

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 March 31, 2000

OR

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

For the transition period from _____ to _____

Commission File number 1-4982

PARKER-HANNIFIN CORPORATION

(Exact name of registrant as specified in its charter)

OHIO

34-0451060

(State or other
jurisdiction of
incorporation)

(IRS Employer
Identification No.)

6035 Parkland Blvd., Cleveland, Ohio

44124-4141

(Address of principal executive offices)

(Zip Code)

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

Indicate by check mark whether 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, and (2) has been subject to such filing requirements for the past 90 days.

Yes . No .

Number of Common Shares outstanding at March 31, 2000: 111,957,240

PART I - FINANCIAL INFORMATION

PARKER-HANNIFIN CORPORATION
 CONSOLIDATED STATEMENT OF INCOME
 (DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)
 (UNAUDITED)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	----- 2000 -----	----- 1999 -----	----- 2000 -----	----- 1999 -----
Net sales	\$ 1,393,659	\$ 1,255,789	\$ 3,875,159	\$ 3,673,534
Cost of sales	1,074,133	989,137	3,022,052	2,879,611
Gross profit	----- 319,526	----- 266,652	----- 853,107	----- 793,923
Selling, general and administrative expenses	141,254	136,278	419,559	411,806
Interest expense	14,571	15,634	43,142	49,050
Interest and other (income) expense, net	796	(2,970)	696	(2,564)
Income before income taxes	----- 162,905	----- 117,710	----- 389,710	----- 335,631
Income taxes	56,202	41,199	134,450	117,471
Net income	----- \$ 106,703 =====	----- \$ 76,511 =====	----- \$ 255,260 =====	----- \$ 218,160 =====
Earnings per share - Basic	\$.98	\$.71	\$ 2.34	\$ 2.01
Earnings per share - Diluted	\$.97	\$.70	\$ 2.32	\$ 1.99
Cash dividends per common share	\$.17	\$.17	\$.51	\$.47

See accompanying notes to consolidated financial statements.

PARKER-HANNIFIN CORPORATION
 CONSOLIDATED BALANCE SHEET
 (DOLLARS IN THOUSANDS)
 (UNAUDITED)

ASSETS	March 31, 2000	June 30, 1999
Current assets:		
Cash and cash equivalents	\$ 60,715	\$ 33,277
Accounts receivable, net	800,241	738,773
Inventories:		
Finished products	476,187	442,361
Work in process	309,302	347,376
Raw materials	124,346	125,393
	909,835	915,130
Prepaid expenses	18,029	22,928
Deferred income taxes	65,725	64,576
Total current assets	1,854,545	1,774,684
Plant and equipment	2,609,943	2,506,812
Less accumulated depreciation	1,372,340	1,305,943
	1,237,603	1,200,869
Other assets	810,173	730,335
Total assets	\$ 3,902,321	\$ 3,705,888
	=====	=====
LIABILITIES		
Current liabilities:		
Notes payable	\$ 83,351	\$ 60,609
Accounts payable, trade	301,193	313,173
Accrued liabilities	322,869	328,147
Accrued domestic and foreign taxes	65,721	52,584
Total current liabilities	773,134	754,513
Long-term debt	706,596	724,757
Pensions and other postretirement benefits	282,642	276,637
Deferred income taxes	30,244	30,800
Other liabilities	73,977	65,319
Total liabilities	1,866,593	1,852,026
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 112,268,136 shares at March 31 and 111,945,179 shares at June 30	56,134	55,973
Additional capital	136,573	132,227
Retained earnings	2,071,955	1,872,356
Unearned compensation related to guarantee of ESOP debt	(99,501)	(112,000)
Deferred compensation related to stock options	1,304	--
Accumulated other comprehensive income	(118,680)	(92,858)
	2,047,785	1,855,698
Common stock in treasury at cost; 310,896 shares at March 31 and 43,836 shares at June 30	(12,057)	(1,836)
Total shareholders' equity	2,035,728	1,853,862
Total liabilities and shareholders' equity	\$ 3,902,321	\$ 3,705,888
	=====	=====

See accompanying notes to consolidated financial statements.

PARKER-HANNIFIN CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
(DOLLARS IN THOUSANDS)
(UNAUDITED)

	Nine Months Ended March 31,	
CASH FLOWS FROM OPERATING ACTIVITIES	2000	1999
Net income	\$ 255,260	\$ 218,160
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation	128,409	125,599
Amortization	28,597	28,419
Deferred income taxes	(4,825)	3,279
Foreign currency transaction loss (gain)	3,182	(2,415)
(Gain) loss on sale of plant and equipment	(5,637)	542
Changes in assets and liabilities:		
Accounts receivable, net	(51,778)	(5,581)
Inventories	20,395	12,194
Prepaid expenses	4,854	5,707
Other assets	(18,599)	(25,346)
Accounts payable, trade	(15,911)	(79,415)
Accrued payrolls and other compensation	(8,224)	(32,359)
Accrued domestic and foreign taxes	14,956	15,045
Other accrued liabilities	(3,592)	(11,274)
Pensions and other postretirement benefits	9,317	15,243
Other liabilities	8,512	11,635
Net cash provided by operating activities	364,916	279,433
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions (less cash acquired of \$431 and \$2,609 in 2000 and 1999)	(121,474)	(89,865)
Capital expenditures	(168,131)	(166,835)
Proceeds from sale of plant and equipment	23,027	4,582
Other	(20,590)	(1,926)
Net cash used in investing activities	(287,168)	(254,044)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net (payments for) proceeds from common share activity	(4,410)	64,599
Proceeds from (payments for) notes payable, net	23,123	(112,248)
Proceeds from long-term borrowings	3,654	205,960
Payments of long-term borrowings	(12,803)	(122,584)
Dividends	(55,661)	(51,144)
Net cash used in financing activities	(46,097)	(15,417)
Effect of exchange rate changes on cash	(4,213)	617
Net increase in cash and cash equivalents	27,438	10,589
Cash and cash equivalents at beginning of year	33,277	30,488
Cash and cash equivalents at end of period	\$ 60,715	\$ 41,077

Non-cash activities: In 1999 assumption of ESOP debt guarantee for \$112,000 and capital lease obligations of \$7,346.

See accompanying notes to consolidated financial statements.

PARKER-HANNIFIN CORPORATION
 BUSINESS SEGMENT INFORMATION BY INDUSTRY
 (DOLLARS IN THOUSANDS)
 (UNAUDITED)

Parker operates in two industry segments: Industrial and Aerospace. 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, 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.

Results by Business Segment:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2000	1999	2000	1999
Net sales				
Industrial:				
North America	\$ 774,353	\$ 660,368	\$2,100,564	\$1,885,837
International	331,104	312,166	933,485	944,298
Aerospace	288,202	283,255	841,110	843,399
	-----	-----	-----	-----
Total	\$1,393,659	\$1,255,789	\$3,875,159	\$3,673,534
	=====	=====	=====	=====
Segment operating income				
Industrial:				
North America	\$ 115,123	\$ 86,225	\$ 296,006	\$ 235,550
International	29,015	19,760	62,014	67,897
Aerospace	49,126	43,326	121,113	129,102
	-----	-----	-----	-----
Total segment operating income	193,264	149,311	479,133	432,549
Corporate general and administrative expenses	13,935	14,608	42,135	42,240
	-----	-----	-----	-----
Income before interest expense and other	179,329	134,703	436,998	390,309
Interest expense	14,571	15,634	43,142	49,050
Other	1,853	1,359	4,146	5,628
	-----	-----	-----	-----
Income before income taxes	\$ 162,905	\$ 117,710	\$ 389,710	\$ 335,631
	=====	=====	=====	=====

PARKER-HANNIFIN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS

1. Management Representation

In the opinion of the Company, the accompanying unaudited consolidated financial statements contain all adjustments (consisting of only normal recurring accruals except as discussed in Note 2) necessary to present fairly the financial position as of March 31, 2000, the results of operations for the three and nine months ended March 31, 2000 and 1999 and cash flows for the nine months then ended.

2. Charges related to business realignment

During the first quarter of fiscal 2000 the Company recorded a \$8,555 charge (\$5,560 after-tax or \$.05 per share) related to the costs of appropriately structuring its businesses to operate in their current economic environment. The charge primarily relates to severance costs attributable to approximately 260 employees principally associated with the Industrial International operations. As of March 31, 2000, the Company had made severance payments of \$2,679 to approximately 150 employees. The majority of the remaining severance payments are expected to be made by the end of fiscal 2000.

A change in the future utilization of long-lived assets at certain locations triggered an impairment review of these long-lived assets during the first quarter of fiscal 2000. The Company evaluated the recoverability of the long-lived assets and determined that the estimated future undiscounted cash flows were below the carrying value of these assets. Accordingly, the Company recorded a non-cash impairment loss of \$4,875 (\$3,169 after-tax or \$.03 per share). Of the pre-tax amount, \$3,499 relates to the Aerospace segment and \$1,376 relates to the Industrial segment.

The severance costs and impairment loss are presented in the Income statement for the nine months ended March 31, 2000 in the following captions: \$2,552 in Cost of sales; \$2,476 in Selling, general and administrative expenses; and \$8,402 in Interest and other (income) expense, net.

Also recorded in the first quarter of fiscal 2000, was a gain of \$6,423 (\$4,175 after-tax or \$.04 per share) realized primarily on the sale of real property. The gain is reflected in the Income statement for the nine months ended March 31, 2000 in the Interest and other (income) expense, net caption.

3. Earnings per share

The following table presents a reconciliation of the numerator and denominator of basic and diluted earnings per share for the three and nine months ended March 31, 2000 and 1999.

Numerator: -----	Three Months Ended March 31,		Nine Months Ended March 31,	
	2000	1999	2000	1999
Net income applicable to common shares	\$ 106,703	\$ 76,511	\$ 255,260	\$ 218,160
Denominator: -----				
Basic - weighted average common shares	109,373,820	108,503,957	109,210,607	108,803,871
Increase in weighted average from dilutive effect of exercise of stock options	827,060	832,510	955,170	825,027
Diluted - weighted average common shares, assuming exercise of stock options	110,200,880	109,336,467	110,165,777	109,628,898
	=====	=====	=====	=====
Basic earnings per share	\$.98	\$.71	\$ 2.34	\$ 2.01
Diluted earnings per share	\$.97	\$.70	\$ 2.32	\$ 1.99

4. Stock repurchase program

The Board of Directors has approved a program to repurchase the Company's common stock on the open market, at prevailing prices. The repurchase is primarily funded from operating cash flows and the shares are initially held as treasury stock. During the three-month and nine-month periods ended March 31, 2000, the Company has purchased 267,200 shares of its common stock at an average price of \$38.012 per share.

5. Comprehensive income

The Company's only item of other comprehensive income is foreign currency translation adjustments recorded in shareholders' equity. Comprehensive income for the three and nine months ended March 31, 2000 and 1999 is as follows:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2000	1999	2000	1999
Net income	\$ 106,703	\$ 76,511	\$ 255,260	\$ 218,160
Foreign currency translation adjustments	(18,815)	(44,637)	(25,822)	(19,946)
Comprehensive income	\$ 87,888	\$ 31,874	\$ 229,438	\$ 198,214
	=====	=====	=====	=====

6. Acquisitions

On February 3, 2000, the Company acquired the assets of Dana Corporation's Gresen Hydraulic business for approximately \$112 million in cash. Gresen manufactures a wide range of hydraulic pumps, motors, cylinders, control valves, filters and electronic controls for on- and off-highway vehicles and had prior-year annual sales of approximately \$128 million.

On April 11, 2000, the Company completed its merger with Commercial Intertech Corp. of Youngstown, Ohio with the Company being the surviving corporation. The merger consideration paid by the Company to the shareholders of Commercial Intertech was approximately \$160 million in cash and the issuance of approximately 4.3 million shares of Company common stock valued at \$184 million. In addition, the Company assumed approximately \$104 million of Commercial Intertech debt. Commercial Intertech's hydraulics business manufactures gear pumps and motors, controls valves and telescopic cylinders for use on heavy duty-mobile equipment. The Company is currently evaluating strategic alternatives for Commercial Intertech's building systems and metal forming businesses.

PARKER-HANNIFIN CORPORATION

FORM 10-Q
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONSFOR THE THREE AND NINE MONTHS ENDED MARCH 31, 2000
AND COMPARABLE PERIODS ENDED MARCH 31, 1999

CONSOLIDATED STATEMENT OF INCOME

Net sales increased 11.0 percent for the third quarter of fiscal 2000 and 5.5 percent for the nine-month period ended March 31, 2000. Without acquisitions, the increases would have been 9.0 percent and 4.4 percent, respectively, primarily the result of higher volume in the North American Industrial operations.

Income from operations was \$178.3 million for the current third quarter and \$433.5 million for the current nine months, an increase of 36.7 percent and 13.5 percent, respectively. As a percent of sales, Income from operations increased to 12.8 percent from 10.4 percent for the quarter and increased to 11.2 percent from 10.4 percent for the nine months. Cost of sales as a percent of sales declined to 77.1 percent from 78.8 percent for the quarter and decreased to 78.0 percent from 78.4 percent for the nine months. The increased margins in the third quarter are primarily the result of higher volume experienced in the North American Industrial operations and a higher mix of aftermarket business in the Aerospace operations. The increased margins for the nine months reflect higher volume experienced in the North American Industrial operations, offset by weakness experienced in the International Industrial and Aerospace operations as well as the effect of business realignment charges recorded in fiscal 2000 (as discussed in more detail below). Selling, general and administrative expenses, as a percent of sales, decreased to 10.1 percent of sales from 10.9 percent for the quarter and to 10.8 percent from 11.2 percent for the nine months.

Interest expense decreased \$1.1 million for the quarter ended March 31, 2000 and \$5.9 million for the nine-month period ended March 31, 2000 due to lower average debt outstanding in both the current year quarter and nine months.

Interest and other (income) expense, net for the current nine months includes \$6.4 million in gains primarily from the sale of real property and \$8.4 million of asset impairment losses and other plant closure costs, while the prior year third quarter and nine-month period included \$1.7 million in interest income related to an IRS refund.

Net income increased 39.5 percent for the quarter, and 17.0 percent for the nine months, as compared to the prior year. As a percent of sales, Net income increased to 7.7 percent from 6.1 percent for the quarter and to 6.6 percent from 5.9 percent for the nine months.

Backlog was \$1.74 billion at March 31, 2000 compared to \$1.69 billion in the prior year and \$1.63 billion at June 30, 1999. The increase in the level of backlog reflects strong order-entry rates in the North American Industrial operations and an improvement in order rates in the International Industrial operations.

RESULTS BY BUSINESS SEGMENT

INDUSTRIAL - The Industrial Segment operations had the following changes in Net sales in the current year when compared to the equivalent prior-year period:

	Period ending March 31,	
	Three Months	Nine Months
Industrial North America	17.3 %	11.4 %
Industrial International	6.1 %	(1.1) %
Total Industrial	13.7 %	7.2 %

Without the effect of currency-rate changes, International sales would have increased 15.5 percent for the quarter and 7.4 percent for the nine months.

Without the effect of acquisitions completed within the past 12 months, the changes in Net sales would have been:

	Period ending March 31,	
	Three Months	Nine Months
Industrial North America	14.3 %	9.8 %
Industrial International	4.2 %	(2.3) %
Total Industrial	11.1 %	5.7 %

The increase in Industrial North American sales for the current quarter and nine months is attributed to higher volume across all businesses, particularly in the semiconductor manufacturing and telecommunications markets. The increase in International Industrial sales for the quarter reflects higher sales across all businesses in the Asia Pacific region as well as higher total volume in Europe and Latin America. For the nine-month period, sales were affected by the struggling economy in Europe and Latin America, offset by higher Asia Pacific sales.

Operating income for the Industrial segment increased 36.0 percent for the quarter and 18.0 percent for the nine months. Industrial North American operating income increased 33.5 percent for the quarter and 25.7 percent for the nine months. Industrial North American operating income, as a percent of sales, increased to 14.9 percent from 13.1 percent for the quarter and to 14.1 percent from 12.5 percent for the nine months as margins benefited from the higher sales volume.

Industrial International operating income increased 46.8 percent for the quarter and decreased 8.7 percent for the nine months. Included in the International Industrial operating income for the current year nine-month period was \$9.0 million in business realignment charges. These charges were made as a result of actions the Company took to appropriately structure the European operations to operate in their current environment. Without the business realignment charges, International Industrial operating income increased 4.5 percent for the current year first nine months compared to the prior year nine months. Industrial International operating income, as a percent of sales, increased to 8.8 percent from 6.3 percent for the quarter and to 7.6 percent from 7.2 percent for the nine months, excluding the business realignment charges. The increased margins reflect better capacity utilization as market demand improved.

Total Industrial Segment backlog increased 13.5 percent compared to March 31, 1999 and 20.7 percent since June 30, 1999 driven primarily from an increase in order rates in the North American Industrial operations and an improvement experienced in the third quarter in order rates in the International Industrial operations. Strong-order entry indicates a continuation of this trend through the rest of the fiscal year.

AEROSPACE - Aerospace Net sales increased 1.7 percent for the quarter and declined slightly for the nine months. Operating income for the Aerospace Segment increased 13.4 percent for the quarter and decreased 6.2 percent for the nine-month period. Included in the Aerospace operating income for current year nine-month period was \$4.4 million in business realignment charges. These charges were a result of the actions the Company took to resize the business in response to a decline in OEM orders. Operating income, as a percent of sales, increased to 17.0 percent from 15.3 percent for the quarter and decreased to 14.9 percent from 15.3 percent for the nine-month period, excluding the business realignment charges. The increase in margins for the current year fiscal quarter is due to lower contract costs and a higher mix of aftermarket business. The decrease in margins for the nine-month period is due to lower volume, the mix of original-equipment programs, as well as lower capacity utilization.

Backlog for the Aerospace Segment decreased 3.0 percent compared to March 31, 1999 and declined slightly since June 30, 1999. The decline in backlog reflects the expected slowdown in OEM order rates which should continue through the rest of the fiscal year.

Corporate general and administrative expenses decreased to \$13.9 million from \$14.6 million for the quarter and decreased slightly for the nine months. The lower expense in the quarter is a result of reduced expenses associated with non-qualified benefit plans.

BALANCE SHEET

Working capital increased to \$1,081.4 million at March 31, 2000 from \$1,020.2 million at June 30, 1999 while the ratio of current assets to current liabilities remained at 2.4 to 1. The increase in working capital was primarily due to an increase in Cash and Accounts receivable, partially offset by an increase in Notes payable.

Accounts receivable were higher by \$61.5 million on March 31, 2000 compared to June 30, 1999. Days sales outstanding declined to 46 days at March 31, 2000 from 47 days at June 30, 1999. Inventories remained relatively flat since June 30, 1999 while months supply declined slightly.

Other assets increased \$79.8 million since June 30, 1999 primarily due to goodwill recognized as a result of acquisitions.

The debt to debt-equity ratio decreased to 28.0 percent at March 31, 2000 from 29.8 percent at June 30, 1999 .

Due to the strength of the dollar, foreign currency translation adjustments resulted in a decrease in net assets of \$25.8 million during the first nine months of fiscal 2000. The translation adjustments primarily affected Accounts receivable, Inventories and Plant and equipment.

STATEMENT OF CASH FLOWS

Net cash provided by operating activities was \$364.9 million for the nine months ended March 31, 2000, as compared to \$279.4 million for the same nine months of 1999. The increase in net cash provided was due to an increase in Net income of \$37.1 million as well as the result of activity within the working capital items - - Accounts receivable, Accounts payable, trade and Accrued payrolls and other compensation - which used cash of \$75.9 million in fiscal 2000 compared to using cash of \$117.4 million in fiscal 1999.

Net cash used in investing activities increased to \$287.2 million for fiscal 2000 compared to \$254.0 million for fiscal 1999 primarily due to an increase in the amount spent on acquisitions partially offset by an increase in the proceeds received from the sale of real property. Included in Other is an increase in cash used for equity investments in fiscal 2000.

Financing activities used cash of \$46.1 million for the nine months ended March 31, 2000 compared to using cash of \$15.4 million for the same period in 1999. The change resulted primarily from common stock activity using cash of \$4.4 million in fiscal 2000 compared to providing cash of \$64.6 million in the prior year, partially offset by net debt borrowings providing cash of \$14.0 million in fiscal 2000 compared to using cash of \$28.9 million in the prior year. The fluctuation between fiscal 2000 and fiscal 1999 cash flow from common stock activity is the result of the Company selling treasury shares to the ESOP trust in fiscal 1999.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

The Company enters into forward exchange contracts and cross-currency swap agreements to reduce its exposure to fluctuations in related foreign currencies. These contracts are with major financial institutions and the risk of loss is considered remote. The Company does not hold or issue derivative financial instruments for trading purposes. In addition, the Company's foreign locations, in the ordinary course of business, enter into financial guarantees through financial institutions which enable customers to be reimbursed in the event of nonperformance by the Company. The total value of open contracts and any risk to the Company as a result of these arrangements is not material to the Company's financial position, liquidity or results of operations.

YEAR 2000 CONSIDERATIONS

The Company took action to assure that its computerized products and systems and all external interfaces were Year 2000 compliant. These actions were part of a formal information technology initiative which the Company began several years ago. The Company has not experienced any business interruptions as a result of the Year 2000.

In addition, the Company contacted its key suppliers, customers, distributors and financial service providers regarding their Year 2000 status. Follow-up inquiries and audits indicated that substantially all key third parties would be year 2000 compliant on a timely basis. The Company is unaware of any key suppliers, customers, distributors or financial service providers who have experienced problems regarding their Year 2000 compliance.

While there have been no known adverse consequences of any unsuccessful modifications significantly affecting the financial position, liquidity, or results of operations of the Company, there can be no assurance that any unknown unsuccessful modifications would not have an adverse impact on the Company.

FORWARD-LOOKING STATEMENTS

This Report on Form 10-Q and other written reports and oral statements made from time to time by the Company may contain "forward-looking statements", all of which are subject to risks and uncertainties. All statements which address operating performance, events or developments that the Company expects or anticipates will occur in the future, including statements relating to growth, operating margin performance or earnings per share or statements expressing general opinions about future operating results, are forward-looking statements.

These forward-looking statements rely on a number of assumptions concerning future events, and are subject to a number of uncertainties and other factors, many of which are outside the Company's control, that could cause actual results to differ materially from such statements. Such factors include:

- - continuity of business relationships with and purchases by major customers, including among others, orders and delivery schedules for aircraft components,
- - ability of suppliers to provide materials as needed,
- - uncertainties surrounding timing, successful completion or integration of acquisitions,
- - competitive pressure on sales and pricing,
- - increases in material and other production costs which cannot be recovered in product pricing,
- - uncertainties surrounding the year 2000 issues,
- - difficulties in introducing new products and entering new markets, and
- - uncertainties surrounding the global economy and global market conditions, including among others, the potential devaluation of currencies.

Any forward-looking statements are based on known events and circumstances at the time. The Company undertakes no obligation to update or publicly revise these forward-looking statements to reflect events or circumstances that arise after the date of this Report.

PARKER-HANNIFIN CORPORATION

PART II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K.

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

- Exhibit 2 - Agreement and Plan of Merger, dated as of January 14, 2000, between Parker-Hannifin Corporation and Commercial Intertech Corp. (previously filed as Exhibit 2.1 to the Registrant's Report on Form 8-K filed with the Securities and Exchange Commission on January 19, 2000).
- Exhibit 10(a) - Exchange Agreement entered into as of February 22, 2000 between the Registrant and Daniel T. Garey including the Executive Estate Protection Agreement among the Registrant, Daniel T. Garey, and the Daniel T. Garey and Diane-Worthington Garey Irrevocable Trust dated December 22, 1999 (the "Trust") and the Collateral Assignment between the Trust and the Registrant.

Exhibit 27 - Financial Data Schedule

(b) During the quarter ended March 31, 2000, the Registrant filed the following reports on Form 8-K:

1. On January 19, 2000 to file the press release issued jointly by the Registrant and Commercial Intertech Corp. announcing that the Registrant entered into an Agreement and Plan of Merger with Commercial Intertech Corp. whereby Commercial Intertech Corp. will be merged with and into the Registrant, with the Registrant as the surviving corporation and to file the Agreement and Plan of Merger.

2. On February 7, 2000 to file the press release issued jointly by the Registrant and Dana Corporation announcing the Registrant's purchase of substantially all of the assets of the Gresen Hydraulics Division from Dana Corporation.

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/ Michael J. Hiemstra
Michael J. Hiemstra
Vice President - Finance and Administration
and Chief Financial Officer

Date: May 11, 2000

EXHIBIT INDEX

Exhibit No. -----	Description of Exhibit -----
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27	Financial Data Schedule

EXHIBIT 10(a)

EXCHANGE AGREEMENT

THIS AGREEMENT (this "Agreement") is entered into as of February 22, 2000 between Parker-Hannifin Corporation (the "Employer") and Daniel T. Garey (the "Participant").

RECITALS

- A. The Employer has offered the Participant certain benefits under an Executive Estate Protection Plan in exchange for a portion of the Participant's future compensation.
- B. The Participant desires to surrender a portion of his future compensation in order to participate in the Executive Estate Protection Plan.

AGREEMENT

NOW THEREFORE, it is mutually agreed that:

1. REDUCTION IN FUTURE COMPENSATION.

- a. SURRENDER. In consideration of the Employer's agreement to be bound by the terms of the Executive Estate Protection Plan Document (defined below), the Participant agrees to the irrevocable surrender of future incentive pay as described in Exhibit A attached hereto and incorporated herein by reference (the "Surrendered Compensation") beginning on March 1, 2000 and ending on January 31, 2005 (the "Surrender Term"). The Participant acknowledges that he shall have no further rights or claims of any sort whatsoever to the Surrendered Compensation.
- b. SHORTFALL. In the event the Participant's incentive pay on any Surrender Date (as defined in Exhibit A), net of any amount which cannot be deferred under the Employer's Executive Deferral Plan, is less than the Surrendered Compensation scheduled for such Surrender Date, the Corporation shall be entitled to reduce any cash compensation (including base pay and incentive compensation) or non-qualified plan benefits payable to the Participant or his representatives, heirs or beneficiaries (including without limitation benefits payable under the Employer's Supplemental Executive Retirement Program, Savings Restoration Plan or Executive Deferral Plan) by an amount equal to any such shortfall plus interest on such shortfall between the scheduled Surrender Date and the actual date of surrender in the amount of 4.52% per annum.
- c. TERMINATION OF EMPLOYMENT. In the event the employment of the Participant is terminated prior to the end of the Surrender Term for any reason other than Termination for Cause or the death of the Participant (but only if the Participant is the Decedent), the Corporation shall be entitled to reduce any cash compensation or other non-qualified benefits payable to the Participant, or his representatives, heirs or beneficiaries (including without limitation benefits payable under the Employer's Supplemental Executive Retirement Program, Savings Restoration Plan or Executive Deferral Plan) by an amount equal to the sum of the Surrendered Compensation remaining in the Surrender Term (the "Mandatory Benefit Reduction"); provided,

however, to the extent any Mandatory Benefit Reduction is imposed by the Employer on any payment earlier than the corresponding Surrendered Compensation would have been surrendered by the Participant, the amount of the Mandatory Benefit Reduction shall be reduced to the present value of such Surrendered Compensation calculated by using a 4.52% discount rate.

2. EXECUTIVE ESTATE PROTECTION. The Employer has provided the Participant with an Executive Estate Protection Plan, comprised of that certain Executive Estate Protection Plan Agreement attached hereto on Exhibit B by and between the Employer, the Participant and the Daniel T. Garey and Diane-Worthington Garey Irrevocable Trust dated December 22, 1999, and the "as sold" illustration of an Executive Estate Protection Plan Insurance Policy as issued by John Hancock Life Insurance Company, dated February 21, 2000 (together, the "Executive Estate Protection Plan Document"). By his signature below, the Participant acknowledges that he has received a copy of the Executive Estate Protection Plan Document. The parties to this Agreement agree to and shall be bound by, and have the benefit of, each and every provision of the Executive Estate Protection Plan Document as set forth in the Executive Estate Protection Plan Agreement. This Agreement and the Executive Estate Protection Plan Document, collectively, shall be considered one complete contract between the parties.
3. EFFECT ON EXECUTIVE DEFERRAL PLAN. The Participant hereby agrees that the amount of any Surrendered Compensation hereunder shall reduce the maximum amount which the Participant is entitled to elect to defer under the Employer's Executive Deferral Plan.
4. EFFECT ON BONUS AND OTHER BENEFITS. The Employer hereby agrees that the amount of any Surrendered Compensation hereunder shall be included in Participant's incentive pay for the purpose of determining the Participant's benefits under the Employer's Supplemental Executive Retirement Program. The Participant hereby agrees that the amount of any Surrendered Compensation hereunder shall not be included in incentive pay for the purpose of determining allowable deferrals under the Employer's Retirement Savings Plan, Savings Restoration Plan and Executive Deferral Plan nor for the purpose of determining benefits payable under the Employer's Retirement Plan.
5. CHANGE IN CONTROL. Employer intends to seek the approval of its Board of Directors to fund all payments required by the Employer under the Executive Estate Protection Plan in an irrevocable grantor trust in the event of a Change in Control of the Employer (as such term is defined in the Change in Control Severance Agreement between the Employer and the Participant dated August 16, 1996).
6. ACKNOWLEDGMENT. The Participant hereby acknowledges that he has read and understands this Agreement and the Executive Estate Protection Plan Document.
7. SUCCESSORS AND ASSIGNS. This Agreement shall inure to the benefit of, and be binding upon, the Employer and its successors and assigns, and the Participant and his assignees, devisees and heirs.
8. GOVERNING LAW. This Agreement shall be governed by and construed under the laws of the State of Ohio, as in effect at the time of the execution of this Agreement.

9. DEFINED TERMS. Initially capitalized terms used but not defined herein shall have the meaning ascribed to them in the Executive Estate Protection Plan Document.

IN WITNESS WHEREOF, the Participant has signed and the Employer has accepted this Agreement as of the date first written above.

/s/Daniel T. Garey
Daniel T. Garey

PARKER-HANNIFIN CORPORATION

By: /s/Duane E. Collins
Duane E. Collins
Chairman and Chief Executive Officer

EXHIBIT A

Surrender Dates	Executive Compensation	RONA
Each of March 2000-01-02-03-04	\$5,495	
Each of April 2000-01-02-03-04		\$5,345
Each of June 2000-01-02-03-04	\$5,495	
Each of August 2000-01-02-03-04	\$5,495	\$12,480
Each of October 2000-01-02-03-04		\$5,345
Each of January 2001-02-03-04-05		\$5,345
Sub-Totals:	\$16,485	\$28,515

TOTAL SURRENDERED COMPENSATION/YR. = \$45,000

EXECUTIVE ESTATE PROTECTION AGREEMENT

This Executive Estate Protection Agreement ("Agreement") is made as of February 22, 2000, among Parker-Hannifin Corporation, an Ohio corporation, (the "Corporation"), Daniel T. Garey (the "Participant") and the Daniel T. Garey and Diane-Worthington Garey Irrevocable Trust dated December 22, 1999 (the "Owner").

RECITALS

- A. The Participant desires to insure his life and his wife's life for the benefit and protection of the Participant's family or other beneficiary under the Policy (as defined below);
- B. The Corporation desires to help the Participant provide life insurance for the benefit and protection of his family or beneficiary by providing funds from time to time to pay the premiums due on the Policy in accordance with this Agreement; and
- C. The Owner desires to assign certain rights and interests in the Policy to the Corporation, to the extent provided herein, as security for repayment of certain funds provided by the Corporation for the acquisition and/or maintenance of the Policy.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing, and the mutual agreements and covenants set forth below, the parties to this Agreement agree as follows:

- 1. DEFINITIONS. For purposes of this Agreement, unless otherwise clearly apparent from the context, the following phrases or terms shall have the following indicated meanings:
 - (a) "Aggregate Premiums Paid" shall mean, at any time, an amount equal to the cumulative premiums paid by the Corporation on the Policy.
 - (b) "Cash Surrender Value" shall mean an amount that equals, at any specified time, the cash surrender value as determined under the terms of the Policy.
 - (c) "Code" shall mean the Internal Revenue Code of 1986, as amended.
 - (d) "Collateral Assignment" shall mean an assignment made by the Owner in favor of the Corporation in a form attached to this Agreement as Exhibit 1.
 - (e) "Collateral Interest" shall mean the Corporation's interest in the Policy, which shall equal, at any time, the lesser of Aggregate Premiums Paid or Cash Surrender Value, and which shall be repaid to the Corporation in accordance with Section 6 below.
 - (f) "Corporation's Death Benefit" shall mean the portion of the Policy's death benefit equal to Aggregate Premiums Paid plus an amount equal to the cumulative premiums paid by the Owner on the policy pursuant to Section 3(b) hereof.

- (g) "Decedent" shall mean the second to die of the Participant and his wife.
- (h) "Designated Beneficiary" shall mean the beneficiary designated under the Policy.
- (i) "Economic Income" shall mean an amount equal to the value of the "economic benefit" derived by the Participant from the Policy's life insurance protection, as determined for Federal income tax purposes under the Code. Economic Income shall include any increase in economic benefit attributable to the death of the first to die under the Policy.
- (j) "Insurer(s)" shall mean John Hancock Life Insurance Company.
- (k) "Investment Elections" shall mean any elections which the Owner has under the Policy to invest the Cash Surrender Value.
- (l) "Owner" shall mean the Daniel T. Garey and Diane-Worthington Garey Irrevocable Trust dated December 22, 1999.
- (m) "Owner's Death Benefit" shall mean the portion of the Policy's death benefit, if any, that exceeds the Corporation's Death Benefit. The ultimate amount of death benefit payable under the Policy is dependent upon the financial performance of the Policy.
- (n) "Participant" shall mean Daniel T. Garey.
- (o) "Policy" shall mean the following joint life policy on the life of the Participant and his wife that is issued by the Insurer:

INSURER	POLICY NUMBER	TYPE OF POLICY
John Hancock Life Insurance Company		Estate Protection Life Insurance

- (p) "Split Dollar Maturity Date" shall mean the date on which the first of any of the following events occurs:
- (i) the fifteenth (15th) anniversary of the issuance of the Policy;
 - (ii) the death of the Decedent; or
 - (iii) Termination for Cause.
- (q) "Termination for Cause" shall mean termination of the Participant's employment by the Corporation as a result of activity by the Participant detrimental to the interest of the Corporation, including without limitation:
- (i) the rendering of services for an organization, or engaging in a business, that is in competition with the Corporation;

- (ii) the disclosure to anyone outside of the Corporation, or the use for any purpose other than the Corporation's business, of confidential information or material related to the Corporation;
- (iii) fraud, embezzlement, theft-in-office or other illegal activity; or
- (iv) violation of the Corporation's Code of Ethics.

2. ACQUISITION OF POLICY; OWNERSHIP OF INSURANCE. The parties to this Agreement shall cooperate in applying for and obtaining the Policy. The Policy shall be issued to the Owner as the sole and exclusive owner of the Policy, subject to the rights and interests granted to the Corporation as provided in this Agreement and the Collateral Assignment. Concurrent with the signing of this Agreement, the Owner will collaterally assign the Policy to the Corporation, in the form of the Collateral Assignment, as security for the payment of the Collateral Interest, which assignment shall not be altered or changed without the mutual consent of the Corporation and the Owner.

3. PREMIUM PAYMENTS ON POLICY.

- (a) PAYMENTS AND REIMBURSEMENTS. Prior to the occurrence of the Split Dollar Maturity Date, the Corporation shall pay to the Insurer, on or before each applicable premium due date, all applicable premiums for the Policy, less the amount payable by the Owner as described in subsection (b) below. The Corporation shall promptly notify Owner in writing of the amount and date of such premium payments. In the event that the Corporation fails to make any such payment, the Owner or the Participant may make (but is not required to make) any such payment, and the Corporation shall immediately reimburse the Owner or the Participant, as the case may be, for any amount so paid.
- (b) PREMIUM PAYMENT BY OWNER. Prior to the occurrence of the Split Dollar Maturity Date, Owner shall pay to the Insurer, on or before each applicable premium due date, a premium payment equal to the Economic Income for such calendar year, as mutually determined by the Corporation and the Participant.
- (c) PREMIUM REIMBURSEMENT. At least sixty (60) days prior to each applicable premium due date, the Corporation shall make a payment to the Participant equal to the premium payable by the Owner pursuant to subsection (b) above.
- (d) TAX REIMBURSEMENT. On or before March 15 following each calendar year until the Split Dollar Maturity Date, the Corporation shall reimburse the Participant for the Participant's state, local and federal income tax liability attributable to (i) the Participant's Economic Income for such calendar year, if any; (ii) the payment by the Corporation to the Participant pursuant to subsection (c) above; and (iii) payments made pursuant to this subsection (d). The tax rates used by the Corporation in calculating the reimbursement under this Section 3(d) shall be the

appropriate federal, state and local income tax rates in effect for the Participant at the time of payment, as determined by the Corporation.

4. CORPORATION'S RIGHTS. The Corporation's rights and interests in and to the Policy shall be specifically limited to (i) the right to be paid its Collateral Interest and the Corporation's Death Benefit, if any, in accordance with Section 6 below, and (ii) the rights specified in the Collateral Assignment.
5. OWNER'S RIGHTS. Subject to the terms of this Agreement and the Collateral Assignment, the Owner of the Policy shall be entitled to exercise all rights in the Policy; provided, however, that while the Collateral Assignment is in effect, the following rights may be exercised only with the consent of the Corporation, which consent may be withheld at the sole discretion of the Corporation:
- (a) To borrow against or pledge the Policy;
 - (b) To surrender or cancel the Policy;
 - (c) To take a distribution or withdrawal from the Policy; or
 - (d) To make Investment Elections.

In particular, subject to the terms and conditions of the Policy, and the provisions of Section 6 below, the Owner may assign its rights under this Agreement and the Collateral Agreement, including but not limited to an assignment to an insurance trust of which the Participant is a settlor. In the event of an assignment of its rights, the Owner shall promptly notify the Corporation of the name and address of the new Owner or assignee, including the name and address of any trustee.

6. COLLATERAL INTEREST. On the Split Dollar Maturity Date, the Collateral Interest (or, if applicable under Section 6(a) below, the Corporation's Death Benefit) shall be paid or repaid to the Corporation in the following manner:
- (a) Notwithstanding any provision of this Agreement or the Policy that may be construed to the contrary, if the Split Dollar Maturity Date occurs due to the death of the Decedent, (i) the Corporation shall be entitled to that portion of the Policy's death proceeds that equals the Corporation's Death Benefit, if any, and (ii) the Owner or the Designated Beneficiary, as the case may be, shall be entitled to the Owner's Death Benefit; provided, however, if the Split Dollar Maturity Date occurs due to the suicide of the Decedent, and the proceeds from the Policy are limited by either a suicide or contestability provision under the Policy, the Corporation shall be entitled to that portion of the higher of the Policy's Cash Surrender Value or death proceeds that does not exceed the Aggregate Premiums Paid. In either event, promptly following the Decedent's death, the Corporation and the Owner or the Designated Beneficiary shall take all steps necessary to collect the death proceeds of the Policy by submitting the proper claims forms to the Insurer. The Corporation shall notify the Insurer of the amount of the Owner's Death Benefit (except when the Policy's proceeds are limited because of the Decedent's death by suicide) and the Corporation's Death Benefit. Such amounts shall be paid, respectively, by the Insurer to the Owner or to the Designated Beneficiary, as the case may be, and the Corporation.

- (b) If the Split Dollar Maturity Date is other than the date of the Decedent's death, the Corporation's Collateral Interest in the Policy shall be paid to the Corporation in one of the following ways, as elected by the Owner in writing within thirty (30) days after the date the Corporation first notifies the Participant and Owner in writing of the occurrence of the Split Dollar Maturity Date:
- (i) By the Owner authorizing the Insurer to make a loan against the Policy in an amount equal to the Corporation's Collateral Interest and to pay the proceeds to the Corporation, in which case the Owner shall be considered the borrower for all purposes under the loan;
 - (ii) By the Owner authorizing the Insurer to withdraw from the Cash Surrender Value of the Policy an amount equal to the Corporation's Collateral Interest and to pay the proceeds to the Corporation; or
 - (iii) By the Owner paying to the Corporation, from the Owner's separate funds, an amount equal to the Corporation's Collateral Interest.
- (c) If the Owner fails to timely exercise any of the options under Section 6(b) above, the Corporation shall be entitled to instruct the Insurer to pay to the Corporation from the Cash Surrender Value of the Policy an amount equal to the Corporation's Collateral Interest.
- (d) The Corporation agrees to keep records of its premium payments and to furnish the Owner and the Insurer with a statement of its Collateral Interest whenever either party requires such statement.
- (e) Upon and after the Corporation's Collateral Interest in the Policy has been repaid pursuant to Section 6(b) above, the Corporation shall execute and file with the Insurer an appropriate release of the Corporation's interest in the Policy and shall have no further interest in the Policy. Further, the Participant and/or Owner hereby acknowledge, understand and agree that, upon the release of the Corporation's Collateral Interest, the Corporation shall continue not to have any responsibility for the future performance of the Policy and shall have no obligation to make any additional premium payments.
- (f) Upon payment to the Corporation of its Collateral Interest or the Corporation's Death Benefit in accordance with this Section 6, this Agreement shall terminate and no party shall have any further rights or obligations under the Agreement with respect to any other party provided that the Corporation has complied with all provisions of this Agreement.

7. INSURER.

- (a) The Insurer is not a party to this Agreement, shall in no way be bound by or charged with notice of its terms, and is expressly authorized to act only in accordance with the terms of the Policy. The Insurer shall be fully discharged from any and all liability under the Policy upon payment or other performance of its obligations in accordance with the terms of the Policy.
- (b) The signature(s) required for the Insurer to recognize the exercise of a right under the Policy shall be specified in the Collateral Assignment.

8. CLAIMS PROCEDURE.

The following claims procedure shall be followed in handling any benefit claim under this Agreement:

- (a) The Owner, Participant, or the Designated Beneficiary, as the case may be, (the "Claimant"), shall file a claim for benefits by notifying the Corporation in writing. If the claim is wholly or partially denied, the Corporation shall provide a written notice within ninety (90) days (unless special circumstances require an extension of time for processing the claim, in which case an extension not to exceed ninety (90) days shall be allowed) specifying the reasons for the denial, the provisions of this Agreement on which the denial is based, and additional material or information, if any, that is necessary for the Claimant to receive benefits. Such written notice shall also indicate the steps to be taken by the Claimant if a review of the denial is desired.
- (b) If a claim is denied, and a review is desired, the Claimant shall notify the Corporation in writing within sixty (60) days after receipt of written notice of a denial of a claim. In requesting a review, the Claimant may submit any written issues and comments the Claimant feels are appropriate. The Corporation shall then review the claim and provide a written decision within sixty (60) days of receipt of a request for a review (unless special circumstances require an extension of time for processing the claim, in which case an extension not to exceed ninety (60) days shall be allowed). This decision shall state the specific reasons for the decision and shall include references to specific provisions of this Agreement, if any, upon which the decision is based.
- (c) If no event shall the Corporation's liability under this Agreement exceed the amount of proceeds from the Policy.

9. AMENDMENT OF AGREEMENT. This Agreement shall not be modified or amended except by a writing signed by all the parties hereto.

10. BINDING AGREEMENT. This Agreement shall be binding upon the heirs, administrators, executors, successors and assigns of each party to this Agreement.

11. STATE LAW. This Agreement shall be subject to and construed under the internal laws of the State of Ohio, without regard to its conflicts of laws principles.

12. VALIDITY. In case any provision of this Agreement shall be illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts of this Agreement, but this Agreement shall be construed and enforced as if such illegal or invalid provision had never been inserted in this Agreement.
13. NOT A CONTRACT OF EMPLOYMENT. The terms and conditions of this Agreement shall not be deemed to constitute a contract of employment between the Corporation and the Participant. Nothing in this Agreement shall be deemed to give the Participant the right to be retained in the service of the Corporation or to interfere with the right of the Corporation to discipline or discharge the Participant at any time.
14. NOTICE. Any notice or filing required or permitted to be given under this Agreement to the Owner, Participant or the Corporation shall be sufficient if in writing and hand-delivered, or sent by registered or certified mail, to the address below:

To the Owner : Daniel T. Garey and Diane-Worthington Garey
 Irrevocable Trust dated December 22, 1999
 c/o William Kobyljanec, Trustee
 enTrust Incorporated
 24400 Highpoint Road, Suite 2
 Beachwood, OH 44122-6027

To the Participant: Daniel T. Garey
 5260 Parkside Trail
 Solon, OH 44139

To the Corporation: Parker-Hannifin Corporation
 6035 Parkland Boulevard
 Cleveland, OH 44124
 Attn: General Counsel

or to such other address as may be furnished to the Owner, Participant or the Corporation in writing in accordance with this notice provision. Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification. Any notice or filing required or permitted to be given to the Owner and/or the Participant or the Designated Beneficiary under this Agreement shall be sufficient if in writing and hand-delivered, or sent by mail, to the last known address of the Owner and/or the Participant, as the case may be.

15. CREDITWORTHINESS OF INSURER; TAX CONSEQUENCES. The Participant and Owner assume all risk of the creditworthiness of the Insurer and acknowledge that the Corporation makes no representation or guarantee of the creditworthiness of any Insurer. The Participant and Owner acknowledge responsibility for all federal, state and local income, estate or gift tax consequences imposed on the Participant and Owner as a result of this Agreement and further acknowledge that the Corporation has not made any representations or guarantees of present or future tax consequences.

16. ENTIRE AGREEMENT. This Agreement constitutes the entire agreement between the parties hereto with regard to the subject matter of this Agreement and supersedes all previous negotiations, agreements and commitments in respect thereto. No oral explanation or oral information by the parties to this Agreement shall alter the meaning or interpretation of this Agreement.

IN WITNESS WHEREOF, the parties hereto have signed this Agreement as of the date first written above.

PARKER-HANNIFIN CORPORATION

By: /s/Duane E. Collins
Duane E. Collins
Chairman and Chief Executive Officer

/s/Daniel T. Garey
Daniel T. Garey

DANIEL T. GAREY AND
DIANE-WORTHINGTON GAREY
IRREVOCABLE TRUST DATED
DECEMBER 22, 1999

By: /s/William Kobylyanec
William Kobylyanec, Trustee

EXHIBIT 1

COLLATERAL ASSIGNMENT

This Collateral Assignment (this "Assignment") is made and entered into as of February 22, 2000, by and between the Daniel T. Garey and Diane-Worthington Garey Irrevocable Trust dated December 22, 1999 (the "Owner"), as the owner of a life insurance policy, No. 20046108 (the "Policy"), issued by John Hancock Life Insurance Company (the "Insurer"), on the lives of Daniel T. Garey (the "Participant") and Diane-Worthington Garey, Participant's wife (the "Wife"), and Parker-Hannifin Corporation, an Ohio corporation (the "Corporation").

RECITALS

- A. The Corporation desires to help the Owner provide life insurance for the benefit and protection of the Participant's family or beneficiary by providing funds from time to time to pay the premiums due on the Policy as more specifically provided in the Executive Estate Protection Agreement entered into between the Participant, the Owner and the Corporation as of the date hereof (the "Agreement"); and
- B. In consideration of the Corporation agreeing to provide such funds in accordance with the terms and conditions of the Agreement, the Owner agrees to grant to the Corporation, as a security interest in the Policy, a collateral security interest for the payment of the Corporation's Collateral Interest (as defined in the Agreement).

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing, and the mutual agreements and covenants set forth below, the parties to this Assignment agree as follows:

- 1. ASSIGNMENT. The Owner hereby assigns, transfers and sets over to the Corporation, and its successors and assigns, those certain rights and interests described in the Agreement that are to be assigned to the Corporation in accordance with the Agreement. Furthermore, this Assignment is made, and the Policy is to be held as collateral security for, any and all liabilities of the Owner to the Corporation, either now existing, or that may hereafter arise, pursuant to the terms of the Agreement.
- 2. SIGNATURES.
 - (a) To facilitate the operation of this Assignment, the parties agree that the Insurer is hereby notified that the following rights under the Policy may be exercised while the Assignment is in effect without the signature or consent of any other party:
 - (i) The Owner may sign a request to change the beneficiary under the Policy without the signature or consent of the Corporation.

(ii) The Corporation may sign an instruction to the Insurer to pay an amount equal to the Corporation's Collateral Interest from the Policy's Cash Surrender Value to the Corporation without the Participant's or the Owner's signature or consent; provided that the Corporation simultaneously delivers to the Insurer a notarized statement that the Corporation is exercising its rights in accordance with Section 6(c) of the Agreement.

(b) The exercise of any other right under the Policy not specifically set forth above shall be exercised with the signature of both the Corporation and the Owner.

3. POLICY PROCEEDS. Any amount payable from the Policy during the Participant's or the Wife's lives or at the Decedent's (as defined in the Agreement) death shall first be paid to the Corporation to the extent of its Collateral Interest or the Corporation's Death Benefit (as defined in the Agreement), respectively. Any balance will be paid to the Owner during the Participant's or the Wife's lifetime or to the Designated Beneficiary (as defined in the Agreement) upon or after the Decedent's death. A settlement option may be elected by the recipient of the proceeds. For purposes of this Section, the amount of the Collateral Interest or Corporation's Death Benefit shall be determined for purposes of the Insurer by a written statement delivered to the Insurer and signed by the Corporation.
4. ENDORSEMENT. The Corporation shall hold the Policy while this Assignment is operative and, upon request, forward the Policy to the Insurer, without unreasonable delay, for endorsement of any designation or change of beneficiary, any election of optional mode of settlement, or the exercise of any other right reserved by the Owner in this Assignment.
5. INSURER. The Insurer is hereby authorized to recognize the Corporation's claims to rights hereunder without investigating the reason for any action taken by the Corporation, the validity or amount of any of the liabilities of the Owner to the Corporation under the Agreement, the existence of any default therein, the giving of any notice required herein, or the application to be made by the Corporation of any amounts to be paid to the Corporation. The Insurer shall not be responsible for the sufficiency or validity of this Assignment and is not a party to the Agreement (or any other similar executive life insurance agreement) between the Corporation and the Owner or the Participant.
6. RELEASE OF ASSIGNMENT. Upon the full payment of the Corporation's Collateral Interest in accordance with the terms and conditions of this Assignment and the Agreement, the Corporation shall release to the Owner, if the Owner retains the Policy in accordance with the Agreement, the Policy and all specific rights included in this Assignment.
7. AMENDMENT OF ASSIGNMENT. This Assignment shall not be modified, amended or terminated, except by a writing signed by all the parties hereto.
8. NO RESTRICTION ON ASSIGNMENT . This Assignment does not limit the rights of the Owner to assign the rights it has retained under the Policy which rights may be assigned in accordance with Section 5 of the Agreement.

- 9. BINDING AGREEMENT. This Assignment shall be binding upon the heirs, administrators, executors and permitted successors and assigns of each party to this Assignment.
- 10. STATE LAW. This Assignment shall be subject to and be construed under the internal laws of the State of Ohio, without regard to its conflicts of law principles.
- 11. VALIDITY. In case any provision of this Assignment shall be illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts of this Assignment, but this Assignment shall be construed and enforced as if such illegal or invalid provision had never been inserted in this Assignment.

IN WITNESS WHEREOF, the Owner and the Corporation have signed this Assignment as of the date first written above.

DANIEL T. GAREY AND
DIANE-WORTHINGTON GAREY
IRREVOCABLE TRUST DATED
DECEMBER 22, 1999

PARKER-HANNIFIN CORPORATION

By: /s/William Kobylyanec
William Kobylyanec, Trustee

By: /s/Duane E. Collins
Duane E. Collins
Chairman and Chief Executive
Officer

Filed with the Insurer:
- - - - -

/s/ M. A. Bessette
Insurer

Date: 3/3/2000

The John Hancock Variable Life Insurance Company
without assuming any responsibility for the validity
or the sufficiency of this instrument, has on this
date, filed a duplicate thereof at it's Home Office.

Date 3/3/2000
JOHN HANCOCK VARIABLE LIFE INSURANCE COMPANY

By /s/ Bruce Skrine Secretary

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM PARKER-HANNIFIN CORPORATION'S REPORT ON FORM 10-Q FOR ITS QUARTERLY PERIOD ENDED MARCH 31, 2000 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000

	9-MOS
JUN-30-2000	
MAR-31-2000	60,715
	0
	743,103
	10,431
	909,835
1,854,545	2,609,943
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	3,902,321
773,134	
	727,249
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	56,134
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	3,875,159
3,875,159	3,022,052
	3,022,052
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	1,750
43,142	
	389,710
	134,450
255,260	0
	0
	0
	255,260
	2.34
	2.32