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, 2011

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

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

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, 2011 151,080,156

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, 2011	Three Months Ended September 30, 2010
Net sales	$3,233,881	$2,829,273
Cost of sales	2,414,442	2,137,874
Gross profit	819,439	691,399
Selling, general and administrative expenses	386,466	333,584
Interest expense	23,221	24,633
Other (income), net	(1,833)	(3,182)
Income before income taxes	411,585	336,364
Income taxes	113,427	87,334
Net income	298,158	249,030
Less: Noncontrolling interest in subsidiaries' earnings	1,140	1,859
Net income attributable to common shareholders	$ 297,018	$ 247,171
Earnings per share attributable to common shareholders:		
Basic	$ 1.95	$ 1.53
Diluted	$ 1.91	$ 1.51
Cash dividends per common share	$ .37	$ .27

See accompanying notes to consolidated financial statements.

PARKER-HANNIFIN CORPORATION

CONSOLIDATED BALANCE SHEET
(Dollars in thousands)

	(Unaudited) September 30, 2011	June 30, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	$ 424,354	$ 657,466
Accounts receivable, net	1,881,303	1,977,856
Inventories:		
Finished products	590,870	584,683
Work in process	710,271	670,588
Raw materials	154,937	156,882
	1,456,078	1,412,153
Prepaid expenses	93,597	111,934
Deferred income taxes	144,002	145,847
Total current assets	3,999,334	4,305,256
Plant and equipment	4,803,969	4,944,735
Less accumulated depreciation	3,091,099	3,147,556
	1,712,870	1,797,179
Goodwill	2,904,201	3,009,116
Intangible assets, net	1,115,900	1,177,722
Investments and other assets	589,285	597,532
Total assets	$10,321,590	$10,886,805
LIABILITIES		
Current liabilities:		
Notes payable and long-term debt payable within one year	$ 78,547	$ 75,271
Accounts payable, trade	1,120,339	1,173,851
Accrued payrolls and other compensation	334,795	467,043
Accrued domestic and foreign taxes	233,665	232,774
Other accrued liabilities	468,363	442,104
Total current liabilities	2,235,709	2,391,043
Long-term debt	1,668,600	1,691,086
Pensions and other postretirement benefits	845,576	862,938
Deferred income taxes	149,022	160,035
Other liabilities	309,195	293,367
Total liabilities	5,208,102	5,398,469
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	605,333	668,332
Retained earnings	7,128,179	6,891,407
Accumulated other comprehensive (loss)	(723,525)	(450,990)
Treasury shares, at cost; 29,965,972 shares at September 30 and 25,955,619 at June 30	(2,083,246)	(1,815,418)
Total shareholders' equity	5,017,264	5,383,854
Noncontrolling interests	96,224	104,482
Total equity	5,113,488	5,488,336
Total liabilities and equity	$10,321,590	$10,886,805

See accompanying notes to consolidated financial statements.

PARKER-HANNIFIN CORPORATION

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

	Three Months Ended September 30, 2011	Three Months Ended September 30, 2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 298,158	$ 249,030
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	55,094	57,738
Amortization	29,738	27,248
Share incentive plan compensation	27,898	29,242
Deferred income taxes	(4,094)	31,033
Foreign currency transaction (gain) loss	(300)	7,934
(Gain) on sale of plant and equipment	(1,479)	(209)
Changes in assets and liabilities, net of effects from acquisitions:		
Accounts receivable	31,735	(20,281)
Inventories	(92,648)	(68,538)
Prepaid expenses	15,163	10,764
Other assets	(19,974)	(7,243)
Accounts payable, trade	(22,845)	33,863
Accrued payrolls and other compensation	(117,105)	(68,653)
Accrued domestic and foreign taxes	8,088	13,099
Other accrued liabilities	34,928	8,843
Pensions and other postretirement benefits	24,196	(169,958)
Other liabilities	42,943	(11,032)
Net cash provided by operating activities	309,496	122,880
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions (less acquired cash of $5,899 in 2011 and $1 in 2010)	(87,299)	(8,129)
Capital expenditures	(43,989)	(52,690)
Proceeds from sale of plant and equipment	5,660	2,169
Other	181	(318)
Net cash (used in) investing activities	(125,447)	(58,968)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from exercise of stock options	1,051	3,585
(Payments for) common shares	(293,545)	(10,000)
Tax benefit from share incentive plan compensation	1,554	3,110
(Payments of) notes payable, net	(1)	(539)
Proceeds from long-term borrowings	34	294,551
(Payments of) long-term borrowings	(236)	(60)
Dividends	(63,004)	(43,648)
Net cash (used in) provided by financing activities	(354,147)	246,999
Effect of exchange rate changes on cash	(63,014)	37,399
Net (decrease) increase in cash and cash equivalents	(233,112)	348,310
Cash and cash equivalents at beginning of year	657,466	575,526
Cash and cash equivalents at end of period	$ 424,354	$ 923,836

See accompanying notes to consolidated financial statements.

PARKER-HANNIFIN CORPORATION

BUSINESS SEGMENT INFORMATION
(Dollars in thousands)
(Unaudited)

The Company operates in three reportable business segments: Industrial, Aerospace and Climate & Industrial Controls. The Industrial Segment is the largest and includes a significant portion of international operations.

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, agricultural and military machinery and equipment. Sales are made directly to major original equipment manufacturers (OEMs) and through a broad distribution network to smaller OEMs and the aftermarket.

Aerospace - 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 Segment provides a full range of systems and components for hydraulic, pneumatic and fuel applications.

Climate & Industrial Controls - This segment manufactures motion-control systems and components for use primarily in the refrigeration and air conditioning and transportation industries.

	Three Months Ended September 30,	
	2011	2010
Net sales		
Industrial:		
North America	$1,204,817	$1,064,915
International	1,289,115	1,092,981
Aerospace	497,492	436,680
Climate & Industrial Controls	242,457	234,697
Total	$3,233,881	$2,829,273
Segment operating income		
Industrial:		
North America	$ 223,227	$ 189,362
International	208,219	183,800
Aerospace	68,637	43,776
Climate & Industrial Controls	19,792	21,552
Total segment operating income	519,875	438,490
Corporate general and administrative expenses	58,016	33,354
Income before interest expense and other	461,859	405,136
Interest expense	23,221	24,633
Other expense	27,053	44,139
Income before income taxes	$ 411,585	$ 336,364

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 accruals) necessary to present fairly the financial position as of September 30, 2011, the results of operations for the three months ended September 30, 2011 and 2010 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 2011 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 occurred that required either adjustment to or disclosure in these financial statements.

2. New accounting pronouncements

In May 2011, the Financial Accounting Standards Board (FASB) issued new accounting guidance to improve consistency with fair value measurement and disclosure requirements. This guidance is effective for interim and annual periods beginning after December 15, 2011. The Company does not anticipate its fair value measurements or disclosures will significantly change as a result of applying this new guidance.

In June 2011, the FASB issued new accounting guidance requiring an entity to present net income and other comprehensive income (OCI) in either a single continuous statement or in separate consecutive statements. The guidance does not change the items reported in OCI or when an item of OCI must be reclassified to net income. The guidance, which must be presented retroactively, is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011.

In September 2011, the FASB issued new accounting guidance related to testing goodwill for impairment. The new guidance allows an entity the option to make a qualitative evaluation about the likelihood of goodwill impairment to determine whether the entity should calculate the fair value of a reporting unit. It also expands the events and circumstances that an entity should consider between annual impairment tests in determining whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. This guidance is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. The Company has not yet determined the effect, if any, that this new guidance will have on its goodwill impairment tests.

3. Product warranty

In the ordinary course of business, the Company warrants its products against defects in design, materials and workmanship over various time periods. The warranty accrual as of September 30, 2011 and June 30, 2011 is immaterial to the financial position of the Company and the change in the accrual for both the current-year quarter and prior-year quarter was immaterial to the Company's results of operations and cash flows.

4. Earnings per share

The following table presents a reconciliation of the numerator and denominator of basic and diluted earnings per share for the three months ended September 30, 2011 and 2010.

	Three Months Ended September 30, 2011	Three Months Ended September 30, 2010
Numerator:		
Net income attributable to common shareholders	$ 297,018	$ 247,171
Denominator:		
Basic - weighted average common shares	152,439,026	161,272,536
Increase in weighted average from dilutive effect of stock-based awards	2,990,382	2,834,684
Diluted - weighted average common shares, assuming exercise of stock-based awards	155,429,408	164,107,220
Basic earnings per share	$ 1.95	$ 1.53
Diluted earnings per share	$ 1.91	$ 1.51

At September 30, 2011 and 2010, 435,146 and 4,566,836 common shares, respectively, subject to stock-based awards were excluded from the computation of diluted earnings per share because the effect of their exercise would be anti-dilutive.

5. Accounts receivable, net

The Accounts receivable, net caption in the Consolidated Balance Sheet is comprised of the following components:

	September 30, 2011	June 30, 2011
Accounts receivable, trade	$ 1,693,805	$1,780,137
Allowance for doubtful accounts	(9,623)	(10,472)
Non-trade accounts receivable	83,605	75,550
Notes receivable	113,516	132,641
Total	$ 1,881,303	$1,977,856

Accounts receivable are initially recorded at their net collectible amount and, where applicable, 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.

6. Share repurchase program

The Company has a program to repurchase its common shares. Under the program, the Company is authorized to repurchase an amount of common shares each fiscal year equal to the greater of 7.5 million shares or five percent of the shares of common stock outstanding as of the end of the prior fiscal year. Repurchases are funded primarily from operating cash flows and commercial paper borrowings, and the shares are initially held as treasury stock. The Company repurchased 4,354,822 shares of its common stock at an average price of $67.05 during the three-month period ended September 30, 2011 under this program.

7. Business realignment charges

During the first quarter of fiscal 2012, the Company recorded a $5.9 million charge for the costs to structure its businesses in light of current and anticipated customer demand. The charge primarily consists of severance costs related to plant closures as well as general work force reductions implemented by various operating units throughout the world. The Company believes the realignment actions will positively impact future results of operations but will have no material effect on liquidity and sources and uses of capital. The Industrial Segment recognized $5.7 million of the total charge primarily for severance costs related to approximately 170 employees and the Climate & Industrial Controls Segment recognized $0.2 million of the total charge primarily for severance costs related to approximately 5 employees. The charge is presented primarily in the cost of sales caption in the Consolidated Statement of Income for the three months ended September 30, 2011. As of September 30, 2011, $0.5 million of severance payments have been made with the majority of the remaining payments expected to be made by March 31, 2012.

During the first quarter of fiscal 2011, the Company recorded a $3.1 million charge for the costs to structure its businesses in light of current and anticipated customer demand. The charge primarily consisted of severance costs related to plant closures as well as general work force reductions implemented by various operating units throughout the world. The Company believes the realignment actions will positively impact future results of operations but will have no material effect on liquidity and sources and uses of capital. The Industrial Segment recognized $2.8 million of the total charge primarily for severance costs related to approximately 170 employees and the Aerospace Segment recognized $0.3 million of the total charge primarily for severance costs related to approximately 20 employees. The charge is presented primarily in the cost of sales caption in the Consolidated Statement of Income for the three months ended September 30, 2010. All required severance payments have been made.

Additional charges to be recognized in future periods related to specific actions discussed above are not expected to be material.

8. Equity

Changes in equity for the three months ended September 30, 2011 and September 30, 2010 are as follows (net of taxes amounts relate to Shareholders' Equity):

	Shareholders' Equity	Noncontrolling Interests	Total Equity
Balance June 30, 2011	$5,383,854	$ 104,482	$5,488,336
Net income	297,018	1,140	298,158
Other comprehensive (loss) income:			
Foreign currency translation (net of taxes of $16,195)	(290,777)	1,502	(289,275)
Retirement benefits plan activity (net of taxes of $10,884)	18,190		18,190
Realized loss (net of taxes of $25)	51		51
Total comprehensive income	24,482	2,642	27,124
Dividends paid	(56,078)	(6,926)	(63,004)
Stock incentive plan activity	21,898		21,898
Shares purchased at cost	(291,972)		(291,972)
Acquisition activity	(64,920)	(3,974)	(68,894)
Balance September 30, 2011	$5,017,264	$ 96,224	$5,113,488
Balance June 30, 2010	$4,367,965	$ 91,435	$4,459,400
Net income	247,171	1,859	249,030
Other comprehensive income:			
Foreign currency translation (net of taxes of $29,884)	279,400	4,338	283,738
Retirement benefits plan activity (net of taxes of $10,641)	18,218		18,218
Realized loss (net of taxes of $36)	59		59
Total comprehensive income	544,848	6,197	551,045
Dividends paid	(43,648)		(43,648)
Stock incentive plan activity	35,780		35,780
Shares purchased at cost	(10,000)		(10,000)
Balance September 30, 2010	$4,894,945	$ 97,632	$4,992,577

9. Goodwill and intangible assets

The changes in the carrying amount of goodwill for the three months ended September 30, 2011 are as follows:

	Industrial Segment	Aerospace Segment	Climate & Industrial Controls Segment	Total
Balance June 30, 2011	$2,595,989	$98,914	$314,213	$3,009,116
Acquisitions	1,458			1,458
Foreign currency translation	(101,663)	(28)	(4,682)	(106,373)
Balance September 30, 2011	$2,495,784	$98,886	$309,531	$2,904,201

Goodwill is tested for impairment on an annual basis, as of December 31, and between annual tests whenever events or circumstances indicate that the carrying value of a reporting unit may not exceed its fair value. No such events or circumstances occurred during the three months ended September 30, 2011.

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, 2011		June 30, 2011	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Patents	$ 119,299	$ 61,189	$ 124,015	$ 61,061
Trademarks	306,651	118,100	319,158	116,995
Customer lists and other	1,209,989	340,750	1,251,271	338,666
Total	$ 1,635,939	$ 520,039	$ 1,694,444	$ 516,722

Total intangible amortization expense for the three months ended September 30, 2011 was $28,845. The estimated amortization expense for the five years ending June 30, 2012 through 2016 is $98,970, $92,296, $88,684, $85,081 and $81,519, 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, 2011.

10. Retirement benefits

Net pension benefit cost recognized included the following components:

	Three Months Ended September 30,	
	2011	2010
Service cost	$ 21,624	$ 21,870
Interest cost	45,916	43,271
Expected return on plan assets	(50,169)	(48,733)
Amortization of prior service cost	3,484	3,129
Amortization of net actuarial loss	25,414	25,798
Amortization of initial net (asset)	(15)	(14)
Net pension benefit cost	$ 46,254	$ 45,321

Net postretirement benefit cost recognized included the following components:

	Three Months Ended September 30,	
	2011	2010
Service cost	$ 181	$ 139
Interest cost	881	982
Net amortization and deferral and other	129	(114)
Net postretirement benefit cost	$ 1,191	$ 1,007

11. Income taxes

As of September 30, 2011, the Company had gross unrecognized tax benefits of $134,684, including approximately $50,000 of additions for tax positions related to the current fiscal year. The total amount of gross unrecognized tax benefits that, if recognized, would affect the effective tax rate was $85,700. If recognized, a significant portion of the gross unrecognized tax benefits would be offset against an asset recorded in the Consolidated Balance Sheet. The accrued interest related to the gross unrecognized tax benefits, excluded from the amounts above, was $11,908.

The Company and its subsidiaries file income tax returns in the United States federal jurisdiction and various state and foreign jurisdictions. In the normal course of business, the Company is subject to examination by taxing authorities throughout the world. The Company is no longer subject to examinations of its federal income tax returns by the Internal Revenue Service for fiscal years through 2007. All significant state and local and foreign tax returns have been examined for fiscal years through 2001. The Company does not anticipate that the total amount of gross unrecognized tax benefits will significantly change due to the settlement of examinations and the expiration of statutes of limitation within the next twelve months.

12. Financial instruments

The Company's financial instruments consist primarily of cash and cash equivalents, long-term investments, and accounts receivable 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. The carrying value of long-term debt (excluding leases) was $1,746,797 and $1,765,892 at September 30, 2011 and June 30, 2011, respectively, and was estimated to have a fair value of $1,739,526 and $1,902,221 at September 30, 2011 and June 30, 2011, respectively. The fair value of long-term debt was estimated using discounted cash flow analyses based on the Company's current incremental borrowing rate for similar types of borrowing arrangements.

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 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 income (loss) and remains there until the underlying net investment is sold or substantially liquidated.

Derivative financial instruments are recognized on the balance sheet as either assets or liabilities and are measured at fair value. 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 income (loss) in the Consolidated Balance Sheet until the hedged item is recognized in earnings.

The following summarizes the location and fair value of derivative financial instruments reported in the Consolidated Balance Sheet as of September 30, 2011 and June 30, 2011:

	Balance Sheet Caption	September 30, 2011	June 30, 2011
Net investment hedges			
Cross-currency swap contracts	Other liabilities	$ 11,264	$36,582
Cash flow hedges			
Costless collar contracts	Accounts receivable	8,830	638
Costless collar contracts	Other accrued liabilities	1,667	2,979
Forward exchange contracts	Other accrued liabilities	24,632	

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

12. Financial instruments, cont'd

Gains (losses) on derivative financial instruments that were recorded in the Consolidated Statement of Income are as follows:

	Three Months Ended September 30,	
	2011	2010
Costless collar contracts	$ 7,615	$ (3,536)
Forward exchange contracts	(31,392)	15,803

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

	Three Months Ended September 30,	
	2011	2010
Cross-currency swap contracts	$15,641	$(14,821)
Foreign denominated debt	11,378	(36,560)

There was no ineffectiveness of the cross-currency swap contracts or foreign denominated debt, nor were any portion of these financial instruments excluded from the effectiveness testing, during the three months ending September 30, 2011 and 2010.

13. Fair value measurement

The fair value of financial assets and liabilities that were measured at fair value on a recurring basis at September 30, 2011 follows:

	Total	Quoted Prices In Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Derivatives	$ 8,830	$	$ 8,830	$
Liabilities:				
Derivatives	37,563		37,563	

13. Fair value measurement, cont'd

The fair value of financial assets and liabilities that were measured at fair value on a recurring basis at June 30, 2011 follows:

	Total	Quoted Prices In Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Derivatives	$ 638	$	$ 638	$
Liabilities:				
Derivatives	39,561		39,561	

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

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2011 AND COMPARABLE PERIOD ENDED SEPTEMBER 30, 2010

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 U.S. 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 around the world in the mobile and industrial markets is expanding. A PMI below 50 indicates the opposite. The PMI at the end of September 2011 for the United States, the Eurozone countries and China was 51.6, 48.5 and 49.9, respectively. Since June 30, 2011, the PMI for the United States, the Eurozone countries and China have all declined from 55.3, 52.0 and 50.1, respectively.

Global aircraft miles flown have increased approximately six percent and global revenue passenger miles have increased approximately five percent from their comparable fiscal 2011 levels. The Company anticipates that U.S. Department of Defense spending with regards to appropriations, and operations and maintenance for the U.S. Government's fiscal year 2012 will be about three percent higher than the comparable fiscal 2011 level.

Housing starts in September 2011 were approximately 10 percent higher than housing starts in September 2010 and were approximately 5 percent higher than housing starts in June 2011.

The Company has remained 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 continues to generate substantial cash flows from operations, has controlled capital spending and has proactively managed working capital. The Company has been able to borrow needed funds at affordable interest rates and has a debt to debt-shareholders' equity ratio of 25.8 percent at September 30, 2011 compared to 24.7 percent at June 30, 2011.

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

The Company believes it can meet its strategic objectives by:

- Serving the customer and empowering its employees;
- Successfully executing its Win Strategy initiatives relating to premier customer service, financial performance and profitable growth;
- 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; and
- Organizing the Company around targeted regions, technologies and markets.

During the first quarter of fiscal 2012, the Company completed two acquisitions. Acquisitions will continue to 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. The Company will also 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

	Three months ended September 30,	
(in millions)	2011	2010
Net sales	$3,233.9	$2,829.3
Gross profit	$ 819.4	$ 691.4
Gross profit margin	25.3%	24.4%
Selling, general and administrative expenses	$ 386.5	$ 333.6
Selling general and administrative expenses, as a percent of sales	12.0%	11.8%
Interest expense	$ 23.2	$ 24.6
Other (income), net	$ (1.8)	$ (3.2)
Effective tax rate	27.6%	26.0%
Net income attributable to common shareholders	$ 297.0	$ 247.2

Net sales for the first quarter of fiscal 2012 increased 14.3 percent over the prior-year first quarter reflecting higher volume experienced in all Segments, with the largest increase in net sales occurring in the Industrial Segment. Acquisitions made in the last 12 months contributed approximately $22 million in sales in the first quarter of fiscal 2012. The effect of currency rate changes increased net sales by approximately $86 million in the first quarter of fiscal 2012.

Gross profit margin increased primarily due to the higher sales volume as well as manufacturing efficiencies.

Selling, general and administrative expenses increased primarily due to the higher sales volume as well as higher expenses associated with the Company's deferred compensation programs.

Interest expense for the current-year quarter decreased 5.7 percent from the prior-year first quarter primarily due to lower average debt outstanding in the current-year quarter.

Effective tax rate for the current-year quarter was higher than the prior-year quarter primarily due to discrete tax items in the prior-year quarter having a more favorable impact on the tax rate than those recorded in the current-year quarter. Discrete tax items primarily relate to the settlement of tax audits. The Company expects the effective tax rate for fiscal 2012 to be approximately 28 percent.

RESULTS BY BUSINESS SEGMENT

Industrial Segment

(in millions)	Three months ended September 30, 2011	2010
Net sales		
North America	$1,204.8	$1,064.9
International	1,289.1	1,093.0
Operating income		
North America	223.2	189.4
International	$ 208.2	$ 183.8
Operating income, as a percent of sales		
North America	18.5%	17.8%
International	16.2%	16.8%
Backlog	$1,851.5	$1,596.9

The Industrial Segment operations experienced the following percentage changes in net sales in the current-year compared to the equivalent prior-year period:

	Three months ended September 30, 2011
Industrial North America – as reported	13.1%
Acquisitions	1.1%
Currency	0.4%
Industrial North America – without acquisitions and currency	11.6%
Industrial International – as reported	17.9%
Acquisitions	0.9%
Currency	7.0%
Industrial International – without acquisitions and currency	10.0%

Total Industrial Segment – as reported	15.6%
Acquisitions	1.0%
Currency	3.7%
Total Industrial Segment – without acquisitions and currency	10.9%

The above presentation reconciles the percentage changes in net sales of the Industrial operations 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 currency exchange rates, the increase in Industrial North American sales reflects higher demand experienced from distributors and end-users in virtually all markets, particularly in the construction equipment, heavy-duty truck, mining, farm and agriculture equipment and machine tool markets. A decrease in demand in the semiconductor market partially offset the sales increase. The increase in Industrial International sales is primarily attributed to higher end-user demand experienced across most markets, with the largest increase in volume occurring in Europe and in the Asia-Pacific region.

The increase in both Industrial North American and Industrial International operating margin is primarily due to the higher sales volume and manufacturing efficiencies.

Included in Industrial North American operating income are business realignment charges of $0.5 million and $2.3 million in the current-year quarter and prior-year quarter, respectively. Included in Industrial International operating income are business realignment charges of $5.2 million and $0.5 million in the current-year quarter and prior-year quarter, respectively. The business realignment expenses consist primarily of severance costs resulting from plant closures as well as general reductions in the work force. The Company does not anticipate that cost savings realized from the work force reductions taken in the Industrial Segment during the first quarter of fiscal 2012 will have a material impact on future operating margins. The Company expects to continue to take the actions necessary to structure appropriately the operations of the Industrial Segment. Such actions may include the necessity to record additional business realignment charges in fiscal 2012, the timing and amount of which have not been finalized at this time.

The increase in backlog from the prior-year quarter is primarily due to higher order rates in both the Industrial North American and Industrial International businesses with the largest portion of the increase occurring in the Industrial North American businesses. The slight decline in backlog from the June 30, 2011 amount of $1,907.0 million is primarily due to lower order rates in the Industrial International businesses. The Company anticipates Industrial North American sales for fiscal 2012 will increase between 6.5 percent and 10.0 percent from the fiscal 2011 level and Industrial International sales for fiscal 2012 will increase between 5.9 percent and 9.4 percent from the fiscal 2011 level. Industrial North American operating margins for fiscal 2012 are expected to range from 17.2 percent to 17.5 percent and Industrial International operating margins are expected to range from 15.5 percent to 15.9 percent.

Aerospace Segment

	Three months ended September 30,	
(in millions)	**2011**	**2010**
Net sales	$ 497.5	$ 436.7
Operating income	$ 68.6	$ 43.8
Operating income, as a percent of sales	13.8%	10.0%
Backlog	$1,734.8	$1,601.0

The increase in net sales in the Aerospace Segment is primarily due to an increase in both commercial original equipment manufacturer (OEM) and aftermarket volume as well as higher military aftermarket volume. The increase in operating margin was primarily due to the higher sales volume and favorable product mix partially offset by higher engineering development and operating costs.

The increase in backlog from the prior-year quarter and the June 30, 2011 amount of $1,702.3 million was primarily due to higher order rates in the commercial OEM and aftermarket businesses. For fiscal 2012, sales are expected to increase between 7.1 percent and 10.1 percent from the fiscal 2011 level and operating margins are expected to range from 13.2 percent to 13.5 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.

Climate & Industrial Controls Segment

	Three months ended September 30,	
(in millions)	**2011**	**2010**
Net sales	$242.5	$234.7
Operating income	$ 19.8	$ 21.6
Operating income, as a percent of sales	8.2%	9.2%
Backlog	$148.5	$154.7

The increase in net sales in the Climate & Industrial Controls Segment is primarily due to higher end-user demand in the heavy-duty truck and automotive markets partially offset by lower demand in the residential air conditioning market. Operating margin in the current-year quarter was lower than the prior-year level primarily due to unfavorable product mix, higher raw material prices and higher new product development expenses. Included in Climate & Industrial Controls operating income in the current-year quarter are business realignment charges of $0.2 million. The Company may take actions to structure appropriately the operations of the Climate & Industrial Controls Segment. Such actions may include the necessity to record business realignment charges in fiscal 2012.

The decrease in backlog from the prior-year quarter and the June 30, 2011 amount of $171.0 million is primarily due to lower order rates in the residential and commercial air conditioning markets. For fiscal 2012, sales are expected to increase between 1.1 percent and 4.6 percent from the fiscal 2011 level and operating margins are expected to range from 8.1 percent to 8.5 percent.

Corporate and Other

Corporate general and administrative expenses increased to $58.0 million in the current-year quarter compared to $33.4 million in the prior-year quarter. As a percent of sales, corporate general and administrative expenses for the current-year quarter was 1.8 percent compared to 1.2 percent for the prior-year quarter. The increase in expense in the current-year quarter is primarily due to market value fluctuations related to investments associated with the Company’s deferred compensation programs.

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

(in millions)	Three months ended September 30, 2011	2010
Expense (income)		
Foreign currency transaction	$ (9.8)	$ (0.1)
Stock compensation	19.2	25.1
Pensions	16.7	18.2
Other items, net	1.0	0.9
	$27.1	$44.1

CONSOLIDATED BALANCE SHEET

(dollars in millions)	September 30, 2011	June 30, 2011
Accounts receivable, net	$1,881.3	$1,977.9
Inventories	1,456.1	1,412.2
Accrued payrolls and other compensation	334.8	467.0
Shareholders' equity	5,017.3	5,383.9
Working capital	$1,763.6	$1,914.2
Current ratio	1.79	1.80

Accounts receivable, net are primarily receivables due from customers for sales of product ($1,684 million at September 30, 2011 and $1,770 million at June 30, 2011). Days sales outstanding relating to trade accounts receivable was 48 days at both September 30, 2011 and June 30, 2011. The Company believes that its receivables are collectible and appropriate allowances for doubtful accounts have been recorded.

Inventories increased primarily in the Aerospace and Industrial Segments in response to positive order trends. Days supply of inventory increased to 62 days from 55 days at June 30, 2011.

Accrued payrolls and other compensation decreased primarily due to the payment during the current-year quarter of incentive compensation amounts that had been accrued as of June 30, 2011.

Shareholders' equity activity during the current-year quarter included a decrease of approximately $292 million related to share repurchases, a decrease of approximately $65 million related to the acquisition of the remaining ownership interest in a joint venture and an increase of approximately $291 million related to foreign currency translation adjustments. The foreign currency translation adjustments primarily affected accounts receivable, inventories, plant and equipment, goodwill, intangible assets, accounts payable, trade and long-term debt.

CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions)	Three months ended September 30, 2011	2010
Cash provided by (used in):		
Operating activities	$ 309.5	$122.9
Investing activities	(125.4)	(59.0)
Financing activities	(354.2)	247.0
Effect of exchange rates	(63.0)	37.4
Net (decrease) increase in cash and cash equivalents	$(233.1)	$348.3

Cash flows from operating activities increased primarily as a result of the absence of a discretionary pension contribution in the current-year quarter. Cash flow from operating activities for the prior-year quarter included a $200 million discretionary contribution made to the Company's U.S. qualified defined benefit pension plan. Cash flow used for working capital increased primarily due to higher inventory and accounts receivable levels. The Company continues to focus on managing its inventory and other working capital requirements.

Cash flow used in investing activities increased primarily due to an increase in acquisition activity in the current-year quarter.

Cash flow used in financing activities in the current-year quarter included the repurchase of approximately 4.4 million shares for $292 million as compared to the repurchase of approximately 161,000 shares for $10 million in the prior-year quarter. Cash flow from financing activities in the prior-year quarter also included net cash proceeds of approximately $295 million from the issuance of medium-term notes.

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.

(In millions) Debt to Debt-Shareholders' Equity Ratio	September 30, 2011	June 30, 2011
Debt	$1,747	$1,766
Debt & Shareholders' equity	6,764	7,150
Ratio	25.8%	24.7%

The Company has a line of credit totaling $1,500 million through a multi-currency revolving credit agreement with a group of banks, all of which was available as of September 30, 2011. The credit agreement expires in March 2016; 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. A portion of the credit agreement supports the Company's commercial paper note program, which is rated A-1 by Standard & Poor's, P-1 by Moody's and F-1 by Fitch Ratings. These ratings are considered investment grade. The revolving credit agreement requires the payment of a 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.

The Company is currently authorized to sell up to $1,350 million of short-term commercial paper notes. There were no commercial paper notes outstanding as of September 30, 2011 and the largest amount of commercial paper notes outstanding during the first quarter of fiscal 2012 was $836 million.

The Company’s credit agreements and indentures governing certain debt agreements 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. At the Company’s present rating level, the most restrictive financial covenants provide 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.

The Company’s principal sources of liquidity are its cash flows provided from operating activities and borrowings either from or directly supported by its line of credit. The Company’s ability to borrow has not been affected by a lack of general credit and the Company does not foresee any impediments to borrow funds at favorable interest rates in the near future. The Company expects that its ability to generate cash from its operations and ability to borrow directly from its line of credit or sources directly supported by its line of credit should be sufficient to support working capital needs, planned growth, benefit plan funding, dividend payments and share repurchases in the near term.

CRITICAL ACCOUNTING POLICIES

Impairment of Goodwill and Long-Lived assets - Goodwill is tested for impairment at the reporting unit level on an annual basis and between annual tests whenever events or circumstances indicate that the carrying value of a reporting unit may exceed its fair value. For the Company, a reporting unit is one level below the operating segment level. Determining whether an impairment has occurred requires the valuation of the respective reporting unit, which the Company has consistently estimated using a discounted cash flow model. The Company believes that the use of a discounted cash flow model results in the most accurate calculation of a reporting unit’s fair value because the market value for a reporting unit is not readily available. The discounted cash flow analysis requires several assumptions, including future sales growth and operating margin levels, as well as assumptions regarding future industry specific market conditions. Each reporting unit regularly prepares discrete operating forecasts and uses these forecasts as the basis for the assumptions used in the discounted cash flow analyses. The Company has consistently used a discount rate commensurate with its cost of capital, adjusted for inherent business risks and has consistently used a terminal growth factor of 2.5 percent. The Company also reconciles the estimated aggregate fair value of its reporting units as derived from the discounted cash flow analyses to the Company’s overall market capitalization.

The Company continually monitors its reporting units for impairment indicators and updates assumptions used in the most recent calculation of the fair value of a reporting unit as appropriate. The Company is unaware of any current market trends that are contrary to the assumptions made in the most recent estimation of the fair value of any of its reporting units. If the recovery of the current economic environment is not consistent with the Company’s current expectations, it is possible that the estimated fair value of certain reporting units could fall below their carrying value resulting in the necessity to conduct additional goodwill impairment tests.

Long-lived assets held for use, which primarily includes finite lived intangible assets and property, plant and equipment, 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 are less than their net carrying value. The long-term nature of these assets requires the estimation of their cash inflows and outflows several years into the future and only takes into consideration technological advances known at the time of the impairment test. During the first three months of fiscal 2012, there were no events or circumstances that indicated that the net carrying value of the Company’s long-lived assets was not recoverable.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Refer to Note 2 to the Consolidated Financial Statements for discussion of recently issued accounting pronouncements.

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,
- uncertainties surrounding timing, successful completion or integration of acquisitions,
- ability to realize anticipated cost savings from business realignment activities,
- threats associated with and efforts to combat terrorism,
- uncertainties surrounding the ultimate resolution of outstanding legal proceedings, including the outcome of any appeals,
- competitive market conditions and resulting effects on sales and pricing,
- increases in raw material costs that cannot be recovered in product pricing,
- the Company's ability to manage costs related to insurance and employee retirement and health care benefits, 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 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 Notes 12 and 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 income (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 income (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 defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of the end of the first quarter of fiscal 2012. Based on this evaluation, the principal executive officer and principal financial officer have concluded that the Company's disclosure controls and procedures are effective.

There has been no change in the Company's internal control over financial reporting during the quarter ended September 30, 2011 that has 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 but one of the lawsuits have concluded. The following investigations and lawsuit remain pending.

Brazilian competition authorities commenced their investigations on November 14, 2007. Parker ITR filed a procedural defense in January 2008. The Brazilian authorities appear to be investigating the period from 1999 through May 2007. In June 2011, the Brazilian competition authorities issued a report and Parker ITR filed a response to that report. The potential outcome of the investigation in Brazil is uncertain and will depend on the resolution of numerous issues not known at this stage of the investigation.

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 Commission 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 Court of First Instance of the European Communities on April 10, 2009.

A lawsuit was filed against the Company and Parker ITR on May 25, 2010 under the False Claims Act in the Central District of California: The United States of America ex rel. Douglas Farrow v. Trelleborg, AB et al. The United States declined to intervene against the Company or Parker ITR in the case. Plaintiff generally seeks treble damages, penalties for each false claim and attorneys' fees. The court dismissed the complaint with prejudice as to the Company, but it remains pending against Parker ITR.

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
July 1, 2011 through July 31, 2011	71,800	$ 87.90	71,800	1,141,596
August 1, 2011 through August 31, 2011	4,209,678(2)	$ 66.68	4,186,700	10,813,300
September 1, 2011 through September 30, 2011	96,322	$ 67.94	96,322	10,716,978
Total:	4,377,800	$ 67.06	4,354,822	10,716,978

(1) On August 16, 1990, the Company publicly announced that its Board of Directors authorized the repurchase by the Company of up to 3.0 million shares of its common stock. From time to time, the Board of Directors has adjusted the number of shares authorized for repurchase under this program. On January 28, 2009, the Finance Committee of the Board of Directors of the Company approved an increase in the number of shares authorized for repurchase under this program so that, beginning on such date, the aggregate number of shares authorizes for repurchase was equal to 10 million. On August 3, 2011, the Board of Directors of the Company approved an increase in the number of shares authorized for repurchase under this program so that, beginning on such date, the aggregate number of shares authorized for repurchase was equal to 15 million. Subject to this overall limitation, each fiscal year the Company is authorized to repurchase an amount of common shares equal to the greater of 7.5 million shares or five percent of the shares outstanding as of the end of the prior fiscal year. There is no expiration date for this program.

(2) Includes 22,978 shares surrendered to the Company by an executive officer to satisfy tax withholding obligations on restricted stock issued under the Company's Long Term Incentive Awards.

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
10(a)	Form of FY2012 Parker-Hannifin Corporation Stock Appreciation Rights Award Agreement for executive officers.*
10(b)	FY2012 Parker-Hannifin Corporation Stock Appreciation Rights Terms and Conditions for executive officers.*
12	Computation of Ratio of Earnings to Fixed Charges as of September 30, 2011.*

31(i)(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(i)(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, 2011 and 2010, (ii) Consolidated Balance Sheet at September 30, 2011 and June 30, 2011, (iii) Consolidated Statement of Cash Flows for the three months ended September 30, 2011 and 2010 and (iv) Notes to Consolidated Financial Statements for the three months ended September 30, 2011.

In accordance with Rule 406T of Regulation S-T, the XBRL related information in Exhibit 101 to this Quarterly Report on Form 10-Q shall not be deemed to be “filed” for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, and shall not be part of any registration or other document filed under the Securities Act or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

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 and Administration and Chief Financial Officer

Date: November 9, 2011

EXHIBIT INDEX

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Parker

Exhibit 10(a)

TO: **[PARTICIPANT NAME]**

PARKER-HANNIFIN CORPORATION
STOCK APPRECIATION RIGHTS AWARD AGREEMENT (SAR-002O)

The Human Resources and Compensation Committee of the Board of Directors (the "Committee") of Parker-Hannifin Corporation (the "Company") has awarded to you the following number of Stock Appreciation Rights ("SARs") under the Parker-Hannifin Corporation 2003 Stock Incentive Plan (the "Plan") and subject to the Parker-Hannifin Corporation Stock Appreciation Right Terms and Conditions (SAR-002O) (the "Terms and Conditions"):

Grant Date	Number of SARs	Grant Price	Expiration Date
[Grant Date]	[Number Granted]	US $[Grant Price]	[Expiration Date] at 4:00 PM Eastern Time

Each SAR granted under this award entitles you upon exercise to receive the increase in value between the Grant Price and the fair market value of one share of common stock of the Company, subject to the Terms and Conditions and the Plan.

Vesting Dates. Except as otherwise provided in the Terms and Conditions, while you are an active full-time employee, one-third (1/3) of the SARs will vest and become exercisable on each of the first, second, and third anniversaries of the grant date. Once SARs become vested and exercisable, you may exercise those SARs at any time prior to the Expiration Date, except as otherwise provided in the Terms and Conditions. Scheduled vesting dates and amounts for this award are viewable by clicking on the grant date hyperlink on your Stock Appreciation Rights Grant Information page on the Stock Incentive Plan Administrator's web site.

Your Action Items. Please take the following actions:

- **Before you accept your grant,** click on the links below to review the Terms and Conditions and the Plan, which govern this award.
- **Accept** the Terms and Conditions and execute this Agreement by clicking on the "Accept" button below.
- **Inform the Company of any change in address or contact information, as necessary**. Refer to the section of the Terms and Conditions titled "**Notification of Change in Personal Data**" for instructions on how to provide notification to the Company.

Stock Appreciation Right Terms and Conditions (SAR-002O)
2003 Stock Incentive Plan

To view the most recent Annual Report, please click here

To view the most recent Proxy Statement, please click here

To view the 2003 Stock Incentive Plan Prospectus, please click here

Exhibit 10(b)

PARKER-HANNIFIN CORPORATION
STOCK APPRECIATION RIGHTS TERMS AND CONDITIONS (SAR-002O)

Pursuant to the Stock Appreciation Rights Award Agreement (the "Award Agreement") available on the website of the third party Plan administrator for Parker-Hannifin Corporation (the "Company"), The Human Resources and Compensation Committee (the "Committee") of the Board of Directors of the Company has awarded you a number of Stock Appreciation Rights ("SARs"). The SARs have been awarded to you as of the grant date specified in the Award Agreement (the "Grant Date"), and the SARs are subject to the terms, conditions, and restrictions set forth in the Parker-Hannifin Corporation 2003 Stock Incentive Plan (the "Plan") and these Stock Appreciation Rights Terms and Conditions (SAR-002O) (the "Terms and Conditions"). To the extent that, in accordance with the terms of the Plan, the Committee has delegated to any persons any of the Committee's authority with respect to these Terms and Conditions, references to the Committee in these Terms and Conditions shall be deemed to be references to those persons with respect to authority so delegated.

1. Description of SARs. Your SARs award entitles you to receive the increase in value between the Grant Price set forth in your Award Agreement and the Fair Market Value at exercise ("Appreciation") of the number of shares of Common Stock to which your award applies, subject to these Terms and Conditions. Upon exercise, the Appreciation will be paid to you in shares of Common Stock having a value equal to the amount of the Appreciation. The calculation of Appreciation is described in more detail below. Your unexercised SARs will expire and cease to be exercisable without further action or notice on the Expiration Date set forth in your Award Agreement or such earlier date (a "Lapse Date") as may be applicable pursuant to Section 3(d) of these Terms and Conditions.

2. Calculation of Appreciation. Appreciation shall be determined by the Company (or its third party Plan administrator) by subtracting the Grant Price from the Fair Market Value of a share of Common Stock at the time of your exercise of SARs, and multiplying the result by the number of SARs exercised. The number of shares of Common Stock issued upon exercise of SARs will be the number derived from dividing the Appreciation by the Fair Market Value at exercise of a share of Common Stock, rounded down to the nearest whole share. You will not receive cash for any fractional share eliminated by rounding.

3. Vesting of SARs.

(a) Subject to these Terms and Conditions, all or a portion of the SARs will vest and become exercisable on the vesting date(s) described in the Award Agreement (each a "Vesting Date"), provided that you shall have remained in the continuous full-time employment of the Company and its Subsidiaries (collectively referred to herein as the "Parker Companies") through the applicable Vesting Date.

(b) Notwithstanding the foregoing, (i) if your continuous full-time employment with the Parker Companies is terminated prior to the applicable Vesting Date due to your death or Disability, the SARs that have not yet become vested shall immediately vest and become exercisable as of the date of such termination of employment; (ii) if your continuous full-time employment with the Parker Companies is terminated prior to the applicable Vesting Date due to your Retirement, the SARs that have not yet become vested shall immediately vest as of the date of Retirement and shall continue to become exercisable upon the applicable Vesting Date(s); and (ii) if a Change in Control occurs prior to the applicable Vesting Date and while you are employed by the Parker Companies, the SARs that have not yet become vested shall immediately vest and become exercisable as of the date of such Change in Control. For purposes of these Terms and Conditions, "Retirement" shall have the meaning set out in the applicable retirement plan or policy of the Parker Companies in which you participate or, if Retirement is not defined in an applicable retirement plan or policy, Retirement shall mean your termination of employment with the Parker Companies after the attainment of age 55 and ten years of service.

(c) Except as otherwise provided in Section 3(d), any SARs that have become vested and exercisable in accordance with this Section 3 may be exercised only while you are a full-time employee of the Parker Companies at any time until the earlier of the Expiration Date or the applicable Lapse Date.

(d) If your continuous full-time employment with the Parker Companies is terminated prior to the Expiration Date for any reason, then any vested and exercisable SARs shall remain exercisable until the Lapse Date set forth below:

Status Change – If your continuous full-time employment terminates due to:	**Lapse Date – Then your vested and exercisable SARs will lapse and cease to be exercisable on:**
(A) Disability or Retirement	The Expiration Date.
(B) Death	If you were not retirement eligible at the time of your death, the earlier of: (i) Two (2) years after your death or (ii) the Expiration Date.
	If you were retirement eligible at the time of your death: The Expiration Date.
(C) Any Other Termination	The earlier of: (i) Three (3) months from the date of termination or (ii) the Expiration Date.

(e) For purposes of this Section 3, your continuous full-time employment with the Parker Companies shall not be deemed to have been interrupted, and you shall not be deemed to have ceased to be an employee of the Parker Companies, by reason of the transfer of your employment among the Parker Companies.

4. Forfeiture of SARs. Any SARs that have not yet vested pursuant to Section 3 shall be forfeited automatically without further action or notice if you cease to be employed by the Parker Companies prior to a Vesting Date other than as provided in Section 3(b).

5. Exercise and Settlement Procedures.

(a) Exercise of all or any portion of your vested and exercisable SARs shall be subject to such exercise procedures of the Company and its third party Plan administrator, as the same shall be in effect from time to time. Upon your exercise of SARs in accordance with such procedures and these Terms and Conditions, the Company will instruct its stock transfer agent to issue the net number of shares of Common Stock you are entitled to receive.

(b) Any vested and exercisable SARs granted under your Award Agreement that have net Appreciation (after all applicable withholding taxes) but that remain unexercised on the business day preceding the Expiration Date shall automatically be self-exercised on the Expiration Date.

(c) The Company's obligations with respect to the SARs shall be satisfied in full upon the delivery of the Common Stock underlying vested SARs that are exercised in accordance with these Terms and Conditions.

6. Transferability. The SARs may not be transferred, assigned, pledged or hypothecated in any manner, or be subject to execution, attachment or similar process, by operation of law or otherwise, unless otherwise provided under the Plan. Your SARs are not transferable or assignable during your life except to (a) your spouse, children or their lineal descendants ("Immediate Family Members"); (b) one or more trusts for the benefit of you and/or one or more of your Immediate Family Members; or (c) a partnership or limited liability company in which you or your Immediate Family Members are the only partners or members; provided, however, in each case that you (i) submit a completed SAR Assignment Form to the Plan Administrator or comply with other procedures in effect at the time of the transfer and (ii) do not receive any consideration for the transfer. All transferred SARs remain subject to the terms, conditions and restrictions of the Plan and these Terms and Conditions (except that such transferred SARs are not transferable by the transferee during life). Any purported transfer or encumbrance in violation of the provisions of this Section 6 shall be null and void, and the other party to any such purported transaction shall not obtain any rights to or interest in such SARs.

7. No Rights to Future Awards. By voluntarily acknowledging and accepting your award of SARs, you acknowledge and understand that the SARs shall not form part of any contract of employment between you and the Company. Nothing in these Terms and Conditions, your Award Agreement, the Plan or the plan summary and prospectus which describes the Plan (the "Prospectus") shall confer upon you any right to continue to receive stock incentive awards in the future. You further acknowledge that your award of SARs is for future services and is not under any circumstances to be considered compensation for past services.

8. Detrimental Activity, Claw-back Policy.

(a) If you engage in any Detrimental Activity (as defined in the Plan), the Committee may at any time and in its sole discretion cancel and revoke all or any unexercised portion of your SARs. In addition, if the Committee finds that you have engaged in any Detrimental Activity, either during your employment with the Company or within twelve months thereafter, then you shall be required to (a) return to the Company, in exchange for payment by the Company of any amount actually paid therefor by you, all shares of Common Stock that you have not disposed of that were issued pursuant to these Terms and Conditions within twelve months prior to the commencement of such Detrimental Activity, and (b) pay to the Company in cash, within ten days after demand therefor, the difference between any amount actually paid therefor by you and the Fair Market Value (determined as of the date that the SARs were exercised) of all shares of Common Stock that you have disposed of that were issued pursuant to these Terms and Conditions. The Plan defines Detrimental Activity as any conduct or activity, whether or not related to the business of the Parker Companies, that is determined in individual cases, by the Committee or its express delegate, to be detrimental to the interests of the Parker Companies, including without limitation (i) rendering of services to an organization or engaging in a business that is, in the judgment of the Committee or its express delegate, in competition with the Company; (ii) disclosure to anyone outside of the Company, or the use for any purpose other than the Company's business, of confidential information or material related to the Company, whether acquired during or after employment with the Company; (iii) fraud, embezzlement, theft-in-office or other illegal activity; or (iv) violation of the Company's Code of Ethics.

(b) By accepting your award of SARs, you acknowledge that the SARs may be subject to reduction, cancellation, forfeiture or recoupment, to such extent as may be provided under the Company's Claw-back Policy, as established by the Committee or the Board, as it now exists or as it may be amended from time to time.

9. Relation to Other Benefits. Any economic or other benefit to you under these Terms and Conditions or the Plan shall not be taken into account in determining any benefits to which you may be entitled under any profit-sharing, retirement or other benefit or compensation plan maintained by the Parker Companies and shall not affect the amount of any life insurance coverage available to any beneficiary under any life insurance plan covering employees of the Parker Companies. Without limiting the foregoing, by voluntarily acknowledging and accepting your award of SARs, you agree that no benefits accruing under your Award Agreement, these Terms and Conditions or the Plan will be reflected in any severance or indemnity payments that the Parker Companies may make or be required to make to you in the future, regardless of the jurisdiction in which you may be located.

10. Taxes and Withholding. The Parker Companies have the right to deduct or cause to be deducted, or collect or cause to be collected, with respect to the taxation of the SARs, any federal, state or local taxes, social taxes or other taxes required to be withheld or paid with respect to the SARs, and you will be required to pay any such amounts or such amounts will be deducted from any amount payable to you. To the extent the Parker Companies are required to withhold any federal, state, local, foreign or other taxes in connection with the delivery of shares of Common Stock under these Terms and Conditions, then the Company or Subsidiary (as applicable) may, at its discretion, retain a number of shares of Common Stock otherwise deliverable hereunder with a value equal to the required withholding (based on the Fair Market Value of the shares of Common Stock on the date of delivery); provided that in no event shall the value of the shares of Common Stock retained exceed the minimum amount of taxes required to be withheld or such other amount that will not result in a negative accounting impact.

11. Beneficiary Designation. To the extent permitted by the Committee, in its sole discretion, you shall have the right to designate one or more beneficiaries to receive all or part of any shares of Common Stock underlying the SARs in the event of your death. Any beneficiary designation permitted by the Committee shall be effective when it is submitted in writing to the Committee during the Participant's lifetime on a form prescribed by the Committee. The submission of a new beneficiary designation shall cancel all prior beneficiary designations. Any finalized divorce or marriage subsequent to the date of a beneficiary designation shall revoke such designation, unless in the case of divorce your previous spouse was not designated as beneficiary and unless in the case of marriage your new spouse was previously designated as beneficiary. If you are married, your spouse shall consent to any designation of a beneficiary other than the spouse, and the spouse's consent shall be witnessed by a notary public. If you fail to designate a beneficiary as may be permitted by the Committee, or if such beneficiary designation is revoked by marriage, divorce, or otherwise without execution of a new designation, or if every person designated as beneficiary predeceases you or dies prior to the exercise of your SARs, then the Company shall issue any Common Stock payable under your SARs to the estate of the last to die of you and any beneficiaries.

12. Adjustments. The number and kind of shares of Common Stock deliverable pursuant to exercise of the SARs are subject to adjustment as provided in Section 4.3 of the Plan.

13. Compliance with Law. The Company shall make reasonable efforts to comply with all applicable federal and state securities laws and listing requirements with respect to the SARs; provided, however, notwithstanding any other provision of these Terms and Conditions, and only to the extent permitted under Section 409A of the Code, the Company shall not be obligated to deliver any shares of Common Stock pursuant to these Terms and Conditions if the delivery thereof would result in a violation of any such law or listing requirement.

14. Amendments. Subject to the terms of the Plan, the Committee may amend these Terms and Conditions upon written notice to you. Any amendment to the Plan shall be deemed to be an amendment to these Terms and Conditions to the extent that the amendment is applicable hereto. Notwithstanding the foregoing, no amendment of the Plan or these Terms and Conditions shall adversely affect your rights under these Terms and Conditions without your consent unless the Committee determines that such amendment is necessary or advisable to conform the Plan or these Terms and Conditions to any present or future law, regulation or rule applicable to the Plan.

15. Severability. In the event that one or more of the provisions of these Terms and Conditions shall be invalidated for any reason by a court of competent jurisdiction, any provision so invalidated shall be deemed to be separable from the other provisions hereof, and the remaining provisions hereof shall continue to be valid and fully enforceable.

16. Relation to Plan. These Terms and Conditions and all rights under your Award Agreement and these Terms and Conditions are at all times subject to all other terms, conditions and provisions of the Plan (and any rules or procedures adopted under the Plan by the Committee). All capitalized terms not defined in these Terms and Conditions shall have the meaning ascribed to such terms in the Plan. In the event of a conflict between the terms of the Plan and these Terms and Conditions, your Award Agreement or the Prospectus, the terms of the Plan shall control. These Terms and Conditions, the Plan and the Award Agreement contain the entire agreement and understanding of the parties with respect to the subject matter contained in these Terms and Conditions, and supersede all prior written or oral communications, representations and negotiations in respect thereto.

17. Successors and Assigns. Without limiting Section 6, the provisions of these Terms and Conditions shall inure to the benefit of, and be binding upon, your successors, administrators, heirs, legal representatives and assigns, and the successors and assigns of the Company.

18. Governing Law. The interpretation, performance, and enforcement of these Terms and Conditions shall be governed by the laws of the State of Ohio, without regard to its conflict of law rules. Any dispute, disagreement or question which arises under or as a result of, or in any way relates to, the interpretation, construction or application of the terms of the Plan, the Award Agreement or these Terms and Conditions will be determined and resolved by the Committee. Such determination and resolution by the Committee will be final, binding and conclusive for all purposes.

19. Non-U.S. Employees. Notwithstanding any provision of these Terms and Conditions, if your employment with the Parker Companies is subject to the rules and regulations of one or more non-United States jurisdictions, then your SARs shall be subject to any special terms and conditions as set forth in any appendix for your country (an "Appendix"). Moreover, if you relocate to one of the countries included in an Appendix, the special terms and conditions for such country will apply to you, to the extent the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with local law or facilitate the administration of these Terms and Conditions or the Plan. An Appendix shall constitute part of these Terms and Conditions.

20. Consent to Transfer Personal Data. By accepting your award of SARs, you voluntarily acknowledge and consent to the collection, use, processing and transfer of personal data as described in this Section 19. You are not obliged to consent to such collection, use, processing and transfer of personal data. However, failure to provide the consent may affect your ability to participate in the Plan. The Parker Companies hold certain personal information about you, that may include your name, home address and telephone number, fax number, email address, family size, marital status, sex, beneficiary information, emergency contacts, passport / visa information, age, language skills, drivers license information, date of birth, birth certificate, social security number or other employee identification number, nationality, C.V. (or resume), wage history, employment references, job title, employment or severance contract, current wage and benefit information, personal bank account number, tax related information, plan or benefit enrollment forms and elections, option or benefit statements, any shares of stock or directorships in the Company, details of all options or any other entitlements to shares of Common Stock awarded, canceled, purchased, vested, unvested or outstanding in your favor, for the purpose of managing and administering the Plan ("Data"). The Parker Companies will transfer Data amongst themselves as necessary for the purpose of implementation, administration and management of your participation in the Plan, and the Parker Companies may further transfer Data to any third parties assisting the Parker Companies in the implementation, administration and management of the Plan. These recipients may be located throughout the world, including the United States. You authorize them to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing your participation in the Plan, including any requisite transfer of such Data as may be required for the administration of the Plan and/or the subsequent holding of shares of stock on your behalf to a broker or other third party with whom you may elect to deposit any shares of stock acquired pursuant to the Plan. You may, at any time, review Data, require any necessary amendments to it or withdraw the consents herein in writing by contacting the Company; however, withdrawing your consent may affect your ability to participate in the Plan.

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

(a) U.S. and Canada Participants (employees who are on the U.S. or Canadian payroll system):

- Active employees: Update your address and contact information directly through your Personal Profile section in the Employee Self-Service site.
- Retired, terminated or family member of deceased participant: Contact the Benefits Service Center at 1-800-992-5564.

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

22. Electronic Delivery. You hereby consent and agree to electronic delivery of any documents that the Company may elect to deliver (including, but not limited to, prospectuses, prospectus supplements, grant or award notifications and agreements, account statements, annual and quarterly reports, and all other forms of communications) in connection with this and any other award made or offered under the Plan. You also understand that you shall have the right at any time to request that the Company deliver written copies of any and all materials referred to above at no charge. You hereby consent to any and all procedures the Company has established or may establish for an electronic signature system for delivery and acceptance of any such documents that the Company may elect to deliver, and you agree that your electronic signature is the same as, and shall have the same force and effect as, your manual signature. You consent and agree that any such procedures and delivery may be effected by a third party engaged by the Company to provide administrative services related to the Plan.

23. Prospectus Notification. Copies of the Prospectus and the most recent Annual Report and Proxy Statement issued by the Company are available for your review on the UBS One Source Web site. You have the right to receive a printed copy of the Prospectus upon request by either calling the third party Plan Administrator at 877-742-7471 or by sending your written request to Parker’s Benefits Department.

APPENDIX

Parker-Hannifin Corporation
Stock Appreciation Rights Terms and Conditions (SAR-002O)
Special Provisions for Non-U.S. Employees

This Appendix includes additional terms and conditions that govern the Stock Appreciation Rights ("SARs") granted to you under the Plan if you reside in, or are subject to tax in, one of the countries described below at any time prior to the vesting or exercise of your Stock Appreciation Rights. Certain capitalized terms used but not defined in this Appendix have the meanings set forth in the Plan and/or the Terms and Conditions.

CHINA

Exercise and Settlement Procedures. The following provision modifies Section 5 of the Terms and Conditions.

If you are a Chinese national, the Company may, pursuant to China SAFE requirements, instruct the third party Plan administrator to automatically exercise your SARs and sell the resulting shares on your behalf if the SARs under this Award are vested and remain unexercised five (5) months after your retirement.

Exhibit 12

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

	Three months Ended September 30, 2011	Three months Ended September 30, 2010	Fiscal Year Ended June 30, 2011	2010	2009	2008	2007
EARNINGS							
Income from continuing operations before income taxes and noncontrolling interests	$411,585	$336,364	$1,413,721	$754,817	$683,083	$1,334,571	$1,166,463
Adjustments:							
Interest on indebtedness, exclusive of interest capitalized and interest on ESOP loan guarantee	22,496	24,036	97,009	101,173	109,911	96,572	80,053
Amortization of deferred loan costs	725	597	2,695	2,426	2,143	1,793	1,511
Portion of rents representative of interest factor	9,875	10,299	39,499	41,194	41,839	35,378	29,000
Loss (income) of equity investees	(1,052)	(85)	2,592	6,757	(1,529)	2,596	1,059
Amortization of previously capitalized interest	49	64	226	259	262	278	282
Income as adjusted	$443,678	$371,275	$1,555,742	$906,626	$835,709	$1,471,188	$1,278,368
FIXED CHARGES							
Interest on indebtedness, exclusive of interest capitalized and interest on ESOP loan guarantee	$ 22,496	$ 24,036	$ 97,009	$101,173	$109,911	$ 96,572	$ 80,053
Capitalized interest							436
Amortization of deferred loan costs	725	597	2,695	2,426	2,143	1,793	1,511
Portion of rents representative of interest factor	9,875	10,299	39,499	41,194	41,839	35,378	29,000
Fixed charges	$ 33,096	$ 34,932	$ 139,203	$144,793	$153,893	$ 133,743	$ 111,000
RATIO OF EARNINGS TO FIXED CHARGES	13.41x	10.63x	11.18x	6.26x	5.43x	11.00x	11.52x

Exhibit 31(i)(a)

CERTIFICATIONS

I, Donald E. Washkewicz, 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 9, 2011

/s/ Donald E. Washkewicz
Donald E. Washkewicz
Chief Executive Officer

Exhibit 31(i)(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 9, 2011

/s/ Jon P. Marten
Jon P. Marten
Executive Vice President – Finance and
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, 2011, 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 9, 2011

/s/ Donald E. Washkewicz
Name: Donald E. Washkewicz
Title: Chief Executive Officer

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