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

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**FORM 8-K**

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**CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

**Date of report (Date of earliest event reported): July 28, 2005**

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**PARKER-HANNIFIN CORPORATION**

(Exact Name of Registrant as Specified in Charter)

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**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**

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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 July 28, 2005, Parker-Hannifin Corporation issued a press release and presented a Webcast announcing earnings for the quarter ended June 30, 2005. 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 July 28, 2005.
- 99.2 Webcast presentation by Parker-Hannifin Corporation, dated July 28, 2005.

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**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

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

Date: July 28, 2005



**For Release:** Immediately

**Contact:** Media –  
 Jennifer Eaton - Corp. Communications 216/896-2895  
[jeaton@parker.com](mailto:jeaton@parker.com)

Financial Analysts –  
 Pamela Huggins, VP & Treasurer 216/896-2240  
[phuggins@parker.com](mailto:phuggins@parker.com)

**Stock Symbol:** PH - NYSE

**PARKER HANNIFIN REPORTS RECORD YEAR-END SALES, EARNINGS, AND CASH FLOW FROM OPERATIONS; ANNOUNCES Q4 EPS UP 31 PERCENT TO \$1.34**

Cleveland, Ohio: July 28, 2005 – Parker Hannifin Corporation (NYSE: PH) today reported new records in sales, earnings and cash flow from operations for fiscal-year 2005. Sales topped \$8 billion for the first time in the company’s 87-year history; diluted earnings per share for the year were also at an all-time high; and cash flow from operations reached a record \$871.8 million, or 10.6 percent of sales, surpassing last year’s record of \$649.5 million, or 9.3 percent of sales.

For the full year, Parker posted a 63-percent increase in income from continuing operations, at \$548.0 million, or a 61-percent increase in earnings per diluted share of \$4.55. Revenues reached a record \$8.22 billion, up 17 percent. Last year, the company earned \$336.2 million from continuing operations, or \$2.82 per diluted share, on sales of \$7.0 billion. Income from discontinued operations for fiscal 2005 was \$56.7 million, or 47 cents per diluted share, which includes profit from operations and the gain on the divestiture of the Wynn Oil specialty chemicals business.

Fourth-quarter income from continuing operations increased 32 percent to \$161.4 million, or a 31-percent increase in earnings per diluted share of \$1.34 on sales of \$2.21 billion for the period ended June 30, 2005, compared to income from continuing operations of \$122.6 million, or \$1.02 cents per diluted share on sales of \$1.96 billion in the same period last year.

“We have just completed an exceptional year, driving significant shareholder value as evidenced by our Return on Invested Capital (ROIC), which should rank us among the upper tier of our peer group. We demonstrated that Parker can achieve significant growth, and produce the cash to invest in yet another year of strong results in fiscal 2006,” said Chairman and CEO Don Washkewicz. “Parker employees made an incredible effort to execute our Win Strategy, and we have a solid foundation in place to build the future of our company. This will be seen as another great period in Parker’s rich history of profitable growth.”

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## Segment Results

In the North American Industrial segment, fourth-quarter operating income improved 16 percent to \$128.4 million on sales of \$940.1 million. For the full year, North American Industrial operating income was up 61 percent to \$468.2 million on sales of \$3.52 billion.

The International Industrial segment fourth-quarter operating income increased 36 percent to \$76.0 million on sales of \$642.9 million. For the full year, International Industrial operating income was up 67 percent to \$267.2 million on sales of \$2.40 billion.

In the company's Climate & Industrial Controls segment, fourth-quarter operating income increased six percent to \$23.6 million on sales of \$225.5 million. For the full year, the Climate & Industrial Controls segment recorded operating income up four percent to \$74.8 million on sales of \$794.3 million.

Aerospace reported a fourth-quarter increase in operating income of 24 percent to \$54.4 million on sales of \$364.0 million. For the full year, Aerospace reported operating income up 26 percent to \$199.2 million on sales of \$1.36 billion.

In the "Other" segment, comprised of Astron metal buildings, fourth-quarter operating income was \$4.6 million on sales of \$38.0 million. Full year operating income was up 127 percent to \$18.5 million on sales of \$146.3 million.

## Outlook

In fiscal year 2006, Parker for the first time will be expensing equity based compensation as required by FAS 123R. Without the impact of this accounting change, the fiscal-year 2006 earnings from continuing operations are projected to range from \$5.00 to \$5.40 per diluted share. With the impact of the accounting change, the company projects earnings from continuing operations for fiscal-year 2006 to range from \$4.80 to \$5.25 per diluted share, including an expense of approximately 15 to 20 cents per diluted share related to FAS 123R. Removal of the FAS 123R accounting change allows investors and the company to meaningfully evaluate future projected performance on a comparable basis with prior periods which were not impacted by the accounting change.

"Nearly all of our major end markets are performing very well and we are particularly pleased with the strong demand we're seeing in Aerospace. The performance of our traditional markets, plus the potential of our new growth platforms, lead us to project another year of solid sales and earnings in fiscal 2006," added Washkewicz.

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“Going forward, we will continue to drive our Win Strategy goals of premier customer service and financial performance; with an even greater emphasis on profitable growth.

“Our focus for fiscal 2006 is on growth through innovation. We have the financial capacity to expand our business through strategic acquisitions and we plan to increase our investment in new product development, all in an effort to best serve our customers.”

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 <http://www.phstock.com>.

NOTICE OF CONFERENCE CALL: Parker Hannifin’s conference call and slide presentation to discuss its fiscal fourth-quarter results is available to all interested parties via live webcast today at 10:00 a.m. ET, on the company’s investor information web site, [www.phstock.com](http://www.phstock.com). To access the call, click on the “Live Webcast” link. From this link, users also may complete a pre-call system test and register for e-mail notification of future events and information available from Parker.

With annual sales exceeding \$8 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 50,000 people in 46 countries around the world. Parker has increased its annual dividends paid to shareholders for 49 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](http://www.parker.com), or its investor information site at [www.phstock.com](http://www.phstock.com).

***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 and innovation initiatives. A change in economic conditions in individual markets may have a particularly volatile effect on segment results. 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; the company’s ability to manage costs related to employee retirement and health care benefits and insurance; 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.

**PARKER HANNIFIN CORPORATION - JUNE 30, 2005**  
**CONSOLIDATED STATEMENT OF INCOME**

(Dollars in thousands except per share amounts)	Three Months Ended June 30,		Year ended June 30,	
	2005	2004	2005	2004
<b>Net sales</b>	<b>\$ 2,210,532</b>	<b>\$ 1,964,259</b>	<b>\$ 8,215,095</b>	<b>\$ 6,998,761</b>
Cost of sales	1,738,471	1,549,313	6,508,111	5,672,294
Gross profit	472,061	414,946	1,706,984	1,326,467
Selling, general and administrative expenses	235,926	222,642	872,113	776,535
Other income (deductions):				
Interest expense	(16,410)	(16,972)	(67,030)	(73,219)
Other (expense) income, net	(267)	6,601	(11,368)	3,413
	(16,677)	(10,371)	(78,398)	(69,806)
Income from continuing operations before income taxes	219,458	181,933	756,473	480,126
Income taxes	58,046	59,381	208,500	143,953
Income from continuing operations	161,412	122,552	547,973	336,173
Discontinued operations		2,921	56,719	9,610
<b>Net income</b>	<b>\$ 161,412</b>	<b>\$ 125,473</b>	<b>\$ 604,692</b>	<b>\$ 345,783</b>
<b>Earnings per share:</b>				
Basic earnings per share from continuing operations	\$ 1.36	\$ 1.04	\$ 4.61	\$ 2.86
Discontinued operations		.02	.48	.08
Basic earnings per share	\$ 1.36	\$ 1.06	\$ 5.09	\$ 2.94
Diluted earnings per share from continuing operations	\$ 1.34	\$ 1.02	\$ 4.55	\$ 2.82
Discontinued operations		.03	.47	.09
Diluted earnings per share	\$ 1.34	\$ 1.05	\$ 5.02	\$ 2.91
Average shares outstanding during period - Basic	118,816,542	118,194,932	118,794,564	117,707,772
Average shares outstanding during period - Diluted	120,191,274	119,614,996	120,449,006	119,006,468
Cash dividends per common share	\$ .20	\$ .19	\$ .78	\$ .76

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

**BUSINESS SEGMENT INFORMATION BY INDUSTRY**

(Dollars in thousands)	Three Months Ended June 30,		Year ended June 30,	
	2005	2004	2005	2004
<b>Net sales</b>				
Industrial:				
North America	\$ 940,071	\$ 848,392	\$ 3,516,627	\$ 3,016,820
International	642,902	564,824	2,398,439	1,969,727
Aerospace	364,022	326,846	1,359,431	1,215,920
Climate & Industrial Controls	225,501	189,337	794,308	671,157
Other	38,036	34,860	146,290	125,137
<b>Total</b>	<b>\$ 2,210,532</b>	<b>\$ 1,964,259</b>	<b>\$ 8,215,095</b>	<b>\$ 6,998,761</b>
<b>Segment operating income</b>				
Industrial:				
North America	\$ 128,409	\$ 110,296	\$ 468,213	\$ 290,783
International	76,040	55,833	267,207	159,641
Aerospace	54,408	43,986	199,187	157,946
Climate & Industrial Controls	23,602	22,364	74,843	71,769
Other	4,556	5,389	18,452	8,138
<b>Total segment operating income</b>	<b>\$ 287,015</b>	<b>\$ 237,868</b>	<b>\$ 1,027,902</b>	<b>\$ 688,277</b>
Corporate general and administrative expenses	32,414	32,840	111,832	106,281
<b>Income from continuing operations before interest expense and other</b>	<b>254,601</b>	<b>205,028</b>	<b>916,070</b>	<b>581,996</b>
Interest expense	16,410	16,972	67,030	73,219
Other expense	18,733	6,123	92,567	28,651
<b>Income from continuing operations before income taxes</b>	<b>\$ 219,458</b>	<b>\$ 181,933</b>	<b>\$ 756,473</b>	<b>\$ 480,126</b>

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

## CONSOLIDATED BALANCE SHEET

(Dollars in thousands) June 30,

	2005	2004
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 336,080	\$ 183,847
Accounts receivable, net	1,241,029	1,174,601
Inventories	1,030,962	976,258
Prepaid expenses	49,956	43,907
Deferred income taxes	127,845	112,828
<b>Total current assets</b>	<b>2,785,872</b>	<b>2,491,441</b>
Plant and equipment, net	1,591,917	1,585,989
Goodwill	1,443,811	1,177,532
Intangible assets, net	239,891	102,085
Other assets	837,470	826,262
Net assets of discontinued operations		51,924
<b>Total assets</b>	<b>\$ 6,898,961</b>	<b>\$ 6,235,233</b>
<b>Liabilities and shareholders' equity</b>		
<b>Current liabilities:</b>		
Notes payable	\$ 31,962	\$ 35,198
Accounts payable	584,253	525,113
Accrued liabilities	613,881	555,303
Accrued domestic and foreign taxes	105,831	123,030
<b>Total current liabilities</b>	<b>1,335,927</b>	<b>1,238,644</b>
Long-term debt	938,424	953,796
Pensions and other postretirement benefits	1,058,814	813,635
Deferred income taxes	35,911	79,028
Other liabilities	189,738	167,676
Shareholders' equity	3,340,147	2,982,454
<b>Total liabilities and shareholders' equity</b>	<b>\$ 6,898,961</b>	<b>\$ 6,235,233</b>

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

## CONSOLIDATED STATEMENT OF CASH FLOWS

(Dollars in thousands)	Year ended June 30,	
	2005	2004
<b>Cash flows from operating activities:</b>		
Net income	\$ 604,692	\$ 345,783
Net (income) from discontinued operations	(56,719)	(9,610)
Depreciation and amortization	264,699	251,753
Net change in receivables, inventories, and trade payables	36,028	14,246
Net change in other assets and liabilities	5,965	53,810
Other, net	17,150	(6,498)
<b>Net cash provided by operating activities</b>	<b>871,815</b>	<b>649,484</b>
<b>Cash flows from investing activities:</b>		
Acquisitions (net of cash of \$21,720 in 2005 and \$63,691 in 2004)	(558,569)	(200,314)
Capital expenditures	(156,567)	(140,138)
Proceeds from sale of business	120,000	33,213
Other, net	30,576	36,978
<b>Net cash (used in) investing activities</b>	<b>(564,560)</b>	<b>(270,261)</b>
<b>Cash flows from financing activities:</b>		
Net (payments for) proceeds from common share activity	(23,724)	56,223
Net (payments of) debt	(21,202)	(415,428)
Dividends	(92,612)	(89,286)
<b>Net cash (used in) financing activities</b>	<b>(137,538)</b>	<b>(448,491)</b>
<b>Net cash (used in) provided by discontinued operations</b>	<b>(19,004)</b>	<b>12,969</b>
Effect of exchange rate changes on cash	1,520	(5,704)
Net increase (decrease) in cash and cash equivalents	152,233	(62,003)
Cash and cash equivalents at beginning of period	183,847	245,850
<b>Cash and cash equivalents at end of period</b>	<b>\$ 336,080</b>	<b>\$ 183,847</b>



PH  
LISTED  
NYSE

***Parker Hannifin Corporation***

Quarterly Earnings Release  
4th Quarter FY 2005

July 28, 2005

anything  Possible.

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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 and innovation initiatives. A change in economic conditions in individual markets may have a particularly volatile effect on segment results. 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; the company's ability to manage costs related to employee retirement and health care benefits and insurance; 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.

anything  Possible:

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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.

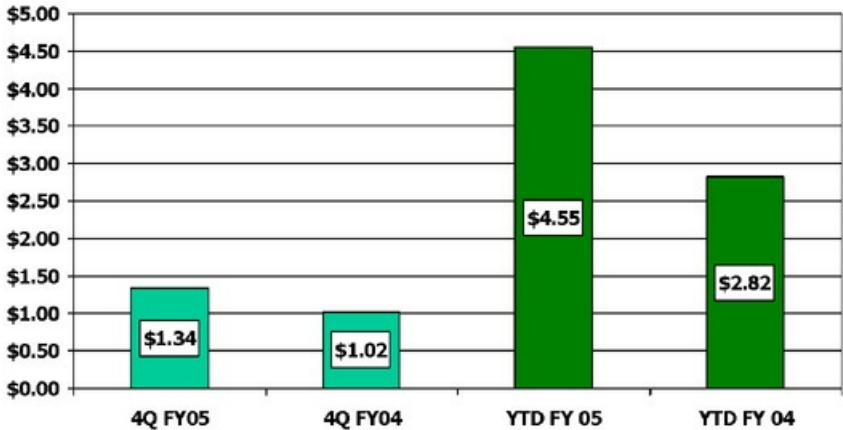
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## ***Discussion Agenda***

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

# Financial Highlights

## EPS\*— 4th Quarter and YTD as of June 30, 2005



\* Earnings Per Share From Continuing Operations

anything **Parker**  
Possible:

# Financial Highlights

## Sales – 4th Quarter and YTD through June 30, 2005

	4th Quarter		YTD	
	FY05	FY04	FY05	FY04
Sales	\$2,211	\$1,964	\$8,215	\$6,999
% change	13%		17%	
Sales from acquisitions & divestitures	\$103	\$5	\$404	\$34
Sales without acquisitions & divestitures	\$2,108	\$1,959	\$7,811	\$6,965
% change	8%		12%	
Currency effects	\$35		\$175	
Sales without acquisitions, divestitures & currency	\$2,073	\$1,959	\$7,636	\$6,965
% change	6%		10%	

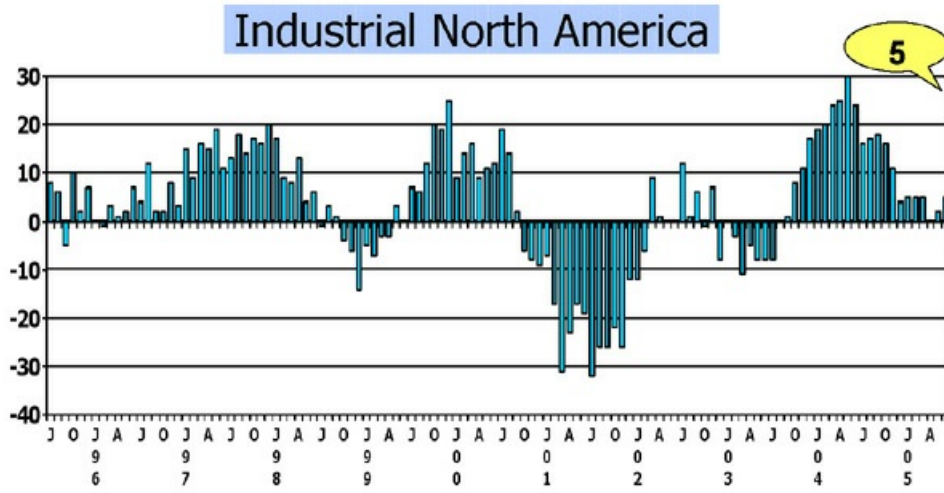
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Possible:

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## ***Influences on Sales***

- ◆ Continued Industrial End Market Strength
  
- ◆ Aerospace
  - ❖ Commercial OEM
  
- ◆ Globalization Trends

# Parker New Order Rates



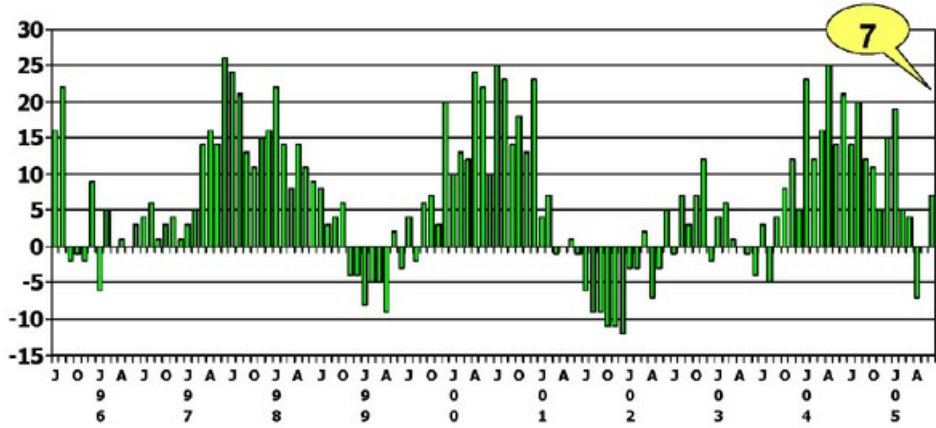
Current month vs. prior year

anything Parker Possible.



# Parker New Order Rates

Industrial R.O.W.

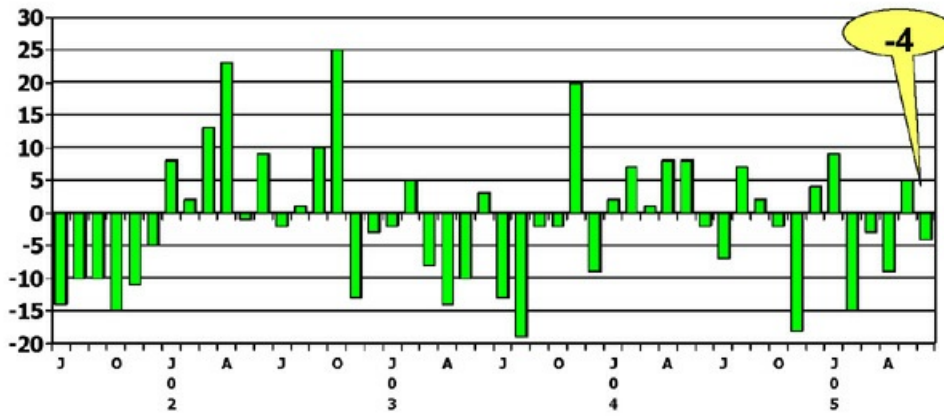


Current month vs. prior year

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# Parker New Order Rates

## Climate & Industrial Controls

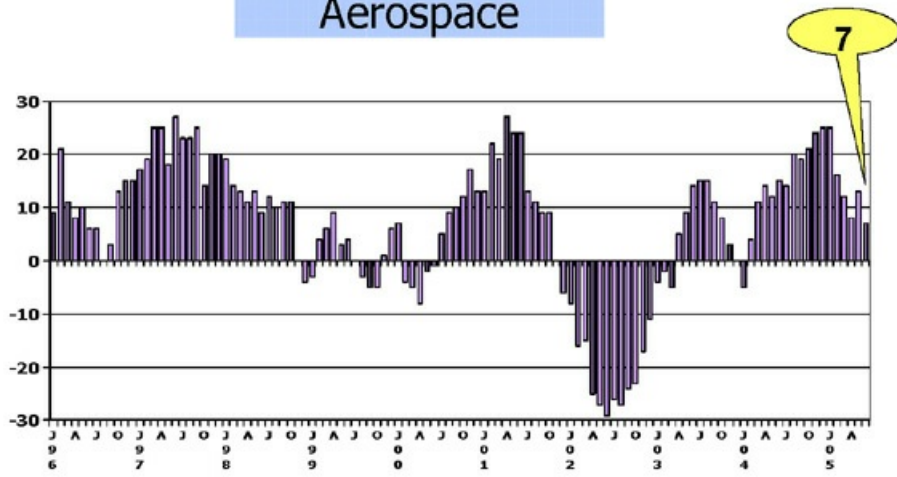


Current month vs. prior year

anything Parker Possible.

# Parker New Order Rates

## Aerospace



Average last 12 months orders to previous 12 months orders

anything **Parker**  
Possible:

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## ***Influences on Earnings***

- ◆ Increased Volume
- ◆ Win Strategy
- ◆ Restructuring/Move to Low Cost Countries
- ◆ Sales Mix – Aerospace
- ◆ Inventory Changes

## Segment Reporting Industrial North America

	FY2005		FY2004	
	4th Qtr	YTD	4th Qtr	YTD
<b>Sales</b>				
As reported	\$940	\$3,517	\$848	\$3,017
% change	11%	17%		
Acquisitions & Divestitures	\$47	\$157	\$5	\$21
without Acquisitions & Divestitures	\$893	\$3,360	\$843	\$2,996
% change	6%	12%		
Currency effects	\$5	\$13		
without Acquisitions, Divestitures, & Currency	\$888	\$3,347	\$843	\$2,996
% change	5%	12%		
<b>Operating Margin</b>				
As reported	\$128	\$468	\$110	\$291
% of sales	14%	13%	13%	10%

anything  Possible.

## Segment Reporting Industrial Rest of World

	FY 2005		FY 2004	
	4th Qtr	YTD	4th Qtr	YTD
<b>Sales</b>				
As reported	\$643	\$2,398	\$565	\$1,970
% change	14%	22%		
Acquisitions & Divestitures	\$12	\$127		
without Acquisitions & Divestitures	\$631	\$2,271	\$565	\$1,970
% change	12%	15%		
Currency effects	\$25	\$134		
without Acquisitions, Divestitures, & Currency	\$606	\$2,137	\$565	\$1,970
% change	7%	8%		
<b>Operating Margin</b>				
As reported	\$76	\$267	\$56	\$160
% of sales	12%	11%	10%	8%

anything  Possible.

## Segment Reporting Aerospace

	FY 2005		FY 2004	
	4th Qtr	YTD	4th Qtr	YTD
<b>Sales</b>				
As reported	\$364	\$1,359	\$327	\$1,216
% change	11%	12%		
Acquisitions & Divestitures				
without Acquisitions & Divestitures	\$364	\$1,359	\$327	\$1,216
% change	11%	12%		
Currency effects	\$0	\$5		
without Acquisitions, Currency, & Divestitures	\$364	\$1,354	\$327	\$1,216
% change	11%	11%		
<b>Operating Margin</b>				
As reported	\$54	\$199	\$44	\$158
% of sales	15%	15%	13%	13%

anything  Possible.

## Segment Reporting Climate & Industrial Controls

	FY 2005		FY 2004	
	4th Qtr	YTD	4th Qtr	YTD
<b>Sales</b>				
As reported	\$226	\$794	\$189	\$671
% change	19%	18%		
Acquisitions & Divestitures	\$44	\$121		
without Acquisitions & Divestitures	\$182	\$674	\$189	\$671
% change	-4%	0%		
Currency effects	\$3	\$13		
without Acquisitions, Divestitures, & Currency	\$179	\$661	\$189	\$671
% change	-6%	-2%		
<b>Operating Margin</b>				
As reported	\$24	\$75	\$22	\$72
% of sales	10%	9%	12%	11%

anything **Parker**  
Possible:



## Segment Reporting Other

	FY 2005		FY 2004	
	4th Qtr	YTD	4th Qtr	YTD
<b>Sales</b>				
As reported	\$38	\$146	\$35	\$125
% change	9%	17%		
Acquisitions & Divestitures				\$14
without Acquisitions & Divestitures	\$38	\$146	\$35	\$111
% change	9%	32%		
Currency effects	\$2	\$11		
without Acquisitions, Divestitures & Currency	\$36	\$135	\$35	\$111
% change	4%	21%		
<b>Operating Margin</b>				
As reported	\$5	\$18	\$5	\$8
% of sales	12%	13%	15%	6%

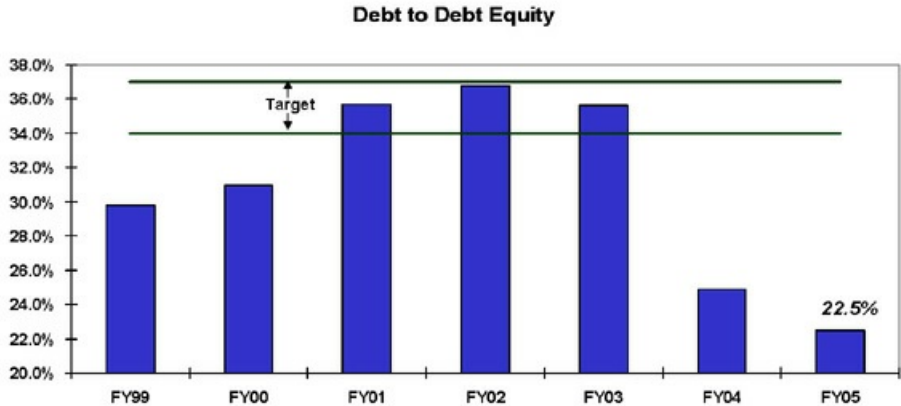
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## ***Balance Sheet Summary***

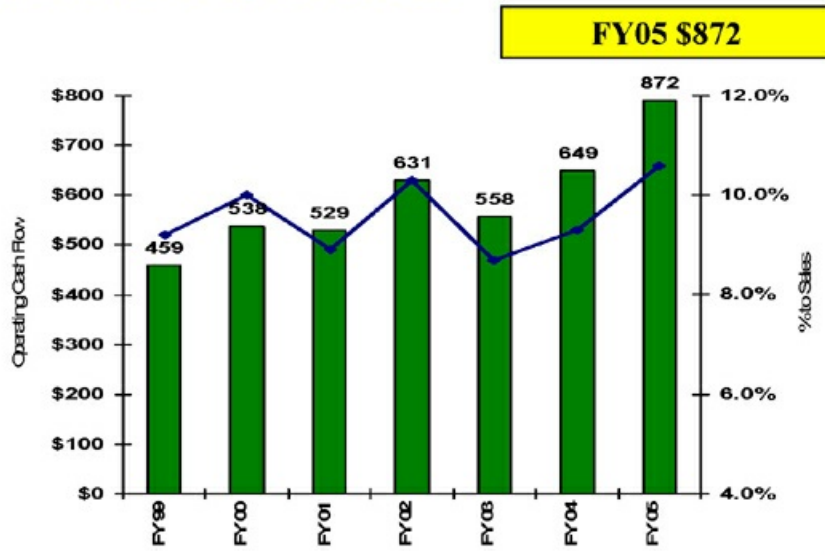
- ◆ Cash
  
- ◆ Working Capital
  - ❖ Inventory
  - ❖ Accounts Receivable
  
- ◆ PP & E
  
- ◆ Shareholders Equity

# Financial Leverage



anything **Parker**  
Possible:

## Strong Cash Flow – Cash From Operations



anything **Parker**  
Possible:

## ***FY 2006 Earnings Outlook Assumptions Segment Sales & Operating Income***

<b>FY 2006 Sales Change versus FY 2005</b>		
NA Industrial	6.5%	- 7.2%
Industrial ROW	9.4%	- 10.4%
Aerospace	6.0%	- 7.8%
CIC	11.4%	- 13.0%

<b>FY 2006 Operating Margin Percentages*</b>		
NA Industrial	13.5%	- 14.1%
Industrial ROW	11.8%	- 12.4%
Aerospace	14.3%	- 14.7%
CIC	10.6%	- 11.7%

\*Adoption of FAS 123R by the Company will result in additional expense of approximately \$.15-\$.20 per diluted share in FY2006. Although this expense will be borne in part by the operating segments beginning in the 1st Quarter of FY2006, the forecasted operating margins do not include such impact because the company has not yet determined the manner in which this expense will be allocated. The margin outlook assumptions as presented are meaningful to investors and the company to the extent they permit an evaluation of future performance on a comparable basis with prior periods which were not impacted by the accounting change.

anything  Possible.

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## ***FY 2006 Earnings Outlook assumptions below Operating Margin***

- Corporate Admin\* +11% to +12.5% vs. FY 2005
- Interest Expense -14% to -16% vs. FY 2005
- Other Exp. (Income)\*\* -28% to -30% vs. FY 2005
  
- Tax Rate 30.0%

\*Adoption of FAS 123R by the Company will result in additional expense of approximately \$ .15-\$ .20 per diluted share in FY2006. The forecasted margin does not include such impact because the company has not yet determined the manner in which this expense will be allocated. The margin assumption as presented is meaningful to investors and the company to the extent it permits an evaluation of future performance on a comparable basis with prior periods which were not impacted by the accounting change.

\*\*Other: FY05 - included non-recurring expense for pension curtailment and real estate investment write off

anything  Possible:

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## ***Earnings Outlook***

*Without FAS 123R Impact:*

Fiscal Year 2006 EPS Range

\$5.00 - \$5.40

*With FAS 123R Impact:*

Fiscal Year 2006 EPS Range

\$4.80 - \$5.25

Note: Forecast Does Not Include Any Acquisitions or Divestitures That May Occur During Fiscal Year 2006.

Adoption of FAS 123R by the Company will result in additional expense of approximately \$.15-\$.20 per diluted share in FY2006. Removal of the FAS 123R accounting change allows investors and the company to meaningfully evaluate future projected performance on a comparable basis with periods which were not impacted by the accounting change.

anything  Possible:

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*Questions & Answers...*





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## ***Appendix***

### Income Statements & Quarterly Segment Data

anything   
Possible:

## ***Income Statement – 4<sup>th</sup> Quarter***

	FY 2005		FY 2004	
	% of Sales		% of Sales	
Net sales	\$2,210.5	100.0%	\$1,964.3	100.0%
Cost of sales	1,738.5	78.6%	1,549.3	78.9%
Gross profit	472.1	21.4%	414.9	21.1%
S, G & A	235.9	11.4%	222.6	11.3%
Interest expense	(16.4)	-0.7%	(17.0)	-0.9%
Interest & other income	(0.3)	0.0%	6.6	0.3%
Income from Cont'g Operations b/f taxes	(16.7)	-0.8%	(10.4)	-0.5%
Income from Cont'g Operations b/f taxes	219.5	9.9%	181.9	9.3%
Income taxes	58.0	2.6%	59.4	3.0%
Income from Cont'g Operations	\$161.4	7.3%	\$122.6	6.2%
Discontinued Operations			\$2.9	0.1%
Net Income	\$161.4	7.3%	\$125.5	6.4%

 anything **Parker**  
Possible:

## ***Income Statement – 4<sup>th</sup> Quarter YTD***

	FY 2005		FY 2004	
	% of Sales		% of Sales	
Net sales	\$8,215.1	100.0%	\$6,998.8	100.0%
Cost of sales	6,508.1	79.2%	5,672.3	81.0%
Gross profit	1,707.0	20.8%	1,326.5	19.0%
S, G & A	872.1	10.6%	776.5	11.1%
Interest expense	(67.0)	-0.8%	(73.2)	-1.0%
Interest & other income	(11.4)	-0.1%	3.4	0.0%
	(78.4)	-1.0%	(69.8)	-1.0%
Income from Cont'g Operations b/f taxes	756.5	9.2%	480.1	6.9%
Income taxes	208.5	2.5%	144.0	2.1%
Income from Cont'g Operations	\$548.0	6.7%	\$336.2	4.8%
Discontinued Operations	\$56.7	0.7%	\$9.6	0.1%
Net Income	\$604.7	7.4%	\$345.8	4.9%

 anything **Parker**  
Possible:

# Restated Income Statement

## CONSOLIDATED STATEMENT OF INCOME - Restated

Restated to present divestiture of a business unit as discontinued operations

(Dollars in thousands, except per share amounts)	Fiscal 2004					Fiscal 2005				
	9/30/2003	12/31/2003	3/31/2004	6/30/2004	Total	9/30/2004	12/31/2004	3/31/2005	6/30/2005	Total
Net sales	\$ 1,582,105	\$ 1,593,340	\$ 1,879,057	\$ 1,864,259	\$ 6,998,781	\$ 1,919,868	\$ 1,942,887	\$ 2,141,708	\$ 2,210,532	\$ 8,215,095
Cost of sales	1,282,882	1,313,602	1,520,287	1,548,313	5,672,234	1,510,389	1,540,357	1,712,864	1,738,471	6,508,111
Gross profit	299,223	279,738	358,770	315,946	1,326,547	409,479	402,530	428,844	472,061	1,706,984
Selling, general and administrative expenses	174,917	163,524	195,452	222,042	776,535	197,154	220,646	218,207	235,920	872,113
Interest expense	21,751	17,267	17,229	16,972	73,219	16,216	17,288	17,116	16,410	67,030
Other (income) expense, net	1,586	760	792	(6,801)	(3,413)	10,807	(1,818)	1,872	267	11,268
Income from continuing operations										
before income taxes	90,919	77,987	159,287	191,033	480,125	195,372	160,014	191,820	219,458	756,473
Income taxes	26,532	24,493	33,547	59,361	143,933	54,839	46,161	49,454	58,045	208,500
Income from continuing operations	64,387	53,494	125,740	131,672	336,192	140,533	113,853	142,366	161,413	547,973
Income (loss) from discontinued operations	2,304	2,277	2,108	2,921	9,610	2,250	57,274	(2,805)		56,719
Net income	\$ 66,691	\$ 55,771	\$ 127,848	\$ 134,593	\$ 345,782	\$ 142,783	\$ 171,127	\$ 139,561	\$ 161,413	\$ 604,692
Basic earnings per share:										
Income from continuing operations	\$ 0.46	\$ 0.45	\$ 0.89	\$ 1.04	\$ 2.96	\$ 1.10	\$ 0.96	\$ 1.19	\$ 1.38	\$ 4.61
Income (loss) from discontinued operations	0.02	0.01	0.02	0.02	0.08	0.02	0.48	(0.02)		0.48
Net income per share	\$ 0.48	\$ 0.47	\$ 0.91	\$ 1.06	\$ 2.94	\$ 1.12	\$ 1.44	\$ 1.17	\$ 1.38	\$ 5.09
Diluted earnings per share:										
Income from continuing operations	\$ 0.46	\$ 0.45	\$ 0.88	\$ 1.02	\$ 2.82	\$ 1.09	\$ 0.94	\$ 1.16	\$ 1.34	\$ 4.55
Income (loss) from discontinued operations	0.02	0.02	0.02	0.03	0.09	0.02	0.47	(0.03)		0.46
Net income per share	\$ 0.48	\$ 0.47	\$ 0.90	\$ 1.05	\$ 2.91	\$ 1.11	\$ 1.41	\$ 1.15	\$ 1.34	\$ 5.02

Note: Basic and diluted earnings per share amounts are computed independently for each of the quarters presented; therefore, the sum of the quarterly basic and diluted earnings per share amounts may not equal the total computed for the year.

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Possible.

# Restated Quarterly Segment Data

BUSINESS SEGMENT INFORMATION BY INDUSTRY - Restated  
 Industrial & Aerospace restated for reclass of business unit  
 Other restated for the divestiture of business unit

(Dollars in thousands)	Fiscal 2004				Total	Fiscal 2006				
	9/30/2003	12/31/2003	3/31/2004	6/30/2004		9/30/2004	12/31/2004	3/31/2005	6/30/2005	Total
<b>Net sales</b>										
Industrial										
North America	\$ 667,777	\$ 685,412	\$ 815,239	\$ 848,392	\$ 3,015,820	\$ 832,238	\$ 819,243	\$ 928,975	\$ 940,071	\$ 3,516,627
International	421,824	441,445	541,634	564,824	1,969,727	548,973	583,221	623,343	642,902	2,398,439
Aerospace	284,631	293,792	314,851	326,848	1,215,920	321,134	326,961	337,314	394,022	1,359,431
Climate & Industrial Controls	155,950	144,698	181,172	189,337	671,157	195,470	176,508	228,831	225,501	794,308
Other	31,923	31,953	26,381	34,860	125,137	42,053	36,956	29,245	28,036	146,290
<b>Total</b>	<b>\$ 1,582,105</b>	<b>\$ 1,593,340</b>	<b>\$ 1,879,057</b>	<b>\$ 1,964,259</b>	<b>\$ 6,993,751</b>	<b>\$ 1,919,868</b>	<b>\$ 1,942,897</b>	<b>\$ 2,141,708</b>	<b>\$ 2,210,532</b>	<b>\$ 8,215,095</b>
<b>Segment operating income</b>										
Industrial										
North America	\$ 43,045	\$ 48,837	\$ 88,805	\$ 110,295	\$ 290,783	\$ 110,809	\$ 99,862	\$ 120,133	\$ 128,409	\$ 468,213
International	31,332	29,619	42,857	55,833	159,041	66,473	61,615	63,079	76,040	267,207
Aerospace	37,485	34,837	41,638	43,988	157,946	51,294	49,540	48,945	54,408	199,187
Climate & Industrial Controls	17,514	10,459	21,432	22,364	71,769	15,817	8,911	28,513	23,602	74,843
Other	2,175	953	(409)	5,380	8,138	6,773	4,744	2,379	4,556	16,452
<b>Total segment operating income</b>	<b>131,551</b>	<b>124,735</b>	<b>194,123</b>	<b>237,868</b>	<b>688,277</b>	<b>250,166</b>	<b>224,672</b>	<b>256,049</b>	<b>287,615</b>	<b>1,027,902</b>
Corporate general and administrative expenses	22,919	25,007	25,435	32,840	105,201	25,255	30,618	23,447	32,414	111,832
<b>Income from continuing operations before interest expense and other</b>	<b>108,632</b>	<b>99,648</b>	<b>168,688</b>	<b>205,028</b>	<b>581,966</b>	<b>224,811</b>	<b>194,056</b>	<b>232,602</b>	<b>254,601</b>	<b>916,070</b>
Interest expense	21,751	17,267	17,229	16,972	73,219	16,216	17,288	17,116	16,410	67,030
Other	5,962	4,394	12,172	6,123	28,651	33,223	16,754	23,057	18,733	92,567
<b>Income from continuing operations before income taxes</b>	<b>\$ 80,919</b>	<b>\$ 77,987</b>	<b>\$ 139,287</b>	<b>\$ 181,933</b>	<b>\$ 480,126</b>	<b>\$ 185,372</b>	<b>\$ 160,014</b>	<b>\$ 191,029</b>	<b>\$ 219,458</b>	<b>\$ 750,473</b>

anything  Possible.