

**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): April 16, 2009**

---

**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))

---

**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 April 16, 2009, Parker-Hannifin Corporation issued a press release and presented a Webcast announcing earnings for the quarter ended March 31, 2009. The press release contains references to sales growth excluding the effects of acquisitions and foreign currency exchange rates. The effects of acquisitions and foreign 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. 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 April 16, 2009.
- 99.2 Webcast presentation by Parker-Hannifin Corporation, dated April 16, 2009.

---

**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  
Executive Vice President - Finance and Administration and  
Chief Financial Officer

Date: April 16, 2009



**For Release:** Immediately

**Contact:** Media –  
 Christopher M. Farage - Vice President, Corp. Communications 216/896-2750  
[cfarage@parker.com](mailto:cfarage@parker.com)

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

Stock Symbol: PH – NYSE

**Parker Reports Third Quarter Sales, Net Income and Earnings per Share**

- Company revises guidance for fiscal 2009

**CLEVELAND, April 16, 2009** — Parker Hannifin Corporation (NYSE: PH), the world leader in motion and control technologies, today reported results for its fiscal 2009 third quarter ending March 31, 2009. Fiscal 2009 third quarter sales were \$2.3 billion, a decline of 26.3 percent from \$3.2 billion in the same quarter a year ago. Net income declined 79.1 percent to \$53.4 million from \$255.4 million in the third quarter of fiscal 2008. Earnings per diluted share declined 77.8 percent to 33 cents compared with \$1.49 in last year's third quarter. Earnings included expenses related to legal proceedings associated with the company's Parker ITR subsidiary, which were largely offset by an ITR related net tax benefit.

Cash flow from operations for the first nine months of fiscal 2009 was \$716.1 million, or 8.8 percent of sales, compared with \$863.8 million, or 9.8% of sales in the prior year period. In the third quarter of fiscal 2009, cash flow from operations was \$271.6 million, or 11.6% of sales, compared with \$390.2 million, or 12.3% in the third quarter of fiscal 2008. During the third quarter, the company's outstanding debt declined by \$308 million.

"Third quarter results reflect the impact of the global recession," said Chairman, CEO and President Don Washkewicz. "Weakness in customer order trends that began in the second quarter continued through the third quarter across almost all markets. This led to a 24.0 percent decline in organic sales,

---

while foreign currency translation negatively impacted sales by 6.9 percent and acquisitions contributed 4.6 percent to sales. In the face of this difficult business environment, we continue to focus on adjusting our cost structure to reflect changing demand levels, maintaining a strong balance sheet, and managing for cash.

“Actions taken to manage working capital and control capital spending are already evident in our strengthened balance sheet and healthy cash flow levels, while the benefits of costs reductions are expected to become more evident in the fourth quarter and into the next fiscal year. We have implemented a series of workforce reductions, established a wage freeze, offered select early retirement incentives, and instituted a 10 percent reduction in salaries, globally. Parker employees have responded remarkably, and with determination and tenacity are focused on the appropriate priorities that will see us through this downturn and emerge stronger as conditions improve.”

#### **Segment Results**

In the Industrial North America segment, third-quarter sales declined 21.2 percent to \$857.0 million, and operating income declined 50.6 percent to \$73.1 million, compared with the same period a year ago.

In the Industrial International segment, third-quarter sales declined 37.8 percent to \$836.8 million, and operating income declined 82.4 percent to \$38.3 million, compared with the same period a year ago.

In the Aerospace segment, third-quarter sales increased 2.1 percent to \$480.0 million, and operating income declined 3.9 percent to \$65.7 million, compared with the same period a year ago.

In the Climate & Industrial Controls segment, third-quarter sales declined 38.9 percent to \$170.9 million, and the segment recorded an operating loss of \$7.4 million, compared with an operating profit of \$18.3 million in the same period a year ago.

---

**Orders**

In addition to financial results, Parker also reported a decline of 34 percent in total orders for the quarter ending March 31, 2009, compared with the same quarter a year ago. Parker reported the following orders by operating segment:

- Orders declined 35 percent in the Industrial North America segment, compared with the same quarter a year ago.
- Orders declined 41 percent in the Industrial International segment, compared with the same quarter a year ago.
- Orders declined 12 percent in the Aerospace segment on a rolling 12 month average basis.
- Orders declined 36 percent in the Climate and Industrial Controls segment, compared with the same quarter a year ago.

**Outlook**

For fiscal 2009, the company revised guidance for earnings from continuing operations to the range of \$2.95 to \$3.15 per diluted share. Previous guidance for earnings from continuing operations was \$3.85 to \$4.25 per diluted share.

Washkewicz added, "We are proud of the fact that our decline in operating profit during the quarter was 33.7 percent of the decline in revenue, but was only 28.0 percent excluding acquisitions. This is a clear indication that we are managing through the downturn effectively. While the environment we are operating in holds many uncertainties, we anticipate that conditions will not improve appreciably in the near-term and order levels are expected to be similar to what we experienced in the third quarter. Further cost reductions and managing for cash will continue to be our priorities as we close out the fiscal year. Lastly, we will continue to execute our Win Strategy with emphasis on premier customer service, developing innovative systems and solutions, and leveraging our broad distribution network to drive market share gains and increase the value we offer customers. These efforts are expected to position us strongly when the economic rebound occurs."

**NOTICE OF CONFERENCE CALL:** Parker Hannifin's conference call and slide presentation to discuss its

---

fiscal third-quarter results are available to all interested parties via live webcast today at 10:00 a.m. ET, on the company's investor information web site, <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 \$12 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 mobile, industrial and aerospace markets. The company employs approximately 62,000 people in 48 countries around the world. Parker has increased its annual dividends paid to shareholders for 53 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 <http://www.parker.com>, or its investor information site at <http://www.phstock.com>.

#### **Notes on Orders**

Orders provide near-term perspective on the company's outlook, particularly when viewed in the context of prior and future quarterly order rates. However, orders are not in themselves an indication of future performance. All comparisons are at constant currency exchange rates, with the prior year restated to the current-year rates. All exclude acquisitions until they can be reflected in both the numerator and denominator. Aerospace comparisons are rolling 12-month average computations. The Total Parker orders number is derived from a weighted average of the year-over-year quarterly percent change in orders for the Industrial North America, Industrial International, and Climate and Industrial Controls segments, and the year-over-year 12-month rolling average of orders in the Aerospace segment.

#### **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 its mobile, industrial and aerospace markets, and the company's ability to maintain and achieve anticipated benefits associated with announced realignment activities, strategic initiatives to improve operating margins, actions taken to combat the effects of the current recession, and growth, innovation and global diversification 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 or significant changes in financial condition; uncertainties surrounding timing, successful completion or integration of acquisitions; threats associated with and efforts to combat terrorism; uncertainties surrounding the ultimate resolution of outstanding legal proceedings, including the outcome of any appeals; competitive market conditions and resulting effects on sales and pricing; 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 manufacturing activity, air travel trends, currency exchange rates, difficulties entering new markets and general economic conditions such as inflation, deflation, interest rates and credit availability. The company makes these statements as of the date of this disclosure, and undertakes no obligation to update them.

###

PARKER HANNIFIN CORPORATION - MARCH 31, 2009

CONSOLIDATED STATEMENT OF INCOME

| (Unaudited)<br>(Dollars in thousands except per share amounts) | Three Months Ended March 31, |              | Nine Months Ended March 31, |              |
|----------------------------------------------------------------|------------------------------|--------------|-----------------------------|--------------|
|                                                                | 2009                         | 2008         | 2009                        | 2008         |
| <b>Net sales</b>                                               | \$ 2,344,713                 | \$ 3,182,537 | \$ 8,098,057                | \$ 8,798,853 |
| Cost of sales                                                  | 1,908,607                    | 2,447,216    | 6,367,279                   | 6,763,650    |
| Gross profit                                                   | 436,106                      | 735,321      | 1,730,778                   | 2,035,203    |
| Selling, general and administrative expenses                   | 317,992                      | 347,022      | 987,858                     | 990,944      |
| Interest expense                                               | 28,393                       | 25,540       | 86,796                      | 73,977       |
| Other expense (income), net                                    | 27,186                       | 4,965        | 38,987                      | (1,424)      |
| Income before income taxes                                     | 62,535                       | 357,794      | 617,137                     | 971,706      |
| Income taxes                                                   | 9,113                        | 102,353      | 158,138                     | 274,805      |
| <b>Net income</b>                                              | \$ 53,422                    | \$ 255,441   | \$ 458,999                  | \$ 696,901   |
| <b>Earnings per share:</b>                                     |                              |              |                             |              |
| Basic earnings per share                                       | \$ .33                       | \$ 1.52      | \$ 2.83                     | \$ 4.14      |
| Diluted earnings per share                                     | \$ .33                       | \$ 1.49      | \$ 2.81                     | \$ 4.05      |
| Average shares outstanding during period - Basic               | 160,529,032                  | 167,750,603  | 161,927,857                 | 168,532,262  |
| Average shares outstanding during period - Diluted             | 161,011,156                  | 170,892,454  | 163,103,396                 | 171,878,223  |
| Cash dividends per common share                                | \$ .25                       | \$ .21       | \$ .75                      | \$ .63       |

BUSINESS SEGMENT INFORMATION

| (Unaudited)<br>(Dollars in thousands)                           | Three Months Ended March 31, |              | Nine Months Ended March 31, |              |
|-----------------------------------------------------------------|------------------------------|--------------|-----------------------------|--------------|
|                                                                 | 2009                         | 2008         | 2009                        | 2008         |
| <b>Net sales</b>                                                |                              |              |                             |              |
| Industrial:                                                     |                              |              |                             |              |
| North America                                                   | \$ 857,032                   | \$ 1,086,986 | \$ 2,957,149                | \$ 3,084,233 |
| International                                                   | 836,778                      | 1,345,849    | 3,102,711                   | 3,624,486    |
| Aerospace                                                       | 480,024                      | 470,109      | 1,432,164                   | 1,328,097    |
| Climate & Industrial Controls                                   | 170,879                      | 279,593      | 606,033                     | 762,037      |
| <b>Total</b>                                                    | \$ 2,344,713                 | \$ 3,182,537 | \$ 8,098,057                | \$ 8,798,853 |
| <b>Segment operating income</b>                                 |                              |              |                             |              |
| Industrial:                                                     |                              |              |                             |              |
| North America                                                   | \$ 73,089                    | \$ 148,019   | \$ 341,190                  | \$ 444,881   |
| International                                                   | 38,281                       | 217,243      | 356,355                     | 575,903      |
| Aerospace                                                       | 65,664                       | 68,323       | 203,470                     | 177,676      |
| Climate & Industrial Controls                                   | (7,369)                      | 18,282       | (4,684)                     | 39,209       |
| <b>Total segment operating income</b>                           | \$ 169,665                   | \$ 451,867   | \$ 896,331                  | \$ 1,237,669 |
| Corporate general and administrative expenses                   | 40,366                       | 48,157       | 123,112                     | 133,505      |
| <b>Income from operations before interest expense and other</b> | 129,299                      | 403,710      | 773,219                     | 1,104,164    |
| Interest expense                                                | 28,393                       | 25,540       | 86,796                      | 73,977       |
| Other expense                                                   | 38,371                       | 20,376       | 69,286                      | 58,481       |
| <b>Income before income taxes</b>                               | \$ 62,535                    | \$ 357,794   | \$ 617,137                  | \$ 971,706   |



PARKER HANNIFIN CORPORATION - MARCH 31, 2009

**CONSOLIDATED BALANCE SHEET**

| (Unaudited)<br>(Dollars in thousands) March 31,   | 2009                | 2008                |
|---------------------------------------------------|---------------------|---------------------|
| <b>Assets</b>                                     |                     |                     |
| <b>Current assets:</b>                            |                     |                     |
| Cash and cash equivalents                         | \$ 166,548          | \$ 182,134          |
| Accounts receivable, net                          | 1,532,232           | 1,985,894           |
| Inventories                                       | 1,335,186           | 1,488,799           |
| Prepaid expenses                                  | 151,500             | 70,334              |
| Deferred income taxes                             | 125,998             | 145,013             |
| <b>Total current assets</b>                       | <b>3,311,464</b>    | <b>3,872,174</b>    |
| Plant and equipment, net                          | 1,828,520           | 1,861,893           |
| Goodwill                                          | 2,808,724           | 2,652,727           |
| Intangible assets, net                            | 1,242,330           | 724,607             |
| Other assets                                      | 376,472             | 497,776             |
| <b>Total assets</b>                               | <b>\$ 9,567,510</b> | <b>\$ 9,609,177</b> |
| <b>Liabilities and shareholders' equity</b>       |                     |                     |
| <b>Current liabilities:</b>                       |                     |                     |
| Notes payable                                     | \$ 747,859          | \$ 621,168          |
| Accounts payable                                  | 658,775             | 879,169             |
| Accrued liabilities                               | 771,913             | 820,720             |
| Accrued domestic and foreign taxes                | 127,982             | 166,229             |
| <b>Total current liabilities</b>                  | <b>2,306,529</b>    | <b>2,487,286</b>    |
| Long-term debt                                    | 1,849,286           | 1,189,736           |
| Pensions and other postretirement benefits        | 459,004             | 362,865             |
| Deferred income taxes                             | 202,242             | 140,077             |
| Other liabilities                                 | 281,797             | 310,220             |
| Shareholders' equity                              | 4,468,652           | 5,118,993           |
| <b>Total liabilities and shareholders' equity</b> | <b>\$ 9,567,510</b> | <b>\$ 9,609,177</b> |

**CONSOLIDATED STATEMENT OF CASH FLOWS**

| (Unaudited)<br>(Dollars in thousands)                               | Nine Months Ended March 31, |                   |
|---------------------------------------------------------------------|-----------------------------|-------------------|
|                                                                     | 2009                        | 2008              |
| <b>Cash flows from operating activities:</b>                        |                             |                   |
| Net income                                                          | \$ 458,999                  | \$ 696,901        |
| Depreciation and amortization                                       | 264,337                     | 231,680           |
| Stock-based compensation                                            | 35,286                      | 37,934            |
| Net change in receivables, inventories, and trade payables          | 245,488                     | (163,824)         |
| Net change in other assets and liabilities                          | (282,717)                   | 87,582            |
| Other, net                                                          | (5,299)                     | (26,501)          |
| <b>Net cash provided by operating activities</b>                    | <b>716,094</b>              | <b>863,772</b>    |
| <b>Cash flows from investing activities:</b>                        |                             |                   |
| Acquisitions (net of cash of \$24,203 in 2009 and \$13,668 in 2008) | (720,553)                   | (467,686)         |
| Capital expenditures                                                | (226,195)                   | (188,172)         |
| Proceeds from sale of plant and equipment                           | 25,899                      | 16,120            |
| Other, net                                                          | 2,686                       | (3,554)           |
| <b>Net cash (used in) investing activities</b>                      | <b>(918,163)</b>            | <b>(643,292)</b>  |
| <b>Cash flows from financing activities:</b>                        |                             |                   |
| Net (payments for) common share activity                            | (437,118)                   | (521,262)         |
| Net proceeds from debt                                              | 639,728                     | 414,363           |
| Dividends                                                           | (121,458)                   | (107,077)         |
| <b>Net cash provided by (used in) financing activities</b>          | <b>81,152</b>               | <b>(213,976)</b>  |
| Effect of exchange rate changes on cash                             | (38,583)                    | 2,924             |
| Net (decrease) increase in cash and cash equivalents                | (159,500)                   | 9,428             |
| Cash and cash equivalents at beginning of period                    | 326,048                     | 172,706           |
| <b>Cash and cash equivalents at end of period</b>                   | <b>\$ 166,548</b>           | <b>\$ 182,134</b> |



# ***Parker Hannifin Corporation***

Quarterly Earnings Release  
3rd Quarter FY 2009

April 16, 2009

---

# ***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 its mobile, industrial and aerospace markets, and the company's ability to maintain and achieve anticipated benefits associated with announced realignment activities, strategic initiatives to improve operating margins, actions taken to combat the effects of the current recession, and growth, innovation and global diversification 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 or significant changes in financial condition; uncertainties surrounding timing, successful completion or integration of acquisitions; threats associated with and efforts to combat terrorism; uncertainties surrounding the ultimate resolution of outstanding legal proceedings, including the outcome of any appeals; competitive market conditions and resulting effects on sales and pricing; 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 manufacturing activity, air travel trends, currency exchange rates, difficulties entering new markets and general economic conditions such as inflation, deflation, interest rates and credit availability. The company makes these statements as of the date of this disclosure, and undertakes no obligation to update them.

---

## ***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 made within the prior four quarters as well as the effects of currency exchange rates on sales. The effects of acquisitions 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***

- CEO 3<sup>rd</sup> Quarter Highlights
- Key Performance Measures & Outlook
- Questions & Answers
- CEO Closing Comments

---

## ***Third Quarter & YTD Highlights***

Q3 FY09:

- ◆ Cash Flow/Sales Increased Sequentially to 11.6%
- ◆ Capital Expenditures/Sales Decreased to 2.2%

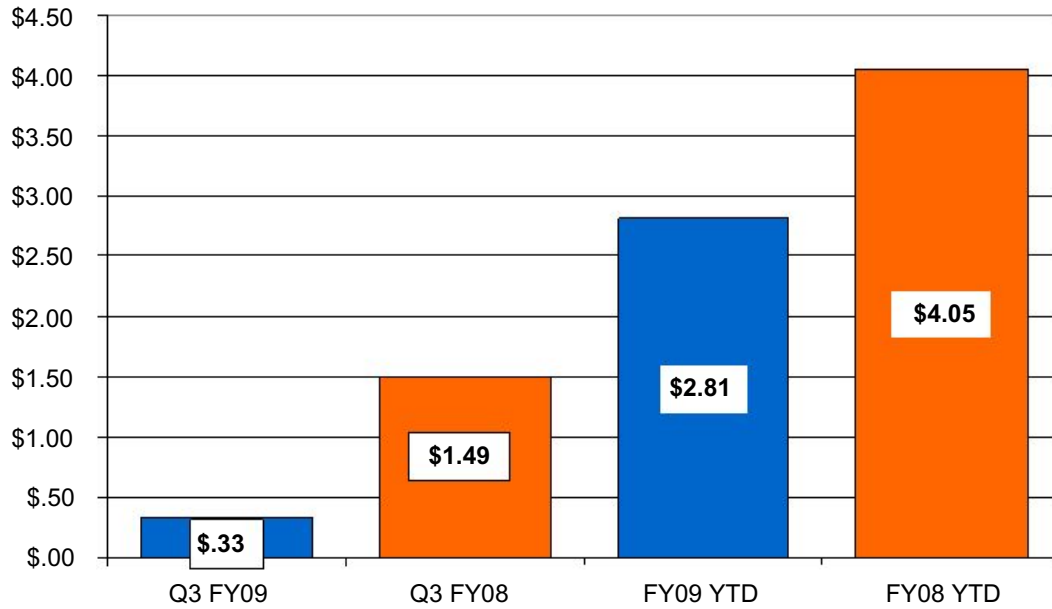
YTD FY09:

- ◆ Cash Flow YTD of \$716 Million (8.8% of Sales)
- ◆ Inventory/Sales Reduced to 12.4% (In Line with FY08)

# Financial Highlights

## Diluted Earnings per Share

### 3<sup>rd</sup> Quarter



---

# ***Influences on 3<sup>rd</sup> Quarter Earnings***

Diluted Earnings Per Share Decreased as a Result of:

- ◆ Lower Sales (26%) Due To A Recession Driven Decline In Most Markets
- ◆ Realignment Expenses of \$25M
- ◆ Inventory Reductions of \$184M
- ◆ Higher Interest Expense
- ◆ Higher Other Expense Related to Parker ITR Legal Proceedings: \$36M

Offset by:

- ◆ Lower Corporate, General and Administrative Expenses
- ◆ Lower Tax Expense Due to Decreased Income and Lower Effective Tax Rate
- ◆ Gain From Insurance Settlement of \$12M
- ◆ Fewer Shares Outstanding



# Financial Highlights

## Sales – 3<sup>rd</sup> Quarter and YTD as of March 31

| Dollars in millions | 3rd Quarter |             |          | Year To Date |             |          |
|---------------------|-------------|-------------|----------|--------------|-------------|----------|
|                     | FY2009      | %<br>Change | FY2008   | FY2009       | %<br>Change | FY2008   |
| <u>Sales</u>        |             |             |          |              |             |          |
| As reported         | \$ 2,345    | (26.3)%     | \$ 3,183 | \$ 8,098     | (8.0)%      | \$ 8,799 |
| Acquisitions        | 146         | 4.6 %       |          | 450          | 5.1 %       |          |
| Currency            | (218)       | (6.9)%      |          | (338)        | (3.9)%      |          |
| Adjusted Sales      | \$ 2,417    | (24.0)%     |          | \$ 7,986     | (9.2)%      |          |

---

# ***Influences on Sales***

## Positives:

- ◆ Aerospace
- ◆ Acquisitions

## Negatives:

- ◆ Global recession
- ◆ Currency

# Segment Reporting

## Industrial North America

| Dollars in millions     | 3rd Quarter |             |          | Year To Date |             |          |
|-------------------------|-------------|-------------|----------|--------------|-------------|----------|
|                         | FY2009      | %<br>Change | FY2008   | FY2009       | %<br>Change | FY2008   |
| <u>Sales</u>            |             |             |          |              |             |          |
| As reported             | \$ 857      | (21.2)%     | \$ 1,087 | \$ 2,957     | (4.1)%      | \$ 3,084 |
| Acquisitions            | 79          | 7.2 %       |          | 241          | 7.8 %       |          |
| Currency                | (20)        | (1.8)%      |          | (38)         | (1.2)%      |          |
| Adjusted Sales          | \$ 798      | (26.6)%     |          | \$ 2,754     | (10.7)%     |          |
| <u>Operating Margin</u> |             |             |          |              |             |          |
| As reported             | \$ 73       |             | \$ 148   | \$ 341       |             | \$ 445   |
| % of Sales              | 8.5 %       |             | 13.6 %   | 11.5 %       |             | 14.4 %   |

# Segment Reporting

## Industrial International

| Dollars in millions     | 3rd Quarter |             |          | Year To Date |             |          |
|-------------------------|-------------|-------------|----------|--------------|-------------|----------|
|                         | FY2009      | %<br>Change | FY2008   | FY2009       | %<br>Change | FY2008   |
| <u>Sales</u>            |             |             |          |              |             |          |
| As reported             | \$ 837      | (37.8)%     | \$ 1,346 | \$ 3,103     | (14.4)%     | \$ 3,624 |
| Acquisitions            | 67          | 5.0 %       |          | 191          | 5.2 %       |          |
| Currency                | (176)       | (13.1)%     |          | (262)        | (7.2)%      |          |
| Adjusted Sales          | \$ 946      | (29.7)%     |          | \$ 3,174     | (12.4)%     |          |
| <u>Operating Margin</u> |             |             |          |              |             |          |
| As reported             | \$ 38       |             | \$ 217   | \$ 356       |             | \$ 576   |
| % of Sales              | 4.6 %       |             | 16.1 %   | 11.5 %       |             | 15.9 %   |

# Segment Reporting

## Aerospace

| Dollars in millions     | 3rd Quarter |          |        | Year To Date |          |          |
|-------------------------|-------------|----------|--------|--------------|----------|----------|
|                         | FY2009      | % Change | FY2008 | FY2009       | % Change | FY2008   |
| <u>Sales</u>            |             |          |        |              |          |          |
| As reported             | \$ 480      | 2.1 %    | \$ 470 | \$ 1,432     | 7.9 %    | \$ 1,328 |
| Acquisitions            |             |          |        | 18           | 1.4 %    |          |
| Currency                | (8)         | (1.7)%   |        | (12)         | (0.9)%   |          |
| Adjusted Sales          | \$ 488      | 3.8 %    |        | \$ 1,426     | 7.4 %    |          |
| <u>Operating Margin</u> |             |          |        |              |          |          |
| As reported             | \$ 66       |          | \$ 68  | \$ 203       |          | \$ 178   |
| % of Sales              | 13.7 %      |          | 14.5 % | 14.2 %       |          | 13.4 %   |

# Segment Reporting

## Climate & Industrial Controls

| Dollars in millions     | 3rd Quarter |          |        | Year To Date |          |        |
|-------------------------|-------------|----------|--------|--------------|----------|--------|
|                         | FY2009      | % Change | FY2008 | FY2009       | % Change | FY2008 |
| <u>Sales</u>            |             |          |        |              |          |        |
| As reported             | \$ 171      | (38.9)%  | \$ 280 | \$ 606       | (20.5)%  | \$ 762 |
| Acquisitions            |             |          |        |              |          |        |
| Currency                | (15)        | (5.3)%   |        | (25)         | (3.3)%   |        |
| Adjusted Sales          | \$ 186      | (33.6)%  |        | \$ 631       | (17.2)%  |        |
| <u>Operating Margin</u> |             |          |        |              |          |        |
| As reported             | \$ (7)      |          | \$ 18  | \$ (5)       |          | \$ 39  |
| % of Sales              | (4.3)%      |          | 6.5 %  | (0.8)%       |          | 5.1 %  |

---

# Parker Order Rates

## Three Month Rolling at Period End

|                                          | <u>FY09</u>   |               | <u>FY08</u>   |               |
|------------------------------------------|---------------|---------------|---------------|---------------|
|                                          | <u>MAR</u>    | <u>DEC</u>    | <u>MAR</u>    | <u>DEC</u>    |
| <b>Total Parker</b>                      | <b>- 34 %</b> | <b>- 20 %</b> | <b>+ 9 %</b>  | <b>+ 10 %</b> |
| <b>Industrial North America</b>          | <b>- 35 %</b> | <b>- 18 %</b> | <b>+ 2 %</b>  | <b>+ 4 %</b>  |
| <b>Industrial International</b>          | <b>- 41 %</b> | <b>- 28 %</b> | <b>+ 11 %</b> | <b>+ 16 %</b> |
| <b>Aerospace</b>                         | <b>- 12 %</b> | <b>+ 2 %</b>  | <b>+ 28 %</b> | <b>+ 19 %</b> |
| <b>Climate &amp; Industrial Controls</b> | <b>- 36 %</b> | <b>- 28 %</b> | <b>- 1 %</b>  | <b>- 6 %</b>  |

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

---

# ***Balance Sheet Summary***

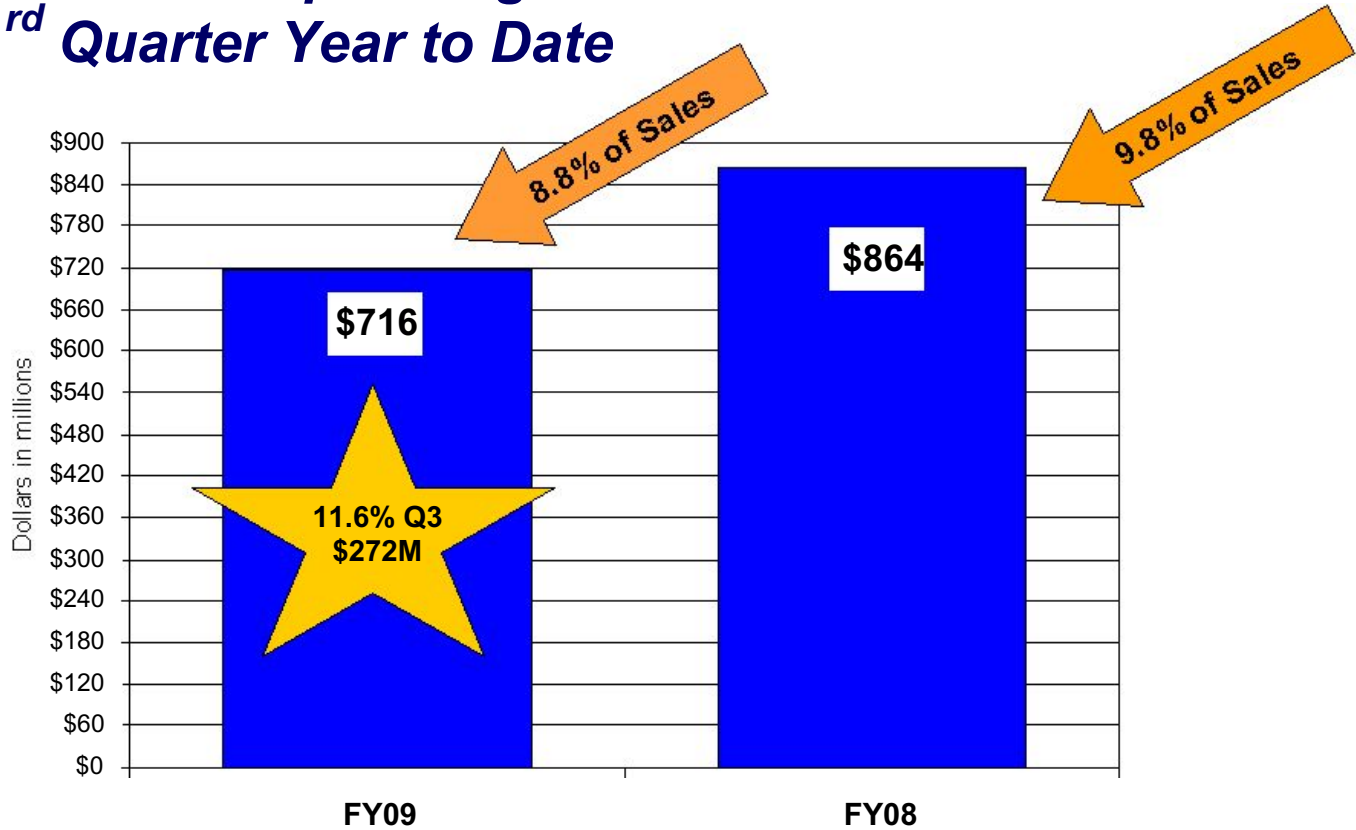
- ◆ Cash
  
- ◆ Working capital
  - Inventory
  - Accounts receivable
  - Accounts payable



# Strong Cash Flow

## Cash from Operating Activities

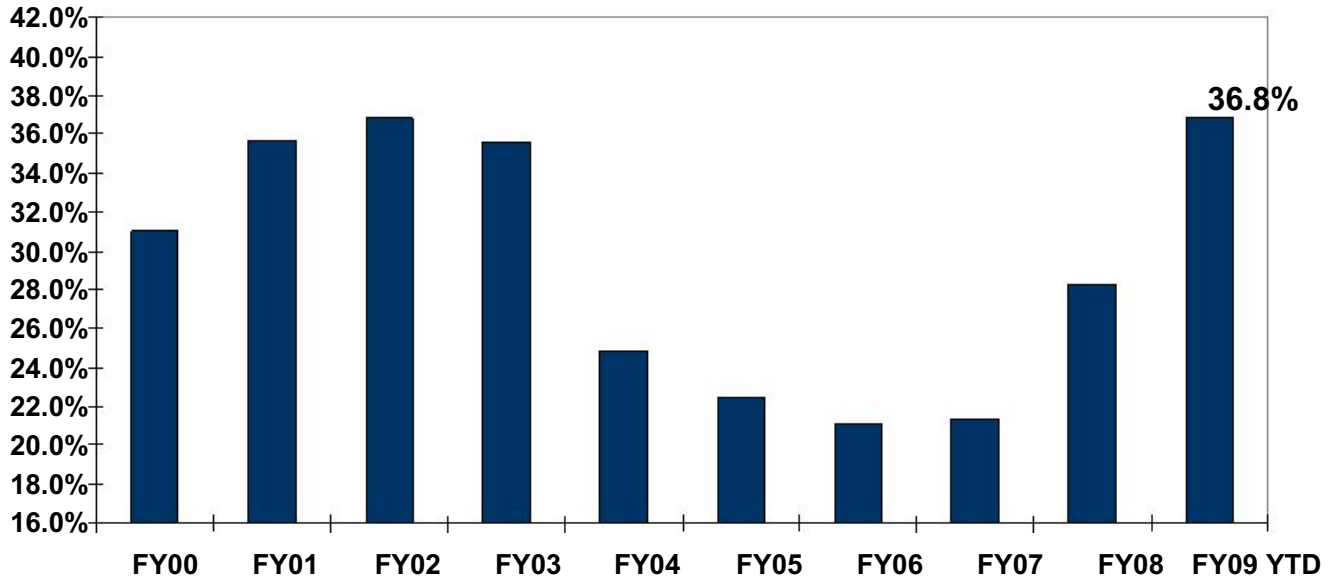
### 3<sup>rd</sup> Quarter Year to Date



# Financial Leverage

## Debt to Debt Equity

**36.8%**  
Debt to Debt Equity  
(35.2% net Debt)



# ***FY 2009 Earnings Outlook Assumptions Segment Sales & Operating Margins***

| <b>FY 2009 Sales change versus FY 2008</b> |                           |
|--------------------------------------------|---------------------------|
| Industrial North America                   | <b>(13.4)% -- (13.2)%</b> |
| Industrial International                   | <b>(22.7)% -- (22.5)%</b> |
| Aerospace                                  | <b>2.3 % -- 2.5 %</b>     |
| Climate & Industrial Controls              | <b>(26.8)% -- (26.6)%</b> |

| <b>FY 2009 Operating margin percentages</b> |                         |
|---------------------------------------------|-------------------------|
| Industrial North America                    | <b>10.7 % -- 11.0 %</b> |
| Industrial International                    | <b>9.5 % -- 9.9 %</b>   |
| Aerospace                                   | <b>13.4 % -- 13.7 %</b> |
| Climate & Industrial Controls               | <b>(.7)% -- (.1)%</b>   |

---

## ***FY 2009 Earnings Outlook Assumptions below Operating Margin***

- Corporate Admin (5%) to (20%) vs. FY 2008
- Interest Expense + 20% to + 6% vs. FY 2008
- Other Expense (Inc.) (40%) to + 5% vs. FY 2008
- Tax Rate 27 %

---

## ***Earnings Outlook – FY09***

|                                   | <u>Low</u>    | <u>High</u>   |
|-----------------------------------|---------------|---------------|
| <b>Diluted earnings per share</b> | <b>\$2.95</b> | <b>\$3.15</b> |

---

# ***Questions & Answers...***

Slide 21

---

## ***Appendix***

### **Income Statements**

- 3<sup>rd</sup> Quarter FY2009
- 3<sup>rd</sup> Quarter YTD FY2009

---

## ***Income Statement – 3<sup>rd</sup> Quarter***

| Dollars in millions         | FY 2009    |         | FY 2008    |         |
|-----------------------------|------------|---------|------------|---------|
|                             | % of Sales |         | % of Sales |         |
| <b>Net Sales</b>            | \$ 2,344.7 | 100.0 % | \$ 3,182.5 | 100.0 % |
| Cost of sales               | 1,908.6    | 81.4 %  | 2,447.2    | 76.9 %  |
| Gross profit                | 436.1      | 18.6 %  | 735.3      | 23.1 %  |
| S, G & A                    | 318.0      | 13.6 %  | 347.0      | 10.9 %  |
| Interest expense            | 28.4       | 1.2 %   | 25.5       | .8 %    |
| Other expense (income), net | 27.2       | 1.1 %   | 5.0        | .2 %    |
| Income before taxes         | 62.5       | 2.7 %   | 357.8      | 11.2 %  |
| Income taxes                | 9.1        | .4 %    | 102.4      | 3.2 %   |
| <b>Net income</b>           | \$ 53.4    | 2.3 %   | \$ 255.4   | 8.0 %   |



# ***Income Statement – 3<sup>rd</sup> Quarter YTD***

| Dollars in millions         | <u>FY 2009</u>    |         | <u>FY 2008</u>    |         |
|-----------------------------|-------------------|---------|-------------------|---------|
|                             | <u>% of Sales</u> |         | <u>% of Sales</u> |         |
| <b>Net Sales</b>            | \$ 8,098.1        | 100.0 % | \$ 8,798.9        | 100.0 % |
| Cost of sales               | 6,367.3           | 78.6 %  | 6,763.7           | 76.9 %  |
| Gross profit                | 1,730.8           | 21.4 %  | 2,035.2           | 23.1 %  |
| S, G & A                    | 987.9             | 12.2 %  | 990.9             | 11.3 %  |
| Interest expense            | 86.8              | 1.0 %   | 74.0              | .8 %    |
| Other expense (income), net | 39.0              | .5 %    | (1.4)             | (.0)%   |
| Income before taxes         | 617.1             | 7.7 %   | 971.7             | 11.0 %  |
| Income taxes                | 158.1             | 2.0 %   | 274.8             | 3.1 %   |
| <b>Net income</b>           | \$ 459.0          | 5.7 %   | \$ 696.9          | 7.9 %   |