

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 21, 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

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 21, 2016, Parker-Hannifin Corporation issued a press release and presented a Webcast announcing earnings for the quarter ended September 30, 2016. 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 21, 2016.

99.2 Webcast presentation by Parker-Hannifin Corporation, dated October 21, 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: October 21, 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 2017 First Quarter Results

- *First quarter EPS increased 10% to \$1.55, or \$1.61 adjusted for business realignment*
- *Strong segment operating and decremental margins*
- *Order rates turn positive*
- *Fiscal 2017 full year earnings guidance maintained*

CLEVELAND, October 21, 2016 -- Parker Hannifin Corporation (NYSE: PH), the global leader in motion and control technologies, today reported results for the fiscal 2017 first quarter ended September 30, 2016. Fiscal 2017 first quarter sales were \$2.74 billion, compared with \$2.87 billion in the prior year quarter. Net income increased 8% to \$210.2 million compared with \$195.0 million in the first quarter of fiscal 2016. Fiscal 2017 first quarter earnings per share increased 10% to \$1.55, compared with \$1.41 in the prior year quarter. Adjusted earnings per share were \$1.61, compared with \$1.52 in the prior year quarter. Cash flow from operations for the first quarter of fiscal 2017 was \$113.9 million or 4.2% of sales, compared with \$19.9 million or 0.7% of sales in the first quarter of last year. Excluding discretionary pension contributions, fiscal 2017 first quarter cash flow from operations was 12.2% of sales compared with 7.7% of sales in the prior year quarter.

"This was another solid quarter for Parker driven by our ability to execute the Win Strategy™," said Chairman and Chief Executive Officer, Tom Williams. "Despite a decline in sales, we were able to deliver

strong decremental marginal return on sales and segment operating margins of 15.0%, reflecting improved performance in the Industrial segment. Net income, earnings per share and operating cash-to-sales also increased from the same quarter a year ago. Quarterly order rates turned positive for the first time since the December 2014 quarter, reinforcing our previous view that we are progressing towards stabilization in many of our key end markets.”

Segment Results

Diversified Industrial Segment: North American first quarter sales decreased 9 percent to \$1.2 billion, and operating income was \$200.6 million compared with \$212.7 million in the same period a year ago. International first quarter sales decreased 2 percent to \$1.0 billion. International operating income was \$137.2 million compared with \$129.3 million in the same period a year ago.

Aerospace Systems Segment: First quarter sales increased 3 percent to \$561.2 million, and operating income was \$73.3 million compared with \$74.0 million in the same period a year ago.

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

- Orders increased 2% for total
Parker;
- Orders decreased 4% 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 first quarter of fiscal 2017, the company repurchased \$115 million in Parker shares. This completes the previously announced commitment to repurchase a minimum of \$2 billion in shares by October 2016.

Outlook

For the fiscal year ending June 30, 2017, the company has maintained 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, "Having now completed one full year of implementation of the Win Strategy, I am even more confident that we can deliver on our financial performance goals. I am also pleased with the progress we have made towards other key goals such as safety performance, customer experience, and profitable growth strategies, which will allow us to deliver sustainable long-term value for our customers and shareholders."

NOTICE OF CONFERENCE CALL: Parker Hannifin's conference call and slide presentation to discuss its fiscal 2017 first 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 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) earnings per share without the effect of business realignment 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 discretionary pension contributions. The effects of business realignment expenses and discretionary pension contributions are removed to allow investors and the company to meaningfully evaluate changes in 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; 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; 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.

###

PARKER HANNIFIN CORPORATION - SEPTEMBER 30, 2016**CONSOLIDATED STATEMENT OF INCOME**

(Unaudited)	Three Months Ended September 30,	
(Dollars in thousands except per share amounts)	2016	2015
Net sales	\$ 2,743,131	\$ 2,869,348
Cost of sales	2,106,006	2,200,904
Gross profit	637,125	668,444
Selling, general and administrative expenses	322,969	370,214
Interest expense	34,148	35,760
Other (income), net	(12,237)	(13,179)
Income before income taxes	292,245	275,649
Income taxes	82,007	80,623
Net income	210,238	195,026
Less: Noncontrolling interests	109	48
Net income attributable to common shareholders	\$ 210,129	\$ 194,978

Earnings per share attributable to common shareholders:

Basic earnings per share	\$ 1.57	\$ 1.42
Diluted earnings per share	\$ 1.55	\$ 1.41
Average shares outstanding during period - Basic	133,679,378	136,844,504
Average shares outstanding during period - Diluted	135,825,658	138,574,908
Cash dividends per common share	\$ 0.63	\$ 0.63

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

(Unaudited)	Three Months Ended September 30,	
	2016	2015
Earnings per diluted share	\$ 1.55	\$ 1.41
Adjustments:		
Business realignment charges	0.06	0.11
Adjusted earnings per diluted share	\$ 1.61	\$ 1.52

PARKER HANNIFIN CORPORATION - SEPTEMBER 30, 2016**BUSINESS SEGMENT INFORMATION**

(Unaudited)	Three Months Ended September 30,	
(Dollars in thousands)	2016	2015
Net sales		
Diversified Industrial:		
North America	\$ 1,166,971	\$ 1,286,330
International	1,014,923	1,038,447
Aerospace Systems	561,237	544,571
Total	\$ 2,743,131	\$ 2,869,348
Segment operating income		
Diversified Industrial:		
North America	\$ 200,611	\$ 212,748
International	137,196	129,295
Aerospace Systems	73,281	74,003
Total segment operating income	411,088	416,046
Corporate general and administrative expenses	31,034	53,051
Income before interest expense and other expense	380,054	362,995
Interest expense	34,148	35,760
Other expense	53,661	51,586
Income before income taxes	\$ 292,245	\$ 275,649

PARKER HANNIFIN CORPORATION - SEPTEMBER 30, 2016

CONSOLIDATED BALANCE SHEET

	(Unaudited)		(Unaudited)	
	September 30,		September 30,	
(Dollars in thousands)	2016		2015	
Assets				
Current assets:				
Cash and cash equivalents	\$	1,393,850	\$	1,221,653
Marketable securities and other investments		746,708		882,342
Trade accounts receivable, net		1,498,384		1,593,920
Non-trade and notes receivable		250,520		232,183
Inventories		1,247,972		1,173,329
Prepaid expenses		144,444		104,360
Total current assets		5,281,878		5,207,787
Plant and equipment, net		1,562,933		1,568,100
Deferred income taxes		495,708		605,155
Goodwill		2,910,765		2,903,037
Intangible assets, net		901,939		922,571
Other assets		817,691		827,492
Total assets	\$	11,970,914	\$	12,034,142
Liabilities and equity				
Current liabilities:				
Notes payable	\$	595,956	\$	361,787
Accounts payable		1,017,905		1,034,589
Accrued liabilities		766,849		841,915
Accrued domestic and foreign taxes		113,528		127,597
Total current liabilities		2,494,238		2,365,888
Long-term debt		2,653,008		2,652,457
Pensions and other postretirement benefits		1,806,366		2,076,143
Deferred income taxes		55,079		54,395
Other liabilities		311,634		306,581
Shareholders' equity		4,647,281		4,575,255
Noncontrolling interests		3,308		3,423
Total liabilities and equity	\$	11,970,914	\$	12,034,142

PARKER HANNIFIN CORPORATION - SEPTEMBER 30, 2016

CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited)	Three Months Ended September 30,	
(Dollars in thousands)	2016	2015
Cash flows from operating activities:		
Net income	\$ 210,238	\$ 195,026
Depreciation and amortization	75,333	78,222
Stock incentive plan compensation	35,818	35,381
Gain on sale of plant and equipment	(681)	(1,071)
Gain on sale of marketable securities	(167)	(54)
Net change in receivables, inventories, and trade payables	59,690	(35,163)
Net change in other assets and liabilities	(361,999)	(250,118)
Other, net	95,700	(2,284)
Net cash provided by operating activities	113,932	19,939
Cash flows from investing activities:		
Acquisitions (net of cash of \$1,760 in 2016 and \$3,814 in 2015)	(29,927)	(67,552)
Capital expenditures	(32,526)	(38,681)
Proceeds from sale of plant and equipment	4,498	3,847
Purchase of marketable securities and other investments	(189,654)	(430,533)
Maturities and sales of marketable securities and other investments	291,372	371,766
Other, net	1,450	(40,273)
Net cash provided by (used in) investing activities	45,213	(201,426)
Cash flows from financing activities:		
Net payments for common stock activity	(131,738)	(319,435)
Net proceeds from debt	231,948	404,787
Dividends	(84,749)	(85,987)
Net cash provided by (used in) financing activities	15,461	(635)
Effect of exchange rate changes on cash	(2,409)	(24,194)
Net increase (decrease) in cash and cash equivalents	172,197	(206,316)
Cash and cash equivalents at beginning of period	1,221,653	1,180,584
Cash and cash equivalents at end of period	\$ 1,393,850	\$ 974,268

RECONCILIATION OF CASH FLOW FROM OPERATIONS TO ADJUSTED CASH FLOW FROM OPERATIONS

(Unaudited)	Three Months Ended	
	September 30, 2016	Percent of Sales
As reported cash flow from operations	\$ 113,932	4.2 %
Discretionary pension contribution	220,000	
Adjusted cash flow from operations	\$ 333,932	12.2 %
	Three Months Ended	
	September 30, 2015	Percent of Sales
As reported cash flow from operations	\$ 19,939	0.7 %
Discretionary pension contribution	200,000	
Adjusted cash flow from operations	\$ 219,939	7.7 %

PARKER HANNIFIN CORPORATION - SEPTEMBER 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

1st Quarter Fiscal Year 2017 Earnings Release



PH
LISTED
NYSE

ENGINEERING YOUR SUCCESS.

October 21, 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; 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 discretionary pension plan contributions, (c) segment operating income, marginal return on sales (MROS), defined as the change in segment operating income divided by the change in sales, and operating margins reported in accordance with U.S. GAAP to segment operating income, MROS and operating margins without the effect of business realignment charges and, (d) actual and forecast earnings per diluted share reported in accordance with U.S. GAAP to actual and forecast earnings per diluted share without the effect of business realignment charges. The effects of acquisitions, currency exchange rates, discretionary pension plan contributions, business realignment charges 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 and earnings per diluted share on a comparable basis from period to period. Full year adjusted guidance removes business realignment charges.

Agenda

- **Chairman & CEO Comments**

- **Results & Outlook**

- **Questions & Answers**

Chairman and CEO Comments

1st Quarter FY2017

- Recordable Accident Reduction of 35% in the First Quarter
- First Quarter Sales of \$2.74B, Orders Turn Positive
- As Reported Earnings per Share of \$1.55 (\$1.61 Adjusted)
- Impressive Margin & Decremental MROS and Cash Flow Performance

Full Year FY2017 Guidance

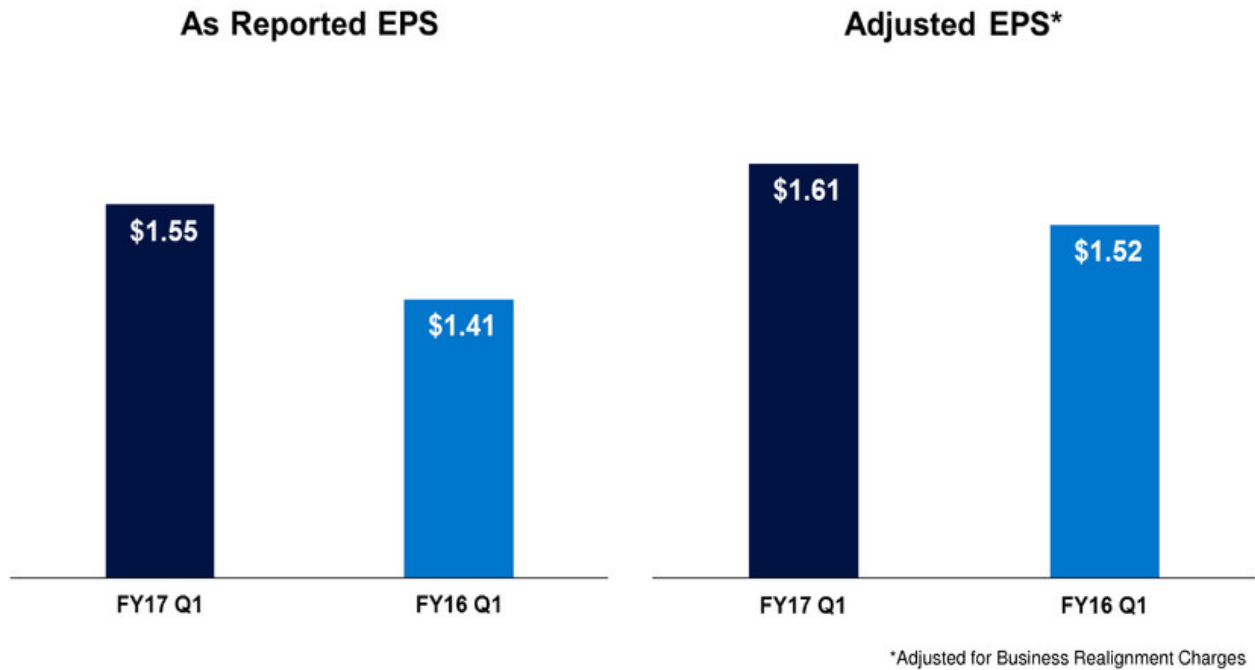
- Sales Essentially Flat for the Year, Increased Earnings
- Holding FY17 EPS Guidance Midpoint of \$6.50 As Reported, \$6.75 Adjusted
- Realignment Expenses of \$48 million or \$0.25 per share

Win Strategy Execution

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

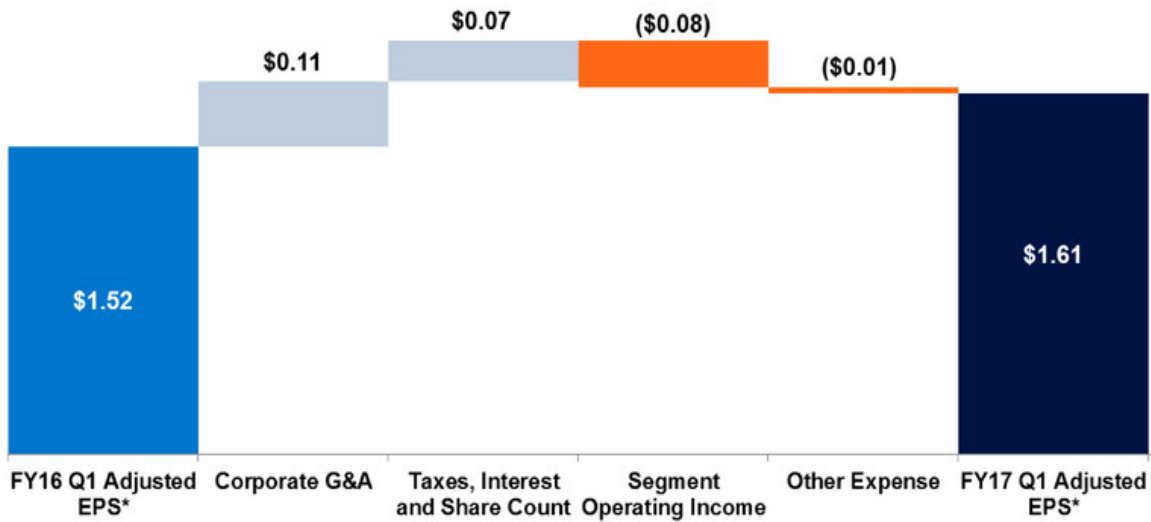
Diluted Earnings Per Share

1st Quarter FY2017



Influences on Adjusted Earnings Per Share

1st Quarter FY2017 vs. 1st Quarter FY2016



*Adjusted for Business Realignment Charges

Sales & Segment Operating Margin

Total Parker

\$ in millions	1st Quarter				
	FY2017	% Change	FY2016	FY2017	% of Sales
Sales					
As Reported	\$2,743	(4.4)%	\$2,869	\$ 411	15.0 %
Acquisitions	9	0.3 %		11	
Currency	(4)	(0.1)%		22	
Organic Sales	\$2,738	(4.6)%		\$ 422	15.4 %
Segment Operating Margin				\$ 438	15.3 %

Sales & Segment Operating Margin

Diversified Industrial North America

\$ in millions	1st Quarter		
	FY2017	% Change	FY2016
Sales			
As Reported	\$ 1,167	(9.3)%	\$ 1,286
Acquisitions	-	- %	
Currency	(4)	(0.3)%	
Organic Sales	\$ 1,171	(9.0)%	

	FY2017	% of Sales	FY2016	% of Sales
Segment Operating Margin				
As Reported	\$ 201	17.2 %	\$ 213	16.5 %
Business Realignment	4		8	
Adjusted	\$ 205	17.5 %	\$ 221	17.2 %

Sales & Segment Operating Margin

Diversified Industrial International

\$ in millions	1st Quarter		
	FY2017	% Change	FY2016
Sales			
As Reported	\$ 1,015	(2.3)%	\$ 1,038
Acquisitions	9	0.9 %	
Currency	-	- %	
Organic Sales	\$ 1,006	(3.2)%	

	FY2017	% of Sales	FY2016	% of Sales
Segment Operating Margin				
As Reported	\$ 137	13.5 %	\$ 129	12.5 %
Business Realignment	7		12	
Adjusted	\$ 144	14.2 %	\$ 141	13.6 %

Sales & Segment Operating Margin

Aerospace Systems

\$ in millions	1st Quarter		
	FY2017	% Change	FY2016
Sales			
As Reported	\$ 561	3.1 %	\$ 545
Acquisitions	-	- %	
Currency	-	- %	
Organic Sales	\$ 561	3.1 %	

	FY2017	% of Sales	FY2016	% of Sales
Segment Operating Margin				
As Reported	\$ 73	13.1 %	\$ 74	13.6 %
Business Realignment	-		2	
Adjusted	\$ 73	13.1 %	\$ 76	13.9 %

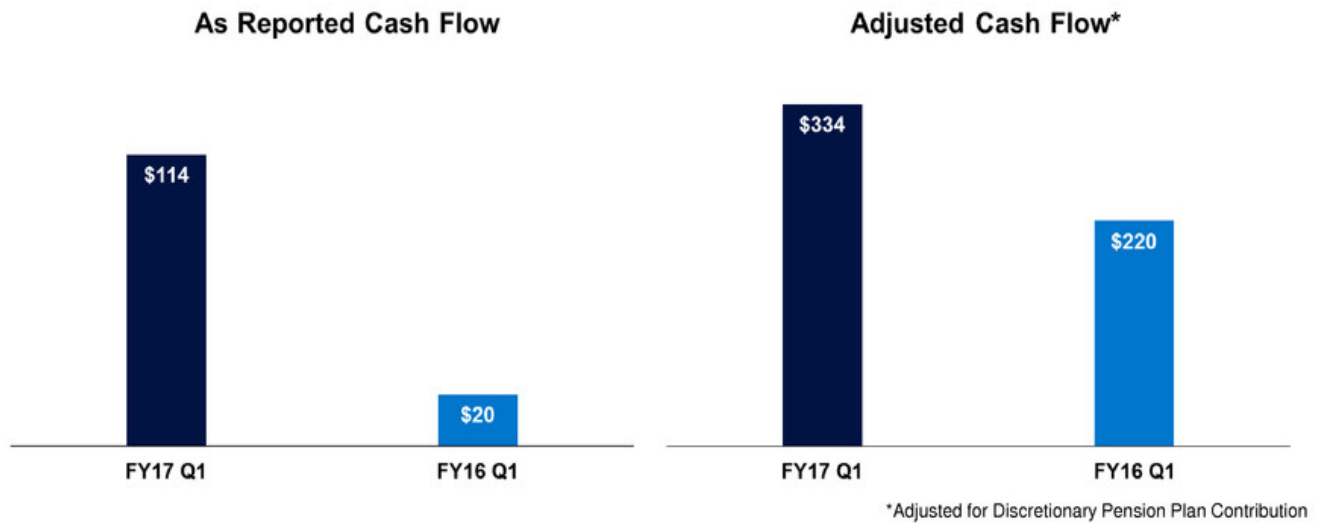
Order Rates

	<u>Sep 2016</u>	<u>Jun 2016</u>	<u>Sep 2015</u>	<u>Jun 2015</u>
Total Parker	+ 2 %	- 1 %	- 11 %	- 9 %
Diversified Industrial North America	- 4 %	- 10 %	- 12 %	- 9 %
Diversified Industrial International	+ 3 %	+ 3 %	- 8 %	- 5 %
Aerospace Systems	+ 14 %	+ 14 %	- 16 %	- 14 %

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

Cash Flow from Operating Activities

FY2017 Q1



As Reported Cash Flow From Operating Activities
 Discretionary Pension Plan Contribution
 Adjusted Cash Flow From Operating Activities

1st Quarter			
FY 2017	% of Sales	FY 2016	% of Sales
\$ 114	4.2%	\$ 20	0.7%
\$ 220		\$ 200	
\$ 334	12.2%	\$ 220	7.7%

FY2017 Guidance

EPS Midpoint: \$6.50 As Reported, \$6.75 Adjusted

Sales Growth vs. Prior Year		
Diversified Industrial North America	(5.1%) - (1.1%)	
Diversified Industrial International	1.5% - 5.5%	
Aerospace Systems	1.1% - 3.1%	
Total Parker	(1.5%) - 2.1%	

Segment Operating Margins	As Reported	Adjusted
Diversified Industrial North America	16.9% - 17.3%	17.3% - 17.7%
Diversified Industrial International	12.4% - 12.8%	13.1% - 13.5%
Aerospace Systems	14.8% - 15.2%	14.9% - 15.3%
Total Parker	14.8% - 15.2%	15.2% - 15.6%

Below the Line Items	
Corporate General & Administrative Expense, Interest and Other	\$478 M

Tax Rate	
Full Year	28.5%

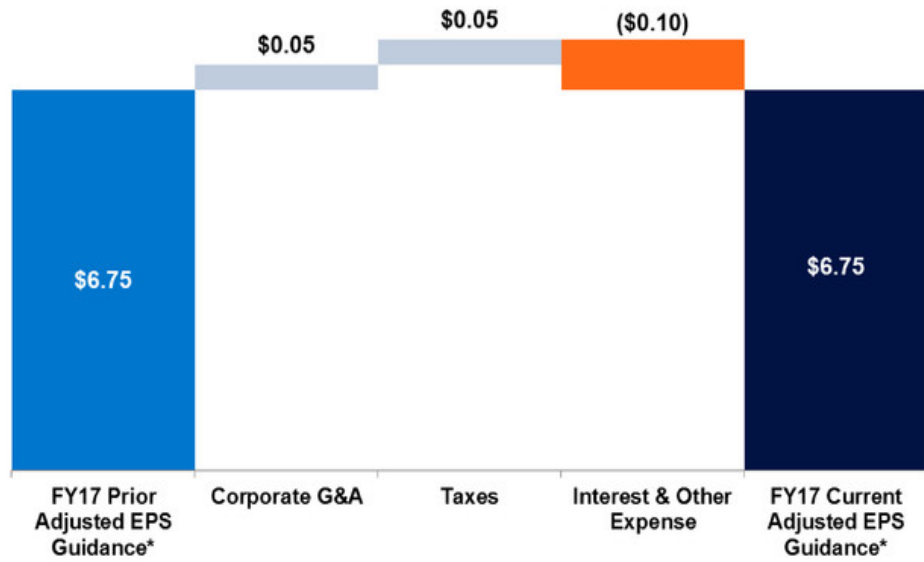
Shares	
Diluted Shares Outstanding	135.5 M

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

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

FY2017 Guidance

Reconciliation to Prior Guidance



*Adjusted for Business Realignment Charges



PH
LISTED
NYSE.

Appendix

- Consolidated Statement of Income
- Reconciliation of EPS
- Business Segment Information
- Consolidated Balance Sheet
- Consolidated Statement of Cash Flows
- Reconciliation of Cash Flow from Operations to Adjusted Cash Flow from Operations
- Reconciliation of Net Income and MROS
- Reconciliation of Forecasted Segment Operating Margins and EPS
- Supplemental Sales Information – Global Technology Platforms

Consolidated Statement of Income

(Unaudited) (Dollars in thousands except per share amounts)	Three Months Ended September 30,	
	2016	2015
Net sales	\$ 2,743,131	\$ 2,869,348
Cost of sales	2,106,006	2,200,904
Gross profit	637,125	668,444
Selling, general and administrative expenses	322,969	370,214
Interest expense	34,148	35,760
Other (income), net	(12,237)	(13,179)
Income before income taxes	292,245	275,649
Income taxes	82,007	80,623
Net income	210,238	195,026
Less: Noncontrolling interests	109	48
Net income attributable to common shareholders	\$ 210,129	\$ 194,978
Earnings per share attributable to common shareholders:		
Basic earnings per share	\$ 1.57	\$ 1.42
Diluted earnings per share	\$ 1.55	\$ 1.41
Average shares outstanding during period - Basic	133,679,378	136,844,504
Average shares outstanding during period - Diluted	135,825,658	138,574,908
Cash dividends per common share	\$.63	\$.63

Reconciliation of EPS

(Unaudited)				
(Amounts in dollars)				
	Three Months Ended September 30,			
	2016		2015	
Earnings per diluted share	\$	1.55	\$	1.41
Adjustments:				
Business realignment charges		0.06		0.11
Adjusted earnings per diluted share	\$	1.61	\$	1.52

Business Segment Information

(Unaudited)	Three Months Ended September 30,	
(Dollars in thousands)	2016	2015
Net sales		
Diversified Industrial:		
North America	\$ 1,166,971	\$ 1,286,330
International	1,014,923	1,038,447
Aerospace Systems	561,237	544,571
Total	\$ 2,743,131	\$ 2,869,348
Segment operating income		
Diversified Industrial:		
North America	\$ 200,611	\$ 212,748
International	137,196	129,295
Aerospace Systems	73,281	74,003
Total segment operating income	411,088	416,046
Corporate general and administrative expenses	31,034	53,051
Income before interest and other expense	380,054	362,995
Interest expense	34,148	35,760
Other expense	53,661	51,586
Income before income taxes	\$ 292,245	\$ 275,649

Consolidated Balance Sheet

(Unaudited)	September 30,	June 30,	September 30,
(Dollars in thousands)	2016	2016	2015
Assets			
Current assets:			
Cash and cash equivalents	\$ 1,393,850	\$ 1,221,653	\$ 974,268
Marketable securities and other investments	746,708	882,342	815,483
Trade accounts receivable, net	1,498,384	1,593,920	1,561,054
Non-trade and notes receivable	250,520	232,183	315,943
Inventories	1,247,972	1,173,329	1,320,204
Prepaid expenses	144,444	104,360	196,917
Total current assets	5,281,878	5,207,787	5,183,869
Plant and equipment, net	1,562,933	1,568,100	1,632,803
Deferred income taxes	495,708	605,155	381,737
Goodwill	2,910,765	2,903,037	2,947,955
Intangible assets, net	901,939	922,571	1,003,386
Other assets	817,691	827,492	811,012
Total assets	\$ 11,970,914	\$ 12,034,142	\$ 11,960,762
Liabilities and equity			
Current liabilities:			
Notes payable	\$ 595,956	\$ 361,787	\$ 630,620
Accounts payable	1,017,905	1,034,589	1,014,265
Accrued liabilities	766,849	841,915	774,145
Accrued domestic and foreign taxes	113,528	127,597	126,487
Total current liabilities	2,494,238	2,365,888	2,545,517
Long-term debt	2,653,008	2,652,457	2,701,098
Pensions and other postretirement benefits	1,806,366	2,076,143	1,480,466
Deferred income taxes	55,079	54,395	66,062
Other liabilities	311,634	306,581	312,868
Shareholders' equity	4,647,281	4,575,255	4,851,518
Noncontrolling interests	3,308	3,423	3,233
Total liabilities and equity	\$ 11,970,914	\$ 12,034,142	\$ 11,960,762

Consolidated Statement of Cash Flows

(Unaudited) (Dollars in thousands)	Three Months Ended September 30,	
	2016	2015
Cash flows from operating activities:		
Net income	\$ 210,238	\$ 195,026
Depreciation and amortization	75,333	78,222
Stock incentive plan compensation	35,818	35,381
Gain on sale of plant and equipment	(681)	(1,071)
Gain on sale of marketable securities	(167)	(54)
Net change in receivables, inventories, and trade payables	59,690	(35,163)
Net change in other assets and liabilities	(361,999)	(250,118)
Other, net	95,700	(2,284)
Net cash provided by operating activities	113,932	19,939
Cash flows from investing activities:		
Acquisitions (net of cash of \$1,760 in 2016 and \$3,814 in 2015)	(29,927)	(67,552)
Capital expenditures	(32,526)	(38,681)
Proceeds from sale of plant and equipment	4,498	3,847
Purchases of marketable securities and other investments	(189,654)	(430,533)
Maturities and sales of marketable securities and other investments	291,372	371,766
Other, net	1,450	(40,273)
Net cash provided by (used in) investing activities	45,213	(201,426)
Cash flows from financing activities:		
Net payments for common stock activity	(131,738)	(319,435)
Net proceeds from debt	231,948	404,787
Dividends	(84,749)	(85,987)
Net cash provided by (used in) financing activities	15,461	(635)
Effect of exchange rate changes on cash	(2,409)	(24,194)
Net increase (decrease) in cash and cash equivalents	172,197	(206,316)
Cash and cash equivalents at beginning of period	1,221,653	1,180,584
Cash and cash equivalents at end of period	\$ 1,393,850	\$ 974,268

Reconciliation of Cash Flow from Operations to Adjusted Cash Flow from Operations

(Unaudited)
(Dollars in thousands)

	Three Months Ended September 30, 2016	Percent of sales	Three Months Ended September 30, 2015	Percent of sales
As reported cash flow from operations	\$ 113,932	4.2%	\$ 19,939	0.7%
Discretionary pension contribution	220,000		200,000	
Adjusted cash flow from operations	\$ 333,932	12.2%	\$ 219,939	7.7%

Reconciliation of Net Income and MROS

(Unaudited) (Dollars in thousands)	Three Months Ended September 30,	
	2016	2015
As Reported Net Income	\$ 210,238	\$ 195,026
Business Realignment Charges	7,844	15,552
<u>Adjusted Net Income</u>	<u>\$ 218,082</u>	<u>\$ 210,578</u>
Net Sales	\$ 2,743,131	\$ 2,869,348
As Reported Segment Operating Income	\$ 411,088	\$ 416,046
Business Realignment Charges	10,745	21,788
Adjusted Segment Operating Income	\$ 421,833	\$ 437,834
As Reported MROS*	-3.9%	
Change in Business Realignment Charges as % Sales	-8.7%	
<u>Adjusted MROS*</u>	<u>-12.7%</u>	

*MROS = change in operating income/change in sales

Reconciliation of Forecasted Segment Operating Margins and EPS

(Unaudited)

	Fiscal Year 2017
Forecasted As Reported Diversified Industrial North America Operating Margin	16.9% - 17.3%
Forecasted Segment Business Realignment Charges as % Net Sales	0.4%
Forecasted Adjusted Diversified Industrial North America Operating Margin	17.3% - 17.7%
Forecasted As Reported Diversified Industrial International Operating Margin	12.4% - 12.8%
Forecasted Segment Business Realignment Charges as % Net Sales	0.7%
Forecasted Adjusted Diversified Industrial International Operating Margin	13.1% - 13.5%
Forecasted As Reported Aerospace Systems Operating Margin	14.8% - 15.2%
Forecasted Segment Business Realignment Charges as % Net Sales	0.1%
Forecasted Adjusted Aerospace Systems Operating Margin	14.9% - 15.3%
Forecasted As Reported Total Parker Operating Margin	14.8% - 15.2%
Forecasted Segment Business Realignment Charges as % Net Sales	0.4%
Forecasted Adjusted Total Parker Operating Margin	15.2% - 15.6%

(Unaudited)

(Amounts in dollars)

	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)	Three Months Ended Sept 30,	
(Dollars in thousands)	2016	2015
Net sales		
Diversified Industrial:		
Motion Systems	\$ 741,650	\$ 802,495
Flow and Process Control	824,314	881,911
Filtration and Engineered Materials	615,930	640,371
Aerospace Systems	561,237	544,571
Total	\$ 2,743,131	\$ 2,869,348

