

**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): January 26, 2011

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

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

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

(e) On January 26, 2011, the Human Resources and Compensation Committee (the “Committee”) of the Board of Directors of Parker-Hannifin Corporation (the “Company”), pursuant to the Company’s 2009 Omnibus Stock Incentive Plan and subject to the Company’s 2010 Performance Bonus Plan, adopted the Long-Term Incentive Performance Plan Under the Performance Bonus Plan (“LTIP Plan”) and authorized a grant of CY 2011-12-13 Long-Term Incentive Performance Awards Under the Performance Bonus Plan (“LTIP Awards”) to each of its executive officers, including the named executive officers listed below:

<u>Named Executive Officer</u>	<u>Shares Awarded (Maximum)</u>	<u>Target LTIP Shares</u>
Donald E. Washkewicz	98,920	49,460
Timothy K. Pistell	37,460	18,730
Lee C. Banks	26,220	13,110
Thomas L. Williams	26,220	13,110

Under the terms of the LTIP Plan, each executive officer of the Company will be eligible to receive all or a portion of the maximum shares awarded under the LTIP Awards based upon the Company’s performance during the three-year performance period for certain key objective financial metrics and subject to the Committee’s discretion to reduce the amount payable to each executive officer, including, for example, a possible reduction to the number of target LTIP shares set out above based on the Company’s performance in comparison to its peer group. The key objective financial metrics are set forth in the LTIP Plan. Any amount payable under the LTIP Awards will be paid in shares of common stock of the Company, to be issued in April following the end of the performance period, subject to the Committee’s certification of achievement of financial performance, exercise of its discretion described above to reduce the amount payable and authorization of payment. The foregoing summary is qualified in its entirety by reference to the Company’s Long-Term Incentive Performance Plan Under the Performance Bonus Plan attached hereto as [Exhibit 10.1](#) and the Company’s Long-Term Incentive Performance Award Under the Performance Bonus Plan attached hereto as [Exhibit 10.2](#) and incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits:

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
10.1	Parker-Hannifin Corporation Long-Term Incentive Performance Plan Under the Performance Bonus Plan
10.2	Parker-Hannifin Corporation Long-Term Incentive Performance Award Under the Performance Bonus Plan

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

Date: February 1, 2011

EXHIBIT INDEX

**Exhibit
No.**

Description of Exhibit

10.1	Parker-Hannifin Corporation Long-Term Incentive Performance Plan Under the Performance Bonus Plan
10.2	Parker-Hannifin Corporation Long-Term Incentive Performance Award Under the Performance Bonus Plan

Parker-Hannifin Corporation
Long-Term Incentive Performance Plan Under the Performance Bonus Plan

1. Effective Date and Purpose. Parker-Hannifin Corporation, an Ohio corporation (the “Company”), adopts this Parker-Hannifin Corporation Long-Term Incentive Performance Plan Under the Performance Bonus Plan (the “Plan”) effective as of January 26, 2011. The purpose of the Plan is to attract and retain key executives for the Company and to provide such persons with incentives for superior performance in the form of an opportunity to earn an award that qualifies as a Long-Term Incentive Bonus (as defined in the Company’s 2010 Performance Bonus Plan), while preserving the ability of the Company to deduct Long-Term Incentive Bonuses paid under this Plan as “performance-based compensation” within the meaning of Section 162(m)(4)(C) of the Code. This Plan and each Award Opportunity granted hereunder shall be subject to the terms and conditions set forth below and the terms and conditions of the Company’s Performance Bonus Plan and Stock Incentive Plan. Capitalized terms not defined in this Plan shall have the meanings set forth in the Performance Bonus Plan or the Stock Incentive Plan, as applicable.

2. Eligibility. The Committee shall designate the Participants, if any, for each Performance Period. An Eligible Officer who is designated as a Participant for a given Performance Period is not guaranteed of being selected as a Participant for any other Performance Period.

3. Establishment of Award Opportunities. Not later than the 90th day of each Performance Period and subject to the terms and conditions of Section 5 of the Performance Bonus Plan (including the limits on a Participant’s maximum Long-Term Incentive Bonuses with respect to the Performance Period), the Committee shall establish the Maximum Shares and Target Shares for each Participant’s Award Opportunity for the Performance Period. The Committee shall provide a Notice of Award to each Participant as soon as practical following the establishment of the Maximum Shares and Target Shares under the Participant’s Award Opportunity for the Performance Period.

4. Determination of Amount Payable Under Award Opportunities.

A. Committee Certification of Management Objectives. Subject to potential reduction as set forth in Section 4.B and further subject to the other terms and conditions of this Plan, the full number of Maximum Shares granted to a Participant with respect to a Performance Period shall be earned as of the last day of such Performance Period, provided that (i) following the end of the Performance Period, the Committee has certified that the Company has achieved either (a) average Return on Average Equity of 4% during the Performance Period, or (b) average Free Cash Flow Margin of 4% during the Performance Period; and (ii) the Participant has been continuously employed by the Company and its Affiliates through the last day of the Performance Period.

B. Committee Discretion to Reduce Long-Term Incentive Awards. Notwithstanding Section 4.A, the actual number of shares of Common Stock payable to a

Participant with respect to a Performance Period may be reduced (including a reduction to zero) by the Committee in its sole and absolute discretion based on such factors as the Committee determines to be appropriate, including, without limitation, the Company's performance with respect to the performance measures (the "Peer Performance Measures") set out below, with the number of a Participant's Target Shares under an Award Opportunity allocated to each of the Peer Performance Measures in proportion to the percentages set out below. The Peer Performance Measures shall be determined for the Company at the conclusion of the Performance Period, in comparison to the performance of the members of the Company's Peer Group, determined for each member of the Peer Group based on its performance at the conclusion of the three fiscal year period of such company ending with or immediately prior to the conclusion of the Performance Period:

<u>Peer Performance Measure:</u>	<u>Weight:</u>
Revenue Growth	20%
Earnings Per Share Growth	40%
Average Return on Invested Capital	40%

It is the intention of the Committee that the Committee will exercise its discretion as it deems appropriate to reduce the number of shares of Common Stock that may be delivered to a Participant with respect to each Performance Period based upon the Company's percentile ranking among the members of the Peer Group with respect to each Peer Performance Measure in accordance with the following table; provided, however, that the Committee reserves the right to deviate from such approach and may exercise its discretion to reduce the number shares of Common Stock that may be delivered to a Participant with respect to each Performance Period, if any, based on such other factors as the Committee in its sole and absolute discretion determines to be appropriate:

<u>Company Percentile Ranking Among Peer Group:</u>	<u>% of Allocable Target Shares Earned:</u>
75th percentile or higher	200%
50th percentile	100% (Target Shares)
35th percentile	50%
lower than 35th percentile	0%

To the extent that the Company's percentile ranking among the members of the Peer Group with respect to a Peer Performance Measure is between the 35th and the 50th percentile, or between the 50th and the 75th percentile, it is currently intended that the Committee will exercise its discretion to determine the appropriate percentage of the allocable Target Shares that are earned by straight-line interpolation between the percentages set out in the table above.

5. Payment of Long-Term Incentive Bonuses. Except as otherwise provided in this Plan, during the fourth month following the end of the applicable Performance Period and following the certification of the achievement of the management objectives in accordance with Section 4.A., the Company shall deliver to each Participant the shares of Common Stock, if any, that the Committee has determined (in accordance with Section 4) to be payable with respect to any Award Opportunity.

6. Terminations. Except as otherwise provided in this Section 6 or Section 7, a Participant must remain continuously employed by the Company and its Affiliates through the last day of a Performance Period in order to be entitled to receive payment of any Long-Term Incentive Bonus pursuant to this Plan for such Performance Period.

A. Qualifying Retirement. Notwithstanding the foregoing, in the event of a Participant's termination of employment during a Performance Period due to a Qualifying Retirement with respect to such Performance Period, the Participant will be entitled to receive the Award Opportunity, if any, that the Committee determines (in accordance with Section 4) to be payable for such Performance Period, as if the Participant had remained continuously employed through the end of the Performance Period. Any such Award Opportunity will be payable at the time provided in Section 5, following the certification of the achievement of the management objectives by the Committee in accordance with Section 4.A.

B. Death, Disability, Termination Without Cause, Other Retirement. Notwithstanding the foregoing, in the event of a Participant's termination of employment during a Performance Period due to death, Disability, termination of employment by the Company without Cause, or Other Retirement, the Participant will be entitled to receive a prorated Long-Term Incentive Bonus for that Performance Period equal to the product of the amount of the Award Opportunity, if any, determined to be payable by the Committee pursuant to Section 4 multiplied by a fraction, the numerator of which is the number of full quarters of continuous employment during the Performance Period and the denominator of which is 12. Any such prorated bonus will be payable at the time provided in Section 5, following the certification of the achievement of the management objectives by the Committee in accordance with Section 4.A.

C. Other Terminations. Except as otherwise provided pursuant to Section 7, in the event of a Participant's termination of employment during a Performance Period for any reason other than Qualifying Retirement, Other Retirement, death, Disability, or termination of employment by the Company without Cause, the Participant will forfeit his or her Award Opportunity for such Performance Period, without any further action or notice.

7. Change in Control.

A. In General. In the event of a Change in Control (as defined in the Stock Incentive Plan) of the Company during a Performance Period, each Participant then holding an outstanding Award Opportunity granted under this Plan for such Performance Period shall receive payment of his or her Award Opportunity as follows: (a) within fifteen (15) days following the date of the Change in Control, each such Participant shall receive a number of shares of Common Stock equal to the number of Target Shares subject to such Award Opportunity; and (b) within forty-five (45) days after the date of such Change in Control, each such Participant shall receive a number of shares of Common Stock equal to the excess, if any, of (i) the number of shares of Common Stock that would be payable in accordance with Section 4 if the Company had achieved the management objectives described in Section 4.A for the Performance Period, the Committee had exercised its discretion to reduce the number of shares of Common Stock payable in accordance with Section 4.B based upon the Company's percentile

ranking among the Peer Group with respect to the Peer Performance Measures as described therein, and the Company's percentile ranking among the Peer Group for each of those Peer 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; over (ii) the number of Target Shares subject to such Award Opportunity.

B. Anticipatory Termination. Notwithstanding the foregoing, in the event a Change in Control is deemed to occur during the Performance Period under the Stock Incentive Plan as a result of a Participant's termination of employment prior to a Change in Control at the request of a third party who has indicated an intention or taken steps reasonably calculated to effect a Change in Control ("Anticipatory Termination"), such Participant shall receive payment of his or her Award Opportunity with respect to such Performance Period in accordance with the provisions of Section 6.A, applied as if such Participant had terminated employment due to a Qualifying Retirement on the date of such Anticipatory Termination; provided, however, that if a Change in Control occurs after such Anticipatory Termination and prior to payment of such Award Opportunity, such Participant shall receive payment of his or her Award Opportunity as follows: (a) within fifteen (15) days following such Change in Control, such Participant shall receive a number of shares of Common Stock equal to the number of Target Shares subject to such Award Opportunity; and (b) within forty-five (45) days after the date of such Change in Control, such Participant shall receive a number of shares of Common Stock equal to the excess, if any, of (i) the greater of (x) the number of shares of Common Stock that would be payable in accordance with Section 4 if the Company had achieved the management objectives described in Section 4.A for the Performance Period, the Committee had exercised its discretion to reduce the number of shares of Common Stock payable in accordance with Section 4.B based upon the Company's percentile ranking among the Peer Group with respect to the Peer Performance Measures as described therein, and the Company's percentile ranking among the Peer Group for each of those Peer Performance Measures during the Performance Period through the end of the fiscal quarter immediately preceding the Anticipatory Termination had continued throughout the Performance Period at the same level, or (y) the number of shares of Common Stock that would have been payable in accordance with Section 4 if the Company had achieved the management objectives described in Section 4.A for the Performance Period, the Committee had exercised its discretion to reduce the number of shares of Common Stock in accordance with Section 4.B based upon the Company's percentile ranking among the Peer Group with respect to the Peer Performance Measures as described therein, and the Company's percentile ranking among the Peer Group for each of those Peer Performance Measures during the Performance Period through the end of the fiscal quarter immediately preceding the subsequent Change in Control had continued throughout the Performance Period at the same level; over (ii) the number of Target Shares subject to such Award Opportunity.

8. Promotions and New Hires. With respect to a Participant who is newly hired or is promoted by the Company during a Performance Period, the Committee shall grant an Award Opportunity, or adjust an Award Opportunity previously granted, to such Participant for such Performance Period pursuant to the provisions of this Section 8; provided, however, that no Award Opportunity shall be granted or adjusted in such a manner as to cause any Long-Term Incentive Bonus payable under this Plan to fail to qualify as "performance-based compensation" within the meaning of section 162(m)(4)(C) of the Code and Section 1.162-27 of the Treasury Regulations promulgated thereunder.

A. Pro-Rated Award Opportunities for Newly-Eligible Executives. A Participant who is granted an Award Opportunity more than 90 days after the beginning of the Performance Period, either because the Participant is a newly hired Eligible Officer or is promoted into an Eligible Officer position, will be granted an Award Opportunity under the Plan for such Performance Period based on the number of Maximum Shares and Target Shares established by the Committee during the first 90 days of the Performance Period for the Participant's grade level, with the number of Maximum Shares and Target Shares pro-rated based on the ratio of the number of full quarters remaining in the Performance Period on and after the date of hire or promotion (as applicable) to the total number of quarters in the Performance Period. For any salary grade created between the salary grades for which the Committee has established the number of Maximum Shares and Target Shares as described above, straight-line interpolation shall be used to determine the pro-rated number of Maximum Shares and Target Shares in accordance with this Section 8.A.

B. Adjustments to Outstanding Award Opportunities. If a Participant is promoted after the beginning of a Performance Period, the Participant's outstanding Award Opportunity granted for such Performance Period will be adjusted, effective as of the date of such promotion, based on the number of Maximum Shares and Target Shares established by the Committee during the first 90 days of the Performance Period for the Participant's grade level. The adjustments to each such Participant's Award Opportunity shall be pro-rated on a quarterly basis, with the number of Maximum Shares and Target Shares for the Participant's original position applicable for the number of full quarters preceding the effective date of the promotion and the number of Maximum Shares and Target Shares for the Participant's new position applicable for the remaining number of quarters in the Performance Period. For any salary grade created between the salary grades for which the Committee has established the number of Maximum Shares and Target Shares as described above, straight-line interpolation shall be used to determine the pro-rated number of Maximum Shares and Target Shares in accordance with this Section 8.B.

C. Negative Discretion. Notwithstanding any other provision of this Section 8, the Committee retains the discretion to reduce the amount of any Long-Term Incentive Bonus, including a reduction of such amount to zero. By way of illustration, and not in limitation of the foregoing, the Committee may, in its discretion, determine (i) not to grant a pro-rated Award Opportunity pursuant to Section 8.A above, (ii) not to adjust an outstanding Award Opportunity pursuant to Section 8.B above, (iii) to grant a pro-rated Award Opportunity in a smaller amount than would otherwise be provided by Section 8.A above, or (iv) to adjust an outstanding Award Opportunity to produce a smaller Long-Term Incentive Award than would otherwise be provided by Section 8.B above.

9. Plan Administration. The Committee shall be responsible for administration of the Plan. The Committee is authorized to interpret the Plan, to prescribe, amend and rescind regulations relating to the Plan, and to make all other determinations necessary or advisable for the administration of the Plan, but only to the extent not contrary to the express provisions of the

Plan, the Performance Bonus Plan and the Stock Incentive Plan. Determinations, interpretations or other actions made or taken by the Committee pursuant to the provisions of the Plan shall be final, binding and conclusive for all purposes and upon all Participants, Eligible Officers, Beneficiaries and all other persons who have or claim an interest herein. The Committee may, in its discretion, but only to the extent permitted by 162(m) of the Code and applicable law, delegate to one or more directors or employees of the Company any of the Committee's authority under the Plan. The acts of any such delegates shall be treated under this Plan as acts of the Committee with respect to any matters so delegated, and any reference to the Committee in the Plan shall be deemed a reference to any such delegates with respect to any matters so delegated.

10. Tax Withholding. Each Participant is responsible for any federal, state, local, foreign or other taxes with respect to any Long-Term Incentive Bonus payable under the Plan. To the extent the Company is required to withhold any federal, state, local, foreign or other taxes in connection with the delivery of Common Stock under this Plan, then the Company may, in its sole discretion, (a) retain a number of shares of Common Stock otherwise deliverable hereunder with a value equal to the required withholding (based on the Fair Market Value (as defined in the Stock Incentive Plan) of the Common Stock on the applicable date), (b) facilitate a sale of shares of Common Stock payable pursuant to the Award Opportunity to cover such tax withholding obligation, or (c) apply any other withholding method determined by the Company; provided that in no event shall the value of the shares of Common Stock retained exceed the minimum amount of taxes required to be withheld or such other amount that will not result in a negative accounting impact.

11. Unfunded Plan. Each Award Opportunity granted under this Plan represents only a contingent right to receive all or a portion of the number of Maximum Shares granted subject to the terms and conditions of the Notice of Award, the Plan, the Performance Bonus Plan and the Stock Incentive Plan. Nothing in this Plan shall be construed to create a trust or to establish or evidence any Participant's claim of any right to payment of a Long-Term Incentive Bonus other than as an unsecured general creditor with respect to any payment to which he or she may be entitled under this Plan.

12. Rights of Employer. Neither anything contained in this Plan nor any action taken under this Plan shall be construed as a contract of employment or as giving any Participant or Eligible Officer any right to continued employment with the Company or any Affiliate.

13. Nontransferability. Except as otherwise provided in this Plan, the benefits provided under the Plan may not be alienated, assigned, transferred, pledged or hypothecated by or to any person or entity, and these benefits shall be exempt from the claims of creditors of any Participant or other claimants and from all orders, decrees, levies, garnishment or executions against any Participant to the fullest extent allowed by law. Notwithstanding the foregoing, to the extent permitted by the Company, a Participant may designate a Beneficiary or Beneficiaries (both primary and contingent) to receive, in the event of the Participant's death, any shares of Common Stock remaining to be delivered with respect to the Participant under the Plan. The Participant shall have the right to revoke any such designation and to re-designate a Beneficiary or Beneficiaries in such manner as may be prescribed by the Company.

14. Successors. The rights and obligations of the Company under the Plan shall inure to the benefit of, and shall be binding upon, the successors and assigns of the Company.

15. Governing Law. The Plan and all Award Opportunities shall be construed in accordance with and governed by the laws of the State of Ohio, but without regard to its conflict of law provisions.

16. Amendment or Termination. The Committee reserves the right, at any time, without either the consent of, or any prior notification to, any Participant, Eligible Officer or other person, to amend, suspend or terminate the Plan or any Award Opportunity granted thereunder, in whole or in part, in any manner, and for any reason; provided that any such amendment shall be subject to approval by the shareholders of the Company to the extent required to satisfy the requirements of Section 162(m) of the Code and the Treasury Regulations promulgated thereunder, and provided further that any such amendment shall not, after the end of the 90-day period described in Section 3 of the Plan, cause the amount payable under an Award Opportunity to be increased as compared to the amount that would have been paid in accordance with the terms established as of the end of such period. Notwithstanding the foregoing, no amendment, suspension or termination of the Plan following a Change in Control (as defined in the Stock Incentive Plan) may adversely affect in a material way any Award Opportunity that was outstanding on the date of the Change in Control, without the consent of the affected Participant.

17. Claw-back Policy. Each Award Opportunity granted, and each Long-Term Incentive Bonus paid, pursuant to this Plan shall be subject to the terms and conditions of the Claw-back Policy.

18. Section 409A of the Code. It is the Company's intent that each Long-Term Incentive Bonus payable under this Plan shall be exempt from the requirements of Section 409A of the Code under the "short-term deferral" exception set out in Section 1.409A-1(b)(4) of the Treasury Regulations. The Plan shall be interpreted and administered in a manner consistent with such intent.

19. Plan and Performance Bonus Plan Terms Control. In the event of a conflict between the terms and conditions of any Notice of Award and the terms and conditions of the Plan, the terms and conditions of the Plan shall prevail. In the event of a conflict between the terms and conditions of any Notice of Award or of this Plan and the terms and conditions of the Performance Bonus Plan, the terms and conditions of the Performance Bonus Plan shall prevail to the extent necessary for Long-Term Incentive Bonuses paid under this Plan to qualify as "performance-based compensation" for purposes of Section 162(m) of the Code and Section 1.162-27 of the Treasury Regulations promulgated thereunder. In the event of a conflict between the terms and conditions of any Notice of Award and the terms and conditions of the Stock Incentive Plan, the terms and conditions of the Stock Incentive Plan shall prevail.

20. Severability. If any provision of the Plan is held invalid, void or unenforceable, the same shall not affect, in any respect whatsoever, the validity of any other provisions of the Plan.

21. Waiver. The waiver by the Company of any breach of any provision of the Plan by a Participant shall not operate or be construed as a waiver of any subsequent breach.

22. Captions. The captions of the sections of the Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

23. Consent to Transfer Personal Data. By acknowledging an Award Opportunity, each Participant will voluntarily acknowledge and consent to the collection, use, processing and transfer of personal data as described in this Section 23. Participants are not obliged to consent to such collection, use, processing and transfer of personal data. However, failure to provide the consent may affect the Participant's ability to participate in the Plan. The Company and its Affiliates hold certain personal information about each Participant, that may include name, home address and telephone number, fax number, email address, family size, marital status, sex, beneficiary information, emergency contacts, passport / visa information, age, language skills, drivers license information, date of birth, birth certificate, social security number or other employee identification number, nationality, C.V. (or resume), wage history, employment references, job title, employment or severance contract, current wage and benefit information, personal bank account number, tax related information, plan or benefit enrollment forms and elections, option or benefit statements, any shares of stock or directorships in the Company, details of all options or any other entitlements to shares of Common Stock awarded, canceled, purchased, vested, unvested or outstanding in your favor, for the purpose of managing and administering the Plan ("Data"). The Company and its Affiliates will transfer Data amongst themselves as necessary for the purpose of implementation, administration and management of each Participant's participation in the Plan, and may further transfer Data to any third parties assisting the Company and its Affiliates in the implementation, administration and management of the Plan. These recipients may be located throughout the world, including the United States. By acknowledging an Award Opportunity, each Participant will authorize such third parties to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Participant's participation in the Plan, including any requisite transfer of such Data as may be required for the administration of the Plan and/or the subsequent holding of shares of stock on the Participant's behalf to a broker or other third party with whom the Participant may elect to deposit any shares of stock acquired pursuant to the Plan. A Participant may, at any time, review Data, require any necessary amendments to it or withdraw the consents herein in writing by contacting the Company; however, withdrawing such consent may affect the Participant's ability to participate in the Plan.

24. Notification of Change in Personal Data. If your address or contact information changes prior to the delivery of any shares of Common Stock pursuant to an Award Opportunity, the Company must be notified in order to administer the Plan and such Award Opportunity. Notification of such changes should be provided to the Company as follows:

A. U.S. and Canada 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.

B. Rest of World Participants (employees who are not on the U.S. or Canadian payroll system): Contact your country Human Resources Manager.

25. Electronic Delivery. By acknowledging an Award Opportunity, each Participant will consent and agree to electronic delivery of any documents that the Company may elect to deliver (including, but not limited to, prospectuses, prospectus supplements, grant or award notifications and agreements, account statements, annual and quarterly reports, and all other forms of communications) in connection with any Award Opportunity granted under the Plan. By acknowledging an Award Opportunity, each Participant will consent to any and all procedures the Company has established or may establish for an electronic signature system for delivery and acceptance of any such documents that the Company may elect to deliver, and each Participant will agree that his or her electronic signature is the same as, and shall have the same force and effect as, his or her manual signature. By acknowledging an Award Opportunity, each Participant will consent and agree that any such procedures and delivery may be effected by a third party engaged by the Company to provide administrative services related to the Plan.

26. Prospectus Notification. Copies of the Stock Incentive Plan, the plan summary and prospectus which describes the Stock Incentive Plan (the "Prospectus") and the most recent Annual Report and Proxy Statement issued by the Company (collectively, the "Prospectus Information") are available for review by Participants on the UBS One Source Web site. Each Participant shall have the right to receive a printed copy of the Prospectus Information, free of charge, upon request by either calling the third party Plan Administrator at 877-742-7471 or by sending a written request to Parker's Benefits Department.

27. Definitions. The following capitalized words as used in this Plan shall have the following meanings:

"Affiliate" means any corporation or other entity (including, but not limited to, partnerships, limited liability companies and joint ventures) controlled by the Company.

"Award Opportunity" means an opportunity granted by the Committee to a Participant to earn a Long-Term Incentive Bonus under this Plan with respect to a Performance Period, payable in shares of Common Stock to be delivered under the Stock Incentive Plan, with such opportunity subject to the terms and conditions of this Plan, the Performance Bonus Plan and the Stock Incentive Plan.

"Beneficiary" means a person designated by a Participant in accordance with Section 13 of the Plan to receive, in the event of the Participant's death, any shares of Common Stock remaining to be delivered with respect to the Participant under the Plan.

"Board" means the Board of Directors of the Company.

“Cause” means any conduct or activity, whether or not related to the business of the Company, that is determined in individual cases by the Committee to be detrimental to the interests of the Company, including without limitation (a) the rendering of services to an organization, or engaging in a business, that is, in the judgment of the Committee, in competition with the Company; (b) the 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 by the Participant during or after employment with the Company; (c) fraud, embezzlement, theft-in-office or other illegal activity; or (d) a violation of the Company’s Code of Conduct or other policies.

“Claw-back Policy” means the Parker-Hannifin Corporation Claw-back Policy, as amended from time to time, or any successor policy.

“Code” means the Internal Revenue Code of 1986, as amended.

“Committee” means the Human Resources and Compensation Committee of the Board, or such other committee appointed by the Board to administer the Performance Bonus Plan; provided, however, that in any event the Committee shall be comprised of not less than two directors of the Company, each of whom shall qualify as an “outside director” for purposes of Section 162(m) of the Code and Section 1.162-27(e)(3) of the Treasury Regulations promulgated thereunder.

“Common Stock” means the common stock of the Company.

“Company” has the meaning given such term in Section 1 of the Plan.

“Disability” has the meaning set forth in the Parker-Hannifin Corporation Executive Long-Term Disability Plan or such other long-term disability program of the Company or an Affiliate in which the Participant participates.

“Eligible Officer” means any employee of the Company or an Affiliate who is an executive officer of the Company, whether such person is so employed at the time the Plan is adopted or becomes so employed subsequent to the adoption of the Plan.

“Free Cash Flow Margin” means the Company’s net cash flow provided by operating activities less capital expenditures for a calendar year in the Performance Period, expressed as a percentage of the Company’s net sales for such calendar year. Free Cash Flow Margin shall be determined in accordance with generally accepted accounting principles as in effect on the first day of the applicable Performance Period. Discretionary pension contributions by the Company during the Performance Period are not included in the calculation of Free Cash Flow Margin. For this purpose, a discretionary pension contribution means a contribution by the Company or one of its subsidiaries to a qualified pension plan for employees of the Company or its subsidiaries where absent actions taken by the Company to affect its funding level in a particular year, no minimum required contribution would have been required under applicable laws and regulations.

“Maximum Shares” means, with respect to an Award Opportunity granted to a Participant for a Performance Period, the notional number of shares of Common Stock equal to 200% of the Participant’s Target Shares for such Performance Period. Each Maximum Share shall represent the contingent right to receive one share of Common Stock and shall at all times be equal in value to one share of Common Stock. The number of Maximum Shares granted pursuant to each outstanding Award Opportunity is subject to adjustment in accordance with the terms of the Performance Bonus Plan.

“Notice of Award” means a written or electronic communication to a Participant with respect to a Performance Period, which provides notice of the Participant’s Maximum Shares and Target Shares for such Performance Period, subject to the terms and conditions of the Plan, the Performance Bonus Plan and the Stock Incentive Plan.

“Other Retirement” means a termination of employment by a Participant during a Performance Period that constitutes “retirement” under the policy of the Company or an Affiliate applicable to the Participant at the time of such termination of employment, other than a Qualifying Retirement. For purposes of clarity, whether a Participant’s termination of employment constitutes an Other Retirement will be determined separately with respect to each Performance Period for which such Participant has an outstanding Award Opportunity at the time of termination of employment.

“Participant” means an Eligible Officer who has been granted an Award Opportunity with respect to a Performance Period.

“Peer Group” means the group of peer companies established as such by the Committee and set forth on Appendix A hereto.

“Performance Bonus Plan” means the Parker-Hannifin Corporation 2010 Performance Bonus Plan, as amended from time to time, or any successor plan.

“Performance Period” means a period of three consecutive calendar years.

“Plan” means this Parker-Hannifin Corporation Long-Term Incentive Performance Plan Under the Performance Bonus Plan, as amended from time to time.

“Qualifying Retirement” means termination of employment by a Participant during a Performance Period (i) after attainment of age 65, or (ii) after attainment of age 60 with at least 10 years of service and after completion of at least 12 months of continuous employment during such Performance Period. For purposes of clarity, whether a Participant’s termination of employment constitutes a Qualifying Retirement will be determined separately with respect to each Performance Period for which such Participant has an outstanding Award Opportunity at the time of termination of employment.

“Return on Average Equity” means the Company’s net income for a calendar year in the Performance Period, divided by the average of shareholder’s equity as of the first and last day of such calendar year. Return on Average Equity shall be determined in accordance with generally accepted accounting principles as in effect on the first day of the applicable Performance Period.

“Stock Incentive Plan” means the Parker-Hannifin Corporation 2009 Omnibus Stock Incentive Plan, as amended from time to time, or any successor plan.

“Target Shares” means the notional number of shares of Common Stock specified as such in a Participant’s Notice of Award for a Performance Period, which may be used by the Committee in the exercise of its discretion under Section 4.B of the Plan to reduce the amount otherwise payable pursuant to the Participant’s Award Opportunity.

APPENDIX A

Peer Group

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
Johnson Controls, Inc.
Pall Corporation
Rockwell Automation, Inc.
SPX Corporation
Textron Inc.



TO: [PARTICIPANT NAME]

**PARKER-HANNIFIN CORPORATION
LONG-TERM INCENTIVE PERFORMANCE (LTIP) AWARD
UNDER PERFORMANCE BONUS PLAN**

The Human Resources and Compensation Committee of the Board of Directors (the "Committee") of Parker-Hannifin Corporation (the "Company") has awarded to you the contingent right to receive the following number of shares of Common Stock of the Company ("Maximum Shares") under the Company's Long-Term Incentive Performance Plan Under the Performance Bonus Plan (the "LTIP Plan"), the Company's Stock Incentive Plan (as defined in the LTIP Plan) and the Company's 2010 Performance Bonus Plan (the "Performance Bonus Plan"):

Grant Date	Performance Period (in Calendar Years)	Maximum Shares	Target Shares
January XX, 20XX	CY 20XX-20XX-20XX	[Number Granted]	[Number Granted]

The number of Maximum Shares granted is based on your grade level at the Grant Date and your expected service in your position through the end of the Performance Period. The number of Maximum Shares granted is subject to adjustment in the event of a change in your grade level or your employment status with the Company during the Performance Period as provided in the LTIP Plan.

Payout of Your Award. Your right to earn all or a portion of the Maximum Shares under your award will be based upon the Company's performance during the Performance Period for certain key objective financial metrics described in the LTIP Plan, and the Committee's discretion to reduce the amount payable under your award (including, for example, a possible reduction to the number of Target Shares set out above) based on the Company's performance in comparison to its peer group and otherwise as described in the LTIP Plan. Subject to your continued employment through the end of the Performance Period, any amount payable under your award will be paid in the form of shares of Common Stock in the Company, to be issued in April 20XX following the Committee's certification of performance results of the Company, subject to the Committee's exercise of any discretion to reduce the amount payable, and the Committee's authorization of payment.

Your Action Items. Please take the following actions:

- **Before you accept your grant**, click on the links below to review the LTIP Plan, Stock Incentive Plan and Performance Bonus Plan which govern this award.
- **Acknowledge** receipt of this award and indicate your agreement with its terms by clicking on the "OK" button below.
- **Inform the Company of any change in address or contact information, as necessary.** Refer to the section of the LTIP Plan titled "Notification of Change in Personal Data" for instructions on how to provide notification to the Company.

[Long-Term Incentive Performance Plan Under the Performance Bonus Plan \(LT-001O\)](#)

[Stock Incentive Plan](#)

[2010 Performance Bonus Plan](#)

To view the most recent [Annual Report](#), please click here

To view the most recent [Proxy Statement](#), please click here

To view the [Stock Incentive Plan Summary and Prospectus](#), please click here