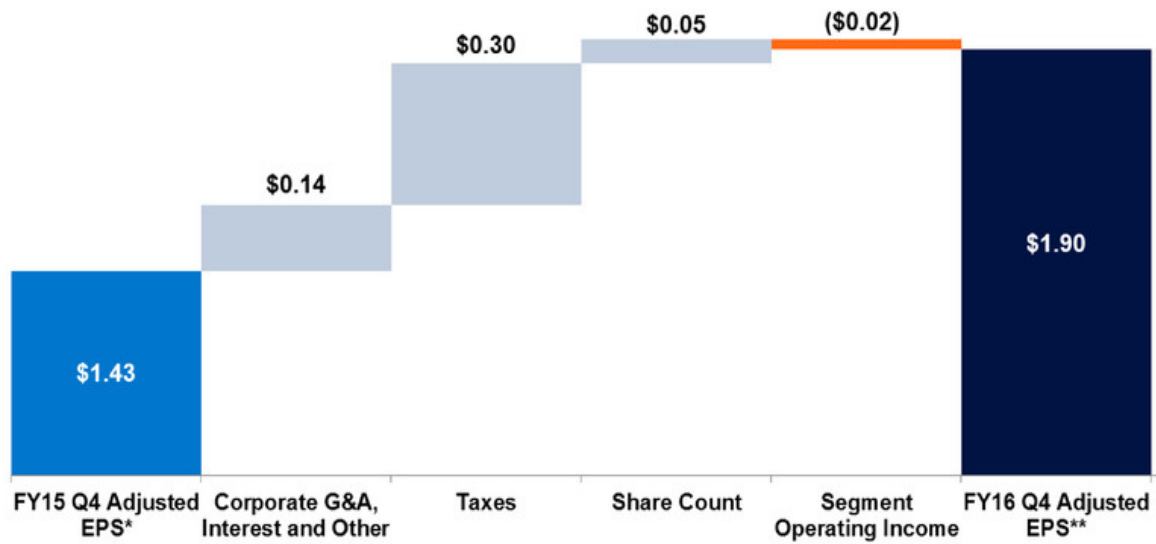


*Adjusted for Business Realignment Charges/Voluntary Retirement Expense

**Adjusted for Business Realignment Charges

Influences on Adjusted Earnings Per Share

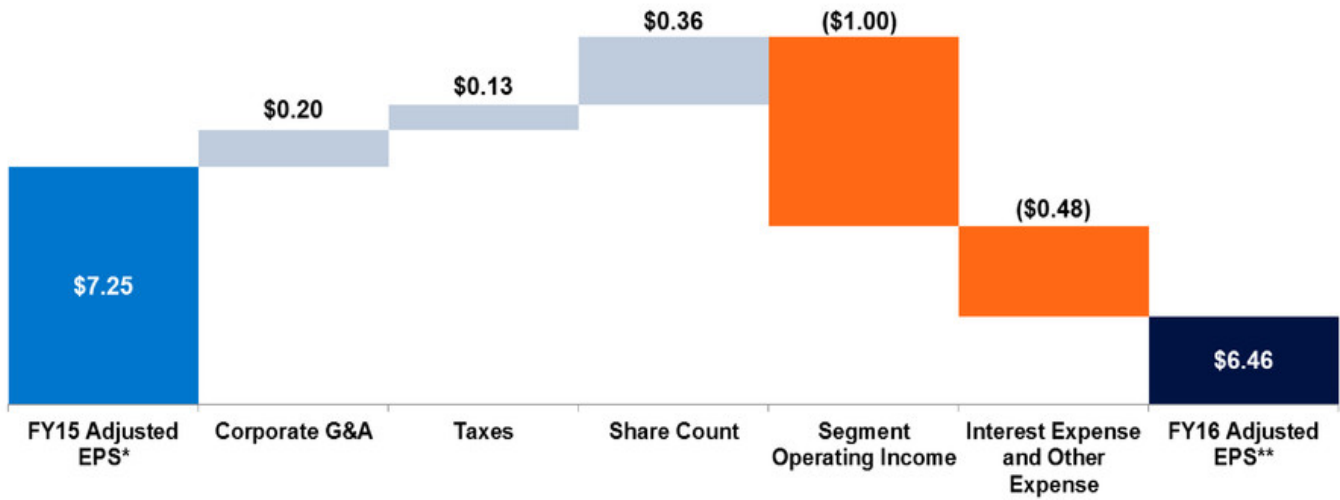
4th Quarter FY2016 vs. 4th Quarter FY2015



*FY15 Q4 EPS Adjusted for Business Realignment Charges/Voluntary Retirement Expense
 **FY16 Q4 EPS Adjusted for Business Realignment Charges

Influences on Adjusted Earnings Per Share

FY2016 vs. FY2015



*FY15 EPS Adjusted for Business Realignment Charges/Voluntary Retirement Expense
 **FY16 EPS Adjusted for Business Realignment Charges

Sales & Segment Operating Margin

Total Parker

\$ in millions

	4th Quarter			Full Year				
	FY2016	% Change	FY2015	FY2016	% Change	FY2015		
Sales								
As Reported	\$ 2,957	(6.0)%	\$3,144	\$11,361	(10.6)%	\$12,711		
Acquisitions	11	0.3 %		42	0.3 %			
Currency	(31)	(1.0)%		(404)	(3.2)%			
Organic Sales	\$ 2,977	(5.3)%		\$11,723	(7.7)%			
	FY2016	% of Sales	FY2015	% of Sales	FY2016	% of Sales	FY2015	% of Sales
Segment Operating Margin								
As Reported	\$ 437	14.8 %	\$ 440	14.0 %	\$ 1,576	13.9 %	\$ 1,838	14.5 %
Business Realignment	25		27		107		50	
Adjusted	\$ 462	15.6 %	\$ 468	14.9 %	\$ 1,682	14.8 %	\$ 1,888	14.9 %

Sales & Segment Operating Margin

Diversified Industrial North America

\$ in millions

	4th Quarter			Full Year				
	FY2016	% Change	FY2015	FY2016	% Change	FY2015		
Sales								
As Reported	\$ 1,260	(10.8)%	\$ 1,413	\$ 4,955	(13.3)%	\$ 5,716		
Acquisitions	2	0.1 %		9	0.1 %			
Currency	(8)	(0.6)%		(60)	(1.0)%			
Organic Sales	\$ 1,266	(10.3)%		\$ 5,006	(12.4)%			
	FY2016	% of Sales	FY2015	% of Sales	FY2016	% of Sales	FY2015	% of Sales
Segment Operating Margin								
As Reported	\$ 221	17.5 %	\$ 229	16.2 %	\$ 790	15.9 %	\$ 956	16.7 %
Business Realignment	5		15		42		16	
Adjusted	\$ 226	18.0 %	\$ 244	17.3 %	\$ 832	16.8 %	\$ 972	17.0 %

Sales & Segment Operating Margin

Diversified Industrial International

\$ in millions

	4th Quarter			Full Year				
	FY2016	% Change	FY2015	FY2016	% Change	FY2015		
Sales								
As Reported	\$ 1,095	(4.2)%	\$ 1,142	\$ 4,146	(12.6)%	\$ 4,741		
Acquisitions	9	0.8 %		33	0.7 %			
Currency	(23)	(2.0)%		(339)	(7.1)%			
Organic Sales	\$ 1,109	(3.0)%		\$ 4,452	(6.2)%			
	FY2016	% of Sales	FY2015	% of Sales	FY2016	% of Sales	FY2015	% of Sales
Segment Operating Margin								
As Reported	\$ 119	10.8 %	\$ 118	10.3 %	\$ 448	10.8 %	\$ 584	12.3 %
Business Realignment	18		6		61		27	
Adjusted	\$ 137	12.6 %	\$ 124	10.9 %	\$ 509	12.3 %	\$ 611	12.9 %

Sales & Segment Operating Margin

Aerospace Systems

\$ in millions

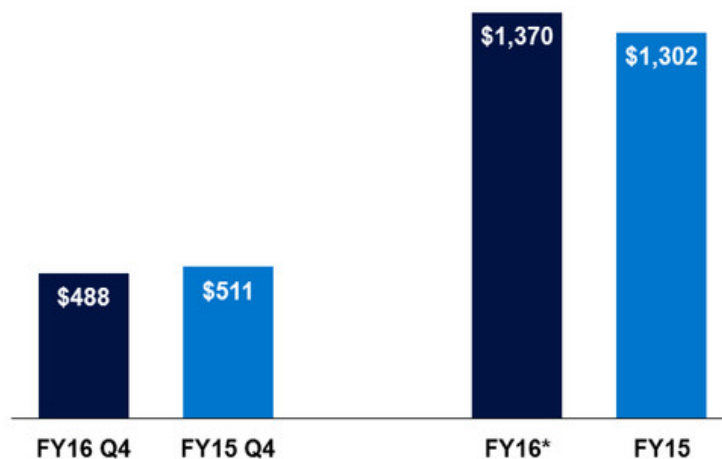
	4th Quarter			Full Year				
	FY2016	% Change	FY2015	FY2016	% Change	FY2015		
Sales								
As Reported	\$ 602	2.2 %	\$ 589	\$ 2,260	0.3 %	\$ 2,254		
Acquisitions	-	- %		-	- %			
Currency	-	- %		(5)	(0.2)%			
Organic Sales	\$ 602	2.2 %		\$ 2,265	0.5 %			
	FY2016	% of Sales	FY2015	% of Sales	FY2016	% of Sales	FY2015	% of Sales
Segment Operating Margin								
As Reported	\$ 98	16.2 %	\$ 93	15.9 %	\$ 337	14.9 %	\$ 299	13.3 %
Business Realignment	1		6		4		6	
Adjusted	\$ 99	16.4 %	\$ 99	16.9 %	\$ 341	15.1 %	\$ 305	13.5 %

Order Rates

	<u>Jun 2016</u>	<u>Mar 2016</u>	<u>Jun 2015</u>	<u>Mar 2015</u>
Total Parker	- 1 %	- 6 %	- 9 %	- 4 %
Diversified Industrial North America	- 10 %	- 9 %	- 9 %	- 6 %
Diversified Industrial International	+ 3 %	- 6 %	- 5 %	- 3 %
Aerospace Systems	+ 14 %	+ 1 %	- 14 %	- 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

Adjusted Cash Flow from Operating Activities



*Adjusted for discretionary pension plan contribution

	4th Quarter				Full Year			
	FY 2016	% of Sales	FY 2015	% of Sales	FY 2016	% of Sales	FY 2015	% of Sales
As Reported Cash Flow From Operating Activities	488	16.5%	511	16.2%	1,170	10.3%	1302	10.2%
Discretionary Pension Plan Contribution					200			
Adjusted Cash Flow From Operating Activities	488	16.5%	511	16.2%	1,370	12.1%	1302	10.2%

FY2017 Guidance

Adjusted EPS Initiated at \$6.75 Midpoint

Sales Growth vs. Prior Year	
Diversified Industrial North America	(4.7%) - (0.7%)
Diversified Industrial International	1.2% - 5.2%
Aerospace Systems	0.8% - 2.8%
Total Parker	(1.5%) - 2.1%

Adjusted Segment Operating Margins	
Diversified Industrial North America	17.3% - 17.7%
Diversified Industrial International	13.0% - 13.4%
Aerospace Systems	15.1% - 15.5%
Total Parker	15.2% - 15.6%

Below the Line Items	
Corporate General & Administrative Expense, Interest and Other	\$469 M

Tax Rate	
Full Year	29%

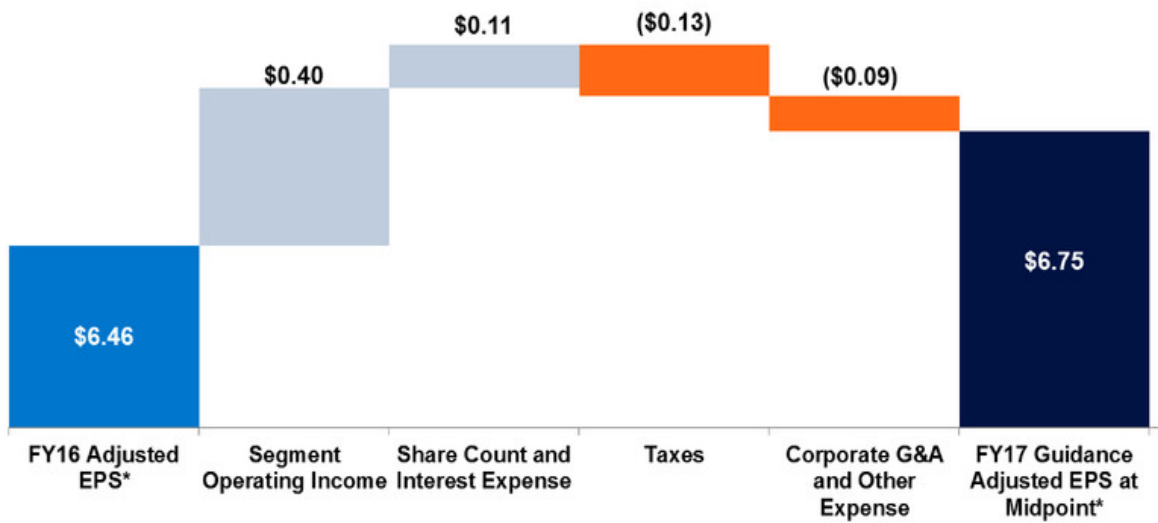
Shares	
Diluted Shares Outstanding (Full Year Average)	135.5M

Earnings Per Share	
As Reported Range	\$6.15 - \$6.85
Adjusted Range	\$6.40 - \$7.10

FY17 Adjusted Segment Operating Margins exclude Business Realignment Charges
FY17 Adjusted Earnings Per Share excludes Business Realignment Charges

FY2017 Guidance

FY17 Guidance vs FY16 Actual



*Adjusted for Business Realignment Charges



PH
LISTED
NYSE.

Appendix

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

Consolidated Statement of Income

(Dollars in thousands except per share amounts)	Three Months Ended June 30,		Twelve Months Ended June 30,	
	2016	2015	2016	2015
Net sales	\$ 2,957,150	\$ 3,144,508	\$ 11,360,753	\$ 12,711,744
Cost of sales	2,272,455	2,420,780	8,823,384	9,655,245
Gross profit	684,695	723,728	2,537,369	3,056,499
Selling, general and administrative expenses	338,572	391,796	1,359,360	1,544,746
Interest expense	32,715	34,797	136,517	118,406
Other (income), net	(22,798)	(6,838)	(73,236)	(38,893)
Income before income taxes	336,206	303,973	1,114,728	1,432,240
Income taxes	94,295	124,388	307,512	419,687
Net income	241,911	179,585	807,216	1,012,553
Less: Noncontrolling interests	115	131	376	413
Net income attributable to common shareholders	\$ 241,796	\$ 179,454	\$ 806,840	\$ 1,012,140
Earnings per share attributable to common shareholders:				
Basic earnings per share	\$ 1.80	\$ 1.29	\$ 5.96	\$ 7.08
Diluted earnings per share	\$ 1.77	\$ 1.27	\$ 5.89	\$ 6.97
Average shares outstanding during period - Basic	134,385,814	138,674,443	135,353,321	142,925,327
Average shares outstanding during period - Diluted	136,255,977	141,000,940	136,911,690	145,112,150
Cash dividends per common share	\$.63	\$.63	\$ 2.52	\$ 2.37

Reconciliation of Net Income & EPS

(Dollars in thousands except per share amounts)	Three Months Ended June 30,		Twelve Months Ended June 30,	
	2016	2015	2016	2015
Net income	\$ 241,911	\$ 179,585	\$ 807,216	\$ 1,012,553
Adjustments:				
Voluntary retirement expense	-	15,034	-	15,034
Business realignment charges	17,828	7,014	78,069	25,180
Adjusted net income	\$ 259,739	\$ 201,633	\$ 885,285	\$ 1,052,767
Earnings per diluted share	\$ 1.77	\$ 1.27	\$ 5.89	\$ 6.97
Adjustments:				
Voluntary retirement expense	-	0.11	-	0.11
Business realignment charges	0.13	0.05	0.57	0.17
Adjusted earnings per diluted share	\$ 1.90	\$ 1.43	\$ 6.46	\$ 7.25

Business Segment Information

(Dollars in thousands)	Three Months Ended June 30,		Twelve Months Ended June 30,	
	2016	2015	2016	2015
Net sales				
Diversified Industrial:				
North America	\$ 1,260,203	\$ 1,413,098	\$ 4,955,211	\$ 5,715,742
International	1,094,585	1,142,231	4,145,272	4,741,376
Aerospace Systems	602,362	589,179	2,260,270	2,254,626
Total	\$ 2,957,150	\$ 3,144,508	\$ 11,360,753	\$ 12,711,744
Segment operating income				
Diversified Industrial:				
North America	\$ 221,158	\$ 228,861	\$ 789,667	\$ 955,501
International	118,634	118,134	448,457	583,937
Aerospace Systems	97,526	93,494	337,531	298,994
Total segment operating income	437,318	440,489	1,575,655	1,838,432
Corporate general and administrative expenses	46,620	63,077	173,203	215,396
Income before interest and other	390,698	377,412	1,402,452	1,623,036
Interest expense	32,715	34,797	136,517	118,406
Other expense	21,777	38,642	151,207	72,390
Income before income taxes	\$ 336,206	\$ 303,973	\$ 1,114,728	\$ 1,432,240

Reconciliation of Segment Operating Margin

	Three Months Ended June 30, 2016	<u>Operating margin</u>	Three Months Ended June 30, 2015	<u>Operating margin</u>
Total segment operating income	\$ 437,318	14.8%	\$ 440,489	14.0%
Adjustments:				
Voluntary retirement expense	-		18,057	
Business realignment charges	25,024		9,150	
Adjusted total segment operating income	\$ 462,342	15.6%	\$ 467,696	14.9%

	Twelve Months Ended June 30, 2016	<u>Operating margin</u>	Twelve Months Ended June 30, 2015	<u>Operating margin</u>
Total segment operating income	\$ 1,575,655	13.9%	\$ 1,838,432	14.5%
Adjustments:				
Voluntary retirement expense	-		18,057	
Business realignment charges	106,642		31,849	
Adjusted total segment operating income	\$ 1,682,297	14.8%	\$ 1,888,338	14.9%

Consolidated Balance Sheet

(Dollars in thousands)	June 30, 2016	June 30, 2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,221,653	\$ 1,180,584
Marketable securities and other investments	882,342	733,490
Trade accounts receivable, net	1,593,920	1,620,194
Non-trade and notes receivable	232,183	364,534
Inventories	1,173,329	1,300,459
Prepaid expenses	104,360	241,684
Total current assets	5,207,787	5,440,945
Plant and equipment, net	1,568,100	1,664,022
Goodwill	2,903,037	2,942,679
Intangible assets, net	922,571	1,013,439
Other assets	1,455,243	1,218,197
Total assets	\$ 12,056,738	\$ 12,279,282
Liabilities and equity		
Current liabilities:		
Notes payable	\$ 361,840	\$ 223,142
Accounts payable	1,034,589	1,092,138
Accrued liabilities	841,915	894,555
Accrued domestic and foreign taxes	127,597	139,285
Total current liabilities	2,365,941	2,349,120
Long-term debt	2,675,000	2,723,960
Pensions and other postretirement benefits	2,076,143	1,699,197
Deferred income taxes	54,395	63,222
Other liabilities	306,581	336,214
Shareholders' equity	4,575,255	5,104,287
Noncontrolling interests	3,423	3,282
Total liabilities and equity	\$ 12,056,738	\$ 12,279,282

Consolidated Statement of Cash Flows

(Dollars in thousands)	Twelve Months Ended June 30,	
	2016	2015
Cash flows from operating activities:		
Net income	\$ 807,216	\$ 1,012,553
Depreciation and amortization	306,843	317,491
Stock incentive plan compensation	71,293	96,093
Gain on sale of businesses	(10,666)	(6,420)
Loss on disposal of assets	414	14,953
(Gain) loss on sale of marketable securities	(723)	3,817
Net change in receivables, inventories, and trade payables	85,414	(13,948)
Net change in other assets and liabilities	(47,012)	(63,679)
Other, net	(42,936)	(58,919)
Net cash provided by operating activities	1,169,843	1,301,941
Cash flows from investing activities:		
Acquisitions (net of cash of \$3,814 in 2016 and \$8,332 in 2015)	(67,552)	(18,618)
Capital expenditures	(149,407)	(215,527)
Proceeds from sale of plant and equipment	18,821	19,655
Proceeds from sale of businesses	24,325	37,265
Purchases of marketable securities and other investments	(1,351,464)	(1,747,333)
Maturities and sales of marketable securities and other investments	1,300,633	1,391,396
Other, net	(39,995)	(46,001)
Net cash (used in) investing activities	(264,639)	(579,163)
Cash flows from financing activities:		
Net payments for common stock activity	(546,304)	(1,371,662)
Net proceeds from debt	85,843	667,307
Dividends	(341,962)	(340,389)
Net cash (used in) financing activities	(802,423)	(1,044,744)
Effect of exchange rate changes on cash	(61,712)	(111,005)
Net increase (decrease) in cash and cash equivalents	41,069	(432,971)
Cash and cash equivalents at beginning of period	1,180,584	1,613,555
Cash and cash equivalents at end of period	\$ 1,221,653	\$ 1,180,584

Reconciliation of Forecasted EPS

	Fiscal Year 2017
Forecasted earnings per diluted share	\$6.15 to \$6.85
Adjustments:	
Business realignment charges	.25
Adjusted forecasted earnings per diluted share	\$6.40 to \$7.10

Supplemental Sales Information

Global Technology Platforms

(Unaudited)

(Dollars in thousands)

	Three Months Ending				Fiscal Year-to-Date			
	September 30, 2015	December 31, 2015	March 31, 2016	June 30, 2016	September 30, 2015	December 31, 2015	March 31, 2016	June 30, 2016
Net sales								
Diversified Industrial:								
Motion Systems	\$ 802,495	\$ 754,923	\$ 789,445	\$ 837,616	\$ 802,495	\$ 1,557,418	\$ 2,346,863	\$ 3,184,479
Flow and Process Control	881,911	805,611	855,702	883,233	881,911	1,687,522	2,543,224	3,426,457
Filtration and Engineered Materials	640,371	592,704	622,533	633,939	640,371	1,233,075	1,855,608	2,489,547
Aerospace Systems	544,571	552,352	560,985	602,362	544,571	1,096,923	1,657,908	2,260,270
Total	\$ 2,869,348	\$ 2,705,590	\$ 2,828,665	\$ 2,957,150	\$ 2,869,348	\$ 5,574,938	\$ 8,403,603	\$ 11,360,753

