
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 19, 2004

PARKER-HANNIFIN CORPORATION

(Exact Name of Registrant as Specified in Charter)

Ohio
(State or Other Jurisdiction
of Incorporation)

1-4982
(Commission
File Number)

34-0451060
(IRS Employer
Identification No.)

6035 Parkland Blvd.
Cleveland, Ohio
(Address of Principal Executive Offices)

44124-4141
(Zip Code)

Registrant's telephone number, including area code:
(216) 896-3000

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02 Results of Operations and Financial Condition**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 19, 2004, Parker-Hannifin Corporation issued a press release and presented a Webcast announcing earnings for the quarter ended September 30, 2004. 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 19, 2004.
- 99.2 Webcast presentation by Parker-Hannifin Corporation, dated October 19, 2004.

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/ Timothy K. Pistell
Timothy K. Pistell
Vice President Finance and Administration
and Chief Financial Officer

Date: October 19, 2004



For Release: **Immediately**

Contact: Media –
 Jennifer Eaton - Corp. Communications 216/896-2895
 jeaton@parker.com

 Financial Analysts –
 Pamela Huggins, VP & Treasurer 216/896-2240
 phuggins@parker.com

Stock Symbol: PH - NYSE

PARKER POSTS RECORD QUARTERLY SALES AND EARNINGS, EPS AT \$1.11

Cleveland, Ohio: October 19, 2004 – Parker Hannifin Corporation (NYSE: PH) today reported record quarterly net income and earnings for the period ended September 30, 2004, while also marking a record \$1.95 billion in fiscal first-quarter sales. Net income increased 134 percent to \$132.8 million, or \$1.11 per diluted share, compared with last year's quarterly net income of \$56.7 million, or 48 cents per diluted share, on \$1.59 billion in sales. In the current quarter, earnings were reduced by seven cents per diluted share for an investment write-down and a one-time pension adjustment resulting from a plan restructuring.

The company generated \$160 million in cash from operations during the quarter, or 8.2 percent of sales, compared with \$144 million, or 9.1 percent of sales a year ago. "Our balance sheet remains strong and we will continue to invest in growth opportunities, including acquisitions that are expected to be accretive to earnings such as our recent announcements welcoming Sporlan Valve Company to the Parker family," said Parker CEO Don Washkewicz.

"Thanks to our employees executing our Win Strategy, Parker is winning on many fronts. Outside of North America, we achieved profitability exceeding 10 percent this quarter, and our acquisitions are doing very well," added Washkewicz. "We're rapidly improving our financial performance, while focusing on four areas of growth: (1) Growing our market share in Total Parker Systems; (2) Growing globally with our customers in emerging markets; (3) Adding strategic acquisitions that bring great technology to our motion and control portfolio; and (4) Cultivating innovation to accelerate internal growth."

Operating Results

Parker's North American Industrial units posted first-quarter sales of \$832.3 million, up 25 percent from last year. Operating income in the current quarter was \$119.8 million, for an operating margin of 14.4 percent, compared with 6.4 percent last year.

The International Industrial businesses achieved first-quarter operating income of \$66.5 million and an operating margin of 12.1 percent, compared with 7.4 percent last year. Sales increased 30 percent to \$549 million, with acquisitions and currency translation contributing more than half of the increase.

Parker Aerospace sales increased 16 percent over the prior year to \$331.1 million. First-quarter operating income improved to \$51.3 million, for a 15.5-percent operating margin, compared with 13.2 percent a year ago.

The Climate & Industrial Controls business posted first-quarter operating income of \$15.8 million on sales of \$165.5 million, for an operating margin of 9.6 percent, compared with 11.2 percent last year.

In the "Other" unit, comprised of Wynn Specialty Chemicals and Astron metal buildings, quarterly operating income was \$10 million on \$69.3 million in sales, for an operating margin of 14.4 percent, compared with 10.1 percent a year ago.

Outlook

"We're encouraged by continued strength in the global economy and improvements we've seen in most segments of our business, including industrial international and the up tick in aerospace aftermarket," said Washkewicz. "Our main concerns at this point in the recovery are inflationary pressures from oil and raw material shortages and the prospects for higher interest rates."

The company raised its second quarter and full-year earnings estimates for fiscal year 2005, indicating it expects to earn between \$.85 and \$1.05 per diluted share in the second quarter. Full-year earnings are estimated to be between \$4.30 and \$4.70 per diluted share.

In addition to the information provided herein, Parker advises shareholders to note order trends, for which the company makes a disclosure several business days after the conclusion of each month. This information is available on the company's investor information web site, at www.phstock.com.

With annual sales of more than \$7 billion, 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 commercial, mobile, industrial and aerospace markets. The company employs more than 48,000 people in 46 countries around the world. Parker has increased its annual dividends paid to shareholders for 48 consecutive years, among the top five longest-running dividend-increase records in the S&P 500 index. For more information, visit the company's web site at www.parker.com, or its investor information site at www.phstock.com.

NOTICE OF CONFERENCE CALL: Parker Hannifin's conference call and slide presentation to discuss its fiscal first-quarter results is available to all interested parties via live webcast at 10 a.m. ET, on the company's investor information web site, www.phstock.com. To access the call, click on the "Live Webcast" link. From this link, users may also complete a pre-call system test and register for e-mail notification of future events and information available from Parker.

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 and individual segments may differ materially from current expectations, depending on economic conditions within both its industrial and aerospace markets, and the company's ability to achieve anticipated benefits associated with announced realignment activities, strategic initiatives to improve operating margins, and growth initiatives. A change in economic conditions in individual markets may have a particularly volatile effect on segment projections. Among the other factors which may affect future performance are: changes in business relationships with and purchases by or from major customers or suppliers, including delays or cancellations in shipments; uncertainties surrounding timing, successful completion or integration of acquisitions; threats associated with and efforts to combat terrorism; competitive market conditions and resulting effects on sales and pricing; increases in raw-material costs that cannot be recovered in product pricing; and global economic factors, including currency exchange rates, difficulties entering new markets and general economic conditions such as inflation and interest rates. The company makes these statements as of the date of this disclosure, and undertakes no obligation to update them.

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PARKER HANNIFIN CORPORATION - SEPTEMBER 30, 2004
CONSOLIDATED STATEMENT OF INCOME

	Three Months Ended September 30,	
	2004	2003
(Unaudited)		
(Dollars in thousands except per share amounts)		
Net sales	\$ 1,947,192	\$ 1,586,918
Cost of sales	1,528,278	1,298,776
Gross profit	418,914	288,142
Selling, general and administrative expenses	203,298	180,204
Other income (deductions):		
Interest expense	(16,245)	(21,780)
Interest and other (expense), net	(10,692)	(1,545)
	(26,937)	(23,325)
Income before income taxes	188,679	84,613
Income taxes	55,896	27,922
Net income	\$ 132,783	\$ 56,691
Earnings per share:		
Basic earnings per share	\$ 1.12	\$.48
Diluted earnings per share	\$ 1.11	\$.48
Average shares outstanding during period - Basic	118,288,566	116,903,693
Average shares outstanding during period - Diluted	119,712,032	117,769,743
Cash dividends per common share	\$.19	\$.19

BUSINESS SEGMENT INFORMATION BY INDUSTRY

	Three Months Ended September 30,	
	2004	2003
(Unaudited)		
(Dollars in thousands)		
Net sales		
Industrial:		
North America	\$ 832,338	\$ 667,777
International	548,973	421,824
Aerospace	331,134	284,631
Climate & Industrial Controls	165,470	155,950
Other	69,277	56,736
Total	\$ 1,947,192	\$ 1,586,918
Segment operating income		
Industrial:		
North America	\$ 119,809	\$ 43,045
International	66,473	31,332
Aerospace	51,294	37,485
Climate & Industrial Controls	15,817	17,514
Other	9,984	5,733
Total segment operating income	\$ 263,377	\$ 135,109
Corporate general and administrative expenses	25,403	22,962
Income from operations before interest expense and other	237,974	112,147
Interest expense	16,245	21,780
Other expense	33,050	5,754
Income before income taxes	\$ 188,679	\$ 84,613

Note: Certain prior period amounts have been reclassified to conform to the current year presentation.

CONSOLIDATED BALANCE SHEET

(Unaudited) (Dollars in thousands)	September 30,	
	2004	2003
Assets		
Current assets:		
Cash and cash equivalents	\$ 290,717	\$ 205,409
Accounts receivable, net	1,185,357	967,866
Inventories	1,044,583	991,306
Prepaid expenses	39,272	38,876
Deferred income taxes	116,991	102,498
Total current assets	2,676,920	2,305,955
Plant and equipment, net	1,575,865	1,632,563
Goodwill	1,206,685	1,113,603
Intangible assets, net	102,582	57,765
Other assets	777,758	772,706
Total assets	\$ 6,339,810	\$ 5,882,592
Liabilities and shareholders' equity		
Current liabilities:		
Notes payable	\$ 33,033	\$ 289,041
Accounts payable	509,171	415,380
Accrued liabilities	533,113	466,453
Accrued domestic and foreign taxes	147,724	85,489
Total current liabilities	1,223,041	1,256,363
Long-term debt	955,145	956,356
Pensions and other postretirement benefits	810,468	922,768
Deferred income taxes	64,401	16,975
Other liabilities	170,290	142,269
Shareholders' equity	3,116,465	2,587,861
Total liabilities and shareholders' equity	\$ 6,339,810	\$ 5,882,592

CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited) (Dollars in thousands)	Three Months Ended September 30,	
	2004	2003
Cash flows from operating activities:		
Net income	\$132,783	\$ 56,691
Depreciation and amortization	64,138	63,379
Net change in receivables, inventories, and trade payables	(46,862)	26,469
Net change in other assets and liabilities	13,496	2,984
Other, net	(3,713)	(5,491)
Net cash provided by operating activities	159,842	144,032
Cash flows from investing activities:		
Acquisitions	(2,100)	—
Capital expenditures	(40,143)	(36,799)
Other, net	14,635	5,222
Net cash (used in) investing activities	(27,608)	(31,577)
Cash flows from financing activities:		
Net (payments for) proceeds from common share activity	(96)	13,668
Net (payments of) debt	(3,503)	(145,647)
Dividends	(22,483)	(22,131)
Net cash (used in) financing activities	(26,082)	(154,110)
Effect of exchange rate changes on cash	718	1,214
Net increase (decrease) in cash and cash equivalents	106,870	(40,441)
Cash and cash equivalents at beginning of period	183,847	245,850
Cash and cash equivalents at end of period	\$290,717	\$ 205,409

PH
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NYSE

Parker Hannifin Corporation

Quarterly Earnings Release
1st Quarter FY 2005

October 19, 2004

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Forward Looking Statements

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 and individual segments may differ materially from current expectations, depending on economic conditions within both its industrial and aerospace markets, and the company's ability to achieve anticipated benefits associated with announced realignment activities, strategic initiatives to improve operating margins, and growth initiatives. A change in economic conditions in individual markets may have a particularly volatile effect on segment projections. Among the other factors which may affect future performance are: changes in business relationships with and purchases by or from major customers or suppliers, including delays or cancellations in shipments; uncertainties surrounding timing, successful completion or integration of acquisitions; threats associated with and efforts to combat terrorism; competitive market conditions and resulting effects on sales and pricing; increases in raw-material costs that cannot be recovered in product pricing; and global economic factors, including currency exchange rates, difficulties entering new markets and general economic conditions such as inflation and interest rates. The company makes these statements as of the date of this disclosure, and undertakes no obligation to update them.

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Non-GAAP Financial Measure

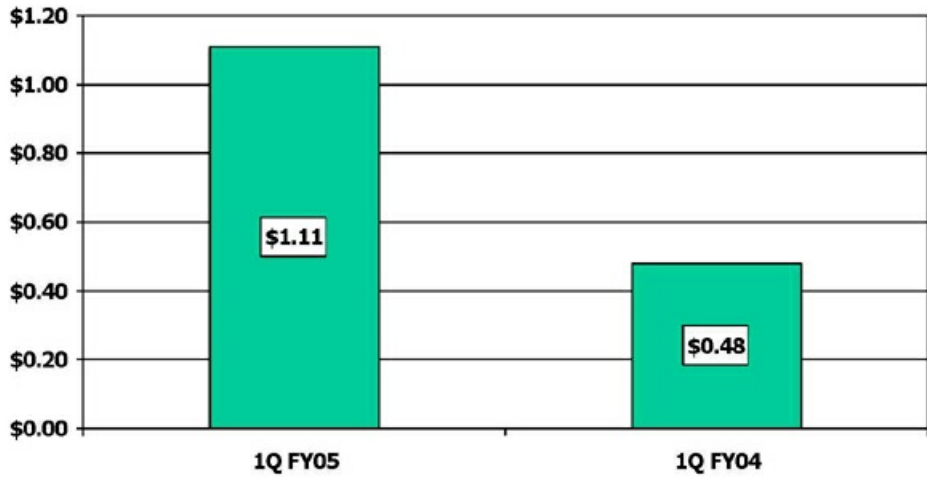
This presentation reconciles sales amounts reported in accordance with U.S. GAAP to sales amounts adjusted to remove the effects of acquisitions and divestitures made within the prior four quarters as well as the effects of currency exchange rates on sales. The effects of acquisitions and divestitures and currency exchange rates are removed to allow investors and the company to meaningfully evaluate changes in sales on a comparable basis from period to period.

Discussion Agenda

- Financial Highlights
- Influences on Sales & Earnings
- WIN Strategy
- Balance Sheet & Cash Flow Trends
- Outlook
- Questions & Answers

Financial Highlights

EPS – 1st Quarter



Note: FY05 1Q EPS was reduced by \$0.07 for an investment write down and a pension curtailment loss.

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Financial Highlights ***Sales – 1st Quarter***

	1st Quarter	
	FY05	FY04
Sales	\$1,947.2	\$1,586.9
% change	22.7%	
Sales from acquisitions & divestitures	\$54.4	\$10.5
Sales without acquisitions & divestitures	\$1,892.8	\$1,576.4
% change	20.1%	
Currency effects	\$43.8	
Sales without acquisitions, divestitures, & currency	\$1,849.0	\$1,576.4
% change	17.3%	

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Significant Influences on Sales

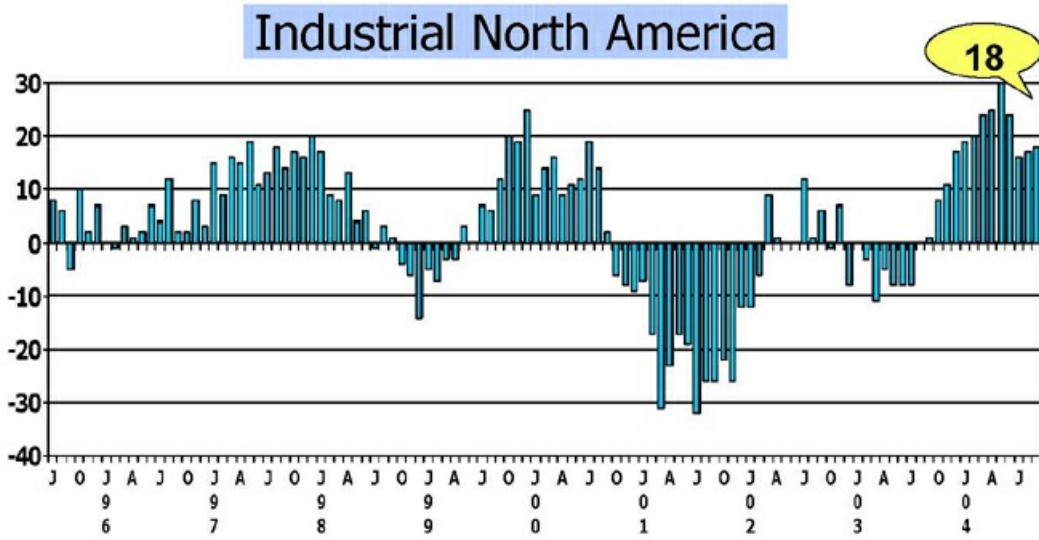
- ◆ Continued Industrial End Market Strength

- ◆ Aerospace
 - ❖ Commercial
 - ❖ Defense

- ◆ Globalization Trends

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Parker New Order Rates

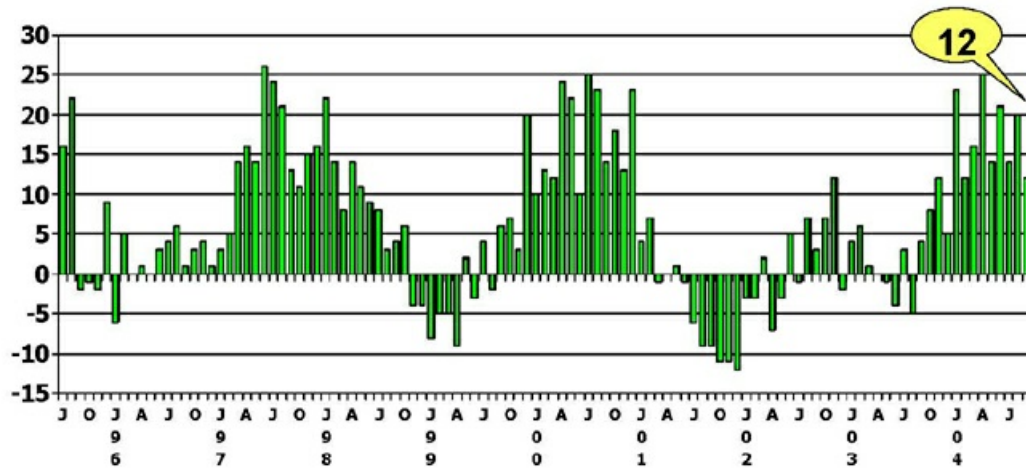


Current month vs. prior year

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Parker New Order Rates

Industrial R.O.W.

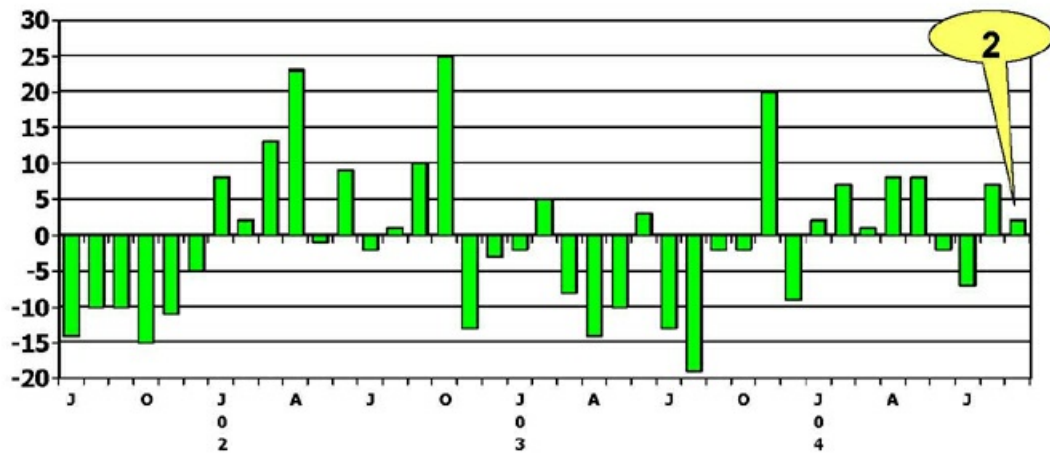


Current month vs. prior year

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Parker New Order Rates

Climate & Industrial Controls

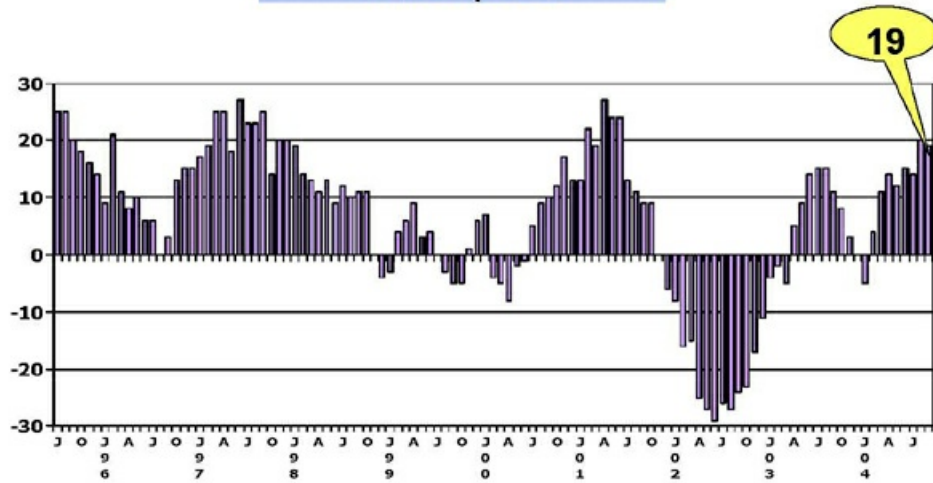


Current month vs. prior year

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Parker New Order Rates

Aerospace



Average last 12 months orders to previous 12 months orders

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Influences on Earnings

- ◆ Increased Volume
- ◆ Win Strategy
- ◆ Restructuring/Move to Low Cost Countries
- ◆ Sales Mix – Aerospace
- ◆ Pension Curtailment Loss & Investment Write Off

Segment Reporting

Industrial North America

	FY 2005	FY 2004
	1st Qtr	1st Qtr
<u>Sales</u>		
As reported	\$832.3	\$667.8
% change	24.6%	
Acquisitions & Divestitures	\$15.0	\$4.6
without Acquisitions & Divestitures	\$817.3	\$663.2
% change	23.2%	
Currency effects	\$1.6	
without Acquisitions, Divestitures, & Currency	\$815.7	\$663.2
% change	23.0%	
<u>Operating Margin</u>		
As reported	\$119.8	\$43.0
% of sales	14.4%	6.4%

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Segment Reporting Industrial Rest of World

	FY 2005	FY 2004
	1st Qtr	1st Qtr
<u>Sales</u>		
As reported	\$549.0	\$421.8
% change	30.1%	
Acquisitions & Divestitures	\$39.4	
without Acquisitions & Divestitures	<u>\$509.6</u>	<u>\$421.8</u>
% change	20.9%	
Currency effects	\$34.0	
without Acquisitions, Divestitures, & Currency	<u>\$475.6</u>	<u>\$421.8</u>
% change	12.7%	
<u>Operating Margin</u>		
As reported	\$66.5	\$31.3
% of sales	12.1%	7.4%

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Segment Reporting

Aerospace

	<u>FY 2005</u>	<u>FY 2004</u>
	<u>1st Qtr</u>	<u>1st Qtr</u>
<u>Sales</u>		
As reported	\$331.1	\$284.6
% change	16.3%	
Acquisitions & Divestitures		
without Acquisitions & Divestitures	<u>\$331.1</u>	<u>\$284.6</u>
% change	16.3%	
Currency effects	\$1.5	
without Acquisitions, Divestitures, & Currency	<u>\$329.6</u>	<u>\$284.6</u>
% change	15.8%	
<u>Operating Margin</u>		
As reported	\$51.3	\$37.5
% of sales	15.5%	13.2%

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Segment Reporting

Climate & Industrial Controls

	FY 2005	FY 2004
	1st Qtr	1st Qtr
<u>Sales</u>		
As reported	\$165.5	\$156.0
% change	6.1%	
Acquisitions & Divestitures		
without Acquisitions & Divestitures	<u>\$165.5</u>	<u>\$156.0</u>
% change	6.1%	
Currency effects	\$2.1	
without Acquisitions, Divestitures & Currency	<u>\$163.4</u>	<u>\$156.0</u>
% change	4.8%	
<u>Operating Margin</u>		
As reported	\$15.8	\$17.5
% of sales	9.6%	11.2%

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Segment Reporting Other

	<u>FY 2005</u>	<u>FY 2004</u>
	<u>1st Qtr</u>	<u>1st Qtr</u>
<hr/>		
Sales		
As reported	\$69.3	\$56.7
% change	22.2%	
Acquisitions & Divestitures		\$5.9
without Acquisitions & Divestitures	<u>\$69.3</u>	<u>\$50.8</u>
% change	36.4%	
Currency effects	\$4.6	
without Acquisitions & Divestitures, & Currency	<u>\$64.7</u>	<u>\$50.8</u>
% change	27.4%	
<hr/>		
Operating Margin		
As reported	\$10.0	\$5.7
% of sales	14.4%	10.1%

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Balance Sheet Summary

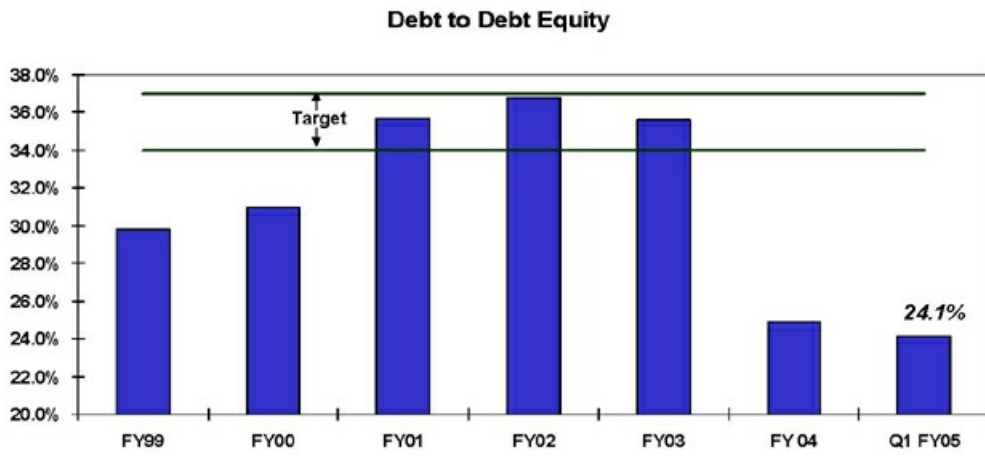
- ◆ Cash

- ◆ Working Capital
 - ❖ Inventory
 - ❖ Accounts Receivable

- ◆ PP & E

- ◆ Shareholders Equity

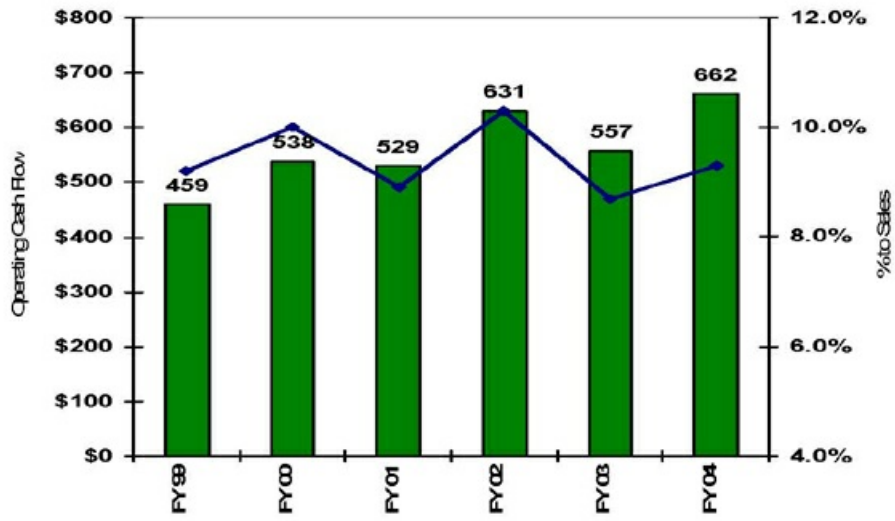
Financial Leverage



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Strong Cash Flow

FY05 Q1 \$160



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FY 2005 Earnings Outlook Assumptions Segment Sales & Operating Income

FY 2005 Sales change vs. FY 2004			
NA Industrial	14.0%	-	15.0%
Industrial ROW	13.5%	-	14.0%
Aerospace	8.0%	-	9.0%
CIC	18.0%	-	19.0%
Other	8.0%	-	9.0%

FY 2005 Operating Margin percentage change vs. FY 2004	Basis points		
NA Industrial	360	-	460
Industrial ROW	240	-	290
Aerospace	70	-	150
CIC	170	-	220
Other	130	-	180

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Earnings Outlook

Fiscal Year 2005 2nd Quarter EPS Range
\$0.85 - \$1.05

Fiscal Year 2005 EPS Range
\$4.30 - \$4.70

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Forecast Risks

- ◆ Raw Material Price Increases
- ◆ Interest Rates
- ◆ Aerospace Recovery
- ◆ Semiconductor Industry
- ◆ Heavy Duty Truck Stability

Questions & Answers...

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Appendix

FY 2005 1st Quarter Income Statement

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Income Statement – 1st Quarter

	FY 2005			FY 2004	
		% of Sales	Investment w/d. Pension Curtail		% of Sales
Net sales	\$1,947.2	100.0%		\$1,586.9	100.0%
Cost of sales	1,528.3	78.5%	\$3.7	1,298.8	81.8%
Gross profit	418.9	21.5%	(3.7)	288.1	18.2%
S, G & A	203.3	10.4%	0.9	180.2	11.4%
Goodwill impairment loss					
Other income (deductions)					
Interest expense	(16.2)	-0.8%	0.0	(21.8)	-1.4%
Interest & other income	(10.7)	-0.5%	(8.8)	(1.5)	-0.1%
	(26.9)	-1.4%	(8.8)	(23.3)	-1.5%
Income before taxes	188.7	9.7%	(13.4)	84.6	5.3%
Income taxes	55.9	2.9%	5.0	27.9	1.8%
Net income	\$132.8	6.8%	(\$8.4)	\$56.7	3.6%

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