

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No. __)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

PARKER-HANNIFIN CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which the transaction applies:

 - (2) Aggregate number of securities to which the transaction applies:

 - (3) Per unit price or other underlying value of the transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

 - (4) Proposed maximum aggregate value of the transaction:

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- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
 - (1) Amount Previously Paid:

 - (2) Form, Schedule or Registration Statement No.:

 - (3) Filing Party:

 - (4) Date Filed:



PARKER-HANNIFIN CORPORATION Notice of Annual Meeting of Shareholders

DATE	TIME	VIRTUAL ADDRESS
Wednesday October 28, 2020	9:00 AM, EDT	virtualshareholdermeeting.com/PH2020

To Our Shareholders:

You are cordially invited to attend the Annual Meeting of Shareholders of Parker-Hannifin Corporation. The meeting will be held virtually via live webcast at www.virtualshareholdermeeting.com/PH2020, on Wednesday, October 28, 2020, at 9:00 a.m., Eastern Daylight Time, for the following purposes:

- ✓ To elect the eleven individuals named in the Proxy Statement as Directors for a term expiring at the Annual Meeting of Shareholders in 2021;
- ✓ To ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending June 30, 2021;
- ✓ To approve, on a non-binding, advisory basis, the compensation of our Named Executive Officers; and
- ✓ To transact such other business as may properly come before the meeting.



Vote Via Internet

www.proxyvote.com



Vote By Phone

800-690-6903



Vote By Mail

Vote Processing
c/o Broadridge
51 Mercedes Way,
Edgewood, NY 11717



Vote at the Meeting

www.virtualshareholdermeeting.com/PH2020

Based on the information currently available regarding the public health impact of the novel coronavirus outbreak, or COVID-19, we have made the decision that this year's Annual Meeting will be virtual only. The Meeting will be conducted via live webcast, and during the Meeting you will be able to submit questions and vote your shares electronically.

Shareholders of record at the close of business on September 4, 2020 are entitled to vote at the meeting. Your vote is important, so if you do not expect to attend the meeting, or if you do plan to attend but wish to vote by proxy, please mark, date, sign and return the enclosed proxy card promptly in the envelope provided or vote electronically via the internet or by telephone in accordance with the instructions on the enclosed proxy card. Please refer to the section "How to Attend the Annual Meeting of Shareholders" for more information.

Thank you for your support of Parker-Hannifin Corporation.

By Order of the Board of Directors

Joseph R. Leonti
Secretary

September 28, 2020

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be held on October 28, 2020.

This Proxy Statement, along with our Annual Report on Form 10-K for the fiscal year ended June 30, 2020, is available free of charge on our investor relations website (www.phstock.com).

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PARKER-HANNIFIN CORPORATION
6035 Parkland Boulevard—Cleveland, Ohio 44124-4141

PROXY STATEMENT

This Proxy Statement is furnished in connection with the solicitation by our Board of Directors of proxies to be voted at the Annual Meeting of Shareholders scheduled to be held on October 28, 2020, and at all adjournments thereof. Only shareholders of record at the close of business on September 4, 2020, will be entitled to vote at the meeting. On September 4, 2020, 128,798,068 common shares were outstanding and entitled to vote at the meeting. Each share is entitled to one vote. This Proxy Statement and the form of proxy are being mailed to shareholders on or about September 28, 2020.

GOVERNANCE DOCUMENTS

Our Global Code of Business Conduct, our Corporate Governance Guidelines, and our Independence Standards for Directors are posted and available on the Corporate Governance page of our investor relations website at www.phstock.com. Shareholders may request copies of these documents, free of charge, by writing to Parker-Hannifin Corporation, 6035 Parkland Boulevard, Cleveland, Ohio 44124-4141, Attention: Secretary, or by calling (216) 896-3000. The information contained on or accessible through our website is not a part of this Proxy Statement.

PROXY STATEMENT SUMMARY

This summary highlights certain information relating to our 2020 Annual Meeting of Shareholders and our corporate governance and executive compensation. Additional details are found throughout this Proxy Statement.

Voting Matters and Board Recommendations

<i>Voting Matters</i>	<i>Board Recommendations</i>
Election of Directors	FOR ALL NOMINEES
Ratification of Deloitte & Touche LLP as Independent Auditor	FOR
Advisory Vote to Approve Named Executive Officer Compensation	FOR

Business Highlights and Performance

Fiscal 2020 was a transformational year for Parker:

- In a year marked by a global pandemic and economic downturn, we took prompt actions and strengthened our position to achieve remarkable levels of performance during a period of declining demand. These actions delivered strong financial performance and value for our shareholders, including:
 - ♦ Sales of \$13.7 billion;
 - ♦ Record cash flow from operations of \$2.1 billion;
 - ♦ Increased annual dividend per share for the 64th year in a row; and
 - ♦ Significantly reduced our debt.
- We implemented The Win Strategy 3.0™, our foundational business framework, which we expect to drive sustained profitable growth and top quartile financial performance among our diversified industrial proxy peers. The actions taken under The Win Strategy to strengthen our portfolio and improve our performance have built a business that we believe is better equipped than ever before to be resilient across macro-economic cycles.

PROXY STATEMENT SUMMARY

- We introduced our Purpose Statement: *Enabling Engineering Breakthroughs that Lead to a Better Tomorrow*. Our Purpose defines why we are in business, provides inspiration and direction for our team members, and represents how we can strengthen our communities and have a positive impact on the world.
- We strengthened our portfolio by completing two transformational acquisitions of LORD Corporation and Exotic Metals Forming Company.

Response to COVID-19

Throughout our 103-year history, Parker has been called upon in times of global hardship and adversity. Our leadership and perseverance in these defining moments demonstrates how we live our Purpose: *Enabling Engineering Breakthroughs that Lead to a Better Tomorrow*.

In this moment of great need during the COVID-19 pandemic, the actions of our team members embody the Parker culture and values that unite us. We have maintained manufacturing capacity across the enterprise, demonstrating the essential nature of Parker's technologies across the world. With a spirit of caring and compassion, our team members are stepping up to deliver technologies that are being used in, among other applications, ventilators to treat those who are sick; engine filters and transmission components for heavy-duty trucks to transport food, water and supplies; aerospace rotorcraft products to support emergency transport of patients; refrigeration technologies to help keep food fresh and medicine viable; and many other technologies essential to people's daily lives. Across countless critical applications, Parker products and systems are assisting with the front-line effort to combat the spread of COVID-19 and support its treatment around the world.

We recognize we have unique responsibilities in the face of this pandemic. At Parker there is a shared understanding of the importance of protecting the health and safety of our team members, our families and the communities we call home. We have taken early and aggressive action to help prevent the spread of the virus in our workplaces. At the same time, we are appropriately addressing the ongoing needs of our business so that we may continue to provide the technologies that are so vital to our world. Strong, trusting relationships are the foundation of how we do business. Our dedicated sales and customer experience teams are leveraging digital collaboration platforms to ensure we are providing our valued customers, distributors and other partners with the same level of accessibility and exceptional support they have come to expect.

We acted quickly at the onset of the pandemic and took multiple measures to promote safety in our facilities and protect our team members, including the implementation of:

- enhanced hygiene, cleaning and sanitizing protocols;
- physical distancing and work from home protocols;
- early travel restrictions and cancellation of in-person meetings;
- standard investigation, disinfection and return-to-work protocols;
- contact tracing and quarantines; and
- frequent communication to team members.

In addition to the investments in the safety of our team members, we made contributions through the Parker-Hannifin Foundation to organizations on the front-line of the COVID-19 response efforts. We also took certain actions to manage our costs and weather the negative impact of the pandemic and economic downturn on our business. In the fourth quarter we implemented several discretionary cost reduction actions including:

- base wage reductions for our team members;
- reduced work schedules;
- foregoing annual merit compensation increases;
- travel, variable and discretionary spending reductions;
- reduced capital spending; and
- actions to optimize our working capital.

While significant challenges lie ahead, we believe we are positioned to weather these conditions and emerge stronger than ever before, guided by our Purpose.

Board and Corporate Governance Highlights

Our Board of Directors is committed to sound corporate governance and sustainability practices, promoting the long-term interests of our shareholders and holding itself and management accountable for our performance. The graphics below provide a summary of the composition and qualifications of our Board and our Director nominees. Each Director nominee brings his or her own unique background and range of expertise, knowledge and experience which provides an appropriate and diverse mix of skills and qualifications necessary for our Board to effectively fulfill its oversight responsibilities.



We are pleased to provide the following key governance highlights. We believe these measures position us to continue to drive team member engagement, customer experience, profitable growth and financial performance. In considering our governance and compensation programs for fiscal year 2020, we utilized insights drawn from engagement with our shareholders and the results of our shareholder votes.

PROXY STATEMENT SUMMARY

Corporate Governance Highlights	
<ul style="list-style-type: none"> Annual election of <u>all</u> Directors 	<ul style="list-style-type: none"> Separate Chairman of the Board and independent Lead Director roles
<ul style="list-style-type: none"> Published Corporate Governance Guidelines 	<ul style="list-style-type: none"> Published Global Code of Business Conduct applicable to our Board of Directors
<ul style="list-style-type: none"> Majority voting and resignation policy for uncontested Director elections 	<ul style="list-style-type: none"> Board Committees are 100% comprised of independent Directors
<ul style="list-style-type: none"> Average age of our director nominees is 62 	<ul style="list-style-type: none"> Our Amended and Restated Regulations permit proxy access for eligible shareholders
<ul style="list-style-type: none"> Director retirement is mandatory after reaching age 72 	<ul style="list-style-type: none"> Robust stock ownership guidelines for our Directors and executive officers (all of whom are compliant with such guidelines)
<ul style="list-style-type: none"> Each Committee of our Board of Directors has a published charter that is reviewed and evaluated at least annually 	<ul style="list-style-type: none"> The Board of Directors includes three women
<ul style="list-style-type: none"> Each of our Director nominees attended at least 86% of his or her meetings of our Board of Directors and his or her Committee meetings during fiscal year 2020 	<ul style="list-style-type: none"> Annual Board, Committee and individual Director evaluations
<ul style="list-style-type: none"> None of our Director nominees are “overboarded”—two do not sit on any other public company boards, seven sit on just one other public company board and two sit on just two other public company boards 	<ul style="list-style-type: none"> Annual reviews of our Chief Executive Officer by all independent Directors
<ul style="list-style-type: none"> Our Chairman of the Board and Lead Director ensure the entire Board of Directors maintains regular oversight of key risk areas, such as corporate strategy, management succession planning, cyber security, enterprise risk management, and environmental, social and governance matters 	<ul style="list-style-type: none"> 64% of our Director nominees have a tenure of under 10 years. Tenure of this year’s Director nominees: 0-5 years: 36.4% 6-10 years: 27.3% >10 years: 36.4%
<ul style="list-style-type: none"> Require each search for qualified director candidates to include individuals with diverse backgrounds, including diversity of gender, ethnicity and race 	<ul style="list-style-type: none"> Independent Directors meet regularly and frequently (at least four times per year) without management present

Our Shareholder Engagement Efforts

We actively seek and highly value feedback from our shareholders. During fiscal year 2020, in addition to our traditional investor relations outreach efforts, we proactively reached out to shareholders representing approximately 41% of our outstanding common stock, and we engaged with shareholders representing approximately 25% of our outstanding common stock with respect to environmental, social and governance, or ESG, matters. We discussed a diverse range of topics with our shareholders during these meetings, including:

- Executive compensation and our commitment to aligning pay with performance;
- Board composition;
- Board leadership structure;
- Oversight of risks;
- Our corporate governance practices;
- Business strategy; and
- Other ESG topics, including human capital management.

We also shared the feedback received during these meetings with our Corporate Governance and Nominating Committee, our Human Resources and Compensation Committee and our full Board of Directors. As a result of our shareholder engagement efforts and the feedback we received, we strengthened our disclosures in this Proxy Statement to provide more insight into our business performance and accomplishments, the structure and composition of our Board, our shareholder engagement efforts, and our ESG program.

Corporate Social Responsibility and Sustainability

Our ESG program takes into account the interests of our key stakeholders, including our team members, customers, our communities and our shareholders. ESG issues that we focus on include, among others, workplace health and safety, energy efficiency, waste management, climate risk, human capital management, diversity and inclusion, supply chain management and business ethics and compliance. Our Board maintains oversight over ESG matters at the full Board level and through our relevant committees, while senior management manages and monitors our ESG matters on a day-to-day basis throughout the year.

We publish our Sustainability Report annually, addressing the many ways in which we apply our core technologies to make a positive impact on the world, including through our team members, social responsibility, our environmental initiatives, product stewardship, and governance, ethics and compliance. The Report is available on our website at www.phstock.com. Selected aspects of our most recent Report are highlighted below:

- **Safety.** Safety is a core value that all team members share, and our goal is to achieve a zero-incident workplace. We have reduced our Recordable Incident Rate by 61% over the past five years, including a 24% reduction in 2019.
- **Parker Foundation.** In addition to the COVID-19 relief contributions mentioned above, the Parker Foundation donated nearly \$6 million in total to hundreds of qualified charitable organizations in 2019, with a focus on communities in need, education, disaster relief and energy and water conservation.
- **Environmental Stewardship.** We are committed to driving sustainable, long-term growth and doing so in a way that makes the world a better place.
 - We reduced our energy index (MWh/USD) by 33% and greenhouse gas index (MT/USD) by 27% since 2008.
 - Since 2008, we have reported our energy and emission data to the Carbon Disclosure Project, and our 2019 Climate Change Score ranked in the top quartile among our diversified industrial peer companies that reported.
 - We recycle more than 85% of the waste generated from our manufacturing operations, and we are working to further reduce the volume of waste sent to landfills.
 - Since 2013, we have been a member of the U.S. Environmental Protection Agency SmartWay® Transport Partnership aimed at identifying technologies and strategies to reduce carbon emissions and set goals and track progress towards reducing fuel consumption and improve the efficiency of freight transport.

We are proud of our accomplishments in the ESG arena, but recognize that best practices in ESG integration and reporting frameworks continue to evolve. Accordingly, we are establishing a new high performance team beginning in fiscal year 2021 to evaluate data and reporting best practices and to identify opportunities for continuous improvement.

Executive Compensation Highlights

The following table highlights some of the key aspects of our executive compensation program for fiscal year 2020. This table is not a substitute for, nor does it purport to include, all of the information provided in our Compensation Discussion and Analysis section and the Compensation Tables presented later in this Proxy Statement.

PROXY STATEMENT SUMMARY

Executive Compensation Highlights	
<ul style="list-style-type: none">Executive compensation program with pay-for-performance structure aligned with The Win Strategy™	<ul style="list-style-type: none">The target compensation package for our Chief Executive Officer is a mix of 9% fixed and 91% at-risk, and for our other Named Executive Officers is an average mix of 19% fixed and 81% at-risk
<ul style="list-style-type: none">Annual advisory vote on executive compensation with consistent high degree of approval	<ul style="list-style-type: none">One-year minimum vesting or performance period requirements for restricted stock awards, restricted stock unit awards, unrestricted stock awards, grants of stock options, and stock appreciation rights under our Amended and Restated 2016 Omnibus Stock Incentive Plan
<ul style="list-style-type: none">Claw back policy to recover or withhold incentive-based compensation to executive officers in certain circumstances	<ul style="list-style-type: none">Anti-hedging and anti-pledging policy for Directors and executive officers
<ul style="list-style-type: none">As part of our company-wide cost control measures related to COVID-19 and the economic downturn, the base salaries of our Named Executive Officers were reduced for the fourth quarter of fiscal year 2020 in amounts ranging from 20% to 50% of base salary. This reduction remained applicable to base salaries in the first quarter of fiscal year 2021, and is being evaluated on a quarterly basis as conditions warrant.	

ITEM 1 – ELECTION OF DIRECTORS

Shareholder approval is sought to elect Lee C. Banks, Robert G. Bohn, Linda A. Harty, Kevin A. Lobo, Candy M. Obourn, Joseph Scaminace, Ake Svensson, Laura K. Thompson, James R. Verrier, James L. Wainscott and Thomas L. Williams as Directors for a term that will expire at our Annual Meeting of Shareholders in 2021.

Our Board of Directors has concluded that the nominees presented in this “Item 1—Election of Directors” collectively represent a highly-qualified and diverse group of individuals who will effectively serve the long-term interests of our business, our team members and our shareholders. Our Board of Directors believes that each nominee should serve on our Board for the coming year based on his or her record of effective past service on our Board and the specific experiences, qualifications, attributes and skills described in his or her biographical information presented in this “Item 1—Election of Directors” section.

Should any nominee become unable to accept nomination or election, the proxies will be voted for the election of another person as our Board of Directors may recommend. However, our Board of Directors has no reason to believe that this circumstance will occur.

NOMINEES FOR ELECTION AS DIRECTORS FOR TERMS EXPIRING IN 2021



LEE C. BANKS

Mr. Banks has been our President and Chief Operating Officer since February 2015. He was our Executive Vice President from August 2008 to February 2015 and our Operating Officer from November 2006 to February 2015.

Our Board believes that Mr. Banks will effectively serve our Board of Directors, our business, our team members and our shareholders based on his significant and diverse experiences, skills, qualifications and viewpoints from, among other things:

- extensive service as President and Chief Operating Officer and Executive Vice President and Operating Officer and in various operational leadership positions during his 29-year career with us;
- intimate working knowledge of our day-to-day business, plans, strategies and initiatives;
- present service on another public company board;
- proven ability to work efficiently and effectively with our other Directors to oversee and address issues and risks facing our business; and
- high level of commitment to our Board, our business, our team members, and our shareholders and a high level of integrity, honesty, judgment and professionalism.

Other Public Company Directorships (current):

- Nordson Corporation

Director Since: 2015
Age: 57
Committees: None

ITEM 1 - ELECTION OF DIRECTORS



Director Since: 2010
Age: 67
Committees:
• Audit
• Human Resources
and Compensation

ROBERT G. BOHN

Now retired, Mr. Bohn was Chairman of the Board of Oshkosh Corporation (specialty vehicles and vehicle bodies manufacturing) from January 2000 to February 2011.

Our Board believes that Mr. Bohn will effectively serve our Board of Directors, our business, our team members and our shareholders based on his significant and diverse experiences, skills, qualifications and viewpoints from, among other things:

- extensive service as Chairman of the Board and Chief Executive Officer of Oshkosh Corporation, a successful global industrial company of significant size;
- past and present service on other public company boards;
- qualification as an audit committee financial expert as defined in the federal securities laws;
- independence under the applicable independence standards of the New York Stock Exchange and our Independence Standards for Directors;
- proven ability to work efficiently and effectively with our other Directors to oversee and address issues and risks facing our business; and
- high level of commitment to our Board of Directors and integrity, honesty, judgment and professionalism.

Other Public Company Directorships (current):

- Carlisle Companies, Inc.
- The Manitowoc Company, Inc.



Director Since: 2007
Age: 60
Committees:
• Audit (Chair)
• Corporate
Governance and
Nominating

LINDA A. HARTY

Now retired, Ms. Harty was Treasurer of Medtronic plc (medical technology) from February 2010 to April 2017.

Our Board believes that Ms. Harty will effectively serve our Board of Directors, our business, our team members and our shareholders based on her significant and diverse experiences, skills, qualifications and viewpoints from, among other things:

- extensive service in senior finance and accounting leadership positions at Medtronic plc and other successful global companies of significant size;
- present service on other public company boards;
- qualification as an audit committee financial expert as defined in the federal securities laws;
- independence under the applicable independence standards of the New York Stock Exchange and our Independence Standards for Directors;
- proven ability to work efficiently and effectively with our other Directors to oversee and address issues and risks facing our business; and
- high level of commitment to our Board of Directors and integrity, honesty, judgment and professionalism.

Other Public Company Directorships (current):

- Wabtec Corporation
- Syneos Health, Inc.



KEVIN A. LOBO

Mr. Lobo has been Chairman of the Board of Stryker Corporation (medical technology) since July 2014 and has been Chief Executive Officer, President and a Director since October 2012.

Our Board believes that Mr. Lobo will effectively serve our Board of Directors, our business, our team members and our shareholders based on his significant and diverse experiences, skills, qualifications and viewpoints from, among other things:

- extensive service in senior leadership positions at Stryker Corporation and other successful global companies of significant size;
- present service on another public company board;
- qualification as an audit committee financial expert as defined in the federal securities laws;
- independence under the applicable independence standards of the New York Stock Exchange and our Independence Standards for Directors;
- proven ability to work efficiently and effectively with our other Directors to oversee and address issues and risks facing our business; and
- high level of commitment to our Board of Directors and integrity, honesty, judgment and professionalism.

Other Public Company Directorships (current):

- Stryker Corporation

Director Since: 2013
Age: 55
Committees:
• Audit
• Human Resources and Compensation



CANDY M. OBOURN

Ms. Obourn has been Chairman of Isoflux Incorporated (coating technologies) since April 2012.

Our Board believes that Ms. Obourn will effectively serve our Board of Directors, our business, our team members and our shareholders based on her significant and diverse experiences, skills, qualifications and viewpoints from, among other things:

- service as Chief Executive Officer and President of a coating technologies company, Chief Executive Officer and President of a health care products company and in senior leadership positions at other global companies of significant size;
- independence under the applicable independence standards of the New York Stock Exchange and our Independence Standards for Directors;
- proven ability to work efficiently and effectively with our other Directors to oversee and address issues and risks facing our business; and
- high level of commitment to our Board of Directors and integrity, honesty, judgment and professionalism.

Director Since: 2002
Age: 70
Committees:
• Human Resources and Compensation
• Corporate Governance and Nominating

ITEM 1 - ELECTION OF DIRECTORS



Director Since: 2004
Age: 67
Committees:
• Human Resources and Compensation (Chair)
• Corporate Governance and Nominating

JOSEPH SCAMINACE

Mr. Scaminace was a Director and Chief Executive Officer of OM Group, Inc. (metal-based specialty chemicals) from June 2005 to October 2015 and Chairman of the Board of OM Group from August 2005 to October 2015.

Our Board believes that Mr. Scaminace will effectively serve our Board of Directors, our business, our team members and our shareholders based on his significant and diverse experiences, skills, qualifications and viewpoints from, among other things:

- extensive service as Chief Executive Officer and Chairman of the Board of OM Group, Inc., and prior leadership positions at other global industrial companies of significant size;
- past and present service on other public company boards;
- independence under the applicable independence standards of the New York Stock Exchange and our Independence Standards for Directors;
- proven ability to work efficiently and effectively with our other Directors to oversee and address issues and risks facing our business; and
- high level of commitment to our Board of Directors and integrity, honesty, judgment and professionalism.

Other Public Company Directorships (current):

- Cintas Corporation (Lead Director)



Director Since: 2010
Age: 68
Committees:
• Audit
• Corporate Governance and Nominating

AKE SVENSSON

Mr. Svensson is a Director of Swedavia AB. He was Chairman of the Association of Swedish Engineering Industries, and Board Member of the Confederation of Swedish Enterprise from May 2018 until May 2020. He was previously Director General of Swedish Engineering Industries from September 2010 to August 2016. Mr. Svensson is a former Director of Saab AB.

Our Board believes that Mr. Svensson will effectively serve our Board of Directors, our business, our team members and our shareholders based on his significant and diverse experiences, skills, qualifications and viewpoints from, among other things:

- extensive service as Chief Executive Officer and President of Saab AB, a successful European aerospace, defense and security company of significant size;
- extensive knowledge of European aerospace, defense and security businesses and related issues and trends;
- independence under the applicable independence standards of the New York Stock Exchange and our Independence Standards for Directors;
- proven ability to work efficiently and effectively with our other Directors to oversee and address issues and risks facing our business; and
- high level of commitment to our Board of Directors and integrity, honesty, judgment and professionalism.



LAURA K. THOMPSON

Now retired, Ms. Thompson served as Executive Vice President of The Goodyear Tire & Rubber Company (tire manufacturing) from December 2013 until her retirement in March 2019, and Chief Financial Officer of Goodyear from December 2013 until October 2018.

Our Board believes that Ms. Thompson will effectively serve our Board of Directors, our business, our team members and our shareholders based on her significant and diverse experiences, skills, qualifications and viewpoints from, among other things:

Director Since 2019
Age: 56
Committees:
• Audit
• Corporate Governance and Nominating

- extensive service as Executive Vice President and Chief Financial Officer and in other key leadership positions at The Goodyear Tire & Rubber Company, a manufacturing company of significant size;
- present service on another public company board;
- qualification as an audit committee financial expert as defined in the federal securities laws;
- independence under the applicable independence standards of the New York Stock Exchange and our Independence Standards for Directors;
- proven ability to work efficiently and effectively with our other Directors to oversee and address issues and risks facing our business; and
- high level of commitment to our Board of Directors and integrity, honesty, judgment and professionalism.

Other Public Company Directorships (current):

- Wesco International



JAMES R. VERRIER

Now retired, Mr. Verrier served as a Board Advisor to BorgWarner, Inc. (powertrain solutions) from August 1, 2018 until his retirement on February 28, 2019. He previously served as Chief Executive Officer and Director of BorgWarner, Inc. from January 2013 until July 31, 2018, and President of BorgWarner from March 2012 until July 31, 2018.

Our Board believes that Mr. Verrier will effectively serve our Board of Directors, our business, our team members and our shareholders based on his significant and diverse experiences, skills, qualifications and viewpoints from, among other things:

Director Since: 2016
Age: 57
Committees:
• Audit
• Human Resources and Compensation

- service as a director, Chief Executive Officer and President of BorgWarner, Inc., a successful publicly-traded global automotive industry components and parts supplier of significant size;
- prior service on another public company board;
- independence under the applicable independence standards of the New York Stock Exchange and our Independence Standards for Directors;
- proven ability to work efficiently and effectively with our other Directors to oversee and address issues and risks facing our business; and
- high level of commitment to our Board of Directors and integrity, honesty, judgment and professionalism.

ITEM 1 - ELECTION OF DIRECTORS



JAMES L. WAINSCOTT

Now retired, Mr. Wainscott was Chairman of the Board of AK Steel Holding Corporation (steel producer) from January 2006 to May 2016; and President, Chief Executive Officer and a Director of AK Steel Holding Corporation from October 2003 to January 2016.

Our Board believes that Mr. Wainscott will effectively serve our Board of Directors, our business, our team members and our shareholders based on his significant and diverse experiences, skills, qualifications and viewpoints from, among other things:

Director Since: 2009
Age: 63
Committees:
• Corporate Governance and Nominating (Chair and Lead Director)
• Human Resources and Compensation

- extensive service as President, Chief Executive Officer and Chairman of the Board of AK Steel Holding Corporation, a successful global industrial company of significant size;
- past and present service on other public company boards;
- independence under the applicable independence standards of the New York Stock Exchange and our Independence Standards for Directors;
- proven ability to effectively serve as our Lead Director and to otherwise work efficiently and effectively with our other Directors to oversee and address issues and risks facing our business; and
- high level of commitment to our Board of Directors and integrity, honesty, judgment and professionalism.

Other Public Company Directorships (current):

- CSX Corporation



THOMAS L. WILLIAMS

Mr. Williams has been our Chairman of the Board since January 2016; and our Chief Executive Officer since February 2015. He was our Executive Vice President from August 2008 to February 2015 and our Operating Officer from November 2006 to February 2015.

Our Board believes that Mr. Williams will effectively serve our Board of Directors, our business, our team members and our shareholders based on his significant and diverse experiences, skills, qualifications and viewpoints from, among other things:

Director Since: 2015
Age: 61
Committees: None

- extensive service as Chief Executive Officer and Executive Vice President and Operating Officer and in various operational leadership positions during his 16-year career with us;
- intimate, working knowledge of our day-to-day business, plans, strategies and initiatives;
- present service on another public company board;
- proven ability to work efficiently and effectively with our other Directors to oversee and address issues and risks facing our business; and
- high level of commitment to our Board of Directors, our business, our team members, and our shareholders, and a high level of integrity, honesty, judgment and professionalism.

Other Public Company Directorships (current):

- The Goodyear Tire & Rubber Company

ANNUAL ELECTIONS; MAJORITY VOTING; NO CUMULATIVE VOTING

Our Amended and Restated Regulations provide for the annual election of our entire Board of Directors. Accordingly, each Director elected at this Annual Meeting of Shareholders will hold office until the next Annual Meeting of Shareholders and until his or her successor is elected.

Our Amended Articles of Incorporation provide for a majority voting standard in the annual election of our Directors. Accordingly, at each Annual Meeting of Shareholders, each candidate for Director is elected only if the votes "for" the candidate exceed the votes "against" the candidate, unless the number of candidates exceeds the number of Directors to be elected. If the number of candidates exceeds the number of Directors to be elected, then in that election the candidates receiving the greatest number of votes shall be elected. Abstentions and broker non-votes shall not be counted as votes "for" or "against" a candidate, and shareholders are not able to cumulate votes in the election of Directors.

RECOMMENDATION REGARDING PROPOSAL 1:

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR
EACH OF THE NOMINEES TO THE BOARD OF DIRECTORS**

CORPORATE GOVERNANCE BOARD OF DIRECTORS

MEETINGS AND ATTENDANCE; EXECUTIVE SESSIONS

During fiscal year 2020, there were nine meetings of our Board of Directors. Each Director attended at least 75% of the meetings held by our Board of Directors and the Committees of our Board of Directors on which he or she served.

We hold a regularly scheduled meeting of our Board of Directors in conjunction with our Annual Meeting of Shareholders. Directors are expected to attend the Annual Meeting of Shareholders absent an appropriate reason. All of the members of our Board of Directors attended our 2019 Annual Meeting of Shareholders.

In accordance with the listing standards of the New York Stock Exchange, our non-management Directors are scheduled to meet regularly in executive sessions without management and, if required, our independent Directors will meet at least once annually. Additional meetings of our non-management Directors may be scheduled from time to time when our non-management Directors determine that such meetings are desirable. Our non-management Directors met four times during fiscal year 2020.

NUMBER; CURRENT TERM; RELATIONSHIPS

Our Board of Directors presently consists of eleven members. The current term of each member of our Board of Directors expires at our 2020 Annual Meeting of Shareholders. Assuming the election of all of the Director nominees, we expect our Board of Directors to consist of eleven members after the 2020 Annual Meeting of Shareholders. None of our Directors are related to each other and no arrangements or understandings exist pursuant to which any Director was selected as a Director or Director nominee.

DIRECTOR INDEPENDENCE

Our Corporate Governance Guidelines require at least a majority of our Directors to be “independent” as defined in the listing standards established by the New York Stock Exchange. Our Board of Directors has also adopted standards for Director independence, which are set forth in our Independence Standards for Directors.

We strongly favor a governance structure that includes an independent Board of Directors. Of the eleven current members of our Board of Directors, nine are independent based on our Board of Directors’ consideration of the applicable independence standards of the New York Stock Exchange and our Independence Standards for Directors. In addition, each of the Audit Committee, the Corporate Governance and Nominating Committee and the Human Resources and Compensation Committee of our Board of Directors is composed entirely of independent Directors. As a result, our independent Directors directly oversee critical matters such as our executive compensation program for executive officers, our Corporate Governance Guidelines, policies and practices, the integrity of our financial statements and our internal controls over financial reporting.

Our Board of Directors has affirmatively determined that the following nine individuals who currently serve as Directors are independent: Robert G. Bohn, Linda A. Harty, Kevin A. Lobo, Candy M. Obourn, Joseph Scaminace, Ake Svensson, Laura K. Thompson, James R. Verrier and James L. Wainscott.

Among other things, our Board of Directors does not consider a Director to be independent unless it affirmatively determines that the Director has no material relationship with us either directly or as a partner, shareholder or officer of an organization that has a relationship with us. Our Board of Directors annually reviews and determines which of its members are independent based on the applicable independence standards of the New York Stock Exchange and our Independence Standards for Directors. During such review, our Board of Directors broadly considers all facts and circumstances which it deems relevant, including any commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships between us and any of our Directors.

In fiscal year 2020, after considering the facts and circumstances applicable to each Director, our Board of Directors determined that Mr. Lobo served as an executive officer of a company that has an existing customer relationship with us, and that such relationship required further analysis to confirm his independence. Our Board of Directors further analyzed this relationship and found that Mr. Lobo does not receive any direct or indirect personal benefits as a result of this relationship, and that the amount paid to or by us under such relationship fell significantly below the threshold for independence provided in the applicable independence standards of the New York Stock Exchange and our Independence Standards for Directors. Based on such further analysis, our Board of Directors affirmatively concluded that Mr. Lobo is independent.

CURRENT LEADERSHIP STRUCTURE

Our Board of Directors currently employs a “dual leadership” structure. We have a Lead Director who is also the Chair of the Corporate Governance and Nominating Committee, and a Chairman of the Board, who is our Chief Executive Officer. Our Lead Director is elected solely by the independent members of our Board of Directors and holds a position separate and independent from our Chairman of the Board. Our Corporate Governance Guidelines provide that the Chair of the Corporate Governance and Nominating Committee will serve as our Lead Director and that the Chair of the Corporate Governance and Nominating Committee is elected every five years.

The specific authorities, duties and responsibilities of our Lead Director are described in our Corporate Governance Guidelines. Among other things, our Lead Director presides over and supervises the conduct of all meetings of our independent Directors, calls meetings of our independent Directors, and prepares and approves all agendas and schedules for meetings of our Board.

Our Board believes that having a Lead Director who is elected by our independent Directors ensures that our Board will at all times have an independent Director in a leadership position. At the same time, our Board of Directors believes that it is important to maintain flexibility in its leadership structure to allow for a member of management to serve in a leadership position alongside the Lead Director if our Board of Directors determines that such a leadership structure best meets the needs of our Board, our business, our team members and our shareholders.

Our Board has determined that this leadership structure is currently more efficient and effective than a structure which employs a single, independent Chairman of the Board. Our Board of Directors views this structure as one that ensures both independence in leadership and a balance of knowledge, power and authority. For example, our leadership structure employs both a Chairman of the Board who is also our Chief Executive Officer and who possesses an intimate, working knowledge of our day-to-day business, plans, strategies and initiatives, and a Lead Director who has a strong working relationship with our non-management, independent Directors. These two individuals combine their unique knowledge and perspectives to ensure that management and our independent Directors work together as effectively as possible. Among other things, our Chairman of the Board ensures that our Board addresses strategic issues that management considers critical, while our Lead Director ensures that our Board addresses strategic issues that our independent Directors consider critical.

Our Board recognizes, however, that no single leadership model may always be appropriate. Accordingly, our Board of Directors regularly reviews its leadership structure to ensure that it continues to represent the most efficient and effective structure for our Board of Directors, our business, our team members and our shareholders.

DIRECTOR SELECTION AND NOMINATION, QUALIFICATIONS AND DIVERSITY

The Corporate Governance and Nominating Committee of our Board is responsible for identifying, evaluating and recommending potential Director candidates. The Corporate Governance and Nominating Committee ensures that Director recruiting, succession and refreshment are persistent areas of focus and regularly reviews the size, composition and independence of our Board, and any expected vacancies, in determining whether and to what extent to actively recruit new Directors or to replace departing Directors.

The Corporate Governance and Nominating Committee utilizes a variety of methods and processes to identify potential Director candidates, including through reputable third-party search firms, unsolicited recommendations from other third-party search firms, and referrals from current or past members of our Board. In addition, the Corporate Governance and Nominating Committee will give appropriate consideration to qualified persons recommended by shareholders for nomination as Directors (provided that such recommendations comply with the procedures set forth under the caption “Shareholder Recommendations for Director Nominees”) and will consider

CORPORATE GOVERNANCE

such candidates on the same basis as candidates recommended by other sources. The Corporate Governance and Nominating Committee generally will not, however, consider recommendations for Director nominees submitted by individuals who are not affiliated with us.

The Corporate Governance and Nominating Committee has developed and implemented a robust process to ensure that its formal Director searches are appropriately scoped and designed to produce a slate of potential candidates representing a broad range of backgrounds, educations, experiences, skills and viewpoints that will enable them, individually and collectively, to address the issues affecting our Board, our business, our team members and our shareholders, and optimize the functioning and decision-making and oversight roles of our Board and its Committees. The Corporate Governance and Nominating Committee currently focuses on the following key search and evaluation criteria, but considers the entirety of each proposed candidate’s credentials and all available information that may be relevant to each candidate’s nomination.

Key Criteria	Overall Philosophy and Approach
Culture and Values	The Corporate Governance and Nominating Committee places high value on cultural fit. Our Directors must be able to work together to oversee efficiently and effectively the issues and risks facing our business, and have the commitment, integrity, honesty, judgment and professionalism required under our Corporate Governance Guidelines and Global Code of Business Conduct, and to otherwise serve the long-term interests of our Board of Directors, our business, our team members and our shareholders.
Diversity	The Corporate Governance and Nominating Committee firmly believes diversity is critical to a well-functioning Board of Directors, and is committed to enhancing diversity on our Board. As a result, our Corporate Governance Guidelines require each search for qualified director candidates to include individuals with diverse backgrounds, including gender, ethnicity and race. In our most recently completed Director search, for example, a majority of the candidates presented for consideration were diverse candidates and the search ultimately resulted in the election of a female Director.
Skills and Qualifications	The Corporate Governance and Nominating Committee also believes it is essential to have a Board with the range of skills and experience needed to effectively evaluate, monitor and oversee the wide range of considerations presented by the size and scope of our Company, operations, products and markets. As a result, the Corporate Governance and Nominating Committee seeks to identify nominees who are well equipped with a broad set of key skills, including the following: <ul style="list-style-type: none"> • current or recent service as a Chief Executive Officer, Chief Operating Officer or Chief Financial Officer, or other senior leadership positions at publicly-traded companies; • significant experience in corporate strategy, manufacturing, sales and marketing, industrial business, aerospace business, international business, finance and accounting, technology and digital applications, and other key areas; • ability to effectively evaluate, monitor and oversee the most critical risks facing our business; and • independence under the applicable independence standards of the New York Stock Exchange and our Independence Standards for Directors.

Following its initial screening and evaluations, the Corporate Governance and Nominating Committee may seek additional information regarding, and may request interviews with any candidate it wishes to further pursue.

Based on all information reviewed and interviews conducted, the Corporate Governance and Nominating Committee collectively determines whether to recommend the candidate to our entire Board of Directors.

The Corporate Governance and Nominating Committee, utilizing its robust and thoughtful approach to Director recruiting, succession and refreshment, has built an experienced, diverse and independent Board that provides significant oversight over our plans and strategies for growth, financial performance and shareholder value creation.

RISK MANAGEMENT

Management and our Board of Directors and its Committees are collectively engaged in identifying, overseeing, evaluating and managing the material risks facing our business to ensure that our strategies and objectives work to minimize such risks. Our Board of Directors has the ultimate responsibility to monitor the risks facing our business. Among other things, our Board of Directors reviews and discusses in detail, at least annually, our corporate strategy and annual operating plan, which covers significant strategic topics such as our key markets, operational priorities under The Win Strategy™, strategic positioning, financial and operational outlooks, capital allocation, balance sheet strength, debt portfolio and positions, share repurchase activity, and dividend history and strategies. Our Board also maintains regular oversight of other key risk areas such as management succession planning, cyber security, enterprise risk management, and environmental, social and governance matters.

Various members of our management are responsible for our day-to-day risk management activities, including members of our Human Resources, Internal Audit and Compliance, Legal, Tax, Risk Management, Treasury, Finance, and Information Technology departments, and our internal Cyber Security Committee. Those individuals are charged with identifying, overseeing, evaluating and managing risks in their areas of responsibility and for ensuring that any significant risks are addressed with our Board or the appropriate Board Committees. The Committees of our Board of Directors are each responsible for the various areas of risk oversight as described in the "Committees of our Board of Directors" section of this Proxy Statement. Management and the Chair of the applicable Committee ensure that any significant risks are reported to and addressed with the entire Board of Directors. Our Lead Director and the other Committee Chairs ensure that risk management is a recurring agenda item for meetings of our Board and its Committees.

Management and our Board of Directors and its Committees also engage outside advisors where appropriate to assist in the identification, oversight, evaluation and management of the risks facing our business. These outside advisors include our independent registered public accounting firm, external legal counsel and insurance providers, and the independent executive and non-employee Director compensation consultant retained by the Human Resources and Compensation Committee.

Our Board believes that its current level of independence, leadership structure and qualifications and diversity of its members facilitate the effective identification, oversight, evaluation and management of risk. Our Lead Director meets regularly with our other independent Directors without management to discuss current and potential risks and the means of mitigating those risks, and has the authority to direct and evaluate our risk management efforts.

Management and our Board of Directors and its Committees view the risk management role of our Board of Directors and its Committees, and their relationship with management in the identification, oversight, evaluation and management of risk, as paramount to the short-term viability and long-term sustainability of our business.

COMMITTEES OF OUR BOARD OF DIRECTORS

BOARD COMMITTEES; COMMITTEE CHARTERS

Our Board has established and delegated certain authorities and responsibilities to three committees: the Human Resources and Compensation Committee, the Corporate Governance and Nominating Committee, and the Audit Committee. Each Committee of our Board is governed by a written charter which is posted and available on the Corporate Governance page of our investor relations website at www.phstock.com. Shareholders may request copies of these charters, free of charge, by writing to Parker-Hannifin Corporation, 6035 Parkland Boulevard, Cleveland, Ohio 44124-4141, Attention: Secretary, or by calling (216) 896-3000.

All members of each Committee are independent under the listing standards of the New York Stock Exchange as well as our Independence Standards for Directors. Each Committee regularly reports its activities to the full Board of Directors.

Information about the respective Committee memberships and number of meetings is reflected in the following table:

Directors	Human Resources and Compensation	Corporate Governance and Nominating	Audit
Robert G. Bohn (ACFE)	◆		◆
Linda A. Harty (ACFE)		◆	CHAIR
Kevin A. Lobo (ACFE)	◆		◆
Candy M. Obourn	◆	◆	
Joseph Scaminace	CHAIR	◆	
Ake Svensson		◆	◆
Laura K. Thompson (ACFE)		◆	◆
James R. Verrier	◆		◆
James L. Wainscott	◆	CHAIR	
Fiscal Year 2020 Meetings	6	2	6

Our Board of Directors has determined that each of Linda A. Harty, the Chair of the Audit Committee, and Robert G. Bohn, Kevin A. Lobo and Laura K. Thompson are audit committee financial experts (designated in the above table as (ACFE)) as defined in the federal securities laws.

Each of our Committees works with the applicable members of our Human Resources, Internal Audit and Compliance, Legal, Tax, Risk Management, Treasury, Finance, and Information Technology departments and other management personnel to oversee and evaluate risks relevant to each Committee.

THE HUMAN RESOURCES AND COMPENSATION COMMITTEE

The Human Resources and Compensation Committee oversees the administration, structure and determination of our executive compensation program. In addition, the Human Resources and Compensation Committee works with its independent executive compensation consultant and our human resources, legal and other management personnel to oversee and evaluate risks arising from and relating to our compensation policies and practices for all team members, our succession planning and talent development strategies and initiatives, and other human resources issues facing our business.

In particular, the Human Resources and Compensation Committee monitors any significant existing or potential risks arising from our compensation policies and practices for all team members through its oversight of an annual compensation risk review conducted by management and the Human Resources and Compensation Committee's independent executive compensation consultant. The results of this review are evaluated and discussed among management, the Human Resources and Compensation Committee and its independent executive compensation consultant and, if any significant risks are identified, the full Board of Directors. Based on the review conducted during fiscal year 2020, we believe that our current compensation policies and practices are designed to mitigate risks

related to compensation, and such policies and practices are not reasonably likely to have a material adverse effect on our business.

The annual compensation risk review begins with a global assessment of any plans or programs that could potentially encourage excessive risk-taking or otherwise present significant risks to our business. The review also takes into account our individual business units to determine whether any of them carries a significant portion of our risk profile, structures compensation significantly different than others or is significantly more profitable than others.

The review then evaluates whether the applicable plans and programs are likely to encourage excessive risk-taking or detrimental behavior, vary significantly from our risk-reward structure, or otherwise present significant risks to our business.

During our fiscal year 2020 compensation risk review, we also identified and evaluated various mechanisms that we currently have in place that may serve to mitigate any existing or potential risks arising from our compensation policies and practices, including the following:

- our executive officers and other management-level team members are compensated with a mix of annual and long-term incentives, fixed and at-risk compensation, cash and multiple forms of equity compensation;
- compensation packages gradually become more focused on long-term, at-risk and equity compensation as our team members ascend to and through management-level positions;
- our global compensation plans and programs generally utilize the same or substantially similar performance measures;
- we use multiple performance measures to determine payout levels under certain elements of incentive compensation and different performance measures for our annual incentives as compared to our long-term incentives;
- the performance of our team members is not evaluated or measured based solely on changes in our stock price;
- our incentive compensation programs generally limit payouts to a specified maximum, while those that do not are mitigated by other factors (e.g., stock appreciation rights are mitigated by long-term vesting periods and stock ownership guidelines);
- we do not offer “guaranteed” bonuses and all of our incentive compensation elements carry downside risk for participants;
- our executive officers are subject to specific stock ownership guidelines, a “claw back” policy and provisions requiring forfeiture of certain elements of incentive compensation under certain circumstances;
- our compensation packages, including severance packages and supplemental pensions, are within market ranges;
- the Human Resources and Compensation Committee has the discretion to assess the quality of our results in relation to our various performance measures and the risks taken to attain those results in approving final incentive payouts;
- our decentralized organizational structure lessens the impact of any excessive risks taken by individual business units or operating groups; and
- our team members are evaluated, measured and assessed based on their compliance with our Global Code of Business Conduct and other internal policies and controls, and the extent to which they act in the best interests of our business and our shareholders.

COMMITTEES OF OUR BOARD OF DIRECTORS

During the annual compensation risk review, we also consider whether any changes to our compensation plans and programs may be necessary to further mitigate risk. The Human Resources and Compensation Committee did not make any changes to our compensation plans and programs based on the results of our fiscal year 2020 review.

THE CORPORATE GOVERNANCE AND NOMINATING COMMITTEE

Among other things, the Corporate Governance and Nominating Committee is responsible for evaluating and recommending to our Board of Directors qualified nominees for election as Directors and qualified Directors for Committee membership, establishing evaluation procedures for the performance of our Board of Directors and its Committees, developing corporate governance guidelines and independence standards, and considering other matters regarding our corporate governance structure. In addition, the Corporate Governance and Nominating Committee works with our legal and other management personnel to oversee and evaluate:

- Director independence, qualifications and diversity issues;
- Board of Directors and Committee leadership, composition, function and effectiveness;
- alignment of the interests of our shareholders with the performance of our Board of Directors;
- compliance with applicable corporate governance rules and standards; and
- other corporate governance issues and trends.

THE AUDIT COMMITTEE

The Audit Committee of our Board of Directors is our standing audit committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934. Each member of our Audit Committee is independent, as defined in our Independence Standards for Directors and in compliance with the independence standards applicable to audit committee members under the New York Stock Exchange listing standards and under the federal securities laws.

Among other things, the Audit Committee is responsible for appointing, compensating, retaining, and overseeing our independent registered public accounting firm and evaluating its independence, approving all audit and non-audit engagements with our independent registered public accounting firm, and reviewing our annual and quarterly financial statements, internal and independent audit plans, the results of such audits and the adequacy of our internal control structure.

In addition, the Audit Committee works with our internal audit and compliance, legal, tax, treasury and finance departments and other management personnel to oversee and evaluate risks, including major financial, tax, strategic, and operational risk exposures and risks related to compliance with legal and regulatory requirements, and significant litigation and claims.

The Audit Committee also meets privately at each of its meetings with representatives from our independent registered public accounting firm and our Vice President—Audit, Compliance and Enterprise Risk Management.

OTHER GOVERNANCE MATTERS

REVIEW AND APPROVAL OF TRANSACTIONS WITH RELATED PERSONS

The Corporate Governance and Nominating Committee is responsible for considering questions of possible conflicts of interest of Directors and executive officers and for making recommendations to prevent, minimize or eliminate such conflicts of interest. Our Global Code of Business Conduct provides that our Directors, officers, and other team members and their spouses and other close family members must avoid interests or activities that create any actual or potential conflict of interest. These restrictions cover, among other things, interests or activities that result in receipt of improper personal benefits by any person as a result of his or her position as our Director, officer, or other team member or as a spouse or other close family member of any of our Directors, officers or other team members. Our Global Code of Business Conduct also requires our Directors, officers and other team members to promptly disclose any potential conflicts of interest to our Corporate Compliance Office. We also require that each of our executive officers and Directors complete a detailed annual questionnaire that requires, among other things, disclosure of any transactions with a related person meeting the minimum threshold for disclosure under the relevant U.S. Securities and Exchange Commission, or SEC, rules. All responses to the annual questionnaires are reviewed and analyzed by our legal counsel and, as necessary or appropriate, presented to the Corporate Governance and Nominating Committee for analysis, consideration and, if appropriate, approval.

The Corporate Governance and Nominating Committee will consider the following in determining if any transaction with a related person or party should be approved, ratified or rejected:

- the nature of the related person's interest in the transaction;
- the material terms of the transaction;
- the importance of the transaction to the related person and to us;
- whether the transaction would impair the judgment or the exercise of the fiduciary obligations of any Director or executive officer;
- the possible alternatives to entering into the transaction;
- whether the transaction is on terms comparable to those available to third parties; and
- the potential for an actual or apparent conflict of interest.

During fiscal year 2020, we reviewed the annual questionnaires and determined that no related-party transactions exist. This review included a detailed evaluation of the transactions reviewed and analyzed by our Board of Directors in determining Director independence as described in the "Director Independence" section of this Proxy Statement. Based on management's review and analysis, no actual or potential related-party transactions were presented to the Corporate Governance and Nominating Committee for analysis, consideration or approval.

DELINQUENT SECTION 16(a) REPORTS

Section 16(a) of the Securities Exchange Act of 1934 requires our executive officers, Directors and beneficial owners of more than 10% of our Common Shares to file initial stock ownership reports and reports of changes in ownership with the SEC. Based solely on a review of these reports, as filed electronically with the SEC during fiscal year 2020, and upon written representations from our executive officers and Directors, we believe that all Directors, Officers and 10% or greater beneficial owners complied with all such filing requirements for fiscal year 2020, except that due to administrative error (i) a late Form 4 was filed for Ms. Suever with respect to an acquisition and sale of shares upon the exercise of stock appreciation rights, (ii) two late Forms 4 were filed for Ms. Suever with respect to the withholding of shares for payment of taxes in connection with two separate restricted stock unit vestings in 2020, and (iii) a late Form 4 was filed for Mr. Svensson with respect to the withholding of shares for payment of taxes in connection with restricted stock units vesting in fiscal year 2020.

PROXY ACCESS

In 2018, our Shareholders approved an amendment to our Code of Regulations (subsequently restated and named Amended and Restated Regulations) to permit a shareholder, or a group of up to twenty shareholders, owning three percent or more of the Company's outstanding shares of Common Stock continuously for at least three years to nominate and include the Company's annual meeting proxy materials a number of director nominees up to a greater of (x) two, or (y) twenty percent of the Board, provided that the shareholder(s) and nominee(s) satisfy the requirements specified in the Amended and Restated Regulations.

OTHER GOVERNANCE MATTERS

“CLAW BACK” POLICY

Our Board of Directors maintains a “claw back” policy which allows us to recover or withhold any Target Incentive Bonuses, General RONA Bonuses, Converted RONA Bonuses or LTIP Awards which are paid or payable to an executive officer if:

- payment, grant or vesting was based on the achievement of financial results that were subsequently the subject of a restatement of any of our financial statements filed with the SEC;
- our Board of Directors determines in its sole discretion that the fraud or misconduct of the executive officer caused or contributed to the need for the restatement;
- the amount that would have been paid or payable to the executive officer would have been less if the financial results had been properly reported; and
- our Board of Directors determines in its sole discretion that it is in our best interests and in the best interests of our shareholders to require the executive officer to repay or forfeit all or any portion of the amount paid or payable.

STOCK OWNERSHIP GUIDELINES

In 2019, our Board of Directors approved amended stock ownership guidelines to further align the financial interests of our executive officers and Directors with those of our shareholders by encouraging the accumulation and retention of our common stock by our Directors and executive officers. The current guidelines for our Directors and executive officers are as follows:

Participants	Guidelines
Chairman and Chief Executive Officer President and Chief Operating Officer Executive or Senior Vice Presidents Other executive officers Non-Management Directors	Six times annual base salary Four times annual base salary Three times annual base salary Two times annual base salary Five times annual retainer

The recommended time period for achieving compliance with the guidelines is five years from election or appointment to the position that is subject to the guidelines. The Human Resources and Compensation Committee reviews share ownership information with the Chief Executive Officer in August of each year to ensure compliance with the guidelines. As of June 30, 2020, all executive officers and Directors in their positions for at least five years were in compliance with the guidelines.

STOCK OWNERSHIP RESTRICTIONS - SPECULATIVE TRANSACTIONS / HEDGING

We maintain an insider trading policy that applies to all of our Directors, officers, other team members and consultants. The insider trading policy prohibits those covered by the policy from engaging in speculative transactions with respect to Company securities that could lead to inadvertent violations of securities laws, such as short sales and acquiring exchange-traded options (including puts, calls and other derivatives). Furthermore, the insider trading policy prohibits certain arrangements that could result in sales or transfers of Company securities without the covered person’s consent at times at which he or she is not permitted to trade in Company securities, including holding Company securities in margin accounts or pledging them as collateral.

The insider trading policy also prohibits those covered by the policy from entering into hedging or monetization transactions (such as zero-cost collars and forward sale contracts) with respect to Company securities, because such transactions may provide ownership of Company securities without the full risks and rewards of such ownership.

COMPENSATION DISCUSSION AND ANALYSIS

EXECUTIVE SUMMARY—FISCAL YEAR 2020

Objectives and Philosophies of the Executive Compensation Program

The Win Strategy™ has been the foundation of our business and has represented the unified strategic vision of our team members worldwide since it was first introduced in 2001. The Win Strategy defines the key goals, operational priorities and metrics used to profitably grow our business. We are confident that our continuing focus on The Win Strategy maximizes long-term shareholder value by helping us realize our goal of top-quartile performance among our competitors and peers and steady appreciation of our stock price.

The Win Strategy also provides the means by which we measure and reward success. In fact, the objective of our executive compensation program is to encourage and reward performance that implements the strategies and advances the goals of The Win Strategy. The program is designed to:

- align the financial interests of our executive officers and our shareholders by encouraging and rewarding our executive officers for performance that achieves or exceeds significant financial and operational performance goals and by holding them accountable for results;
- encourage and reward our executive officers for experience, expertise, level of responsibility, continuity of leadership, leadership qualities, advancement, individual accomplishment and other significant contributions to the enhancement of shareholder value and to the success of our business;
- provide market competitive compensation to attract, retain and motivate highly-talented and ethical individuals at all levels who are focused on the long-term success of our business and who are equipped, motivated and poised to lead and manage our business presently and in the future;
- promote accountability by providing executive officers a mix of cash and equity compensation, allocating a greater proportion of the compensation for executive officers, as compared to other team members, to elements that are dependent on the performance of our business; and
- maintain a level of flexibility sufficient to adjust for trends and changes in the continuously evolving global business and regulatory environment.

Categories and Elements of Executive Compensation

Our executive compensation program covers all compensation paid to our executive officers. Our executive officers include, among others, our Chief Executive Officer, our Chief Financial Officer and our three other most highly compensated executive officers identified in the Summary Compensation Table for Fiscal Year 2020, which we refer to as the Named Executive Officers.

Our executive compensation program offers the categories and elements of compensation identified in the following table. Each element of compensation is more specifically defined and described in the “Elements of Executive Compensation” section beginning on the page indicated in the table.

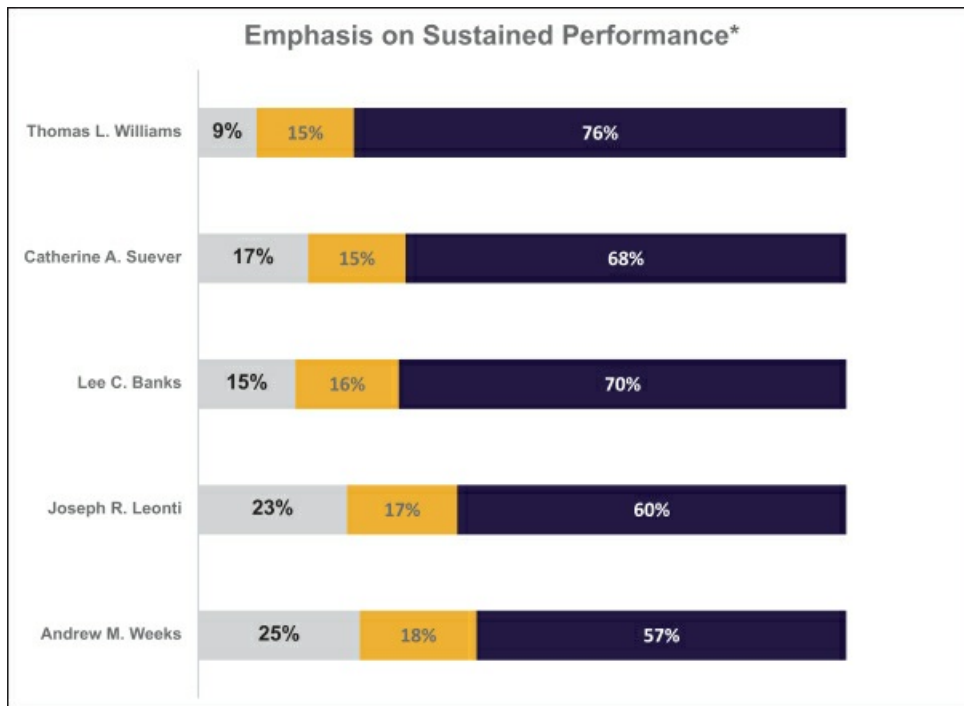
Category of Compensation	Element(s) of Compensation	Defined/Described Beginning on:
Base Salaries	Base Salaries	Page 32
Annual Cash Incentive Compensation	Target Incentive Bonuses General RONA Bonuses Converted RONA Bonuses PGI Plan	Page 33 Page 35 Page 35 Page 37
Long-Term Incentive Compensation	LTIP Awards Stock Incentives	Page 38 Page 40
Employee Benefits	Various	Page 41
Executive Perquisites	Various	Page 46

COMPENSATION DISCUSSION AND ANALYSIS

“Pay-for-Performance” —Structure, Key Financial Metrics and Impact on Compensation

Our executive compensation program is structured to ensure that a significant portion of the compensation for executive officers is dependent upon the performance of our business. This “pay-for-performance” structure drives the program to achieve its objective to encourage and reward performance that implements the strategies and advances the goals of The Win Strategy. Our program is also structured to ensure that the compensation for our executive officers is not overly weighted toward annual cash incentive compensation and does not otherwise have the potential to threaten long-term shareholder value by promoting unnecessary or excessive risk-taking by our executive officers. The “Allocation of Executive Compensation” section describes our policies and practices for allocating executive compensation among the various categories and elements.

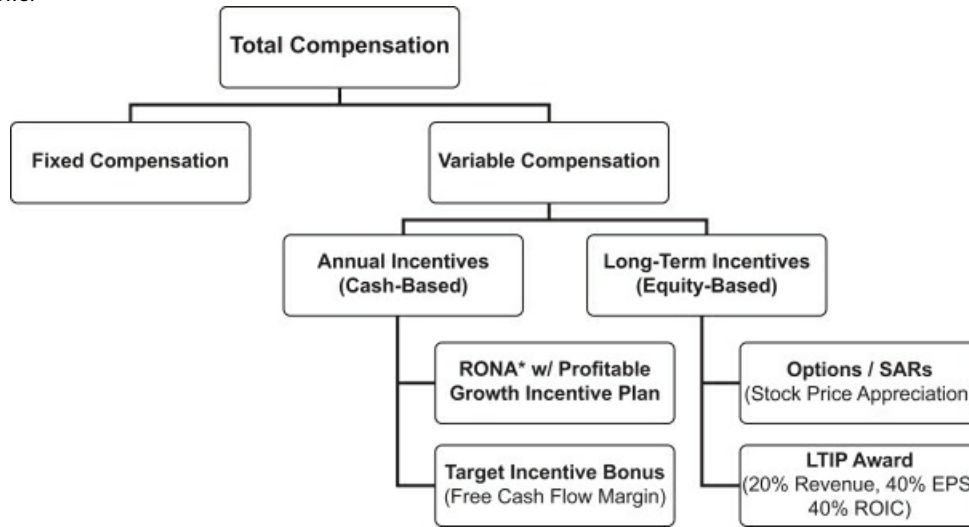
To illustrate, the following chart shows the mix of fixed and at-risk annual and long-term cash and equity compensation represented by base salaries and the elements of annual cash incentive compensation and long-term incentive compensation for the Named Executive Officers for fiscal year 2020. The percentages of total target compensation reflected in this chart were calculated using each Named Executive Officer’s fiscal year 2020 base salary (as set in August 2019 without accounting for base salary reductions that were applicable in the fourth quarter of fiscal year 2020 in response to the economic downturn and COVID-19), target annual cash incentive compensation and target long-term incentive compensation.



* Rounded to the nearest percentage point.

- Fixed Compensation: Base Salary (Annual Cash)
- At-Risk Compensation: Target Incentive and RONA (General and Converted)
- At-Risk Compensation: Target LTIP Awards and Target Stock Incentives (Long Term/Equity)

The “Elements of Executive Compensation” section provides detailed discussion and analysis regarding how each element of compensation encourages and rewards performance that implements the strategies and advances the goals of The Win Strategy. Our compensation structure includes both fixed and at-risk compensation comprised of various cash and equity elements, which is structured generally as follows:



* General RONA and Converted RONA, which are based on our return on net assets.

We provide base salaries, employee benefits and executive perquisites primarily to ensure that our executive compensation program remains competitive to attract, retain and motivate the individuals needed to implement and advance our strategies and goals. In addition, as illustrated in the following table, we provide each element of annual cash incentive compensation and each element of long-term incentive compensation primarily to encourage and reward performance that implements and advances The Win Strategy, in particular, our strategies and goals relating to financial performance and profitable growth, aligning such elements with our performance in certain key financial metrics that we use to measure the overall performance of our business.

COMPENSATION DISCUSSION AND ANALYSIS

The following table shows the behaviors, key financial metrics and fiscal year 2020 results driven by each element of at-risk compensation provided to the Named Executive Officers.

At-Risk Compensation	Element of Compensation	Encourages executive officers to maximize:	By focusing on various key business strategies, such as:	Fiscal year 2020 results:	Annual Cash Incentive
	RONA Bonuses (General and Converted) (cash)	return on net assets	value pricing and strategic supply chain, market-driven innovation, system solutions and strong distribution channels	Our return on consolidated net assets was 14.0%.	
	Target Incentive Bonuses (cash)	free cash flow	continuous improvement in net income, lean initiatives, inventory controls, collection of receivables, control of payables and capital expenditures, and the ability to finance dividends, acquisitions and product innovations	Our operating cash flows were \$2.071 billion or 15.12% of sales, resulting in a free cash flow margin of 13.42%.*	
	Profitable Growth Incentive Plan** (cash)	sales growth (organic and through acquisitions)	profitable and sustainable sales growth	The Profitable Growth Incentive Plan multiplier was applied to Mr. Weeks' General RONA Bonus, increasing his General RONA Bonus payout by approximately 16.96%.	Long-Term Incentive
	LTIP Awards (equity)	long-term sales growth, earnings per share growth, and growth in average return on invested capital	market-driven innovation, on-time delivery of quality products, value-added services and systems, strategic supply chain, lean enterprise, value pricing and profitable growth	Our results for average return on invested capital were between the median and top quartile performance levels, and our results for revenue growth and earnings per share growth were at top quartile, resulting in a payout at 182.21% of target.	
Stock Incentives/ Stock Appreciation Rights (SARs) (equity)	our stock price	sustained profitable growth and financial and operational performance that contribute to appreciation of our stock price	Our average daily closing per share stock price for was \$176.54 in fiscal year 2020, as compared to \$167.99 in fiscal year 2019.		

* Free cash flow margin is calculated as disclosed on page 33.

** Officer participation on our Profitable Growth Incentive Plan is limited to our operating group presidents; as such, Mr. Weeks (Vice President and President—Engineered Materials Group) is the only Named Executive Officer who was eligible for the Profitable Growth Incentive Plan in fiscal year 2020.

ADMINISTRATION, OVERSIGHT AND DETERMINATION OF EXECUTIVE COMPENSATION

The Human Resources and Compensation Committee

The Human Resources and Compensation Committee, which we refer to in this Compensation Discussion and Analysis as the Committee, consists solely of independent Directors and has various duties and responsibilities with respect to the administration, oversight and determination of executive compensation. As described in the Committee's Charter, which is posted and available on the Corporate Governance page of our investor relations website at www.phstock.com, these duties and responsibilities include:

- establishing our executive compensation program and philosophies and overseeing their development and implementation;
- reviewing and approving the performance and compensation of our Chief Executive Officer and other executive officers; and
- performing other duties and responsibilities assigned by our Board of Directors.

The Committee also retains the discretion to authorize periodic compensation adjustments due to promotions or increases in the responsibilities of our executive officers.

In fulfilling its duties and responsibilities, the Committee seeks periodic input, advice and recommendations from various sources, including our Board of Directors, our executive officers and the Committee's independent executive compensation consultant. The Committee is not bound by that input or advice or those recommendations. The Committee at all times exercises independent discretion in its executive compensation decisions.

Board of Directors

Our Board of Directors approves all incentive compensation plans and equity-based plans reviewed and recommended by the Committee and all other plans and programs which, by their terms, require approval of our Board. Our Board does not authorize or approve any other specific executive compensation matters. Our Board of Directors oversees the Committee's activities and performance, including the identification, evaluation and monitoring of risks arising from our compensation policies and practices, and reviews all material information relating to executive compensation matters approved by the Committee. This oversight ensures that the Committee fulfills its duties and responsibilities and that the executive compensation program is reasonable and appropriate, meets its objectives and effectively serves the interests of our business and our shareholders.

Executive Officers

Our executive officers also play a role in the administration, oversight and determination of executive compensation. At the beginning of each fiscal year, each executive officer sets annual performance goals for his or her direct reports, which may include other executive officers. The performance goals are designed to promote individual performance consistent with the strategies and goals of The Win Strategy. Throughout the fiscal year, each executive officer's performance is reviewed and evaluated against his or her performance goals. At the end of the fiscal year, each executive officer conducts a final performance review for each of his or her direct reports. Based on those reviews, our executive officers, other than our Chief Executive Officer, recommend any annual compensation adjustments and awards for their executive officer direct reports to our Chief Executive Officer.

Our Chief Executive Officer similarly reviews and evaluates his direct reports, which include each of the other Named Executive Officers except for Mr. Weeks who is reviewed and evaluated by Mr. Banks. Our Chief Executive Officer also reviews and evaluates the recommendations made with respect to all of our other executive officers and makes any modifications that he deems appropriate. Our Chief Executive Officer then recommends to the Committee annual compensation adjustments and awards for all of our executive officers other than himself.

Our Chief Executive Officer, our Chief Operating Officer, our Executive Vice President—Human Resources & External Affairs and our Secretary attend all meetings of the Committee other than executive sessions, and neither our Chief Executive Officer nor our Chief Operating Officer attends any meetings relating to his performance or compensation. Our executive officers prepare and provide to the Committee performance summaries for certain executive officers, which are used by the Committee to understand and measure the performance and effectiveness of our annual cash incentive compensation and long-term incentive compensation. Our executive

COMPENSATION DISCUSSION AND ANALYSIS

officers also periodically consult with and assist the Committee in calculating incentive compensation payouts, establishing and monitoring performance goals and addressing other appropriate executive compensation matters.

COMPENSATION CONSULTANTS AND BENCHMARKING

The Committee regularly monitors, reviews and evaluates our executive compensation program to ensure that it provides reasonable compensation ranges at competitive, appropriate and effective levels. The Committee engages Mercer Human Resource Consulting, an independent human resources and compensation consulting firm, which we refer to as Mercer, to assist the Committee in its monitoring, review and evaluation responsibilities, and to otherwise provide assistance and guidance to the Committee on executive officer and Director compensation matters. Mercer is a wholly owned subsidiary of Marsh & McLennan Companies, Inc. The Committee first engaged Mercer in fiscal year 2009 following a robust procurement process involving multiple consulting firms. The Committee selected Mercer based on its level of expertise and financial and strategic fit. Mercer reports directly to the Committee and attends all meetings of the Committee. The Committee has sole authority for the appointment, removal, replacement, compensation and oversight of Mercer and its affiliates for executive officer and Director compensation matters.

Mercer provides a wide range of executive officer and Director compensation consulting services for the Committee. Mercer prepares and provides to the Committee a comprehensive annual review of base salaries, target annual cash incentive compensation, target long-term incentive compensation and target total cash and direct compensation for all of our executive officers. Mercer uses this annual review to advise the Committee with respect to the effectiveness and competitiveness of our executive compensation program. The Committee considers this annual review when establishing compensation levels and otherwise to ensure that our executive compensation program remains competitive and effective.

Mercer uses proxy statement data and surveys published by leading human resources and compensation consultants to conduct market analyses of base salaries, target annual bonuses, target long-term incentive compensation and target total cash and direct compensation offered to executives of other diversified industrial companies with revenues and market values comparable to ours, which we refer to as the Peer Group or Peer Group companies. Mercer also uses broader market data on companies outside of the Peer Group to the extent that it is available and appropriate.

The Committee regularly reviews and, when necessary or advisable, updates the Peer Group to make sure it consists of companies that directly compete with us for talented team members and shareholder investment, and it otherwise represents a meaningful group of peers. In evaluating the Peer Group companies, the Committee looks for companies in the Diversified Industrials sector with characteristics and business strategies similar to ours. Except for Ingersoll Rand plc, which is now Trane Technologies plc after completing its Reverse Morris Trust transaction in March 2020, the Peer Group companies for fiscal year 2020 remained the same as fiscal year 2019 and consisted of the following companies:

Peer Group Companies		
<ul style="list-style-type: none"> • Caterpillar Inc. • Colfax Corporation • Cummins Inc. • Danaher Corporation • Deere & Company • Dover Corporation 	<ul style="list-style-type: none"> • Eaton Corporation plc • Emerson Electric Co. • Flowserve Corporation • Fortive Corporation • Honeywell International Inc. • Illinois Tool Works Inc. 	<ul style="list-style-type: none"> • ITT Inc. • Johnson Controls International plc • Rockwell Automation, Inc. • SPX FLOW, Inc. • Textron Inc. • Trane Technologies plc

Mercer also provided other compensation consulting services to the Committee during fiscal year 2020, including:

- preparing for and participating in the Committee's meetings and conference calls, including advance and subsequent meetings with the chair of the Committee and senior management;
- conducting a pay-for-performance review to evaluate the level of alignment between our executive compensation program and performance levels relative to our Peer Group companies;
- preparing and providing to the Committee a comprehensive review of compensation provided to our non-management Directors;

- assessing our free-cash flow performance versus peers over a one, three and five-year period;
- working with management to conduct the annual compensation risk review; and
- periodically assisting management on other select executive compensation topics.

In fiscal year 2020, we paid \$189,459 in fees, administrative charges, out-of-pocket expenses and other costs to Mercer for executive officer and Director compensation consulting services provided to the Committee.

We also directly engage Marsh & McLennan Companies, Inc. and its affiliates (including Mercer) in the ordinary course of business, without the approval of our Board of Directors or the Committee, to provide services in areas other than executive officer and Director compensation. These additional services included:

- consulting services regarding life insurance, prescription drug and other benefits programs for our team members generally;
- consulting services regarding investment options available under our benefit plans for our team members generally;
- providing benchmarking surveys for information on compensation and benefits for our team members generally; and
- providing services as an insurance broker.

In fiscal year 2020, we paid \$874,776 in fees, administrative charges, commissions, out-of-pocket expenses and other costs to Marsh & McLennan Companies, Inc. and its affiliates (including Mercer) for these additional services. The majority of these fees were not paid pursuant to engagements of Marsh & McLennan Companies, Inc. by management, but were rather either paid by our third-party administrators to Marsh & McLennan Companies, Inc. relating to risk insurance and for insurance and prescription drug services provided under our team member health and welfare plans, or were direct engagements with Marsh & McLennan Companies, Inc. made by various divisions worldwide for market surveys related to those particular divisions. The consolidated revenues of Marsh & McLennan Companies, Inc. were \$16.652 billion as reported in its Annual Report on Form 10-K for the fiscal year ended December 31, 2019.

The Committee has considered and assessed all relevant factors, including but not limited to those set forth in Rule 10C-1 (b)(4)(i) through (vi) under the Securities Exchange Act of 1934, that could give rise to a potential conflict of interest with respect to Mercer. Based on this review, we are not aware of any conflict of interest that has been raised by the work performed by Mercer. The Committee also periodically reviews the relationship with Mercer to determine whether sufficient internal safeguards are in place to ensure that Mercer provides services to the Committee independent of any influence from management. The Committee identified the following safeguards:

- Mercer reports directly to the Committee and not to management on executive officer and Director compensation matters;
- at each Committee meeting, Mercer and the Committee meet in executive session without members of management present;
- all non-executive compensation services are provided by Mercer consultants who are not involved in providing executive officer and Director compensation consulting services to the Committee;
- the Committee has exclusive authority to retain and set the compensation for Mercer's executive officer and Director compensation consulting services;
- the individual Mercer consultants to the Committee do not provide any services to us other than those provided for the Committee;
- the individual Mercer consultants to the Committee do not participate in any client development activities that are not directly related to executive officer or Director compensation services for the Committee; and

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- the amounts paid to Mercer by the Committee are not directly impacted by any growth in the fees we pay to Marsh & McLennan Companies, Inc. and its affiliates (including Mercer).

GENERAL POLICIES AND PRACTICES RELATING TO EXECUTIVE COMPENSATION

Allocation of Executive Compensation

The Committee seeks to provide compensation, employee benefits and executive perquisites which are competitive with the market and help us attract, retain and motivate present and future executive officers. Annually, base salaries, target annual cash incentive compensation and long-term incentive compensation for each executive officer is compared to the median of companies included in Mercer's annual review with the objective that, in the aggregate, our target compensation generally remains at the median of the Peer Group companies.

When deciding whether to increase or decrease the amount of any element of compensation, the Committee considers Mercer's annual review, the annual performance reviews of the executive officers and the performance of our business as a whole. The Committee does not consider amounts realized from prior compensation in determining the levels of compensation paid to executive officers.

To ensure that our executive compensation program meets its objectives to drive and support The Win Strategy, the Committee allocates the majority of compensation for executive officers to annual cash incentive compensation and long-term incentive compensation. Each of the at-risk elements of compensation within those categories is directly tied to appreciation of our stock price and/or to significant financial and operational performance goals. More than one-half of the targeted total compensation for the executive officers is, therefore, "at-risk" and may significantly fluctuate from year to year based on our financial, operational and stock performance. In addition, the Committee makes sure that executive officers have a greater proportion of their total compensation allocated to these at-risk elements than other team members. The Committee structures the program in this manner to better align the financial interests of our executive officers with the financial interests of our shareholders, to better ensure a "pay-for-performance" result and to promote internal equity by recognizing that our executive officers, as compared to other team members, have greater responsibility and influence over the performance of our business.

Our executive compensation program is also structured to offer a reasonable balance of annual and long-term, as well as cash and equity, elements of compensation. The program provides a mix of those elements specifically designed to encourage and reward performance that contributes to the advancement of The Win Strategy. The Committee does not have any formal policies or guidelines with respect to the allocation of executive compensation between annual and long-term elements, cash and equity elements or different forms of equity elements. In practice, however, the Committee has taken the following approaches.

- *Allocation between annual and long-term elements.* The Committee considers Mercer's annual review as it sets each executive officer's base salary and annual cash incentive compensation to ensure that it is reasonable in the context of the midpoint value of his or her comparable position within the Peer Group. The Committee also considers Mercer's annual review as it sets the total target value of each executive officer's long-term incentive compensation as a multiple of the midpoint of the base salary range of his or her comparable position within the Peer Group companies.
- *Allocation between cash and equity elements.* Base salaries and annual cash incentive compensation are paid in cash. Long-term incentive compensation is generally paid in equity because of the long-term nature of equity awards and our desire to encourage performance that drives long-term shareholder value.
- *Allocation between different forms of equity elements.* The Committee generally allocates 50% of the total target value of each executive officer's long-term incentive compensation to LTIP Awards and 50% to Stock Incentives. The Committee takes this approach to balance the allocation between elements based on long-term financial, operational and strategic metrics and those based on long-term performance of our common stock.

The Committee generally makes all elements of executive compensation available to all executive officers and makes executive compensation decisions on a consistent and equitable basis. The Committee generally does not offer any element to an executive officer that is not available to other executive officers. As described beginning on page 37, however, the PG RONA Multiplier is applied only to our operating group presidents, and, therefore,

Mr. Weeks is our only Named Executive Officer to whom the PG RONA Multiplier was applied in fiscal year 2020. The Committee also occasionally grants retention and/or recognition awards to executive officers who make extraordinary contributions to the Company's success, or for whom a retention incentive is appropriate, but made no such grants in fiscal year 2020.

Accounting and Tax Considerations

Our executive compensation program is structured to achieve flexibility, maximize benefits and minimize detriments to our business and our executive officers from a tax and accounting perspective. As a result, we continuously review and evaluate the impact of changes in tax laws and accounting practices and interpretations and similar factors affecting our executive compensation program.

In addition, our executive compensation program has historically been designed to allow us to deduct compensation payments for tax purposes. With the enactment of the Tax Cuts and Jobs Act on December 22, 2017, the "performance-based" compensation exemption to the one million dollar annual cap on the deductibility of compensation paid to "covered employees" was repealed and the definition of "covered employees" was expanded (for example, by including the chief financial officer as a covered employee). As a result of these changes, compensation to each Named Executive Officer in excess of \$1,000,000 generally will no longer be tax deductible. In addition, each Named Executive Officer will be subject to the limit under Section 162(m) for all future tax years. The Committee may determine that certain good governance practices historically associated with compliance with Section 162(m) should remain in place, such as establishing performance goals within the first ninety days of a performance period, selecting performance goals that are set forth in our incentive compensation plans and requiring the Committee to certify results prior to the payout of any award. The Committee, however, reserves the right to modify any compensation program if it determines that such modification is consistent with our business needs.

Committee Discretion

The Committee does not change the pre-determined performance goals or increase the amount of any at-risk compensation following the grant date except as permitted by applicable laws and regulations. The Committee may increase the amount of any award of annual cash incentive compensation made outside of the Performance Bonus Plan if appropriate to account for corporate policy changes, executive compensation program changes and major corporate programs, and to account for the negative impact of acquisitions on goodwill and amortization expense, losses on dispositions of real property during plant moves or shutdowns and other unexpected occurrences that negatively impact awards.

The Committee may reduce the amount of any award of annual cash incentive compensation or long-term incentive compensation made outside of the Performance Bonus Plan other than Stock Incentives. The Committee also has the discretion to reduce the amount of any award made under the Performance Bonus Plan as long as the award, if eligible for such treatment, continues to qualify as "performance-based" compensation under Section 162 (m). The Committee retains this downward discretion for the following purposes:

- to ensure greater control over final performance-based compensation amounts based on its assessment of the quality of our results relative to our various performance measures, the risks taken to attain those results and our overall financial performance;
- to ensure that performance-based compensation continues to effectively serve the interests of our business and our shareholders; and
- to avoid inappropriately rewarding executive officers based on events or circumstances that were not expected at the beginning of the performance period.

The Committee has historically exercised this downward discretion with respect to General RONA Bonuses awarded under the Performance Bonus Plan to the Chief Executive Officer, the Chief Financial Officer and certain other executive officers. At the beginning of the year, the Committee determines for each of these executive officers a General RONA Bonus award opportunity that is large enough to ensure that we meet our objectives for annual cash incentive compensation and, at the same time, preserve the ability of the Committee to exercise its discretion to reduce the amount of the award payout to an appropriate level as compared to the final payouts made to executive officers who receive annual cash incentive compensation outside the Performance Bonus Plan and

COMPENSATION DISCUSSION AND ANALYSIS

after taking into account individual performance and contributions to the success of our business. In addition, our calculation methodology for LTIP Award payouts also allows the Committee to exercise this discretion with respect to LTIP Award payouts.

ELEMENTS OF EXECUTIVE COMPENSATION

Our executive compensation program provides the Named Executive Officers with the elements of compensation described below. All of these elements are designed to contribute to our continuing effort to achieve top-quartile performance among our peers and encourage behavior that promotes long-term value creation for our shareholders within the framework of The Win Strategy.

Base Salaries

Each of the Named Executive Officers receives an annual base salary to:

- encourage and reward attainment of individual performance goals established during the annual performance review process;
- recognize experience, expertise, level of responsibility, continuity of leadership, leadership qualities, advancement, individual accomplishment and other significant contributions to the enhancement of shareholder value and the success of our business; and
- attract, retain and motivate the highly-talented and values-driven individuals we need to advance the goals of The Win Strategy.

The Committee establishes a base salary range for each Named Executive Officer by using Mercer's annual review to analyze base salaries of persons holding comparable positions within the Peer Group companies. The Committee determines the base salary for each Named Executive Officer for the next fiscal year based on the Named Executive Officer's annual performance review, and compares the amount to the applicable market range to make sure that it is reasonable. The Committee may increase base salaries, where appropriate, periodically throughout the fiscal year based on the results of interim performance reviews. The Committee generally tries to target base salary amounts at approximately the median of the Peer Group companies.

As part of our Company-wide cost control measures related to the economic downturn and COVID-19, the base salaries of our Named Executive Officers were reduced for the fourth quarter of fiscal year 2020 in the following amounts: by 50% for Mr. Williams; by 25% for Ms. Suever; by 30% for Mr. Banks; by 20% for Mr. Leonti; and by 20% for Mr. Weeks. This reduction remained in effect during the first quarter of fiscal year 2021, and is being evaluated on a quarterly basis as conditions warrant. In addition, fiscal year 2021 base salaries were frozen at fiscal year 2020 levels. The table below reflects the base salary as approved by the Committee in August 2019, as well as the total base salary actually paid to each of the Named Executive Officers as of June 30, 2020, which is also included in the "Salary" column of the Summary Compensation Table for Fiscal Year 2020.

Base Salaries

Named Executive Officers	FY2020 Base Salary (As of July 1, 2019)	FY2020 Base Salary (Actual)
Thomas L. Williams	\$1,325,000	\$1,159,375
Catherine A. Suever	\$800,000	\$750,000
Lee C. Banks	\$1,050,000	\$971,250
Joseph R. Leonti	\$647,400	\$615,030
Andrew M. Weeks	\$601,200	\$571,140

Annual Cash Incentive Compensation

Our executive officers are eligible to receive annual cash incentive compensation based on pre-determined financial and growth objectives that are dependent on free cash flow margin, return on net assets and revenue growth. This category of compensation consists of three specific elements, which we refer to as Target Incentive Bonuses, General RONA Bonuses, and Converted RONA Bonuses. All of the Named Executive Officers are eligible to receive Target Incentive Bonuses, General RONA Bonuses and Converted RONA Bonuses. As described beginning on page 37, Mr. Weeks is the only Named Executive Officer whose General RONA Bonus is subject to the application of our Profitable Growth Incentive Plan, which we refer to as the PGI Plan.

The Committee allocates a significant portion of the total cash compensation for executive officers to annual cash incentive compensation, which is wholly dependent on achieving pre-determined financial and operational goals. At the beginning of fiscal year 2020, Target Incentive Bonuses, General RONA Bonuses and Converted RONA Bonuses, at target, represented the following percentages of base salary for each of our Named Executive Officers:

Target Percentage of Base Salary	
Named Executive Officer	Target Incentive Bonuses General RONA Bonuses* and Converted RONA Bonuses
Thomas L. Williams	161%
Catherine A. Suever	92%
Lee C. Banks	108%
Joseph R. Leonti	74%
Andrew M. Weeks	74%

* Because General RONA Bonuses are calculated based on actual base salary received during the fiscal year, the reductions in base salary as a result of actions taken in response to COVID-19 and the economic downturn had a corresponding downward impact on General RONA bonus payouts.

The Committee pre-determines the performance measures applicable to each element by analyzing our annual goals and objectives for each performance measure and, for Target Incentive Bonuses, Mercer's annual review. The Committee directly and materially links annual cash incentive compensation to performance that drives and supports The Win Strategy.

Target Incentive Bonuses

During fiscal year 2020, the Named Executive Officers received annual cash incentive compensation based on our free cash flow margin, which we refer to as Target Incentive Bonuses. Free cash flow margin is calculated as the percentage of sales represented by actual operating cash flow less capital expenditures, excluding any discretionary pension contributions made during the fiscal year.

The Committee identified free cash flow margin as a performance measure critical to the profitable growth and financial performance goals of The Win Strategy. Maximizing free cash flow allows us to continue to pay annual

ELEMENTS OF EXECUTIVE COMPENSATION

dividends, strategically acquire our outstanding shares, and reinvest in our business by funding innovation and financing growth through acquisitions of businesses and technologies. Target Incentive Bonuses encourage executive officers to maximize free cash flow by increasing net income, implementing lean initiatives, controlling inventory, collecting receivables, controlling accounts payable, and optimizing capital expenditures. We have also identified a strong correlation between increases in free cash flow and increases in operating earnings.

Target Incentive Bonuses are designed to directly reward executive officers for free cash flow margin performance against our annual plan and the performance of the Peer Group. Specifically, the Committee determines the target award opportunity for each of the executive officers and establishes the levels of performance for threshold, target and maximum payouts after evaluating our annual plan for free cash flow margin and the one-year, three-year and five-year average free cash flow margin within the Peer Group. Based on this data, the Committee estimated that 5.5%, 8.5% and 12% free cash flow margins would represent bottom-quartile, median and top-quartile free cash flow margin results, respectively, within the Peer Group companies during fiscal year 2020. After review and consideration of such data and our annual plan for free cash flow margin, the Committee increased the free cash flow top-quartile payout threshold for our Target Incentive Bonuses from 11.5% in fiscal year 2019 to 12.0% in fiscal year 2020, and kept the bottom quartile and median thresholds the same as fiscal year 2019 at 5.5% and 8.5%, respectively.

The following table illustrates how final fiscal year 2020 Target Incentive Bonus amounts would be calculated:

FY20 Free Cash Flow Margin:	Less than 5.5%	5.5%	8.5%	Greater than or equal to 12.0%
Payout %	0%	50%	100%	200%

This table illustrates that each recipient of a Target Incentive Bonus would receive a year-end payout of 100% of his or her target award if our free cash flow margin for fiscal year 2020 was 8.5% and a maximum payout of 200% of his or her target award if our free cash flow margin was greater than or equal to 12%, representing top-quartile free cash flow margin. This table also illustrates that no Target Incentive Bonuses would be paid if our free cash flow margin for fiscal year 2020 was less than 5.5%. The payout percentage that is applied is interpolated on a linear basis between the points in the above table.

In consideration of the foregoing, at the beginning of fiscal year 2020, the Committee approved the following Target Incentive Bonuses for each of the Named Executive Officers:

Named Executive Officer	Target Incentive Bonuses
Thomas L. Williams	\$927,500
Catherine A. Suever	\$320,000
Lee C. Banks	\$472,500
Joseph R. Leonti	\$194,200
Andrew M. Weeks	\$150,300

Our actual free cash flow margin for fiscal year 2020 was 13.42% (calculated by taking the difference of fiscal year 2020 cash flow from operating activities of \$2,070,949,000, less fiscal year 2020 capital expenditures of \$232,591,000, and dividing the result by fiscal year 2020 net sales of \$13,695,520,000). Accordingly, each of the Named Executive Officers received 200% of their Target Incentive Bonus award. These amounts are included in the “Non-Equity Incentive Plan Compensation” column of the Summary Compensation Table for Fiscal Year 2020.

Target Incentive Bonuses are paid in one lump sum in August for each executive officer whose Target Incentive Bonus is awarded under the Performance Bonus Plan, and are paid in three installments in March, June and August for all other executive officers. The March and June payments are estimated based on year-to-date results, and the August payment represents the balance of the Target Incentive Bonus payable based on the actual results for the entire fiscal year. We generally hold back 25% of the year-to-date estimate from each March and June payment to ensure that we have the flexibility to reconcile the August payments to final year-end results. All payments are made in cash, except that the August payment may, at the election of the recipient, be deferred as a credit to the recipient’s account under the Executive Deferral Plan, which we describe in the section, “Non-Qualified Benefit Plans”.

General RONA Bonuses and Converted RONA Bonuses

During fiscal year 2020, each of the Named Executive Officers was eligible for, and received, annual cash incentive compensation based on our return on net assets, which we refer to as General RONA Bonuses and Converted RONA Bonuses. The Committee awards General RONA Bonuses to our executive officers to encourage and reward performance which maximizes our returns on net assets. The Committee awards Converted RONA Bonuses to our executive officers in place of certain executive perquisites.

The performance measures used to determine payouts on General RONA Bonuses are as follows:

- for executive officers who receive General RONA Bonuses under the Performance Bonus Plan, return on consolidated net assets;
- for executive officers who are operating group presidents and do not receive General RONA Bonuses under the Performance Bonus Plan or who are not Executive Vice Presidents, return on average division net assets for divisions in the applicable operating group; and
- for all other executive officers, return on average net assets for all divisions.

The performance measure used to determine the amount of the payouts on Converted RONA Bonuses is the return on average net assets for all of our divisions.

Return on net assets is calculated by dividing earnings (year-to-date segment operating income) by average assets (average of inventory, accounts receivable, prepaid expenses, property, plant and equipment, goodwill and intangibles, less trade accounts payable and contract reserves, at the beginning of the fiscal year and at the end of each applicable quarter).

The Committee identified return on net assets as a performance measure critical to the financial performance and profitable growth goals of The Win Strategy. The Committee uses General RONA Bonuses and Converted RONA Bonuses to encourage executive officers and other team members to increase segment operating income and control net average assets by reducing investments in assets and increasing efficiency in managing those investments. In addition, General RONA Bonuses and Converted RONA Bonuses encourage executive officers and other team members to increase sales and to reduce operating expenses and other costs associated with managing our working capital and investments. The Committee also believes that offering Converted RONA Bonuses in lieu of certain eliminated executive perquisites is appropriate to keep us competitive in attracting, retaining, and motivating present and future executive officers and to hold our executive officers accountable for results.

General RONA Bonuses awarded under the Performance Bonus Plan are paid in one lump sum in August. General RONA Bonuses awarded outside the Performance Bonus Plan and Converted RONA Bonuses, which are not awarded under the Performance Bonus Plan, are paid in four installments in October, January, April and August. Each installment is based on actual year-to-date results. We generally hold back 25% of the year-end estimate from each October, January and April installment to ensure that we have the flexibility to reconcile the August payments with final year-end results. All payments are made in cash, except that General RONA Bonus payments made in August may, at the election of the recipient, be deferred as a credit to the recipient's Executive Deferral Plan account.

The Committee determines and calculates General RONA Bonuses and Converted RONA Bonuses as follows:

- *Setting Target Amounts:* During the first quarter of the fiscal year, the Committee determines target General RONA Bonuses and target Converted RONA Bonuses for each of the executive officers. The Committee makes these determinations after review and consideration of Mercer's annual review, and focuses on setting targets that are reasonable in relation to the median of similar compensation offered to executives in similar positions by the Peer Group companies.
- *Converting Target Amounts to "RONA shares":* Once determined, the target amounts set for General RONA Bonuses and Converted RONA Bonuses are converted into a number of "RONA shares" based on our annual goals for return on net assets. In fiscal year 2020, we established and communicated an overall goal of 21.4% return on net assets on a consolidated basis, with a target "multiple" of 5% of base salary for each "share". The target amounts were converted into "shares" at the 5% target multiple

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by dividing the executive officer’s General RONA Bonus or Converted RONA Bonus target by the product of the executive officer’s base salary and the 5% target “multiple.”

- *Determining the Actual Multiple:* At each installment date, the actual return on net assets is calculated and, as follows, used to determine the actual “multiple”: (a) for that portion of the applicable return on net assets which is less than or equal to 35%, the actual multiple is 1% for every 5.6% of return on net assets; and (b) for that portion of return on net assets in excess of 35%, the actual multiple is 1% for every 11.2% of the excess. We allow our divisions to consider the benefit of intercompany sales when calculating return on net assets, and, therefore, to compensate for this additional benefit, we require an actual return on net assets of 28% for a payout multiple at the 5% target (i.e., 28.0% + 5.6%). In other words, the 28% internal goal represents our estimate of division-level return on net assets performance (which would include intercompany sales) needed to achieve 21.4% return on net assets on a consolidated basis (after excluding intercompany sales).
- *Calculating the Actual RONA Bonuses:* For General RONA Bonuses and Converted RONA Bonuses, the amounts of the actual bonuses earned are calculated by multiplying the executive officer’s “shares” by his or her multiple, and multiplying that total by his or her base salary for the fiscal year.

The following tables show each of the Named Executive Officers’ General RONA Bonus and Converted RONA Bonus target amounts, “shares”, “multiples” and actual amounts.

General RONA Bonuses					
Named Executive Officer	Base Salary(1)	Target General RONA Bonus Amount	General RONA Bonus “Shares”	General RONA Bonus “Multiple”	Actual General RONA Bonus Amount
Thomas L. Williams	\$1,159,375	\$1,126,250	17	6.45%	\$1,271,255
Catherine A. Suever	\$750,000	\$360,000	9	6.45%	\$435,375
Lee C. Banks	\$971,250	\$577,500	11	6.45%	\$689,102
Joseph R. Leonti	\$615,030	\$226,590	7	6.45%	\$277,686
Andrew M. Weeks (2)	\$571,140	\$240,480	8	6.07%	\$277,356

- (1) Reflects reductions in the fourth quarter of fiscal year 2020 in connection with cost reduction actions associated with the economic downturn and our COVID-19 response.
- (2) In fiscal year 2020, Mr. Weeks received his General RONA Bonus under the Performance Bonus Plan. As a result, the Committee used return on consolidated net assets to determine that his maximum General RONA Bonus “Multiple” was 7.90%. As described below, however, Mr. Weeks’ General RONA Bonus “Multiple” was reduced to 5.19% upon the Committee’s exercise of downward discretion, and then increased to 6.07% after applying his PG RONA Multiplier under our PGI Plan.

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Converted RONA Bonuses				
Named Executive Officer	Target Converted RONA Bonus Amount	Converted RONA Bonus "Shares"	Converted RONA Bonus "Multiple"	Actual Converted RONA Bonus Amount
Thomas L. Williams	\$80,490	1.19	6.45%	\$103,832
Catherine A. Suever	\$55,220	1.48	6.45%	\$71,234
Lee C. Banks	\$80,060	1.69	6.45%	\$103,277
Joseph R. Leonti	\$55,040	1.86	6.45%	\$71,002
Andrew M. Weeks	\$55,040	1.86	6.45%	\$71,002

Each of the Named Executive Officers received the General RONA Bonuses and Converted RONA Bonuses included in the "Non-Equity Incentive Plan Compensation" column of the Summary Compensation Table for Fiscal Year 2020. In arriving at these amounts, the Committee compared the original target award opportunities for executive officers receiving General RONA Bonuses under the Performance Bonus Plan (including each of the Named Executive Officers) with the final payout amounts of annual cash incentive compensation for the other executive officers, and evaluated the individual performance and contributions to the success of our business of the executive officers receiving General RONA Bonuses under the Performance Bonus Plan. Based on that comparison and evaluation, the Committee determined that it would be appropriate to exercise downward discretion and reduce the final General RONA Bonus payout amounts for General RONA Bonuses awarded to the Named Executive Officers under the Performance Bonus Plan by approximately 14%. The amounts reported in the tables above represent the final amounts paid to the Named Executive Officers following that exercise of discretion.

Converted RONA Bonus payments are not eligible for deferral under the Executive Deferral Plan, the Retirement Savings Plan, or the Savings Restoration Plan. Converted RONA Bonuses are also not considered in calculating benefits under the Pension Plan, the Pension Restoration Plan, the Supplemental Retirement Program, the Defined Contribution Supplemental Retirement Program, the Executive Long-Term Disability Plan, and the Change in Control Agreements. The Committee determined that it would not be appropriate to allow Converted RONA Bonuses to be deferred under those plans or considered in those calculations because they are intended to replace executive perquisites which, historically, were not used or taken into account for those purposes.

Profitable Growth Incentive Plan

Our PGI Plan is designed to implement the strategies and advance the goals of The Win Strategy by encouraging and rewarding participants for sales growth, organically and through acquisitions at the operating group or division level. The Committee identified sales growth, organically and through acquisitions, as a performance measure critical to advance the financial performance and profitable growth goals of The Win Strategy. Under our PGI Plan, the General RONA Bonuses for participants may be adjusted after each fiscal year on the basis of a multiplier, which we refer to as the PG RONA Multiplier, that is determined by the three-year compound annual growth rate of external customer sales for the applicable operating group or division, which we refer to as 3-year CAGR. The following table sets forth examples of the PG RONA Multiplier that may be applied to, and which may increase or decrease, the General RONA Bonuses under our PGI Plan after each fiscal year:

3-year CAGR:	Less than or equal to -5%	3%-5%	8%	Greater than or equal to 15%
PG RONA Multiplier:	90%	100%	105%	130%

The PG RONA Multiplier is interpolated on a linear basis between the points in the above table. Of our executive officers, only our operating group presidents' General RONA Bonuses are subject to our PGI Plan, and, therefore, the PGI Plan applies to Mr. Weeks, but not to any of our other Named Executive Officers. During fiscal year 2020, the three-year CAGR applicable to: Mr. Weeks' General RONA Bonus was 11.35%, resulting in a PG RONA Multiplier of 116.96%. This PG RONA Multiplier was applied to Mr. Weeks' final RONA Bonus causing the increase from a 5.19% General RONA Bonus multiple to 6.07% for Mr. Weeks, as reflected in the General RONA Bonus table above.

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Long-Term Incentive Compensation

The Named Executive Officers receive long-term incentive compensation consisting of long-term incentive performance awards, which we refer to as LTIP Awards, and stock appreciation rights, which we refer to as Stock Incentives. The target amounts of LTIP Awards and the number of Stock Incentives awarded to the Named Executive Officers are based on similar compensation awarded to persons holding comparable positions within the Peer Group companies.

LTIP Awards and Stock Incentives encourage long-term focus on shareholder value and are directly and materially linked to performance that advances both the financial performance and profitable growth goals of The Win Strategy over the long-term. LTIP Award payouts are based on a comparison of our performance against the Peer Group companies in certain key financial metrics over a three-year performance period. The holders of Stock Incentives realize a payout only if our stock price increases above the applicable grant price over a three-year pro-rata vesting period. LTIP Awards and Stock Incentives work together to align the long-term financial interests of our executive officers and shareholders.

LTIP Awards are granted to eligible employees on an annual basis at the January meeting of the Committee. This meeting is typically scheduled at least one year in advance. The only exceptions to this practice are that pro-rated LTIP Awards are granted to individuals who become executive officers, are promoted to new executive officer positions, or are given increased responsibilities during a performance period.

Stock Incentives are granted to eligible team members on an annual basis at the August meeting of the Committee. This meeting is typically scheduled at least one year in advance.

The Committee does not grant LTIP Awards or Stock Incentives to executive officers in anticipation of the release of significant positive earnings announcements or other material non-public information likely to result in changes to the price of our common stock. Similarly, the Committee does not time the release of material non-public information based on Stock Incentive grant dates.

LTIP Awards

During the third quarter of fiscal year 2011, the Committee adopted a Long-Term Incentive Performance Plan under the Performance Bonus Plan, which we refer to as the Officer LTIP Plan, to establish the terms and conditions for LTIP Awards granted to our executive officers during and after fiscal year 2011. During the third quarter of fiscal year 2020, the Committee granted to each of the Named Executive Officers, under our Officer LTIP Plan and our Amended and Restated 2016 Omnibus Stock Incentive Plan, which we refer to as the Amended 2016 Equity Plan, the following target LTIP Awards based on the following target LTIP Award values:

Named Executive Officer	Target LTIP Award Shares	Target LTIP Award Values
Thomas L. Williams	26,670	\$5,450,000
Catherine A. Suever	7,950	\$1,625,000
Lee C. Banks	12,240	\$2,500,000
Joseph R. Leonti	4,160	\$850,000
Andrew M. Weeks	3,430	\$700,000

The target LTIP Award shares shown in this table (along with the awarded dividend equivalent units applicable to the calendar years 2020-21-22 performance period) are also included in the “Estimated Future Payouts Under Equity Incentive Plan Awards—Target” column of the Grants of Plan-Based Awards for Fiscal Year 2020 table. The “Stock Awards” column of the Summary Compensation Table for Fiscal Year 2020 includes the aggregate grant date fair value of these awards in fiscal year 2020.

Under the Officer LTIP Plan, the actual payouts for these LTIP Awards will be calculated following the three-year performance period ending December 31, 2022, as follows:

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- The Committee will first determine if, during the performance period, we achieved an average return on average equity of 4% or an average free cash flow margin of 4%.
- If at least one of these threshold performance measures above are not achieved, participants will not receive a payout.
- If at least one of these threshold performance measures above are achieved, participants will become eligible to receive the maximum payout of 200% of the applicable target LTIP Award value. The Committee will then, if appropriate, apply its discretion to reduce the final payouts based on any performance measures that the Committee determines to be appropriate. The Committee determined that this calculation methodology would provide the Committee with more flexibility to ensure payout levels are as accurately reflective of the Company's performance against the Peer Group as possible and are otherwise in the best interests of our business and our shareholders.

To provide the Committee with guidelines for exercising its discretion, the Officer LTIP Plan provides that the Committee may, among other things, following the calendar years 2020-21-22 performance period compare our revenue growth, growth in fully diluted earnings per share from continuing operations and average return on invested capital from continuing operations against the corresponding results of the Peer Group companies during their three most recent fiscal years. The Committee has identified long-term revenue growth, earnings per share growth and return on invested capital as performance measures critical to the financial performance and profitable growth goals of The Win Strategy because, among other things, they encourage our executive officers to provide on-time delivery of quality products, value-added services and systems, strategic supply chain, lean enterprise, value pricing, market-driven innovation and strong distribution.

Specifically, the Officer LTIP Plan provides for using weights of 20% for revenue growth, 40% for growth in fully diluted earnings per share from continuing operations, and 40% for average return on invested capital from continuing operations for the applicable performance periods, and the following table to calculate final LTIP Award payouts:

Peer Group Percentile Rank:	Less than 35th	35th	50th	75th or higher
Payout %	0%	50%	100%	200%

At the end of calendar year 2022, if we achieve an average return on average equity or an average free cash flow margin of 4% or greater, the Committee may exercise discretion in determining the appropriate payout by determining our percentile rank as compared to the Peer Group for each of the three performance measures. Using this table, the Committee will calculate the portion of the target LTIP Award value earned with respect to each performance measure. The Committee will multiply each portion by its applicable weight and add up the total to determine the total LTIP Award payout for the calendar years 2020-21-22 performance period. This table illustrates that recipients of LTIP Awards granted during calendar year 2020 will receive the maximum payout of 200% of the applicable target LTIP Award value if we rank at or above the 75th percentile among the Peer Group companies in the aggregate based on all three performance measures, and will receive no payout if we rank at or below the 35th percentile in the aggregate based on all three performance measures. The payout percentage that is applied is interpolated on a linear basis between the points in the above table.

LTIP Award payouts for the calendar years 2020-21-22 performance period may only be paid after the end of the applicable three-year performance period in unrestricted shares of our common stock.

The Committee designed these LTIP Awards to reward executive officers directly in relation to our long-term performance against the Peer Group. The Committee determined that requiring performance in excess of the 50th percentile for a payout in excess of 100% would encourage executive officers to achieve performance above median Peer Group performance. The Committee also determined that requiring performance at the 75th percentile for a maximum payout, and awarding no payout for performance at or below the 35th percentile, would further encourage executive officers to achieve top-quartile performance within the Peer Group companies.

In addition, each of the Named Executive Officers received a payout under LTIP Awards granted during the third quarter of fiscal year 2017 for the three-year performance period ending December 31, 2019. We exceeded our threshold performance measures with an average return on average equity for the three-year performance period of 21.6% and average free cash flow margin for the three-year performance period of 10.8%. The Committee

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decided to exercise discretion to determine the appropriate payout and determined that we achieved the following percentile rankings among the Peer Group companies with respect to the LTIP Award performance measures for the calendar years 2017-18-19 performance period:

Performance Measure	Result	Percentile Rank	Weighted Payout Percentage
Revenue Growth (20%)	26.80%	83rd	200%
Earnings Per Share Growth (40%)	62.12%	72nd	188.88%
Average Return on Invested Capital (40%)	17.33%	66th	166.64%

As a result, each of the Named Executive Officers received the LTIP Award payout during fiscal year 2020 included in the “Number of Shares Acquired on Vesting” column of the Option Exercises and Stock Vested for Fiscal Year 2020 table. Each payment represents a total payout of 182.21% of the target LTIP Award values for the three-year performance period ended December 31, 2019.

Stock Incentives

Each of the Named Executive Officers received Stock Incentives under our Amended 2016 Equity Plan during the first quarter of fiscal year 2020. The Committee grants Stock Incentives to executive officers to encourage and reward efforts and accomplishments that advance the goals of The Win Strategy and make other contributions to maximize long-term shareholder value.

The number of Stock Incentives granted by the Committee is determined by utilizing the Black-Scholes valuation model to convert a target dollar value into the number of Stock Incentives to be granted. The Committee uses Mercer’s annual review to ensure the target dollar values are reasonable in relation to the median of similar compensation offered within the companies included in Mercer’s annual review. The following table shows the Target Value and the number of Stock Incentives granted to each of the Named Executive Officers in the first quarter of fiscal year 2020:

Named Executive Officer	Target Value	Stock Incentive Grants (# of Underlying Shares)
Thomas L. Williams	\$5,450,000	88,680
Catherine A. Suever	\$1,625,000	26,440
Lee C. Banks	\$2,500,000	40,680
Joseph R. Leonti	\$850,000	13,830
Andrew M. Weeks	\$700,000	11,390

The fiscal year 2020 Stock Incentive grants shown above are also included in the “All Other Option Awards: Number of Securities Underlying Options” column of the Grants of Plan-Based Awards for Fiscal Year 2020 table and the “Option Awards—Number of Securities Underlying Unexercised Options—Unexercisable” column of the Outstanding Equity Awards at June 30, 2020 table. The “Option Awards” column of the Summary Compensation Table for Fiscal Year 2020 includes the aggregate grant date fair value of these awards in fiscal year 2020.

As required by the terms of our Amended 2016 Equity Plan, these fiscal year 2020 Stock Incentives have an exercise price equal to the closing price of our common stock on the date of grant. The plan does not permit the re-pricing of Stock Incentives. The Committee analyzed the terms of our Amended 2016 Equity Plan and considered Mercer’s annual review to establish all other terms of these Stock Incentives. These fiscal year 2020 Stock Incentives have a ten-year term and vest in one-third increments over three years following the grant date. When vested, each Stock Incentive will entitle the holder to receive the increase in value of one common share from the grant date to the date of exercise.

Upon exercise of fiscal year 2020 Stock Incentives, common shares will be issued directly to the holder. The appreciation in these Stock Incentives will be calculated by subtracting the grant price from the fair market value of the common shares at exercise, and multiplying the result by the number of Stock Incentives exercised. The

number of common shares to be issued is determined by dividing that appreciation by the market price of the common shares at exercise.

Employee Benefits

The Named Executive Officers are eligible to participate in various employee benefit plans and programs. These plans and programs reward experience, expertise, level of responsibility, continuity of leadership and advancement. We use these plans to ensure that our executive compensation program remains sufficiently competitive to attract, retain and motivate the executive officers and other team members necessary to advance the goals of The Win Strategy.

Qualified Benefit Plans

During fiscal year 2020, the Named Executive Officers participated in the following tax-qualified benefit plans and programs:

- The Parker-Hannifin Consolidated Pension Plan, which we refer to as the Pension Plan, except for Messrs. Leonti and Weeks who are not eligible to participate in the Pension Plan; and
- The Parker Retirement Savings Plan, which we refer to as the Retirement Savings Plan.

The Pension Plan is a qualified defined benefit pension plan in which most full-time non-union U.S. salaried employees hired prior to April 1, 2004, participate. The Pension Plan offers normal retirement, early retirement and death benefits. The monthly normal retirement benefit is the greater of a minimum benefit and an amount based on final average pay. The minimum benefit and final average pay amounts are calculated as follows:

Minimum Benefit:	\$21.00 multiplied by years of service, up to a maximum of 40 years.
Final Average Pay Amount:	<ul style="list-style-type: none"> ◆ 0.75% of the highest five consecutive year average of monthly base salary, Target Incentive Bonuses and General RONA Bonuses up to the social security wage base, multiplied by years of service up to a maximum of 35 years; plus ◆ 1.36% of the highest five consecutive year average of monthly base salary, Target Incentive Bonuses and General RONA Bonuses in excess of the social security wage base, multiplied by years of service up to a maximum of 35 years; plus ◆ 0.50% of the highest five consecutive year average of monthly base salary, Target Incentive Bonuses and General RONA Bonuses, multiplied by years of service in excess of 35 up to a maximum of five years.

The amount of the benefit is reduced by 6% per year for each year prior to age 65 if retirement occurs and payments commence before age 65 and after age 55. We elected to freeze new participation in the Pension Plan in 2004. All participants as of April 1, 2004, were given the option to either remain in the Pension Plan or terminate in favor of maintaining a retirement income account under the Retirement Savings Plan. Employees hired after April 1, 2004, including Messrs. Leonti and Weeks, were not eligible to participate in the Pension Plan and instead maintain a retirement income account under the Retirement Savings Plan. Each of the Named Executive Officers who are in the Pension Plan elected to remain in and continue to accrue benefits under the Pension Plan. All benefits accrued by team members who elected to terminate participation in the Pension Plan were frozen as of June 30, 2004. Those team members initiated their retirement income accounts on July 1, 2004.

The Retirement Savings Plan is a qualified defined contribution pension plan under Section 401(k) of the Internal Revenue Code. Most full-time U.S. team members are eligible to participate in the Retirement Savings Plan. Participants may make pre-tax and post-tax contributions to the Retirement Savings Plan up to the applicable statutory limit. Converted RONA Bonuses are not eligible for deferral under the Retirement Savings Plan. We provide to each participant a matching contribution of 100% on the first 3% of pay contributed and 50% on the 4th and 5th percent of pay contributed on a pre-tax basis or Roth basis. As described above, certain participants also maintain a retirement income account within the Retirement Savings Plan. We provide to each holder of a

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retirement income account an annual contribution equal to a percentage of the amount of the participant's annual compensation up to the Internal Revenue Service statutory limit (currently \$285,000 per year), based on age and length of service. These contributions range from 0.5% to 6% of the participant's compensation which does not exceed that limit. Participants accrue earnings on contributions based on the performance of various investment funds available within the Retirement Savings Plan. The contributions made by us under the Retirement Savings Plan for the Named Executive Officers during fiscal year 2020 are included in the "All Other Compensation" column of the Summary Compensation Table for Fiscal Year 2020 on page 50.

Non-Qualified Benefit Plans

During fiscal year 2020, the Named Executive Officers participated in the following non-qualified benefit plans and programs:

- The Parker-Hannifin Corporation Savings Restoration Plan, which we refer to as the Savings Restoration Plan;
- The Parker-Hannifin Corporation Executive Deferral Plan, which we refer to as the Executive Deferral Plan, except for Messrs. Leonti and Weeks who do not participate in the Executive Deferral Plan;
- The Parker-Hannifin Corporation Pension Restoration Plan, which we refer to as the Pension Restoration Plan, except for Messrs. Leonti and Weeks who are not eligible to participate in the Pension Restoration Plan as they are not participants in the Pension Plan;
- The Parker-Hannifin Corporation Supplemental Executive Retirement Benefits Program, which we refer to as the Supplemental Retirement Program, except for Messrs. Leonti and Weeks who are not eligible to participate in the Supplemental Retirement Program; and
- The Parker-Hannifin Corporation Defined Contribution Supplemental Executive Retirement Program, which we refer to as the Defined Contribution Supplemental Retirement Program (Messrs. Leonti and Weeks are the only Named Executive Officers who participate in the Defined Contribution Supplemental Retirement Program).

The Savings Restoration Plan is available to team members who earn base salaries equal to or in excess of \$150,000 per year and who are otherwise eligible to participate in the plan. The Savings Restoration Plan was established to restore deferral opportunities and matching contributions lost because of statutory limits in the Retirement Savings Plan. Specifically, the Savings Restoration Plan allows executive officers to defer a portion of their pre-tax compensation and receive matching contributions from us that would have been available under the Retirement Savings Plan if the Internal Revenue Service statutory limit did not exist. Converted RONA Bonuses are not eligible for deferral under the Savings Restoration Plan. Each Named Executive Officer may annually defer to his or her Savings Restoration Plan account any portion of the compensation that he or she cannot defer under the Retirement Savings Plan due to the statutory limit, other than Converted RONA Bonuses, up to the greater of 20% of base pay or \$25,000. We provide to each participant a matching contribution of common stock equal to 100% on the first 3% of pay contributed and 50% on the 4th and 5th percent of pay contributed, reduced by the maximum matching contribution available to the participant under the Retirement Savings Plan. We also take into account the matching contributions made under the Retirement Savings Plan to ensure that the maximum match under both plans does not exceed \$17,000. In addition, all participants who maintain a retirement income account within the Retirement Savings Plan also maintain a separate retirement income account within the Savings Restoration Plan. We provide to each holder of a retirement income account an annual contribution equal to a percentage of the amount of the participant's annual compensation in excess of the Internal Revenue Service statutory limit determined based on age and length of service. These contributions range from 0.5% to 6% of the amount of the participant's compensation in excess of that limit. All deferrals and contributions are made under the Savings Restoration Plan by accounting entry rather than any physical exchange of cash or common stock. Participants also accrue earnings, on an accounting-entry basis, on deferrals based on the performance of various investment fund choices and on contributions based on the performance of our common stock. Participants are our unsecured creditors for their respective account balances.

Savings Restoration Plan and Executive Deferral Plan account balances are paid out upon any of the following events as follows:

Retirement:	Balances are distributed to the participant in either a lump sum or in periodic installments, based on a prior election by the participant. The participant can delay the commencement of payments up to five years following retirement. Balances continue to accumulate earnings under the various investment funds at all times during the payout period.
Termination Before Retirement:	Balances accruing on or prior to December 31, 2004 are, at our election, distributed to the participant in either a lump sum upon termination or in periodic installments. Account balances accruing on or after January 1, 2005 are distributed to the participant in a lump sum upon termination.
Disability:	If we determine that a participant is totally disabled, the participant's account balance will be paid upon termination in the same manner as if he or she retired.
Withdrawals During Employment:	Balances can be withdrawn without penalty during employment only if we determine that the participant suffered severe financial hardship. Balances accruing on or prior to December 31, 2004 can also be withdrawn voluntarily during employment, subject to a 10% forfeiture penalty.
Death:	Balances are distributed to the participant's beneficiary in a lump sum or, if elected by the participant, in installments.
Change in Control:	Under the Savings Restoration Plan, balances accruing on or prior to December 31, 2004 are distributed to the participant in a lump sum without penalty if the participant expressly elected a lump sum. If the participant did not expressly elect a lump sum, distributions are treated as unscheduled withdrawals and are subject to a forfeiture penalty of 5% if they are withdrawn within 30 days or 10% if they are withdrawn beyond the 30-day period. Balances accruing on or after January 1, 2005 are distributed to the participant in a lump sum. Under the Executive Deferral Plan, balances are distributed to the participant in a lump sum.

Our matching contributions made under the Savings Restoration Plan for the Named Executive Officers during fiscal year 2020 are included in the "All Other Compensation" column of the Summary Compensation Table for Fiscal Year 2020. All contributions, earnings, withdrawals, distributions and aggregate balances for the Named Executive Officers participating in the Savings Restoration Plan during fiscal year 2020 are included in the Nonqualified Deferred Compensation for Fiscal Year 2020 table.

The Executive Deferral Plan is available to executive officers and certain other key team members. The Executive Deferral Plan provides executive officers with an opportunity to defer a portion of their compensation (in addition to that deferred under the Retirement Savings Plan and the Savings Restoration Plan) on a pre-tax basis, including Target Incentive Bonuses and General RONA Bonuses, and to accumulate tax-deferred earnings on the deferrals. LTIP Award payouts and Converted RONA Bonuses are not eligible for deferral under the Executive Deferral Plan. Each executive may defer to his or her account up to 80% of base salary and 80% of General RONA Bonuses paid in August and Target Incentive Bonuses paid in August. Similar to the Savings Restoration Plan, all deferrals are made under the Executive Deferral Plan by accounting entry rather than any physical exchange of cash. Participants also accrue earnings on an accounting-entry basis based on the performance of various investment fund choices. Participants are our unsecured creditors for their respective account balances. Account balances in the Executive Deferral Plan are paid as indicated in the table below. For those who were participants in the Executive Deferral Plan prior to January 1, 2016, prior to distribution, the balances are increased to reflect any "gross-up" amount necessary to offset federal excise taxes and any after-tax value the participant would have received if the account had remained in place and been paid as elected by the participant. Any balances on

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distribution to a participant in the Executive Deferral Plan who becomes a participant on or after January 1, 2016, are no longer increased to reflect any “gross-up” amount to offset federal excise taxes and any after-tax value the participant would have received if the account had remained in place and been paid as elected by the participant. All contributions, earnings, withdrawals, distributions and aggregate balances for the Named Executive Officers participating in the Executive Deferral Plan during fiscal year 2020 are included in the Nonqualified Deferred Compensation for Fiscal Year 2020 table.

The Pension Restoration Plan is available to all individuals who participate in the Pension Plan and who are otherwise eligible to participate in the Pension Restoration Plan. The Pension Restoration Plan was established to restore benefits lost because of statutory limits on the Pension Plan. Specifically, the benefits available under the Pension Restoration Plan equal the amount that would be payable to the participant under the Pension Plan in excess of the Internal Revenue Service statutory limit if that limit did not exist and the participant had not elected to defer any compensation under the Savings Restoration Plan and the Executive Deferral Plan. Similar to the Pension Plan, Converted RONA Bonuses are not considered in calculating the benefits available under the Pension Restoration Plan.

The Supplemental Retirement Program was established to provide executive officers with retirement benefits supplemental to the benefits under the Pension Plan. The benefit provided under the Supplemental Retirement Program is intended, at age 65, to provide to participants with at least 15 years of service 55% of the average of the three highest years of base salary plus annual cash incentive compensation. Similar to the Pension Plan and the Pension Restoration Plan, Converted RONA Bonuses are not considered in calculating the benefits available under the Supplemental Retirement Program. LTIP Awards and Stock Incentives are also not considered in calculating the benefits available under the Supplemental Retirement Program. The benefit is subject to reduction for early retirement, less than 15 years of service, benefits under the Pension Plan, the Pension Restoration Plan and any of our non-U.S. pension plans, 50% of primary social security benefits and 100% of any similar non-U.S. state-provided retirement benefits, and contributions to the participant's retirement income accounts under the Retirement Savings Plan and the Savings Restoration Plan. Participants vest at age 60, or at age 55 with the consent of the Committee, and with five years of participation in the Supplemental Retirement Program, or a lesser period established by the Committee at the time they become participants. To receive a benefit under the Supplemental Retirement Program, however, a vested participant must have at least five years of service. In January 2015, the Committee closed the Supplemental Retirement Program to new participants as of July 1, 2014.

The Defined Contribution Supplemental Retirement Program was established to provide executive officers and certain other key management team members with retirement benefits supplemental to the benefits under the Retirement Savings Plan and the Savings Restoration Plan. The Defined Contribution Supplemental Retirement Program was established to replace the Supplemental Retirement Program for executive officers who are designated as participants on or after July 1, 2014. Depending on a participant's salary grade on December 31 of each year, we provide an annual non-discretionary employer contribution of 8%, 10% or 12% of a participant's base salary, Target Incentive Bonus and General RONA Bonus that was paid during the calendar year. The Committee may determine to make an additional annual discretionary contribution to a designated participant's account. Participants vest at age 60, or at age 55 with the consent of the Committee, and with five years of participation in the Defined Contribution Supplemental Retirement Program, or a lesser period established by the Committee at the time they become participants. To receive a benefit under the Defined Contribution Supplemental Retirement Program, however, a vested participant must have at least five years of service. Messrs. Leonti and Weeks are our only Named Executive Officers who participate in the Defined Contribution Supplemental Retirement Program.

Our contributions made under the Defined Contribution Supplemental Retirement Program for Messrs. Leonti and Weeks during fiscal year 2020 are included in the “All Other Compensation” column of the Summary Compensation Table for Fiscal Year 2020. All contributions, earnings, withdrawals, distributions and aggregate balances for the Named Executive Officers participating in the Defined Contribution Supplemental Retirement Program during fiscal year 2020 are included in the Nonqualified Deferred Compensation for Fiscal Year 2020 table.

Health and Welfare Benefits

The Named Executive Officers participated in various health and welfare programs generally available to all team members during fiscal year 2020. The Named Executive Officers also participated in our Officer Life Insurance Plan and our Executive Long-Term Disability Plan.

Under the Officer Life Insurance Plan, we pay all required premiums for life insurance on executive officers who were participants prior to January 1, 2008 (which includes Named Executive Officers Messrs. Williams and

Banks) for the longer of 10 years or until the executive officer reaches age 65. For those executive officers who were participants after January 1, 2008 (which includes Named Executive Officers Ms. Suever and Messrs. Leonti and Weeks) we pay all required premiums for life insurance until retirement up to age 65. The premiums are designed to maintain death benefits equal to:

- five times base salary during employment and two times final base salary after retirement at age 65 for our Chief Executive Officer;
- four times base salary during employment and two times final base salary after retirement at age 65 for our Chief Financial Officer and our President and Chief Operating Officer; and
- three times base salary during employment and two times final base salary after retirement at age 65 for all other Named Executive Officers and other participants.

If the participant retires between ages 55 and 65, the post-retirement death benefit is reduced by 10% of base salary for each year prior to age 65 that the participant retires. The amount of the death benefit is adjusted each year on January 1st based on the participant's base salary as of the preceding December 1st. The policies underlying the plan are cash value life insurance policies owned by the participants. The premiums we paid on behalf of the Named Executive Officers during fiscal year 2020 are included in the "All Other Compensation" column of the Summary Compensation Table for Fiscal Year 2020.

The Executive Long-Term Disability Plan is intended to replace a reasonable amount of an executive officer's income upon disability. The plan provides a total benefit in the event of a qualifying disability of two-thirds of base salary plus Target Incentive Bonuses and General RONA Bonuses (after applying the PG RONA Multiplier if applicable) paid during the calendar year ending December 31 of the year prior to the disability, up to a maximum monthly benefit, in the case of Messrs. Williams and Banks and Ms. Suever, of \$33,000, or, in the case of Messrs. Leonti and Weeks, of \$35,000. Our executive officers are not eligible to receive the long-term disability benefit generally available to other team members.

Change in Control Agreements

We are not a party to any written employment agreements with our executive officers. We have, however, entered into separate Change in Control Severance Agreements with our executive officers, which we refer to as the Change in Control Agreements. We are not obligated to pay severance to executive officers under any agreement other than the Change in Control Agreements. The executive officers are, however, eligible to receive severance upon termination for reasons other than a change in control in accordance with our general severance policy for salaried employees. The Change in Control Agreements are designed to attract, retain and motivate executive officers, provide for stability and continuity of management in the event of any actual or threatened change in control, encourage executive officers to remain in service after a change in control and ensure that executive officers are able to devote their entire attention to maximizing shareholder value and safeguarding team member interests in the event of a change in control. The Committee determined that the amounts payable under the Change in Control Agreements are reasonable and necessary to achieve those objectives. The Potential Payments upon Termination or Change of Control at June 30, 2020, tables and the related narrative descriptions provide additional information on the Change in Control Agreements, including a brief discussion of the material provisions of the Change in Control Agreements under the captions "Payments upon a Change in Control" and "Payments upon a Qualifying Termination in Connection with a Change in Control."

Indemnification Agreements

We enter into separate Indemnification Agreements with each of our executive officers. Each agreement remains in effect during and after employment with respect to any action taken while the individual serves as an executive officer. The agreements are designed to attract, retain and motivate executive officers by encouraging reasonable and measured risk-taking in the interests of our business and our shareholders, and protecting against liabilities incurred in the performance of their duties to the maximum extent permitted by Ohio law.

The agreements provide for indemnification for all expenses, including attorney fees, judgments, fines, and settlement amounts, that the executive officer incurs by reason of his or her service:

ELEMENTS OF EXECUTIVE COMPENSATION

- in a civil action or proceeding by another party (unless it is proven that the officer's act or failure to act was taken with deliberate intent to cause injury to our business or in reckless disregard for the best interest of our business); or
- in a criminal action or proceeding (unless the officer had reasonable cause to believe his or her conduct was unlawful).

Executive Perquisites

During fiscal year 2020, we made various executive perquisites available to each of the Named Executive Officers. These perquisites are offered to promote the business objectives for each perquisite as described below and to ensure that our executive compensation program remains competitive to attract, retain and motivate the individuals necessary to advance the goals of The Win Strategy. The costs of these perquisites for the Named Executive Officers reportable for fiscal year 2020 are included in the "All Other Compensation" column of the Summary Compensation Table for Fiscal Year 2020.

Private Clubs. We pay or reimburse initiation fees for one private club for each executive officer. We offer this perquisite to encourage executive officers to entertain business colleagues and customers, engage in social interaction with peers from other companies, local leadership and the community, and hold business meetings at off-site locations. Historically we have paid or reimbursed the initiation fees and provided gross up payments on those fees for additional clubs for the Chief Executive Officer, the Chief Financial Officer, the President and Chief Operating Officer and at the Executive and Senior Vice President levels on a business-needs basis and only with appropriate advance approval. We maintain a policy of not providing gross up payments on private club initiation fees, and in fiscal year 2020 no such gross up payments were made.

Spousal Travel. In limited circumstances and only with appropriate advance approval, we reimburse our executive officers for transportation, lodging, meals, entertainment and other travel expenses for their spouses or other family members who accompany them on out-of-town business. We offer these perquisites to encourage executive officers to spend an appropriate amount of time with their direct reports in locations away from corporate headquarters, to allow executive officers and their spouses to develop a more personal relationship with the executive officers' subordinates and their families, and to encourage spouses to attend retirement parties, funerals, business dinners and other corporate functions at locations away from their homes.

Executive Physicals. We pay for annual physicals and any necessary travel vaccinations for each of our executive officers and certain other key team members. We offer this benefit as part of our overall preventive medicine program to promptly identify and address medical issues and to preserve our investment in our executive officers by encouraging them to maintain healthy lifestyles and be proactive in addressing actual or potential health issues.

Leased Vehicles. We lease an automobile for each of our executive officers and for certain other key team members. We offer this perquisite to provide executive officers with use of a company car for business travel needs, recognizing that the vehicles can also be used for personal purposes. We pay or reimburse each executive officer for lease payments on one automobile, typically for a three-year term. Each executive officer has a maximum allowance of \$1,570 per month. We also reimburse each executive officer for the cost of tires and maintenance and provide insurance on each vehicle during the lease term. We require each executive officer to take title to his or her vehicle at the end of the lease term because we amortize the entire cost of the vehicle over the lease term. We pay or reimburse each executive officer for sales taxes on his or her vehicle at the time of title transfer, but the executive officer is responsible for the payment of all income taxes assessed on payments and reimbursements made during the lease term and at the time of title transfer, including those assessed on the fair market value of the vehicle at the time of title transfer.

Matching Gifts Program. We match any amount in excess of \$50 contributed to any accredited educational institution by an active, full-time employee, retiree, or member of our Board of Directors with at least one year of service. Our matching contributions are capped at \$5,000 per fiscal year for any individual's contribution to any single institution, and \$10,000 per fiscal year for any individual's aggregate contributions to all institutions.

Company Apartments. We maintain apartments in Cleveland, Ohio, Newport Beach, California and London, England to provide accommodations to team members working off-site at or relocating to our primary facilities. The apartments are also available to the executive officers for personal use with appropriate advance approval if the apartments are not otherwise being used for business purposes.

Entertainment Venues. We maintain loges, boxes and tickets at various entertainment venues to provide civic support to arts, entertainment and other cultural activities at certain significant business locations and to provide a favorable setting for our team members to entertain customers and other business associates. The loges, boxes and tickets are, however, available to executive officers for personal use if they are not otherwise being used for business purposes. We pay all costs of admission, but all costs of food are paid by the executive officer using the venue only for personal use.

Corporate Aircraft. Effective May 1, 2019, the Committee elected to offer limited non-business use of our corporate aircraft to our Chief Executive Officer, Chief Operating Officer and Chief Financial Officer for purposes of their safety, security, confidentiality and productivity while traveling. Such use is limited to U.S. domestic travel only and 50 hours of flight time per fiscal year for our Chief Executive Officer and 30 hours of flight time per fiscal year to each of our Chief Operating Officer and Chief Financial Officer. Otherwise, non-business use of our corporate aircraft by our executive officers is only available if (a) the flight was previously authorized for business purposes, there are available seats that are not being used for those business purposes and the officer's use does not involve a deviation or extension of the planned business-travel itinerary, or (b) there is a medical emergency or other special circumstance and the flight is pre-approved by our Chief Executive Officer, Chief Operating Officer or Chief Financial Officer.

CONSIDERATION OF 2019 SAY-ON-PAY VOTING RESULTS

At our 2019 Annual Meeting of Shareholders, we received approval, based on the total votes cast, for our advisory "say-on-pay" vote to approve the compensation of our Named Executive Officers. The Committee and Mercer specifically considered the voting results when exploring potential changes to our executive compensation program in fiscal year 2020. The Committee believes the voting results demonstrate strong, consistent support for our executive compensation program. The Committee will continue to explore with Mercer potential improvements to our executive compensation program to the extent appropriate to keep our executive compensation program aligned with best practices in our competitive market.

COMPENSATION COMMITTEE REPORT

The Human Resources and Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with the Corporation's management and, based on such review and discussions, the Human Resources and Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

Human Resources and Compensation Committee:

Joseph Scaminace, Chair
Robert G. Bohn
Kevin A. Lobo
Candy M. Obourn
James R. Verrier
James L. Wainscott

COMPENSATION TABLES

SUMMARY COMPENSATION TABLE FOR FISCAL YEAR 2020

The following table sets forth compensation information for our Named Executive Officers.

Name and Principal Position	Year	Salary (\$)(1)	Stock Awards (\$)(2)	Option Awards (\$)(3)	Non-Equity Incentive Plan Compensation (\$)(4)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)(5)	All Other Compensation (\$)(6)	Total (\$)
Thomas L. Williams, Chief Executive Officer and Chairman of the Board	2020	1,159,375	5,350,280	2,992,950	3,230,087	5,986,427	143,742	18,862,861
	2019	1,250,000	5,173,005	2,980,930	3,148,895	4,757,754	161,916	17,472,500
	2018	1,200,000	6,068,600	2,961,344	2,167,473	5,667,239	173,790	18,238,446
Catherine A. Suever, Executive Vice President - Finance and Administration and Chief Financial Officer	2020	750,000	1,594,690	892,350	1,146,609	3,867,370	103,432	8,354,451
	2019	750,800	1,396,550	804,902	1,123,604	2,732,897	99,632	6,908,385
	2018	715,000	1,580,843	771,284	860,970	1,461,719	106,816	5,496,632
Lee C. Banks, President and Chief Operating Officer	2020	971,250	2,455,433	1,372,950	1,737,379	3,543,794	215,145	10,295,951
	2019	1,000,000	4,828,211	1,341,382	1,738,634	2,632,389	234,326	11,774,942
	2018	950,000	2,909,002	1,419,098	1,417,466	2,102,817	150,410	8,948,793
Joseph R. Leonti (7) Vice President, General Counsel and Secretary	2020	615,030	834,509	466,763	737,088	—	293,406	2,946,796
	2019	605,000	620,654	357,653	717,294	—	545,826	2,846,427
	2018	565,000	822,790	400,875	578,679	—	534,670	2,902,014
Andrew M. Weeks (8) Vice President and President - Engineered Materials Group	2020	571,140	688,038	384,413	648,957	—	638,204	2,930,752

- (1) Reflects the impact of a reduction in base salary in the fourth quarter of fiscal year 2020 in accordance with cost control measures implemented in response to the economic downturn and COVID-19. Includes the following amounts deferred under the Savings Restoration Plan and the Executive Deferral Plan for fiscal year 2020:

Savings Restoration Plan: Mr. Williams—\$24,844; Ms. Suever—\$23,730; Mr. Banks—\$22,312; Mr. Leonti—\$24,442; and Mr. Weeks —\$23,935.

Executive Deferral Plan: Mr. Leonti—\$50,000.

These amounts are also reported in the “Executive Contributions in Last Fiscal Year” column of the Nonqualified Deferred Compensation for Fiscal Year 2020 table on page 56.

- (2) For 2020, these amounts consist of the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 of LTIP Awards granted during fiscal year 2020 to each of the Named Executive Officers. For the LTIP awards, the amounts do not reflect whether a Named Executive Officer has actually realized a financial benefit from the LTIP awards. The amounts were calculated by multiplying the closing price on the date of grant by the number of LTIP Awards received and assuming a payout of 100%. As described beginning on page 38, however, LTIP Award payouts will be calculated following the applicable three-year performance period and could range from a minimum of 0% to a maximum of 200%. The grant date fair value of the LTIP Awards granted during fiscal year 2020 at the maximum payout of 200% are: Mr. Williams—\$10,700,560; Ms. Suever—\$3,189,380; Mr. Banks—\$4,910,866; Mr. Leonti—\$1,669,018; and Mr. Weeks—\$1,376,076. Dividends in the form of dividend equivalent units are awarded as earned LTIP award shares for those LTIP awards beginning with the calendar years 2019-20-21 performance period. Dividends are paid on the LTIP Awards awarded prior to calendar years 2019-20-21 performance period after the prior performance periods end and the shares are issued at which point they will be paid in proportion to the actual amount of shares earned for the applicable performance period.
- (3) Amounts reflect the aggregate grant date fair value for Stock Appreciation Rights granted in fiscal year 2020 computed in accordance with FASB ASC Topic 718 of Stock Incentive grants. The amounts do not reflect whether a Named Executive Officer has actually realized a financial benefit from the award. The amounts were calculated using the Black-Scholes option pricing model with the following weighted- average assumptions:

COMPENSATION TABLES

Fiscal Year of Grant	Participant	Grant Date	Type of Grant	Risk-free Interest Rate	Expected Life of Award	Expected Dividend Yield of Stock	Expected Volatility of Stock
2020	Named Executive Officers	8/14/2019	annual grant	1.55%	5.77 years	1.97%	26.2%

During fiscal year 2020, no Stock Incentive awards were forfeited by any of the Named Executive Officers.

- (4) Amounts consist of the following Target Incentive Bonuses, General RONA Bonuses with PGI Multiplier, if applicable, and Converted RONA Bonuses for fiscal year 2020, which were paid in one or more installments with the final payments in August 2020:

Target Incentive Bonus for fiscal year 2020: Mr. Williams—\$1,855,000; Ms. Suever—\$640,000; Mr. Banks—\$945,000; Mr. Leonti—\$388,400; and Mr. Weeks—\$300,600.

General RONA Bonus for fiscal year 2020: Mr. Williams—\$1,271,255; Ms. Suever—\$435,375; Mr. Banks—\$689,102; Mr. Leonti—\$277,686; and Mr. Weeks—\$277,356.

Converted RONA Bonus for fiscal year 2020: Mr. Williams—\$103,832; Ms. Suever—\$71,234; Mr. Banks—\$103,277; Mr. Leonti—\$71,002; and Mr. Weeks—\$71,002.

Amount also includes the following amount deferred under the Executive Deferral Plan:

Executive Deferral Plan: Mr. Leonti—\$50,000.

- (5) Amounts consist of the change in annual actuarial present value of pension benefits for Messrs. Williams and Banks and Ms. Suever, as also reported in the Pension Benefits for Fiscal Year 2020 table. Mr. Leonti and Mr. Weeks do not have a benefit under our defined benefit pension plans. None of the Named Executive Officers received above-market or preferential earnings on deferred compensation.
- (6) The following table describes each component of the All Other Compensation column:

Name	Company Contributions to Defined Contribution Plans (a)	Life Insurance Premiums Paid	Dividend Equivalents on RSUs (b)	Perquisites (c)	Total "All Other Compensation"
Thomas L. Williams	\$ 17,240	\$ 75,684	\$—	\$ 50,818	\$ 143,742
Catherine A. Suever	15,864	49,594	9,460	28,514	103,432
Lee C. Banks	13,744	49,596	102,833	48,972	215,145
Joseph R. Leonti	220,417	44,098	—	28,891	293,406
Andrew M. Weeks	539,803	62,147	11,510	24,744	638,204

- (a) Amount consists of the following company contributions to our Defined Contribution Plans:

Retirement Savings Plan: Mr. Williams—\$11,675; Ms. Suever—\$10,499; Mr. Banks—\$8,746; Mr. Leonti—\$22,527 and Mr. Weeks—\$22,404.

Savings Restoration Plan: Mr. Williams—\$5,565; Ms. Suever—\$5,365; Mr. Banks—\$4,998; Mr. Leonti—\$45,238; and Mr. Weeks—\$42,059.

Defined Contribution Supplemental Retirement Program: Mr. Leonti—\$152,652; and Mr. Weeks—\$475,340.

- (b) Reported in this column are cash dividends that Ms. Suever and Mr. Banks received as dividend equivalents on RSUs that they were granted in Fiscal Years 2017 and 2019, and cash dividends that Mr. Weeks received as dividend equivalents on RSUs that he was granted in Fiscal Year 2019.
- (c) Reported in this column are amounts reimbursed or incurred by us with respect to: (i) executive long-term disability insurance premiums; (ii) one or more of the following executive perquisites: (A) leased vehicle, including state sales tax if applicable; (B) spousal travel; (C) executive physicals; (D) matching gifts program and (E) corporate aircraft travel. The Named Executive Officers also use our loges, box seats or tickets to various entertainment venues. However, there is no incremental cost to us for their use of these loges, box seats and tickets. No Named Executive Officer received an executive perquisite in an amount that exceeds the greater of \$25,000 or 10% of the total amount of executive perquisites received by the Named Executive Officer.

- (7) Mr. Leonti was not a Named Executive Officer in Fiscal Year 2019, but was a Named Executive Officer in Fiscal Year 2018.

- (8) Mr. Weeks was not a Named Executive Officer for Fiscal Years 2019 and 2018.

GRANTS OF PLAN-BASED AWARDS FOR FISCAL YEAR 2020

The following table sets forth information with respect to non-equity and equity incentive plan awards granted to the Named Executive Officers during fiscal year 2020. The LTIP Awards and Stock Incentives listed below have been granted under our Amended 2016 Equity Plan.

Name	Date	Compensation Committee Action Date (If Different than Grant Date)	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards (\$)
			Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)			
Thomas L. Williams											
Target Incentive Bonus	8/14/2019	—	0	927,500	1,855,000	—	—	—	—	—	—
General RONA Bonus	8/14/2019	—	0	1,126,250	(1)	—	—	—	—	—	—
Converted RONA Bonus	8/14/2019	—	0	80,490	(1)	—	—	—	—	—	—
LTIP Award (CY 20-21-22) (3)	1/22/2020	—	—	—	—	0	26,921	53,842	—	—	5,350,280(2)
Stock Incentives	8/14/2019	—	—	—	—	—	—	—	88,680	158.90	2,992,950
Catherine A. Suever											
Target Incentive Bonus	8/14/2019	—	0	320,000	640,000	—	—	—	—	—	—
General RONA Bonus	8/14/2019	—	0	360,000	(1)	—	—	—	—	—	—
Converted RONA Bonus	8/14/2019	—	0	55,220	(1)	—	—	—	—	—	—
LTIP Award (CY 20-21-22) (3)	1/22/2020	—	—	—	—	0	8,024	16,048	—	—	1,594,690(2)
Stock Incentives	8/14/2019	—	—	—	—	—	—	—	26,440	158.90	892,350
Lee C. Banks											
Target Incentive Bonus	8/14/2019	—	0	472,500	945,000	—	—	—	—	—	—
General RONA Bonus	8/14/2019	—	0	577,500	(1)	—	—	—	—	—	—
Converted RONA Bonus	8/14/2019	—	0	80,060	(1)	—	—	—	—	—	—
LTIP Award (CY 20-21-22) (3)	1/22/2020	—	—	—	—	0	12,355	24,710	—	—	2,455,433(2)
Stock Incentives	8/14/2019	—	—	—	—	—	—	—	40,680	158.90	1,372,950
Joseph R. Leonti											
Target Incentive Bonus	8/14/2019	—	0	194,200	388,400	—	—	—	—	—	—
General RONA Bonus	8/14/2019	—	0	226,590	(1)	—	—	—	—	—	—
Converted RONA Bonus	8/14/2019	—	0	55,040	(1)	—	—	—	—	—	—
LTIP Award (CY 20-21-22) (3)	1/22/2020	—	—	—	—	0	4,199	8,398	—	—	834,509(2)
Stock Incentives	8/14/2019	—	—	—	—	—	—	—	13,830	158.90	466,763
Andrew M. Weeks											
Target Incentive Bonus	8/14/2019	—	0	194,200	388,400	—	—	—	—	—	—
General RONA Bonus	8/14/2019	—	0	240,480	(1)	—	—	—	—	—	—
Converted RONA Bonus	8/14/2019	—	0	55,040	(1)	—	—	—	—	—	—
LTIP Award (CY 20-21-22) (3)	1/22/2020	—	—	—	—	0	3,462	8,398	—	—	688,038(2)
Stock Incentives	8/14/2019	—	—	—	—	—	—	—	11,390	158.90	384,413

- (1) There are no maximum amounts for General RONA Bonuses or Converted RONA Bonuses. General RONA Bonuses and Converted RONA Bonuses are calculated as described in the Compensation Discussion and Analysis beginning on page 23.
- (2) Calculated assuming a payout of 100% as described in footnote 2 to the Summary Compensation Table for Fiscal Year 2020.
- (3) Includes earned LTIP award shares in the form of dividend equivalent units for those LTIPs awarded for the calendar years 2019-20-21 and 2020-21-22 performance periods.

The elements of executive compensation included in each Named Executive Officer's total compensation as reported in the Summary Compensation Table for Fiscal Year 2020 on page 49 and the compensation programs under which the grants described in the Grants of Plan-Based Awards for Fiscal Year 2020 table above were made are described in the Compensation Discussion and Analysis section of this Proxy Statement.

OUTSTANDING EQUITY AWARDS AT JUNE 30, 2020

The following table sets forth information with respect to Stock Incentives and stock awards held by the Named Executive Officers as of June 30, 2020.

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Equity Incentive Plan Awards: Number of Shares, Unearned Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)(1)
Thomas L. Williams	34,840	0	106.18	8/13/2023	—	—
	26,240	0	113.19	8/12/2024	—	—
	33,422	0	116.46	1/31/2025	—	—
	67,200	0	113.23	8/11/2025	—	—
	105,500	0	124.36	8/16/2026	—	—
	61,560	30,780(2)	158.79	8/15/2027	—	—
	27,060	54,120(3)	166.49	8/14/2028	—	—
	0	88,680(4)	158.90	8/13/2029	—	—
	—	—	—	—	29,060(5)	5,325,826
	—	—	—	—	33,609(6)	6,159,521
Catherine A. Suever	—	—	—	—	26,921(7)	4,933,812
	5,230	0	81.86	8/14/2022	—	—
	6,660	0	106.18	8/13/2023	—	—
	5,010	0	113.19	8/12/2024	—	—
	4,820	0	113.23	8/11/2025	—	—
	5,500	0	124.36	8/16/2026	—	—
	16,033	8,017(2)	158.79	8/15/2027	—	—
	7,307	14,613(3)	166.49	8/14/2028	—	—
	—	26,440(4)	158.90	8/13/2029	—	—
	—	—	—	—	7,570(5)	1,387,354
Lee C. Banks	—	—	—	—	9,073(6)	1,662,809
	—	—	—	—	8,024(7)	1,470,558
	34,840	0	106.18	8/13/2023	—	—
	26,240	0	113.19	8/12/2024	—	—
	22,281	0	116.46	1/31/2025	—	—
	44,800	0	113.23	8/11/2025	—	—
	51,150	0	124.36	8/16/2026	—	—
	29,500	14,750(2)	158.79	8/15/2027	—	—
	12,177	24,353(3)	166.49	8/14/2028	—	—
	0	40,680(4)	158.90	8/13/2029	—	—
Joseph R. Leonti	—	—	—	—	13,930(5)	2,552,951
	—	—	—	—	15,122(6)	2,771,409
	—	—	—	—	12,355(7)	2,264,301
	—	—	—	—	14,194(8)	2,601,334
	—	—	—	—	15,020(9)	2,752,715
	0	4,167(2)	158.79	8/15/2027	—	—
	0	6,493(3)	166.49	8/14/2028	—	—
	0	13,830(4)	158.90	8/13/2029	—	—
	—	—	—	—	3,940(5)	722,084
	—	—	—	—	4,032(6)	—
Andrew M. Weeks	—	—	—	—	4,199(7)	—
	12,320	—	113.23	8/11/2025	—	—
	14,070	—	124.36	8/16/2026	—	—
	7,693	3,847(2)	158.79	8/15/2027	—	—
	3,247	6,493(3)	166.49	8/14/2028	—	—
	—	11,390(4)	158.90	8/13/2029	—	—
	—	—	—	—	3,630(5)	665,270
	—	—	—	—	4,032(6)	738,945
—	—	—	—	3,462(7)	634,481	
—	—	—	—	3,270(10)	599,293	

COMPENSATION TABLES

- (1) The market value is calculated by multiplying the closing price of our Common Stock on June 30, 2020, \$183.27, by the number of shares.
- (2) Represents Stock Incentives granted on August 16, 2017. The Stock Incentives vest in three equal annual installments beginning August 16, 2018.
- (3) Represents Stock Incentives granted on August 15, 2018. The Stock Incentives vest in three equal annual installments beginning August 15, 2019.
- (4) Represents Stock Incentives granted on August 14, 2019. The Stock Incentives vest in three equal annual installments beginning August 14, 2020.
- (5) Assumes that we meet our target performance goals and payout will be at 100% of the target LTIP Award value. Assuming continued employment through the end of the performance period (December 31,2020), actual payouts under the calendar years 2018-19-20 LTIP Awards will be in common shares issued in April 2021 following the Committee's certification of our performance results, subject to the Committee's exercise of any discretion to reduce the amount payable and the Committee's authorization of payment. These amounts include the dividend equivalent units for LTIP awards beginning January 2020.
- (6) Assumes that we meet our target performance goals and payout will be at 100% of the target LTIP Award value. Assuming continued employment through the end of the performance period (December 31,2021), actual payouts under the calendar years 2019-20-21 LTIP Awards will be in common shares to be issued in April 2022 following the Committee's certification of our performance results, subject to the Committee's exercise of any discretion to reduce the amount payable and the Committee's authorization of payment. These amounts include the dividend equivalent units for LTIP awards beginning January 2020.
- (7) Assumes that we meet our target performance goals and payout will be at 100% of the target LTIP Award value. Assuming continued employment through the end of the performance period (December 31,2022), actual payouts under the calendar years 2020-21-22 LTIP Awards will be in common shares to be issued in April 2023 following the Committee's certification of our performance results, subject to the Committee's exercise of any discretion to reduce the amount payable and the Committee's authorization of payment. These amounts include the dividend equivalent units for LTIP awards beginning January 2020.
- (8) Represents the grant of 14,194 Restricted Stock Units, awarded on August 17, 2016 to Mr. Banks. Assuming continued full-time employment, the grants will vest on August 17, 2022.
- (9) Represents the grant of 15,020 Restricted Stock Units, awarded August 15, 2018, to Mr. Banks. Assuming continued full-time employment, the grants will vest on August 5, 2022.
- (10) Represents the grant of 3,270 Restricted Stock Units, awarded February 1, 2019 to Mr. Weeks. Assuming continued full-time employment, the grants will vest on February 1,2022.

OPTION EXERCISES AND STOCK VESTED FOR FISCAL YEAR 2020

The following table sets forth information with respect to Stock Incentives that were exercised during fiscal year 2020 and common shares issued under LTIP Awards and RSUs that vested for the Named Executive Officers during fiscal year 2020.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)(1)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)(2)
Thomas L. Williams	0	0	64,630	13,302,147
Catherine A. Suever	7,280	944,122	18,573	3,822,695
Lee C. Banks	35,990	3,692,574	31,340	6,450,399
Joseph R. Leonti	16,270	794,270	8,619	1,773,963
Andrew M. Weeks	8,150	587,612	8,619	1,773,963

- (1) Calculated by multiplying the number of shares acquired by the difference between the exercise price and closing price of our common stock on the exercise date.
- (2) Calculated by multiplying the number of shares acquired by the closing price of our common stock on the applicable vesting date.

PENSION BENEFITS FOR FISCAL YEAR 2020

The following table sets forth the actuarial present value of the benefits accumulated by each of the Named Executive Officers under the Pension Plan, the Pension Restoration Plan and the Supplemental Retirement Program.

Name	Plan Name	Number of Years of Credited Service (#)(1)	Present Value of Accumulated Benefit (\$)(2)	Payments During Last Fiscal Year (\$)
Thomas L. Williams	Pension Plan	16.6	758,278	0
	Pension Restoration Plan	14.9	6,853,217	0
	Supplemental Retirement Program	16.6	22,023,034	0
Catherine A. Suever	Pension Plan	33.1	1,580,338	0
	Pension Restoration Plan	31.3	3,708,878	0
	Supplemental Retirement Program	33.1	6,743,897	0
Lee C. Banks	Pension Plan	28.6	1,159,058	0
	Pension Restoration Plan	28.6	10,095,857	0
	Supplemental Retirement Program	28.6	6,816,038	0
Joseph R. Leonti (3)	Pension Plan	—	0	0
	Pension Restoration Plan	—	0	0
	Supplemental Retirement Program	—	0	0
Andrew M. Weeks (3)	Pension Plan	—	0	0
	Pension Restoration Plan	—	0	0
	Supplemental Retirement Program	—	0	0

- (1) Credited Service in the Pension Restoration Plan is frozen as of the date the Named Executive Officer becomes 100% vested in the Supplemental Retirement Program (typically age 60).
- (2) The present value of the accumulated benefits is calculated under each plan using the following assumptions: (i) a discount rate of 2.36% for the Pension Plan; (ii) a discount rate of 2.04% for each of the Pension Restoration Plan and Supplemental Retirement Program; (iii) no pre-retirement decrements; and (iv) retirement at age 65.
- For the Pension Plan, additional assumptions include: (i) participants elect a life annuity; and (ii) the Pri-2012 Mortality Table projected generationally with Scale MP-2019.
- For the Pension Restoration Plan, using each Named Executive Officer's participant elections under the Pension Restoration Plan, additional assumptions include: (i) calculating lump sums using the applicable mortality table under Section 417(e) of the Internal Revenue Code (ii) discount segment rates of 1.08%, 2.78% and 3.47%.
- For the Supplemental Retirement Program, using each Named Executive Officer's participant elections under the Supplemental Retirement Program, additional assumptions include: (i) calculating lump sums using the applicable mortality table under Section 417 (e) of the Internal Revenue Code; and (ii) a discount rate of 2.70%.
- (3) Messrs. Leonti and Weeks are not eligible to participate in these plans.

The Pension Plan, the Pension Restoration Plan and the Supplemental Retirement Program are described in the Compensation Discussion and Analysis section of this Proxy Statement.

NONQUALIFIED DEFERRED COMPENSATION FOR FISCAL YEAR 2020

The following table sets forth the contributions, earnings, withdrawals/distributions and aggregate balances for the Named Executive Officers participating in the Savings Restoration Plan, the Executive Deferral Plan and the Defined Contribution Supplemental Retirement Program during fiscal year 2020.

Name	Executive Contributions in Last Fiscal Year (\$)(1)	Registrant Contributions in Last Fiscal Year (\$)(2)	Aggregate Earnings in Last Fiscal Year (\$)	Aggregate Withdrawals/ Distributions (\$)	Aggregate Balance at Last Fiscal Year End (\$)
Thomas L. Williams					
Savings Restoration Plan	24,844	5,565	60,928	0	873,521(3)
Executive Deferral Plan	0	0	(739)	0	23,929
Defined Contribution Supplemental Retirement Program	0	0	0	0	—
Catherine A. Suever					
Savings Restoration Plan	23,730	5,365	(3,446)	0	789,170(3)
Executive Deferral Plan	0	0	(696)	0	275,138
Defined Contribution Supplemental Retirement Program	0	0	0	0	—
Lee C. Banks					
Savings Restoration Plan	22,312	4,998	59,545	0	1,414,833(3)
Executive Deferral Plan	0	0	85,657	0	8,704,291
Defined Contribution Supplemental Retirement Program	0	0	0	0	—
Joseph R. Leonti					
Savings Restoration Plan	23,935	45,238	6,048	0	358,300(3)
Executive Deferral Plan	100,000	0	3,540	0	283,358
Defined Contribution Supplemental Retirement Program	0	152,652	31,532	0	2,653,768
Andrew M. Weeks					
Savings Restoration Plan	36,614	42,059	41,515	0	266,329(3)
Executive Deferral Plan	0	0	0	0	—
Defined Contribution Supplemental Retirement Program	0	475,340	286,017	0	2,920,214

- (1) For each of the Named Executive Officers, amounts are included in the "Salary" and in the "Non-Equity Incentive Compensation" columns and referenced in footnotes 1 and 4, respectively, of the Summary Compensation Table for Fiscal Year 2020.
- (2) Amounts are included along with our contributions to the Retirement Savings Plan, which is a qualified deferred compensation plan, in the "Company Contributions to Defined Contribution Plans" column in the All Other Compensation components table in footnote 6 of the Summary Compensation Table for Fiscal Year 2020.
- (3) Includes the following amounts that were deferred during fiscal year 2019 under the Savings Restoration Plan: Mr. Williams—\$25,000; Ms. Suever—\$24,612; Mr. Banks—\$26,250; Mr. Leonti—\$19,757; and Mr. Weeks—\$22,126.

The Savings Restoration Plan, the Executive Deferral Plan, and the Defined Contribution Supplemental Retirement Program are described in the Compensation Discussion and Analysis section of this Proxy Statement. The investment options under each of the plans are identical. During fiscal year 2020, there were up to eleven investment funds that a Named Executive Officer could choose with annual rates of return for the year ended June 30, 2020, ranging from 2.02% to 31.58%. Under the plans, participants have the ability to change their investments at any time.

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE OF CONTROL AT JUNE 30, 2020

Each of the Named Executive Officers may be entitled to payments under our executive compensation program upon a termination of employment or a change in control. The events which may trigger these payments include death, long-term disability, retirement, termination for cause, termination without cause, resignation, change in control or a qualifying termination in connection with a change in control. The following narratives and tables describe the payments the Named Executive Officers may receive under the written terms of our executive compensation program plans and arrangements as in effect on June 30, 2020, for each triggering event as if the triggering event occurred on June 30, 2020.

During fiscal year 2016 we adopted new Change in Control Agreements and amended our Executive Deferral Plan to exclude tax gross-ups and to eliminate “modified single trigger” vesting acceleration on a change in control; however, each of the Named Executive Officers became an executive officer prior to our implementation of these changes and, therefore, continue to have agreements that contain tax gross-ups on a change in control and modified single trigger vesting acceleration on a change in control.

For each of the termination of employment scenarios described in this section, the estimated potential payments and benefits that might be received by each Named Executive Officer is displayed in the table that immediately follows that description.

Payments Generally Available

A Named Executive Officer will generally receive the following upon termination of employment:

- base salary earned but not yet paid as of the date of termination;
- Target Incentive Bonuses, General RONA Bonuses (with the PG RONA Multiplier if applicable), and Converted RONA Bonuses earned but not yet paid as of the date of termination;
- LTIP Award payouts for the most recently completed three-year performance period not yet paid as of the date of termination;
- amounts accrued and vested under the Pension Plan, the Pension Restoration Plan and the Supplemental Retirement Program as of the date of termination, as described in the Compensation Discussion and Analysis section of this Proxy Statement;
- vested account balances under the Retirement Savings Plan, the Savings Restoration Plan, the Executive Deferral Plan and the Defined Contribution Supplemental Retirement Program as of the date of termination, as described in the Compensation Discussion and Analysis section of this Proxy Statement; and
- any accrued and unused vacation pay as of the date of termination.

The Committee may, however, reduce any payments of a Target Incentive Bonus, General RONA Bonus (with the PG RONA Multiplier if applicable), or LTIP Award payout in its sole discretion, up to and including a reduction to zero.

In determining the amounts reflected in the following tables, we used the following general assumptions and principles.

- We assumed that each of the triggering events occurred on June 30, 2020. This includes our assumption that, upon a qualifying termination in connection with a change in control, the qualifying termination and change in control both occurred on June 30, 2020.
- We did not include amounts for base salaries, Target Incentive Bonuses, General RONA Bonuses (including the PG RONA Multiplier if applicable), or Converted RONA Bonuses in the following tables because the amounts are already earned and are not affected by the triggering events, which are assumed to occur on June 30, 2020.
- Amounts were calculated based on each Named Executive Officer’s age, compensation and years of service as of June 30, 2020.

COMPENSATION TABLES

- All present values of pension amounts shown for the Pension Plan assume a 2.36% discount rate, the Pri-2012 Mortality Table projected generationally with Scale MP-2019, and assume that the annuity payment elected is 50% joint and survivor.
- With the exception of the values for the Supplemental Retirement Program in the “Change in Control” and “Qualifying Termination in Connection with a Change in Control” columns, all lump sum values of pension amounts shown assume the following:
 - for the Pension Restoration Plan, segment rates (after phase-in) of 2.13%, 3.07% and 3.65%, and the applicable mortality table under Section 417(e) of the Internal Revenue Code; and
 - for the Supplemental Retirement Program, a 2.70% discount rate and the applicable mortality table under Section 417(e) of the Internal Revenue Code.
- We did not include amounts for account balances in the Retirement Savings Plan because this plan is available to all salaried employees. We did not include amounts for account balances under the Savings Restoration Plan and the Executive Deferral Plan because these amounts, which are reported under the “Aggregate Balance at Last Fiscal Year End” column in the Nonqualified Deferred Compensation for Fiscal Year 2020 table on page 56, would not be increased in connection with any triggering event.

Payments upon Death

Upon the death of a Named Executive Officer, in addition to the “Payments Generally Available” described above, the estate or beneficiary of the Named Executive Officer will receive the following:

- accelerated vesting of all outstanding Stock Incentives;
- for Stock Incentives granted on or before August 11, 2010, and for Stock Incentives granted on or after August 17, 2011, if the Named Executive Officer is not retirement eligible at the time of death, retention of all outstanding Stock Incentives for the earlier of (i) two years after the Named Executive Officer’s death or (ii) the expiration date listed in the grant letter;
- for Stock Incentives granted on or after August 17, 2011, if the Named Executive Officer is retirement eligible at the time of death, retention of all outstanding Stock Incentives until the expiration date listed in the grant letter;
- accelerated vesting of the unvested portion of the Named Executive Officer’s account under our Executive Deferral Plan;
- account balance in the Defined Contribution Supplemental Retirement Program provided the Named Executive Officer has completed 60 calendar months of service at his or her date of death;
- pro-rated LTIP Award payouts for the calendar years 2018-19-20 and 2019-20-21 performance periods to be determined at the end of the respective performance periods, based on the full number of calendar quarters of continuous employment during the 2018-19-20 and 2019-20-21 calendar years performance periods;
- pro-rated LTIP Award payouts for the calendar years 2020-21-22 performance period to be determined at the end of the respective performance periods, based on the full number of months of continuous employment during the 2020-21-22 calendar years performance period; and
- death benefits under the Officer Life Insurance Plan as described in the Compensation Discussion and Analysis beginning on page 23.

COMPENSATION TABLES

In determining the amounts payable upon death reported in the following tables, the following assumptions and principles were used:

- To calculate the estimated value of the LTIP Awards, we assumed a payout of 100% of the pro-rated LTIP Award target amount and used our closing stock price on June 30, 2020, \$183.27. Because the payout of the LTIP Awards is dependent upon our performance against the Peer Group companies during the three-year performance period, a Named Executive Officer's actual payout could range from a minimum of zero to a maximum of 200% of the Named Executive Officer's pro-rated LTIP Award target amount.
- The death benefit payable under the Officer Life Insurance Plan is funded through individual life insurance policies owned by each of the Named Executive Officers that would be paid by the insurance company issuing the policy.

PAYMENTS UPON DEATH

Officer	Accelerated Vesting of Stock Incentives	Accelerated Vesting of Restricted Stock Units	Pension Plan	Pension Restoration Plan	Supplemental Retirement Program	LTIP Awards	Defined Contribution Supplemental Retirement Program	Officer Life Insurance Death Benefits	Totals
Thomas L. Williams	3,822,760	—	377,041	2,977,247	25,009,587	12,304,360	—	3,400,000	47,890,995
Catherine A. Suever	1,085,805	—	696,429	1,562,367	9,254,411	3,294,275	—	3,200,000	19,093,287
Lee C. Banks	1,761,095	5,354,050	445,893	3,301,315	13,412,457	3,889,038	—	4,200,000	32,363,848
Joseph R. Leonti	547,998	—	—	—	—	1,098,954	2,653,768	1,942,200	6,242,920
Andrew M. Weeks	480,701	599,293	—	—	—	1,029,188	2,773,908	1,803,600	6,243,340

Payments upon Long-Term Disability

Upon the long-term disability of a Named Executive Officer, the Named Executive Officer will receive the "Payments Generally Available" described above and the "Payments Upon Death" described above, except that:

- the term for all outstanding Stock Incentives will continue for the remainder of their ten-year terms;
- the account balance in the Defined Contribution Supplemental Retirement Program will be paid in a single lump sum as of the date of disability; and
- the Named Executive Officer will not receive death benefits under the Officer Life Insurance Plan until death subsequently occurs.

In addition, the Named Executive Officer will receive the following:

- monthly benefits under the Executive Long-Term Disability Plan;
- six months of premium payments for medical and dental insurance based on the applicable COBRA rates for the Named Executive Officer; and
- for those Named Executive Officers who were participants prior to January 1, 2008, premium payments under the Officer Life Insurance Plan for the greater of ten years from commencement of plan participation or the number of years until the Named Executive Officer reaches age 65. For those

COMPENSATION TABLES

Named Executive Officers who became participants on or after January 1, 2008, the participant will receive premium payments under the Officer Life Insurance Plan until retirement up to age 65.

The benefit in the following table for each of the Named Executive Officers under the Executive Long-Term Disability Plan represents one year of long term disability benefits. The disability benefit payable under the plan is funded through group and individual long-term disability insurance policies owned by each of the Named Executive Officers that would be paid by the insurance company issuing the policies.

PAYMENTS UPON LONG-TERM DISABILITY

Officer	Accelerated Vesting of Stock Incentives	Accelerated Vesting of Restricted Stock Units	Pension Plan	Pension Restoration Plan	Supplemental Retirement Program	LTIP Awards	Defined Contribution Supplemental Retirement Program	Executive Long-Term Disability Benefit	Medical and Dental Benefit	Officer Life Insurance Premiums	Totals
Thomas L. Williams	3,822,760	—	785,004	6,213,241	26,356,630	12,304,360	—	396,000	6,834	53,092	49,937,921
Catherine A. Suever	1,085,805	—	1,583,287	3,380,006	8,542,966	3,294,275	—	396,000	3,336	49,594	18,335,269
Lee C. Banks	1,761,095	5,354,050	1,012,234	8,423,145	11,992,744	3,889,038	—	396,000	10,764	35,347	32,874,417
Joseph R. Leonti	547,998	—	—	—	—	1,098,954	2,653,768	420,000	6,576	44,098	4,771,394
Andrew M. Weeks	480,701	599,293	—	—	—	1,029,188	2,773,908	420,000	3,306	62,147	4,925,193

Payments upon Retirement

Upon the retirement of a Named Executive Officer at (A) age 65 or older, or (B) age 60 or older with at least ten years of service, the Named Executive Officer will receive the "Payments Generally Available" described above and the "Payments Upon Death" described above, except that:

- (i) the vesting schedule in all outstanding Stock Incentives will continue as if employed;
- (ii) the term for all outstanding Stock Incentives will continue for the remainder of their ten-year terms;
- (iii) if the Named Executive Officer is (A) age 65 or older, or (B) age 60 or older with at least ten years of service and 12 months of continuous employment during the performance periods, he or she will receive a full LTIP Award payout for calendar years 2018-19-20, 2019-20-21, and 2020-21-22 performance periods, to be determined at the end of the performance periods, as if he or she had remained continuously employed through the end of the performance periods; and
- (iv) the Named Executive Officer will not receive death benefits under the Officer Life Insurance Plan unless death subsequently occurs.

If a Named Executive Officer retires outside of the age and service thresholds stated in (iii) above, he or she will receive (a) pro-rated LTIP Award payouts for the calendar years 2018-19-20 and 2019-20-21 performance periods, to be determined at the end of the respective performance periods, based on the number of full calendar quarters served during each of the performance periods; and (b) pro-rated LTIP Award payout for the calendar years

2020-21-22 performance period, to be determined at the end of the performance period, based on the number of full months served during the performance period.

If the Named Executive Officer is less than 60 years of age on the date of retirement, then the Named Executive Officer must seek early retirement approval from the Human Resources and Compensation Committee to receive payments with respect to the following:

- the Supplemental Retirement Program;
- the Defined Contribution Supplemental Retirement Program; and
- account balance in the unvested portion of the Named Executive Officer’s LTIP Award deferrals under our Executive Deferral Plan.

In addition, Named Executive Officers must be at least 55 years of age on the date of retirement to continue to receive premium payments under the Officer Life Insurance Plan which if needed will continue for the greater of ten years from commencement of plan participation or the number of years until they reach age 65. As of June 30, 2020, Mr. Williams and Ms. Suever had reached 60 years of age with at least 10 years of service and Mr. Banks had reached 55 years of age with at least 10 years of service. Since Ms. Suever became an executive officer after January 1, 2008, we will not make any post-retirement premium payments on her behalf.

In determining the amounts payable upon retirement reported in the following table, in the case of Mr. Banks, we assumed that he did not receive Human Resources and Compensation Committee approval for early retirement.

PAYMENTS UPON RETIREMENT

Officer	Pension Plan	Pension Restoration Plan	Supplemental Retirement Program	LTIP Awards	Post-Retirement Insurance Premiums	Totals
Thomas L. Williams	785,004	6,213,241	26,356,630	12,304,360	212,368	45,871,603
Catherine A. Suever	1,583,287	3,380,006	8,542,966	3,294,275	—	16,800,534
Lee C. Banks	1,012,234	8,423,145	—	3,889,038	282,776	13,607,193
Joseph R. Leonti	—	—	—	1,098,954	—	1,098,954
Andrew M. Weeks	—	—	—	1,029,188	—	1,029,188

Payments upon Termination for Cause or Resignation

Upon the termination for cause or the resignation of a Named Executive Officer, the Named Executive Officer will receive the “Payments Generally Available” described above, except that the Named Executive Officer will (i) forfeit his or her Supplemental Retirement Program benefit and his or her Defined Contribution Supplemental Retirement Program benefit if the termination for cause is the result of competition by the Named Executive Officer against us, and (ii) forfeit his or her LTIP Awards if the termination or resignation occurs during the applicable performance period.

In determining the amounts payable upon termination for cause under the Supplemental Retirement Program and the Defined Contribution Supplemental Retirement Program, we assumed that the termination did not result from competition against us.

COMPENSATION TABLES

PAYMENTS UPON TERMINATION FOR CAUSE OR RESIGNATION

Officer	Pension Plan	Pension Restoration Plan	Supplemental Retirement Program	Totals
Thomas L. Williams	785,004	6,213,241	25,356,630	32,354,875
Catherine A. Suever	1,583,287	3,380,006	8,542,966	13,506,259
Lee C. Banks	1,012,234	8,423,145	—	9,435,379
Joseph R. Leonti	—	—	—	—
Andrew M. Weeks	—	—	—	—

Payments upon Termination without Cause

Upon the termination without cause of a Named Executive Officer, the Named Executive Officer will receive the “Payments Generally Available” described above. In addition, if the Named Executive Officer signs a release of all claims against us, the Named Executive Officer will receive a lump sum payment equal to one week’s pay for each full year of service up to a maximum of twenty-six weeks of pay and continuation of premium payments for medical and dental insurance based on the applicable COBRA rates for the Named Executive Officer for up to three months.

Additionally, he or she will be entitled to (a) pro-rated LTIP Award payouts for the calendar years 2018-19-20 and 2019-20-21 performance periods, to be determined at the end of the respective performance periods, based on the number of full calendar quarters served during each of the performance periods; and (b) pro-rated LTIP Award payout for the calendar years 2020-21-22 performance period, to be determined at the end of the performance period, based on the number of full months served during the performance period.

In determining the amounts payable upon termination without cause reported in the following tables, we assumed that the Named Executive Officer signed a release.

PAYMENTS UPON TERMINATION WITHOUT CAUSE

Officer	Severance Pay	Pension Plan	Pension Restoration Plan	Supplemental Retirement Program	Medical and Dental Benefits	Totals
Thomas L. Williams	382,212	785,004	6,213,241	26,356,630	3,417	33,740,504
Catherine A. Suever	400,005	1,583,287	3,380,006	8,542,966	1,668	13,907,932
Lee C. Banks	525,002	1,012,234	8,423,145	11,992,744	5,382	21,958,507
Joseph R. Leonti	174,300	—	—	—	3,288	177,588
Andrew M. Weeks	80,931	—	—	—	1,653	82,584

Payments upon a Change in Control

A Change in Control occurs if and when:

- subject to certain exceptions, any “person” (as such term is used in Sections 13(d)(3) and 14(d)(2) of the Securities Exchange Act of 1934) is or becomes a beneficial owner, directly or indirectly, of securities representing 20% or more of the combined voting power of our then outstanding securities eligible to vote for the election of the Board of Directors;
- during any period of 24 consecutive months, individuals who at the beginning of such 24-month period were our Directors, which we refer to as the Incumbent Board, cease to constitute at least a majority of the Board of Directors, unless the election, or nomination for election, of any person becoming a Director subsequent to the beginning of such 24-month period was approved by a vote of at least two-thirds of the Incumbent Board;

- our shareholders approve a plan of complete liquidation or dissolution; or
- we enter into a merger, consolidation or other reorganization, or sell all of our assets, unless:
 - immediately following the business combination, (1) more than 50% of the total voting power eligible to elect Directors of the resulting entity is represented by shares that were common shares immediately prior to the business combination, (2) subject to certain exceptions, no person becomes the beneficial owner, directly or indirectly, of 20% or more of the voting power of the entity resulting from the business combination, and (3) at least a majority of the members of the board of Directors of the resulting entity were members of the Incumbent Board at the time of the approval by the Board of Directors of the execution of the initial agreement providing for such business combination; or
 - the business combination is effected by means of the acquisition of common shares from us, and the Board of Directors approves a resolution providing expressly that such business combination does not constitute a Change in Control.

On July 21, 2008, we adopted certain amendments to our deferred compensation plans and arrangements to comply with Section 409A of the Internal Revenue Code. The amendments included certain modifications to the above definition of “Change in Control” for purposes of those plans and arrangements which were necessary to comply with the definition required by Section 409A.

A Change in Control, either with or without a qualifying termination of a Named Executive Officer (as described below in “Payments upon a Qualifying Termination in Connection with a Change in Control”), has the following effects under the executive compensation plans:

- any outstanding unvested Stock Incentive held by a Named Executive Officer vests and becomes exercisable immediately upon a Change in Control;
- any outstanding LTIP Award will be paid in common shares equal to the greater of (i) the target LTIP Award or (ii) the LTIP Award that would be payable at the end of the performance period assuming a level of financial performance equivalent to that existing at the fiscal quarter end immediately preceding the date of the Change in Control;
- upon a Change in Control, all amounts previously deferred by a Named Executive Officer under the Executive Deferral Plan, together with a “make whole” amount designed to compensate the executive for the lost opportunity to continue to defer receipt of such income (and the earnings thereon) pursuant to elections made under the Executive Deferral Plan, will be paid to the executive;
- upon a Change in Control, under the Supplemental Retirement Program each Named Executive Officer will receive three additional years of age and service credit, a lump-sum payment equal to the present value of the participant’s vested benefit under the Supplemental Retirement Program, and a “gross-up” payment to offset the effect, if any, of the excise tax imposed by Section 4999 of the Internal Revenue Code on such lump sum payment; and
- upon a Change in Control, any unvested account balance in the Defined Contribution Supplemental Retirement Program is automatically vested and such account shall be increased by three additional years of non-discretionary employer contributions based on the Named Executive Officer’s salary grade and target compensation at the time of the Change in Control. Such increase will not reflect deemed interest and earnings.

In determining the amounts payable upon a Change in Control reported in the following tables, the following assumptions or principles were used.

- We used the same assumptions in “Payments Generally Available” described above.

COMPENSATION TABLES

- We assumed that the Change in Control met the requirements of a Change in Control under Section 409A of the Internal Revenue Code unless otherwise noted.
- For Stock Incentives that vested on the triggering event, we valued the Stock Incentives at an amount per share equal to the difference between our closing stock price on June 30, 2020, \$183.27, and the grant price per share for each of the Stock Incentives.
- For lump sum present values for the Supplemental Retirement Program, we assumed a 1.00% discount rate for a Change in Control that meets the requirements under Section 409A of the Internal Revenue Code and a 2.89% discount rate for a Change in Control that does not meet the requirements of Section 409A. In both instances, we used the applicable mortality table under Section 417(e) of the Internal Revenue Code.
- To calculate the value of the LTIP Awards, we assumed a payout of 100% of the target LTIP Award and used our closing stock price on June 30, 2020, \$183.27. Because the payout of the LTIP Awards is dependent upon the financial performance against the Peer Group equivalent to that existing at the fiscal quarter end immediately preceding the date of the Change in Control, a Named Executive Officer's actual payout could range from a minimum of zero to a maximum of 200% of the Named Executive Officer's target LTIP Award.

PAYMENTS UPON A CHANGE IN CONTROL

Officer	Accelerated Vesting of Stock Incentives	Accelerated Vesting of Restricted Stock Units	Defined Contribution Supplemental Retirement Program	Pension Plan(1)	Pension Restoration Plan(1)	Supplemental Retirement Program	Executive Deferral Plan	LTIP Awards	Excise and Related Income Tax Gross-Up	Totals
Thomas L. Williams	3,822,760	—	—	785,004	6,213,241	42,052,195	1,376	16,419,159	—	69,293,735
Catherine A. Suever	1,085,805	—	—	1,583,287	3,380,006	15,245,893	53,173	4,520,721	2,928,377	28,797,262
Lee C. Banks	1,761,095	5,354,050	—	1,012,234	8,423,145	27,858,880	1,206,963	7,588,661	9,378,276	62,583,304
Joseph R. Leonti	547,998	—	3,012,161	—	—	—	49,387	2,230,579	—	5,840,125
Andrew M. Weeks	480,701	599,293	3,078,091	—	—	—	—	2,038,695	—	6,196,780

- (1) If the Change in Control does not meet the requirements of a Change in Control under Section 409A of the Internal Revenue Code, payment at the time of the Change in Control is "0". There would also be a corresponding reduction in the excise and related income tax gross-up, and in each of the Named Executive Officers' total payments.

Payments upon a Qualifying Termination in Connection with a Change in Control

Each of the Change in Control Agreements requires two triggering events to result in any severance payments to the Named Executive Officers:

- Change in Control; and
- termination of the employment of the Named Executive Officer in connection with a Change in Control.

Each Change in Control Agreement provides that, if the employment of the Named Executive Officer is terminated during the three years following a Change in Control, or prior to a Change in Control, where the termination was in anticipation of the Change in Control, either by us without "Cause" (as defined in the Change in Control Agreements) or by the Named Executive Officer for "Good Reason" (as described below), the Named Executive Officer shall be entitled to receive the "Payments upon a Change in Control" described above and the following:

- pro rata base salary, unused vacation, and annual cash and long-term incentive compensation for the year of termination of employment;
- severance pay equal to three times the Named Executive Officer's annual base salary and annual cash incentive compensation, other than Converted RONA Bonuses;
- continuation of welfare benefits (e.g., medical, life insurance, disability coverage) for a period of three years;
- to the extent not previously received, all amounts previously deferred under our non-qualified income deferral plans, together with a "make-whole" amount as described above, where the Named Executive Officer's termination occurs within two years of a Change in Control that constitutes a "change in control" as defined under Section 409A of the Internal Revenue Code; and
- a "gross-up" payment to offset the effect, if any, of the excise tax imposed by Section 4999 of the Internal Revenue Code.

"Good Reason" for termination of employment by the Named Executive Officer includes diminution in duties, reduction in compensation or benefits, relocation, or resignation from employment by the executive for any or no reason during the 180-day period beginning on the 91st day after the Change in Control.

COMPENSATION TABLES

PAYMENTS UPON A QUALIFYING TERMINATION IN CONNECTION WITH A CHANGE IN CONTROL

Officer	Severance Pay	Accelerated Vesting of Stock Incentives	Accelerated Vesting of Restricted Stock Units	Defined Contribution Supplemental Retirement Program	Pension Plan	Pension Restoration Plan	Supplemental Retirement Program(1)	Executive Deferral Plan	LTIP Awards	Executive Long-Term Disability Premiums	Medical and Dental Benefits	Officer Life Insurance Premiums	Excise and Related Income Tax Gross-Up	Totals
Thomas L. Williams	10,136,250	3,822,760	—	—	785,004	6,213,241	42,052,195	1,376	16,419,159	12,159	41,004	159,276	10,035,821	89,678,245
Catherine A. Suever	4,440,000	1,085,805	—	—	1,583,287	3,380,006	15,245,893	53,173	4,520,721	12,297	20,016	148,782	4,390,715	34,880,695
Lee C. Banks	6,300,000	1,761,095	5,354,050	—	1,012,234	8,423,145	27,858,880	1,206,963	7,588,661	8,475	64,584	106,041	11,417,751	71,101,879
Joseph R. Leonti	3,204,570	547,998	—	3,012,161	—	—	—	49,387	2,230,579	8,244	39,456	132,294	1,971,583	11,196,272
Andrew M. Weeks	2,975,940	480,701	599,293	3,078,091	—	—	—	—	2,038,695	11,556	19,836	186,441	2,135,391	11,525,944

- (1) If the Change in Control does not meet the requirements of a Change in Control under Section 409A of the Internal Revenue Code, payment at the time of the qualifying termination in connection with a Change in Control is as follows. Mr. Williams—\$28,249,340; Ms. Suever—\$9,952,479; Mr. Banks—\$16,450,859; Mr. Leonti—\$0; Mr. Weeks—\$0. There would also be a corresponding reduction in the excise and related income tax gross-up in the total payments for each of the Named Executive Officers.

CHIEF EXECUTIVE OFFICER PAY RATIO

As required by Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, and Item 402(u) of Regulation S-K, we are providing the following information regarding the ratio of the annual total compensation of Mr. Williams, our Chairman of the Board and Chief Executive Officer, to the annual total compensation of our median team member.

Our pay ratio is a reasonable estimate calculated in a manner consistent with SEC rules based on our payroll records and the methodology described below. The SEC rules for identifying the median compensated team member and calculating the pay ratio based on that team member's annual total compensation allow companies to adopt a variety of methodologies, to apply certain exclusions, and to make reasonable estimates and assumptions that reflect their compensation practices. As such, other companies may have different employment and compensation practices and may utilize different methodologies, exclusions, estimates and assumptions in calculating their own pay ratios. Therefore, the estimated pay ratio we report may not be comparable to the pay ratios reported by other companies and should not be used as a basis for comparison between companies.

As reported in the Summary Compensation Table, our Chief Executive Officer had annual total compensation for fiscal year 2020 of \$18,862,861. Using this Summary Compensation Table methodology, the annual total compensation of our median team member for fiscal year 2020 was \$54,179. As a result, we estimate that the ratio of our Chief Executive Officer's annual total compensation to that of our median team member for fiscal year 2020 was 348 to 1.

For purposes of the fiscal year 2020 Chief Executive Officer pay ratio set forth above, a new team member representing the median-paid team member has been selected as the median-paid team member identified in 2018 and utilized again in 2019 has retired from the Company. We identified the new "median team member" from our employee population on April 30, 2020, which included full-time, part-time, temporary, and seasonal team members who were employed on that date, whether in the U.S. or in foreign jurisdictions. As of April 30, 2020, we estimate there were 25,747 U.S. team members and 26,274 non-U.S. team members included in our team member population. We excluded independent contractors and leased employees from our calculation as any independent contractors or leased employees have compensation determined by an unaffiliated third party. We further applied the de minimis exemption, which permits exempting non-U.S. team members that account for five percent or less of our total U.S. and non-U.S. team members. In total, 1,682 team members were excluded, including in the parenthetical numbers below in the following countries: Algeria (2), Argentina (31), Austria (37), Azerbaijan (1), Belarus (2), Chile (33), Denmark (40), Greece (1), Hong Kong (36), Hungary (2), Indonesia (48), Ireland (48), Israel (2), Kazakhstan (1), Lebanon (1), Mozambique (40), New Zealand (23), Norway (55), Peru (4), Portugal (3), Romania (3), Russian Federation (36), Singapore (113), Slovakia (1), Slovenia (3), South Africa (117), Taiwan (Province of China) (35), Turkey (42) and United Arab Emirates (49).

The consistently applied compensation measure we used was total cash compensation. We annualized the earnings of all permanent employees who were on a leave of absence or were new-hires during the measurement period for fiscal year 2020. We did not make any other adjustments permissible by the SEC nor did we make any other material assumptions or estimates to identify our median employee.

DIRECTOR COMPENSATION FOR FISCAL YEAR 2020

The following table sets forth compensation information for our non-employee Directors for fiscal year 2020.

Name(1)	Fees Earned or Paid in Cash \$(2)	Stock Awards \$(3)	All Other Compensation \$(4)	Total (\$)
Robert G. Bohn	138,500	169,866	2,513	310,879
Linda A. Harty	163,500	169,866	3,513	336,879
Kevin A. Lobo	136,500	169,866	2,513	308,879
Candy M. Obourn	146,833	169,866	2,513	319,212
Joseph Scaminace	155,167	169,866	7,513	332,546
Ake Svensson	138,500	169,866	2,513	310,879
Laura K. Thompson	138,500	169,866	12,121	320,487
James R. Verrier	138,674	169,866	2,513	311,053
James L. Wainscott	198,500	169,866	2,513	370,879

- (1) Thomas L. Williams, our Chief Executive Officer and Chairman of the Board, and Lee C. Banks, our President and Chief Operating Officer, are not included in this table because they are Named Executive Officers and the compensation paid to them in fiscal year 2020 is reflected in the Summary Compensation Table.
- (2) Reflects a 10% decrease in cash retainer beginning April 1, 2020 as a result of cost reduction measures implemented in response to the economic downturn and COVID-19.
- (3) This column represents the aggregate grant date fair value of RSUs granted under our Amended 2016 Equity Plan in fiscal year 2020 and computed in accordance with FASB ASC Topic 718. The amount was calculated using the closing stock price on the date of each of the grants. Each of the non-employee Directors received 906 RSUs on his or her grant date, and as of June 30, 2020, all such RSUs remained unvested.
- (4) The amounts reported in this column include (a) the value of the dividend equivalent units earned as additional RSUs on the unvested RSUs granted in fiscal year 2020 and the dividend equivalent units earned as additional RSUs on the unvested RSUs granted to Ms. Thompson in fiscal year 2019 and vested on January 23, 2020 reported in footnote 2 to this table; and (b) the following matching gifts under our Matching Gifts Program: Ms. Harty—\$1,000, Mr. Scaminace—\$5,000 and Ms. Thompson —\$9,000.

Compensation of Directors

Directors who are also our team members do not receive any additional compensation for their services as Directors. During fiscal year 2020, non-employee Directors received an annual retainer, meeting fees (if applicable), and a restricted stock unit award. Our non-employee Directors are also eligible to participate in our Matching Gifts Program as described in the Compensation Discussion and Analysis section of this Proxy Statement. The following annual retainers of the non-employee Directors were effective during fiscal year 2020:

Annual Retainers	Approved August 15 and September 7, 2018
	Effective beginning 10/24/2018
Lead Director and Corporate Governance and Nominating Committee Chair:	\$200,000
Audit Committee Chair:	\$165,000
Human Resources and Compensation Committee Chair:	\$165,000
Non-Chair Committee members:	\$140,000

Effective April 1, 2020, as part of our company-wide cost control actions in response to COVID-19 and the economic downturn, our Directors' cash retainers were reduced by 10% for the fourth quarter of fiscal year 2020. These reductions were extended to the first quarter of fiscal year 2021 and are being evaluated on a quarterly basis as conditions warrant.

DIRECTOR COMPENSATION

In addition to the annual retainers described above, non-employee Directors were entitled to receive a \$2,000 fee for attending each Board of Directors or Committee meeting that exceeds the number of regularly scheduled Board of Directors and relevant Committee meetings in a fiscal year by more than two. During fiscal year 2020, each of the members of the Board of Directors attended three extra Board meetings, resulting in one additional payment of \$2,000 to each of them.

During fiscal year 2020, Directors could elect to defer all or a portion of their annual retainers under our Deferred Compensation Plan for Directors.

Each Director who was serving as a Director on October 23, 2019 and who was not a current employee was granted 906 RSUs under our Amended 2016 Equity Plan. Ms. Thompson's pro-rated award of 677 RSUs granted in January 2019 vested on January 23, 2020. The terms of the RSUs provide that the RSUs will vest 100% on the later of (a) one year from the grant date; or (b) on the date of our next Annual Shareholders Meeting, also known as, in each case, the Vesting Date, except that if a Director ceases to be a Director for any reason prior to the next Annual Meeting of Shareholders that occurs after the grant date, a pro-rated portion of her or his RSUs will vest on the Vesting Date and the remaining RSUs will be forfeited. All RSUs earn dividend equivalent units paid as additional RSUs, which are subject to the terms and conditions of the original RSU award and are payable directly to each Director to whom they are issued.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee of our Board of Directors consists of six Directors, each of whom is independent as defined in our Independence Standards for Directors and in compliance with the independence standards applicable to audit committee members in the listing standards of the New York Stock Exchange and under the federal securities laws. The responsibilities of the Audit Committee are set forth in a written Audit Committee Charter, a copy of which is available on the Corporate Governance page of our investor relations website at www.phstock.com.

In fulfilling its responsibilities, the Audit Committee has reviewed and discussed our audited consolidated financial statements for the fiscal year ended June 30, 2020, with management and with Deloitte & Touche LLP, or D&T, our independent registered public accounting firm for the fiscal year ended June 30, 2020.

The Audit Committee has discussed with D&T the matters required to be discussed by the applicable requirements of the Public Company Accounting Oversight Board. In addition, the Audit Committee has received and reviewed the written disclosures and letter from D&T required by applicable requirements of the Public Company Accounting Oversight Board regarding D&T's communications with the Audit Committee concerning independence, and has discussed with D&T its independence.

Based on the reviews and discussions described above, the Audit Committee recommended to our Board of Directors that our audited consolidated financial statements for the fiscal year ended June 30, 2020, be included in our Annual Report on Form 10-K for the fiscal year ended June 30, 2020, filed with the SEC.

Audit Committee:

Linda A. Harty, Chair
Robert G. Bohn
Kevin A. Lobo
Ake Svensson
Laura K. Thompson
James R. Verrier

**ITEM 2 – RATIFICATION OF THE
APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee of our Board of Directors is responsible for the selection, retention and recommendation of our independent auditor. The Audit Committee has the sole authority and responsibility to appoint, compensate, retain, oversee, evaluate and, where appropriate, terminate, our independent auditor. In addition, the Audit Committee ensures the regular evaluation and rotation of the lead D&T audit partner. The Audit Committee recommends ratification of its appointment of D&T as the independent registered public accounting firm to audit our financial statements as of and for the fiscal year ending June 30, 2021. D&T served as the independent registered public accounting firm to audit our financial statements as of and for the fiscal year ended June 30, 2020, and has served as our independent auditor since fiscal year 2008. A representative of D&T is expected to be present at the Annual Meeting of Shareholders and available to respond to appropriate questions, and will have an opportunity to make a statement if he or she desires to do so.

Audit Fees and All Other Fees

The following table sets forth the aggregate fees billed, or expected to be billed, for audit fees, audit-related fees, tax fees (compliance and planning), and all other fees for services rendered by D&T for the fiscal years ended June 30, 2020, and 2019:

	Twelve Months Ended June 30,	
	2020	2019
Audit Fees. Fees for auditing our annual consolidated financial statements, reviewing our interim financial statements included in our Quarterly Reports on Form 10-Q filed with the SEC and services normally provided in connection with statutory and regulatory filings or engagements.	\$7,998,000	\$8,193,000
Audit-Related Fees. Fees for assurance and related services provided to us that are reasonably related to the performance of the audit or review of our financial statements and are not included in “Audit Fees.” Fiscal year 2020 fees related primarily to the acquisitions of LORD Corporation and Exotic Metals. Fiscal year 2019 fees related primarily to audit procedures, internal control reviews and reporting requirements resulting from US Tax reform, new leasing standards, new revenue recognition standards and the acquisition of LORD Corporation.	\$895,000	\$354,000
Tax Fees—Compliance. Fees billed with respect to tax compliance services, such as global assistance in preparing various types of tax returns.	\$853,095	\$944,000
Tax Fees—Planning. Fees billed for tax planning services.	\$734,861	\$305,000
All Other Fees. Fiscal year 2020 fees billed were in connection with integration consultation services related to the acquisitions of LORD Corporation and Exotic Metals and services that are not otherwise included in the above categories (e.g., training sessions). Fiscal year 2019 fees billed were in connection with integration consultation services related to the acquisition of LORD Corporation and services that are not otherwise included in the above categories (e.g., training sessions).	\$2,294,419	\$742,000

Audit Committee Pre-Approval Policies and Procedures.

In accordance with the SEC’s rules issued pursuant to the Sarbanes-Oxley Act of 2002, which require, among other things, that the Audit Committee pre-approve all audit and non-audit services provided by our independent registered public accounting firm, the Audit Committee has adopted a formal policy on auditor independence requiring the approval by the Audit Committee of all professional services rendered by our independent registered public accounting firm. The policy specifically provides for the pre-approval of certain permissible services up to a budgeted amount to be determined annually by the Audit Committee. All other services require Audit Committee approval on a case-by-case basis. All of the services described in “Audit-Related Fees,” “Tax Fees” and “All Other Fees” were approved by the Audit Committee in accordance with our formal policy on auditor independence.

PROXY STATEMENT - ITEM 2

Under this policy, the Audit Committee can also pre-approve estimated fees for permissible non-audit services that may arise in the ordinary course of business. Before engaging our independent registered public accounting firm for such ordinary course services, (i) the services and fees are reviewed to ensure compliance with the policy by the independent registered public accounting firm, our Vice President and Controller, and the Company team members requesting the services and (ii) the independent registered public accounting firm and the Company confirm the services are permissible under the SEC and PCAOB independence rules. The Audit Committee is informed quarterly as to the status of pre-approved services actually provided by the independent auditor. This policy does not delegate the Audit Committee's responsibility to pre-approve all services performed by our independent registered public accounting firm.

The Chair of the Audit Committee has been authorized by the Audit Committee to pre-approve services arising during the year that were not pre-approved by the Audit Committee at the time of the annual audit services engagement, subject to predefined financial limits set by the Audit Committee. Services that are pre-approved by the Audit Committee Chair are then communicated to, and ratified by, the full Audit Committee at the Audit Committee's next regularly scheduled meeting.

Ratification of the appointment of D&T as the independent registered public accounting firm for the fiscal year ending June 30, 2021, requires the affirmative vote of the holders of at least a majority of the shares of our common stock present or represented and entitled to vote on the proposal at the Annual Meeting of Shareholders. The Audit Committee and the Board of Directors believe that the continued retention of D&T as the independent registered public accounting firm for the fiscal year ending June 30, 2021, is in our best interest and the best interest of our shareholders.

RECOMMENDATION REGARDING PROPOSAL 2:

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR
THE PROPOSAL TO RATIFY THE APPOINTMENT OF D&T AS OUR INDEPENDENT REGISTERED
PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING JUNE 30, 2021.**

ITEM 3 – PROPOSAL TO APPROVE THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS ON A NON-BINDING, ADVISORY BASIS

In accordance with the requirements of Section 14A of the Securities Exchange Act of 1934 and the related SEC rules, we are providing our shareholders with the opportunity to vote to approve, on a non-binding, advisory basis, the compensation of the Named Executive Officers as disclosed in this Proxy Statement. We encourage our shareholders to carefully read this Proxy Statement in its entirety before deciding whether or not to vote for or against this Item 3.

At our 2017 Annual Meeting of Shareholders, shareholders voted in favor of annual frequency for the non-binding, advisory approval of the compensation of the Named Executive Officers. The next non-binding, advisory vote on the compensation of the Named Executive Officers is expected to take place at our 2021 Annual Meeting of Shareholders.

As described in detail throughout our Compensation Discussion and Analysis beginning on page 23 of this Proxy Statement, and as summarized in the “Executive Summary—Fiscal Year 2020” section of this Proxy Statement, our executive compensation program features, among other things, the following:

- A “pay-for-performance” structure which ensures that a significant portion of the compensation for our executive officers is “at-risk,” is dependent on the short-term and long-term performance of our business and encourages and rewards performance that drives the key goals, operational priorities and metrics that we use to profitably grow our business and enhance shareholder value;
- A structure which ensures that our executive compensation program aligns the interests of our executive officers and our shareholders, is not overly weighted towards annual cash incentive compensation and does not otherwise have the potential to threaten long-term shareholder value by promoting unnecessary or excessive risk-taking by our executive officers;
- A structure consistent with our philosophy of targeting executive compensation at market median, which allows us to remain competitive with companies that compete with us for talented team members and shareholder investment;
- Various executive compensation practices that contribute to good corporate governance, including a “claw-back” policy, stock ownership guidelines for Directors and executive officers, hedging, pledging and other stock ownership restrictions, and an annual compensation risk review; and
- Effective oversight and decision-making by a highly-independent Board of Directors and a Human Resources and Compensation Committee consisting entirely of independent Directors that retains an independent executive compensation consultant.

The vote on this Item 3 is non-binding and advisory in nature, which means that the vote is not binding on us, our Board of Directors or any of the Committees of our Board of Directors. However, our Board of Directors values the views of our shareholders and our Board of Directors and Human Resources and Compensation Committee will review the results of the vote and take them into account when addressing future compensation policies and decisions.

PROXY STATEMENT - ITEM 3

Our Board of Directors believes that our executive compensation program is reasonable and well-structured, satisfies its objectives and philosophies and is worthy of shareholder support. Accordingly, our Board of Directors requests that our shareholders vote to approve the following resolution:

RESOLVED, that the compensation paid to our Named Executive Officers, as disclosed pursuant to the rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, compensation tables and narrative discussions, is approved on a non-binding, advisory basis.

RECOMMENDATION REGARDING PROPOSAL 3:

***THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR
THE APPROVAL OF THE COMPENSATION OF THE NAMED EXECUTIVE OFFICERS
AS DISCLOSED IN THIS PROXY STATEMENT ON A NON-BINDING, ADVISORY BASIS.***

PRINCIPAL SHAREHOLDERS

The following table sets forth, as of July 31, 2020, except as otherwise indicated, the name and address of each person believed to be a beneficial owner of more than 5% of our common shares and the number of common shares and the percentage so owned, as well as the beneficial ownership of our common shares by our Directors, the Named Executive Officers and all of our Directors and executive officers as a group.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership(a)	Percentage of Class(b)
The Vanguard Group 100 Vanguard Blvd. Malvern, PA 19355	9,632,781(c)	7.49%
BlackRock, Inc. 55 East 52nd Street New York, NY 10055	8,343,683(d)	6.50%
Capital World Investors 333 South Hope Street Los Angeles, CA 90071	7,776,940(e)	6.00%
Longview Partners (Guernsey) Limited, et al. PO Box 559, Mill Court La Charroterie, St. Peter Port Guernsey Channel Islands GY1 6JG	6,628,453(f)	5.16%
Robert G. Bohn	12,037	
Linda A. Harty	11,577	
Kevin A. Lobo	8,338	
Candy M. Obourn	10,672	
Joseph Scaminace	15,207(g)	
Ake Svensson	8,780	
Laura K. Thompson	1,594	
James R. Verrier	4,569	
James L. Wainscott	13,917	
Thomas L. Williams	613,285(h)	
Catherine A. Suever	108,498(i)	
Lee C. Banks	397,346(j)	
Joseph R. Leonti	35,832(k)	
Andrew M. Weeks	55,305(l)	
All Directors and executive officers as a group (24 persons)	1,893,433(m)	1.47%

- (a) Unless otherwise indicated, the beneficial owner has sole voting and investment power.
- (b) No Director or executive officer beneficially owned more than 1% of our common shares as of July 31, 2020.
- (c) Pursuant to a statement filed by The Vanguard Group with the SEC on February 12, 2020, in accordance with Rule 13d-1(b) of the Securities Exchange Act of 1934, The Vanguard Group has reported that, as of December 31, 2019, it had sole voting power over 190,823 common shares; shared voting power over 38,020 common shares; sole investment power over 9,415,432 common shares; and shared investment power over 217,349 common shares.
- (d) Pursuant to a statement filed by BlackRock, Inc. with the SEC on February 5, 2020, in accordance with Rule 13d-1(b) of the Securities Exchange Act of 1934, BlackRock, Inc. has reported that, as of December 31, 2019, it had sole voting power over 7,016,399 common shares and sole investment power over 8,343,683 common shares.
- (e) Pursuant to a statement filed by Capital World Investors with the SEC on February 14, 2020, in accordance with Rule 13d-1(b) of the Securities and Exchange Act of 1934, Capital World Investors has reported that as of December 31, 2019, it had sole voting power and sole investment power over 7,776,940 common shares.
- (f) Pursuant to a statement filed by Longview Partners (Guernsey) Limited, Longview Partners LLP and Longview Partners (UK) Limited with the SEC on February 11, 2020, in accordance with Rule 13d-1(b) of the Securities and Exchange Act of 1934, Longview Partners (Guernsey) Limited, Longview Partners LLP and Longview Partners (UK) Limited have reported that as of December 31, 2019, each had shared voting power over 3,983,792 common shares and shared investment power over 6,628,453 common shares.
- (g) This amount includes 3,100 common shares indirectly owned by Mr. Scaminace through the Joseph Scaminace Foundation.

PRINCIPAL SHAREHOLDERS

- (h) This amount includes 4,145 common shares as to which Mr. Williams holds voting power pursuant to the Retirement Savings Plan as of July 31, 2019, and 443,222 common shares subject to Stock Incentives exercisable by Mr. Williams on or prior to September 29, 2020, granted under our stock incentive plans.
- (i) This amount includes 2,493 common shares as to which Ms. Suever holds voting power pursuant to the Retirement Savings Plan as of July 31, 2020, 74,697 common shares subject to Stock Incentives exercisable by Ms. Suever on or prior to September 29, 2020, granted under our stock incentive plans, and 3 common shares subject to the Company's Dividend Reinvestment Plan.
- (j) This amount includes 13,909 common shares owned indirectly by Mr. Banks through the Elizabeth K. Banks Revocable Trust, 635 common shares owned indirectly by Mr. Banks through the Lee and Elizabeth Banks Family Foundation, 12,504 common shares as to which Mr. Banks holds voting power pursuant to the Retirement Savings Plan as of July 31, 2020, and 261,474 common shares subject to Stock Incentives exercisable by Mr. Banks on or prior to September 29, 2020, granted under our stock incentive plans.
- (k) This amount includes 679 common shares as to which Mr. Leonti holds voting power pursuant to the Retirement Savings Plan as of July 31, 2020, and 12,023 common shares subject to Stock Incentives exercisable by Mr. Leonti on or prior to September 29, 2020 granted under our stock incentive plans.
- (l) This amount includes 228 common shares as to which Mr. Weeks holds voting power pursuant to the Retirement Savings Plan as of July 31, 2020, and 30,594 common shares subject to Stock Incentives exercisable by Mr. Weeks on or prior to September 29, 2020, granted under our stock incentive plans.
- (m) This amount includes 603,564 common shares for which voting and investment power are shared, 54,040 common shares as to which all executive officers as a group hold voting power pursuant to the Retirement Savings Plan as of July 31, 2020, and 1,218,818 common shares subject to Stock Incentives exercisable on or prior to September 29, 2020, granted under our stock incentive plans held by all executive officers as a group.

SHAREHOLDERS' PROPOSALS

We must receive at our principal executive offices by May 31, 2021 any proposal of a shareholder intended to be presented at our 2020 Annual Meeting of Shareholders and to be included in our proxy, notice of meeting and proxy statement related to the 2021 Annual Meeting of Shareholders pursuant to Rule 14a-8 under the Securities Exchange Act of 1934. Such proposals should be submitted to us by certified mail, return receipt requested. Proposals of shareholders submitted outside the processes of Rule 14a-8 under the Securities Exchange Act of 1934, or Non-Rule 14a-8 Proposals, in connection with the 2021 Annual Meeting of Shareholders must be received by us in accordance with our advance notice procedures, which require that shareholders that desire to submit Non-Rule 14a-8 proposals submit the applicable notice to us no earlier than August 29, 2021 and no later than September 28, 2021. Our proxy related to the 2021 Annual Meeting of Shareholders will give discretionary authority to the proxy holders to vote with respect to all Non-Rule 14a-8 Proposals received by us after August 9, 2021. Our proxy related to the 2021 Annual Meeting of Shareholders gives discretionary authority to the proxy holders to vote with respect to all Non-Rule 14a-8 Proposals received by us after August 14, 2021.

Shareholders who wish to submit Director nominees for inclusion in our proxy statement for the 2020 Annual Meeting of Shareholders must meet the ownership and other requirements for proxy access set forth in our Amended and Restated Regulations. For the 2021 Annual Meeting of Shareholders, such nominations must be received by us no earlier than May 1, 2021 and no later than May 31, 2021.

SHAREHOLDER RECOMMENDATIONS FOR DIRECTOR NOMINEES

The Corporate Governance and Nominating Committee will consider shareholder recommendations for nominees for election to our Board of Directors if such recommendations are in writing and set forth the information listed below. Such recommendations must be submitted to Parker-Hannifin Corporation, 6035 Parkland Boulevard, Cleveland, Ohio 44124-4141, Attention: Secretary, and must be received at our executive offices on or before June 30 of each year in anticipation of the following Annual Meeting of Shareholders. All shareholder recommendations for Director nominees must set forth the following information:

1. The name and address of the shareholder recommending the candidate for consideration as such information appears on our records, the telephone number where such shareholder can be reached during normal business hours, the number of common shares owned by such shareholder and the length of time such shares have been owned by the shareholder; if such person is not a shareholder of record or if such shares are owned by an entity, reasonable evidence of such person's beneficial ownership of such shares or such person's authority to act on behalf of such entity;
2. Complete information as to the identity and qualifications of the proposed nominee, including the full legal name, age, business and residence addresses and telephone numbers and other contact information, and the principal occupation and employment of the candidate recommended for consideration, including his or her occupation for at least the past five years, with a reasonably detailed description of the background, education, professional affiliations and business and other relevant experience (including Directorships, employment and civic activities) and qualifications of the candidate;
3. The reasons why, in the opinion of the recommending shareholder, the proposed nominee is qualified and suited to be a Director;
4. The disclosure of any relationship of the candidate being recommended with us or any of our subsidiaries or affiliates, whether direct or indirect;
5. A description of all relationships, arrangements and understandings between the proposing shareholder and the candidate and any other person(s) (naming such person(s)) pursuant to which the candidate is being proposed or would serve as a Director, if elected; and
6. A written acknowledgment by the candidate being recommended that he or she has consented to being considered as a candidate, has consented to our undertaking of an investigation into that individual's background, education, experience and other qualifications in the event that the Corporate Governance and Nominating Committee desires to do so, has consented to be named in our Proxy Statement and has consented to serve as a Director, if elected.

COMMUNICATIONS WITH DIRECTORS

Our shareholders and other interested parties may communicate with our Board of Directors as a group, with the non-management Directors as a group, or with any individual Director by sending written communications to Parker-Hannifin Corporation, 6035 Parkland Boulevard, Cleveland, Ohio 44124-4141, Attention: Secretary. Complaints regarding accounting, internal accounting controls or auditing matters will be forwarded directly to the Chair of the Audit Committee. All other communications will be provided to the individual Director(s) or group of Directors to whom they are addressed. Copies of all communications will be provided to all other Directors; provided, however, that any such communications that are considered to be improper for submission to the intended recipients will not be provided to the Directors. Examples of communications that would be considered improper for submission include customer complaints, solicitations, communications that do not relate, directly or indirectly, to our business and/or our subsidiaries, or communications that relate to improper or irrelevant topics.

GENERAL

Our Board of Directors knows of no other matters which will be presented at the meeting. However, if any other matters properly come before the meeting or any adjournment, the person or persons voting the proxies will vote in accordance with their best judgment on such matters.

We will bear the expense of preparing, printing and mailing this Proxy Statement. In addition to solicitation by mail, our officers and other team members may solicit the return of proxies. We will request banks, brokers and other custodians, nominees and fiduciaries to send proxy material to beneficial owners of common shares. We will, upon request, reimburse them for their expenses in so doing. We have retained Okapi Partners LLC, 1212 Avenue of the Americas, 24th Floor, New York, New York 10036, to assist in the solicitation of proxies at an anticipated cost of \$25,000 plus disbursements.

You are urged to vote your proxy promptly by internet, telephone or mail by following the instructions on the enclosed proxy card in order to make certain your shares will be voted at the meeting. Common shares represented by properly voted proxies will be voted in accordance with any specification made thereon and, if no specification is made, will be voted:

- in favor of the election of Lee C. Banks, Robert G. Bohn, Linda A. Harty, Kevin A. Lobo, Candy M. Obourn, Joseph Scaminace, Ake Svensson, Laura K. Thompson, James R. Verrier, James L. Wainscott and Thomas L. Williams as Directors for a term expiring at the Annual Meeting of Shareholders in 2021;
- in favor of the ratification of the appointment of D&T as independent registered public accounting firm for the fiscal year ending June 30, 2021;
- in favor of approving, on a non-binding, advisory basis, the compensation of our Named Executive Officers;

The proposals contained herein are subject to the following approval thresholds:

Item 1 – Election of Directors	The nominees for Director receiving the greatest number of votes cast at the Annual Meeting of Shareholders virtually or by proxy will be elected; provided that such nominee receives more votes “for” than “against” his or her election. Accordingly, because abstentions and broker non-votes will not be counted as votes “for” or “against” a Director nominee, they will have no impact on this Item.
Item 2 – Ratification of the Appointment of Independent Registered Public Accounting Firm	Although our independent registered public accounting firm may be selected by the Audit Committee without shareholder approval, the Audit Committee will consider the affirmative vote of a majority of the shares of our common stock present or represented and entitled to vote on this Item to be a ratification by the shareholders of D&T as our independent registered public accounting firm. Accordingly, abstentions will have the same effect as a vote cast against this proposal.
Item 3 – Proposal to Approve the Compensation of our Named Executive Officers on a Non-Binding, Advisory Basis	This vote is advisory only and therefore is not binding on us or our Board of Directors. However, the Board of Directors and the Human Resources and Compensation Committee will review the results of the vote and take them into account when addressing the future compensation policies and decisions.

You may revoke your proxy at any time prior to the close of voting at the Annual Meeting of Shareholders by giving us notice in writing, during the virtual meeting, or by internet or telephone as set forth on the proxy card, without affecting any vote previously taken. However, your attendance at the meeting will not operate to revoke your proxy.

Our Annual Report, including financial statements for the fiscal year ended June 30, 2020, is being mailed to shareholders with this Proxy Statement. If a single copy of the Annual Report and Proxy Statement was delivered to an address that you share with another shareholder, you may request a separate copy by notifying us in writing at

GENERAL

Parker-Hannifin Corporation, 6035 Parkland Boulevard, Cleveland, Ohio 44124-4141, Attention: Secretary, or by calling (216) 896-3000.

You can elect to view our future Annual Reports and Proxy Statements over the internet, instead of receiving paper copies in the mail. Providing these documents over the internet will save us the cost of producing and mailing them. If you give your consent, in the future, when, and if, we elect to provide these documents, over the internet, you will receive notification which will contain the internet location where the documents are available. There is no cost to you for this service other than any charges you may incur from your internet provider, telephone and/or cable company. To give your consent, follow the prompts when you vote by telephone or over the internet or check the appropriate box located at the bottom of the enclosed proxy card when you vote by mail. Once you give your consent, it will remain in effect until you inform us otherwise in writing. If at any time you would like to receive a paper copy of our Annual Report or Proxy Statement, please contact the Company's Secretary either by writing Parker-Hannifin Corporation, 6035 Parkland Boulevard, Cleveland, Ohio 44124-4141, Attention: Secretary, or by calling (216) 896-3000.

HOW TO ATTEND THE ANNUAL MEETING OF SHAREHOLDERS

The Annual Meeting of Shareholders will only be held virtually via live webcast at:

www.virtualshareholdermeeting.com/PH2020

We have designed the virtual Annual Meeting to provide substantially the same opportunities to participate as you would have at an in-person meeting. There will not be a physical location for the Annual Meeting this year and you will not be able to attend the Annual Meeting in person.

Shareholders of record as of the close of business on September 4, 2020, the record date, or their legal proxy holders are entitled to attend the Meeting. To be admitted to the Meeting, you must log-in using the 16-digit control number found on your proxy card. The Annual Meeting will begin promptly at 9:00 a.m. Eastern Daylight Time on Wednesday, October 28, 2020. We encourage you to access the Annual Meeting prior to the start time. Online access will begin at 8:45 a.m. Eastern Daylight Time.

The virtual Annual Meeting platform is fully supported across browsers (Internet Explorer, Firefox, Chrome and Safari) and devices (desktops, laptops, tablets and cell phones) running the most updated version of applicable software and plugins. Shareholders should ensure that they have a strong internet connection if they intend to attend and/or participate in the Annual Meeting. Attendees should allow plenty of time to log-in and ensure that they can hear streaming audio prior to the start of the Annual Meeting.

If you encounter any difficulties accessing the virtual Annual Meeting during the check-in or meeting time, please call the technical support number that will be posted on the virtual meeting log-in page for assistance. Technical support will be available beginning at 8:45 a.m. Eastern Daylight Time on Wednesday, October 28, 2020 through the conclusion of the Annual Meeting.

You may submit questions during the Annual Meeting. If you wish to submit a question, you may do so by logging into the virtual meeting platform at www.virtualshareholdermeeting.com/PH2020, entering in your Control Number found on your Proxy Card, typing your question into the "Ask a Question" field, and clicking "Submit". Additional information regarding the ability of shareholders to ask questions during the Annual Meeting will be set forth in the Meeting's Rules of Conduct, which will be made available within the virtual Annual Meeting platform.

By Order of the Board of Directors



Joseph R. Leonti
Secretary

September 28, 2020

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PARKER-HANNIFIN CORPORATION
 ATTN: JOSEPH R. LEONTI
 6035 PARKLAND BLVD.
 CLEVELAND, OH 44124-4141

VOTE BY INTERNET
Before The Meeting - Go to www.proxyvote.com

Use the Internet to transmit your voting instructions and for electronic delivery of information. Vote by 11:59 p.m. Eastern Daylight Time on October 27, 2020 for shares held directly and by 11:59 p.m. Eastern Daylight Time on October 25, 2020 for shares held in one of the Parker-Hannifin Corporation employee savings plans. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

During The Meeting - Go to www.virtualshareholdermeeting.com/PH2020

You may attend the meeting via the Internet and vote during the meeting. Have the information that is printed in the box marked by the arrow available and follow the instructions.

VOTE BY PHONE - 1-800-690-6903
 Use any touch-tone telephone to transmit your voting instructions. Vote by 11:59 p.m. Eastern Daylight Time on October 27, 2020 for shares held directly and by 11:59 p.m. Eastern Daylight Time on October 25, 2020 for shares held in one of the Parker-Hannifin Corporation employee savings plans. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL
 Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

If you vote by Internet or Phone, please do not mail this Proxy Card

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

D24436-P44181

KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

PARKER-HANNIFIN CORPORATION

IF NO DIRECTIONS ARE GIVEN, YOUR PROXY WILL BE VOTED IN ACCORDANCE WITH THE BOARD OF DIRECTORS' RECOMMENDATIONS. THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF ALL DIRECTOR NOMINEES AND FOR ITEMS 2 AND 3.

<p>1. Election of the following individuals as Directors for a term expiring at the Annual Meeting of Shareholders in 2021.</p> <p>Nominees:</p> <p>1a. Lee C. Banks</p> <p>1b. Robert G. Bohn</p> <p>1c. Linda A. Harty</p> <p>1d. Kevin A. Lobo</p> <p>1e. Candy M. Obourn</p> <p>1f. Joseph Scaminace</p> <p>1g. Åke Svensson</p> <p>1h. Laura K. Thompson</p> <p>1i. James R. Verrier</p>	<table border="0"> <tr> <td>For</td> <td>Against</td> <td>Abstain</td> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table>	For	Against	Abstain	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>Nominees (continued):</p> <p>1j. James L. Wainscott</p> <p>1k. Thomas L. Williams</p> <p>2. Ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending June 30, 2021.</p> <p>3. Approval of, on a non-binding, advisory basis, the compensation of our Named Executive Officers.</p> <p>NOTE: To transact such other business as may properly come before the meeting.</p>	<table border="0"> <tr> <td>For</td> <td>Against</td> <td>Abstain</td> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table>	For	Against	Abstain	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name by authorized officer.

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Signature [PLEASE SIGN WITHIN BOX]

Date

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Signature (Joint Owners)

Date

**PARKER-HANNIFIN CORPORATION
2020 ANNUAL MEETING OF SHAREHOLDERS**

**Wednesday, October 28, 2020
9:00 a.m., EDT**

www.virtualshareholdermeeting.com/PH2020

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:
The Notice and Proxy Statement and Annual Report are available at www.proxyvote.com.

D24437-P44181

**PARKER-HANNIFIN CORPORATION
Annual Meeting of Shareholders
October 28, 2020 9:00 a.m., EDT
This proxy is solicited by the Board of Directors**

The undersigned hereby appoints THOMAS L. WILLIAMS, CATHERINE A. SUEVER and JOSEPH R. LEONTI, and any of them, as proxies to represent and to vote all shares of stock of Parker-Hannifin Corporation which the undersigned is entitled to vote at the Annual Meeting of Shareholders of the Corporation to be held on October 28, 2020, and at any adjournment(s) thereof, on the proposals more fully described in the Proxy Statement for the Meeting in the manner specified herein and on any other business that may properly come before the Meeting.

This card also serves as voting instructions to Fidelity Management Trust Company, as Trustee for shares held in the Parker Retirement Savings Plan, and to Computershare, Inc. and Link Asset Services, as the administrators for the Parker-Hannifin Corporation Global Employee Stock Purchase Plan. The Trustee of the Parker Retirement Savings Plan will vote all uninstructed and unallocated shares in the same proportion as the shares for which the Trustee receives voting instructions.

Continued and to be signed on reverse side