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, 2016

OR

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

For the transition period from ______ to ______

Commission File number 1-4982

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

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

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

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

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

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

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

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

Number of Common Shares outstanding at September 30, 2016 133,398,476

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, 2016	Three Months Ended September 30, 2015
Net sales	$ 2,743,131	$ 2,869,348
Cost of sales	2,106,006	2,200,904
Gross profit	637,125	668,444
Selling, general and administrative expenses	322,969	370,214
Interest expense	34,148	35,760
Other (income), net	(12,237)	(13,179)
Income before income taxes	292,245	275,649
Income taxes	82,007	80,623
Net income	210,238	195,026
Less: Noncontrolling interest in subsidiaries' earnings	109	48
Net income attributable to common shareholders	$ 210,129	$ 194,978
Earnings per share attributable to common shareholders:		
Basic	$ 1.57	$ 1.42
Diluted	$ 1.55	$ 1.41
Cash dividends per common share	$ 0.63	$ 0.63

See accompanying notes to consolidated financial statements.

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

	Three Months Ended September 30,	
	2016	**2015**
Net income	$ 210,238	$ 195,026
Less: Noncontrolling interests in subsidiaries' earnings	109	48
Net income attributable to common shareholders	210,129	194,978
Other comprehensive income (loss), net of tax		
Foreign currency translation adjustment and other	8,180	(112,180)
Retirement benefits plan activity	34,162	28,896
Other comprehensive income (loss)	42,342	(83,284)
Less: Other comprehensive income (loss) for noncontrolling interests	49	(97)
Other comprehensive income (loss) attributable to common shareholders	42,293	(83,187)
Total comprehensive income attributable to common shareholders	$ 252,422	$ 111,791

See accompanying notes to consolidated financial statements.

PARKER-HANNIFIN CORPORATION

CONSOLIDATED BALANCE SHEET
(Dollars in thousands)

	(Unaudited) September 30, 2016	June 30, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,393,850	$ 1,221,653
Marketable securities and other investments	746,708	882,342
Trade accounts receivable, net	1,498,384	1,593,920
Non-trade and notes receivable	250,520	232,183
Inventories	1,247,972	1,173,329
Prepaid expenses	144,444	104,360
Total current assets	5,281,878	5,207,787
Plant and equipment	4,761,786	4,737,141
Less: Accumulated depreciation	3,198,853	3,169,041
	1,562,933	1,568,100
Deferred income taxes	495,708	605,155
Other assets	817,691	827,492
Intangible assets, net	901,939	922,571
Goodwill	2,910,765	2,903,037
Total assets	$ 11,970,914	$ 12,034,142
LIABILITIES		
Current liabilities:		
Notes payable and long-term debt payable within one year	$ 595,956	$ 361,787
Accounts payable, trade	1,017,905	1,034,589
Accrued payrolls and other compensation	281,465	382,945
Accrued domestic and foreign taxes	113,528	127,597
Other accrued liabilities	485,384	458,970
Total current liabilities	2,494,238	2,365,888
Long-term debt	2,653,008	2,652,457
Pensions and other postretirement benefits	1,806,366	2,076,143
Deferred income taxes	55,079	54,395
Other liabilities	311,634	306,581
Total liabilities	7,320,325	7,455,464
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	618,335	628,451
Retained earnings	10,427,245	10,302,866
Accumulated other comprehensive (loss)	(2,185,472)	(2,227,765)
Treasury shares, at cost; 47,647,652 shares at September 30 and 47,033,896 shares at June 30	(4,303,350)	(4,218,820)
Total shareholders’ equity	4,647,281	4,575,255
Noncontrolling interests	3,308	3,423
Total equity	4,650,589	4,578,678
Total liabilities and equity	$ 11,970,914	$ 12,034,142

See accompanying notes to consolidated financial statements.

PARKER-HANNIFIN CORPORATION

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

	Three Months Ended September 30, 2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 210,238	$ 195,026
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation	46,997	48,534
Amortization	28,336	29,688
Share incentive plan compensation	35,818	35,381
Deferred income taxes	90,696	2,970
Foreign currency transaction loss (gain)	5,004	(5,254)
Gain on sale of plant and equipment	(681)	(1,071)
Gain on sale of marketable securities	(167)	(54)
Changes in assets and liabilities, net of effect of acquisitions:		
Accounts receivable, net	145,657	66,355
Inventories	(64,752)	(25,696)
Prepaid expenses	(40,108)	44,517
Other assets	3,918	18,301
Accounts payable, trade	(21,215)	(75,822)
Accrued payrolls and other compensation	(102,994)	(113,071)
Accrued domestic and foreign taxes	(15,128)	(5,784)
Other accrued liabilities	5,079	(1,275)
Pensions and other postretirement benefits	(216,243)	(167,457)
Other liabilities	3,477	(25,349)
Net cash provided by operating activities	113,932	19,939
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions (net of cash of $1,760 in 2016 and $3,814 in 2015)	(29,927)	(67,552)
Capital expenditures	(32,526)	(38,681)
Proceeds from sale of plant and equipment	4,498	3,847
Purchases of marketable securities and other investments	(189,654)	(430,533)
Maturities of marketable securities and other investments	291,372	371,766
Other	1,450	(40,273)
Net cash provided by (used in) investing activities	45,213	(201,426)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from exercise of stock options	788	56
Payments for common shares	(132,526)	(319,491)
Proceeds from notes payable, net	233,070	406,799
Proceeds from long-term borrowings	—	395
Payments for long-term borrowings	(1,122)	(2,407)
Dividends	(84,749)	(85,987)
Net cash provided by (used in) financing activities	15,461	(635)
Effect of exchange rate changes on cash	(2,409)	(24,194)
Net increase (decrease) in cash and cash equivalents	172,197	(206,316)
Cash and cash equivalents at beginning of year	1,221,653	1,180,584
Cash and cash equivalents at end of period	$ 1,393,850	$ 974,268

See accompanying notes to consolidated financial statements.

PARKER-HANNIFIN CORPORATION

BUSINESS SEGMENT INFORMATION
(Dollars in thousands)
(Unaudited)

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

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

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

	Three Months Ended September 30,	
	2016	2015
Net sales		
Diversified Industrial:		
North America	$ 1,166,971	$ 1,286,330
International	1,014,923	1,038,447
Aerospace Systems	561,237	544,571
Total net sales	$ 2,743,131	$ 2,869,348
Segment operating income		
Diversified Industrial:		
North America	$ 200,611	$ 212,748
International	137,196	129,295
Aerospace Systems	73,281	74,003
Total segment operating income	411,088	416,046
Corporate general and administrative expenses	31,034	53,051
Income before interest expense and other expense	380,054	362,995
Interest expense	34,148	35,760
Other expense	53,661	51,586
Income before income taxes	$ 292,245	$ 275,649

1. Management representation

In the opinion of the management of the Company, the accompanying unaudited consolidated financial statements contain all adjustments (consisting of only normal recurring adjustments) necessary to present fairly the Company's financial position as of September 30, 2016, the results of operations for the three months ended September 30, 2016 and 2015 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 2016 Annual Report on Form 10-K. Interim period results are not necessarily indicative of the results to be expected for the full fiscal year.

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

2. New Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-15, "Classification of Certain Cash Receipts and Cash Payments." ASU 2016-15 provides specific guidance on several cash flow classification issues to reduce diversity in practice in how certain transactions are classified within the statement of cash flows. ASU 2016-15 is effective for fiscal years, and interim periods with those years, beginning after December 15, 2017. Early adoption is permitted. The Company has not yet determined the effect that ASU 2016-15 will have on its financial statements.

In June 2016, the FASB issued ASU 2016-13, "Measurement of Credit Losses on Financial Instruments." ASU 2016-13 requires a financial asset (or a group of financial assets) measured at amortized cost to be presented at the net amount expected to be collected. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial asset(s) to present the net carrying value at the amount expected to be collected on the financial asset. Credit losses relating to available-for-sale debt securities should be recorded through an allowance for credit losses. ASU 2016-13 is effective for fiscal years, and interim periods with those years, beginning after December 15, 2019. Early adoption is permitted. The Company has not yet determined the effect that ASU 2016-13 will have on its financial statements.

In March 2016, the FASB issued ASU 2016-09, "Improvements to Employee Share-Based Payment Accounting." Under ASU 2016-09, all excess tax benefits and deficiencies arising from employee share-based payment awards, and dividends on those awards, will be recognized in the income statement during the period in which they occur. ASU 2016-09 allows companies to make an accounting policy election to estimate forfeitures, as required today, or record them when they occur and allows companies to withhold an amount up to the maximum statutory tax rate without causing the award to be classified as a liability. Within the statement of cash flows, ASU 2016-09 requires excess tax benefits to be classified as an operating activity and cash payments to tax authorities in connection with shares withheld to be classified as a financing activity. The Company adopted ASU 2016-09 in the first quarter of fiscal 2017. During the first quarter of fiscal 2017, the Company applied the recognition of the excess tax benefits and deficiencies requirement on a prospective basis and recognized a discrete income tax benefit of $9,502, which was recorded as a reduction to income tax expense. Prior to the adoption of ASU 2016-09, this excess tax benefit was recorded as an increase to additional capital. The cash flow classification requirements of ASU 2016-09 were applied retrospectively. As a result, for the three months ended September 30, 2015 cash flows from operating activities was increased by $14,971 and cash flows from financing activities was decreased by $14,971. The Company elected to continue to estimate forfeitures expected to occur rather than electing to account for forfeitures as they occur. The other provisions of ASU 2016-09 related to accounting for income taxes and minimum statutory share withholding tax requirements had no impact on the Company's financial statements.

In February 2016, the FASB issued ASU 2016-02, "Leases." ASU 2016-02 requires lessees to put most leases on their balance sheet by recognizing a liability to make lease payments and an asset representing their right to use the asset during the lease term. Lessee recognition, measurement, and presentation of expenses and cash flows will not change significantly from existing guidance. Lessor accounting is also largely unchanged from existing guidance. ASU 2016-02 requires qualitative and quantitative disclosures that provide information about the amount, timing, and uncertainty of cash flows arising from leases. ASU 2016-02 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2018. Early adoption is permitted. The Company has not yet determined the effect that ASU 2016-02 will have on its financial statements.

2. New Accounting Pronouncements, cont'd

In January 2016, the FASB issued ASU 2016-01, "Recognition and Measurement of Financial Assets and Liabilities." ASU 2016-01 requires equity investments (excluding equity method investments and investments that are consolidated) to be measured at fair value with changes in fair value recognized in net income. Equity investments that do not have a readily determinable fair value may be measured at cost, adjusted for impairment and observable price changes. The ASU also simplifies the impairment assessment of equity investments, eliminates the disclosure of the assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at cost on the balance sheet and requires the exit price to be used when measuring fair value of financial instruments for disclosure purposes. Under ASU 2016-01, changes in fair value (resulting from instrument-specific credit risk) will be presented separately in other comprehensive income for liabilities measured using the fair value option and financial assets and liabilities will be presented separately by measurement category and type either on the balance sheet or in the financial statement disclosures. ASU 2016-01 is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. The Company has not yet determined the effect that ASU 2016-01 will have on its financial statements.

In April 2015, the FASB issued ASU 2015-03, "Interest - Imputation of Interest." ASU 2015-03 requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in the ASU. ASU 2015-03 is effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. During the first quarter of fiscal 2017, the Company retrospectively adopted ASU 2015-03 and has revised the following captions within the Consolidated Balance Sheet at June 30, 2016:

	As Previously Reported	Revised
Other assets	850,088	827,492
Notes payable and long-term debt payable within one year	361,840	361,787
Long-term debt	2,675,000	2,652,457

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers." ASU 2014-09 requires revenue recognition to depict the transfer of goods or services to customers in an amount that reflects the consideration that a company expects to be entitled to in exchange for the goods or services. To achieve this principle, a company must apply five steps including identifying the contract with a customer, identifying the performance obligations in the contract, determining the transaction price, allocating the transaction price to the performance obligations, and recognizing revenue when (or as) the company satisfies the performance obligations. Additional quantitative and qualitative disclosure to enhance the understanding about the nature, amount, timing, and uncertainty of revenue and cash flows is also required. ASU 2014-09 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2017. In April 2016, the FASB issued ASU 2016-10, "Identifying Performance Obligations and Licensing." ASU 2016-10 clarifies the following two aspects of ASU 2014-09: identifying performance obligations and licensing implementation guidance. The effective date of ASU 2016-10 is the same as the effective date of ASU 2014-09. The Company has not yet determined the effect that ASU 2014-09 and ASU 2016-10 will have on its financial statements.

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 months ended September 30, 2016 and 2015.

	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015
Numerator:		
Net income attributable to common shareholders	$ 210,129	$ 194,978
Denominator:		
Basic - weighted average common shares	133,679,378	136,844,504
Increase in weighted average common shares from dilutive effect of equity-based awards	2,146,280	1,730,404
Diluted - weighted average common shares, assuming exercise of equity-based awards	135,825,658	138,574,908
Basic earnings per share	$ 1.57	$ 1.42
Diluted earnings per share	$ 1.55	$ 1.41

For the three months ended September 30, 2016 and 2015, 2,328,216 and 2,350,730 common shares subject to equity-based awards, respectively, were excluded from the computation of diluted earnings per share because the effect of their exercise would be anti-dilutive.

4. Share repurchase program

The Company has a program to repurchase its common shares. On October 22, 2014, the Board of Directors of the Company approved an increase in the overall number of shares authorized for repurchase under the program so that, beginning on such date, the aggregate number of shares authorized for repurchase was 35 million. There is no limitation on the number of shares that can be repurchased in a fiscal year. Repurchases may be funded primarily from operating cash flows and commercial paper borrowings and the shares are initially held as treasury stock. During the three-month period ended September 30, 2016, the Company repurchased 949,744 shares at an average price, including commissions, of $120.76 per share.

5. Trade accounts receivable, net

Trade accounts receivable are initially recorded at their net collectible amount and are generally recorded at the time the revenue from the sales transaction is recorded. Receivables are written off to bad debt primarily when, in the judgment of the Company, the receivable is deemed to be uncollectible due to the insolvency of the debtor. Allowance for doubtful accounts was $6,793 and $8,010 at September 30, 2016 and June 30, 2016, respectively.

6. Non-trade and notes receivable

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

	September 30, 2016	June 30, 2016
Notes receivable	$ 90,284	$ 102,400
Reverse repurchase agreements	50,000	—
Accounts receivable, other	110,236	129,783
Total	$ 250,520	$ 232,183

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

7. Inventories

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

	September 30, 2016	June 30, 2016
Finished products	$ 481,618	$ 458,657
Work in process	686,063	639,907
Raw materials	80,291	74,765
Total	$ 1,247,972	$ 1,173,329

8. Business realignment charges

The Company incurred business realignment charges in fiscal 2017 and fiscal 2016.

Business realignment charges presented in the Business Segment Information are as follows:

	Three Months Ended September 30,	
	2016	2015
Diversified Industrial	$ 10,745	$ 20,043
Aerospace Systems	—	1,745
Other expense	—	116

Work force reductions in connection with such business realignment charges in the Business Segment Information are as follows:

	Three Months Ended September 30,	
	2016	2015
Diversified Industrial	173	1,164
Aerospace Systems	—	57

The charges primarily consist of severance costs related to actions taken under the Company's Simplification initiative aimed at reducing organizational and process complexity, as well as plant closures, with the majority of the charges incurred in Europe. The Company believes the realignment actions will positively impact future results of operations but will not have a material effect on liquidity and sources and uses of capital.

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

	Three Months Ended September 30,	
	2016	2015
Cost of sales	$ 8,020	$ 14,673
Selling, general and administrative expenses	2,725	7,115
Other (income), net	—	116

As of September 30, 2016, approximately $3 million in severance payments had been made relating to charges incurred during fiscal 2017, the remainder of which are expected to be paid by September 30, 2017. Severance payments relating to prior-year actions are being made as required. Remaining severance payments related to current-year and prior-year actions of approximately $35 million are primarily reflected within the other accrued liabilities caption in the Consolidated Balance Sheet. Additional charges may be recognized in future periods related to the realignment actions described above, the timing and amount of which are not known at this time.

9. Equity

Changes in equity for the three months ended September 30, 2016 and 2015 are as follows:

	Shareholders' Equity	Noncontrolling Interests	Total Equity
Balance at June 30, 2016	$ 4,575,255	$ 3,423	$ 4,578,678
Net income	210,129	109	210,238
Other comprehensive income	42,293	49	42,342
Dividends paid	(84,476)	(273)	(84,749)
Stock incentive plan activity	18,772	—	18,772
Shares purchased at cost	(114,692)	—	(114,692)
Balance at September 30, 2016	$ 4,647,281	$ 3,308	$ 4,650,589

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

Changes in accumulated other comprehensive (loss) in shareholders' equity by component for the three months ended September 30, 2016 and 2015 are as follows:

	Foreign Currency Translation Adjustment and Other	Retirement Benefit Plans	Total
Balance at June 30, 2016	$ (844,121)	$ (1,383,644)	$ (2,227,765)
Other comprehensive income before reclassifications	8,298	—	8,298
Amounts reclassified from accumulated other comprehensive (loss)	(167)	34,162	33,995
Balance at September 30, 2016	$ (835,990)	$ (1,349,482)	$ (2,185,472)

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

9. Equity, cont'd

Significant reclassifications out of accumulated other comprehensive (loss) in shareholders' equity for the three months ended September 30, 2016 and 2015 are as follows:

Details about Accumulated Other Comprehensive (Loss) Components	Income (Expense) Reclassified from Accumulated Other Comprehensive (Loss)	Consolidated Statement of Income Classification
	Three Months Ended September 30, 2016	
Retirement benefit plans		
Amortization of prior service cost and initial net obligation	$ (1,750)	See Note 11
Recognized actuarial loss	(51,660)	See Note 11
Total before tax	(53,410)	
Tax benefit	19,248	Income taxes
Net of tax	$ (34,162)	

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

10. Goodwill and intangible assets

The changes in the carrying amount of goodwill for the three months ended September 30, 2016 are as follows:

	Diversified Industrial Segment	Aerospace Systems Segment	Total
Balance at June 30, 2016	$ 2,804,403	$ 98,634	$ 2,903,037
Acquisitions	7,202	—	7,202
Foreign currency translation and other	523	3	526
Balance at September 30, 2016	$ 2,812,128	$ 98,637	$ 2,910,765

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

10. Goodwill and intangible assets, cont'd

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

	September 30, 2016		June 30, 2016	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Patents	$ 151,845	$ 99,007	$ 150,914	$ 95,961
Trademarks	340,429	183,227	340,805	179,156
Customer lists and other	1,366,705	674,806	1,362,521	656,552
Total	$ 1,858,979	$ 957,040	$ 1,854,240	$ 931,669

Total intangible amortization expense for the three months ended September 30, 2016 was $26,083. The estimated amortization expense for the five years ending June 30, 2017 through 2021 is $96,161, $92,189, $85,385, $78,582 and $70,549, 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, 2016.

11. Retirement benefits

Net pension benefit cost recognized included the following components:

	Three Months Ended September 30,	
	2016	2015
Service cost	$ 24,223	$ 24,113
Interest cost	31,496	46,071
Expected return on plan assets	(57,617)	(55,649)
Amortization of prior service cost	1,716	2,069
Amortization of net actuarial loss	51,427	42,969
Amortization of initial net obligation	5	4
Net pension benefit cost	$ 51,250	$ 59,577

During the three months ended September 30, 2016 and 2015, the Company recognized $1,116 and $1,087, respectively, in expense related to other postretirement benefits.

Beginning in fiscal 2017, the Company changed the method used to estimate the service and interest cost components of net periodic pension and other postretirement benefit costs. The new method uses the spot yield curve approach to estimate the service and interest costs by applying the specific spot rates along the yield curve used to determine the benefit obligations to relevant cash outflows. Previously, these costs were determined using a single-weighted average discount rate. The change does not affect the measurement of the Company's benefit obligations. The new method provides a more precise measure of service and interest costs by improving the correlation between projected benefit cash flows and the discrete spot yield curve rates and is accounted for as a change in estimate prospectively beginning the first quarter of fiscal 2017. As a result of the method change, net pension benefit cost for the current-year quarter is approximately $8 million lower than the prior-year quarter.

12. Income taxes

The Company and its subsidiaries file income tax returns in the United States and in various foreign jurisdictions. In the normal course of business, the Company is subject to examination by taxing authorities throughout the world. The Company is open to assessment of its federal income tax returns by the U.S. Internal Revenue Service for fiscal years after 2011, and its state and local returns for fiscal years after 2006. The Company is also open to assessment for foreign jurisdictions for fiscal years after 2007. Unrecognized tax benefits reflect the difference between positions taken or expected to be taken on income tax returns and the amounts reflected in the financial statements.

12. Income taxes, cont'd

As of September 30, 2016, the Company had gross unrecognized tax benefits of $141,471. The total amount of gross unrecognized tax benefits that, if recognized, would affect the effective tax rate was $82,416. If recognized, a significant portion of the gross unrecognized tax benefits would be offset against an asset currently recorded in the Consolidated Balance Sheet. The accrued interest related to the gross unrecognized tax benefits, excluded from the amounts above, is $13,409. It is reasonably possible that within the next 12 months the amount of gross unrecognized tax benefits could be reduced by up to approximately $100,000 as a result of the revaluation of existing uncertain tax positions arising from developments in the examination process or the closure of tax statutes. Any increase in the amount of gross unrecognized tax benefits within the next 12 months is expected to be insignificant.

13. Financial instruments

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

Marketable securities and other investments include deposits, which are recorded at cost, and investments classified as available-for-sale, which are recorded at fair value with unrealized gains and losses recorded in accumulated other comprehensive (loss). Gross unrealized gains and losses were not material as of September 30, 2016 and June 30, 2016. All of the available-for-sale investments in an unrealized loss position have been in that position for less than 12 months. There were no facts or circumstances that indicated the unrealized losses were other than temporary.

The contractual maturities of available-for-sale investments at September 30, 2016 and June 30, 2016 are as follows:

	September 30, 2016		June 30, 2016	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Less than one year	$ 15,993	$ 16,013	$ 29,960	$ 29,990
One to three years	152,602	153,095	144,100	144,625
Above three years	54,167	54,419	34,276	34,275

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

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

	September 30, 2016	June 30, 2016
Carrying value of long-term debt	$ 2,734,220	$ 2,733,140
Estimated fair value of long-term debt	3,112,093	3,133,989

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

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, which matured in November 2015, and Japanese Yen credit facility have each been designated as a hedge of the Company’s net investment in certain foreign subsidiaries. The translation of the Euro bonds and Japanese Yen credit facility into U.S. dollars is recorded in accumulated other comprehensive (loss) and remains there until the underlying net investment is sold or substantially liquidated.

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

13. Financial instruments, cont'd

The following summarizes the location and fair value of significant derivative financial instruments reported in the Consolidated Balance Sheet as of September 30, 2016 and June 30, 2016:

	Balance Sheet Caption	September 30, 2016	June 30, 2016
Net investment hedges			
Cross-currency swap contracts	Other assets	$ 18,530	$ 24,771
Cash flow hedges			
Costless collar contracts	Other accrued liabilities	6,361	8,368

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

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

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

Gains (losses) on derivative financial instruments that were recorded in the Consolidated Statement of Income for the three months ended September 30, 2016 and 2015 were not material.

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

	Three Months Ended September 30,	
	2016	2015
Cross-currency swap contracts	$ (6,241)	$ 3,163
Foreign denominated debt	(673)	(1,134)

There was no ineffectiveness of the cross-currency swap contracts or foreign denominated debt, nor was any portion of these financial instruments excluded from the effectiveness testing, during the three months ended September 30, 2016 and 2015.

A summary of financial assets and liabilities that were measured at fair value on a recurring basis at September 30, 2016 and June 30, 2016 are as follows:

	Fair Value at September 30, 2016	Quoted Prices In Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Equity securities	$ 2,292	$ 2,292	$ —	$ —
Government bonds	15,893	15,893	—	—
Corporate bonds	204,333	204,333	—	—
Asset-backed and mortgage-backed securities	3,300	—	3,300	—
Derivatives	18,333	—	18,333	—
Investments measured at net asset value	405,508			
Liabilities:				
Derivatives	11,174	—	11,174	—

13. Financial instruments, cont'd

	Fair Value at June 30, 2016	Quoted Prices In Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Equity securities	$ 1,296	$ 1,296	$ —	$ —
Government bonds	15,764	15,764	—	—
Corporate bonds	184,380	184,380	—	—
Asset-backed and mortgage-backed securities	8,746	—	8,746	—
Derivatives	25,303	—	25,303	—
Investments measured at net asset value	361,770			
Liabilities:				
Derivatives	13,028	—	13,028	—

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

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

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

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

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

PARKER-HANNIFIN CORPORATION

FORM 10-Q
ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2016
AND COMPARABLE PERIOD ENDED SEPTEMBER 30, 2015

OVERVIEW

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

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

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

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

	September 30, 2016	June 30, 2016
United States	51.5	53.2
Eurozone countries	52.6	52.8
China	50.1	48.6
Brazil	46.0	43.2

Global aircraft miles flown and revenue passenger miles have both increased approximately six percent from their comparable fiscal 2016 levels. The Company anticipates that U.S. Department of Defense spending with regard to appropriations and operations and maintenance for the U.S. Government’s fiscal year 2017 will be approximately one percent higher than the comparable fiscal 2016 level.

Housing starts in September 2016 were approximately 12 percent lower than housing starts in both September 2015 and June 2016.

The Company remains focused on maintaining its financial strength by adjusting its cost structure to reflect changing demand levels, maintaining a strong balance sheet and managing its cash. The Company has been able to borrow funds at affordable interest rates and had a debt to debt-shareholders’ equity ratio of 41.3 percent at September 30, 2016 compared to 39.9 percent at June 30, 2016 and 40.9 percent at September 30, 2015.

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

The Company believes it can meet its strategic objectives by:

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

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

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

CONSOLIDATED STATEMENT OF INCOME

	Three Months Ended September 30,	
(dollars in millions)	**2016**	**2015**
Net sales	$ 2,743.1	$ 2,869.3
Gross profit	$ 637.1	$ 668.4
Gross profit margin	23.2%	23.3%
Selling, general and administrative expenses	$ 323.0	$ 370.2
Selling, general and administrative expenses, as a percent of sales	11.8%	12.9%
Interest expense	$ 34.1	$ 35.8
Other (income), net	$ (12.2)	$ (13.2)
Effective tax rate	28.1%	29.2%
Net income	$ 210.2	$ 195.0
Net income, as a percent of sales	7.7%	6.8%

Net sales for the current-year quarter decreased from the comparable prior-year period primarily due to lower sales in the Diversified Industrial Segment. The effect of currency rate changes decreased net sales by approximately $4 million in the current-year quarter, most of which was attributable to the Diversified Industrial North American businesses. Acquisitions made in the last 12 months contributed approximately $9 million in the current-year quarter .

Gross profit margin remained relatively unchanged from the prior-year quarter, as lower operating expenses resulting from the Company's Simplification initiative and prior-year restructuring activities, primarily experienced in the Diversified Industrial Segment, were offset by lower margins in the Aerospace Systems Segment. Foreign currency transaction gain (loss) (primarily relating to cash, marketable securities and other investments and intercompany transactions) included in cost of sales for the current-year quarter and prior-year quarter were $(5.0) million and $5.3 million, respectively. Pension cost included in cost of sales for the current-year quarter and prior-year quarter were $33.9 million and $41.2 million, respectively. Cost of sales for the current-year quarter and prior-year quarter also included business realignment charges of $8.0 million and $14.7 million, respectively.

Selling, general and administrative expenses decreased for the current-year quarter primarily due to lower selling expenses resulting from the decrease in sales, lower expenses resulting from the Company's Simplification initiative and lower net expenses associated with the Company's deferred compensation programs. Pension cost included in selling, general and administrative expenses for the current-year quarter and prior-year quarter was $16.7 million and $19.7 million, respectively. Business realignment charges included in selling, general and administrative expenses were $2.7 million and $7.1 million for the current-year quarter and prior-year quarter, respectively.

Interest expense for the current-year quarter decreased from the prior-year quarter primarily due to a lower weighted-average interest rate for the Company's debt portfolio.

Other (income), net in the current-year quarter and the prior-year quarter includes income of $8.1 million and $5.2 million, respectively, related to equity method investments.

Effective tax rate for the first three months of fiscal 2017 was lower than the comparable prior-year period primarily due to an increase in the U.S. Research and Development tax credit and a decrease in estimated tax related to international activities. These benefits are partially offset by a net increase in discrete tax costs. The Company expects the effective tax rate for fiscal 2017 will be approximately 28.5 percent.

RESULTS BY BUSINESS SEGMENT

Diversified Industrial Segment

	Three Months Ended September 30,	
(dollars in millions)	**2016**	**2015**
Net sales		
North America	$ 1,167.0	$ 1,286.3
International	1,014.9	1,038.4
Operating income		
North America	200.6	212.7
International	$ 137.2	$ 129.3
Operating margin		
North America	17.2%	16.5%
International	13.5%	12.5%
Backlog	$ 1,470.5	$ 1,455.6

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

	Three Months Ended September 30, 2016
Diversified Industrial North America – as reported	(9.3)%
Acquisitions	— %
Currency	(0.3)%
Diversified Industrial North America – without acquisitions and currency	(9.0)%
Diversified Industrial International – as reported	(2.3)%
Acquisitions	0.9 %
Currency	— %
Diversified Industrial International – without acquisitions and currency	(3.2)%
Total Diversified Industrial Segment – as reported	(6.2)%
Acquisitions	0.4 %
Currency	(0.2)%
Total Diversified Industrial Segment – without acquisitions and currency	(6.4)%

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

Excluding the effects of acquisitions and changes in currency exchange rates, Diversified Industrial North American sales decreased for the current-year quarter primarily due to lower demand from both distributors and end-users in most markets. The markets that experienced the largest decline in end-user demand were the heavy truck, oil and gas, construction equipment and cars and light truck markets. Excluding the effects of acquisitions and changes in currency exchange rates, Diversified Industrial International sales for the current-year quarter decreased primarily due to lower volume in Europe, partially offset by higher volume in the Asia Pacific region and Latin America. Within Europe, the largest decrease in sales during the current-year quarter was experienced from both distributors and end-users in the industrial machinery, oil and gas, and marine markets. Within the Asia Pacific region and Latin America, end-users in the construction equipment, industrial machinery and semiconductor markets contributed to the increase in sales during the quarter, partially offset by a decrease in demand from distributors.

The increase in operating margins in both the Diversified Industrial North American and Diversified International businesses for the current-year quarter was primarily due to lower operating expenses resulting from prior-year restructuring activities and the Company's Simplification initiative, partially offset by the impact of the lower sales volume, resulting in manufacturing inefficiencies, and current-year restructuring expenses.

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

	Three Months Ended September 30,	
(dollars in millions)	**2016**	**2015**
Diversified Industrial North America	$ 3.7	$ 8.1
Diversified Industrial International	7.0	11.9

The business realignment charges primarily consist of severance costs related to actions taken under the Company's Simplification initiative implemented by operating units throughout the world as well as plant closures. The majority of the Diversified Industrial International business realignment charges were incurred in Europe. The Company does not anticipate that cost savings realized from the work force reduction measures taken during the first three months of fiscal 2017 will have a material impact on future operating income. The Company expects to continue to take the actions necessary to structure appropriately the operations of the Diversified Industrial Segment. Such actions are expected to result in approximately $36 million of additional business realignment charges in the remainder of fiscal 2017.

Diversified Industrial Segment backlog increased from the prior-year quarter and from the June 30, 2016 amount of $1,455.3 million as orders exceeded shipments in the International businesses, partially offset by shipments exceeding orders in the North American businesses. Backlog in Europe represented approximately 85 percent and 60 percent of the increase in the International businesses from the prior-year quarter and from June 30, 2016, respectively. Backlog consists of written firm orders from a customer to deliver products and, in the case of blanket purchase orders, only includes the portion of the order for which a schedule or release date has been agreed to with the customer. The dollar value of backlog is equal to the amount that is expected to be billed to the customer and reported as a sale. The Company anticipates Diversified Industrial North American sales for fiscal 2017 will decrease between five percent and one percent and Diversified Industrial International sales for fiscal 2017 will increase between one percent and six percent from their fiscal 2016 levels. Diversified Industrial North American operating margins in fiscal 2017 are expected to range from 16.9 percent to 17.3 percent and Diversified Industrial International operating margins in fiscal 2017 are expected to range from 12.4 percent to 12.8 percent.

Aerospace Systems Segment

(dollars in millions)	Three Months Ended September 30, 2016	2015
Net sales	$ 561.2	$ 544.6
Operating income	$ 73.3	$ 74.0
Operating margin	13.1%	13.6%
Backlog	$ 1,694.0	$ 1,701.6

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

The decrease in backlog from the prior-year quarter is due to shipments exceeding orders in the commercial OEM business, partially offset by orders exceeding shipments in the military OEM business and commercial and military aftermarket businesses. The decrease in backlog from the June 30, 2016 amount of $1,761.7 million was primarily due to shipments exceeding orders in the commercial and military OEM businesses and commercial aftermarket business, partially offset by orders exceeding shipments in the military aftermarket business. Backlog consists of written firm orders from a customer to deliver products and, in the case of blanket purchase orders, only includes the portion of the order for which a schedule or release date has been agreed to with the customer. The dollar value of backlog is equal to the amount that is expected to be billed to the customer and reported as a sale. For fiscal 2017, sales are expected to increase between one percent and three percent from the fiscal 2016 level and operating margins are expected to range from 14.8 percent to 15.2 percent. A higher concentration of commercial OEM volume in future product mix and higher than expected new product development costs could result in lower margins.

Corporate general and administrative expenses

Corporate general and administrative expenses were $31.0 million in the current-year quarter compared to $53.1 million in the comparable prior-year quarter. As a percent of sales, corporate general and administrative expenses decreased to 1.1 percent in the current-year quarter from 1.8 percent in the prior-year quarter. The lower expense in the current-year quarter is primarily due to lower net expenses associated with the Company's deferred compensation programs.

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

(dollars in millions) Expense (income)	Three Months Ended September 30, 2016	2015
Foreign currency transaction	$ 5.0	$ (5.3)
Stock-based compensation	26.5	24.4
Pensions	21.5	30.0
Divestitures and asset sales and writedowns	(0.5)	(0.7)
Other items, net	1.2	3.2
	$ 53.7	$ 51.6

Foreign currency transaction primarily relates to the impact of changes in foreign exchange rates on cash, marketable securities and other investments and intercompany transactions. The lower pension expense in the current-year quarter is primarily due to the use of the spot yield curve approach to estimate the interest cost component of net periodic pension cost. Previously, this cost component of net periodic pension cost was estimated using a single-weighted average discount rate.

CONSOLIDATED BALANCE SHEET

(dollars in millions)		September 30, 2016		June 30, 2016
Cash	$	2,140.6	$	2,104.0
Trade accounts receivable, net		1,498.4		1,593.9
Inventories		1,248.0		1,173.3
Notes payable and long-term debt payable within one year		596.0		361.8
Shareholders' equity		4,647.3		4,575.3
Working capital	$	2,787.6	$	2,841.9
Current ratio		2.12		2.20

Cash (comprised of cash and cash equivalents and marketable securities and other investments) includes $2,102 million and $2,065 million held by the Company's foreign subsidiaries at September 30, 2016 and June 30, 2016, respectively. Generally, cash and cash equivalents and marketable securities and other investments held by foreign subsidiaries are not readily available for use in the United States without adverse tax consequences. The Company's principal sources of liquidity are its cash flows provided by operating activities, commercial paper borrowings or borrowings directly from its line of credit. The Company does not believe the amount of cash held outside the U.S. will have an adverse effect on working capital needs, planned growth, repayment of maturing debt, benefit plan funding, dividend payments or share repurchases.

Trade accounts receivable, net are receivables due from customers for sales of product. Days sales outstanding relating to trade accounts receivable was 50 days at September 30, 2016 and 49 days at June 30, 2016. The Company believes that its receivables are collectible and appropriate allowances for doubtful accounts have been recorded.

Inventories as of September 30, 2016 increased $75 million (which includes an increase of $3 million from the effect of foreign currency translation and an increase of $7 million from current-year acquisitions) compared to June 30, 2016. The increase in inventories was in both the Diversified Industrial Segment and Aerospace Systems Segment, with almost one-half of the increase occurring in the Diversified Industrial International businesses and the balance of the increase occurring evenly between the Diversified Industrial North American businesses and the Aerospace Systems Segment. Days' supply of inventory was 71 days at September 30, 2016, 62 days at June 30, 2016 and 72 days at September 30, 2015.

Notes payable and long-term debt payable within one year as of September 30, 2016 increased from the June 30, 2016 amount due primarily to higher commercial paper notes outstanding. The Company from time to time will utilize short-term intercompany loans to repay commercial paper borrowings. At times, the short-term intercompany loans are outstanding at the end of a fiscal quarter.

Shareholders' equity activity during the current-year quarter included a decrease of approximately $115 million as a result of share repurchases.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Three Months Ended September 30,			
(dollars in millions)		2016		2015
Cash provided by (used in):				
Operating activities	$	113.9	$	19.9
Investing activities		45.2		(201.4)
Financing activities		15.5		(0.6)
Effect of exchange rates		(2.4)		(24.2)
Net increase (decrease) in cash and cash equivalents	$	172.2	$	(206.3)

Cash flows provided by operating activities for the current-year quarter was higher than the prior-year quarter primarily due to higher net income and a decrease in cash used for working capital items. The Company continues to focus on managing its inventory and other working capital requirements. Cash flows provided by operating activities includes voluntary cash contributions made to the Company's domestic qualified pension plan of $220 million and $200 million in the current-year quarter and prior-year quarter, respectively.

Cash flows used in investing activities was lower in the current-year quarter due primarily to a decrease in both marketable securities and other investments activity and acquisition activity.

Cash flows used in financing activities in the current-year quarter includes $233 million of net commercial paper borrowings versus $407 million of net commercial paper borrowings in prior-year quarter. Cash flows used in financing activities included repurchase activity under the Company's share repurchase program. The Company repurchased 0.9 million common shares for $115 million in the current-year quarter as compared to the repurchase of 2.8 million common shares for $310 million in the prior-year quarter.

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. From time to time, such as at September 30, 2016 and at June 30, 2016, fluctuations in cash flows from operations or capital deployment actions may cause the ratio of debt to debt-shareholders' equity to exceed the 37 percent goal. The Company does not believe that its ability to borrow funds at affordable interest rates will be impacted if the debt to debt-shareholders' ratio temporarily exceeds the 37 percent goal.

(dollars in millions) **Debt to Debt-Shareholders’ Equity Ratio**	**September 30, 2016**	**June 30, 2016**
Debt (excluding debt issuance costs)	$ 3,271	$ 3,037
Debt & Shareholders’ equity	$ 7,918	$ 7,612
Ratio	41.3%	39.9%

At September 30, 2016, the Company had a line of credit totaling $2,000 million through a multi-currency revolving credit agreement with a group of banks, $1,463 million of which was available. In October 2016, the Company amended the credit agreement extending the expiration date to October 2021 and retaining the right to request a one-year extension of the expiration date on an annual basis, which request may result in changes to the current terms and conditions of the credit agreement. Advances from the credit agreement can be used for general corporate purposes, including acquisitions, and for the refinancing of existing indebtedness. The credit agreement requires the payment of an annual facility fee, the amount of which may increase in the event the Company’s credit ratings are lowered. Although a lowering of the Company’s credit ratings would likely increase the cost of future debt, it would not limit the Company’s ability to use the credit agreement nor would it accelerate the repayment of any outstanding borrowings.

As of September 30, 2016, the Company was authorized to sell up to $1,850 million of short-term commercial paper notes. As of September 30, 2016, $537 million commercial paper notes were outstanding and the largest amount of commercial paper notes outstanding during the first quarter of fiscal 2017 was $603 million.

The Company’s credit agreements and indentures governing certain debt securities contain various covenants, the violation of which would limit or preclude the use of the credit agreements for future borrowings, or might accelerate the maturity of the related outstanding borrowings covered by the indentures. Based on the Company’s rating level at September 30, 2016, the most restrictive financial covenant provides that the ratio of secured debt to net tangible assets be less than 10 percent. However, the Company currently does not have secured debt in its debt portfolio. The Company is in compliance with all covenants and expects to remain in compliance during the term of the credit agreements and indentures.

FORWARD-LOOKING STATEMENTS

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

Among other factors which may affect future performance are:

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

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

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

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

ITEM 4. CONTROLS AND PROCEDURES

The Company carried out an evaluation, under the supervision and with the participation of the Company’s management, including the Company’s principal executive officer and principal financial officer, of the effectiveness of the Company’s disclosure controls and procedures as of September 30, 2016. Based on this evaluation, the Company's principal executive officer and principal financial officer concluded that, as of September 30, 2016, the Company’s disclosure controls and procedures were effective.

There was no change in the Company’s internal control over financial reporting during the quarter ended September 30, 2016 that materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II - OTHER INFORMATION

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

On May 15, 2007, the European Commission issued its initial Request for Information to the Company and Parker ITR. On January 28, 2009, the European Commission announced the results of its investigation of the alleged cartel activities. As part of its decision, the European Commission found that Parker ITR infringed Article 81 of the European Community Treaty from April 1986 to May 2, 2007 and fined Parker ITR 25.61 million euros. The European Commission also determined that the Company was jointly and severally responsible for 8.32 million euros of the total fine which related to the period from January 2002, when the Company acquired Parker ITR, to May 2, 2007, when the cartel activities ceased. Parker ITR and the Company filed an appeal to the General Court of the European Union on April 10, 2009. On May 12, 2013, the court reversed in part the decision of the European Commission, reducing the original fine of 25.61 million euros to 6.40 million euros and holding that the Company and Parker ITR are jointly and severally liable for payment of the fine up to 6.30 million euros. The European Commission appealed the ruling to the European Court of Justice. On December 18, 2014, the European Court of Justice reversed the ruling of the General Court and referred the case back to the General Court. On July 14, 2016, the General Court reduced the fine from 25.61 million euros to 19.95 million euros. The European Commission decided not to appeal this judgment and in October 2016 the Company and Parker ITR were reimbursed the reduction in the principal amount plus interest, which totaled 5.98 million euros.

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

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

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

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

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid Per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	(d) Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs (1)
July 1, 2016 through July 31, 2016	141,398	$ 110.42	141,398	19,175,707
August 1, 2016 through August 31, 2016	450,300	$ 122.45	450,300	18,725,407
September 1, 2016 through September 30, 2016	358,046	$ 122.67	358,046	18,367,361
Total:	949,744	$ 120.74	949,744	18,367,361

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

ITEM 6. Exhibits.

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

Exhibit No.	Description of Exhibit
3(b)	Code of Regulations, as amended.*
10(a)	Parker-Hannifin Corporation Restricted Stock Unit Award Agreement dated August 17, 2016 for Lee C. Banks.*
10(b)	Parker-Hannifin Corporation Restricted Stock Unit Terms and Conditions for Lee C. Banks.*
10(c)	Summary of the Compensation of the Non-Employee Members of the Board of Directors, effective October 26, 2016.*
12	Computation of Ratio of Earnings to Fixed Charges as of September 30, 2016.*
31(a)	Certification of the Principal Executive Officer Pursuant to 17 CFR 240.13a-14(a), as Adopted Pursuant to §302 of the Sarbanes-Oxley Act of 2002.*
31(b)	Certification of the Principal Financial Officer Pursuant to 17 CFR 240.13a-14(a), as Adopted Pursuant to §302 of the Sarbanes-Oxley Act of 2002.*
32	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to §906 of the Sarbanes-Oxley Act of 2002. *
101.INS	XBRL Instance Document.*
101.SCH	XBRL Taxonomy Extension Schema Document.*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.*
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document. *
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.*

* Submitted electronically herewith.

Attached as Exhibit 101 to this report are the following formatted in XBRL (Extensible Business Reporting Language): (i) Consolidated Statement of Income for the three months ended September 30, 2016 and 2015, (ii) Consolidated Statement of Comprehensive Income for the three months ended September 30, 2016 and 2015, (iii) Consolidated Balance Sheet at September 30, 2016 and June 30, 2016, (vi) Consolidated Statement of Cash Flows for the three months ended September 30, 2016 and 2015, and (vii) Notes to Consolidated Financial Statements for the three months ended September 30, 2016.

SIGNATURE

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

PARKER-HANNIFIN CORPORATION

(Registrant)

/s/ Jon. P. Marten

Jon P. Marten

Executive Vice President - Finance & Administration and Chief Financial Officer

Date: November 1, 2016

<u>EXHIBIT INDEX</u>

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Exhibit 3(b)

Parker-Hannifin Corporation
Cleveland, Ohio
(An Ohio Corporation)

Code of Regulations
Revised October 2007
Amended October 26, 2016

Article I. Meetings of Shareholders (amended October 26, 2016; amendment is attached)

Section 1. Annual Meeting.
The annual meeting of shareholders for the election of Directors, the consideration of reports to be laid before the meeting, and the transaction of such other business may properly be brought before the meeting shall be held on the fourth Wednesday in October of each year or on such other day during the fourth month following the end of the fiscal year of the Corporation, at such time during business hours and at such place, either within or without the State of Ohio, as may be designated by the Board of Directors and specified in the notice of such meeting.

Section 2. Special Meetings.
Special meetings of shareholders may be held on any business day, when called by the Chairman of the Board, the President, or, in case of the President's absence, death or disability, the Vice President authorized to exercise the authority of the President, the Board of Directors acting at a meeting, a majority of the Directors acting without a meeting, or the persons who hold twenty-five per cent of all the shares outstanding and entitled to vote thereat. Upon request in writing delivered either in person or by registered mail to the President or the Secretary by any persons entitled to call a meeting of shareholders, such officer shall forthwith cause to be given to the shareholders entitled thereto notice of a meeting to be held on a date not less than ten nor more than sixty days after receipt of the request, as such officer may fix. If such notice is not given within thirty days after the delivery or mailing, the persons calling the meeting may fix the time of the meeting and give notice thereof in the manner provided by law or as provided in these Regulations, or cause such notice to be given by any designated representative. Each special meeting shall be called to convene between 10:00 A.M. and 2:30 P.M. and shall be held at the principal office of the Corporation, unless the meeting is called by the Directors, acting with or without a meeting, in which case such meeting may be held at any place either within or without the State of Ohio, designated by the Board of Directors and specified in the notice of such meeting.

Section 3. Notice of Meeting.
Not less than ten nor more than sixty days before the date fixed for a meeting of shareholders, written notice stating the time, place and purposes of such meeting shall be given by or at the direction of the Secretary, or an Assistant Secretary, or any other person or persons required or permitted by these Regulations to give such notice. The notice shall be given by personal delivery or by mail to each shareholder entitled to notice of the meeting who is of record as of the day next preceding the day on which notice is given or, if a record date therefore is duly fixed, of record as of said date. If mailed, such notice shall be addressed to the shareholders at their respective addresses as they appear on the records of the Corporation.

Section 4. Quorum; Adjournment.
Except as may be otherwise provided by law or the Articles of Incorporation, at any meeting of shareholders the shareholders present in person or by proxy shall constitute a quorum for such meeting, but no action required by law, the Articles of Incorporation, or these Regulations to be authorized or taken by the holders of a designated proportion of the shares of any particular class or of each class may be authorized or taken by a lesser proportion. The holders of a majority of the voting shares represented at a meeting, whether or not a quorum is present, may adjourn such meeting from time to time. If any meeting is adjourned, notice of such adjournment need not be given if the time and place to which such meeting is adjourned are fixed and announced at such meeting.

Article II. Board of Directors

Section 1. Number of Directors; Election; Term of Office.
The members of the Board of Directors shall be elected at each annual meeting of shareholders, and each Director shall hold office until the next annual meeting of shareholders and until his or her successor is elected, or until his or her earlier resignation, removal from office or death, provided that each Director elected prior to the Corporation's 2008 annual meeting of shareholders for a term that is to expire after the 2008 annual meeting of shareholders shall serve the entire term for which he or she was elected and until his or her successor is elected, or until his or her earlier resignation, removal from office or death. The number of Directors, which shall not be less than three, may be fixed or changed (a) at any meeting of shareholders called to elect Directors at which a quorum is present, by the affirmative vote of the holders of a majority of the shares represented at the meeting and entitled to vote on the proposal, or (b) by the Directors at any meeting of the Board of Directors by the vote of a majority of the Directors then in office.

Section 2. Directors Elected by Holders of Serial Preferred Stock. The provisions of Section 1 shall not apply to any Directors elected by the holders of Serial Preferred Stock of all series voting separately as a class in the event of default in the payment of the equivalent of six quarterly dividends (whether or not consecutive) on any outstanding series of Serial Preferred Stock. Any such Directors shall be elected to serve until the next annual meeting of shareholders and until their respective successors are elected, or until such default is cured, whichever occurs first.

Section 3. Vacancies.
In the event of the occurrence of any vacancy or vacancies in the Board of Directors, however caused, the Directors then in office, though less than a majority of the whole authorized number

of Directors, may, by vote of a majority of their number, fill any such vacancy for the unexpired term.

Section 4. Meetings of Directors.
Meetings of Directors may be called by the Chairman of the Board, or the President, or twenty-five percent or more of the Directors then in office.
Such meetings may be held at any place within or without the State of Ohio, and may be held through any communications equipment if all persons participating can hear each other. Participation in a meeting of Directors held through communications equipment pursuant to this Section 4 of Article II shall constitute presence at such meeting. Written notice of the time and place of each meeting of Directors shall be given to each Director by personal delivery, or by mail, telegram, or cablegram at least two days before the meeting, which notice need not specify the purposes of the meeting. Notice of adjournment of a meeting of Directors need not be given if the time and place to which it is adjourned are fixed and announced at such meeting.

Section 5. Quorum.
A majority of the Directors in office shall constitute a quorum for any meeting of Directors; provided that a majority of the Directors present at a meeting duly held, whether or not a quorum is present, may adjourn such meeting from time to time. The act of a majority of the Directors present at a meeting at which a quorum is present is the act of the Board of Directors.

Article III. Committees
The Board of Directors may at any time appoint from its members an Executive, Audit, or other committee or committees, consisting of such number of members, not less than three, as the Board of Directors may deem advisable, together with such alternates as the Board of Directors may deem advisable to take the place of any absent member or members at any meeting of such committee. Each member and each alternate shall hold office during the pleasure of the Board of Directors. Any committee shall act only in the intervals between meetings of the Board of Directors and shall have such authority of the Board of Directors, however conferred, as may, from time to time, be delegated by the Board of Directors, other than that of filling vacancies in the Board of Directors or in any committee thereof. Each committee shall keep a written record of all actions taken by it. Unless otherwise ordered by the Board of Directors, any such committee may prescribe its own rules for calling and holding meetings, including meetings by means of communications equipment, and for its own methods of procedure, and may act by a majority of its members at a meeting or without a meeting by a writing or writings signed by all of its members.

Article IV. Officers

Section 1. Designation and Election.
The Corporation shall have a Chairman of the Board, a President, one or more Vice Presidents, a Secretary, a Treasurer and a Controller. The Corporation may also have such other officers and assistant officers as may be deemed necessary. The officers shall be elected by the Board of Directors, at least annually. Assistant officers may be appointed by the Chairman of the Board or the President. The Chairman of the Board and the President shall be Directors, but none of the other officers need be a Director.

Section 2. Authority and Duties of Officers.
The officers of the Corporation shall have such authority and perform such duties as are customarily incident to their respective offices, or as may be determined, from time to time, by the Board of Directors.

Article V. Corporate Seal
The corporate seal of the Corporation shall be circular in form and shall contain the name of the Corporation and the word "Seal".

Article VI. Amendments
These Regulations may be amended in any respect, or new regulations may be adopted, by the shareholders at a meeting held for such purpose, by the affirmative vote of, or without a meeting by the written consent of, the holders of shares entitling them to exercise a majority of the voting power on such proposal.

Article VII. Indemnification of Directors, Officers and Employees
The Corporation shall indemnify, to the full extent permitted or authorized by the Ohio General Corporation Law as it may from time to time be amended, any person made or threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was a Director, officer or employee of the Corporation, or is or was serving at the request of the Corporation as a Director, trustee, officer or employee of another corporation, partnership, joint venture, trust or other enterprise. The indemnification provided by the Article VII shall not be deemed exclusive of any other rights to which any person seeking indemnification may be entitled under the articles of incorporation or the regulations, or any agreement, vote of shareholders or disinterested Directors, or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a Director, trustee, officer or employee and shall inure to the benefit of the heirs, executors and administrators of such a person.

Parker-Hannifin Corporation
Advance Notice Amendment to Code of Regulations
(Approved by the Shareholders on October 26, 2016)

Article I. Meetings of Shareholders (continued)

Section 5. Notice of Shareholder Proposals.

(a) Business to Be Conducted at Meetings. At an annual meeting of shareholders, only such business may be conducted as has been properly brought before the meeting. To be properly brought before an annual meeting of shareholders, business (other than the nomination of a person for election as a Director, which is governed by Article I, Section 6, and, to the extent applicable, Article I, Section 7) must be (i) brought before the meeting by or at the direction of the Board of Directors or (ii) otherwise properly brought before the meeting by a shareholder who (A) has complied with all applicable requirements of this Section 5 and Article I, Section 7 in relation to such business, (B) was a shareholder of record of the Corporation at the time of giving the notice and is a shareholder of record of the Corporation at the time of the meeting, and (C) is entitled to vote at the meeting. For the avoidance of doubt, the foregoing clause (ii) will be the exclusive means for a shareholder to submit business before an annual meeting of shareholders (other than proposals properly made in accordance with Rule 14a-8 under the Securities Exchange Act of 1934 (such act, and the rules and regulations promulgated thereunder, the "**Exchange Act**"), or any successor provision, and included in the notice of meeting given by or at the direction of the Board of Directors). Shareholders shall not be permitted to propose business to be brought before a special meeting of shareholders pursuant to this Section 5(a). Only the person or persons calling a special meeting of shareholders pursuant to Article I, Section 2 may properly bring business before a special meeting of shareholders; *provided* that business may be brought before a special meeting of shareholders by or at the direction of the Board of Directors, whether or not the Board of Directors has called the special meeting pursuant Article I, Section 2.

(b) Required Form for Shareholder Proposals. To properly bring business before an annual meeting of shareholders in accordance with this Article I, Section 5, a shareholder must deliver written notice to the Secretary of the Corporation that sets forth the following information, which must be updated and supplemented, if necessary, so that the information provided or required to be provided will be true and correct on the record date of the annual meeting and as of such date that is ten business days prior to the annual meeting or any adjournment or postponement thereof; which update shall be delivered to the Secretary of the Corporation promptly and, in no event, later than eight business days prior to the date of the meeting.

(i) Information Regarding the Proposing Person. As to each Proposing Person (as such term is defined in Section 7(d)(ii)):

(A) the name and address of such Proposing Person (provided that if the Proposing Person is a holder of record of shares of the Corporation, such Proposing Person shall provide its name as it appears on the Corporation's share transfer book);

(B) the class, series and number of shares of the Corporation directly or indirectly beneficially owned by such Proposing Person (including any shares of any class or series of the Corporation as to which such Proposing Person has a right to acquire beneficial ownership, whether such right is exercisable immediately or only after the passage of time) and which shares of the Corporation are held of record by the Proposing Person, if any;

(C) a representation (1) that the Proposing Person is a holder of record or beneficial owner of shares of the Corporation entitled to vote at the annual meeting of shareholders (provided that if the Proposing Person is not a holder of record of shares of the Corporation, such Proposing Person shall submit to the Corporation a written statement from the holder of record of its shares of the Corporation verifying that, at the time it delivered written notice pursuant to Section 5(b), it had continually held such shares for at least one year) and intends to appear at the annual meeting (either in person or by agent) to bring such business before the annual meeting and (2) as to whether the Proposing Person intends to deliver a proxy statement and form of proxy related to an applicable proposal to holders of at least the percentage of shares of the Corporation entitled to vote and required to approve the proposal and, if so, identifying such person;

(D) a description of any (1) option, warrant, convertible security, stock appreciation right or similar right or interest (including any derivative securities, as defined under Rule 16a-1 under the Exchange Act, or any successor provision, or other synthetic arrangement having characterization of a long position), either exercisable immediately or only after the passage of time, with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of securities of the Corporation or with a value derived in whole or in part from the value of any class or series of securities of the Corporation, whether or not such instrument or right is subject to settlement in whole or in part in the underlying class or series of securities of the Corporation or otherwise, directly or indirectly held of record or owned beneficially by such Proposing Person and whether or not such Proposing Person may have entered into transactions that hedge or mitigate the economic effects of such security or instrument and (2) each other direct or indirect right or interest that may enable such Proposing Person to profit or share in any profit derived from, or to manage the risk or benefit from, any increase or decrease in the value of the Corporation's securities, in each case regardless of whether (w) such right or interest is exercisable immediately or only after the passage of time, (x) such right or interest conveys any voting rights in such security to such Proposing Person, (y) such right or interest is required to be, or is capable of being, settled through delivery of such security, or (z) such Proposing Person may have entered into other transactions that hedge the economic effect of any such right or interest (any such right or interest referred to in this clause (D) being a "**Derivative Interest**");

(E) any proxy, contract, agreement, arrangement, understanding or relationship pursuant to which the Proposing Person has a right to vote any shares of the Corporation or that has the effect of increasing or decreasing the voting power of such Proposing Person;

(F) any contract, agreement, arrangement, understanding or relationship including any repurchase or similar so called "stock borrowing" agreement or arrangement, the purpose or effect of which is to mitigate loss, reduce economic risk or increase or decrease voting power with respect to any capital stock of the Corporation or that provides any party, directly or indirectly, the opportunity to profit from any decrease in the price or value of the capital stock of the Corporation;

(G) any material pending or threatened legal proceeding involving the Corporation, any affiliate of the Corporation or any of their respective directors or officers, to which such Proposing Person or its affiliates is a party;

(H) any rights directly or indirectly held of record or beneficially by the Proposing Person to dividends on the shares of the Corporation that are separated or separable from the underlying shares of the Corporation;

(I) any equity interests, including any convertible, derivative or short interests, in any principal competitor of the Corporation;

(J) any performance-related fees (other than an asset-based fee) to which the Proposing Person or any affiliate or immediate family member of the Proposing Person may be entitled as a result of any increase or decrease in the value of shares of the Corporation or Derivative Interests; and

(K) any other information relating to such Proposing Person that would be required to be disclosed in a proxy statement or other filing required pursuant to Section 14(a) of the Exchange Act, or any successor provision, to be made in connection with a general solicitation of proxies or consents by such Proposing Person in support of the business proposed to be brought before the meeting.

(ii) Information Regarding the Proposal: As to each item of business that the shareholder giving the notice proposes to bring before an annual meeting of shareholders:

(A) a description in reasonable detail of the business desired to be brought before the annual meeting of shareholders and the reasons why such shareholder or any other Proposing Person believes that the taking of the action or actions proposed to be taken would be in the best interests of the Corporation and its shareholders;

(B) a description in reasonable detail of any material interest of any Proposing Person in such business and a description in reasonable detail of all agreements, arrangements and understandings among Proposing Persons or between any Proposing Person and any other person or entity (including their names) in connection with such business; and

(C) the text of any proposal (including the text of any resolutions proposed for consideration) that the shareholder intends to present at the annual meeting.

(c) No Right to Have Proposal Included. A shareholder is not entitled to have a proposal included in the Corporation's proxy statement and form of proxy solely as a result of such shareholder's compliance with the provisions of this Section 5.

(d) Requirement to Attend Annual Meeting. If a shareholder does not appear at the annual meeting of shareholders to present its proposal (either in person or by agent), the Board of Directors may direct that the proposal not be presented (notwithstanding that proxies in respect of such proposal may have been solicited, obtained or delivered).

Section 6. Notice of Director Nominations.

(a) Nomination of Directors. Subject to the rights, if any, of any series of Serial Preferred Stock to nominate or elect Directors, only persons who are nominated by or at the direction of the Board of Directors or in accordance with the procedures set forth in this Section 6 will be eligible to serve as Directors. Excluding nominations by or at the direction of the Board of Directors, all nominations of persons for election as Directors may be made only at an annual meeting of shareholders or a special meeting of shareholders called for the purpose of electing Directors, and, if by a shareholder, only by a shareholder who (A) has complied with all applicable requirements of this Section 6 and Section 7 in relation to such nomination, (B) was a shareholder of record of the Corporation at the time of giving the notice required by Section 7(b) and is a shareholder of record of the Corporation at the time of the meeting, and (C) is entitled to vote at the meeting.

(b) Required Form for Director Nominations. To properly nominate a person for election as Director, a shareholder must deliver written notice to the Secretary of the Corporation that sets forth the following information:

(i) Information Regarding the Nominating Person. As to each Nominating Person (as such term is defined in Section 7(d)(iii)), the information set forth in Article I, Section 5(b)(i) (except that for purposes of this Section 6, the term "Nominating Person" will be substituted for the term "Proposing Person" in all places where it appears in Article I, Section 5(b)(i) and any reference to "business" or "proposal" therein will be deemed to be a reference to the nomination contemplated by this Section 6).

(ii) Information Regarding the Nominee: As to each person whom the Nominating Person proposes to nominate for election as a Director:

(A) all information with respect to such proposed nominee that would be required to be set forth in a shareholder's notice pursuant to Article I, Section 5(b)(i) if such proposed nominee were a Nominating Person;

(B) all information relating to such proposed nominee that would be required to be disclosed in a proxy statement or other filing required pursuant to Section 14(a) under the Exchange Act, or any successor provision, to be made in connection with a general solicitation of proxies for an election of directors in a contested election (including such proposed nominee's written consent to be named in the proxy statement as a nominee and to serve as a director if elected);

(C) a reasonably detailed description of all direct and indirect compensation and other material monetary agreements, arrangements or understandings during the past three years, any other material relationships, between or among any Nominating Person and its affiliates and associates, or others acting in concert therewith, on the one hand, and each proposed nominee and his or her affiliates, associates or others acting in concert therewith, on the other hand, including all information that would be required to be disclosed pursuant to Items 403 and 404 under Regulation S-K, or any successor provision, if the shareholder giving the notice or any other Nominating Person were the "registrant" for purposes of such rule and the proposed nominee were a director or executive officer of such registrant;

(D) a completed questionnaire (in the form provided by the Secretary of the Corporation upon written request) with respect to the identity, background and qualification of the proposed nominee and the background of any other person or entity on whose behalf the nomination is being made;

(E) a written representation and agreement (in the form provided by the Secretary of the Corporation upon written request) that the proposed nominee (1) is not and will not become a party to (x) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how the proposed nominee, if elected as a Director, will act or vote on any issue or question (a "**Voting Commitment**") that has not been disclosed to the Corporation or (y) any Voting Commitment that could limit or interfere with the proposed nominee's ability to comply, if elected as a Director, with the proposed nominee's fiduciary duties under applicable law, (2) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a Director that has not been disclosed therein, and (3) if elected as a Director, the proposed nominee would be in compliance and will comply, with all applicable publicly disclosed corporate governance, ethics, conflict of interest, confidentiality and stock ownership and trading policies and guidelines of the Corporation.

The Corporation may require any proposed nominee to furnish such other information as may be reasonably required by the Corporation to determine the qualifications and eligibility of such proposed nominee to serve as a Director.

(c) No Right to Have Nominees Included. A shareholder is not entitled to have nominees included in the Corporation's proxy statement solely as a result of such shareholder's compliance with the foregoing provisions of this Section 6.

(d) Requirement to Attend Meeting. If a shareholder does not appear at the meeting of shareholders to present its nomination, the Board of Directors may direct that such nominee will not stand for election at such meeting (notwithstanding that proxies in respect of such nomination may have been solicited, obtained or delivered).

Section 7. Additional Provisions Relating to the Notice of Shareholder Business and Director Nominations.

(a) Timely Notice.

(i) If it relates to an annual meeting of shareholders, to be timely, a shareholder's notice required by Article I, Section 5(b) or Article I, Section 6(b) must be delivered to or mailed and received by the Secretary of the Corporation at the principal executive offices of the Corporation not less than 30 nor more than 60 calendar days prior to the first anniversary of the date on which the Corporation held the preceding year's annual meeting of shareholders; provided that if the date of the annual meeting of shareholders is scheduled for a date more than 30 calendar days prior to or more than 60 calendar days after the anniversary of the preceding year's annual meeting of shareholders, notice by the shareholder to be timely must be so delivered not later than the close of business on the later of the 30th calendar day prior to such annual meeting and the tenth calendar day following the day on which public disclosure of the date of such meeting is first made. In no event will a recess or adjournment of an annual meeting of shareholders (or any announcement of any such recess or adjournment) commence a new time period (or extend any time period) for the giving of a shareholder's notice as described above. Notwithstanding the foregoing, in the event the number of Directors to be elected at the annual meeting of shareholders is increased by the Board of Directors, and there is no public announcement by the Corporation naming the nominees for the additional Directors at least 60 calendar days prior to the first anniversary of the date on which the Corporation held the preceding year's annual meeting of shareholders, a shareholder's notice pursuant to Section 6(b) will be considered timely, but only with respect to nominees for the additional directorships, if it is delivered to or mailed and received by the Secretary of the Corporation at the principal executive offices of the Corporation not later than the close of business on the tenth calendar day following the day on which such public announcement is first made by the Corporation.

(ii) If it relates to a special meeting of shareholders that is called for the purpose of electing Directors, to be timely, a shareholder's notice required by Article I, Section 6(b) must be delivered to or mailed and received by the Secretary of the Corporation at the principal executive offices of the Corporation promptly after the public disclosure of the date of the meeting and in no event later than five business days after the date of any such public disclosure.

(b) Updating Information in Notice. A shareholder providing notice of business proposed to be brought before a meeting of shareholders pursuant to Article I, Section 5 or notice of any nomination to be made at a meeting of shareholders pursuant to Article I, Section 6 must further update and supplement such notice, if necessary, so that the information provided or required to be provided in such notice pursuant to Article I, Section 5 or Article I, Section 6, as applicable, is true and correct at all times up to and including the date of the meeting (including any date to which the meeting is recessed, adjourned or postponed). Any such update and supplement must be delivered to, or mailed and received by, the Secretary of the Corporation at the principal executive offices of the Corporation, as promptly as practicable.

(c) Determinations of Form, Etc. The presiding officer of any meeting of shareholders will, if the facts warrant, determine that business was not brought in accordance with the procedures prescribed by Article I, Section 5 and this Article I, Section 7 or that a nomination was not made in accordance with the procedures prescribed by Article I, Section 6 and this Article I, Section 7, and if he or she should so determine, he or she will so declare to the meeting and the business or nomination, as applicable, will be disregarded.

(d) Certain Definitions.

(i) For purposes of Article I, Section 5 and Article I, Section 6, "**public disclosure**" means disclosure in a press release reported by the Dow Jones News Service, Bloomberg, Associated Press or comparable national news service or in a document filed by the Corporation with the Securities and Exchange Commission pursuant to Exchange Act or furnished by the Corporation to shareholders.

(ii) For purposes of Article I, Section 5, "**Proposing Person**" means (A) the shareholder providing the notice of business proposed to be brought before an annual meeting of shareholders, (B) the beneficial owner or beneficial owners of shares of the Corporation, if different, on whose behalf the notice of the business proposed to be brought before the annual meeting of shareholders is given and (C) any "affiliate" or "associate" (each within the meaning of Rule 12b-2 under the Exchange Act, or any successor provision) of such shareholder or beneficial owner.

(iii) For purposes of Section Article I, Section 6, "**Nominating Person**" means (A) the shareholder providing the notice of the nomination proposed to be made at an annual meeting of shareholders or at a special meeting of shareholders called for the purpose of electing Directors, (B) the beneficial owner or beneficial owners of shares of the Corporation, if different, on whose behalf the notice of nomination proposed to be made at the annual meeting of shareholders or at a special meeting of shareholders called for the purpose of electing Directors is given and (C) any "affiliate" or "associate" (each within the meaning of Rule 12b-2 under the Exchange Act, or any successor provision) of such shareholder or beneficial owner.

Exhibit 10(a)

TO: LEE BANKS

PARKER-HANNIFIN CORPORATION
RESTRICTED STOCK UNIT AWARD AGREEMENT (RSU-002S)

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 Restricted Stock Units under the Amended and Restated Parker-Hannifin Corporation 2009 Omnibus Stock Incentive Plan (the "Plan") and subject to the Parker-Hannifin Corporation Restricted Stock Unit Terms and Conditions (RSU-002S) (the "Terms and Conditions"):

Grant Date	Number of RSUs
August 17, 2016	14,194

Vesting Date. Except as otherwise provided in the Terms and Conditions, the Restricted Stock Units will vest in full on the fifth (5^{th}) anniversary of the Grant Date, provided you remain an active full-time employee of the Company throughout the vesting period. The scheduled vesting date and amount of this award are viewable by clicking on the Grant Date hyperlink on your Restricted Stock Unit Grant Information page on the Stock Incentive Plan Administrator's web site.

Payment Dates. The Restricted Stock Units will be paid to you in shares of Parker common stock on the vesting date identified above, except as otherwise provided in the Terms and Conditions.

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 your award.
• **Accept** the Terms and Conditions and execute this Award Agreement by clicking on the "Accept" button below. If you do not accept this Award Agreement prior to the vesting date, your award will be forfeited, except in the event of your permanent disability or death prior to the vesting date (as more fully set forth in the Terms and Conditions).
• **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.

Restricted Stock Unit Terms and Conditions (RSU-002S-JAC)
Amended and Restated 2009 Omnibus 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 Plan Summary and Prospectus, please click here

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PARKER-HANNIFIN CORPORATION
RESTRICTED STOCK UNIT TERMS AND CONDITIONS (RSU-002S)

Pursuant to the Restricted Stock Unit 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 Restricted Stock Units. The Restricted Stock Units have been awarded to you as of the grant date specified in the Award Agreement (the "Grant Date"), and are subject to the terms, conditions and restrictions set forth in the Amended and Restated Parker-Hannifin Corporation 2009 Omnibus Stock Incentive Plan, as amended from time to time, or any applicable successor plan (the "Plan") and these Restricted Stock Unit Terms and Conditions (RSU-002S) (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. Crediting of Restricted Stock Units. Each Restricted Stock Unit shall represent the contingent right to receive one share of Common Stock of the Company and shall at all times be equal in value to one share of Common Stock of the Company. The Restricted Stock Units shall be credited in a book entry account established for you until payment in accordance with Section 4 hereof.

2. Vesting of Restricted Stock Units.

(a) Subject to these Terms and Conditions, all of the Restricted Stock Units will vest on the vesting date described in the Award Agreement ("Vesting Date") and shall be payable at the Distribution Date (as defined in Section 4 hereof), 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, the Restricted Stock Units that have not yet vested under Section 2(a) shall immediately vest if, prior to the applicable Vesting Date: (i) you cease to be employed with the Parker Companies as a result of your death or Disability; or (ii) a Change in Control occurs while you are employed by the Parker Companies.

(c) For purposes of this Section 2, 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.

3. Forfeiture of Restricted Stock Units. The Restricted Stock Units that have not yet vested pursuant to Section 2 (including without limitation any right to Dividend Equivalents described in Section 7 hereof relating to dividends payable on or after the date of forfeiture) shall be forfeited automatically without further action or notice if you cease to be employed by the Parker Companies other than as provided in Section 2(b).

4. Payment.

(a) Except as may be otherwise provided in this Section, the Company shall deliver to you (or your estate or any beneficiary you have designated in accordance with Section 12 hereof in the event of your death) the Common Stock underlying the vested Restricted Stock Units within thirty (30) days following the Distribution Date. Except as may be otherwise provided in this Section, the "Distribution Date" shall mean the Vesting Date when your Restricted Stock Units become vested. Notwithstanding the foregoing, to the extent that any of your Restricted Stock Units become vested pursuant to Section 2(b) hereof, payment of such Restricted Stock Units, if any, shall be subject to the following rules:

(i) To the extent any of your Restricted Stock Units become vested pursuant to Section 2(b) hereof because of your termination of employment as a result of death, then the Distribution Date shall be the date of such termination of employment.

(ii) To the extent any of your Restricted Stock Units become vested pursuant to Section 2(b) hereof on account of your termination of employment as a result of Disability, then the following rules shall apply:

(A) If your right to receive payment of vested Restricted Stock Units does not constitute a "deferral of compensation" within the meaning of Section 409A of the Code (for example, because you are not subject to U.S. income tax or you will not be "Retirement-eligible" prior to a Vesting Date), then the Distribution Date shall be the date of such termination of employment.

(B) If your right to receive payment of vested Restricted Stock Units constitutes a "deferral of compensation" within the meaning of Section 409A of the Code (for example, because you are subject to U.S. income tax and you will be "Retirement-eligible" prior to a Vesting Date), then the Distribution Date shall be the date of such termination of employment, and, if you are a "specified employee" (determined in accordance with Section 409A of the Code and the Company's policy for identifying specified employees) at the time of such termination of employment, the Common Stock underlying the vested Restricted Stock Units shall be delivered to you (or your estate or any beneficiary you have designated in accordance with Section 12 hereof in the event of your death) on the first business day of the seventh month following the Distribution Date (or, if you die prior to such day, within thirty (30) days following your death).

(iii) To the extent any of your Restricted Stock Units become vested pursuant to Section 2(b) hereof on account of a Change in Control, then the following rules shall apply:

(A) If your right to receive payment of vested Restricted Stock Units does not constitute a "deferral of compensation" within the meaning of Section 409A of the Code (for example, because you are not subject to U.S. income tax or you will not be "Retirement-eligible" prior to a Vesting Date), then the Distribution Date shall be the date of the Change in Control.

(B) If your right to receive payment of vested Restricted Stock Units constitutes a "deferral of compensation" within the meaning of Section 409A of the Code (for example, because you are subject to U.S. income tax and you will be "Retirement-eligible" prior to a Vesting Date), then (x) the Distribution Date shall be the earlier of (I) the Vesting Date that such Restricted Stock Units would otherwise have become vested, had your employment with the Parker companies continued until such Vesting Date and had no such Change in Control occurred, (II) the occurrence of a "change in the ownership," a "change in the effective control" or a "change in the ownership of a substantial portion of the assets" of the Company within the meaning of Section 409A of the Code, (III) your death, or (IV) your termination of employment as a result of Disability; and (y) if the Distribution Date is the date of your termination of employment as a result of Disability and you are a "specified employee" (determined in accordance with Section 409A of the Code and the Company's policy for identifying specified employees) at that time, the Common Stock underlying the vested Restricted Stock Units shall be delivered to you (or your estate or any beneficiary you have designated in accordance with Section 12 hereof in the event of your death) on the first business day of the seventh month following such Distribution Date (or, if you die prior to such day, within thirty (30) days following your death).

(b) Notwithstanding any other provision of these Terms and Conditions, the Company shall not deliver any fractional shares of Common Stock in payment of your Restricted Stock Units, and the number of whole shares of Common Stock that may be delivered to you in payment of your Restricted Stock Units shall be determined in accordance with such rounding conventions used by the Company's third party Plan administrator from time to time.

(c) The Company's obligations with respect to the Restricted Stock Units shall be satisfied in full upon the delivery of the Common Stock underlying the vested Restricted Stock Units in accordance with this Section 4.

5. Transferability. The Restricted Stock Units 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. Any purported transfer or encumbrance in violation of the provisions of this Section 5 shall be null and void, and the other party to any such purported transaction shall not obtain any rights to or interest in such Restricted Stock Units.

6. Dividend, Voting and Other Rights. You shall not possess any incidents of ownership (including, without limitation, dividend or voting rights) in the Common Stock underlying the Restricted Stock Units until such Common Stock has been delivered to you in accordance with Section 4 hereof. The obligations of the Company under these Terms and Conditions will be merely an unfunded and unsecured promise of the Company to deliver Common Stock in the future, subject to the terms and conditions of the Plan and these Terms and Conditions, and your rights will be no greater than that of an unsecured general creditor. No assets of the

Company will be held or set aside as security for the obligations of the Company under these Terms and Conditions.

7. Dividend Equivalents. From and after the Grant Date and until the earlier of (i) the time when the Restricted Stock Units are paid in accordance with Section 4 hereof or (ii) the time when your right to payment of the Restricted Stock Units is forfeited in accordance with Section 3 hereof, you shall be entitled to a cash payment equal to the product of (x) the dollar amount of the cash dividend paid per share of Common Stock on such date and (y) the total number of unpaid Restricted Stock Units credited to you as of such date (each such cash payment a "Dividend Equivalent"). Any Dividend Equivalent shall be paid to you within thirty (30) days after such date following the Grant Date that a cash dividend (if any) is paid to the holders of shares of Common Stock. Dividend Equivalents will be subject to any required withholding for federal, state or local taxes, social taxes or other taxes.

8. No Rights to Future Awards. By voluntarily acknowledging and accepting your award of Restricted Stock Units, you acknowledge and understand that the Restricted Stock Units 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 Restricted Stock Units is for future services and is not under any circumstances to be considered compensation for past services.

9. 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 unpaid portion of your Restricted Stock Units. 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 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 Fair Market Value (determined as of the date that the Restricted Stock Units were paid to you in accordance with Section 4 hereof) of all shares of Common Stock that you have disposed of that were so 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 Restricted Stock Units, you acknowledge that the Restricted Stock Units 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.

10. 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 Restricted Stock Units, 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.

11. 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 Restricted Stock Units, any federal, state or local taxes, social taxes or other taxes required to be withheld or paid with respect to the Restricted Stock Units, 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 determine, at its discretion, which tax payment method(s) will be available to you, and may instruct the third party Plan administrator to limit your available tax payment method(s) to one or more of the following:

(a) Withhold to Cover: The third party Plan administrator will 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.

(b) Sell to Cover: The third party Plan administrator will sell a sufficient whole number of shares in the open market to cover Participants’ tax withholding obligation, transaction costs, and an estimated cushion to allow for rounding and market movement; provided that, if there is an excess or shortfall in the net sale proceeds of the minimum amount of taxes required to be withheld, the excess shall be distributed to Participant or the shortfall shall be paid by Participant to the Company or Subsidiary, as applicable, using the payment method required by the Parker Companies.

12. 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 Restricted Stock Units 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 payment of your Restricted Stock Units, then the Company shall direct the payment of your Restricted Stock Units to the estate of the last to die of you and any beneficiaries.

13. Adjustments. The number and kind of shares of Common Stock deliverable pursuant to the Restricted Stock Units are subject to adjustment as provided in Section 4.3 of the Plan.

14. 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 Restricted Stock Units; 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.

15. 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.

16. 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.

17. 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.

18. Successors and Assigns. Without limiting Section 5, 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.

19. 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.

20. 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 Restricted Stock Units 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.

21. Consent to Transfer Personal Data. By accepting your award of Restricted Stock Units, you voluntarily acknowledge and consent to the collection, use, processing and transfer of personal data as described in this Section 21. 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.

22. Notification of Change in Personal Data. If your address or contact information changes while any portion of your Restricted Stock Units remains unpaid, 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.

23. 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.

24. 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
Restricted Stock Unit Terms and Conditions (RSU-002S)
Special Provisions for Non-U.S. Employees

This Appendix includes additional terms and conditions that govern the Restricted Stock Units 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 Distribution Date of your Restricted Stock Units. Certain capitalized terms used but not defined in this Appendix have the meanings set forth in the Plan and/or the Terms and Conditions.

AUSTRALIA

Retirement. The following provision modifies Sections 2 and 4 of the Terms and Conditions.

Notwithstanding any provision of the Terms and Conditions to the contrary, (1) you shall not be eligible for Retirement (or any vesting of your Restricted Stock Units that would occur as a result of Retirement) unless you obtain the prior consent of the Committee; and (2) in the event of your Retirement with the prior consent of the Committee, to the extent that your right to receive payment of vested Restricted Stock Units does not constitute a “deferral of compensation” within the meaning of Section 409A of the Code, the Distribution Date for your vested Restricted Stock Units shall be the date of your Retirement.

CHINA

Retirement. The following provision modifies Sections 2 and 4 of the Terms and Conditions.

Notwithstanding any provision of the Terms and Conditions to the contrary, (1) you shall not be eligible for Retirement (or any vesting of your Restricted Stock Units that would occur as a result of Retirement) unless you obtain the prior consent of the Committee; and (2) in the event of your Retirement with the prior consent of the Committee, to the extent that your right to receive payment of vested Restricted Stock Units does not constitute a “deferral of compensation” within the meaning of Section 409A of the Code, the Distribution Date for your vested Restricted Stock Units shall be the date of your Retirement.

In the event of your Retirement with the prior consent of the Committee, if you are a Chinese national you hereby agree that you will instruct the third party Plan administrator to sell the shares you receive in payment of vested Restricted Stock Units within five (5) months after the date of your Retirement. If you do not sell the shares within five (5) months after Retirement, then the Company shall be authorized to instruct the third party Plan administrator to sell the shares on your behalf and report the transaction results to the Company for tax reporting and withholding purposes in order to comply with China SAFE requirements.

DENMARK

Retirement. The following provision modifies Sections 2 and 4 of the Terms and Conditions.

Notwithstanding any provision of the Terms and Conditions to the contrary, (1) you shall not be eligible for Retirement (or any vesting of your Restricted Stock Units that would occur as a result of Retirement) unless you obtain the prior consent of the Committee; and (2) in the event of your Retirement with the prior consent of the Committee, to the extent that your right to receive payment of vested Restricted Stock Units does not constitute a “deferral of compensation” within the meaning of Section 409A of the Code, the Distribution Date for your vested Restricted Stock Units shall be the date of your Retirement.

HONG KONG

Retirement. The following provision modifies Sections 2 and 4 of the Terms and Conditions.

Notwithstanding any provision of the Terms and Conditions to the contrary, (1) you shall not be eligible for Retirement (or any vesting of your Restricted Stock Units that would occur as a result of Retirement) unless you obtain the prior consent of the Committee; and (2) in the event of your Retirement with the prior consent of the Committee, to the extent that your right to receive payment of vested Restricted Stock Units does not constitute a “deferral of compensation” within the meaning of Section 409A of the Code, the Distribution Date for your vested Restricted Stock Units shall be the date of your Retirement.

INDIA

Retirement. The following provision modifies Sections 2 and 4 of the Terms and Conditions.

Notwithstanding any provision of the Terms and Conditions to the contrary, (1) you shall not be eligible for Retirement (or any vesting of your Restricted Stock Units that would occur as a result of Retirement) unless you obtain the prior consent of the Committee; and (2) in the event of your Retirement with the prior consent of the Committee, to the extent that your right to receive payment of vested Restricted Stock Units does not constitute a “deferral of compensation” within the meaning of Section 409A of the Code, the Distribution Date for your vested Restricted Stock Units shall be the date of your Retirement.

JAPAN

Retirement. The following provision modifies Sections 2 and 4 of the Terms and Conditions.

Notwithstanding any provision of the Terms and Conditions to the contrary, (1) you shall not be eligible for Retirement (or any vesting of your Restricted Stock Units that would occur as a result of Retirement) unless you obtain the prior consent of the Committee; and (2) in the event of your Retirement with the prior consent of the Committee, to the extent that your right to receive payment of vested Restricted Stock Units does not constitute a “deferral of compensation” within the meaning of Section 409A of the Code, the Distribution Date for your vested Restricted Stock Units shall be the date of your Retirement.

MEXICO

Retirement. The following provision modifies Sections 2 and 4 of the Terms and Conditions.

Notwithstanding any provision of the Terms and Conditions to the contrary, (1) you shall not be eligible for Retirement (or any vesting of your Restricted Stock Units that would occur as a result of Retirement) unless you obtain the prior consent of the Committee; and (2) in the event of your Retirement with the prior consent of the Committee, to the extent that your right to receive payment of vested Restricted Stock Units does not constitute a “deferral of compensation” within the meaning of Section 409A of the Code, the Distribution Date for your vested Restricted Stock Units shall be the date of your Retirement.

THE NETHERLANDS

Retirement. The following provision modifies Sections 2 and 4 of the Terms and Conditions.

Notwithstanding any provision of the Terms and Conditions to the contrary, (1) you shall not be eligible for Retirement (or any vesting of your Restricted Stock Units that would occur as a result of Retirement) unless you obtain the prior consent of the Committee; and (2) in the event of your Retirement with the prior consent of the Committee, to the extent that your right to receive payment of vested Restricted Stock Units does not constitute a "deferral of compensation" within the meaning of Section 409A of the Code, the Distribution Date for your vested Restricted Stock Units shall be the date of your Retirement.

OTHER COUNTRIES

If the Committee determines, in its sole discretion, that your Restricted Stock Units would otherwise become subject to tax in any country prior to the delivery of the shares of Common Stock underlying your vested Restricted Stock Units, then, except as otherwise may be required by Section 409A of the Code, the Committee may, in its sole discretion, provide that, notwithstanding any provision of the Terms and Conditions to the contrary, (1) you shall not be eligible for Retirement (or any vesting of your Restricted Stock Units that would occur as a result of Retirement) unless you obtain the prior consent of the Committee; and (2) in the event of your Retirement with the prior consent of the Committee, the Distribution Date for your vested Restricted Stock Units shall be the date of your Retirement.

Exhibit 10(c)

PARKER-HANNIFIN CORPORATION

SUMMARY OF THE COMPENSATION OF THE NON-EMPLOYEE MEMBERS OF THE BOARD OF DIRECTORS
Adopted August 17, 2016, effective October 26, 2016

Annual retainer for Corporate Governance and Nominating
Committee Chair: $170,000

Annual retainer for Audit Committee Chair: $150,000

Annual retainer for Human Resources and Compensation
Committee Chair: $150,000

Annual retainer for Finance Committee Chair: $145,000

Annual retainer for non-chair committee members: $130,000

Meeting fees of $2,000 for attending each Board of Directors or Committee meeting that exceeds the number of regularly-scheduled meetings of the Board and relevant Committee in a fiscal year by more than two.

Annual restricted stock unit grant

Exhibit 12

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

	Three Months Ended September 30,		Fiscal Year Ended June 30,				
	2016	**2015**	**2016**	**2015**	**2014**	**2013**	**2012**
EARNINGS							
Income from continuing operations before income taxes and noncontrolling interests	$ 292,245	$ 275,649	$ 1,114,728	$ 1,432,240	$ 1,556,720	$ 1,311,001	$ 1,576,698
Adjustments:							
Interest on indebtedness, exclusive of interest capitalized	33,069	34,821	133,004	115,077	79,845	88,668	89,888
Amortization of deferred loan costs	1,079	939	3,513	3,329	2,721	2,884	2,902
Portion of rents representative of interest factor	9,917	10,471	39,668	41,886	43,983	44,493	41,515
Loss (income) of equity investees	(8,062)	(5,181)	(25,648)	(23,204)	(11,141)	(247)	1,237
Distributed income of equity investees	10,448	13,702	36,616	31,723	1,661	—	—
Amortization of previously capitalized interest	34	42	152	179	190	193	196
Income as adjusted	$ 338,730	$ 330,443	$ 1,302,033	$ 1,601,230	$ 1,673,979	$ 1,446,992	$ 1,712,436
FIXED CHARGES							
Interest on indebtedness, exclusive of interest capitalized	$ 33,069	$ 34,821	$ 133,004	$ 115,077	$ 79,845	$ 88,668	$ 89,888
Amortization of deferred loan costs	1,079	939	3,513	3,329	2,721	2,884	2,902
Portion of rents representative of interest factor	9,917	10,471	39,668	41,886	43,983	44,493	41,515
Fixed charges	$ 44,065	$ 46,231	$ 176,185	$ 160,292	$ 126,549	$ 136,045	$ 134,305
RATIO OF EARNINGS TO FIXED CHARGES	7.69x	7.15x	7.39x	9.99x	13.23x	10.64x	12.75x

Exhibit 31(a)

CERTIFICATIONS

I, Thomas L. Williams, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: November 1, 2016

/s/ Thomas L. Williams

Thomas L. Williams

Chief Executive Officer

Exhibit 31(b)

CERTIFICATIONS

I, Jon P. Marten, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: November 1, 2016

/s/ Jon P. Marten

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

Exhibit 32

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

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in connection with the filing of the Quarterly Report on Form 10-Q of Parker-Hannifin Corporation (the “Company”) for the quarterly period ended September 30, 2016, 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 1, 2016

/s/ Thomas L. Williams

Name: Thomas L. Williams
Title: Chief Executive Officer

/s/ Jon P. Marten

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