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

FORM 10-Q

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

For the quarterly period ended March 31, 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 March 31, 2016 134,681,477

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 March 31,		Nine Months Ended March 31,	
	2016	2015	2016	2015
Net sales	$ 2,828,665	$ 3,162,311	$ 8,403,603	$ 9,567,236
Cost of sales	2,209,401	2,373,016	6,550,929	7,234,465
Gross profit	619,264	789,295	1,852,674	2,332,771
Selling, general and administrative expenses	335,908	372,306	1,020,788	1,152,950
Interest expense	33,745	35,003	103,802	83,609
Other (income), net	(23,382)	(6,380)	(50,438)	(32,055)
Income before income taxes	272,993	388,366	778,522	1,128,267
Income taxes	85,851	102,904	213,217	295,299
Net income	187,142	285,462	565,305	832,968
Less: Noncontrolling interest in subsidiaries' earnings	58	117	261	282
Net income attributable to common shareholders	$ 187,084	$ 285,345	$ 565,044	$ 832,686
Earnings per share attributable to common shareholders:				
Basic	$ 1.39	$ 2.06	$ 4.16	$ 5.77
Diluted	$ 1.37	$ 2.02	$ 4.12	$ 5.68
Cash dividends per common share	$ 0.63	$ 0.63	$ 1.89	$ 1.74

See accompanying notes to consolidated financial statements.

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

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2016	**2015**	**2016**	**2015**
Net income	$ 187,142	$ 285,462	$ 565,305	$ 832,968
Less: Noncontrolling interests in subsidiaries' earnings	58	117	261	282
Net income attributable to common shareholders	187,084	285,345	565,044	832,686
Other comprehensive income (loss), net of tax				
Foreign currency translation adjustment and other	130,766	(373,759)	(72,592)	(892,699)
Retirement benefits plan activity	28,422	25,871	85,539	77,793
Other comprehensive income (loss)	159,188	(347,888)	12,947	(814,906)
Less: Other comprehensive (loss) for noncontrolling interests	(2)	(27)	(133)	(180)
Other comprehensive income (loss) attributable to common shareholders	159,190	(347,861)	13,080	(814,726)
Total comprehensive income (loss) attributable to common shareholders	$ 346,274	$ (62,516)	$ 578,124	$ 17,960

See accompanying notes to consolidated financial statements.

PARKER-HANNIFIN CORPORATION

CONSOLIDATED BALANCE SHEET
(Dollars in thousands)

	(Unaudited) March 31, 2016	June 30, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,034,971	$ 1,180,584
Marketable securities and other investments	1,069,658	733,490
Trade accounts receivable, net	1,587,785	1,620,194
Non-trade and notes receivable	245,248	364,534
Inventories	1,248,213	1,300,459
Prepaid expenses	124,025	241,684
Deferred income taxes	146,939	142,147
Total current assets	5,456,839	5,583,092
Plant and equipment	4,777,473	4,862,611
Less: Accumulated depreciation	3,178,715	3,198,589
	1,598,758	1,664,022
Other assets	1,104,314	1,091,805
Intangible assets, net	961,206	1,013,439
Goodwill	2,948,284	2,942,679
Total assets	$ 12,069,401	$ 12,295,037
LIABILITIES		
Current liabilities:		
Notes payable and long-term debt payable within one year	$ 576,621	$ 223,142
Accounts payable, trade	999,159	1,092,138
Accrued payrolls and other compensation	339,117	409,762
Accrued domestic and foreign taxes	123,123	140,295
Other accrued liabilities	462,599	484,793
Total current liabilities	2,500,619	2,350,130
Long-term debt	2,675,000	2,723,960
Pensions and other postretirement benefits	1,483,641	1,699,197
Deferred income taxes	80,452	77,967
Other liabilities	302,706	336,214
Total liabilities	7,042,418	7,187,468
EQUITY		
Shareholders’ equity:		
Serial preferred stock, $.50 par value; authorized 3,000,000 shares; none issued	—	—
Common stock, $.50 par value; authorized 600,000,000 shares; issued 181,046,128 shares at March 31 and June 30	90,523	90,523
Additional capital	647,241	622,729
Retained earnings	10,148,038	9,841,885
Accumulated other comprehensive (loss)	(1,725,538)	(1,738,618)
Treasury shares, at cost; 46,364,651 shares at March 31 and 42,487,389 shares at June 30	(4,136,652)	(3,712,232)
Total shareholders’ equity	5,023,612	5,104,287
Noncontrolling interests	3,371	3,282
Total equity	5,026,983	5,107,569
Total liabilities and equity	$ 12,069,401	$ 12,295,037

See accompanying notes to consolidated financial statements.

PARKER-HANNIFIN CORPORATION

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

	Nine Months Ended March 31,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 565,305	$ 832,968
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation	143,663	152,884
Amortization	88,114	84,348
Share incentive plan compensation	53,735	74,830
Deferred income taxes	(25,925)	(29,362)
Foreign currency transaction loss (gain)	25,663	(79,572)
Loss on sale of plant and equipment	76	10,248
Gain on sale of businesses	(10,668)	(4,732)
Gain on sale of marketable securities	(535)	—
Changes in assets and liabilities, net of effect of acquisitions:		
Accounts receivable, net	21,167	39,309
Inventories	53,120	(142,105)
Prepaid expenses	117,203	(64,461)
Other assets	(19,246)	2,291
Accounts payable, trade	(93,948)	(29,719)
Accrued payrolls and other compensation	(69,179)	(47,892)
Accrued domestic and foreign taxes	(19,440)	(68,274)
Other accrued liabilities	(39,595)	(43,320)
Pensions and other postretirement benefits	(75,540)	117,097
Other liabilities	(32,471)	(13,488)
Net cash provided by operating activities	681,499	791,050
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions (net of cash of $3,814 in 2016 and $3,979 in 2015)	(67,552)	(18,640)
Capital expenditures	(110,804)	(157,418)
Proceeds from sale of plant and equipment	14,112	15,525
Proceeds from sale of businesses	24,325	35,577
Purchases of marketable securities and other investments	(1,188,594)	(1,456,410)
Maturities of marketable securities and other investments	974,417	828,653
Other	(40,364)	(44,726)
Net cash (used in) investing activities	(394,460)	(797,439)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from exercise of stock options	89	2,828
Payments for common shares	(450,070)	(1,348,446)
Tax benefit from share incentive plan compensation	8,681	19,097
Proceeds from (payments for) notes payable, net	523,336	(364,771)
Proceeds from long-term borrowings	2,287	1,482,605
Payments for long-term borrowings	(220,068)	(491)
Dividends	(256,890)	(252,745)
Net cash (used in) financing activities	(392,635)	(461,923)
Effect of exchange rate changes on cash	(40,017)	(128,230)
Net (decrease) in cash and cash equivalents	(145,613)	(596,542)
Cash and cash equivalents at beginning of year	1,180,584	1,613,555
Cash and cash equivalents at end of period	$ 1,034,971	$ 1,017,013

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 March 31,		Nine Months Ended March 31,	
	2016	2015	2016	2015
Net sales				
Diversified Industrial:				
North America	$ 1,247,904	$ 1,441,625	$ 3,695,008	$ 4,302,644
International	1,019,776	1,148,248	3,050,687	3,599,145
Aerospace Systems	560,985	572,438	1,657,908	1,665,447
Total net sales	$ 2,828,665	$ 3,162,311	$ 8,403,603	$ 9,567,236
Segment operating income				
Diversified Industrial:				
North America	$ 202,180	$ 235,516	$ 568,509	$ 726,640
International	105,161	139,473	329,823	465,803
Aerospace Systems	84,238	73,334	240,005	205,500
Total segment operating income	391,579	448,323	1,138,337	1,397,943
Corporate general and administrative expenses	42,322	45,515	126,583	152,319
Income before interest expense and other expense	349,257	402,808	1,011,754	1,245,624
Interest expense	33,745	35,003	103,802	83,609
Other expense (income)	42,519	(20,561)	129,430	33,748
Income before income taxes	$ 272,993	$ 388,366	$ 778,522	$ 1,128,267

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 March 31, 2016, the results of operations for the three and nine months ended March 31, 2016 and 2015 and cash flows for the nine months then ended. These financial statements should be read in conjunction with the consolidated financial statements and related notes included in the Company’s 2015 Annual Report on Form 10-K and its previously filed fiscal 2016 Form 10-Qs. 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 March 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (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. ASU 2016-09 is effective for annual periods, and interim periods within the annual periods, beginning after December 15, 2016. Early adoption is permitted. The Company has not yet determined the effect that ASU 2016-09 will have on its financial statements.

In March 2016, the FASB issued ASU 2016-07, "Simplifying the Transition to the Equity Method of Accounting." ASU 2016-07 eliminates the requirement to apply the equity method of accounting, upon obtaining significant influence, as if it was applied to the investment from inception. Instead, at the date significant influence is obtained, companies should add the cost of the additional interest acquired to the current basis of the investment and apply the equity method prospectively. If an available-for-sale security becomes eligible for the equity method of accounting, any unrealized gains or losses within accumulated other comprehensive income should be recognized within earnings on the date the investment becomes qualified for use of the equity method. ASU 2016-07 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016. Early adoption is permitted. The Company does not expect that ASU 2016-07 will have a material impact on its 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.

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

2. New accounting pronouncements, cont'd

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 November 2015, the FASB issued ASU 2015-17, "Income Taxes - Balance Sheet Classification of Deferred Taxes." ASU 2015-17 requires companies to present deferred tax assets and deferred tax liabilities as noncurrent in the statement of financial position. ASU 2015-17 is effective for financial statements issued for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years. Early adoption is permitted. The Company anticipates adopting ASU 2015-17 in the fourth quarter of fiscal 2016 and does not expect that ASU 2015-17 will have a material impact on its financial statements.

In July 2015, the FASB issued ASU 2015-11, "Inventory - Simplifying the Measurement of Inventory." ASU 2015-11 requires companies to measure inventory (valued using first-in, first-out or average cost methods) at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. The measurement of inventory valued using the last-in, first-out method is unchanged. ASU 2015-11 is effective for financial statements issued for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years. Early adoption is permitted. The Company does not expect that ASU 2015-11 will have a material impact 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. Early adoption is permitted. The Company does not expect that ASU 2015-03 will have a material impact on its financial statements.

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.

In September 2015, the FASB issued ASU 2015-16, "Business Combinations - Simplifying the Accounting for Measurement-Period Adjustments." ASU 2015-16 requires the recognition of adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustments are determined. The effects of the adjustments to provisional amounts on depreciation, amortization or other income effects should be recognized in current-period earnings as if the accounting had been completed at the acquisition date. Disclosure of the portion of the adjustment recorded in current-period earnings that would have been reported in prior reporting periods if the adjustment to the provisional amounts had been recognized at the acquisition date is also required. During the first quarter of fiscal 2016, the Company adopted ASU 2015-16. The adoption of ASU 2015-16 did not materially affect the Company's 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 and nine months ended March 31, 2016 and 2015.

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2016	2015	2016	2015
Numerator:				
Net income attributable to common shareholders	$ 187,084	$ 285,345	$ 565,044	$ 832,686
Denominator:				
Basic - weighted average common shares	134,809,610	138,794,789	135,675,823	144,342,288
Increase in weighted average common shares from dilutive effect of equity-based awards	1,743,159	2,395,014	1,636,025	2,284,985
Diluted - weighted average common shares, assuming exercise of equity-based awards	136,552,769	141,189,803	137,311,848	146,627,273
Basic earnings per share	$ 1.39	$ 2.06	$ 4.16	$ 5.77
Diluted earnings per share	$ 1.37	$ 2.02	$ 4.12	$ 5.68

For the three months ended March 31, 2016 and 2015, 3,087,061 and 396,693 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. For the nine months ended March 31, 2016 and 2015, 3,062,752 and 1,067,506 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 March 31, 2016, the Company repurchased 504,313 shares at an average price, including commissions, of $99.14 per share. During the nine-month period ended March 31, 2016, the Company repurchased 4,167,947 shares at an average price, including commissions, of $107.97 per share.

5. Trade accounts receivable, net

Trade accounts receivable are initially recorded at their net collectible amount and are generally recorded at the time the revenue from the sales transaction is recorded. Receivables are written off to bad debt primarily when, in the judgment of the Company, the receivable is deemed to be uncollectible due to the insolvency of the debtor. Allowance for doubtful accounts was $8,782 and $9,284 at March 31, 2016 and June 30, 2015, respectively.

6. Non-trade and notes receivable

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

	March 31, 2016	June 30, 2015
Notes receivable	$ 94,847	$ 90,470
Reverse repurchase agreements	—	113,558
Accounts receivable, other	150,401	160,506
Total	$ 245,248	$ 364,534

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

7. Inventories

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

	March 31, 2016	June 30, 2015
Finished products	$ 492,028	$ 526,708
Work in process	672,928	688,727
Raw materials	83,257	85,024
Total	$ 1,248,213	$ 1,300,459

8. Business realignment charges

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

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

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2016	2015	2016	2015
Diversified Industrial	$ 24,406	$ 7,203	$ 67,405	$ 22,136
Aerospace Systems	624	563	2,604	563
Corporate general and administrative expenses	2,049	—	2,129	—
Other expense (income)	—	484	116	2,399

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

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2016	2015	2016	2015
Diversified Industrial	875	176	2,929	350
Aerospace Systems	15	21	81	21
Corporate general and administrative expenses	50	—	52	—

8. Business realignment charges, cont'd

The charges primarily consist of severance costs related to actions taken under the Company's Simplification initiative aimed at reducing organizational and process complexity, as well as plant closures, with the majority of the charges incurred in Europe and North America. In connection with a plant closure during the nine months ended March 31, 2016, the Company recognized an expense associated with enhanced retirement benefits (refer to Note 11 for further discussion). 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 March 31,		Nine Months Ended March 31,	
	2016	2015	2016	2015
Cost of sales	$ 21,628	$ 4,823	$ 54,559	$ 15,430
Selling, general and administrative expenses	5,451	2,943	17,579	7,269
Other (income), net	—	484	116	2,399

As of March 31, 2016, approximately $42 million in severance payments had been made relating to charges incurred during fiscal 2016, the remainder of which are expected to be paid by March 31, 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 $33 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 March 31, 2016 and 2015 are as follows:

	Shareholders' Equity	Noncontrolling Interests	Total Equity
December 31, 2015	$ 4,799,406	$ 3,315	$ 4,802,721
Net income	187,084	58	187,142
Other comprehensive income (loss)	159,190	(2)	159,188
Dividends paid	(85,182)	—	(85,182)
Stock incentive plan activity	13,114	—	13,114
Shares purchased at cost	(50,000)	—	(50,000)
Balance at March 31, 2016	$ 5,023,612	$ 3,371	$ 5,026,983

	Shareholders' Equity	Noncontrolling Interests	Total Equity
December 31, 2014	$ 5,756,749	$ 3,392	$ 5,760,141
Net income	285,345	117	285,462
Other comprehensive (loss)	(347,861)	(27)	(347,888)
Dividends paid	(87,731)	(258)	(87,989)
Stock incentive plan activity	22,092	—	22,092
Shares purchased at cost	(476,879)	—	(476,879)
Balance at March 31, 2015	$ 5,151,715	$ 3,224	$ 5,154,939

9. Equity, cont'd

Changes in equity for the nine months ended March 31, 2016 and 2015 are as follows:

	Shareholders' Equity	Noncontrolling Interests	Total Equity
Balance at June 30, 2015	$ 5,104,287	$ 3,282	$ 5,107,569
Net income	565,044	261	565,305
Other comprehensive income (loss)	13,080	(133)	12,947
Dividends paid	(256,851)	(39)	(256,890)
Stock incentive plan activity	48,052	—	48,052
Shares purchased at cost	(450,000)	—	(450,000)
Balance at March 31, 2016	$ 5,023,612	$ 3,371	$ 5,026,983

	Shareholders' Equity	Noncontrolling Interests	Total Equity
Balance at June 30, 2014	$ 6,659,428	$ 3,380	$ 6,662,808
Net income	832,686	282	832,968
Other comprehensive (loss)	(814,726)	(180)	(814,906)
Dividends paid	(252,487)	(258)	(252,745)
Stock incentive plan activity	70,392	—	70,392
Shares purchased at cost	(1,343,578)	—	(1,343,578)
Balance at March 31, 2015	$ 5,151,715	$ 3,224	$ 5,154,939

Changes in accumulated other comprehensive (loss) in shareholders' equity by component for the nine months ended March 31, 2016 and 2015 are as follows:

	Foreign Currency Translation Adjustment and Other	Retirement Benefit Plans	Total
Balance at June 30, 2015	$ (641,018)	$ (1,097,600)	$ (1,738,618)
Other comprehensive (loss) before reclassifications	(71,989)	—	(71,989)
Amounts reclassified from accumulated other comprehensive (loss)	(470)	85,539	85,069
Balance at March 31, 2016	$ (713,477)	$ (1,012,061)	$ (1,725,538)

	Foreign Currency Translation Adjustment and Other	Retirement Benefit Plans	Total
Balance at June 30, 2014	$ 124,392	$ (947,890)	$ (823,498)
Other comprehensive (loss) before reclassifications	(892,672)	—	(892,672)
Amounts reclassified from accumulated other comprehensive (loss)	153	77,793	77,946
Balance at March 31, 2015	$ (768,127)	$ (870,097)	$ (1,638,224)

9. Equity, cont'd

Significant reclassifications out of accumulated other comprehensive (loss) in shareholders' equity for the three and nine months ended March 31, 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 March 31, 2016	Nine Months Ended March 31, 2016	
Retirement benefit plans			
Amortization of prior service cost and initial net obligation	$ (1,842)	$ (5,528)	See Note 11
Recognized actuarial loss	(42,714)	(128,538)	See Note 11
Total before tax	(44,556)	(134,066)	
Tax benefit	16,134	48,527	Income taxes
Net of tax	$ (28,422)	$ (85,539)	

Details about Accumulated Other Comprehensive (Loss) Components	Income (Expense) Reclassified from Accumulated Other Comprehensive (Loss)		Consolidated Statement of Income Classification
	Three Months Ended March 31, 2015	Nine Months Ended March 31, 2015	
Retirement benefit plans			
Amortization of prior service cost and initial net obligation	$ (2,281)	$ (6,825)	See Note 11
Recognized actuarial loss	(38,498)	(115,725)	See Note 11
Total before tax	(40,779)	(122,550)	
Tax benefit	14,908	44,757	Income taxes
Net of tax	$ (25,871)	$ (77,793)	

10. Goodwill and intangible assets

The changes in the carrying amount of goodwill for the nine months ended March 31, 2016 are as follows:

	Diversified Industrial Segment	Aerospace Systems Segment	Total
Balance at June 30, 2015	$ 2,844,045	$ 98,634	$ 2,942,679
Acquisitions	31,134	—	31,134
Foreign currency translation and other	(25,536)	7	(25,529)
Balance at March 31, 2016	$ 2,849,643	$ 98,641	$ 2,948,284

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:

	March 31, 2016		June 30, 2015	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Patents	$ 153,034	$ 94,916	$ 149,066	$ 88,540
Trademarks	346,407	178,120	355,108	172,187
Customer lists and other	1,379,694	644,893	1,369,380	599,388
Total	$ 1,879,135	$ 917,929	$ 1,873,554	$ 860,115

Total intangible amortization expense for the nine months ended March 31, 2016 was $81,590. The estimated amortization expense for the five years ending June 30, 2016 through 2020 is $101,240, $96,929, $92,134, $84,647 and $77,028, 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 nine months ended March 31, 2016.

11. Retirement benefits

Net pension benefit cost recognized included the following components:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2016	2015	2016	2015
Service cost	$ 23,680	$ 24,506	$ 71,199	$ 74,163
Interest cost	45,138	44,447	136,872	135,245
Special termination cost	—	—	7,088	—
Expected return on plan assets	(55,418)	(54,658)	(166,633)	(164,847)
Amortization of prior service cost	1,868	2,306	5,606	6,903
Amortization of net actuarial loss	42,573	38,171	127,841	114,896
Amortization of initial net obligation	4	4	12	13
Net pension benefit cost	$ 57,845	$ 54,776	$ 181,985	$ 166,373

During the three months ended March 31, 2016 and 2015, the Company recognized $1,001 and $1,019, respectively, in expense related to other postretirement benefits. During the nine months ended March 31, 2016 and 2015, the Company recognized $7,696 and $3,255, respectively, in expense related to other postretirement benefits.

During the nine months ended March 31, 2016, the Company provided enhanced retirement benefits in connection with a plant closure, which resulted in an increase in net pension benefit cost of $7,088 and an increase in expense related to other postretirement benefits of $4,521.

12. Income taxes

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

12. Income taxes, cont'd

As of March 31, 2016, the Company had gross unrecognized tax benefits of $133,991. The total amount of gross unrecognized tax benefits that, if recognized, would affect the effective tax rate was $76,577. 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 $11,127. 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 March 31, 2016 and June 30, 2015. Substantially 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 March 31, 2016 and June 30, 2015 are as follows:

	March 31, 2016		June 30, 2015	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Less than one year	$ 25,405	$ 25,391	$ 13,561	$ 13,555
One to three years	153,513	153,948	188,539	188,057
Above three years	42,944	42,865	15,673	15,587

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

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

	March 31, 2016	June 30, 2015
Carrying value of long-term debt	$ 2,728,280	$ 2,947,102
Estimated fair value of long-term debt	2,991,749	3,107,735

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

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.

13. Financial instruments, cont'd

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

The following summarizes the location and fair value of significant derivative financial instruments reported in the Consolidated Balance Sheet as of March 31, 2016 and June 30, 2015:

	Balance Sheet Caption	March 31, 2016	June 30, 2015
Net investment hedges			
Cross-currency swap contracts	Other assets	$ 14,761	$ 17,994
Cash flow hedges			
Costless collar contracts	Non-trade and notes receivable	292	5,627
Costless collar contracts	Other accrued liabilities	7,649	1,970

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

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

Cross-currency swap contracts have been designated as hedging instruments. Costless collar contracts 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 and nine months ended March 31, 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 March 31,		Nine Months Ended March 31,	
	2016	2015	2016	2015
Cross-currency swap contracts	$ 10,934	$ 22,684	$ 3,140	$ 44,813
Foreign denominated debt	(2,131)	17,151	2,202	42,296

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 nine months ended March 31, 2016 and 2015.

13. Financial instruments, cont'd

A summary of financial assets and liabilities that were measured at fair value on a recurring basis at March 31, 2016 and June 30, 2015 are as follows:

	Fair Value at March 31, 2016	Quoted Prices In Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Equity securities	$ 1,452	$ 1,452	$ —	$ —
Government bonds	25,094	25,094	—	—
Corporate bonds	187,946	187,946	—	—
Asset-backed and mortgage-backed securities	9,164	—	9,164	—
Derivatives	15,231	—	15,231	—
Investments measured at net asset value	516,889			
Liabilities:				
Derivatives	15,028	—	15,028	—

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

The fair values of the 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.

**FOR THE THREE AND NINE MONTHS ENDED MARCH 31, 2016
AND COMPARABLE PERIODS ENDED MARCH 31, 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:

	March 31, 2016	December 31, 2015	June 30, 2015
United States	51.8	48.0	53.5
Eurozone countries	51.6	53.2	52.5
China	49.7	48.2	49.4
Brazil	46.0	45.6	46.5

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

Housing starts in March 2016 were approximately 14 percent higher than housing starts in March 2015 and were approximately seven percent lower than housing starts in June 2015.

The Company remains focused on maintaining its financial strength by adjusting its cost structure to reflect changing demand levels, maintaining a strong balance sheet and managing its cash. The Company has been able to borrow funds at affordable interest rates and had a debt to debt-shareholders’ equity ratio of 39.3 percent at March 31, 2016 compared to 40.7 percent at December 31, 2015 and 36.6 percent at June 30, 2015. Net of cash and cash equivalents and marketable securities and other investments, the debt to debt-shareholders' equity ratio was 18.6 percent at March 31, 2016 compared to 23.0 percent at December 31, 2015 and 16.8 percent at June 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:

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

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

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

CONSOLIDATED STATEMENT OF INCOME

	Three Months Ended March 31,		Nine Months Ended March 31,	
(dollars in millions)	**2016**	**2015**	**2016**	**2015**
Net sales	$ 2,828.7	$ 3,162.3	$ 8,403.6	$ 9,567.2
Gross profit	$ 619.3	$ 789.3	$ 1,852.7	$ 2,332.8
Gross profit margin	21.9%	25.0%	22.0%	24.4%
Selling, general and administrative expenses	$ 335.9	$ 372.3	$ 1,020.8	$ 1,153.0
Selling, general and administrative expenses, as a percent of sales	11.9%	11.8%	12.1%	12.1%
Interest expense	$ 33.7	$ 35.0	$ 103.8	$ 83.6
Other (income), net	$ (23.4)	$ (6.4)	$ (50.4)	$ (32.1)
Effective tax rate	31.4%	26.5%	27.4%	26.2%
Net income	$ 187.1	$ 285.5	$ 565.3	$ 833.0
Net income, as a percent of sales	6.6%	9.0%	6.7%	8.7%

Net sales for the current-year quarter and first nine months of fiscal 2016 decreased from the comparable prior-year periods primarily due to lower sales in the Diversified Industrial Segment. The effect of currency rate changes decreased net sales by approximately $47 million in the current-year quarter ($36 million of which was attributable to the Diversified Industrial International businesses) and $372 million for the first nine months of fiscal 2016 ($315 million of which was attributable to the Diversified Industrial International businesses). Acquisitions made in the last 12 months contributed approximately $9 million and $31 million in sales in the current-year quarter and first nine months of fiscal 2016, respectively.

Gross profit margin decreased in the current-year quarter and first nine months of fiscal 2016 primarily due to the lower sales volume in the Diversified Industrial Segment, resulting in manufacturing inefficiencies, and an unfavorable product mix in the Diversified Industrial International businesses, partially offset by a favorable product mix in the Aerospace Systems Segment and lower operating expenses resulting from the Company's Simplification initiative and prior-year restructuring activities. 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 $(17.5) million and $56.4 million, respectively, and $(25.7) million and $79.6 million for the first nine months of fiscal 2016 and 2015, respectively. Pension cost included in cost of sales for the current-year quarter and prior-year quarter were $40.3 million and

$39.2 million, respectively, and $128.1 million and $121.0 million for the first nine months of fiscal 2016 and 2015, respectively. Cost of sales for the current-year quarter and prior-year quarter also included business realignment charges of $21.6 million and $4.8 million, respectively, and $54.6 million and $15.4 million for the first nine months of fiscal 2016 and 2015, respectively.

Selling, general and administrative expenses decreased for the current-year quarter and first nine months of fiscal 2016 primarily due to lower selling expenses resulting from the decrease in sales, lower expenses resulting from the Company's Simplification initiative, lower incentive compensation expense and lower research and development expenses, partially offset by higher 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 $18.2 million and $15.4 million, respectively, and $55.8 million and $46.7 for the first nine months of fiscal 2016 and 2015, respectively. Business realignment charges included in selling, general and administrative expenses were $5.5 million and $2.9 million for the current-year quarter and prior-year quarter, respectively, and $17.6 million and $7.3 million for the first nine months of fiscal 2016 and 2015, 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. Interest expense for the first nine months of fiscal 2016 increased from the comparable prior-year period primarily due to higher weighted-average borrowings and higher weighted-average interest rates.

Other (income), net in the current-year quarter and first nine months of fiscal 2016 includes income of $6.1 million and $16.7 million, respectively, related to equity method investments, and a gain of $10.0 million and $11.5 million, respectively, related to the sale of businesses. Other (income), net in the prior-year quarter and first nine months of fiscal 2015 included income of $4.9 million and $16.1 million, respectively, related to equity method investments, a gain of $1.3 million and $8.9 million, respectively, related to the sale of businesses, and expenses of $0.8 million and $7.9 million, respectively, related to asset writedowns.

Effective tax rate for the current-year quarter and first nine months of fiscal 2016 was higher than the comparable prior-year periods primarily due to a decrease in estimated foreign earnings in lower tax jurisdictions, partially offset by an increase in the U.S. Research and Development tax credit. The Company expects the effective tax rate for fiscal 2016 will be approximately 28 percent.

RESULTS BY BUSINESS SEGMENT

Diversified Industrial Segment

	Three Months Ended March 31,		Nine Months Ended March 31,	
(dollars in millions)	**2016**	**2015**	**2016**	**2015**
Net sales				
North America	$ 1,247.9	$ 1,441.6	$ 3,695.0	$ 4,302.6
International	1,019.8	1,148.2	3,050.7	3,599.1
Operating income				
North America	202.2	235.5	568.5	726.6
International	$ 105.2	$ 139.5	$ 329.8	$ 465.8
Operating margin				
North America	16.2%	16.3%	15.4%	16.9%
International	10.3%	12.1%	10.8%	12.9%
Backlog	$ 1,518.6	$ 1,662.9	$ 1,518.6	$ 1,662.9

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

	Period Ending March 31,	
	Three Months	Nine Months
Diversified Industrial North America – as reported	(13.4)%	(14.1)%
Acquisitions	0.1 %	0.2 %
Currency	(0.8)%	(1.2)%
Diversified Industrial North America – without acquisitions and currency	(12.7)%	(13.1)%
Diversified Industrial International – as reported	(11.2)%	(15.2)%
Acquisitions	0.6 %	0.7 %
Currency	(3.1)%	(8.8)%
Diversified Industrial International – without acquisitions and currency	(8.7)%	(7.1)%
Total Diversified Industrial Segment – as reported	(12.4)%	(14.6)%
Acquisitions	0.4 %	0.4 %
Currency	(1.8)%	(4.6)%
Total Diversified Industrial Segment – without acquisitions and currency	(11.0)%	(10.4)%

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. 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 and first nine months of fiscal 2016 primarily due to lower demand from both distributors and end-users in most markets. The markets that experienced the largest decline in end-user demand were the oil and gas, construction equipment and farm and agriculture equipment markets. Excluding the effects of acquisitions and changes in currency exchange rates, Diversified Industrial International sales for the current-year quarter and first nine months of fiscal 2016 decreased primarily due to lower volume in all regions. During the current-year quarter, approximately 60 percent of the decrease occurred in Europe and approximately 30 percent occurred in the Asia Pacific region. During the first nine months of fiscal 2016, approximately half of the decrease occurred in Europe and approximately one-third of the decrease occurred in the Asia Pacific region. Within these regions, the largest decrease in sales during the current-year quarter and first nine months of fiscal 2016 was experienced from both distributors and end-users in the oil and gas, marine and construction equipment markets.

The decrease in operating margin in the Diversified Industrial North American businesses for the current-year quarter and first nine months of fiscal 2016 was primarily due to the lower sales volume and higher business realignment charges, partially offset by lower operating expenses primarily resulting from the Company's Simplification initiative. The decrease in operating margin in the Diversified Industrial International businesses for the current-year quarter and first nine months of fiscal 2016 was primarily due to the lower sales volume and an unfavorable product mix, partially offset by lower operating expenses primarily resulting from the Company's Simplification initiative and prior-year restructuring activities.

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

	Three Months Ended March 31,		Nine Months Ended March 31,	
(dollars in millions)	**2016**	**2015**	**2016**	**2015**
Diversified Industrial North America	$ 8.5	$ 0.7	$ 25.5	$ 1.0
Diversified Industrial International	15.9	6.5	41.9	21.1

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. In addition to the business realignment charges presented in the table above, the Company recognized $11.6 million of expense associated with enhanced retirement benefits in connection with a plant closure during the nine months ended March 31, 2016. The Company anticipates that cost savings realized from the work force reduction measures taken during the first nine months of fiscal 2016 will increase fiscal 2016 and fiscal 2017 annual operating income by approximately four percent and eight percent, respectively, in both the Diversified Industrial North American and Diversified Industrial International businesses. The Company expects to continue to take the actions necessary to structure appropriately the operations of the Diversified Industrial Segment. Such actions are expected to result in approximately $35 million of additional business realignment charges in the remainder of fiscal 2016.

Diversified Industrial Segment backlog decreased from the prior-year quarter and from the June 30, 2015 amount of $1,585.8 million as shipments exceeded orders in both the North American and International businesses. Backlog in Europe represented approximately 50 percent and 80 percent of the decline in the International businesses from the prior-year quarter and from June 30, 2015, 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 2016 will decrease between 14.5 percent and 12.5 percent and Diversified Industrial International sales for fiscal 2016 will decrease between 14.2 percent and 12.2 percent from their fiscal 2015 levels. Diversified Industrial North American operating margins in fiscal 2016 are expected to range from 15.7 percent to 15.9 percent and Diversified Industrial International operating margins in fiscal 2016 are expected to range from 10.7 percent to 10.8 percent.

Aerospace Systems Segment

	Three Months Ended March 31,		Nine Months Ended March 31,	
(dollars in millions)	**2016**	**2015**	**2016**	**2015**
Net sales	$ 561.0	$ 572.4	$ 1,657.9	$ 1,665.4
Operating income	$ 84.2	$ 73.3	$ 240.0	$ 205.5
Operating margin	15.0%	12.8%	14.5%	12.3%
Backlog	$ 1,794.9	$ 1,848.3	$ 1,794.9	$ 1,848.3

The decrease in net sales in the Aerospace Systems Segment for the current-year quarter and first nine months of fiscal 2016 was due to lower volume in the commercial and military original equipment manufacturer (OEM) businesses and military aftermarket business, partially offset by higher volume in the commercial aftermarket business. The higher margins in both the current-year quarter and first nine months of fiscal 2016 were primarily due to a favorable product mix, favorable contract settlements and lower engineering and development expenses.

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 increase in backlog from the June 30, 2015 amount of $1,755.8 million was primarily due to orders exceeding shipments in the military OEM business and commercial and military aftermarket businesses, partially offset by shipments exceeding orders in the commercial OEM business. Backlog consists of written firm orders from a customer to deliver products and, in the case of blanket purchase orders, only includes the portion of the order for which a schedule or release date has been agreed to with the customer. The dollar value of backlog is equal to the amount that is expected to be billed to the customer and reported as a sale. For fiscal 2016, sales are expected to range from a decrease of 0.4 percent to an increase of 1.2 percent from the fiscal 2015 level and operating margins are expected to range from 14.7 percent to 14.9 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 $42.3 million in the current-year quarter compared to $45.5 million in the comparable prior-year quarter and were $126.6 million for the first nine months of fiscal 2016 compared to $152.3 million for the first nine months of fiscal 2015. As a percent of sales, corporate general and administrative expenses increased to 1.5 percent in the current-year quarter from 1.4 percent in the prior-year quarter and decreased to 1.5 percent in the first nine months of fiscal 2016 from 1.6 percent in the first nine months of fiscal 2015. The lower expense in the current-year quarter and first nine months of fiscal 2016 is primarily due to lower incentive compensation expense and lower research and development expenses, partially offset by higher net expenses associated with the Company's deferred compensation programs.

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

(dollars in millions)	Three Months Ended March 31,		Nine Months Ended March 31,	
Expense (income)	2016	2015	2016	2015
Foreign currency transaction	$ 17.5	$ (56.4)	$ 25.7	$ (79.6)
Stock-based compensation	8.5	9.2	41.2	48.6
Pensions	26.8	23.5	83.9	73.0
Divestitures and asset sales and writedowns	(9.6)	0.9	(11.4)	1.3
Other items, net	(0.7)	2.3	(10.0)	(9.6)
	$ 42.5	$ (20.5)	$ 129.4	$ 33.7

Foreign currency transaction primarily relates to the impact of changes in foreign exchange rates on cash, marketable securities and other investments and intercompany transactions. A significant portion of the foreign currency transaction gain for the prior-year quarter and first nine months of fiscal 2015 related to intercompany loans and was attributable to the Swiss National Bank lifting the cap on the fluctuation of the exchange rate used to measure the Swiss Franc against the Euro. The Company has since settled these particular intercompany loans.

CONSOLIDATED BALANCE SHEET

(dollars in millions)	March 31, 2016	June 30, 2015
Cash	$ 2,104.6	$ 1,914.1
Trade accounts receivable, net	1,587.8	1,620.2
Inventories	1,248.2	1,300.5
Notes payable and long-term debt payable within one year	576.6	233.1
Shareholders’ equity	5,023.6	5,104.3
Working capital	$ 2,956.2	$ 3,233.0
Current ratio	2.18	2.38

Cash (comprised of cash and cash equivalents and marketable securities and other investments) includes $2,079 million and $1,777 million held by the Company's foreign subsidiaries at March 31, 2016 and June 30, 2015, respectively. Generally, cash and cash equivalents and marketable securities and other investments held by foreign subsidiaries are not readily available for use in the United States without adverse tax consequences. The Company's principal sources of liquidity are its cash flows provided by operating activities, commercial paper borrowings or borrowings directly from its line of credit. The Company does not believe the amount of cash held outside the U.S. will have an adverse effect on working capital needs, planned growth, repayment of maturing debt, benefit plan funding, dividend payments or share repurchases.

Trade accounts receivable, net are receivables due from customers for sales of product. Days sales outstanding relating to trade accounts receivable was 51 days at March 31, 2016 and 48 days at June 30, 2015. The Company believes that its receivables are collectible and appropriate allowances for doubtful accounts have been recorded.

Inventories as of March 31, 2016 decreased $52 million (which includes a decrease of $9 million from the effect of foreign currency translation and an increase of $7 million from current-year acquisitions) compared to June 30, 2015. The decrease in inventories was primarily in the Diversified Industrial Segment, with the decrease occurring evenly between the Diversified Industrial North American businesses and the Diversified Industrial International businesses. Days' supply of inventory was 69 days at March 31, 2016, 65 days at June 30, 2015 and 68 days at March 31, 2015.

Notes payable and long-term debt payable within one year as of March 31, 2016 increased from the June 30, 2015 amount due primarily to higher commercial paper notes outstanding and reclassification of the Company's Japanese credit facility as current due to its repayment being within one year, partially offset by the repayment of the Company's Euro bonds. The Company from time to time will utilize short-term intercompany loans to repay commercial paper borrowings. At times, the short-term intercompany loans are outstanding at the end of a fiscal quarter.

Shareholders’ equity activity during the first nine months of fiscal 2016 included a decrease of approximately $450 million as a result of share repurchases and a decrease of approximately $74 million related to foreign currency translation adjustments.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Nine Months Ended March 31,	
(dollars in millions)	**2016**	**2015**
Cash provided by (used in):		
Operating activities	$ 681.5	$ 791.1
Investing activities	(394.5)	(797.4)
Financing activities	(392.6)	(461.9)
Effect of exchange rates	(40.0)	(128.2)
Net (decrease) in cash and cash equivalents	$ (145.6)	$ (596.4)

Cash flows provided by operating activities for the first nine months of fiscal 2016 was lower than the prior-year first nine months primarily due to a decrease in net income and a $200 million voluntary cash contribution made in fiscal 2016 to the Company's domestic qualified defined benefit pension plan. Cash flows provided by operating activities in the first nine months of fiscal 2016 benefited from a decrease in cash used by working capital items as compared to the first nine months of fiscal 2015. The Company continues to focus on managing its inventory and other working capital requirements.

Cash flows used in investing activities was lower in the first nine months of fiscal 2016 due primarily to a decrease in capital expenditures and marketable securities and other investments activity, partially offset by an increase in acquisition activity.

Cash flows used in financing activities for the first nine months of fiscal 2016 includes $474 million of net commercial paper borrowings versus $365 million of net commercial paper repayments in first nine months of fiscal 2015. Cash flows used in financing activities for the first nine months of fiscal 2016 included the repayment of long-term debt of $219 million and for the first nine months of fiscal 2015 included the issuance of $1,500 million of medium-term notes. Cash flows used in financing activities included repurchase activity under the Company's share repurchase program. The Company repurchased 4.2 million common shares for $450 million in the first nine months of fiscal 2016 as compared to the repurchase of 10.7 million common shares for $1,344 million in the first nine months of fiscal 2015.

The Company’s goal is to maintain no less than an “A” rating on senior debt to ensure availability and reasonable cost of external funds. As a means of achieving this objective, the Company has established a financial goal of maintaining a ratio of debt to debt-shareholders’ equity of no more than 37 percent. From time to time, such as at March 31, 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**	**March 31, 2016**	**June 30, 2015**
Debt	$ 3,252	$ 2,947
Debt & Shareholders’ equity	$ 8,275	$ 8,051
Ratio	39.3%	36.6%

At March 31, 2016, the Company had a line of credit totaling $2,000 million through a multi-currency revolving credit agreement with a group of banks, $1,526 million of which was available. The credit agreement expires in October 2017; however, the Company has the right to request a one-year extension of the expiration date on an annual basis, which request may result in changes to the current terms and conditions of the credit agreement. Advances from the credit agreement can be used for general corporate purposes, including acquisitions, and for the refinancing of existing indebtedness. The credit agreement requires the payment of an annual facility fee, the amount of which 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 March 31, 2016, the Company was authorized to sell up to $1,850 million of short-term commercial paper notes. As of March 31, 2016, $474 million commercial paper notes were outstanding and the largest amount of commercial paper notes outstanding during the third quarter of fiscal 2016 was $600 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 March 31, 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, including timing, price and execution of share repurchases;
- increases in raw material costs that cannot be recovered in product pricing;
- the Company's ability to manage costs related to insurance and employee retirement and health care benefits;
- threats associated with and efforts to combat terrorism and cyber-security risks;
- uncertainties surrounding the ultimate resolution of outstanding legal proceedings, including the outcome of any appeals;
- competitive market conditions and resulting effects on sales and pricing; and
- global economic factors, including manufacturing activity, air travel trends, currency exchange rates, difficulties entering new markets and general economic conditions such as inflation, deflation, interest rates and credit availability.

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

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

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

ITEM 4. CONTROLS AND PROCEDURES

The Company carried out an evaluation, under the supervision and with the participation of the Company’s management, including the Company’s principal executive officer and principal financial officer, of the effectiveness of the Company’s disclosure controls and procedures as of March 31, 2016. Based on this evaluation, the Company's principal executive officer and principal financial officer concluded that, as of March 31, 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 March 31, 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 have cooperated with all of the regulatory authorities investigating the activities of the Parker ITR business unit that manufactures and sells marine hose and continue to cooperate with the investigations that remain ongoing. Several of the investigations and all of the lawsuits have concluded. The following investigation remains pending.

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

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

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

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

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

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid Per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	(d) Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs (1)
January 1, 2016 through January 31, 2016	170,700	$ 91.73	170,700	20,603,822
February 1, 2016 through February 29, 2016	167,700	$ 98.24	167,700	20,436,122
March 1, 2016 through March 31, 2016	165,913	$ 107.63	165,913	20,270,209
Total:	504,313	$ 99.12	504,313	20,270,209

(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
10(a)	Parker-Hannifin Corporation Amended and Restated Supplemental Executive Retirement Benefits Program.*
12	Computation of Ratio of Earnings to Fixed Charges as of March 31, 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 March 31, 2016 and 2015, (ii) Consolidated Statement of Income for the nine months ended March 31, 2016 and 2015, (iii) Consolidated Statement of Comprehensive Income for the three months ended March 31, 2016 and 2015, (iv) Consolidated Statement of Comprehensive Income for the nine months ended March 31, 2016 and 2015, (v) Consolidated Balance Sheet at March 31, 2016 and June 30, 2015, (vi) Consolidated Statement of Cash Flows for the nine months ended March 31, 2016 and 2015, and (vii) Notes to Consolidated Financial Statements for the nine months ended March 31, 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: May 5, 2016

EXHIBIT INDEX

Exhibit No.	Description of Exhibit
10(a)	Parker-Hannifin Corporation Amended and Restated Supplemental Executive Retirement Benefits Program.*
12	Computation of Ratio of Earnings to Fixed Charges as of March 31, 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 March 31, 2016 and 2015, (ii) Consolidated Statement of Income for the nine months ended March 31, 2016 and 2015, (iii) Consolidated Statement of Comprehensive Income for the three months ended March 31, 2016 and 2015, (iv) Consolidated Statement of Comprehensive Income for the nine months ended March 31, 2016 and 2015, (v) Consolidated Balance Sheet at March 31, 2016 and June 30, 2015, (vi) Consolidated Statement of Cash Flows for the nine months ended March 31, 2016 and 2015, and (vii) Notes to Consolidated Financial Statements for the nine months ended March 31, 2016.

PARKER-HANNIFIN CORPORATION
AMENDED AND RESTATED
SUPPLEMENTAL EXECUTIVE
RETIREMENT BENEFITS PROGRAM

Adopted: April 6, 2016
Effective: July 1, 2014

WHEREAS, by instrument effective as of January 1, 1980, this supplemental executive retirement benefits program (the “Program”) was established for the benefit of certain employees of Parker-Hannifin Corporation and their beneficiaries; and

WHEREAS, the Program has been amended and restated from time to time; and

WHEREAS, the Human Resources and Compensation Committee (the “Committee”) of the Board of Directors of the Company desires to amend and restate the terms, provisions, and conditions of the Program;

NOW, THEREFORE, the Program is hereby amended and restated in its entirety as of July 1, 2014 to freeze participation and close the Program to new Participants.

The Program underwent a significant and comprehensive change when it was amended and restated as of July 21, 2008 to reflect the requirements of the American Jobs Creation Act (the "Act") with respect to the terms and conditions applicable to amounts that are accrued and vested after December 31, 2004 and subject to Section 409A of the Code. All benefits accrued and vested under the Program prior to January 1, 2005 and any additional amounts that are not subject to Section 409A of the Code (the "Grandfathered Amounts") shall continue to be subject solely to the terms of the separate Program as in effect on December 31, 2004. The Program will be administered in a manner consistent with the Act and Section 409A of the Code and any Regulations or other guidance thereunder and any provision in the Program that is inconsistent with Section 409A of the Code shall be void and without effect. Notwithstanding anything else in the Program to the contrary, nothing shall be read to preclude the Program from using any transition rules permitted under the Act, provided that no action will be permitted with respect to the Grandfathered Amounts that will subject such amounts to Section 409A of the Code.

1. Definitions

Except as otherwise required by the context, the terms used in this Program shall have the meanings hereinafter set forth.

(a) Actuarial Equivalent or Actuarially Equivalent: An amount that is the actuarial equivalent (within the meaning of Section 1.409A-2(b)(2)(ii) of the Regulations) of a value using the actuarial assumptions specified for the relevant purpose under the Consolidated Plan.

(b) Actuarial Value: As defined in the PRP.

(c) Administrator: The Parker Total Rewards Administration Committee of the Company or, if applicable, the administration subcommittee appointed by the Parker Total Rewards Administration Committee with respect to the Program.

(d) Affiliated Group: The Company and all entities with which the Company would be considered a single employer under Sections 414(b) and 414(c) of the Code, provided that in applying Sections 1563(a)(1), (2), and (3) of the Code for purposes of determining an Affiliated Group of corporations under Section 414(b) of the Code, the language "at least 50 percent" is used instead of "at least 80 percent" each place it appears in Sections 1563(a)(1), (2), and (3) of the Code, and in applying Section 1.414(c)-2 of the Treasury Regulations for purposes of determining trades or businesses (whether or not incorporated) that are under common control for purposes of Section 414(c) of the Code, "at least 50 percent" is used instead of "at least 80 percent" each place it appears in that regulation. Such term shall be interpreted in a manner consistent with the definition of "service recipient" contained in Section 409A of the Code.

(e) Beneficiary: The person or persons or entity designated as such in accordance with Article 8 of the Program.

(f) Board: The Board of Directors of the Company.

(g) Business Combination: A merger, consolidation, share exchange or similar form of corporate reorganization of the Company or any Subsidiary that requires the approval of the Company's stockholders, whether for such transaction or the issuance of securities in connection with the transaction or otherwise.

(h) Change in Control: The occurrence of one of the following events:

(1) A change in ownership of the Company, which occurs on the date that any one person or more than one person acting as a group (within the meaning of the Regulations under Section 409A of the Code) acquires ownership of stock of the Company that, together with stock held by such person or group, constitutes more than 50% of the total voting power of the stock of the Company. Notwithstanding the foregoing, if any one person or group is considered to own more than 50% of the total voting power of the stock of the Company, the acquisition of additional stock by the same person or group is not considered to cause a change in the ownership of the Company or a change in the effective control of the Company (within the meaning of Section 1(h)(2) of this Program). Notwithstanding the foregoing, a Change in Control shall not be deemed to occur solely because any person acquires ownership of more than 50% of the total voting power of the stock of the Company as

a result of the acquisition by the Company of stock of the Company which, by reducing the number of shares outstanding, increases the percentage of shares beneficially owned by such person; provided, that if a Change in Control would occur as a result of such an acquisition by the Company (if not for the operation of this sentence), and after the Company's acquisition such person becomes the beneficial owner of additional stock of the Company that increases the percentage of outstanding shares of stock of the Company owned by such person, a Change in Control shall then occur.

(2) A change in effective control of the Company, which occurs on either of the following dates:

(i) The date that any one person or more than one person acting as a group (within the meaning of the Regulations under Section 409A of the Code) acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or group) ownership of stock of the Company possessing 30% or more of the total voting power of the Company. Notwithstanding the foregoing, if any one person or group is considered to own 30% or more of the total voting power of the stock of the Company, the acquisition of additional stock by the same person or group is not considered to cause a change in the effective control of the Company or a change in ownership of the Company (within the meaning of Section 1(h)(1) of this Program). Notwithstanding the foregoing, a Change in Control shall not be deemed to occur solely because any person acquires ownership of more than 30% of the total voting power of the stock of the Company as a result of the acquisition by the Company of stock of the Company which, by reducing the number of shares outstanding, increases the percentage of shares beneficially owned by such person; provided, that if a Change in Control would occur as a result of such an acquisition by the Company (if not for the operation of this sentence), and after the Company's acquisition such person becomes the beneficial owner of additional stock of the Company that increases the percentage of outstanding shares of stock of the Company owned by such person, a Change in Control shall then occur.

(ii) The date that a majority of the Company’s board of directors is replaced during any 12-month period by directors whose appointment or election was not endorsed by a majority of the members of the board prior to the date of such appointment or election.

(3) A change in the ownership of a substantial portion of the Company’s assets, which occurs on the date that any one person or more than one person acting as a group (within the meaning of the Regulations under Section 409A of the

Code) acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or group) assets that have a total gross fair market value equal to or more than 65% of the total gross fair market value of all the assets of the Company immediately before such acquisition or acquisitions. The gross fair market value of assets shall be determined without regard to liabilities associated with such assets. Notwithstanding the foregoing, a transfer of assets shall not result in a change in ownership of a substantial portion of the Company's assets if such transfer is to:

(i) a shareholder of the Company (immediately before the asset transfer) in exchange for or with respect to its stock;

(ii) an entity 50% or more of the total value or voting power of which is owned, directly or indirectly, by the Company;

(iii) a person or group (within the meaning of the Regulations under Section 409A of the Code) that owns, directly or indirectly, 50% or more of the total value or voting power of the stock of the Company; or

(iv) an entity, at least 50% of the total value or voting power of which is owned, directly or indirectly by a person or group described in Section 1(h)(3)(iii) of this Program.

Notwithstanding Sections 1(h)(1), 1(h)(2)(i) and 1(h)(3) above, the consummation of a Business Combination shall not be deemed a Change in Control if, immediately following such Business Combination: (a) more than 50% of the total voting power of the Surviving Corporation or, if applicable, the Parent Corporation of such Surviving Corporation, is represented by Company Voting Securities that were outstanding immediately prior to the Business Combination (or, if applicable, shares into which such Company Voting Securities were converted pursuant to such Business Combination); and such voting power among the holders thereof is in substantially the same proportion as the voting power of such Company Voting Securities among the holders thereof immediately prior to the Business Combination; (b) no person (other than any employee benefit plan sponsored or maintained by the Surviving Corporation or the Parent Corporation) is or becomes the beneficial owner, directly or indirectly, of 20% or more of the total voting power of the outstanding voting securities eligible to elect directors of the Parent Corporation (or, if there is no Parent Corporation, the Surviving Corporation; and (c) at least a majority of the members of the board of directors of the Parent Corporation (or, if there is no Parent Corporation, the Surviving Corporation), following the Business Combination, were members of the Company's Board at the time of the Board's approval of the execution of the initial agreement providing for such Business Combination.

Notwithstanding the foregoing, an acquisition of stock of the Company described in Section 1(h)(1) or 1(h)(2)(i) above shall not be deemed to be a Change in Control by virtue of any of the following situations: (a) an acquisition by the Company or any Subsidiary; (b) an acquisition by any employee benefit plan sponsored or maintained by the Company or any Subsidiary; (c) an acquisition by any underwriter temporarily holding securities pursuant to an offering of such securities; or (d) the acquisition of stock of the Company from the Company.

(i) Change in Control Lump Sum Payment: The lump sum payment made upon a Change in Control as calculated under Section 4.03(b).

(j) Change in Control Severance Agreement: The agreement between an Eligible Executive and the Company that provides for certain benefits if the Eligible Executive's employment terminates following a Corporate Change Vesting Event; provided, that in the case of a former Participant who is receiving benefits under the Program, Change in Control Severance Agreement shall mean the change in control severance agreement that was in effect between the Participant and the Company at the time of his or her retirement.

(k) Code: The Internal Revenue Code of 1986, as amended, or any successor statute, and regulations and guidance issued thereunder.

(l) Committee: The Administrator, the Investment Committee or the Compensation Committee, as applicable.

(m) Company: Parker-Hannifin Corporation, an Ohio corporation, its corporate successors, and the surviving corporation resulting from any merger of Parker-Hannifin Corporation with any other corporation or corporations.

(n) Company Voting Securities: Securities of the Company eligible to vote for the election of the Board.

(o) Compensation Committee: The Human Resources and Compensation Committee of the Board.

(p) Consolidated Plan: The Parker-Hannifin Consolidated Pension Plan as it currently exists and as it may subsequently be amended.

(q) Contingent Annuitant: In the event of a Participant's election of an annuity (other than a single life annuity) under Section 4.02(c) or the Participant's deemed election of an annuity under Section 6.02(a), the person designated by such Participant or deemed designated by such Participant as a contingent annuitant.

(r) Corporate Change Vesting Event: The occurrence of one of the following events:

(1) any "person" (as such term is defined in Section 3(a)(9) of the Securities Exchange Act of 1934 (the "Exchange Act") and as used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act) is or becomes a "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of

securities of the Company representing 20% or more of the combined voting power of the Company's then outstanding Company Voting Securities; provided, however, that the event described in this paragraph shall not be deemed to be a Corporate Change Vesting Event by virtue of any of the following situations:

(i) an acquisition by the Company or any Subsidiary;

(ii) an acquisition by any employee benefit plan sponsored or maintained by the Company or any Subsidiary;

(iii) an acquisition by any underwriter temporarily holding securities pursuant to an offering of such securities;

(iv) a Non-Control transaction (as defined in paragraph (3));

(v) as pertains to a Participant, any acquisition by the Participant or any group of persons (within the meaning of Sections 13(d)(3) and 14(d)(2) of the Exchange Act) including the Participant (or any entity in which the Participant or a group of persons including the Participant, directly or indirectly, holds a majority of the voting power of such entity's outstanding voting interests); or

(vi) the acquisition of Company Voting Securities from the Company, if a majority of the Board approves a resolution providing expressly that the acquisition pursuant to this clause (vi) does not constitute a Corporate Change Vesting Event under this paragraph (1);

(2) individuals who, at the beginning of any period of twenty-four (24) consecutive months, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, that any person becoming a director subsequent to the beginning of such twenty-four (24) month period, whose election, or nomination for election, by the Company's shareholders was approved by a vote of at least two-thirds of the directors comprising the Incumbent Board who are then on the Board (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without objection to such nomination) shall be, for purposes of this paragraph (2), considered as though such person were a member of the Incumbent Board; provided, however, that no individual initially elected or nominated as a director of the Company as a result of an actual or threatened election contest with respect to directors or any other actual or threatened solicitation of proxies or consents by or on behalf of any person other than the Board shall be deemed to be a member of the Incumbent Board;

(3) the consummation of a Business Combination, unless:

(i) immediately following such Business Combination:

(A) more than 50% of the total voting power of the Surviving Corporation resulting from such Business Combination or, if applicable, the Parent Corporation of such Surviving Corporation, is represented by Company Voting Securities that were outstanding immediately prior to the Business Combination (or, if applicable, shares into which such Company Voting Securities were converted pursuant to such Business Combination), and such voting power among the holders thereof is in substantially the same proportion as the voting power of such Company Voting Securities among the holders thereof immediately prior to the Business Combination;

(B) no person (other than any employee benefit plan sponsored or maintained by the Surviving Corporation or the Parent Corporation) is or becomes the beneficial owner, directly or indirectly, of 20% or more of the total voting power of the outstanding voting securities eligible to elect directors of the Parent Corporation (or, if there is no Parent Corporation, the Surviving Corporation); and

(C) at least a majority of the members of the board of directors of the Parent Corporation (or, if there is no Parent Corporation, the Surviving Corporation), following the Business Combination, were members of the Incumbent Board at the time of the Board's approval of the execution of the initial agreement providing for such Business Combination (a "Non-Control Transaction"); or

(ii) the Business Combination is effected by means of the acquisition of Company Voting Securities from the Company, and a majority of the Board approves a resolution providing expressly that such Business Combination does not constitute a Corporate Change Vesting Event under this paragraph (3); or

(4) the stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or the sale or other disposition of all or substantially all of the assets of the Company and its Subsidiaries.

Notwithstanding the foregoing, a Corporate Change Vesting Event shall not be deemed to occur solely because any person acquires beneficial ownership of more than 20% of the Company

Voting Securities as a result of the acquisition of Company Voting Securities by the Company which, by reducing the number of Company Voting Securities outstanding, increases the percentage of shares beneficially owned by such person; provided, that if a Corporate Change Vesting Event would occur as a result of such an acquisition by the Company (if not for the operation of this sentence), and after the Company's acquisition such person becomes the beneficial owner of additional Company Voting Securities that increases the percentage of outstanding Company Voting Securities beneficially owned by such person, a Corporate Change Vesting Event shall then occur.

Notwithstanding anything in this Program to the contrary, if the Participant's employment is terminated prior to a Corporate Change Vesting Event, and the Participant reasonably demonstrates that such termination was at the request of a third party who has indicated an intention or taken steps reasonably calculated to effect a Corporate Change Vesting Event, then for all purposes of this Program, the date immediately prior to the date of such termination of employment shall be deemed to be the date of a Corporate Change Vesting Event for such Participant.

(s) Disability: The condition whereby a Participant is:

(1) unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months; or

(2)by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under the Executive Long-Term Disability Plan or any other accident and health plan covering employees of the Company.

(t) Executive Long-Term Disability Plan: Parker-Hannifin Corporation Executive Long-Term Disability Plan, as it may be amended from time to time.

(u) Highest Average Three-Year Compensation: One-third of the aggregate amount of compensation paid to a Participant from the Affiliated Group during the three calendar years of the Participant's employment which were the three highest years of annual compensation, including base salary, bonuses payable under the Company's Return on Net Assets (RONA) Plan (except to the extent determined by the Compensation Committee to be extraordinary) and Target Incentive Bonus Program, any amounts which would otherwise be paid as compensation during a calendar year but which are deferred by a Participant pursuant to any qualified or nonqualified deferred compensation program sponsored by the Affiliated Group, and any amounts that would otherwise be paid as compensation during a calendar year but which are deferred under Section 125, 127, or 129 of the Code, but excluding:

(1) any deferred compensation received during any such year but credited under the Program to the Participant for a prior year;

(2) any income realized due to the exercise of stock options or stock appreciation rights;

(3) any payments, in cash, deferred or otherwise, payable to the Participant under the Company's Long-Term Incentive bonus program, under any extraordinary bonus arrangements, under any severance agreement (other than as may be required under Section 4.03(b)), or as an executive perquisite; and

(4) such items as fringe benefits includible in income as compensation for federal tax purposes, moving and educational reimbursement expenses, overseas allowances received by the Participant from the Affiliated Group, and any other irregular payments.

(v) Investment Committee: The Parker Total Rewards Investment Committee of the Company or, if applicable, the investment subcommittee appointed by the Parker Total Rewards Investment Committee with respect to the Program.

(w) Life Expectancy: The expected remaining lifetime (to the nearest integer) based on the Mortality Table and the age at the nearest birthday of the Participant or Recipient at the date the Lump Sum Payment or Change in Control Lump Sum Payment is made (unless otherwise specified herein). If a joint and contingent survivor annuity has been elected, then Life Expectancy shall reflect the joint Life Expectancy of the Participant or Recipient and Contingent Annuitant.

(x) Lump Sum Payment: The Lump Sum Payment provided in Section 4.02 with the amount determined as set forth in Section 4.03(a).

(y) Mortality Table: For Participants who entered the Program before July 1, 2006 and commenced payment prior to August 12, 2015, eighty percent (80%) of the 1983 Group Annuity Mortality factor (male only); for all other Participants, the “applicable mortality table” prescribed under Section 417(e) of the Code for qualified plans.

(z) Normal Retirement Date: As defined in the Consolidated Plan.

(aa) Parent Corporation: The ultimate parent corporation which directly or indirectly has beneficial ownership of 100% of the voting securities eligible to elect directors of a Surviving Corporation.

(bb) Participant: An employee of the Company designated to participate in the Program pursuant to Article 2 who has timely submitted a Participation Agreement to the Company, while so employed; provided, however, that any employee of the

Company who, as of the date of a Corporate Change Vesting Event, has entered into a Change in Control Severance Agreement with the Company shall automatically be a Participant in the Program.

(cc) Participation Agreement: An employee's written or electronic agreement to participate in the Program and, to the extent permitted under Section 409A of the Code, initial election of the form of payment of retirement benefits pursuant to Section 4.02(a).

(dd) Profit Sharing Account Balance: As defined in the Consolidated Plan.

(ee) Program: The Parker-Hannifin Corporation Amended and Restated Supplemental Executive Retirement Benefits Program set forth herein as it may subsequently be amended.

(ff) PRP: The Parker-Hannifin Corporation Amended and Restated Pension Restoration Plan as it currently exists and as it may subsequently be amended.

(gg) Qualified Plan Death Benefit: The death benefit payable to the surviving spouse under the Consolidated Plan (and/or any death benefit payable to a surviving spouse under any other defined benefit arrangement described in Sections 3.03(c), (d), or (h)), *multiplied by* a factor equal to 1 plus (0.025 multiplied by each year of Service less than 35 but equal to or greater than 15). Thus, the factor will range from 1.5 at 15 years of Service to 1 at 35 or more years of Service, as illustrated by the following examples:

Years of Service	Factor
35 or more	1.000
30	1.125
25	1.250
20	1.375
15	1.500

(hh) Recipient: A retiree, Contingent Annuitant, or Beneficiary, who is currently receiving benefits or is entitled to receive benefits under the Program.

(ii) Regulations: The regulations issued under Section 409A of the Code. Reference to any section of the Regulations shall be read to include any amendment or revision of such Regulation.

(jj) RIA Balance: The total contributions to the Participant’s Retirement Income Account under the Savings Plan (or any successor thereto) and the Participant’s Nonqualified Retirement Income Account under the Parker-Hannifin Corporation Amended and Restated Savings Restoration Plan (or any successor thereto), plus hypothetical earnings/losses calculated as if the accounts had been invested from the time of the first contribution 60% in the securities represented in the Standard & Poor’s 500 Index (in the proportions represented therein) and 40% in the securities represented in the Lehman Brothers Intermediate Government/ Corporate Bond Fund Index (in the proportions represented therein).

(kk) Savings Plan: The Parker Retirement Savings Plan as it currently exists and as it may subsequently be amended.

(ll) Service: Employment as an employee by any member of the Affiliated Group, as well as employment by a corporation, trade or business, that is now part of the Affiliated Group at a time prior to its becoming part of the Affiliated Group, but in such case only if and to the extent that the Compensation Committee shall so direct at any time prior to retirement. For purposes of determining a Participant’s eligibility to receive a benefit hereunder, Service shall include any additional years credited to a Participant under Section 2.06.

(mm) Specified Employee**:** A person designated from time to time as such by the Administrator pursuant to Section 409A(a)(2)(B)(i) of the Code and the Company's policy for determining specified employees.

(nn) Specified Rate:

(1) For retirements after January 1, 2011, the Specified Rate means the average of the daily closing On-The-Run Long Bond rates as displayed by the Bloomberg Professional Financial System at screen “GT 30 GVT” (or any successor screen), for the five year period ending on the last day of the second full calendar month preceding the month in which a Participant's Termination of Employment occurs; provided, however that while 30-Year Treasury Bonds are issued by the U.S. Treasury, the Specified Rate shall be the monthly average annual yield of 30-Year United States Treasury Bonds for constant maturities as published by the Federal Reserve Bank ending for the five year period ending with the month in which a Participant's Termination of Employment occurs.

(2) Notwithstanding the foregoing, for purposes of calculating a Change in Control Lump Sum Payment, the Specified Rate shall be the interest rate for immediate annuities of the Pension Benefit Guaranty Corporation (PBGC) in effect on the date of the Change in Control as set forth in Appendix B to Part 2619 of 29 Code of Federal Regulations, or any other successor or similar rate.

(oo) Subsidiary: Any corporation or other entity in which the Company has a direct or indirect ownership interest of 50% or more of the total combined voting power of the then outstanding securities or interests of such corporation or other entity.

(pp) Surviving Corporation: The corporation resulting from a Business Combination.

(qq) Termination of Employment: A Participant's "separation from service" with the Affiliated Group, within the meaning of Section 1.409A-1(h) of the Regulations; provided, that in applying Section 1.409A-1(h)(ii) of the Regulations, a separation from service shall be deemed to occur if the Company and the Participant reasonably anticipate that the level of bona fide services the Participant will perform for the Affiliated Group after a certain date (whether as an employee or as an independent contractor) will permanently decrease to less than 50% of the average level of bona fide services performed by the Participant for the Affiliated Group (whether as an employee or as an independent contractor) over the immediately preceding 36-month period (or the full period of services performed for the Affiliated Group if the Participant has been providing services to the Affiliated Group for less than 36 months). In the event of a disposition of assets by the Company to an unrelated person, the Administrator reserves the discretion to specify (in accordance with Section 1.409A-1(h)(4) of the Regulations) whether a Participant, who would otherwise experience a separation from service with the Affiliated Group as part of the disposition of assets, will be considered to experience a separation from service for purposes of Section 1.409A-1(h) of the Regulations.

2. Participation

2.01 Participants. The Participants in the Program shall be:

(a) such officers and other key executives of the Company as shall be designated as Participants from time to time by the Compensation Committee, and who have submitted to the Company, within 30 days after such designation, a Participation Agreement evidencing agreement to the terms of the Program, including, but not limited to, the non-competition provisions of Article 7; and

(b) upon a Corporate Change Vesting Event, those individuals who have entered into a Change in Control Severance Agreement with the Company as of the date of such Corporate Change Vesting Event.

Notwithstanding the foregoing provisions of this Section 2.01 or any other provision of the Program to the contrary, effective July 1, 2014, no individual shall become a Participant in the Program.

2.02 Designation of Participants. An individual may be designated a Participant by action of the Compensation Committee or in a written employment agreement approved by the Compensation Committee. Participation of each individual designated as a Participant shall be subject to the terms, conditions, and limitations set forth in the Program and to such other terms, conditions and limitations as the Compensation Committee may, in its discretion, impose upon the participation of any such individual at the time the individual is designated a Participant in the Program.

2.03 Continuation of Participation. Subject only to the provisions of Section 2.04 and Article 7, an individual designated as a Participant shall continue to be a Participant for the purpose of eligibility to receive the supplemental retirement benefits provided by the Program and his or her participation in the Program shall not be terminated; provided, however, that a Participant who terminates employment at a time when he or she is not eligible for a benefit under Article 3 shall cease to be a Participant in the Program.

2.04 Effect of Voluntary Termination of Employment. To be eligible for supplemental retirement benefits under the Program a Participant shall not voluntarily Terminate Employment with the Company without the consent of the Compensation Committee for a period, not exceeding 60 calendar months, set by the Compensation Committee at the time he is designated a Participant. If a Participant voluntarily Terminates his or her Employment within such period, his or her participation in the Program shall terminate, he or she shall cease to be a Participant and (subject to Section 3.02) shall forfeit all benefits under the Program. Notwithstanding the foregoing, for purposes of this Section 2.04, in no event shall an exercise by a Participant of his or her right to Terminate his or her Employment for “Good Reason” (as defined under any Change in Control Severance Agreement between the Participant and the Company) following a Corporate Change Vesting Event be deemed to be a voluntary Termination of Employment with the Company.

2.05 13-Month Service Requirement. Notwithstanding any other provision of this Program and commencing with employees designated as Participants on and after January 1, 2009, a Participant shall not be eligible for supplemental retirement benefits under the Program unless the Participant remains employed by the Affiliated Group until the date that is 13 months after the date upon which he is designated as a Participant; provided, however, that the 13-month service requirement of this Section 2.05 shall be deemed to be satisfied upon the earlier of the Participant's death, Disability, or the occurrence of a Change in Control.

2.06 Additional Age and Service Credit and Compensation Amount. Notwithstanding any other provision of this Program, for purposes of determining the amount of any benefits payable under Sections 3.03, 3.04, 4.02(e), 4.03, 4.04, 5.01 and 6.02 of this Program to any Participant who has entered into a Change in Control Severance Agreement with the Company, upon the date of a Corporate Change Vesting Event,

(a) such Participant (but not a Recipient) shall be treated as having been employed, for purposes of determining age and service under this Program, for the lesser of:

(1) the duration of the "Termination Period", if any, under the Participant's Change in Control Severance Agreement; or

(2) the period of time remaining until Normal Retirement Date; and

(b) such Participant's Highest Average Three-Year Compensation shall be the greater of:

(1) the amount that would otherwise be taken into account in determining the Participant's benefit under the Program; or

(2) the lump sum severance payment that would be made under Section 2(a)(ii) of the Participant's (but not the Recipient's) Change in Control Severance Agreement (as if he had been terminated immediately following the Corporate Change Vesting Event) divided by the multiple used under such section of the Change in Control Severance Agreement to determine severance pay.

3. Supplemental Retirement Benefits

3.01 Eligibility At or After Normal Retirement Date. Any provision of Section 2.04 to the contrary notwithstanding, provided that the 13-month service requirement of Section 2.05 is satisfied, any Participant with at least 60 calendar months of Service who Terminates his or her Employment with the Affiliated Group on or after his or her Normal Retirement Date shall be eligible for a monthly supplemental retirement benefit computed as set forth in Section 3.03.

3.02 Eligibility Prior to Normal Retirement Date. Provided that the 13-month service requirement of Section 2.05 is satisfied, any Participant with at least 60 calendar months of Service:

(a) who Terminates his or her Employment with the Affiliated Group with the consent of the Compensation Committee after attainment of age 55; or

(b) who is employed at the time of a Corporate Change Vesting Event; or

(c) whose Employment with the Affiliated Group is Terminated by the Company for reasons other than for cause (as determined solely by the Compensation Committee) after attainment of age 55 but prior to the expiration of the requisite period of employment established by the Compensation Committee with respect to the Participant pursuant to Section 2.04; or

(d) who Terminates the Participant's Employment with the Affiliated Group prior to his or her Normal Retirement Date due to Disability or with entitlement to any benefits under the Executive Long-Term Disability Plan; or

(e) who Terminates his or her Employment with the Affiliated Group after attainment of age 60 (and after completion of the requisite period of employment established by the Compensation Committee with respect to him or her pursuant to Section 2.04) but prior to his or her Normal Retirement Date; shall be eligible for a monthly supplemental retirement benefit as set forth in Section 3.04.

3.03 Amount of Normal Retirement Supplemental Benefit. The monthly supplemental retirement benefit payable to an eligible Participant at Normal Retirement Date shall be an amount equal to 1/12th of 55% of the Participant's Highest Average Three-Year Compensation, reduced by all of the following that are applicable:

(a) in the case of a Participant who does not have at least 15 years of Service at the time of his or her retirement, .3055 percent for each calendar month the Participant's Service is less than 15 years;

(b) the monthly single life Actuarial Equivalent of any benefit to which the Participant is entitled under the Consolidated Plan, including the single life monthly equivalent attributable to the Participant's Profit-Sharing Account Balance, determined as if the Profit-Sharing Account Balance had remained in the Consolidated Plan until retirement, whether or not such Profit-Sharing Account Balance has been transferred to the Savings Plan;

(c) the monthly single life Actuarial Equivalent of any benefit to which the Participant is entitled under any other tax-qualified or other tax-favored defined benefit plan of the Company and which is attributable to contributions of the Company, unless benefit service for employment on which such benefit is based is credited to the Participant under the Consolidated Plan;

(d) the monthly single life Actuarial Equivalent of any benefit to which the Participant is entitled under the PRP;

(e) the monthly single life Actuarial Equivalent of any benefit attributable to the Participant's RIA Balance;

(f) the monthly single life Actuarial Equivalent of any benefit attributable to any non-US defined benefit or defined contribution program where the program is the primary retirement program of the Participant and where the benefit is attributable solely to contributions of the Company and its Subsidiaries;

(g) 50 percent of the monthly primary Social Security benefit, or 100 percent of the portion of any other state-provided retirement benefits which is attributable to contributions by the Company and its Subsidiaries, to which the Participant is entitled or would be entitled as of the earliest date following the Participant's Termination of Employment for which Social Security benefits or other state-provided retirement benefits would be payable (whether or not Social Security benefits or other state-provided retirement benefits are actually paid to the Participant at such time), with such reduction to begin at the earliest date after retirement for which Social Security benefits or other state-provided retirement benefits would be payable to the Participant; and

(h) the monthly single life Actuarial Equivalent of any benefit which the Participant is entitled to receive from any previous employer, provided that a contract between the Participant and the Company grants the Participant service for service with the previous employer and the contract states the amount to be offset.

Notwithstanding the foregoing provisions of this Section 3.03, if the Participant's PRP monthly benefit will commence to be paid 5 years later than the Participant's monthly supplemental retirement benefit under this Program in accordance with Section 3.3(b)(iii) of the PRP, then the amount of the Participant's monthly supplemental retirement benefit shall be the monthly single life actuarial equivalent (determined using the assumptions specified in this Program) of the excess of:

(a) the present value (using the Specified Rate and Mortality Table in effect on the first day of the month following the Participant's Termination of Employment) of the amount of the monthly benefit determined under the foregoing provisions of this Section 3.03, disregarding Section 3.03(d), over

(b) the Actuarial Value of the monthly benefit described in Section 3.03(d), discounted (using the Specified Rate in effect on the first day of the month following the Participant's Termination of Employment) from the scheduled date of commencement of payment of the PRP benefit to the scheduled date of commencement of the monthly supplemental retirement benefit.

3.04 Amount of Early Retirement Supplemental Benefit. The monthly supplemental retirement benefit payable to a Participant who retires prior to Normal Retirement Date shall be an amount equal to 1/12th of 55 percent of the Highest Average Three-Year Compensation, reduced by all of the following that are applicable:

(a) in the case of a Participant who does not have at least 15 years of Service at the time of his or her retirement, .3055 percent for each month that his or her Service is less than 15 years; and

(b) after applying Section 3.04(a) if applicable, .1515 percent for each of the first 60 months by which commencement of the benefit precedes Normal Retirement Date, and by .3030 percent for each additional month by which commencement of the benefit precedes Normal Retirement Date; provided, however, that if the Participant has at least 30 years of Service, and entitlement to payment is a result of a Change in Control, the .1515 shall be reduced to .07575, and the .3030 shall be reduced to .1515;

(c) any amounts described in Sections 3.03(b)-(h).

Notwithstanding the foregoing provisions of this Section 3.04, if the Participant's PRP monthly benefit will commence to be paid 5 years later than the Participant's monthly supplemental retirement benefit under this Program in accordance with Section 3.3(b)(iii) of the PRP, then the amount of the Participant's monthly supplemental retirement benefit shall be the monthly single life actuarial equivalent (determined using the assumptions specified in this Program) of the excess of:

(a) the present value (using the Specified Rate and Mortality Table in effect on the first day of the month following the Participant's Termination of Employment) of the amount of the monthly benefit determined under the foregoing provisions of this Section 3.04, disregarding Section 3.03(d), over

(b) the Actuarial Value of the monthly benefit described in Section 3.03(d), discounted (using the Specified Rate in effect on the first day of the month following the Participant's Termination of Employment) from the scheduled date of commencement of payment of the PRP benefit to the scheduled date of commencement of the monthly supplemental retirement benefit.

3.05 Gross-Up Payment. Anything in this Program notwithstanding, in the event it shall be determined that any payment, distribution or acceleration of vesting of any benefit hereunder would be subject to the excise tax imposed by Section 4999 of the Code, or any interest or penalties are incurred by the Participant with respect to such excise tax, then the Participant shall be entitled to receive an additional payment calculated as set forth in the Change in Control Severance Agreement with respect to such benefit hereunder; provided, however, that there shall be no duplication of such additional payment under this Program and the Change in Control Severance Agreement, and provided further that any such payment shall be made by the end of the calendar year after the Participant pays the excise tax (and interest or penalties incurred), or as otherwise required by Section 409A of the Code.

4. Payment of Benefits

4.01 Commencement of Benefits. Subject to Sections 4.02 (a) through (f), supplemental retirement benefits shall be paid or commence to be paid to an eligible Participant as of the first day of the month following Termination of Employment and if applicable terminating with the month in which the death of such Participant occurs; provided, however, that supplemental retirement benefits shall be paid or commence to be paid to a Specified Employee on the first day of the seventh month following the Participant’s Termination of Employment with the present value of a Lump Sum Payment referred to in Section 4.02(a) determined based on the Participant’s age on the first day of the seventh month following the Participant’s Termination of Employment and the actuarial assumptions in effect on the first day of the month following the Participant's Termination of Employment and in the case of payments made in the form of an annuity shall include any payments that would have been made between the Participant’s Termination of Employment and the actual commencement of payment if the Participant had not been a Specified Employee. Notwithstanding the foregoing, to the extent required by Section 4.02(b), payment of a Participant's supplemental retirement benefit shall commence or be made on the date that is five years from the date payment would otherwise commence or be made under this Section 4.01.

4.02 Payments Under Certain Situations.

(a) Initial Election of Payment Form. To the extent permitted by Section 1.409A-2(a)(5) of the Regulations, within 30 days of the time an individual is designated as a Participant under this Program, he may elect, on his or her initial Participation Agreement, to receive payment of his or her supplemental retirement benefit under this Program in the form of a single Lump Sum Payment, or in the form of a single life annuity. In the event that a Participant fails to make a valid election, the Participant's supplemental retirement benefit under this Program shall be paid in the form of a single life annuity.

(b) One-Time Change by Participant. In addition to any election pursuant to Section 4.02(c) or 4.02(d), a Participant shall be allowed a one-time election to change the form of payment of his or her supplemental retirement benefit; provided, however, that:

(1) any such election shall not be effective for at least 12 months following the date made; and

(2) as a result of any such election, payment shall be delayed for 5 years from the date the payment was scheduled to commence or to be made (taking into account any delay in payment or commencement of payment under Section 4.01 on account of a Participant's status as a Specified Employee).

(c) Changes Between Actuarially Equivalent Forms of Annuity. A Participant may elect at any time prior to Termination of Employment to convert his or her supplemental retirement benefit payable as an annuity to any of the Actuarially Equivalent forms of annuity offered under the Consolidated Plan.

(d) Transitional Rule. Notwithstanding any other elections under this Program and only to the extent permitted by the Company and transitional rules issued under Section 409A of the Code, through such date as specified by the Committee pursuant to transitional guidance issued under Section 409A of the Code, a Participant may make one or more elections as to time and form of payment of his or her supplemental retirement benefit under this Program, provided that:

(1) any such election(s) made during 2006 shall be available only for amounts that are payable after the 2006 calendar year and cannot accelerate any payment into the 2006 calendar year;

(2) any such election(s) made during 2007 shall be available only for amounts that are payable after the 2007 calendar year and cannot accelerate any payment into the 2007 calendar year; and

(3) any such election(s) made during 2008 shall be available only for amounts that are payable after the 2008 calendar year and cannot accelerate any payment into the 2008 calendar year. Any election(s) must be made by the date specified by the Committee consistent with guidance pursuant to Section 409A of the Code.

(e) Payment Upon a Change in Control. 30 days after a Change in Control, in lieu of any other payments due with respect to benefits earned under the Program to the date of the Change in Control, each Participant and each Recipient shall receive a Change in Control Lump Sum Payment, as calculated under Section 4.03(b).

(f) Special Rule Applicable to Specified Employees. If a Specified Employee dies after Termination of Employment but prior to commencement of benefits, the Specified Employee's Beneficiary shall receive a payment as of the first of the month following the Specified Employee's date of death equal to the aggregate of the monthly payments that would have been made to the Specified Employee in accordance with Section 4.01 but substituting the Specified Employee's date of death for the actual commencement of payment; provided however that if the Specified Employee's supplemental retirement benefit is payable in the form of a lump sum, such amount shall be calculated in accordance with Section 4.03 but substituting the Specified Employee's date of death for the first day of the seventh month following the Participant's Termination of Employment. Any additional amounts payable to the Specified Employee's Beneficiary shall be determined as of the Specified Employee's date of death in accordance with the form of payment applicable to the Specified Employee as of the Specified Employee's Termination of Employment.

4.03 Determination of the Lump Sum Payment.

(a) If the Participant is a Specified Employee immediately prior to Termination of Employment, the Lump Sum Payment referred to in Section 4.02(a) shall be equal to the sum of:

(1) the aggregate monthly benefits the Participant would have received under the Single Life Annuity form of payment prior to the first day of the seventh month following the Participant's Termination of Employment if the Participant were not a Specified Employee; plus

(2) the excess of:

(i) the present value (using the Specified Rate and Mortality Table in effect on the first day of the month following the Participant's Termination of Employment), determined as of the first day of the seventh month following the Participant's Termination of Employment, of the monthly benefit determined under Section 3.03 or 3.04, as applicable, disregarding Section 3.03(d) and the monthly "add-on" benefit as set forth on Addendum XV of the Consolidated Plan (if applicable) included in Section 3.03(b), over

(ii) the sum of:

(A) the present value (as defined in the Consolidated Plan) of the "add-on" benefit set forth on Addendum XV of the Consolidated Plan if applicable) included in Section 3.03(b), plus

(B) the Actuarial Value of the monthly benefit described in Section 3.03(d), provided that if the Participant's PRP benefit will be paid 5 years later than the Participant's SERP benefit in accordance with Section 3.3(b)(iii) of the PRP, the amount referred to in (B) above shall equal the lump sum Actuarial Value of the monthly benefit described in Section 3.03(d), discounted (using the Specified Rate in effect on the first day of the month following the Participant's Termination of Employment) from the scheduled date of payment of such benefit to the scheduled date of payment of the SERP Lump Sum Payment.

If the Participant is not a Specified Employee immediately prior to Termination of Employment, the Lump Sum Payment referred to in Section 4.02(a) shall be equal to the excess of: (1) the present value (using the Specified Rate and Mortality Table in effect on the first day of the month following the Participant's Termination of Employment) of the monthly benefit determined under Section 3.03 or 3.04, as applicable, disregarding Section 3.03(d) and the monthly "add-on" benefit as set forth on Addendum XV of the Consolidated Plan (if applicable) included in Section 3.03(b), over (2) the sum of (i) the present value (as defined in the Consolidated Plan) of the "add-on" benefit as set forth in Addendum XV of the Consolidated Plan (if applicable) included in Section 3.03(b) plus (ii) the Actuarial Value of the monthly benefit described in Section 3.03(d), provided that if the Participant's PRP benefit will be paid 5 years later than the Participant's SERP benefit in accordance with Section 3.3(b)(iii) of the PRP, the amount referred to in (ii) above shall equal the lump sum Actuarial Value of the monthly benefit described in Section 3.03(d), discounted (using the Specified Rate in effect on the first day of the month following the Participant's Termination of Employment) from the scheduled date of payment of such benefit to the scheduled date of payment of the SERP Lump Sum Payment.

For purposes of this Section 4.03(a), present value for a Participant who entered the Program before July 1, 2006 and commenced payment prior to August 12, 2015, shall be determined assuming that the Participant lives the number of years equal to his or her Life Expectancy on the date of his or her Termination of

Employment (or, in the case of a Specified Employee, on the first day of the seventh month following the Participant's Termination of Employment). For purposes of this Section 4.03(a), Actuarial Value shall be determined as provided under the PRP.

(b)The Change in Control Lump Sum Payment referred to in Section 4.02(e) shall be equal to the amount determined under Section 4.03(a) using the following assumptions:

(1)present value is determined using the Specified Rate and Mortality Table;

(2)for purposes of determining present value for a Participant who entered the Program before July 1, 2006 and commenced payment prior to August 12, 2015, the Participant (or, if applicable, Recipient) lives the number of years equal to his or her Life Expectancy (calculated as of the date which includes any additional Service credited hereunder);

(3)Actuarial Value shall be determined as provided under the PRP; and

(4)with respect to any benefit to be deducted as an offset as described in Section 3.03(b) through (h), the Participant terminated employment with the Company on the date of the Change in Control and began to receive such benefits at the earliest date thereafter permitted under the applicable plan, agreement or statute.

4.04 Certain Matters Following a Lump Sum Payment.

(a) A Participant who has received a Change in Control Lump Sum Payment pursuant to Section 4.02(e) shall thereafter:

(1) while in the employ of the Company, continue to accrue benefits under the Program; and

(2) be eligible for further benefits under Section 4.01 or 4.02. The amount of such benefit shall be determined by:

(i) calculating the benefit that would be payable to the Participant if there had been no previous Change in Control Lump Sum Payment;

(ii) determining the present lump sum value of such benefit, using the Specified Rate and the Mortality Table and, for a Participant who entered the Program before July 1, 2006 and commenced payment prior to August 12, 2015, assuming the Participant lives the number of years equal to his or her Life Expectancy on the date of the Participant's Termination of Employment;

(iii) determining the present lump sum value of the Change in Control Lump Sum Payment, assuming the Change in Control Lump Sum Payment had earned interest at the average Specified Rate in effect from the time of payment of the Change in Control Lump Sum Payment until the date of Termination of Employment;

(iv) reducing the amount determined in (ii) by the amount determined in (iii); and

(v) if applicable, converting the amount determined in (iv) to an Actuarially Equivalent single life only form of payment.

5. Disability Benefits

5.01 Eligibility. If a Participant suffers a Disability prior to Termination of Employment, the Participant shall be eligible for a benefit under this Article 5.

5.02 Amount.

(a) Disability Before January 27, 2012. If a Participant suffers a Disability before January 27, 2012, the amount of the benefit payable to the Participant under this Article 5 shall be equal to the supplemental retirement benefit described in Article 3, determined as if the Participant's Termination of Employment occurred on the date of the Participant's Disability.

(b) Disability on or After January 27, 2012.

(1) Disability After Age 55. If a Participant suffers a Disability on or after January 27, 2012 and after the Participant's attainment of age 55, the amount of the benefit payable to the Participant under this Article 5 shall be equal to the amount of the Lump Sum Payment under Section 4.03, determined as if the Participant was not a Specified Employee and had retired (with the consent of the Compensation Committee, if the Participant's Disability occurs prior to attainment of age 60) on the date of his or her Disability.

(2) Disability Before Age 55. If a Participant suffers a Disability on or after January 27, 2012 and prior to the Participant's attainment of age 55, then the amount of the benefit payable to the Participant under this Article 5 shall be determined by (i) calculating the Lump Sum Payment under Section 4.03 (using the Specified Rate, Mortality Table and the Participant's Highest Average Three-Year Compensation determined as of the date of the Participant's Disability) that the Participant would be eligible to receive as of the first of the month following attainment of age 55 if the Participant had not become Disabled and had continued to be employed by the Company (with credit for Service) until retirement on the date that the Participant would attain age 55 (assuming, for this purpose, that the Participant would not be a Specified Employee on such date); and (ii) discounting the amount determined under the preceding clause (i) from the first of the month following the date the Participant would attain age 55 to the first of the month following the Participant's Disability, using the Specified Rate in effect on the date of the Participant's Disability.

5.03 Form of Disability Benefits.

(a) Disability Before January 27, 2012. If a Participant suffers a Disability before January 27, 2012, the Participant's disability benefit pursuant to this Article 5 shall be paid in the form of a single life annuity; provided, however, that if the Participant is married to a person who has been the Participant's spouse for at least one year immediately prior to the date of the Participant's Disability, the Participant's disability benefit shall be paid in the form of a joint and 100% survivor annuity.

(b) Disability on or After January 27, 2012. If a Participant suffers a Disability on or after January 27, 2012, the Participant's disability benefit pursuant to this Article 5 shall be paid in the form of a single lump sum payment.

5.04 Time of Payment of Disability Benefits. Payment of a Participant's disability benefit shall be made (or commence, as applicable) as of the first of the month following the Participant's Disability, and the provisions of Article 4 regarding payment to a Specified Employee and the 5-year delay of payments following certain elections shall be disregarded for purposes of the payment of benefits pursuant to this Article 5.

6. Death Benefits

6.01 Eligibility. If a Participant dies after completing 60 calendar months of Service (without regard to the requirements of Section 2.04) but prior to the Participant's Termination of Employment, his or her Beneficiary shall be eligible for a benefit under this Article 6.

6.02 Benefit Amount.

(a) The amount of the benefit payable under this Article 6 to a deceased Participant's Beneficiary shall be equal to the present value (using the Specified Rate and Mortality Table in effect on the first day of the month following the Participant's death) of the total monthly payments the Beneficiary would have received had the Participant retired on the day before his or her death after having effectively elected to receive payment in the form of a Joint and 100% Survivor Annuity under the Program, with his or her Beneficiary as Contingent Annuitant under such option; provided, that:

(1) in lieu of the offset for the Participant’s primary Social Security benefit under Section 3.03(g), the benefit to the Beneficiary shall be offset by 50% of the primary or survivor Social Security benefit to which the Beneficiary is entitled at the earliest date as of which such payments become payable; and

(2) in lieu of the offset for the Consolidated Plan benefit set forth in Section 3.03(b) (and/or any other retirement benefit under any defined benefit arrangement described in Sections 3.03(c), (d), or (h)), the benefit to the Beneficiary shall be offset by the Qualified Plan Death Benefit. For purposes

of this Section 6.02(a), present value for the Beneficiary of a deceased Participant who entered the Program before July 1, 2006 and commenced payment prior to August 12, 2015,shall be determined assuming that the Beneficiary lives the number of years equal to his or her Life Expectancy on the date of death of the Participant.

(b) If the estate is the death beneficiary as a result of the Participant not having a Beneficiary, the Participant's estate shall receive a lump sum payment equal to the present value (using the Specified Rate and Mortality Table in effect on the first day of the month following the Participant's death) of the total monthly payments that would have been paid to the Participant assuming the Participant had not died but rather:

(1) retired on the day before the date of his or her death (or the first day of the month following the time he would have reached age 55, if later);

(2) elected a 10-Year Certain Annuity; and

(3) received 120 monthly payments. For purposes of this Section 6.02(b), present value for the estate of a deceased Participant who entered the Program before July 1, 2006 and commenced payment prior to August 12, 2015, shall be determined assuming that the Participant had lived the number of years equal to his or her Life Expectancy on the date of his or her death.

(c) If the Participant dies before reaching the age that is ten years prior to the Participant’s Normal Retirement Date, then the monthly payments used to determine the death benefit under Section 6.02(a) or Section 6.02(b), as applicable, shall be further reduced by .3030 for each month that the Participant’s death preceded his or her Normal Retirement Date.

6.03 Benefit Payments. The benefit under this Article 6 shall be paid to the deceased Participant's Beneficiary, or, if no such Beneficiary, to the Participant's estate, in a single lump sum payment as of the first of the month following the date of the Participant's death, and the provisions of Article 4 regarding payment to a Specified Employee and the 5-year delay of payments following certain elections shall be disregarded for purposes of the payment of benefits pursuant to this Article 6.

7. Non-Competition

7.01 Condition of Payment. In consideration of payment of supplemental retirement benefits under the Program, whether in the form of a lump-sum payment or installment payments, the Participant or retiree Recipient shall not engage in competition (as defined in Section 7.02) with the Company at any time during the five (5) year period after the date of Termination of Employment with the Company; provided, however, that this Section 7.01 shall not apply to a Participant following his or her Termination of Employment if such Termination of Employment occurs after the date of a Corporate Change Vesting Event that occurs at the time the Participant is actively employed by the Affiliated Group.

7.02 Competition. Competition for purposes of the Program shall mean assuming an ownership position or a consulting, management, employee or director position with a business engaged in the manufacture, processing, purchase or distribution of products of the type manufactured, processed or distributed by the Affiliated Group; provided, however, that in no event shall ownership of less than two percent of the outstanding capital stock entitled to vote for the election of directors of a corporation with a class of equity securities held of record by more than 500 persons in itself be deemed Competition; and provided further, that all of the following shall have taken place:

(a) the Secretary of the Company shall have given written notice to the Participant or retiree-Recipient that, in the opinion of the Compensation Committee, the Participant or retiree-Recipient is engaged in Competition within the meaning of the foregoing provisions of this Section 7.02, specifying the details;

(b) the Participant or retiree-Recipient shall have been given a reasonable opportunity, upon receipt of such notice, to appear before and to be heard by the Compensation Committee with respect to his or her views regarding the Compensation Committee's opinion that the Participant or retiree-Recipient engaged in Competition;

(c) following any hearing pursuant to Section 7.02(b), the Secretary of the Company shall have given written notice to the Participant or retiree-Recipient that the Compensation Committee determined that the Participant or retiree-Recipient is engaged in Competition; and

(d) the Participant or retiree-Recipient shall neither have ceased to engage in such Competition within thirty days from his or her receipt of notice of such determination nor diligently taken all reasonable steps to that end during such thirty-day period and thereafter.

8. Beneficiary Designation

The Participant shall have the right, at any time, to designate any person or persons as Beneficiary (both primary and contingent) to whom payment under the Program shall be made in the event of the Participant's death. The Beneficiary designation shall be effective when it is submitted in writing to the Administrator during the Participant's lifetime on a form prescribed by the Administrator.

The submission of a new Beneficiary designation shall cancel all prior Beneficiary designations. Any finalized divorce or marriage of a Participant subsequent to the date of a Beneficiary designation shall revoke such designation, unless in the case of divorce the previous spouse was not designated as Beneficiary and unless in the case of marriage the Participant's new spouse has previously been designated as Beneficiary. The spouse of a married Participant 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 a Participant fails to designate a Beneficiary as provided above, or if the Beneficiary designation is revoked by marriage, divorce, or otherwise without execution of a new designation, or if every person designated as Beneficiary predeceases the Participant or dies prior to complete distribution of the Participant's benefits, then the Administrator shall direct the distribution of such benefits to the estate of the last to die of the Participant and the Beneficiaries.

9. General Provisions

9.01 Claims Procedure. The Administrator shall notify a Participant in writing, within ninety (90) days after his or her written application for benefits, of his or her eligibility or noneligibility for benefits under the Program. If the Administrator determines that a Participant is not eligible for benefits or full benefits, the notice shall set forth:

(a) the specific reasons for such denial;

(b) a specific reference to the provisions of the Program on which the denial is based;

(c) a description of any additional information or material necessary for the claimant to perfect his or her claim, and a description of why it is needed; and

(d) an explanation of the Program's claims review procedure and other appropriate information as to the steps to be taken if the Participant wishes to have the claim reviewed. If the Administrator determines that there are special circumstances requiring additional time to make a decision, the Administrator shall notify the Participant of the special circumstances and the date by which a decision is expected to be made, and may extend the time for up to an additional ninety-day period.

9.02 Review Procedure. If a Participant is determined by the Administrator not to be eligible for benefits, or if the Participant believes that he or she is entitled to greater or different benefits, the Participant shall have the opportunity to have such claim reviewed by the Administrator by filing a petition for review with the Administrator within sixty (60) days after receipt of the notice issued by the Administrator. The petition shall state the specific reasons which the Participant believes entitle him or her to benefits or to greater or different benefits. Within sixty (60) days after receipt by the Administrator of the petition, the Administrator shall afford the Participant (and counsel, if any) an opportunity to present his or her position to the Administrator in writing, and the Participant (or counsel) shall have the right to review the pertinent documents. The Administrator shall notify the Participant of its decision in writing within the sixty-day period, stating specifically the basis of its decision, written in a manner calculated to be understood by the Participant and the specific provisions of the Program on which the decision is based. If the sixty-day period is not sufficient, the decision may be deferred for up to another sixty-day period at the election of the

Administrator, but notice of this deferral shall be given to the Participant. In the event of the death of the Participant, the same procedures shall apply to the Participant's Beneficiary.

9.03 ERISA Plan. The Program is intended to be an unfunded plan maintained primarily to provide deferred compensation benefits for “a select group of management or highly compensated employees” within the meaning of Sections 201, 301 and 401 of ERISA and therefore to be exempt from Parts 2, 3 and 4 of Title I of ERISA.

9.04 Trust. The Company shall be responsible for the payment of all benefits under the Program. The Company may establish one or more grantor trusts for the purpose of providing for payment of benefits under the Program. Such trust or trusts may be irrevocable, but the assets thereof shall be subject to the claims of the Company’s creditors. Benefits paid to a Participant from any such trust shall be considered paid by the Company for purposes of meeting the obligations of the Company under the Program.

9.05 Rights of Participants. Except as expressly provided in any grantor trust agreement established by the Company:

(a) no Participant or Recipient shall have any right, title, or interest whatsoever in or to any investments which the Company may make to aid it in meeting its obligations under the Program;

(b) nothing contained in the Program shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Company and any Participant, Recipient or any other person;

(c) to the extent that any person acquires a right to receive payments from the Company under the Program, such right shall be no greater than the right of an unsecured general creditor of the Company; and

(d) all payments to be made under the Program shall be paid from the general funds of the Company and no special or separate fund shall be established and no segregation of assets shall be made to assure payment of amounts payable under the Program.

9.06 Administration. The Administrator shall be responsible for the general administration of the Program and for carrying out the provisions thereof. Any act authorized, permitted or required to be taken by the Company under the Program may be taken by action of a Committee. Subject to the provisions of Section 9.01 relating to denial of claims and claims review procedure, any action taken by a Committee which is authorized, permitted or required under the Program shall be final and binding upon the Company, all persons who have or who claim an interest under the Program, and all third parties dealing with the Company.

9.07 Program Non-Contractual. Nothing herein contained shall be construed as a commitment or agreement on the part of any person to continue his or her employment with the Company, and nothing herein contained shall be construed as a commitment on the part of the

Company to continue the employment or the rate of compensation of any such person for any period, and all employees of the Company shall remain subject to discharge to the same extent as if the Program had never been put into effect.

9.08 Non-Alienation of Retirement Rights or Benefits. No right or benefit under the Program shall at any time be subject in any manner to alienation or encumbrances. If any person shall attempt to, or shall, alienate or in any way encumber his or her rights or benefits under the Program, or any part thereof, or if by reason of his or her bankruptcy or other event happening at any time any such benefits would otherwise be received by anyone else or would not be enjoyed by him or her, his or her interest in all such benefits shall automatically terminate and the same, at the discretion of the Compensation Committee, shall be held or applied to or for the benefit of such person, his or her spouse, children, or other dependents as the Compensation Committee may select.

9.09 Payment of Benefits to Others. If any person to whom a retirement benefit is payable is unable to care for his or her affairs because of illness or accident, any payment due (unless prior claim therefor shall have been made by a duly qualified guardian or legal representative) may be paid to the spouse, parent, brother, or sister, or any other individual deemed by the Administrator to be maintaining or responsible for the maintenance of such person. Any payment made in accordance with the provisions of this Section 9.09 shall be a complete discharge of any liability of the Program with respect to the retirement benefit so paid.

9.10 Notices. All notices provided for by the Program shall be in writing and shall be sufficiently given if and when mailed in the continental United States by registered or certified mail or personally delivered to the party entitled thereto at the address stated below or to such changed address as the addressee may have given by a similar notice:

To the Company or the Administrator: Attention: Secretary
Parker-Hannifin Corporation
6035 Parkland Blvd.
Cleveland, Ohio 44124-4141

To the Participant: address of residence

Any such notice delivered in person shall be deemed to have been received on the date of delivery.

9.11 Amendment, Modification, Termination. The Program may at any time be terminated, or at any time or from time to time be amended or otherwise modified, prospectively, by the Company; provided, however, that no such termination, amendment or modification of the Program shall operate to:

(a) reduce or terminate the benefit of a Participant participating in the Program at the time of any such termination, amendment, or modification;

(b) terminate the participation of a Participant participating in the Program at the time of any such termination, amendment, or modification;

(c) increase the eligibility requirements applicable to a Participant participating in the Program at the time of any such termination, amendment or modification;

(d) terminate the Program, or reduce or terminate any benefit, or terminate the participation or any rights or benefits, after the occurrence of a Corporate Change Vesting Event, with respect to a Participant or Recipient who was a Participant or Recipient, or became a Participant or Recipient, at the time of the occurrence of such Corporate Change Vesting Event; or

(e) permit an acceleration of time of payment of a Participant's benefit under the Program, other than:

(1) as necessary to comply with a certificate of divestiture, as defined in Section 1043(b)(2) of the Code;

(2) as necessary to pay Federal Insurance Contribution ("FICA") taxes and any resulting federal, state, local or foreign income taxes attributable to amounts deferred under the Program, subject to the limitations of Section 1.409A-3(j)(4)(vi) of the Regulations;

(3) in the event the arrangement fails to meet the requirements of Section 409A of the Code with respect to one or more Participants, and then only in such amount as is included in income of such Participant(s) as a result of such failure;

(4) due to a termination of the Program that meets the requirements of Section 1.409A-3(j)(4)(ix) of the Regulations; or

(5) as otherwise may be permitted under Section 409A of the Code.

The Company's power to amend or terminate the Program shall be exercisable by the Company's Board of Directors or by the committee or individual authorized by the Company's Board of Directors to exercise such powers.

9.12 Applicable Law. Except to the extent preempted by ERISA or the Code, the laws of the State of Ohio shall govern the Program and any disputes arising thereunder.

9.13 Gender, Singular and Plural. All pronouns and variations thereof shall be deemed to refer to the masculine, feminine, or neuter, as the identity of the person or persons may require. As the context may require, the singular may be read as the plural and the plural as the singular.

9.14 Headings. All headings are for convenience only and shall not be used in interpreting any text to which they relate.

9.15 Off-sets for Foreign Currency Benefits. To the extent that a Participant's supplemental retirement benefit under this Program is subject to reduction or off-set under the provisions of Section 3.03(a) through (h) or Section 3.04(a) through (c) for amounts that are to be paid over the Participant's life expectancy and which are denominated in a currency other than U.S. Dollars, then for purposes of determining the supplemental retirement benefit payable under this Program, such reduction or off-set amounts shall be converted to the U.S. Dollar equivalent based on the Foreign Exchange Rate. For purposes of this Program, the Foreign Exchange Rate means the fixed exchange rate derived from the two-point average of the Bid/Asked spread of the market implied forward exchange rates as calculated by Bloomberg's FRD function, or its successor function on the same or comparable financial information system, determined on a weighted average basis for the period beginning at the date of Separation from Service of the Participant and ending on a date estimated to be the Participant 's date of death based upon the Mortality Table.

EXECUTED at Cleveland, Ohio this 6th day of April, 2016.

PARKER-HANNIFIN CORPORATION

By: /s/ Jon P. Marten

Title: Executive Vice President – Finance and Administration and Chief Financial Officer

By: /s/ Mark J. Hart

Title: Executive Vice President – Human Resources & External Affairs

Exhibit 12

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

	Nine Months Ended March 31,		Fiscal Year Ended June 30,				
	2016	**2015**	**2015**	**2014**	**2013**	**2012**	**2011**
EARNINGS							
Income from continuing operations before income taxes and noncontrolling interests	$ 778,522	$ 1,128,267	$ 1,432,240	$ 1,556,720	$ 1,311,001	$ 1,576,698	$ 1,413,721
Adjustments:							
Interest on indebtedness, exclusive of interest capitalized	101,137	81,219	115,077	79,845	88,668	89,888	97,009
Amortization of deferred loan costs	2,665	2,390	3,329	2,721	2,884	2,902	2,695
Portion of rents representative of interest factor	31,414	32,987	41,886	43,983	44,493	41,515	39,499
Loss (income) of equity investees	(16,666)	(16,138)	(23,204)	(11,141)	(247)	1,237	2,592
Amortization of previously capitalized interest	119	137	179	190	193	196	226
Income as adjusted	$ 897,191	$ 1,228,862	$ 1,569,507	$ 1,672,318	$ 1,446,992	$ 1,712,436	$ 1,555,742
FIXED CHARGES							
Interest on indebtedness, exclusive of interest capitalized	$ 101,137	$ 81,219	$ 115,077	$ 79,845	$ 88,668	$ 89,888	$ 97,009
Amortization of deferred loan costs	2,665	2,390	3,329	2,721	2,884	2,902	2,695
Portion of rents representative of interest factor	31,414	32,987	41,886	43,983	44,493	41,515	39,499
Fixed charges	$ 135,216	$ 116,596	$ 160,292	$ 126,549	$ 136,045	$ 134,305	$ 139,203
RATIO OF EARNINGS TO FIXED CHARGES	6.64x	10.54x	9.79x	13.21x	10.64x	12.75x	11.18x

Exhibit 31(a)

CERTIFICATIONS

I, Thomas L. Williams, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: May 5, 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: May 5, 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 March 31, 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: May 5, 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