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

FORM 10-Q

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

For the quarterly period ended September 30, 2015

OR

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

For the transition period from______ to ______

Commission File number 1-4982

PARKER-HANNIFIN CORPORATION
(Exact name of registrant as specified in its charter)

OHIO	**34-0451060**
(State or other jurisdiction of incorporation or organization)	**(IRS Employer Identification No.)**
6035 Parkland Blvd., Cleveland, Ohio	**44124-4141**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (216) 896-3000

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act (check one):

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Number of Common Shares outstanding at September 30, 2015 135,980,028

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

PARKER-HANNIFIN CORPORATION
CONSOLIDATED STATEMENT OF INCOME
(Dollars in thousands, except per share amounts)
(Unaudited)

	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014
Net sales	$ 2,869,348	$ 3,269,932
Cost of sales	2,200,904	2,459,865
Gross profit	668,444	810,067
Selling, general and administrative expenses	370,214	400,840
Interest expense	35,760	20,961
Other (income), net	(13,179)	(8,369)
Income before income taxes	275,649	396,635
Income taxes	80,623	116,464
Net income	195,026	280,171
Less: Noncontrolling interest in subsidiaries' earnings	48	82
Net income attributable to common shareholders	$ 194,978	$ 280,089
Earnings per share attributable to common shareholders:		
Basic	$ 1.42	$ 1.88
Diluted	$ 1.41	$ 1.85
Cash dividends per common share	$ 0.63	$ 0.48

See accompanying notes to consolidated financial statements.

PARKER-HANNIFIN CORPORATION
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(Dollars in thousands)
(Unaudited)

	Three Months Ended September 30,	
	2015	**2014**
Net income	$ 195,026	$ 280,171
Less: Noncontrolling interests in subsidiaries' earnings	48	82
Net income attributable to common shareholders	194,978	280,089
Other comprehensive income (loss), net of tax		
Foreign currency translation adjustment and other	(112,180)	(302,027)
Retirement benefits plan activity	28,896	26,858
Other comprehensive (loss)	(83,284)	(275,169)
Less: Other comprehensive (loss) for noncontrolling interests	(97)	(101)
Other comprehensive (loss) attributable to common shareholders	(83,187)	(275,068)
Total comprehensive income attributable to common shareholders	$ 111,791	$ 5,021

See accompanying notes to consolidated financial statements.

PARKER-HANNIFIN CORPORATION

CONSOLIDATED BALANCE SHEET
(Dollars in thousands)

	(Unaudited) September 30, 2015	June 30, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	$ 974,268	$ 1,180,584
Marketable securities and other investments	815,483	733,490
Trade accounts receivable, net	1,561,054	1,620,194
Non-trade and notes receivable	315,943	364,534
Inventories	1,320,204	1,300,459
Prepaid expenses	196,917	241,684
Deferred income taxes	144,033	142,147
Total current assets	5,327,902	5,583,092
Plant and equipment	4,834,556	4,862,611
Less: Accumulated depreciation	3,201,753	3,198,589
	1,632,803	1,664,022
Other assets	1,089,508	1,091,805
Intangible assets, net	1,003,386	1,013,439
Goodwill	2,947,955	2,942,679
Total assets	$ 12,001,554	$ 12,295,037
LIABILITIES		
Current liabilities:		
Notes payable and long-term debt payable within one year	$ 630,650	$ 223,142
Accounts payable, trade	1,014,265	1,092,138
Accrued payrolls and other compensation	293,683	409,762
Accrued domestic and foreign taxes	130,981	140,295
Other accrued liabilities	480,462	484,793
Total current liabilities	2,550,041	2,350,130
Long-term debt	2,725,409	2,723,960
Pensions and other postretirement benefits	1,480,466	1,699,197
Deferred income taxes	78,019	77,967
Other liabilities	312,868	336,214
Total liabilities	7,146,803	7,187,468
EQUITY		
Shareholders’ equity:		
Serial preferred stock, $.50 par value; authorized 3,000,000 shares; none issued	—	—
Common stock, $.50 par value; authorized 600,000,000 shares; issued 181,046,128 shares at September 30 and June 30	90,523	90,523
Additional capital	637,787	622,729
Retained earnings	9,950,458	9,841,885
Accumulated other comprehensive (loss)	(1,821,805)	(1,738,618)
Treasury shares, at cost; 45,066,100 shares at September 30 and 42,487,389 shares at June 30	(4,005,445)	(3,712,232)
Total shareholders’ equity	4,851,518	5,104,287
Noncontrolling interests	3,233	3,282
Total equity	4,854,751	5,107,569
Total liabilities and equity	$ 12,001,554	$ 12,295,037

See accompanying notes to consolidated financial statements.

PARKER-HANNIFIN CORPORATION

CONSOLIDATED STATEMENT OF CASH FLOWS
(Dollars in thousands)
(Unaudited)

	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 195,026	$ 280,171
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation	48,534	52,773
Amortization	29,688	28,995
Share incentive plan compensation	35,381	40,559
Deferred income taxes	2,970	47,166
Foreign currency transaction gain	(5,254)	(12,725)
(Gain) loss on sale of plant and equipment	(1,071)	7,262
Gain on sale of businesses	—	(5,782)
Gain on sale of marketable securities	(54)	—
Changes in assets and liabilities, net of effect of acquisitions:		
Accounts receivable, net	66,355	77,908
Inventories	(25,696)	(112,962)
Prepaid expenses	44,517	10,130
Other assets	18,301	(471)
Accounts payable, trade	(75,822)	(24,964)
Accrued payrolls and other compensation	(113,071)	(107,459)
Accrued domestic and foreign taxes	(11,264)	(60,241)
Other accrued liabilities	(10,765)	439
Pensions and other postretirement benefits	(167,457)	45,815
Other liabilities	(25,350)	(5,740)
Net cash provided by operating activities	4,968	260,874
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions (net of cash of $3,814 in 2015)	(67,552)	—
Capital expenditures	(38,681)	(54,709)
Proceeds from sale of plant and equipment	3,847	2,736
Proceeds from sale of businesses	—	22,770
Purchases of marketable securities and other investments	(430,533)	(497,192)
Maturities of marketable securities and other investments	371,766	50,528
Other	(40,273)	(5,060)
Net cash (used in) investing activities	(201,426)	(480,927)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from exercise of stock options	56	987
Payments for common shares	(310,000)	(54,793)
Tax benefit from share incentive plan compensation	5,480	9,312
Proceeds from (payments for) notes payable, net	406,799	(113,272)
Proceeds from long-term borrowings	395	1
Payments for long-term borrowings	(2,407)	(294)
Dividends	(85,987)	(71,607)
Net cash provided by (used in) financing activities	14,336	(229,666)
Effect of exchange rate changes on cash	(24,194)	(71,699)
Net (decrease) in cash and cash equivalents	(206,316)	(521,418)
Cash and cash equivalents at beginning of year	1,180,584	1,613,555
Cash and cash equivalents at end of period	$ 974,268	$ 1,092,137

See accompanying notes to consolidated financial statements.

PARKER-HANNIFIN CORPORATION

BUSINESS SEGMENT INFORMATION
(Dollars in thousands)
(Unaudited)

The Company operates in two reportable business segments: Diversified Industrial and Aerospace Systems.

Diversified Industrial - This segment produces a broad range of motion-control and fluid systems and components used in all kinds of manufacturing, packaging, processing, transportation, mobile construction, refrigeration and air conditioning, agricultural and military machinery and equipment and has a significant portion of international operations. Sales are made directly to major original equipment manufacturers (OEMs) and through a broad distribution network to smaller OEMs and the aftermarket.

Aerospace Systems - This segment designs and manufactures products and provides aftermarket support for commercial, business jet, military and general aviation aircraft, missile and spacecraft markets. The Aerospace Systems Segment provides a full range of systems and components for hydraulic, pneumatic and fuel applications.

	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014
Net sales		
Diversified Industrial:		
North America	$ 1,286,330	$ 1,471,812
International	1,038,447	1,263,497
Aerospace Systems	544,571	534,623
Total net sales	$ 2,869,348	$ 3,269,932
Segment operating income		
Diversified Industrial:		
North America	$ 212,748	$ 264,236
International	129,295	189,805
Aerospace Systems	74,003	65,349
Total segment operating income	416,046	519,390
Corporate general and administrative expenses	53,051	55,444
Income before interest expense and other expense	362,995	463,946
Interest expense	35,760	20,961
Other expense	51,586	46,350
Income before income taxes	$ 275,649	$ 396,635

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Dollars in thousands, except per share amounts

1. Management representation

In the opinion of the management of the Company, the accompanying unaudited consolidated financial statements contain all adjustments (consisting of only normal recurring adjustments) necessary to present fairly the Company's financial position as of September 30, 2015, the results of operations for the three months ended September 30, 2015 and 2014 and cash flows for the three months then ended. These financial statements should be read in conjunction with the consolidated financial statements and related notes included in the Company's 2015 Annual Report on Form 10-K. Interim period results are not necessarily indicative of the results to be expected for the full fiscal year.

The Company has evaluated subsequent events that have occurred through the date these financial statements were issued. No subsequent events have occurred that required adjustment to these financial statements.

2. New accounting pronouncements

In September 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2015-16, "Business Combinations - Simplifying the Accounting for Measurement-Period Adjustments." ASU 2015-16 requires the recognition of adjustments to provisional amounts, that are identified during the measurement period, in the reporting period in which the adjustments are determined. The effects of the adjustments to provisional amounts on depreciation, amortization or other income effects should be recognized in current-period earnings as if the accounting had been completed at the acquisition date. Disclosure of the portion of the adjustment recorded in current-period earnings that would have been reported in prior reporting periods if the adjustment to the provisional amounts had been recognized at the acquisition date is also required. During the first quarter of fiscal 2016, the Company adopted ASU 2015-16. The adoption of ASU 2015-16 did not materially affect the Company's results of operations, statement of financial position or financial statement disclosures.

In July 2015, the FASB issued ASU 2015-11, "Inventory - Simplifying the Measurement of Inventory." ASU 2015-11 requires companies to measure inventory (valued using first-in, first-out or average cost methods) at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. The measurement of inventory valued using the last-in, first-out method is unchanged. ASU 2015-11 is effective for financial statements issued for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years. The Company has not yet determined the effect that ASU 2015-11 will have on its results of operations, statement of financial position or financial statement disclosures.

In April 2015, the FASB issued ASU 2015-03, "Interest - Imputation of Interest." ASU 2015-03 requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in the ASU. ASU 2015-03 is effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. The Company does not expect ASU 2015-03 will have a material impact on its statement of financial position or financial statement disclosures.

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers." ASU 2014-09 requires revenue recognition to depict the transfer of goods or services to customers in an amount that reflects the consideration that a company expects to be entitled to in exchange for the goods or services. To achieve this principle, a company must apply five steps including identifying the contract with a customer, identifying the performance obligations in the contract, determining the transaction price, allocating the transaction price to the performance obligations, and recognizing revenue when (or as) the company satisfies the performance obligations. Additional quantitative and qualitative disclosure to enhance the understanding about the nature, amount, timing, and uncertainty of revenue and cash flows is also required. ASU 2014-09 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2017. The Company has not yet determined the effect that ASU 2014-09 will have on its results of operations, statement of financial position or financial statement disclosures.

3. Earnings per share

The following table presents a reconciliation of the numerator and denominator of basic and diluted earnings per share for thethree months ended September 30, 2015 and 2014.

	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014
Numerator:		
Net income attributable to common shareholders	$ 194,978	$ 280,089
Denominator:		
Basic - weighted average common shares	136,844,504	148,738,828
Increase in weighted average common shares from dilutive effect of equity-based awards	1,730,404	2,334,807
Diluted - weighted average common shares, assuming exercise of equity-based awards	138,574,908	151,073,635
Basic earnings per share	$ 1.42	$ 1.88
Diluted earnings per share	$ 1.41	$ 1.85

For the three months ended September 30, 2015 and 2014, 2,350,730 and 873,214 common shares subject to equity-based awards, respectively, were excluded from the computation of diluted earnings per share because the effect of their exercise would be anti-dilutive.

4. Share repurchase program

The Company has a program to repurchase its common shares. On October 22, 2014, the Board of Directors of the Company approved an increase in the overall number of shares authorized to repurchase under the program so that, beginning on such date, the aggregate number of shares authorized for repurchase was 35 million. There is no limitation on the number of shares that can be repurchased in a fiscal year. Repurchases may be funded primarily from operating cash flows and commercial paper borrowings and the shares are initially held as treasury stock. During the three-month period ended September 30, 2015, the Company repurchased 2,770,624 shares at an average price, including commissions, of $111.89 per share.

5. Trade accounts receivable, net

Trade accounts receivable are initially recorded at their net collectible amount and are generally recorded at the time the revenue from the sales transaction is recorded. Receivables are written off to bad debt primarily when, in the judgment of the Company, the receivable is deemed to be uncollectible due to the insolvency of the debtor. Allowance for doubtful accounts was $8,842 and $9,284 at September 30, 2015 and June 30, 2015, respectively.

6. Non-trade and notes receivable

The non-trade and notes receivable caption in the Consolidated Balance Sheet is comprised of the following components:

	September 30, 2015	June 30, 2015
Notes receivable	$ 79,166	$ 90,470
Reverse repurchase agreements	83,835	113,558
Accounts receivable, other	152,942	160,506
Total	$ 315,943	$ 364,534

Reverse repurchase agreements are collateralized lending arrangements and have a maturity longer than three months from the date of purchase. The Company does not record an asset or liability for the collateral associated with the reverse repurchase agreements.

7. Inventories

The inventories caption in the Consolidated Balance Sheet is comprised of the following components:

	September 30, 2015	June 30, 2015
Finished products	$ 525,215	$ 526,708
Work in process	708,634	688,727
Raw materials	86,355	85,024
Total	$ 1,320,204	$ 1,300,459

8. Business realignment charges

The Company incurred business realignment charges in fiscal 2016 and fiscal 2015.

Business realignment charges by business segment are as follows:

	Three Months Ended September 30,	
	2015	2014
Diversified Industrial	$ 20,043	$ 5,849
Aerospace Systems	1,745	—

Work force reductions in connection with such business realignment charges by business segment are as follows:

	Three Months Ended September 30,	
	2015	2014
Diversified Industrial	1,164	102
Aerospace Systems	57	—

The charges primarily consist of severance costs related to actions taken under the Company's Simplification initiative aimed at reducing organizational and process complexity, as well as plant closures, with the majority of the charges incurred in Europe and North America. In addition, asset write-downs of $116 and $1,915 for the three months ended September 30, 2015 and 2014, respectively, were recognized in connection with plant closures in the Diversified Industrial Segment and are reflected in the other expense caption in the Business Segment Information. The Company believes the realignment actions will positively impact future results of operations but will not have a material effect on liquidity and sources and uses of capital.

The business realignment charges are presented in the Consolidated Statement of Income as follows:

	Three Months Ended September 30,	
	2015	2014
Cost of sales	$ 14,673	$ 5,118
Selling, general and administrative expenses	7,115	731
Other (income), net	116	1,915

As of September 30, 2015, approximately $12 million in severance payments have been made relating to charges incurred during fiscal 2016, the remainder of which are expected to be paid by September 30, 2016. Severance payments relating to prior year actions are being made as required. Remaining severance payments related to current-year and prior-year actions of approximately $32 million are primarily reflected within the other accrued liabilities caption in the Consolidated Balance Sheet. Additional charges may be recognized in future periods related to the realignment actions described above, the timing and amount of which are not known at this time.

9. Equity

Changes in equity for the three months ended September 30, 2015 and 2014 are as follows:

	Shareholders' Equity	Noncontrolling Interests	Total Equity
Balance at June 30, 2015	$ 5,104,287	$ 3,282	$ 5,107,569
Net income	194,978	48	195,026
Other comprehensive (loss)	(83,187)	(97)	(83,284)
Dividends paid	(85,987)	—	(85,987)
Stock incentive plan activity	31,427	—	31,427
Shares purchased at cost	(310,000)	—	(310,000)
Balance at September 30, 2015	$ 4,851,518	$ 3,233	$ 4,854,751

	Shareholders' Equity	Noncontrolling Interests	Total Equity
Balance at June 30, 2014	$ 6,659,428	$ 3,380	$ 6,662,808
Net income	280,089	82	280,171
Other comprehensive (loss)	(275,068)	(101)	(275,169)
Dividends paid	(71,607)	—	(71,607)
Stock incentive plan activity	36,161	—	36,161
Shares purchased at cost	(50,000)	—	(50,000)
Balance at September 30, 2014	$ 6,579,003	$ 3,361	$ 6,582,364

Changes in accumulated other comprehensive (loss) in shareholders' equity by component for the three months ended September 30, 2015 and 2014 are as follows:

	Foreign Currency Translation Adjustment and Other	Retirement Benefit Plans	Total
Balance at June 30, 2015	$ (641,018)	$ (1,097,600)	$ (1,738,618)
Other comprehensive (loss) before reclassifications	(112,077)	—	(112,077)
Amounts reclassified from accumulated other comprehensive (loss)	(6)	28,896	28,890
Balance at September 30, 2015	$ (753,101)	$ (1,068,704)	$ (1,821,805)

	Foreign Currency Translation Adjustment and Other	Retirement Benefit Plans	Total
Balance at June 30, 2014	$ 124,392	$ (947,890)	$ (823,498)
Other comprehensive (loss) before reclassifications	(301,977)	—	(301,977)
Amounts reclassified from accumulated other comprehensive (loss)	51	26,858	26,909
Balance at September 30, 2014	$ (177,534)	$ (921,032)	$ (1,098,566)

9. Equity, cont'd

Significant reclassifications out of accumulated other comprehensive (loss) in shareholders' equity for the three months ended September 30, 2015 and 2014 are as follows:

Details about Accumulated Other Comprehensive (Loss) Components	Income (Expense) Reclassified from Accumulated Other Comprehensive (Loss)		Consolidated Statement of Income Classification
	Three Months Ended September 30, 2015		
Retirement benefit plans			
Amortization of prior service cost and initial net obligation	$	(2,043)	See Note 11
Recognized actuarial loss		(43,247)	See Note 11
Total before tax		(45,290)	
Tax benefit		16,394	Income taxes
Net of tax	$	(28,896)	

Details about Accumulated Other Comprehensive (Loss) Components	Income (Expense) Reclassified from Accumulated Other Comprehensive (Loss)		Consolidated Statement of Income Classification
	Three Months Ended September 30, 2014		
Retirement benefit plans			
Amortization of prior service cost and initial net obligation	$	(2,644)	See Note 11
Recognized actuarial loss		(39,679)	See Note 11
Total before tax		(42,323)	
Tax benefit		15,465	Income taxes
Net of tax	$	(26,858)	

10. Goodwill and intangible assets

The changes in the carrying amount of goodwill for the three months ended September 30, 2015 are as follows:

	Diversified Industrial Segment		Aerospace Systems Segment		Total	
Balance at June 30, 2015	$	2,844,045	$	98,634	$	2,942,679
Acquisitions		31,134		—		31,134
Foreign currency translation and other		(25,860)		2		(25,858)
Balance at September 30, 2015	$	2,849,319	$	98,636	$	2,947,955

Acquisitions represent the original goodwill allocation and final adjustments to purchase price allocations during the measurement period subsequent to the applicable acquisition dates. The impact of final purchase price allocation adjustments on the Company's results of operations and financial position were immaterial.

10. Goodwill and intangible assets cont'd

Intangible assets are amortized on the straight-line method over their legal or estimated useful lives. The following summarizes the gross carrying value and accumulated amortization for each major category of intangible assets:

	September 30, 2015		June 30, 2015	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Patents	$ 150,520	$ 90,077	$ 149,066	$ 88,540
Trademarks	346,655	169,624	355,108	172,187
Customer lists and other	1,368,703	602,791	1,369,380	599,388
Total	$ 1,865,878	$ 862,492	$ 1,873,554	$ 860,115

Total intangible amortization expense for the three months ended September 30, 2015 was $27,472. The estimated amortization expense for the five years ending June 30, 2016 through 2020 is $101,960, $97,463, $92,625, $85,037 and $77,393, respectively.

Intangible assets are evaluated for impairment whenever events or circumstances indicate that the undiscounted net cash flows to be generated by their use over their expected useful lives and eventual disposition may be less than their net carrying value. No such events or circumstances occurred during the three months ended September 30, 2015.

11. Retirement benefits

Net pension benefit cost recognized included the following components:

	Three Months Ended September 30,	
	2015	2014
Service cost	$ 24,113	$ 25,074
Interest cost	46,071	46,493
Expected return on plan assets	(55,649)	(55,228)
Amortization of prior service cost	2,069	2,670
Amortization of net actuarial loss	42,969	39,428
Amortization of initial net obligation	4	5
Net pension benefit cost	$ 59,577	$ 58,442

During the three months ended September 30, 2015 and 2014, the Company recognized $1,087 and $1,118, respectively, in expense related to other postretirement benefits.

12. Income taxes

The Company and its subsidiaries file federal and state income tax returns in the U.S. and in various foreign jurisdictions. In the normal course of business, the Company is subject to examination by taxing authorities throughout the world. The Company is open to assessment of its federal income tax returns by the U.S. Internal Revenue Service for fiscal years after 2011. The Company is also open to assessment for all significant state, local and foreign jurisdictions for fiscal years after 2006. Unrecognized tax benefits reflect the difference between positions taken or expected to be taken on income tax returns and the amounts reflected in the financial statements.

As of September 30, 2015, the Company had gross unrecognized tax benefits of$138,281. The total amount of gross unrecognized tax benefits that, if recognized, would affect the effective tax rate was $77,922. If recognized, a significant portion of the gross unrecognized tax benefits would be offset against an asset currently recorded in the Consolidated Balance Sheet. The accrued interest related to the gross unrecognized tax benefits, excluded from the amounts above, is $10,325. It is reasonably possible that within the next 12 months the amount of gross unrecognized tax benefits could be reduced by up to approximately $100,000 as a result of the revaluation of existing uncertain tax positions arising from developments in the examination process or the closure of tax statutes. Any increase in the amount of gross unrecognized tax benefits within the next 12 months is expected to be insignificant.

13. Financial instruments

The Company's financial instruments consist primarily of cash and cash equivalents, marketable securities and other investments, accounts receivable and long-term investments as well as obligations under accounts payable, trade, notes payable and long-term debt. Due to their short-term nature, the carrying values for cash and cash equivalents, accounts receivable, accounts payable, trade and notes payable approximate fair value.

Marketable securities and other investments include deposits, which are recorded at cost, and investments classified as available-for-sale, which are recorded at fair value with unrealized gains and losses recorded in accumulated other comprehensive (loss). Gross unrealized gains and losses were not material as of September 30, 2015 and June 30, 2015. All available-for-sale investments in an unrealized loss position have been in that position for less than twelve months. There were no facts or circumstances that indicated the unrealized losses were other than temporary.

The contractual maturities of available-for-sale investments atSeptember 30, 2015 and June 30, 2015 are as follows:

	September 30, 2015		June 30, 2015	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Less than one year	$ 6,264	$ 6,256	$ 13,561	$ 13,555
One to three years	189,401	188,472	188,539	188,057
Above three years	22,990	22,829	15,673	15,587

Actual maturities of available-for-sale investments may differ from their contractual maturities as the Company has the ability to liquidate the available-for-sale investments after giving appropriate notice to the issuer.

The carrying value of long-term debt and estimated fair value of long-term debt are as follows:

	September 30, 2015	June 30, 2015
Carrying value of long-term debt	$ 2,949,259	$ 2,947,102
Estimated fair value of long-term debt	3,144,010	3,107,735

The fair value of long-term debt was determined based on observable market prices in the active market in which the security is traded and is classified within level 2 of the fair value hierarchy.

13. Financial instruments cont'd

The Company utilizes derivative and non-derivative financial instruments, including, forward exchange contracts, costless collar contracts, cross-currency swap contracts and certain foreign denominated debt designated as net investment hedges, to manage foreign currency transaction and translation risk. The derivative financial instrument contracts are with major investment grade financial institutions and the Company does not anticipate any material non-performance by any of the counterparties. The Company does not hold or issue derivative financial instruments for trading purposes.

The Company's Euro bonds and Japanese Yen credit facility have each been designated as a hedge of the Company's net investment in certain foreign subsidiaries. The translation of the Euro bonds and Japanese Yen credit facility into U.S. dollars is recorded in accumulated other comprehensive (loss) and remains there until the underlying net investment is sold or substantially liquidated.

Derivative financial instruments are recognized on the Consolidated Balance Sheet as either assets or liabilities and are measured at fair value.

The following summarizes the location and fair value of significant derivative financial instruments reported in the Consolidated Balance Sheet as ofSeptember 30, 2015 and June 30, 2015:

	Balance Sheet Caption	September 30, 2015	June 30, 2015
Net investment hedges			
Cross-currency swap contracts	Other assets	$ 21,064	$ 17,994
Cash flow hedges			
Costless collar contracts	Non-trade and notes receivable	5,989	5,627
Costless collar contracts	Other accrued liabilities	2,199	1,970

The cross-currency swap and costless collar contracts are reflected on a gross basis in the Consolidated Balance Sheet. The Company has not entered into any master netting arrangements.

Gains or losses on derivatives that are not hedges are adjusted to fair value through the cost of sales caption in the Consolidated Statement of Income. Gains or losses on derivatives that are hedges are adjusted to fair value through accumulated other comprehensive (loss) in the Consolidated Balance Sheet until the hedged item is recognized in earnings.

Cross-currency swap contracts have been designated as hedging instruments. Costless collar contracts and forward exchange contracts have not been designated as hedging instruments and are considered to be economic hedges of forecasted transactions.

Gains (losses) on derivative financial instruments that were recorded in the Consolidated Statement of Income for thethree months ended September 30, 2015 and 2014 were not material.

Gains (losses) on derivative and non-derivative financial instruments that were recorded in accumulated other comprehensive (loss) in the Consolidated Balance Sheet are as follows:

	Three Months Ended September 30,	
	2015	2014
Cross-currency swap contracts	$ 3,163	$ 11,895
Foreign denominated debt	(1,134)	15,890

There was no ineffectiveness of the cross-currency swap contracts or foreign denominated debt, nor was any portion of these financial instruments excluded from the effectiveness testing, during the three months ended September 30, 2015 and 2014.

13. Financial instruments cont'd

A summary of financial assets and liabilities that were measured at fair value on a recurring basis at September 30, 2015 and June 30, 2015 are as follows:

	Fair Value at September 30, 2015	Quoted Prices In Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Government bonds	$ 15,782	$ 15,782	$ —	$ —
Corporate bonds	191,135	191,135	—	—
Asset-backed and mortgage-backed securities	10,640	—	10,640	—
Derivatives	27,037	—	27,037	—
Investments measured at net asset value	225,498			
Liabilities:				
Derivatives	2,592	—	2,592	—

	Fair Value at June 30, 2015	Quoted Prices In Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Government bonds	$ 60,512	$ 60,512	$ —	$ —
Corporate bonds	145,717	145,717	—	—
Asset-backed and mortgage-backed securities	10,970	—	10,970	—
Derivatives	23,598	—	23,598	—
Investments measured at net asset value	187,534			
Liabilities:				
Derivatives	1,970	—	1,970	—

The fair values of the government bonds, corporate bonds and asset-backed and mortgage-backed securities are determined using the closing market price reported in the active market in which the fund is traded or the market price for similar assets that are traded in an active market.

Derivatives consist of forward exchange, costless collar and cross-currency swap contracts, the fair values of which are calculated using market observable inputs including both spot and forward prices for the same underlying currencies. The calculation of fair value of the cross-currency swap contracts also utilizes a present value cash flow model that has been adjusted to reflect the credit risk of either the Company or the counterparty.

Investments measured at net asset value primarily consist of investments in fixed income mutual funds, which are measured at fair value using the net asset value per share practical expedient. These investments have not been categorized in the fair value hierarchy. The Company has the ability to liquidate these investments after giving appropriate notice to the issuer.

The primary investment objective for all investments is the preservation of principal and liquidity while earning income.

There are no other financial assets or financial liabilities that are marked to market on a recurring basis. Fair values are transferred between levels of the fair value hierarchy when facts and circumstances indicate that a change in the method of estimating the fair value of a financial asset or financial liability is warranted.

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2015
AND COMPARABLE PERIOD ENDED SEPTEMBER 30, 2014

OVERVIEW

The Company is a leading worldwide diversified manufacturer of motion and control technologies and systems, providing precision engineered solutions for a wide variety of mobile, industrial and aerospace markets.

The Company's order rates provide a near-term perspective of the Company's outlook particularly when viewed in the context of prior and future order rates. The Company publishes its order rates on a quarterly basis. The lead time between the time an order is received and revenue is realized generally ranges from one day to 12 weeks for mobile and industrial orders and from one day to 18 months for aerospace orders. The Company believes the leading economic indicators of these markets that have a strong correlation to the Company's future order rates are as follows:

- Purchasing Managers Index (PMI) on manufacturing activity specific to regions around the world with respect to most mobile and industrial markets;
- Global aircraft miles flown and global revenue passenger miles for commercial aerospace markets and Department of Defense spending for military aerospace markets; and
- Housing starts with respect to the North American residential air conditioning market and certain mobile construction markets.

A PMI above 50 indicates that the manufacturing activity specific to a region of the world in the mobile and industrial markets is expanding. A PMI below 50 indicates the opposite. Recent PMI levels for some regions around the world were as follows:

	September 30, 2015	June 30, 2015
United States	50.2	53.5
Eurozone countries	52.0	52.5
China	47.2	49.4
Brazil	47.0	46.5

Global aircraft miles flown have increased approximately six percent from their comparable fiscal 2015 level and global revenue passenger miles have increased approximately seven percent from their comparable fiscal 2015 level. The Company anticipates that U.S. Department of Defense spending with regard to appropriations and operations and maintenance for the U.S. Government's fiscal year 2016 will be approximately 10 percent higher than the comparable fiscal 2015 level.

Housing starts in September 2015 were approximately 18 percent higher than housing starts in September 2014 and were approximately three percent higher than housing starts in June 2015.

The Company remains focused on maintaining its financial strength by adjusting its cost structure to reflect changing demand levels, maintaining a strong balance sheet and managing its cash. The Company has been able to borrow funds at affordable interest rates and had a debt to debt-shareholders' equity ratio of 40.9 percent at September 30, 2015 compared to 36.6 percent at June 30, 2015 and 24.9 percent at September 30, 2014. Net of cash and cash equivalents and marketable securities and other investments, the debt to debt-shareholders' equity ratio was 24.4 percent at September 30, 2015 compared to 16.8 percent at June 30, 2015 and 2.2 percent at September 30, 2014.

The Company believes many opportunities for profitable growth are available. The Company intends to focus primarily on business opportunities in the areas of energy, water, food, environment, defense, life sciences, infrastructure and transportation.

The Company believes it can meet its strategic objectives by:

- Successfully executing its Win Strategy initiatives relating to engaged people, premier customer experience, profitable growth and financial performance;
- Successfully executing its Simplification initiative which is aimed at reducing organizational and process complexity;
- Serving the customer and continuously enhancing its experience with the Company;
- Maintaining its decentralized division and sales company structure;
- Fostering a safety first and entrepreneurial culture;
- Engineering innovative systems and products to provide superior customer value through improved service, efficiency and productivity;
- Delivering products, systems and services that have demonstrable savings to customers and are priced by the value they deliver;
- Acquiring strategic businesses;
- Organizing around targeted regions, technologies and markets;
- Driving efficiency by implementing lean enterprise principles; and
- Creating a culture of empowerment through its values, inclusion and diversity, accountability and teamwork.

Acquisitions will be considered from time to time to the extent there is a strong strategic fit while at the same time, maintaining the Company's strong financial position. In addition, the Company will continue to assess its existing businesses and initiate efforts to divest businesses that are not considered to be a good long-term strategic fit for the Company. Future business divestitures could have a negative effect on the Company's results of operations.

The discussion below is structured to separately discuss the Consolidated Statement of Income, Results by Business Segment, Consolidated Balance Sheet and Consolidated Statement of Cash Flows.

CONSOLIDATED STATEMENT OF INCOME

(dollars in millions)	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014
Net sales	$ 2,869.3	$ 3,269.9
Gross profit	$ 668.4	$ 810.1
Gross profit margin	23.3%	24.8%
Selling, general and administrative expenses	$ 370.2	$ 400.8
Selling, general and administrative expenses, as a percent of sales	12.9%	12.3%
Interest expense	35.8	21.0
Other (income), net	$ (13.2)	$ (8.4)
Effective tax rate	29.2%	29.4%
Net income	$ 195.0	$ 280.2
Net income, as a percent of sales	6.8%	8.6%

Net sales for the current-year quarter decreased from the comparable prior-year quarter primarily due to lower sales in both the Diversified Industrial North America and International businesses more than offsetting higher volume experienced in the Aerospace Systems Segment. The effect of currency rate changes decreased net sales by approximately $186 million in the current-year quarter ($161 million of which was attributable to the Diversified Industrial International businesses). Acquisitions made in the last 12 months contributed approximately $12 million in sales in the current-year quarter.

Gross profit margin decreased in the current-year quarter primarily due to the lower sales volume in the Diversified Industrial Segment and an unfavorable product mix in the Diversified Industrial International businesses, partially offset by a favorable product mix and lower product engineering expenses in the Aerospace Systems Segment. Foreign currency transaction (gain) (primarily relating to cash, marketable securities and other investments and intercompany transactions) included in cost of sales for the current-year quarter and prior-year quarter were $(5.3) million and $(12.7) million, respectively. Pension cost included in cost of sales for the current-year quarter and prior-year quarter were $41.2 million and $42.6 million, respectively. Cost of sales for the current-year quarter and prior-year quarter also included business realignment charges of $14.7 million and $5.1 million, respectively.

Selling, general and administrative expenses decreased for the current-year quarter primarily due to lower stock compensation expense and lower research and development expenses, partially offset by higher business realignment charges and higher net expenses associated with the Company's deferred compensation program, primarily resulting from a decrease in the market value of corporate owned life insurance. Stock compensation expense decreased primarily as a result of a lower number of stock awards granted in fiscal 2016. Pension cost included in selling, general and administrative expenses for the current-year quarter and prior-year quarter was $19.7 million and $16.8 million, respectively. Business realignment charges included in selling, general and administrative expenses were $7.1 million and $0.7 million for the current-year quarter and prior-year quarter, respectively.

Interest expense for the current-year quarter increased from the comparable prior-year period primarily due to both higher weighted-average borrowings and higher weighted-average interest rates on borrowings.

Other (income), net in the current-year quarter includes income of $5.2 million related to equity method investments and income of $4.7 million related to free trade incentives. Other (income), net in the prior-year quarter included income of $5.9 million related to equity method investments, a gain of $5.7 million related to the sale of a business and an expense of $6.7 million related to asset writedowns.

Effective tax rate for the first three months of fiscal 2016 was lower than the comparable prior-year period primarily due to an increase in estimated foreign earnings in low tax jurisdictions and an increase in the Federal manufacturing deduction partially offset by a decrease in discrete tax benefits compared to the prior-year period. The Company expects the effective tax rate for fiscal 2016 will be approximately 29 percent.

RESULTS BY BUSINESS SEGMENT

Diversified Industrial Segment

	Three Months Ended September 30,	
(dollars in millions)	**2015**	**2014**
Net sales		
North America	$ 1,286.3	$ 1,471.8
International	1,038.4	1,263.5
Operating income		
North America	212.7	264.2
International	$ 129.3	$ 189.8
Operating margin		
North America	16.5 %	18.0 %
International	12.5 %	15.0 %
Backlog	$ 1,455.6	$ 1,765.0

The Diversified Industrial Segment operations experienced the following percentage changes in net sales in the current-year period versus the comparable prior-year period:

	Three Months Ended September 30, 2015
Diversified Industrial North America – as reported	(12.6)%
Acquisitions	0.2 %
Currency	(1.5)%
Diversified Industrial North America – without acquisitions and currency	(11.3)%
Diversified Industrial International – as reported	(17.8)%
Acquisitions	0.7 %
Currency	(12.7)%
Diversified Industrial International – without acquisitions and currency	(5.8)%
Total Diversified Industrial Segment – as reported	(15.0)%
Acquisitions	0.4 %
Currency	(6.7)%
Total Diversified Industrial Segment – without acquisitions and currency	(8.7)%

The above presentation reconciles the percentage changes in net sales of the Diversified Industrial Segment reported in accordance with U.S. GAAP to percentage changes in net sales adjusted to remove the effects of acquisitions made within the prior four fiscal quarters as well as the effects of currency exchange rates. The effects of acquisitions and currency exchange rates are removed to allow investors and the Company to meaningfully evaluate the percentage changes in net sales on a comparable basis from period to period.

Excluding the effects of acquisitions and changes in currency exchange rates, Diversified Industrial North American sales decreased for the current-year quarter primarily due to lower demand from both distributors and end-users in most markets. The markets that experienced the largest decline in end-user demand were the oil and gas, farm and agriculture equipment and construction equipment markets. Excluding the effects of acquisitions and changes in currency exchange rates, Diversified Industrial International sales for the current-year quarter decreased primarily due to lower volume in all regions with approximately half of the decrease occurring in Europe and approximately one-third of the decrease occurring in the Asia Pacific region.

The decrease in operating margin in the Diversified Industrial North American businesses for the current-year quarter was primarily due to the lower sales volume, partially offset by lower expenses primarily resulting from the Company's Simplification initiative. The decrease in operating margin in the Diversified Industrial International businesses for the current-year quarter was primarily due to the lower sales volume and an unfavorable product mix, partially offset by lower expenses primarily resulting from the Company's Simplification initiative and prior-year restructuring activities.

The following business realignment expenses are included in Diversified Industrial North America and Diversified Industrial International operating income:

	Three Months Ended September 30,	
(dollars in millions)	2015	2014
Diversified Industrial North America	$ 8.1	$ 0.2
Diversified Industrial International	11.9	5.6

The business realignment charges primarily consist of severance costs related to actions taken under the Company's Simplification initiative implemented by operating units throughout the world as well as plant closures. The majority of the Diversified Industrial International business realignment charges were incurred in Europe. The Company anticipates that cost savings realized from the work force reduction measures taken during the first three months of fiscal 2016 will increase future annual operating income by approximately three percent in both the Diversified Industrial North American and Diversified Industrial International businesses. The Company expects to continue to take the actions necessary to structure appropriately the operations of the Diversified Industrial Segment. Such actions are expected to result in approximately $80 million in additional business realignment charges in the remainder of fiscal 2016.

Diversified Industrial Segment backlog decreased from the prior-year quarter and from the June 30, 2015 amount of $1,585.8 million as shipments exceeded orders in all of the North American and International businesses. Approximately half of the decrease in the International businesses from both the prior-year quarter and the June 30, 2015 amount was experienced in Europe. Backlog consists of written firm orders from a customer to deliver products and, in the case of blanket purchase orders, only includes the portion of the order for which a schedule or release date has been agreed to with the customer. The dollar value of backlog is equal to the amount that is expected to be billed to the customer and reported as a sale. The Company anticipates Diversified Industrial North American and Diversified Industrial International sales for fiscal 2016 will both decrease between 14 percent and 10 percent from their fiscal 2015 levels. Diversified Industrial North American operating margins in fiscal 2016 are expected to range from 15.3 percent to 15.7 percent and Diversified Industrial International operating margins in fiscal 2016 are expected to range from 11.5 percent to 11.9 percent.

Aerospace Systems Segment

	Three Months Ended September 30,	
(dollars in millions)	**2015**	**2014**
Net sales	$ 544.6	$ 534.6
Operating income	$ 74.0	$ 65.3
Operating margin	13.6 %	12.2 %
Backlog	$ 1,701.6	$ 1,961.2

The increase in net sales in the Aerospace Systems Segment for the current-year quarter was primarily due to higher volume in the commercial and military aftermarket businesses, partially offset by lower volume in the military original equipment manufacturer (OEM) business. The higher margin in the current-year quarter was primarily due to higher commercial and military aftermarket sales volume, lower engineering development costs and favorable contract settlements, partially offset by an unfavorable product mix in the commercial OEM business.

The decrease in backlog from the prior-year quarter was primarily due to shipments exceeding orders in the military and commercial OEM businesses and in the commercial and military aftermarket businesses. The decrease in backlog from the June 30, 2015 amount of $1,755.8 million was primarily due to shipments exceeding orders in the military and commercial OEM businesses and commercial aftermarket business, partially offset by orders exceeding shipments in the military aftermarket business. Backlog consists of written firm orders from a customer to deliver products and, in the case of blanket purchase orders, only includes the portion of the order for which a schedule or release date has been agreed to with the customer. The dollar value of backlog is equal to the amount that is expected to be billed to the customer and reported as a sale. For fiscal 2016, sales are expected to increase between one percent and three percent from the fiscal 2015 level and operating margins are expected to range from 14.3 percent to 14.7 percent. A higher concentration of commercial OEM volume in future product mix and higher than expected new product development costs could result in lower margins.

Corporate general and administrative expenses

Corporate general and administrative expenses were $53.1 million in the current-year quarter compared to $55.4 million in the comparable prior-year quarter. As a percent of sales, corporate general and administrative expenses increased to 1.8 percent in the current-year quarter from 1.7 percent in the prior-year quarter. The lower expense in the current-year quarter is primarily due to a decrease in research and development expenses, partially offset by higher net expenses associated with the Company's deferred compensation program, primarily resulting from a decrease in the market value of corporate owned life insurance.

Other expense (in the Results By Business Segment) included the following:

(dollars in millions)	**Three Months Ended, September 30,**	
Expense (income)	**2015**	**2014**
Foreign currency transaction	$ (5.3)	$ (12.7)
Stock-based compensation	24.4	29.5
Pensions	30.0	26.5
Divestitures and asset sales and writedowns	(0.7)	1.5
Other items, net	3.2	1.6
	$ 51.6	$ 46.4

Foreign currency transaction primarily relates to the impact of changes in foreign exchange rates on cash, marketable securities and other investments and intercompany transactions.

CONSOLIDATED BALANCE SHEET

(dollars in millions)	**September 30, 2015**	**June 30, 2015**
Cash	$ 1,789.8	$ 1,914.1
Trade accounts receivable, net	1,561.1	1,620.2
Inventories	1,320.2	1,300.5
Notes payable and long-term debt payable within one year	630.7	233.1
Shareholders’ equity	4,851.5	5,104.3
Working capital	$ 2,777.9	$ 3,233.0
Current ratio	2.09	2.38

Cash (comprised of cash and cash equivalents and marketable securities and other investments) includes $1,765 million and $1,777 million held by the Company's foreign subsidiaries at September 30, 2015 and June 30, 2015, respectively. Generally, cash and cash equivalents and marketable securities and other investments held by foreign subsidiaries are not readily available for use in the United States without adverse tax consequences. The Company's principal sources of liquidity are its cash flows provided by operating activities, commercial paper borrowings or borrowings directly from its line of credit. The Company does not believe the amount of cash held outside the U.S. will have an adverse effect on working capital needs, planned growth, repayment of maturing debt, benefit plan funding, dividend payments or share repurchases.

Trade accounts receivable, net are receivables due from customers for sales of product. Days sales outstanding relating to trade accounts receivable was 50 days at September 30, 2015 and 48 days at June 30, 2015. The Company believes that its receivables are collectible and appropriate allowances for doubtful accounts have been recorded.

Inventories as of September 30, 2015 increased $20 million (which includes a decrease of $18 million from the effect of foreign currency translation and an increase of $12 million from current-year acquisitions) compared to June 30, 2015. An increase in inventories was experienced in both the Diversified Industrial Segment and the Aerospace Systems Segment. Days' supply of inventory was 72 days at September 30, 2015, 65 days at June 30, 2015 and 69 days at September 30, 2014.

Notes payable and long-term debt payable within one year as of September 30, 2015 increased from the June 30, 2015 amount due primarily to an increase in commercial paper outstanding. The Company from time to time will utilize short-term intercompany loans to repay commercial paper borrowings. At times, the short-term intercompany loans are outstanding at the end of a fiscal quarter.

Shareholders’ equity activity during the first three months of fiscal 2016 included a decrease of approximately $310 million as a result of share repurchases and a decrease of approximately $112 million related to foreign currency translation adjustments.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Three Months Ended September 30,	
(dollars in millions)	2015	2014
Cash provided by (used in):		
Operating activities	$ 5.0	$ 260.9
Investing activities	(201.4)	(480.9)
Financing activities	14.3	(229.7)
Effect of exchange rates	(24.2)	(71.7)
Net (decrease) in cash and cash equivalents	$ (206.3)	$ (521.4)

Cash flows provided by operating activities for the first three months of fiscal 2016 was lower than the prior-year quarter primarily due to a decrease in net income and a $200 million voluntary cash contribution made to the Company's domestic qualified defined benefit pension plan in the current-year quarter. Cash flows provided by operating activities in the first three months of fiscal 2016 benefited from a decrease in cash used by working capital items. The Company continues to focus on managing its inventory and other working capital requirements.

Cash flows used in investing activities was lower than the prior-year quarter due primarily to a decrease in marketable securities and other investments activity partially offset by an increase in acquisition activity.

Cash flows used in financing activities for the first three months of fiscal 2016 includes $407 million of net commercial paper borrowings versus $113 million of net commercial paper repayments in the prior-year quarter. Cash flows used in financing activities included repurchase activity under the Company's share repurchase program. The Company repurchased 2.8 million common shares for $310 million in the first three months of fiscal 2016 as compared to the repurchase of 0.4 million common shares for $50 million in the first three months of fiscal 2015.

The Company’s goal is to maintain no less than an “A” rating on senior debt to ensure availability and reasonable cost of external funds. As a means of achieving this objective, the Company has established a financial goal of maintaining a ratio of debt to debt-shareholders’ equity of no more than 37 percent.

(dollars in millions) Debt to Debt-Shareholders’ Equity Ratio	September 30, 2015	June 30, 2015
Debt	$ 3,356	$ 2,947
Debt & Shareholders’ equity	$ 8,208	$ 8,051
Ratio	40.9 %	36.6 %

At September 30, 2015, the Company had a line of credit totaling $2,000 million through a multi-currency revolving credit agreement with a group of banks, $1,593 million of which was available. The credit agreement expires in October 2017; however, the Company has the right to request a one-year extension of the expiration date on an annual basis, which request may result in changes to the current terms and conditions of the credit agreement. Advances from the credit agreement can be used for general corporate purposes, including acquisitions, and for the refinancing of existing indebtedness. The credit agreement requires the payment of an annual facility fee, the amount of which would increase in the event the Company’s credit ratings are lowered. Although a lowering of the Company’s credit ratings would likely increase the cost of future debt, it would not limit the Company’s ability to use the credit agreement nor would it accelerate the repayment of any outstanding borrowings.

As of September 30, 2015, the Company was authorized to sell up to $1,850 million of short-term commercial paper notes. As of September 30, 2015, $407 million commercial paper notes were outstanding and the largest amount of commercial paper notes outstanding during the first quarter of fiscal 2016 was $489 million.

The Company’s credit agreements and indentures governing certain debt securities contain various covenants, the violation of which would limit or preclude the use of the credit agreements for future borrowings, or might accelerate the maturity of the related outstanding borrowings covered by the indentures. Based on the Company’s rating level at September 30, 2015, the most restrictive financial covenant provides that the ratio of secured debt to net tangible assets be less than 10 percent. However, the Company currently does not have secured debt in its debt portfolio. The Company is in compliance with all covenants and expects to remain in compliance during the term of the credit agreements and indentures.

FORWARD-LOOKING STATEMENTS

Forward-looking statements contained in this and other written and oral reports are made based on known events and circumstances at the time of release, and as such, are subject in the future to unforeseen uncertainties and risks. All statements regarding future performance, earnings projections, events or developments are forward-looking statements. It is possible that the future performance and earnings projections of the Company, including its individual segments, may differ materially from current expectations, depending on economic conditions within its mobile, industrial and aerospace markets, and the Company’s ability to maintain and achieve anticipated benefits associated with announced realignment activities, strategic initiatives to improve operating margins, actions taken to combat the effects of the current economic environment, and growth, innovation and global diversification initiatives. A change in the economic conditions in individual markets may have a particularly volatile effect on segment performance.

Among other factors which may affect future performance are:

- changes in business relationships with and purchases by or from major customers, suppliers or distributors, including delays or cancellations in shipments, disputes regarding contract terms or significant changes in financial condition, changes in contract cost and revenue estimates for new development programs, and changes in product mix;
- ability to identify acceptable strategic acquisition targets;
- uncertainties surrounding timing, successful completion or integration of acquisitions and similar transactions;
- the ability to successfully divest businesses planned for divestiture and realize the anticipated benefits of such divestitures;
- the determination to undertake business realignment activities and the expected costs thereof and, if undertaken, the ability to complete such activities and realize the anticipated cost savings from such activities;
- ability to implement successfully the Company's capital allocation initiatives, including timing, price and execution of share repurchases;
- increases in raw material costs that cannot be recovered in product pricing;
- the Company’s ability to manage costs related to insurance and employee retirement and health care benefits;
- threats associated with and efforts to combat terrorism and cyber-security risks;
- uncertainties surrounding the ultimate resolution of outstanding legal proceedings, including the outcome of any appeals;
- competitive market conditions and resulting effects on sales and pricing; and
- global economic factors, including manufacturing activity, air travel trends, currency exchange rates, difficulties entering new markets and general economic conditions such as inflation, deflation, interest rates and credit availability.

The Company makes these statements as of the date of this disclosure, and undertakes no obligation to update them unless otherwise required by law.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company manages foreign currency transaction and translation risk by utilizing derivative and non-derivative financial instruments, including forward exchange contracts, costless collar contracts, cross-currency swap contracts and certain foreign denominated debt designated as net investment hedges. The derivative financial instrument contracts are with major investment grade financial institutions and the Company does not anticipate any material non-performance by any of the counterparties. The Company does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are recognized on the Consolidated Balance Sheet as either assets or liabilities and are measured at fair value. Further information on the fair value of these contracts is provided in Note 13 to the Consolidated Financial Statements. Gains or losses on derivatives that are not hedges are adjusted to fair value through the Consolidated Statement of Income. Gains or losses on derivatives that are hedges are adjusted to fair value through accumulated other comprehensive (loss) in the Consolidated Balance Sheet until the hedged item is recognized in earnings. The translation of the foreign denominated debt that has been designated as a net investment hedge is recorded in accumulated other comprehensive (loss) and remains there until the underlying net investment is sold or substantially liquidated.

The Company’s debt portfolio contains variable rate debt, inherently exposing the Company to interest rate risk. The Company’s objective is to maintain a 60/40 mix between fixed rate and variable rate debt thereby limiting its exposure to changes in near-term interest rates.

ITEM 4. CONTROLS AND PROCEDURES

The Company carried out an evaluation, under the supervision and with the participation of the Company’s management, including the Company’s principal executive officer and principal financial officer, of the effectiveness of the Company’s disclosure controls and procedures as of September 30, 2015. Based on this evaluation, the Company's principal executive officer and principal financial officer concluded that, as of September 30, 2015, the Company’s disclosure controls and procedures were effective.

There was no change in the Company’s internal control over financial reporting during the quarter ended September 30, 2015 that materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. Legal Proceedings. Parker ITR S.r.l. (Parker ITR), a subsidiary acquired on January 31, 2002, has been the subject of a number of lawsuits and regulatory investigations. The lawsuits and investigations relate to allegations that for a period of up to 21 years, the Parker ITR business unit that manufactures and sells marine hose, typically used in oil transfer, conspired with competitors in unreasonable restraint of trade to artificially raise, fix, maintain or stabilize prices, rig bids and allocate markets and customers for marine oil and gas hose in the United States and in other jurisdictions. Parker ITR and the Company have cooperated with all of the regulatory authorities investigating the activities of the Parker ITR business unit that manufactures and sells marine hose and continue to cooperate with the investigations that remain ongoing. Several of the investigations and all of the lawsuits have concluded. The following investigation remains pending.

On May 15, 2007, the European Commission issued its initial Request for Information to the Company and Parker ITR. On January 28, 2009, the European Commission announced the results of its investigation of the alleged cartel activities. As part of its decision, the European Commission found that Parker ITR infringed Article 81 of the European Community Treaty from April 1986 to May 2, 2007 and fined Parker ITR 25.61 million euros. The European Commission also determined that the Company was jointly and severally responsible for 8.32 million euros of the total fine which related to the period from January 2002, when the Company acquired Parker ITR, to May 2, 2007, when the cartel activities ceased. Parker ITR and the Company filed an appeal to the General Court of the European Union on April 10, 2009. On May 12, 2013, the court reversed in part the decision of the European Commission, reducing the original fine of 25.61 million euros to 6.40 million euros and holding that the Company and Parker ITR are jointly and severally liable for payment of the fine up to 6.30 million euros. The European Commission appealed the ruling to the European Court of Justice. On December 18, 2014, the European Court of Justice reversed the ruling of the General Court and referred the case back to the General Court.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

(a) ***Unregistered Sales of Equity Securities.*** Not applicable.

(b) ***Use of Proceeds.*** Not applicable.

(c) ***Issuer Purchases of Equity Securities.***

Period	**(a) Total Number of Shares Purchased**	**(b) Average Price Paid Per Share**	**(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)**	**(d) Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs (1)**
July 1, 2015 through July 31, 2015	150,700	$ 113.66	150,700	24,287,456
August 1, 2015 through August 31, 2015	2,463,470	$ 112.22	2,463,470	21,823,986
September 1, 2015 through September 30, 2015	156,454	$ 104.54	156,454	21,667,532
Total:	2,770,624	$ 111.87	2,770,624	21,667,532

(1) On August 16, 1990, the Company publicly announced that its Board of Directors authorized the repurchase by the Company of up to 3 million shares of its common stock. From time to time thereafter, the Board of Directors has adjusted the overall maximum number of shares authorized for repurchase under this program. On October 22, 2014, the Company publicly announced that the Board of Directors increased the overall maximum number of shares authorized for repurchase under this program so that, beginning on such date, the aggregate number of shares authorized for repurchase was 35 million shares. There is no limitation on the amount of shares that can be repurchased in a fiscal year. There is no expiration date for this program.

ITEM 6. Exhibits.

The following documents are furnished as exhibits and are numbered pursuant to Item 601 of Regulation S-K:

Exhibit No.	Description of Exhibit
3(a)	Amended Articles of Incorporation, as amended.*
12	Computation of Ratio of Earnings to Fixed Charges as of September 30, 2015.*
31(a)	Certification of the Principal Executive Officer Pursuant to 17 CFR 240.13a-14(a), as Adopted Pursuant to §302 of the Sarbanes-Oxley Act of 2002.*
31(b)	Certification of the Principal Financial Officer Pursuant to 17 CFR 240.13a-14(a), as Adopted Pursuant to §302 of the Sarbanes-Oxley Act of 2002.*
32	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to §906 of the Sarbanes-Oxley Act of 2002. *
101.INS	XBRL Instance Document.*
101.SCH	XBRL Taxonomy Extension Schema Document.*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.*
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document. *
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.*

* Submitted electronically herewith.

Attached as Exhibit 101 to this report are the following formatted in XBRL (Extensible Business Reporting Language): (i) Consolidated Statement of Income for the three months ended September 30, 2015 and 2014, (ii) Consolidated Statement of Comprehensive Income for the three months ended September 30, 2015 and 2014, (iii) Consolidated Balance Sheet at September 30, 2015 and June 30, 2015, (iv) Consolidated Statement of Cash Flows for the three months ended September 30, 2015 and 2014, and (v) Notes to Consolidated Financial Statements for the three months ended September 30, 2015.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PARKER-HANNIFIN CORPORATION

(Registrant)

/s/ Jon. P. Marten

Jon P. Marten

Executive Vice President - Finance & Administration and Chief Financial Officer

Date: November 3, 2015

EXHIBIT INDEX

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Exhibit 3(a)

AMENDED ARTICLES OF INCORPORATION

OF

PARKER-HANNIFIN CORPORATION

FIRST. The name of this Corporation is Parker-Hannifin Corporation.

SECOND. The place in the State of Ohio where its principal office is located is the City of Mayfield Heights, in Cuyahoga County.

THIRD. The purpose or purposes for which it is formed are:

1. To buy or otherwise acquire, produce, manufacture, assemble, repair, or otherwise process, and to sell, lease, or otherwise dispose of, and generally to deal in machinery, equipment, pipe fittings, valves, mechanical appliances, and parts therefor of every kind and description.

2. To manufacture, compound, refine, fabricate, prepare, process, convert, or otherwise turn substances of every kind and description into compounds, combinations, forms, and products of any kind which can be developed or made therefrom.

3. To undertake, conduct, assist, promote, and participate in every kind of chemical, industrial, manufacturing, mercantile, or mining enterprise, business, undertaking, venture, or operation in any state, territory, dependency, or colony of the United States, or its insular possessions, or in the District of Columbia, or in any foreign country.

4. To acquire by purchase or otherwise and to own, hold, improve, develop, maintain, use, lease, sell, convey, transfer, mortgage, guarantee, pledge, exchange, or otherwise deal in or dispose of real and personal property, tangible or intangible, including minerals of all kinds, of any character whatsoever, including, but not by way of limitation, letters patent, patent rights, copyrights, licenses, and franchises, and any or all interests of rights therein.

5. To purchase, apply for, register, obtain, or otherwise acquire, and to hold, own, use, operate, develop, and introduce, and to sell, lease, assign, pledge, or in any manner dispose of, and in any manner to deal with and contract with reference to applications for letters patent, patents, patent rights, patented processes, designs, and similar rights, copyrights, trademarks, trade names, and similar rights granted by the United States or any other government or country, or any interest therein, or any inventions, and to acquire, own, use, or in any manner dispose of any and all inventions, improvements, and processes, labels, designs, marks, brands, or other rights, and to work, operate, or develop the same.

6. To acquire by purchase, subscription, or otherwise, and to own, hold, invest in, sell, negotiate, assign, exchange, dispose of, transfer, pledge, hypothecate, mortgage, guarantee, deal in, lend, or borrow money upon all forms and kinds of securities, shares of stock, scrip, bonds, coupons, debentures, mortgages, notes, commercial paper, trust certificates, land trust certificates, certificates of interest, certificates of deposit, certificates of indebtedness, bills receivable, accounts receivable, contracts, obligations, investments, warrants, and interim receipts and certificates issued or created by, or claims against, any person, firm, corporation, joint stock company, trust, or association, public or private, wherever or however organized or created, or any nation, state, municipality, or political subdivision thereof, and to issue in exchange therefor, in any manner permitted by law, shares of the capital stock, bonds, or other obligations of this Corporation; and, while the holder or owner of any such securities or property, to possess and exercise in respect thereof any and all rights, powers, and privileges of ownership, including all voting, consenting, or other rights in or in respect thereof.

7. To promote, carry on, or participate with others in the organization, merger, consolidation, financing, liquidation, realization, or reorganization of corporations, partnerships, or associations engaged in any lawful business enterprise; to become interested in or participate with others in any subscription, underwriting, or syndicate; and to enter into contracts, whether alone or with others, for the purchase, issuance, and sale of any securities, property, or rights.

8. To make, enter into, perform and carry out any arrangements, contracts, and/or agreements of every kind, for any lawful purpose, without limit as to amount or otherwise, with any corporation, association, partnership, firm, trustee, syndicate, individual, and/or any political or governmental division or subdivision, domestic or foreign; to obtain therefrom or otherwise to acquire by purchase, lease, assignment, or otherwise any powers, rights, privileges, immunities, franchises, guaranties, grants, and concessions; to hold, own, exercise, exploit, dispose of, and realize upon the same; and to undertake, conduct, operate, or participate in any business dependent thereon.

9. To borrow or acquire, in any manner permitted by law, money for any of the purposes of this Corporation, with or without security, and to mortgage, pledge, hypothecate, encumber in any manner, and/or place in the hands of trustees, as security for the payment of money borrowed or in fulfillment of any obligation of this Corporation, any or all property and assets which this Corporation may own or acquire; to draw, make, accept, endorse, discount and have discounted, execute, issue, and deal in every lawful manner in promissory notes, bills of exchange, debentures, bonds, warrants, scrip, drafts, and other negotiable or non-negotiable instruments and evidences of indebtedness, and to secure the payment of any thereof, together with interest thereon, by pledge, mortgage, conveyance, or assignment of the whole or any part of the property and assets of this Corporation, whether at the time owned or thereafter acquired.

10. To lend money on time or call and with or without collateral security, and to give credit to individuals, firms, corporations, associations, or co-partnerships, and to municipalities, states, nations or any political subdivisions thereof, and to realize upon any property taken by the Corporation as collateral security for any loans.

11. To cause or allow the legal title and/or estate, right, or interest in any property, whether real, personal, or mixed, owned, acquired, controlled, or operated by the Corporation, to remain or to be vested or registered in the name of or operated by any person, firm, association, or corporation, domestic or foreign, formed or to be formed, either upon trust for or as agents or nominees of this Corporation or upon any other proper terms or conditions which the Board of Directors may consider for the benefit of the Corporation.

12. To purchase its own shares in accordance with the provisions of the Ohio General Corporation Law, by action of its Board of Directors, and without action by its shareholders, such purchases to be made either in the open market or at public or private sale, in such manner and amounts, from such holder or holders of outstanding share of the Corporation, and at such prices as the Board of Directors shall from time to time determine.

13. To have one or more offices or plants, to carry on and conduct all or any part of its operations and business, without restriction or limitation as to amount, both within and without the State of Ohio; and this Corporation may qualify under the laws of, be domiciled in, and conduct any or all of its business in any city, state, commonwealth, district, territory, or colony of the United States, and in any or all foreign countries.

14. To do any one or more of the acts and things expressed in this Article THIRD either as principal or as agent or representative for any other person, firm, association, corporation, municipality, county, state, body politic, government, or dependency thereof.

15. In general to do any and all things herein set forth and, in addition, such other acts and things as are incident or conducive to the attainment of the purposes of this Corporation, or any of them, to the same extent that natural persons lawfully might or could do in any part of the world, insofar as such acts and things are not inconsistent with the provisions of the laws of the State of Ohio.

The objects and purposes specified in the foregoing clauses of this Article THIRD shall be construed both as objects and powers, and shall, except where otherwise expressed, be in no wise limited or restricted by reference to, or inference from, the terms of any other clause in this Article THIRD or elsewhere in these Amended Articles of Incorporation, but the objects and purposes specified in each of the foregoing clauses of this Article THIRD shall be regarded as independent objects and purposes and shall not be held to limit or restrict in any way the general powers of the

Corporation to do any act permitted by the laws of the State of Ohio.

FOURTH. The authorized number of shares of the Corporation is 603,000,000 consisting of 3,000,000 shares of Serial Preferred Stock of the par value of $.50 per share (hereafter called "Serial Preferred Stock") and 600,000,000 Common Shares of the par value of $.50 per share (hereinafter called "Common Shares").

The shares of each class shall have the following express terms:

DIVISION A
EXPRESS TERMS OF THE SERIAL PREFERRED STOCK

1. The Serial Preferred Stock may be issued from time to time in series. All shares of Serial Preferred Stock of any one series shall be identical with each other in all respects, except as to the date from which dividends thereon shall be cumulative. All shares of Serial Preferred Stock shall rank equally and shall be identical, except in respect of the matters that may be fixed by the Board of Directors as hereinafter provided. Subject to the provisions of sections 2 to 8, both inclusive, of this Division A, which provisions shall apply to all shares of Serial Preferred Stock, the Board of Directors is hereby authorized to cause such shares of Serial Preferred Stock to be issued in one or more series and with respect to each such series prior to the issuance thereof to fix:

(a) The designation of the series, which may be by distinguishing number, letter or title.

(b) The number of shares of the series, which number the Board of Directors may increase or decrease, except where otherwise provided in the creation of the series.

(c) The dividend rate of the series.

(d) The dates at which dividends, if declared, shall be payable, and the dates from which dividends shall be cumulative.

(e) The liquidation price of the series.

(f) The redemption rights and price or prices, if any, for shares of the series.

(g) The terms and amount of any sinking fund provided for the purchase or redemption of shares of the series.

(h) Whether the shares of the series shall be convertible into Common Shares, and, if so, the conversion price or prices and the adjustments thereof, if any, and all other terms and conditions upon which such conversion may be made.

(i) Restrictions (in addition to those set forth in sections 6(b) and 6(c) of this Division A) on the issuance of shares of the same series or of any other class or series.

The Board of Directors is authorized to adopt from time to time amendments to the Articles of Incorporation of the Corporation fixing, with respect to each such series, the matters specified in clauses (a) to (i) both inclusive of this section 1.

2. The holders of Serial Preferred Stock of each series, in preference to the holders of Common Shares and any other class of shares ranking junior to the Serial Preferred Stock, shall be entitled to receive out of any funds legally available and when and as declared by the Board of Directors cash dividends at the rate (and no more) for such series fixed in accordance with the provisions of section 1 of this Division A, payable quarterly on the dates fixed for such series. Such dividends shall be cumulative, in the case of shares of each particular series, from and after the date or dates fixed with respect to such series. No dividends may be paid upon or declared and set apart for any of the Serial Preferred Stock for any quarterly dividend period unless at the same time a like proportionate dividend for the same quarterly dividend period, ratably in proportion to the respective annual dividend rates fixed therefor, shall be paid upon or declared or set apart for all Serial Preferred Stock of all series then outstanding and entitled to receive such dividend.

3. So long as any Serial Preferred Stock is outstanding, no dividend, except a dividend payable in Common Shares or any other shares of the Corporation ranking junior to the Serial Preferred Stock, shall be paid or declared or any distribution be made except as aforesaid on the Common Shares or any other shares of the Corporation ranking junior to the Serial Preferred Stock, nor shall any Common Shares or any other shares of the Corporation ranking junior to the Serial Preferred Stock be purchased, retired or otherwise acquired by the Corporation (except out of the proceeds of the sale of Common Shares or any other shares of the Corporation ranking junior to the Serial Preferred Stock received by the Corporation subsequent to June 30, 1967):

(a) Unless all accrued and unpaid dividends on the Serial Preferred Stock, including the full dividends for the current quarterly dividend period, shall have been declared and paid or a sum sufficient for payment thereof set apart; and

(b) Unless there shall be no default with respect to the redemption of Serial Preferred Stock of any series from, and no default with respect to any required payment into, any sinking fund provided for shares of such series in accordance with the provisions of section 1 of this Division A.

4. (a) Subject to the express terms of each series and to the provisions of section 6(b)(iii) of this Division A, the Corporation (i) may from time to time redeem all or any part of the Serial Preferred Stock of any series at the time outstanding at the option of the Board of Directors at

the applicable redemption price for such series fixed in accordance with the provisions of section 1 of this Division A, or (ii) shall from time to time make such redemptions of the Serial Preferred Stock as may be required to fulfill the requirements of any sinking fund provided for shares of such series at the applicable sinking fund redemption price fixed in accordance with the provisions of section 1 of this Division A, together in each case with accrued and unpaid dividends to the redemption date.

(b) Notice of every such redemption shall be mailed, by first class mail, postage prepaid, to the holders of record of the Serial Preferred Stock to be redeemed at their respective addresses then appearing on the books of the Corporation, not less than 30 nor more than 60 days prior to the date fixed for such redemption. At any time before or after notice has been given as above provided, the Corporation may deposit the aggregate redemption price of the shares of Serial Preferred Stock to be redeemed, together with accrued and unpaid dividends thereon to the redemption date, with any bank or trust company in Cleveland, Ohio, or New York, New York, having capital and surplus of more than $5,000,000, named in such notice, directed to be paid to the respective holders of the shares of Serial Preferred Stock so to be redeemed, in amounts equal to the redemption price of all shares of Serial Preferred Stock so to be redeemed, together with accrued and unpaid dividends thereon to the redemption date, on surrender of the stock certificate or certificates held by such holders, and upon the giving of such notice and the making of such deposit such holders shall cease to be shareholders with respect to such shares, and after such notice shall have been given and such deposit shall have been made such holders shall have no interest in or claim against the Corporation with respect to such shares except only to receive such money from such bank or trust company without interest or the right to exercise, before the redemption date, any unexpired rights of conversion. In case less than all of the outstanding shares of Serial Preferred Stock are to be redeemed, the Corporation shall select by lot the shares so to be redeemed in such manner as shall be prescribed by its Board of Directors.

If the holders of shares of Serial Preferred Stock which shall have been called for redemption shall not, within six years after such deposit, claim the amount deposited for the redemption thereof, any such bank or trust company shall, upon demand, pay over to the Corporation such unclaimed amounts and thereupon such bank or trust company and the Corporation shall be relieved of all responsibility in respect thereof and to such holders.

(c) Any shares of Serial Preferred Stock which are redeemed by the Corporation pursuant to the provisions of this section 4 of this Division A and any shares of Serial Preferred Stock which are purchased and delivered in satisfaction of any sinking fund requirements provided for shares of such series and any shares of Serial Preferred Stock which are converted in accordance with their express terms shall be cancelled and not reissued. Any shares of Serial Preferred Stock otherwise acquired by the Corporation shall be restored to the status of authorized and unissued shares of Serial Preferred Stock without serial designation.

5. (a) The holders of Serial Preferred Stock of any series shall, in case of liquidation, dissolution or winding up of the Corporation, be entitled to receive in full out of the assets of the Corporation, including its capital, before any amount shall be paid or distributed among the holders of Common Shares or any other shares ranking junior to the Serial Preferred Stock, the amounts fixed with respect to shares of such series in accordance with Section 1 of this Division A, plus in any such event an amount equal to all dividends accrued and unpaid thereon to the date of payment of the amount due pursuant to such liquidation, dissolution or winding up of the Corporation. In case the net assets of the Corporation legally available therefor are insufficient to permit the payment upon all outstanding shares of Serial Preferred Stock of the full preferential amount to which they are respectively entitled, then such net assets shall be distributed ratably upon outstanding shares of Serial Preferred Stock in proportion to the full preferential amount to which each such share is entitled.

After payment to holders of Serial Preferred Stock of the full preferential amounts as aforesaid, holders of Serial Preferred Stock as such shall have no right or claim to any of the remaining assets of the Corporation.

(b) The merger or consolidation of the Corporation into or with any other corporation, or the merger of any other corporation into it, or the sale, lease, or conveyance of all or substantially all of the property or business of the Corporation, shall not be deemed to be a dissolution, liquidation or winding up of the Corporation for the purposes of this Section 5 of this Division A.

6. (a) The holders of Serial Preferred Stock shall be entitled to one vote for each share of such stock upon all matters presented to shareholders; and, except as otherwise provided herein or required by law, the holders of Serial Preferred Stock and the holders of Common Shares shall vote together as one class on all matters.

If, and so often as, the Corporation shall be in default in the payment of the equivalent of six quarterly dividends (whether or not consecutive) on any series of Serial Preferred Stock at the time outstanding, whether or not earned or declared, the holders of Serial Preferred Stock of all series voting separately as a class and in addition to all other rights to vote for Directors shall be entitled to elect, as herein provided, two members of the Board of Directors of the Corporation; provided, however, that the holders of shares of Serial Preferred Stock shall not have or exercise such special class voting rights except at meetings of the shareholders for the election of Directors at which the holders of not less than a majority of the outstanding shares of Serial Preferred Stock of all series are present in person or by proxy; and provided further that the special class voting rights provided for herein when the same shall have become vested shall remain so vested until all accrued and unpaid dividends on the Serial Preferred Stock of all series then outstanding shall have been paid, whereupon the holders of Serial Preferred Stock shall be divested of their special class voting rights in respect of subsequent elections of Directors, subject to the revesting of such special class voting rights in the event hereinabove specified in this section 6(a).

In the event of default entitling the holders of Serial Preferred Stock to elect two Directors as above specified, a special meeting of the shareholders for the purpose of electing such Directors shall be called by the Secretary of the Corporation upon written request of, or may be called by, the holders of record of at least 10% of the shares of Serial Preferred Stock of all series at the time outstanding, and notice thereof shall be given in the same manner as that required for the annual meeting of shareholders; provided, however, that the Corporation shall not be required to call such special meeting if the annual meeting of shareholders shall be held within 90 days after the date of receipt of the foregoing written request from the holders of Serial Preferred Stock. At any meeting at which the holders of Serial Preferred Stock shall be entitled to elect Directors, the holders of not less than a majority of the outstanding shares of Serial Preferred Stock of all series, present in person or by proxy, shall be sufficient to constitute a quorum, and the vote of the holders of a majority of such shares so present at any such meeting at which there shall be a quorum shall be sufficient to elect the members of the Board of Directors which the holders of Serial Preferred Stock are entitled to elect as hereinbefore provided.

The two Directors who may be elected by the holders of Serial Preferred Stock pursuant to the foregoing provision shall be in addition to any other Directors then in office or proposed to be elected otherwise than pursuant to such provisions, and nothing in such provisions shall prevent any change otherwise permitted in the total number of Directors of the Corporation or require the resignation of any Director elected otherwise than pursuant to such provisions.

(b) The vote or consent of the holders of at least two-thirds of the then outstanding shares of Serial Preferred Stock, given in person or by proxy, either in writing or at a meeting called for the purpose at which the holders of Serial Preferred Stock shall vote separately as a class, shall be necessary to effect any one or more of the following (but so far as the holders of Serial Preferred Stock are concerned, such action may be effected with such vote or consent):

(i) Any amendment, alteration or repeal of any of the provisions of the Articles of Incorporation or of the Code of Regulations of the Corporation which affects adversely the voting powers, rights or preferences of the holders of Serial Preferred Stock; provided, however, that for the purpose of this clause (i) only, neither the amendment of the Articles of Incorporation of the Corporation to authorize, or to increase the authorized or outstanding number of shares of, Serial Preferred Stock or of any shares of any class ranking on a parity with or junior to the Serial Preferred Stock, nor the increase by the shareholders pursuant to the Code of Regulations of the number of Directors of the Corporation shall be deemed to affect adversely the voting powers, rights or preferences of the holders of Serial Preferred Stock; and provided further, that if such amendment, alteration or repeal affects adversely the rights or preferences of one or more but not all then outstanding series of Serial Preferred Stock, only the vote or consent of the holders of at least two-thirds of the number of the then outstanding shares of the series so affected shall be required;

(ii) The authorization of, or the increase in the authorized number of, any shares of any class ranking prior to the Serial Preferred Stock; or

(iii) The purchase or redemption (whether for sinking fund purposes or otherwise) of less than all the then outstanding shares of Serial Preferred Stock except in accordance with a purchase offer made to all holders of record of Serial Preferred Stock, unless all dividends on all Serial Preferred Stock then outstanding for all previous quarterly dividend periods shall have been declared and paid or funds therefor set apart and all accrued sinking fund obligations applicable to all Serial Preferred Stock shall have been complied with.

(c) The vote or consent of the holders of at least a majority of the then outstanding shares of Serial Preferred Stock, given in person or by proxy, either in writing or at a meeting called for the purpose at which the holders of Serial Preferred Stock shall vote separately as a class, shall be necessary (but so far as the holders of Serial Preferred Stock are concerned such action may be effected with such vote or consent) to authorize any shares ranking on a parity with the Serial Preferred Stock or an increase in the authorized number of shares of Serial Preferred Stock.

7. No holder of Serial Preferred Stock of any series shall be entitled as such as a matter of right to subscribe for or purchase any part of any issue of shares of the Corporation, of any class whatsoever, or any part of any issue of securities convertible into shares of the Corporation, of any class whatsoever, and whether issued for cash, property, services, or otherwise.

8. For the purposes of this Division A:

(a) Whenever reference is made to shares "ranking prior to the Serial Preferred Stock", such reference shall mean and include all shares of the Corporation in respect of which the rights of the holders thereof as to the payment of dividends or as to distributions in the event of a voluntary or involuntary liquidation, dissolution or winding up of the Corporation are given preference over the rights of the holders of Serial Preferred Stock.

(b) Whenever reference is made to shares "on a parity with the Serial Preferred Stock", such reference shall mean and include all shares of the Corporation in respect of which the rights of the holders thereof as to the payment of dividends or as to distributions in the event of a voluntary or involuntary liquidation, dissolution or winding up of the Corporation on an equality with the rights of the holders of Serial Preferred Stock.

(c) Whenever reference is made to shares "ranking junior to the Serial Preferred Stock", such reference shall mean and include all shares of the Corporation in respect of which the rights of the holders thereof as to the payment of dividends and as to distributions in the event of a voluntary or involuntary liquidation, dissolution or winding up of the Corporation are junior or subordinate to the rights of the holders of Serial Preferred Stock.

DIVISION B
EXPRESS TERMS OF COMMON SHARES

1. The Common Shares shall be subject to the express terms of the Serial Preferred Stock and any series thereof. Each Common Share shall be equal to every other Common Share. The holders of Common Shares shall be entitled to one vote for each share held by them upon all matters presented to the shareholders.

2. No holder of Common Shares shall be entitled as such as a matter of right to subscribe for or purchase any part of any issue of shares of the Corporation, of any class whatsoever, or any part of any issue of securities convertible into shares of the Corporation, of any class whatsoever, and whether issued for cash, property, services or otherwise.

FIFTH.

A. A Business Combination (as hereinafter defined) shall be authorized and approved by the affirmative vote of the holders of not less than eighty percent (80%) of the outstanding shares of the Corporation entitled to vote generally in elections of Directors; provided, however, that the eighty percent (80%) voting requirement shall not be applicable if:

1. The Board of Directors of the Corporation by affirmative vote, which shall include not less than a majority of the entire number of Continuing Directors (as hereinafter defined), (a) has approved in advance the acquisition of those outstanding shares of the Corporation which caused the Interested Party (as hereinafter defined) to become an Interested Party or (b) has approved the Business Combination; or

2. The Business Combination is a merger or consolidation and the cash or Fair Market Value of other consideration to be received per share by holders of the Common Shares and, if outstanding, the Serial Preferred Stock of the Corporation in said merger or consolidation is not less than an amount equal to (a) the highest of (i) the highest per share price, including commissions, paid by the Interested Party for any shares of the same class or series during the two-year period ending on the date of the most recent purchase by the Interested Party of any such shares, (ii) the highest sales price reported for shares of the same class or series traded on a national securities exchange or in the over-the-counter market during the two-year period preceding the first public announcement of the proposed Business Combination, or (iii) in the case of the Serial Preferred Stock, the amount of the per share liquidation preference, plus (b) interest compounded annually from the date on which the Interested Party became an Interested Party through the date of the Business Combination (the "Interest Period") at the average discount interest rate on six-month U.S. Treasury Bills, as published each week, less (c) the aggregate amount of any cash dividends paid on the shares of the same class or series during the Interest Period, in an amount up to but not exceeding the amount of interest so payable per share under clause (b) hereof.

B. For purposes of this Article Fifth:

1. The term "Business Combination" shall mean (a) any merger or consolidation of the Corporation or a subsidiary of the Corporation with or into an Interested Party, (b) any merger or consolidation of an Interested Party with or into the Corporation or a subsidiary, (c) any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions) in which an Interested Party is involved, of any of the assets either of the Corporation (including without limitation any voting securities of a subsidiary) or of a subsidiary having a Fair Market Value in excess of $20,000,000, (d) the adoption of any plan or proposal for the liquidation or dissolution of the Corporation proposed by or on behalf of any Interested Party, (e) the issuance or transfer (in one transaction or a series of transactions) by the Corporation or a subsidiary of the Corporation to an Interested Party of any securities of the Corporation or such subsidiary, which securities have a Fair Market Value of $20,000,000 or more, or (f) any recapitalization, reclassification, merger or consolidation involving the Corporation or a subsidiary of the Corporation that would have the effect of increasing, directly or indirectly, the Interested Party's voting power in the Corporation or such subsidiary.

2. The term "Interested Party" shall mean and include (a) any individual, corporation, partnership, trust or other person or entity which, together with its "affiliates" and "associates" (as those terms are defined in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as in effect on September 24, 1984) is or, with respect to a Business Combination, was within two years prior thereto a beneficial owner of shares aggregating twenty percent (20%) or more of the aggregate voting power of any class of capital stock of the Corporation entitled to vote generally in the election of Directors, and (b) any affiliate or associate of any such individual, corporation, partnership, trust or other person or entity. For the purposes of determining whether a person is an Interested Party, the number of shares deemed to be outstanding shall include shares which the Interested Party or any of its affiliates or associates has the right to acquire (whether immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, warrants, or options, or otherwise, but shall not include any other shares which may be issuable to any other person.

3. The term "Continuing Director" shall mean a director who is not an affiliate of an Interested Party and who was a member of the Board of Directors of the Corporation immediately prior to the time that the Interested Party involved in a Business Combination became an Interested Party, and any successor to a Continuing Director who is not such an affiliate and who is nominated to succeed a Continuing Director by a majority of the Continuing Directors in office at the time of such nomination.

4. "Fair Market Value" shall mean the fair market value of the property in question as determined by a majority of the Continuing Directors in good faith.

C. The provisions of this Article Fifth shall be construed liberally to the end that the consideration paid to holders whose shares are acquired by an Interested Party in connection with a merger or consolidation shall not be less favorable than that paid to holders of such shares prior to such merger or consolidation. Nothing contained in this Article Fifth shall be construed to relieve any Interested Party from any fiduciary duties or obligations imposed by law.

D. Notwithstanding any other provision of the Amended Articles of Incorporation or the Regulations of the Corporation and notwithstanding the fact that a lesser percentage may be specified by law, these Amended Articles or the Regulations of the Corporation, the affirmative vote of the holders of not less than eighty percent (80%) of the then outstanding shares shall be required to amend, alter, change or repeal, or adopt any provisions inconsistent with, this Article Fifth; provided, however, that this paragraph D shall not apply to, and the eighty percent (80%) vote shall not be required for, any amendment, alteration, change or repeal recommended to the shareholders by the Board of Directors of the Corporation if the recommendation has been approved by at least two-thirds of the Continuing Directors.

SIXTH. These Amended Articles of Incorporation supersede the existing Articles of Incorporation of the Corporation.

201530101286

DATE:	DOCUMENT ID	DESCRIPTION	FILING	EXPED	PENALTY	CERT	COPY
10/28/2015	201530101286	DOMESTIC/AMENDMENT TO ARTICLES (AMD)	50.00	300.00	.00	.00	.00

Receipt

This is not a bill. Please do not remit payment.

CT CORPORATION SYSTEM
CHRIS RICKARD
4400 COMMONS WAY, STE 125
COLUMBUS, OH 43219

STATE OF OHIO
CERTIFICATE

Ohio Secretary of State, Jon Husted

175441

It is hereby certified that the Secretary of State of Ohio has custody of the business records for

PARKER-HANNIFIN CORPORATION

and, that said business records show the filing and recording of:

Document(s):	Document No(s):
DOMESTIC/AMENDMENT TO ARTICLES	**201530101286**

Effective Date: 10/28/2015

Witness my hand and the seal of the Secretary of State at Columbus, Ohio this 28th day of October, A.D. 2015.

United States of America
State of Ohio
Office of the Secretary of State

Jon Husted

Ohio Secretary of State

Form 540 Prescribed by:

Jon Husted
Ohio Secretary of State

Toll Free: (877) SOS-FILE (877-767-3453)
Central Ohio: (614) 466-3910

www.OhioSecretaryofState.gov
busserv@OhioSecretaryofState.gov

File online or for more information: www.OHBusinessCentral.com

Mail this form to one of the following:

Regular Filing (non expedite)
P.O. Box 1329
Columbus, OH 43216

Expedite Filing (Two business day processing time. Requires an additional $100.00)
P.O. Box 1390
Columbus, OH 43216

Certificate of Amendment

(For-Profit, Domestic Corporation)

Filing Fee: $50

Form Must Be Typed

Check appropriate box:

◉ Amendment to existing Articles of Incorporation (125-AMDS)

○ Amended and Restated Articles (122-AMAP) - The following articles supersede the existing articles and all amendments thereto.

Complete the following information:

Name of Corporation: Parker-Hannifin Corporation

Charter Number: 175441

Check one box below and provide information as required:

○ The articles are hereby amended by the **Incorporators**. Pursuant to Ohio Revised Code section 1701.70(A), incorporators may adopt an amendment to the articles by a writing signed by them if initial directors are not named in the articles or elected and before subscriptions to shares have been received.

○ The articles are hereby amended by the **Directors.** Pursuant to Ohio Revised Code section 1701.70 (A), directors may adopt amendments if initial directors were named in articles or elected, but subscriptions to shares have not been received. Also, Ohio Revised Code section 1701.70(B) sets forth additional cases in which directors may adopt an amendment to the articles.

The resolution was adopted pursuant to Ohio Revised Code section 1701.70(B) (In this space insert the number 1 through 10 to provide basis for adoption.)

◉ The articles are hereby amended by the **Shareholders** pursuant to Ohio Revised Code section 1701.71.

○ The articles are hereby amended and restated pursuant to Ohio Revised Code section 1701.72.

A copy of the resolution of amendment is attached to this document.

Note: If amended articles were adopted, they must set forth all provisions required in original articles except that articles amended by directors or shareholders need not contain any statement with respect to initial stated capital. See Ohio Revised Code section 1701.04 for required provisions.

Required

Must be signed by all incorporators, if amended by incorporators, or an authorized officer if amended by directors or shareholders, pursuant to Ohio Revised Code section 1701.73(B) and (C).

If authorized representative is an individual, then they must sign in the "signature" box and print their name in the "Print Name" box.

If authorized representative is a business entity, not an individual, then please print the business name in the "signature" box, an authorized representative of the business entity must sign in the "By" box and print their name in the "Print Name" box.

Signature

By (if applicable)

Joseph R. Leonti, Vice President and Secretary

Print Name

Signature

By (if applicable)

Print Name

CERTIFICATE OF AMENDMENT TO THE AMENDED ARTICLES OF INCORPORATION OF PARKER-HANNIFIN CORPORATION

The undersigned, Joseph R. Leonti, Vice President and Secretary of Parker-Hannifin Corporation, an Ohio corporation (the "Corporation"), does hereby certify that a meeting of the shareholders of the Corporation was duly called and held on October 28, 2015 at which meeting a quorum of the shareholders was present in person or by proxy, and that by the affirmative vote of the holders of shares entitling them to exercise at least two-thirds of the voting power of the Corporation, the following resolutions were adopted to amend the Amended Articles of Incorporation of said Corporation:

> RESOLVED, that the Sixth Article of the Corporation's Amended Articles of Incorporation be amended to read as follows:
>
> > "No holder of shares of the Corporation of any class shall have any right to cumulate the voting power of such shares in the election of Directors. The right to cumulate the voting power of the holder as provided in Section 1701.55 of the Ohio Revised Code (or any successor provision) is hereby specifically denied to all holders of shares of any class of stock of the Corporation."
>
> FURTHER RESOLVED, that the Seventh Article of the Corporation's Amended Articles of Incorporation be amended to read as follows:
>
> > "At each meeting of shareholders at which directors are to be elected, a candidate for Director shall be elected only if the votes "for" the candidate exceed the votes "against" the candidate. Abstentions and broker non-votes shall not be counted as votes "for" or "against" a candidate. Notwithstanding the foregoing, if the Board of Directors determines that 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."
>
> FURTHER RESOLVED, that the Eighth Article of the Corporation's Amended Articles of Incorporation read as follows:
>
> > "These Amended Articles of Incorporation supersede the existing Articles of Incorporation of the Corporation."

IN WITNESS WHEREOF, the above named officer acting for and on behalf of the Corporation has subscribed his name this 28th day of October, 2015.

Joseph R. Leonti
Vice President and Secretary

Exhibit 12

Parker-Hannifin Corporation
Computation of Ratio of Earnings to Fixed Charges
(In thousands, except ratios)

	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	Fiscal Year Ended June 30, 2015	Fiscal Year Ended June 30, 2014	Fiscal Year Ended June 30, 2013	Fiscal Year Ended June 30, 2012	Fiscal Year Ended June 30, 2011
EARNINGS							
Income from continuing operations before income taxes and noncontrolling interests	$ 275,649	$ 396,635	$ 1,432,240	$ 1,556,720	$ 1,311,001	$ 1,576,698	$ 1,413,721
Adjustments:							
Interest on indebtedness, exclusive of interest capitalized	34,821	20,281	115,077	79,845	88,668	89,888	97,009
Amortization of deferred loan costs	939	680	3,329	2,721	2,884	2,902	2,695
Portion of rents representative of interest factor	10,471	10,996	41,886	43,983	44,493	41,515	39,499
Loss (income) of equity investees	(5,181)	(5,854)	(23,204)	(11,141)	(247)	1,237	2,592
Amortization of previously capitalized interest	42	48	179	190	193	196	226
Income as adjusted	$ 316,741	$ 422,786	$ 1,569,507	$ 1,672,318	$ 1,446,992	$ 1,712,436	$ 1,555,742
FIXED CHARGES							
Interest on indebtedness, exclusive of interest capitalized	$ 34,821	$ 20,281	$ 115,077	$ 79,845	$ 88,668	$ 89,888	$ 97,009
Amortization of deferred loan costs	939	680	3,329	2,721	2,884	2,902	2,695
Portion of rents representative of interest factor	10,471	10,996	41,886	43,983	44,493	41,515	39,499
Fixed charges	$ 46,231	$ 31,957	$ 160,292	$ 126,549	$ 136,045	$ 134,305	$ 139,203
RATIO OF EARNINGS TO FIXED CHARGES	6.85x	13.23x	9.79x	13.21x	10.64x	12.75x	11.18x

Exhibit 31(a)

CERTIFICATIONS

I, Thomas L. Williams, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Parker-Hannifin Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) evaluated the effectiveness of the Registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) disclosed in this report any change in the Registrant’s internal control over financial reporting that occurred during the Registrant’s most recent fiscal quarter (the Registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting; and
5. The Registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant’s auditors and the audit committee of the Registrant’s board of directors (or persons performing the equivalent functions):
   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize and report financial information; and
   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant’s internal control over financial reporting.

Date: November 3, 2015

/s/ Thomas L. Williams

Thomas L. Williams
Chief Executive Officer

Exhibit 31(b)

CERTIFICATIONS

I, Jon P. Marten, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Parker-Hannifin Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

    a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

    a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: November 3, 2015

/s/ Jon P. Marten

Jon P. Marten
Executive Vice President - Finance &
Administration and Chief Financial Officer

Exhibit 32

Certification Pursuant to
18 U.S.C. Section 1350,
As Adopted Pursuant to
§ 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in connection with the filing of the Quarterly Report on Form 10-Q of Parker-Hannifin Corporation (the “Company”) for the quarterly period ended September 30, 2015, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), each of the undersigned officers of the Company certifies, that, to such officer’s knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

Dated: November 3, 2015

/s/ Thomas L. Williams

Name: Thomas L. Williams
Title: Chief Executive Officer

/s/ Jon P. Marten

Name: Jon P. Marten
Title: Executive Vice President-Finance & Administration and Chief Financial Officer