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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): August 15, 2007**

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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**

**Not Applicable**  
(Former name or former address, if changed since last report.)

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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 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

(b) On August 15, 2007, John D. Myslenski, a named executive officer, notified Parker-Hannifin Corporation (the "Corporation") that he has decided to retire from his position as Executive Vice President – Sales, Marketing and Operations Support of the Corporation effective April 1, 2008.

(c)

**Stock Option Awards with Tandem Stock Appreciation Rights to Executive Officers**

On August 15, 2007, the Human Resources and Compensation Committee of the Board of Directors (the "Compensation Committee") of the Corporation, pursuant to the Corporation's 2003 Stock Incentive Plan, as amended and restated, authorized a grant of stock options with tandem stock appreciation rights ("SARs") to each of its executive officers, including the named executive officers listed below:

<u>Named Executive Officer</u>	<u>Number of Shares Underlying Stock Options with Tandem SARs</u>
Donald E. Washkewicz	103,500
John D. Myslenski	32,300
Timothy K. Pistell	32,300
Robert P. Barker	19,800

The stock options with tandem SARs were granted using the form of grant letter attached hereto as Exhibit 10.1 which is incorporated herein by reference.

**Bonus Awards Under the Corporation's Performance Bonus Plan**

On August 15, 2007, the Compensation Committee approved the following annual and long-term bonus awards pursuant to the Corporation's Performance Bonus Plan which is incorporated herein by reference to Exhibit 10.2:

**Target Bonus Awards to Named Executive Officers**

A 2008 target bonus award, an annual cash incentive based on the Corporation's free cash flow margin for fiscal year 2008, was awarded to certain executive officers, including the named executive officers listed below:

<u>Named Executive Officer</u>	<u>Target Bonus Award</u>
John D. Myslenski	\$ 225,000
Timothy K. Pistell	\$ 210,000
Robert P. Barker	\$ 100,000

These target bonus awards were granted pursuant to the form of award letter attached hereto as Exhibit 10.3 which is incorporated herein by reference.

Long-Term Incentive ("LTI") Awards to Executive Officers

A target 2008-09-10 LTI award was awarded to each of the executive officers, including the named executive officers listed below:

<u>Named Executive Officer</u>	<u>Number of Target Shares Awarded</u>
Donald E. Washkewicz	37,000
John D. Myslenski	11,200
Timothy K. Pistell	11,200
Robert B. Barker	7,000

These target LTI awards are based on the Corporation's revenue growth, earnings per share growth and return on invested capital during the three-year performance period as compared to the results of its peers for each of the foregoing performance measures. These awards were granted pursuant to the form of award letter attached hereto as Exhibit 10.4 which is incorporated herein by reference.

Return on Net Asset ("RONA") Bonus Awards to Certain Named Executive Officers

A RONA bonus award, an annual cash incentive based on the Corporation's fiscal year 2008 return on net assets, to the two named executive officers listed below:

<u>Named Executive Officer</u>	<u>Number of RONA Shares</u>
John D. Myslenski	14
Timothy K. Pistell	14

These RONA awards were granted pursuant to the form of award letter attached hereto as Exhibit 10.5 which is incorporated herein by reference.

**Item 9.01 Financial Statements and Exhibits**

(d) Exhibits:

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
10.1	Form of Grant Letter for Stock Options with Tandem Stock Appreciation Rights for Executive Officers.
10.2	Parker-Hannifin Corporation Performance Bonus Plan incorporated by reference to Exhibit A to the Corporation's Definitive Proxy Statement filed with the Securities and Exchange Commission on September 26, 2005 (Commission File No. 1-4982).

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- 10.3 Form of 2008 Target Incentive Bonus Award Letter under the Parker- Hannifin Corporation Performance Bonus Plan.
  - 10.4 Form of 2008-09-10 Long Term Incentive Award Letter under the Parker- Hannifin Corporation Performance Bonus Plan.
  - 10.5 Form of RONA Award Letter under the Parker-Hannifin Corporation Performance Bonus Plan.

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**SIGNATURES**

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/ Thomas A. Piraino, Jr.  
Thomas A. Piraino, Jr.  
Vice President and Secretary

Date: August 21, 2007

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EXHIBIT INDEX

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10.3	Form of 2008 Target Incentive Bonus Award Letter under the Parker- Hannifin Corporation Performance Bonus Plan.
10.4	Form of 2008-09-10 Long Term Incentive Award Letter under the Parker- Hannifin Corporation Performance Bonus Plan.
10.5	Form of RONA Award Letter under the Parker-Hannifin Corporation Performance Bonus Plan.



Name: \_\_\_\_\_

PID: \_\_\_\_\_

**NOTICE OF GRANT OF STOCK OPTIONS WITH  
TANDEM STOCK APPRECIATION RIGHTS**

The Human Resources and Compensation Committee of the Board of Directors (“Committee”) of Parker-Hannifin Corporation (“Company”) hereby grants to you, under the Company’s 2003 Stock Incentive Plan (“Plan”), stock options (“Options”) with tandem stock appreciation rights (“SARs”) with respect to the number of common shares of stock in the Company (“Common Shares”) set forth below. Your Options/SARs under this grant have a grant price (“Grant Price”) that is 100% of the fair market value of the Common Shares. The fair market value of the Common Shares is equal to the reported closing price of the Common Shares on the New York Stock Exchange-Composite Transactions on the Grant Date. This grant will expire at the date and time indicated below (“Expiration Date”) unless an earlier lapse date (“Lapse Date”) applies (as described in this grant) due to a change in your employment status.

Grant Date: **XX/XX/XXXX**  
No. of Shares to Which Options/SARs Apply: **XXX**  
Grant Price: **\$XX.XX**  
Expiration Date: **XX/XX/XXXX, at 4:00 PM Eastern Time**

You may exercise all or any portion of this grant as either Options or SARs but not both. The exercise of any portion of the grant as Options automatically cancels the corresponding SARs, and the exercise of any portion of the grant as SARs automatically cancels the corresponding Options.

Each Option entitles you to purchase the Common Shares covered by the Option at the Grant Price. Each SAR entitles you to receive the increase in value (“Appreciation”) of one Common Share between the Grant Date and the Exercise Date.

**SARs.** Upon the exercise of a SAR, the Appreciation will be paid to you in Common Shares having a value equal to the Appreciation calculated in the manner described below. The Company may elect, in its sole discretion, to pay the Appreciation in cash in lieu of issuing Common Shares.

**Calculation of SAR Appreciation.** Appreciation is calculated by subtracting the Grant Price from the reported closing price of the Common Shares on the New York Stock Exchange on the day prior to the Exercise Date (“Prior Day’s Close”) and multiplying the result by the number of SARs exercised. The number of Common Shares issued on exercise will be that number (rounded down to the nearest whole number) derived from dividing the Appreciation by the Prior Day’s Close per Common Share. No cash consideration will be paid for the fractional portion eliminated by rounding.

**Vesting Schedule.** Except as provided below, while you are an active full-time employee, this grant will vest in one-third increments in accordance with the following schedule (“Vesting Schedule”):

[Vesting Schedule]

In the event of a Change in Control of the Company (as defined in the Plan), all of the Options/SARs awarded in this grant will immediately vest and become exercisable.

If your continuous full-time employment is terminated prior to a scheduled vesting date as a result of your death, long-term disability, or retirement under the applicable retirement plan or Company policy, any unvested Options/SARs will continue to vest in accordance with the Vesting Schedule above.

Upon vesting, your Options/SARs are exercisable in accordance with the terms of this grant and the Plan only while you are a full-time employee of the Company or one of its subsidiaries at any time until the Expiration Date or Lapse Date, as the case may be. Vested Options/SARs may also be exercised upon termination of your continuous full-time employment in accordance with the specific status change rules set forth below.

**Effect of Status Changes.** If your continuous full-time employment is terminated prior to a vesting date for any reason other than death, long-term disability, or retirement under the applicable retirement plan or Company policy, then all unvested Options/SARs as of the date of termination will lapse and cannot be exercised.

If your continuous full-time employment is terminated for any reason (including death, long-term disability, or retirement), then vested Options/SARs are exercisable any time before the applicable Lapse Date shown below.

**Status Change – If your continuous full-time employment terminates due to:**

**Lapse Date – Then the Options/SARs awarded in this grant will lapse on:**

(A) **Long-Term Disability or Retirement**

**The Expiration Date.**

(B) **Death**

The earlier of: (i) **Two (2) years after your death** or (ii) the **Expiration Date**.

(C) **Any Other Termination**

The earlier of: (i) **Three (3) months from the date of termination** or (ii) the **Expiration Date**.

**Exercise and Settlement Procedures.** To exercise all or any portion of your vested Options/SARs, you are required to complete and deliver a Notice of Exercise Form to the Company on or before the Expiration Date or before any applicable Lapse Date. The Exercise Date of your Options or SARS will be the date the Company receives your properly completed Notice of Exercise Form (and, in the case of Options, the Exercise Price) if received prior to the applicable cut-off time established by the Company; otherwise, it will be the following business day. The Exercise Price for Options may be



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paid in cash or in Common Shares. If paid in Common Shares, the number of shares to be surrendered in payment of the Exercise Price shall be valued using the Prior Day's Close.

To settle the exercise of the Options/SARs, the Company will instruct its stock transfer agent to issue the net number of Common Shares you are entitled to receive. If any portion of the grant is exercised as SARs, the Company may, in its sole discretion, elect to settle the exercise in cash.

**Automatic Self-Exercise Prior to Expiration.** Any vested Options/SARs under this grant that have a positive net Appreciation (after all applicable withholding taxes) but remain unexercised on the business day preceding the Expiration Date will automatically self-exercise as SARs on the Expiration Date to prevent forfeiture.

**Compensation and Payment of Income Withholding Taxes.** If you are a U.S. citizen, you do not recognize taxable income upon the grant of the Options/SARs. In certain foreign countries, however, you may be taxed upon grant, and you should review the taxation with the local country Financial Service Manager. In the year in which you exercise Options or SARs, the Appreciation on the SARs or the difference between the Grant Price and the fair market value on the Exercise Date of the Options will be reported as additional compensation and will be subject to applicable income and employment taxes. Parker will report the additional income on your W-2 and will observe all applicable tax withholding requirements at the time of exercise. For U.S. citizens, withholding may include federal, state and local income tax, FICA, Medicare, or other statutorily-required taxes ("Taxes"). All Taxes must be paid at the time of exercise by surrendering a portion of the Common Shares received in settlement except where transferred options are exercised by a transferee, in which case the Taxes must be paid in cash by you. In the event the Company elects to settle exercised SARs in cash, the Taxes due upon exercise will be deducted from the cash settlement prior to payment.

**Tax Withholding Calculation.** The Company will withhold for Taxes the number of Common Shares having an aggregate value based on the Prior Day's Close at least equal to the amount required to be withheld by law. If the value of the withheld Common Shares exceeds the withholding tax amount due, the excess (which will be less than the value of one Common Share) will be credited to federal income tax withholding.

**Reloadability.** If you tender Common Shares of the Company to satisfy an Option Exercise Price, you will receive one (1) restorative or "reload" grant of SARs ("Reload SARs") effective on the Exercise Date and equivalent to the number of Common Shares surrendered to satisfy the Exercise Price. The Reload SARs will have a Grant Price equal to the fair market value of the Common Shares on the Exercise Date. The fair market value is the reported closing price of the Common Shares on the New York Stock Exchange Composite Transactions on the Exercise Date. Except as otherwise set forth in this grant, no Reload SARs may be exercised (a) prior to the completion of one (1) year of continuous full-time employment following the Exercise Date; and (b) unless you have retained ownership of the Common Shares resulting from the Option exercise (less a sufficient number of Common Shares to satisfy withholding tax obligations) for a period of one (1) year from the Exercise Date. All other terms and conditions of the Reload SARs will be identical to those initially awarded in this grant, including, without limitation, the original Expiration Date.

**Transferability.** Your Options/SARs are not transferable or assignable during your life except to (a) your spouse, children or their lineal descendants (“Immediate Family Members”), (b) one or more trusts for the benefit of you and/or one or more of your Immediate Family Members; or (c) a partnership or limited liability company in which you or your Immediate Family Members are the only partners or members; provided, however, in each case that you (i) submit a completed Stock Option/SAR Assignment Form to the Stock Incentive Plan Administrator and (ii) do not receive any consideration for the transfer. All transferred Options/SARs remain subject to the terms and conditions of this grant and the Plan (except that such transferred Options/SARs are not transferable by the transferee during life).

**Detrimental Activity.** If you engage in any Detrimental Activity (as defined in the Plan), the Committee may at any time and in its sole discretion cancel and revoke all or any portion of your unexercised Options/SARs or require repayment to the Company of any compensation received (in the form of cash or Common Shares) from your exercise of any portion of the Options/SARs. The Plan defines Detrimental Activity as any activity that is determined in individual cases, by the Committee or its express delegate, to be detrimental to the interests of the Company or a subsidiary, including without limitation (i) rendering of services to an organization, or engaging in a business, that is, in the judgment of the Committee or its express delegate, in competition with the Company; (ii) disclosure to anyone outside of the Company, or the use for any purpose other than the Company’s business, of confidential information or material related to the Company, whether acquired during or after employment with the Company; (iii) fraud, embezzlement, theft-in-office or other illegal activity; or (iv) violation of the Company’s Code of Ethics.

**Consent to Use Data.** By acknowledging the terms of this grant, you hereby consent to the cross-border collection, use and disclosure by the Company and its subsidiaries of certain personal data required solely for the purpose of the administration and exercise of this grant. Disclosure of personal data shall be limited to your name, gender, address, telephone number, date of birth, date of hire, position, grade, supervisor, country of residence and country of employment. All personal data shall be treated as highly confidential and shall not be used for any purpose other than Stock Incentive Plan administration.

**Notification of Change in Personal Data.** If your address or contact information changes while any portion of this grant remains unexercised, the Company must be notified in order to administer this grant. Notification of such changes should be provided to the Company as follows:

- **Domestic Participants** (employees who are on the U.S. or Canadian payroll system):
  - Active employees: Update your address and contact information directly through your Personal Profile section in the Employee Self-Service site.
  - Retired, terminated, or family member of deceased participant: Contact the Benefits Service Center at 1-800-992-5564.
- **International Participants** (employees who are not on U.S. or Canadian payroll system):
  - Active, retired, terminated, or family member of deceased participant: Contact your country Human Resources Manager, who will, in turn, advise the Corporate Director of Compensation.

**Prospectus Notification.** A Memorandum dated July 29, 2004 (“Prospectus”) describing the terms of the 2003 Stock Incentive Program which governs this grant and the most recent Annual Report

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and Proxy Statement issued by Parker-Hannifin Corporation are available for your review on your Stock Incentives Web page. You have the right to receive a printed copy of the Prospectus upon request by either calling the Stock Incentive Plan Administrator at 216-896-2950 or by sending your written request to Parker's Legal Department.

**All Terms Subject to the Plan.** This grant and all rights under this grant are at all times subject to all other terms, conditions and provisions of the Plan (and any rules or procedures adopted under the Plan by the Committee). All capitalized terms shall have the meaning ascribed to such terms in the Plan. In the event of a conflict between the terms of the Plan and this grant, the terms of the Plan control.

By acknowledging the terms of this grant, you acknowledge that: (i) any grant of Options/SARs or other equity compensation is purely discretionary and is not compensation/salary for termination indemnity purposes; (ii) future awards of Options/SARs or other equity incentives may be discontinued at any time; and (iii) a grant of Options/SARs or other equity compensation in one year does not guarantee a grant in future years.

**Your Action Items.** Please take the following actions, as appropriate:

- **Acknowledge** your receipt of this grant and your agreement to its terms by clicking on the "Accept" button below. **Failure to acknowledge receipt of this grant and agree to its terms will jeopardize your ability to exercise the Options/SARs awarded in this grant.**
- **Inform the Company of any change in address or contact information.** Refer, if necessary, to the section titled "Notification of Change in Personal Data" for instructions on how to provide notification to the Company.

Sincerely yours,

Thomas A. Piraino, Jr.  
Vice President, General Counsel and Secretary



TO: [Name]

August 15, 2007

**NOTICE OF FISCAL YEAR 2008  
TARGET INCENTIVE BONUS AWARD  
UNDER PERFORMANCE BONUS PLAN**

Dear \_\_\_\_\_:

On August 15, 2007, the Human Resources and Compensation Committee of the Board of Directors ("Committee") of Parker-Hannifin Corporation ("Company") authorized a Target Incentive Bonus award ("Award") to you under the Company's Performance Bonus Plan ("Bonus Plan"). Payments made under the Plan will be qualified as "performance-based compensation" for purposes of Section 162(m) of the Internal Revenue Code of 1986 and Section 1.162-27 of the Treasury Regulations promulgated thereunder. Your Award is in the target amount of \$\_\_\_\_\_ ("Target Amount"), subject to the following terms and conditions:

1. Your payout under this Award ("Payout") will be based upon the Company's actual operating cash flow less capital expenditures (free cash flow) expressed as a percent of the Company's sales ("FCF Margin") for fiscal year 2008 ("Performance Period"). Discretionary pension contributions by the Company are not included in the calculation of the FCF Margin. You will receive a Payout of 100% of your Target Amount if the Company achieves an FCF Margin of 6% for the Performance Period. If the Company's FCF Margin is above or below 6% for the Performance Period, your Payout will be a proportion of the Target Amount as set forth in the table below. The minimum threshold for any Payout under the Award is 3% FCF Margin during the Performance Period.

FY08	<3.00%	3.75%	4.50%	5.25%	6.00%	7.00%	8.00%	≥9.00%
FCF Margin:								
Payout %:	0%	25%	50%	75%	100%	133%	167%	200%

2. The Payout earned under the Award will be paid at the end of the Performance Period.

3. If you retire (at or after age 60, or earlier with the consent of the Committee), die or become disabled during the Performance Period or otherwise have not served in an eligible position during the full Performance Period, then, you will be entitled to receive a portion of the Payout in proportion to the number of full months worked during the Performance Period. Termination of your employment for any other reason during the Performance Period will result in full forfeiture of your Award.

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4. Your Payout will be paid in cash, or you may elect to receive the Payout in the form of a credit to your Executive Deferral Plan account in accordance with rules established by the Company. The Payout will be made following certification of the calculation of the FCF Margin by the Committee at the end of the Performance Period. The Committee retains the ability to reduce the Payout at its sole discretion. The amount of the Payout is also subject to the payout limitations set forth in Section 5(c) of the Bonus Plan.

5. The Award is subject to all terms, conditions and provisions of the Bonus Plan to the extent not specifically addressed herein. In the event of any conflict between the terms of the Bonus Plan and the Award, the Bonus Plan will control.

Please acknowledge receipt of the Award and indicate your agreement with the terms hereof by signing and returning a copy to me as soon as possible.

Thomas A. Piraino, Jr.  
Vice President, General Counsel And Secretary

Receipt Acknowledged and Agreed:

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Date: \_\_\_\_\_



TO: [Name]

August 15, 2007

**2008-09-10**  
**LONG TERM INCENTIVE (LTI) AWARD**  
**UNDER PERFORMANCE BONUS PLAN**

Dear \_\_\_\_\_:

On August 15, 2007, the Human Resources and Compensation Committee of the Board of Directors ("Committee") of Parker-Hannifin Corporation ("Company") authorized a Long-Term Incentive ("LTI") award ("Award") to you under the Company's Performance Bonus Plan ("Plan"). Payments made pursuant to the Plan qualify as "performance-based compensation" for purposes of Section 162(m) of the Internal Revenue Code of 1986 and Section 1.162-27 of the Treasury Regulations. Your Award is in the target amount of \_\_\_\_\_ ("Target Amount") restricted shares of common stock of the Company ("Restricted Shares"), subject to the following terms and conditions:

1. Your payout under the Award ("Payout") will be based on the Company's performance in comparison to other companies in its peer group as listed on attached Exhibit A ("Peers") for the performance measurements indicated below ("Performance Measures") during fiscal years 2008, 2009 and 2010 ("Performance Period"). The Target Amount will be weighted ("Weighted Target") for each Performance Measure as follows:

<u>Performance Measure</u>	<u>Weight</u>
Revenue Growth	20%
Earnings Per Share (EPS) Growth	40%
Return on Capital (ROC)	40%

Revenue Growth, EPS Growth and ROC of the Company and the Peers is calculated by reference to sales and income from continuing operations.

You will receive a payout of 100% of the Weighted Target for each Performance Measure if the Company ranks in the 5<sup>th</sup> percentile among the Peers in the applicable Performance Measure. Percentile rankings above or below the 50<sup>th</sup> percentile for the Performance Period among the Peers for any Performance Measure will result in a lesser or greater payout for each Weighted Target in accordance with the following table:

Percentile Ranking:	£35	42.5	50	62.5	75
Payout %:	0	50	100	150	200

For each Performance Measure, the Company's ranking must be above the 35<sup>th</sup> percentile among the Peers for the Performance Period in order to receive any payout for the applicable Weighted Target. The total Payout will be equal to the sum of the payouts earned under each of the Performance Measures.

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Peers which do not publish stand-alone financial results for the entire Performance Period as a result of going private, acquisition, or any similar transaction will be removed from the list of Peers. Peers which merge during the Performance Period will remain as Peers only if they are the surviving entity of the merger. Any Peer which has publicly announced the need to restate its financial statements for any portion of the Performance Period, but has not yet published such restatement, will be excluded from the Peer comparisons for any Performance Metric in which its result is better than the Company's result. Any Peer which has not published financial statements for the entire Performance Period due to the publicly announced need to restate its financial statements will be removed from the list of Peers.

2. The Payout earned under the Award will be paid after the end of the Performance Period.

3. If you retire (at or after age 60, or earlier with the consent of the Committee), die or become disabled during the Performance Period, you will be entitled to receive a portion of the Payout in proportion to the number of full calendar quarters worked in an eligible position during the Performance Period. Termination of employment for any other reason during the Performance Period will result in full forfeiture of your Award.

4. Except as provided below, if you are actively employed by the Company at the time of the Payout, you will receive the Payout in the form of Restricted Shares. The Restricted Shares will be subject to the terms and conditions imposed by the Committee at the time of issuance.

5. You may elect, in accordance with rules established by the Company, to receive your Payout in the form of a credit to your Executive Deferral Plan ("EDP") account. If such an election is timely made, you will receive your Payout in the form of a credit to your EDP account as of July 1, 2010 in a dollar amount equal to the number of Restricted Shares earned under the Award multiplied by the closing price of the Company's common stock on the New York Stock Exchange on June 30, 2010 ("Cash Equivalent").

6. If you are not an active employee of the Company at the time of the Payout, it will be made in the form of cash equal to the Cash Equivalent, except where you have made a timely EDP election as provided in Section 5.

7. In the event of a "Change in Control of the Company" (as defined in the Company's Change in Control Severance Agreements, and subject to good faith application of the requirements of Section 409A of the Internal Revenue Code), you will receive a cash payout under the Award within fifteen (15) days following the date of the Change in Control equal to the greater of (a) amount equal to (i) the Target Amount of Restricted Shares multiplied by (ii) the Stock Price (as defined below); or (b) the amount equal to (i) what your Payout in Restricted Shares would have been had the Company's percentile ranking among the Peers for each of the Performance Measures during the Performance Period through the end of the fiscal quarter immediately preceding the date of the Change in Control continued throughout the Performance Period at the same level, multiplied by (ii) the Stock Price. "Stock Price" means the closing price of the Company's common stock on the New York Stock Exchange on July 1, 2007, or on the date of the Change in Control, whichever is higher.

8. You will receive the Payout in the form described above following certification of the calculation of the Performance Measures and the Payout by the Committee after the end of the Performance Period. The Committee may in its sole discretion reduce the Payout. The amount of your Payout is also subject to the payout limitations set forth in Section 5(c) of the Plan.

9. Your Award is subject to all terms, conditions and provisions of the Plan and this award notification. In the event of any conflict between the terms of the Plan and the Award, the Plan controls.

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Please acknowledge receipt of this Award and indicate your agreement with its terms and the terms of the Plan by signing below and returning a copy to me as soon as possible.

Thomas A. Piraino, Jr.  
Vice President, General Counsel And Secretary

Receipt Acknowledged and Agreed:

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Date: 

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**Exhibit A**  
**to**  
**2008-09-10 LONG TERM INCENTIVE (LTI) AWARD**  
**UNDER PERFORMANCE BONUS PLAN**

Peers

Caterpillar Inc.  
Cooper Industries, Ltd.  
Cummins Inc.  
Danaher Corporation  
Deere & Company  
Dover Corporation  
Eaton Corporation  
Emerson Electric Co.  
Flowsolve Corporation  
Goodrich Corporation  
Honeywell International Inc.  
Illinois Tool Works Inc.  
Ingersoll-Rand Company Limited  
ITT Industries, Inc.  
Johnson Controls, Inc.  
Pall Corporation  
Rockwell Automation, Inc.  
SPX Corporation  
Textron Inc.



TO: [Name]

[Date]

**FY\_\_ NOTICE OF  
RETURN ON NET ASSETS (“RONA”) BONUS AWARD  
UNDER PERFORMANCE BONUS PLAN**

Dear \_\_\_\_\_ :

On [date], the Human Resources and Compensation Committee of the Board of Directors (“Committee”) of Parker-Hannifin Corporation (“Company”) authorized the Company to make a RONA bonus award to you for fiscal year 20\_\_ (“FY\_\_”) under the Company’s Performance Bonus Plan (“Plan”). RONA bonuses paid under the Plan are qualified as “performance-based compensation” for purposes of Section 162(m) of the Internal Revenue Code of 1986 and Section 1.162-27 of the Treasury Regulations.

Your RONA Bonus award is in the amount of \_\_\_\_\_ RONA Shares and is subject to the following terms and conditions:

1. Each RONA Share represents a percentage of your Base Pay earned during FY\_\_ (“RONA %”).
2. The RONA % is determined as follows:

a) **Earnings ÷ Average Assets = Return on Assets (ROA)**

b) *If ROA is ≤ 35%: ROA x 0.1786 = RONA%*

—or—

*if ROA is > 35%: 6.25% + ((ROA—35%) x 0.08928) = RONA%*

where:

Earnings = the Company’s Segment Operating Income for FY\_\_;

Average Assets = the average of the Company’s RONA Assets at the beginning of FY\_\_ and at the end of each of the fiscal quarters of FY\_\_; and

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RONA Assets = inventory + accounts receivable + prepaid expenses + property, plant and equipment (net) + goodwill + intangibles – trade accounts payable.

3. Your total RONA Bonus payout for FY\_\_ under this award is determined as follows:

**(Base Pay for FY\_\_ x RONA %) x # RONA Shares = FY\_\_ RONA Bonus payout**

4. Your RONA Bonus earned under this award will be paid after the end of FY\_\_.

5. If your employment with the Company is terminated for any reason other than retirement (at or after age 60, or earlier with the consent of the Committee), death or long-term disability during FY\_\_, you will forfeit your RONA Bonus award.

6. Your RONA Bonus will be paid to you either in cash or as a credit to your Executive Deferral Plan account (based on your election made in accordance with rules established by the Company) following the Committee's certification of the RONA% and payout amount at the end of FY\_\_. The Committee retains the ability to reduce the RONA Bonus payout at its sole discretion. The amount of your RONA Bonus payout is also subject to the limitations set forth in Section 5(c) of the Plan.

7. This award is subject to all terms, conditions and provisions of the Plan to the extent not specifically addressed in this award. In the event of any conflict between the terms of the Plan and this award, the Plan will control.

Please acknowledge receipt of this award and indicate your agreement with its terms by signing and returning a copy to me as soon as possible.

Thomas A. Piraino, Jr.  
Vice President, General Counsel And Secretary

Receipt Acknowledged and Agreed:

\_\_\_\_\_ Date: \_\_\_\_\_