UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended June 30, 2002

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 No. 1-4982

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

Ohio (State or other jurisdiction of Incorporation or Organization)	34-0451060 (I.R.S. Employer Identification No.)
6035 Parkland Boulevard, Cleveland, Ohio (Address of Principal Executive Offices)	44124-4141 (Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on which Registered
Common Shares, $.50 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

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 [X]. No [ ].

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K [ ].

The aggregate market value of the voting stock held by non-affiliates of the Registrant as of July 31, 2002, excluding, for purposes of this computation only, stock holdings of the Registrant's Directors and Officers: $4,731,003,744.

The number of Common Shares outstanding on July 31, 2002 was 118,028,570.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Definitive Proxy Statement for the Company's 2002 Annual Meeting of Shareholders to be held on October 23, 2002 are incorporated by reference into Part III hereof.

PARKER-HANNIFIN CORPORATION

FORM 10-K

Fiscal Year Ended June 30, 2002

PART I

ITEM 1. Business. Parker-Hannifin Corporation is a leading worldwide full-line manufacturer of motion control products, including fluid power systems, electromechanical controls and related components. Fluid power involves the transfer and control of power through the medium of liquid, gas or air, in hydraulic, pneumatic and vacuum applications. Fluid power systems move and position materials, control machines, vehicles and equipment and improve industrial efficiency and productivity. Components of a simple fluid power system include a pump which generates pressure, valves which control the fluid's flow, an actuator which translates the pressure in the fluid into mechanical energy, a filter to insure proper fluid condition and numerous hoses, couplings, fittings and seals. Electromechanical control involves the use of electronic components and systems to control motion and precisely locate or vary speed in automation applications. In addition to motion control products, the Company also is a leading worldwide producer of fluid purification, fluid control, process instrumentation, air conditioning, refrigeration, electromagnetic shielding and thermal management products and designs and manufactures custom-engineered buildings. Also, through Wynn Oil Company and its subsidiaries (the "Wynn's Specialty Chemical Group"), the Company develops, manufactures and markets specialty chemical products and automotive service equipment.

The Company also marketed vehicle service contract and product warranty programs until the divestiture of this business in June 2002.

The Company was incorporated in Ohio in 1938. Its principal executive offices are located at 6035 Parkland Boulevard, Cleveland, Ohio 44124-4141, telephone (216) 896-3000. As used in this Report, unless the context otherwise requires, the term "Company" or "Parker" refers to Parker-Hannifin Corporation and its subsidiaries.

The Company's manufacturing, service, distribution and administrative facilities are located in 38 states and worldwide in 43 foreign countries. Its motion control technology is used in the products of its business Segments: Industrial; Aerospace; and Other. The products are sold as original and replacement equipment through product and distribution centers worldwide. The Company markets its products through its direct-sales employees, independent distributors, sales representatives and builder/dealers. Parker products are supplied to approximately 435,000 customers in virtually every significant manufacturing, transportation and processing industry. For the fiscal year ended June 30, 2002, net sales were $6,149,122,000; Industrial Segment products accounted for 66% of net sales, Aerospace Segment products for 19% and Other Segment products for 15%.

Markets

Motion control systems are used throughout industry in applications which include moving of materials, controlling machines, vehicles and equipment and positioning materials during the manufacturing process. Motion control systems contribute to the efficient use of energy and improve industrial productivity.

The approximately 435,000 customers who purchase the Company's products are found throughout virtually every significant manufacturing, transportation and processing industry. No customer accounted for more than 4% of the Company's total net sales for the fiscal year.

The major markets for products of the Fluid Connectors, Hydraulics, Automation and Seal Groups of the Industrial Segment are agricultural machinery, automotive, construction machinery, electronic equipment, fabricated metals, food production, industrial machinery, pulp and paper, machine tools, marine, medical equipment, mining, mobile equipment, chemicals, robotics, semi-conductor equipment, telecommunications, textiles, transportation and every other major production and processing industry. The major markets for products manufactured by the Instrumentation Group of the Industrial Segment are power generation, oil and gas exploration, petrochemical and chemical processing, pulp and paper, semi-conductor manufacturing, medical and analytical applications. The major markets for products of the Filtration Group of the Industrial Segment are industrial machinery, mobile equipment, diesel engines, process equipment, marine, aviation, environmental and semi-conductor manufacturing. Sales of Industrial Segment products are made to original equipment manufacturers and their replacement markets.

Aerospace Segment sales are made primarily to the commercial, military and general aviation markets and are made to original equipment manufacturers and to end users for maintenance, repair and overhaul.

The products manufactured by the Climate and Industrial Controls Group of the Other Segment are used principally in mobile air conditioning systems, industrial refrigeration systems, residential and commercial air conditioning systems and equipment and industrial fluid control markets. Sales of the Climate and Industrial Controls Group are made to original equipment manufacturers and their replacement markets. Astron Building Systems(R) ("Astron") of the Other Segment produces pre-engineered single and multi-story buildings that serve industries throughout Europe and Asia. The Wynn's Specialty Chemical Group, which became part of the Other Segment in August 2001, develops and manufactures a wide variety of specialty chemical car care and industrial products that are marketed to automobile service technicians and consumers.

Principal Products, Methods of Distribution and Competitive Conditions

Industrial Segment. The product lines of the Company's Industrial Segment cover most of the components of motion control systems. The Fluid Connectors Group manufactures connectors, including tube fittings, hose fittings, valves, hoses and couplers, which control, transmit and contain fluid. The Hydraulics Group produces hydraulic components and systems for builders and users of industrial and mobile machinery and equipment, such as cylinders, accumulators, rotary actuators, valves, motors and pumps, hydrostatic steering units, power units, integrated hydraulic circuits, electrohydraulic systems and metering pumps. The Automation Group supplies pneumatic and electromechanical components and systems, including pneumatic valves; linear motors; air preparation units; indexers, stepper and servo drives; multi-axis positioning tables; electric and pneumatic cylinders; structural extrusions; vacuum products; pneumatic logic; human/machine interface hardware and software; and gantry robots. The Seal Group manufactures sealing devices, including o-rings and o-seals; gaskets and packings, which insure leak-proof connections; electromagnetic interference shielding; and thermal management products. The Filtration Group manufactures filters, systems and instruments to monitor and to remove contaminants from fuel, air, oil, water and other fluids and gases, including hydraulic, lubrication and coolant filters; process, chemical and microfiltration filters; compressed air and gas purification filters; lube oil and fuel filters; fuel conditioning filters; fuel filters/water separators; cabin air filters; intake air filters; and nitrogen and hydrogen generators and condition monitoring devices. The Instrumentation Group manufactures high quality critical flow components for process instrumentation, ultra-high-purity, medical and analytical applications, including fittings, valves, regulators and PTFE products.

Industrial Segment products include both standard items which are produced in large quantities and custom units which are engineered and produced to original equipment manufacturers' specifications for application to a particular end product. Both standard and custom products are also used in the replacement of original motion control system components. Industrial Segment products are marketed primarily through field sales employees and more than 8,200 independent distributors.

Aerospace Segment. The principal products of the Company's Aerospace Segment are hydraulic, fuel and pneumatic systems and components that are used on commercial and military airframe and engine programs.

The Aerospace Segment offers complete hydraulic and primary flight control systems that include hydraulic, electrohydraulic and electromechanical components used for precise control of aircraft rudders, elevators, ailerons and other aerodynamic control surfaces and utility hydraulic components such as reservoirs, accumulators, selector valves, electrohydraulic servovalves, thrust-reverser actuators, engine-driven pumps, motor pumps, nosewheel steering systems, electromechanical actuators, engine controls and electronic controllers. The Aerospace Segment also designs and manufactures aircraft wheels and brakes for the general aviation and military markets.

The Aerospace fuel product line includes complete fuel systems as well as components such as fuel transfer and pressurization controls, in-flight refueling systems, fuel pumps and valves, fuel measurement and management systems and center of gravity controls, engine fuel injection atomization nozzles, manifolds and augmentor controls, and electronic monitoring computers.

Pneumatic components include bleed air control systems, pressure regulators, low-pressure pneumatic controls, heat transfer systems, engine start systems, engine bleed control and anti-ice systems, and electronic control and monitoring computers.

Aerospace Segment products are marketed by the Company's regional sales organization and are sold directly to manufacturers and end users.

Other Segment. The principal products of the Company's Other Segment are fluid control process systems and components and refrigeration and air conditioning systems and components which are manufactured by the Climate and Industrial Controls Group for use primarily in the mobile industry; custom-engineered buildings which are designed and manufactured by Astron; and automotive and industrial chemical products and professional automotive service equipment that are developed by the Wynn's Specialty Chemical Group and marketed primarily to consumers, automobile dealerships and other automotive service facilities, and industrial and manufacturing companies.

The Climate and Industrial Controls Group manufactures components and systems for use in industrial, residential, commercial, automotive and mobile air conditioning and refrigeration systems and other applications, including pressure regulators, solenoid valves, expansion valves, filter-dryers, gerotors and hose assemblies. The Climate and Industrial Controls Group products are marketed primarily through field sales employees and independent distributors.

Astron's pre-engineered single and multi-story buildings serve as factories, warehouses, aircraft hangars, indoor athletic facilities, automobile showrooms, offices and supermarkets. Astron's custom-engineered buildings are marketed primarily through builder/dealers and field sales employees.

The Wynn's Specialty Chemical Group's product line includes professional chemical products, programs and equipment for automobile service technicians, automotive chemical products for consumers, and forging compounds, cleaners, release agents, lubricants, cutting and drawing fluids and multipurpose coolants used in precision metal forming and machining operations.

Competition. All aspects of the Company's business are highly competitive. No single manufacturer competes with respect to all products manufactured and sold by the Company and the degree of competition varies with different products. In the Industrial Segment, the Company competes on the basis of product quality and innovation, customer service, its manufacturing and distribution capability, and competitive price. The Company believes that, in most of the major markets for its Industrial Segment products, it is one of the principal suppliers of motion control systems and components.

In the Aerospace Segment, the Company has developed alliances with key customers based on Parker's advanced technological and engineering capabilities, superior performance in quality, delivery, and service, and price competitiveness, which has enabled Parker to obtain significant original equipment business on new aircraft programs for its systems and components and, thereby, obtain the follow-on repair and replacement business for these programs. The Company believes that it is one of the primary suppliers in the aerospace marketplace.

In the Other Segment, the Company competes on the basis of product quality, innovation and performance, customer service, its manufacturing and distribution capability, and competitive price. The Company believes that it is one of the principal suppliers in the climate and industrial controls marketplace.

Research and Product Development

The Company continually researches the feasibility of new products through its development laboratories and testing facilities in many of its worldwide manufacturing locations. Its research and product development staff includes chemists, mechanical, electronic and electrical engineers and physicists.

Research and development costs relating to the development of new products or services and the improvement of existing products or services amounted to $109,090,000 in fiscal year 2002, $115,004,000 in fiscal 2001 and $94,781,000 in fiscal 2000. Reimbursements of customer-sponsored research included in the total cost for each of the respective years were $13,517,000, $17,143,000 and $16,409,000.

Patents, Trademarks, Licenses

The Company owns a number of patents, trademarks and licenses related to its products and has exclusive and non-exclusive rights under patents owned by others. In addition, patent applications on certain products are now pending, although there can be no assurance that patents will be issued. The Company is not dependent to any material extent on any single patent or group of patents.

Backlog and Seasonal Nature of Business

The Company's backlog at June 30, 2002 was approximately $1,862,992,000 and at June 30, 2001 was approximately $1,985,902,000. Approximately 84% of the Company's backlog at June 30, 2002 is scheduled for delivery in the succeeding twelve months. The Company's business generally is not seasonal in nature.

Environmental Regulation

The Company is subject to federal, state and local laws and regulations designed to protect the environment and to regulate the discharge of materials into the environment. Among other environmental laws, the Company is subject to the federal "Superfund" law, under which the Company has been designated as a "potentially responsible party" and may be liable for cleanup costs associated with various waste sites, some of which are on the U.S. Environmental Protection Agency Superfund priority list.

As of June 30, 2002, the Company is involved in environmental remediation at 21 manufacturing facilities presently or formerly operated by the Company and has been named as a "potentially responsible party," along with other companies, at two off-site waste disposal facilities and one regional Superfund site.

The Company believes that its policies, practices and procedures are properly designed to prevent unreasonable risk of environmental damage and the consequent financial liability to the Company. Compliance with environmental laws and regulations requires continuing management effort and expenditures by the Company. Compliance with environmental laws and regulations has not had in the past, and, the Company believes, will not have in the future, material effects on the capital expenditures, earnings, or competitive position of the Company.

As of June 30, 2002, the Company has a reserve of $13,391,000 for environmental matters which are probable and reasonably estimable. This reserve is recorded based upon the best estimate of costs to be incurred in light of the progress made in determining the magnitude of remediation costs, the timing and extent of remedial actions required by governmental authorities and the amount of the Company's liability in proportion to other responsible parties.

The Company's estimated total liability for the above mentioned sites ranges from a minimum of $13,391,000 to a maximum of $34,920,000. The actual costs to be incurred by the Company will be dependent on final delineation of contamination, final determination of remedial action required, negotiations with federal and state agencies with respect to cleanup levels, changes in regulatory requirements, innovations in investigatory and remedial technology, effectiveness of remedial technologies employed, the ultimate ability to pay of the other responsible parties, and any insurance or third party recoveries.

Energy Matters and Sources and Availability of Raw Materials

The Company's primary energy source for each of its business segments is electric power. While the Company cannot predict future costs of such electric power, the primary source for production of the required electric power will be coal from substantial, proven coal reserves available to electric utilities. The Company is subject to governmental regulations in regard to energy supplies both in the United States and elsewhere. To date the Company has not experienced any significant disruptions of its operations due to energy curtailments.

Steel, brass, aluminum, elastomeric materials and chemicals are the principal raw materials used by the Company. These materials are available from numerous sources in quantities sufficient to meet the requirements of the Company.

Employees

The Company employed approximately 48,176 persons as of June 30, 2002, of whom approximately 19,179 were employed by foreign subsidiaries.

Business Segment Information

The net sales, segment operating income and identifiable assets by business segment and net sales and long-lived assets by geographic area for the past three fiscal years, as set forth on pages 13-11 to 13-12 of Exhibit 13 hereto, are incorporated herein by reference. The net assets and results of operation for the Wynn's Specialty Chemical Group were consolidated into the Company's financial statements beginning in the first quarter of fiscal 2002.

Acquisitions and Divestitures

During fiscal 2002 the Company completed several acquisitions and divestitures. The discussion of these acquisitions and divestitures, as set forth on pages 13-18 to 13-19 of Exhibit 13 hereto, is incorporated herein by reference.

ITEM 1A. Executive Officers of the Company

The Company's Executive Officers are as follows:

Name	Position	Officer Since(1)	Age
Donald E. Washkewicz	President, Chief Executive Officer and Director	1997	52
Michael J. Hiemstra	Executive Vice President - Finance and Administration and Chief Financial Officer	1987	55
Dennis W. Sullivan	Executive Vice President and Director	1978	63
John D. Myslenski	Corporate Vice President and Operating Officer	1997	51
Nickolas W. Vande Steeg	Corporate Vice President and Operating Officer	1995	59
Lee C. Banks	Vice President and President, Instrumentation Group	2001	39
Claus Beneker	Vice President - Chief Technical Officer	1999	62
Robert W. Bond	Vice President and President, Automation Group	2000	44

Lynn M. Cortright	Vice President and President, Climate & Industrial Controls Group	1999	61
Dana A. Dennis	Vice President and Controller	1999	54
Heinz Droxner	Vice President and President, Seal Group	2002	57
William Eline	Vice President - Chief Information Officer	2002	46
Daniel T. Garey	Vice President - Human Resources	1995	59
Stephen L. Hayes	Vice President and President, Aerospace Group	1993	61
Marwan M. Kashkoush	Vice President and President, Hydraulics Group	2000	48
Thomas W. Mackie	Vice President and President, Fluid Connectors Group	2000	55
John K. Oelslager	Vice President and President, Filtration Group	1997	59
Thomas A. Piraino, Jr.	Vice President, General Counsel and Secretary	1998	53
Timothy K. Pistell	Vice President and Treasurer	1993	55

(1) Officers of the Company serve for a term of office from the date of election to the next organizational meeting of the Board of Directors and until their respective successors are elected, except in the case of death, resignation or removal. Messrs. Sullivan, Garey and Hayes have served in the executive capacities indicated above during the past five years.

Mr. Washkewicz was elected Chief Executive Officer effective in July 2001 and President in February 2000. He was Chief Operating Officer from February 2000 to July 2001; Vice President and President of the Hydraulics Group from October 1997 to February 2000; and Vice President-Operations of the Fluid Connectors Group from October 1994 to October 1997.

Mr. Hiemstra was elected Executive Vice President-Finance and Administration effective in July 2001 and Chief Financial Officer in January 1988. He was Vice President-Finance and Administration from 1987 to June 2001.

Mr. Myslenski was elected Corporate Vice President and Operating Officer effective in October 2001. He was Vice President, Operations from July 2001 to October 2001; Vice President from October 1997 to July 2001; and President of the Fluid Connectors Group from July 1997 to July 2001.

Mr. Vande Steeg was elected Corporate Vice President and Operating Officer effective in January 2002. He was a Vice President from September 1995 to December 2001 and President of the Seal Group from 1987 to December 2001.

Mr. Banks was elected as a Vice President in October 2001 and named President of the Instrumentation Group effective in July 2001. He was Vice President - Operations of the Climate & Industrial Controls Group from January 2001 to June 2001; General Manager of the Skinner Valve Division from August 1997 to December 2000; and General Manager of the Fluidex Division from January 1997 to July 1997.

Mr. Beneker was elected as Vice President - Chief Technical Officer effective in February 1999. He was Vice President of Business Development of the Aerospace Group from July 1995 to January 1999.

Mr. Bond was elected as a Vice President in July 2000 and named President of the Automation Group effective in April 2000. He was Vice President - Operations of the Fluid Connectors Group from July 1997 to April 2000.

Mr. Cortright was elected as a Vice President in January 1999 and was named President of the Climate & Industrial Controls Group effective in November 1998. He was President of the Latin American Group from November 1987 to October 1998.

Mr. Dennis was elected as a Vice President in October 2001 and as Controller effective in July 1999. He was Vice President/Controller of the Automation Group from August 1997 to July 1999 and Vice President/Controller of the Motion and Control Group from July 1994 to August 1997.

Mr. Droxner was elected as Vice President and named President of the Seal Group effective in January 2002. He was President of the Seal Group Europe from July 1999 to December 2001 and General Manager of the O-Ring Division Europe from October 1987 to June 1999.

Mr. Eline was elected as Vice President - Chief Information Officer effective in August 2002. He was Vice President - Information Technology International from July 2000 to July 2002 and Vice President - Enterprise Systems International from October 1987 to June 2000.

Mr. Kashkoush was elected as a Vice President in July 2000 and named President of the Hydraulics Group in February 2000. He was President of the European Operations of the Hydraulics Group from February 1999 to January 2000 and Group Vice President - Sales and Marketing of the Hydraulics Group from July 1997 to December 1999.

Mr. Mackie was elected as a Vice President in July 2000 and named President of the Fluid Connectors Group in July 2001. He was President of the Instrumentation Group from July 1997 to June 2001.

Mr. Oelslager was elected as a Vice President in October 1997 and named President of the Filtration Group effective in March 2000. He was President of the Automation Group from July 1997 to March 2000.

Mr. Piraino was elected as Vice President, General Counsel and Secretary effective in July 1998. He was Vice President-Law from July 1990 to June 1998.

Mr. Pistell was elected as a Vice President in October 2001 and as Treasurer in July 1993.

ITEM 2. Properties. The following table sets forth the principal plants and other materially important properties of the Company and its subsidiaries. The leased properties are indicated with an asterisk. A "(1)" indicates that the property is occupied by the Company's Industrial Segment, a "(2)" indicates properties occupied by the Aerospace Segment, and a "(3)" indicates that the property is occupied by the Company's Other Segment.

UNITED STATES

State	City
Alabama	Boaz(1)
	Huntsville(1)
	Jacksonville(1)
Arizona	Glendale(2)
	Tempe(1)
	Tolleson(2)
	Tucson(1)
Arkansas	Benton(1)
	Trumann(3)
California	Azusa(3)
	Camarillo(1)
	Irvine(1)(2)
	Modesto(1)
	Richmond(1)
	Rohnert Park(1)
	San Diego(1)
	Sante Fe Springs*(1)
Colorado	Englewood(1)
Connecticut	New Britain(3)
Florida	Longwood(3)
	Miami*(1)
	Sarasota(1)
	Vero Beach*(1)
Georgia	Dublin(2)
Idaho	Boise*(1)
Illinois	Bensenville(1)
	Broadview(3)

State	City
	Des Plaines(1)
	Elgin(1)
	Ladd(1)
	Lincolnshire(1)
	Rockford(1)
Indiana	Albion(1)
	Ashley(1)
	Goshen(1)
	Indianapolis*(1)
	New Haven(3)
	Syracuse(1)
	Tell City(1)
Iowa	Davenport*(1)
	Red Oak(1)
Kansas	Manhattan(1)
Kentucky	Lexington(1)
	Springfield(1)
Maine	Kittery(1)
	Portland(3)
Maryland	Baltimore*(1)
Massachusetts	Ayer(2)
	Haverhill*(1)
	Tewksbury*(1)
	Woburn(1)
Michigan	Kalamazoo(2)
	Lakeview(1)
	Martin*(1)
	Mason(1)
	Otsego(1)
	Oxford(1)
	Richland(1)
	Troy*(1)(3)
Minnesota	Blaine(1)
	Chanhassen(1)
	Deerwood(1)
	Golden Valley(1)
	Minneapolis(1)
	New Hope*(1)
Mississippi	Batesville(3)
	Booneville(3)
	Holly Springs(1)
	Madison(1)
	Olive Branch*(1)
Missouri	Kennett(3)

State	City
Nebraska	Alliance(1)
	Gothenburg(1)
	Lincoln(1)
	McCook*(1)
Nevada	Carson City(1)
New Hampshire	Hollis*(1)
	Hudson(1)
	Portsmouth*(1)
New Jersey	Fairfield*(1)
New York	Chestnut Ridge(1)
	Clyde(2)
	Lyons(3)
	Smithtown(2)
North Carolina	Forest City(1)
	Kings Mountain(1)
	Sanford(1)
	Snow Hill(1)
	Wilson(1)
Ohio	Akron(1)(3)
	Avon(2)
	Brookville(1)
	Columbus(1)
	Eastlake(1)
	Eaton(1)
	Elyria(1)(2)
	Forest(2)
	Green Camp(1)
	Hicksville(1)
	Kent(1)
	Lewisburg(1)
	Mayfield Heights(1)(2)(3)
	Mentor(2)
	Metamora(1)
	Milford*(1)
	Ravenna(1)
	St. Marys(1)
	Strongsville*(1)
	Vandalia(1)
	Wadsworth(1)
	Wickliffe(1)
	Youngstown(1)
Oklahoma	Henryetta*(1)
Oregon	Eugene(1)
Pennsylvania	Canton(1)

State	City
	Harrison City(1)
South Carolina	Beaufort(1)
	Bishopville*(1)
	Moncks Corner(2)
	Spartanburg(1)
Tennessee	Greeneville(1)
	Greenfield(3)
	Lebanon(1)
	Livingston(1)
	Memphis*(1)
Texas	Ft. Worth(1)
	Houston*(1)
	Mansfield(1)
Utah	Ogden(2)
	Salt Lake City(1)
Virginia	Lynchburg(1)
Washington	Seattle*(2)
Wisconsin	Chetek(1)
	Grantsburg(1)
	Manitowoc(1)
	Mauston(3)
	Waukesha(1)

FOREIGN COUNTRIES

Country	City
Argentina	Buenos Aires(1)(3)
Australia	Burton*(1)
	Castle Hill(1)(3)
	Elizabeth West (1)
	Wodonga*(1)
Austria	Wiener Neustadt(1)
Belgium	Brussels*(1)
	St. Niklaas(3)
Brazil	Cachoeirinha(1)
	Jacarei(1)(2)(3)
	Sao Paulo(1)(3)
Canada	Brampton*(1)
	Grimsby(1)(3)
	Orillia(1)
	Owen Sound(1)
Chile	Santiago*(1)
Czech Republic	Chomutov(1)(3)
	Prague*(1)

Country	City
	Prerov*(3)
	Sadska(1)
Denmark	Espergarde(1)
	Ishoj(1)(3)
Egypt	Cairo*(1)
England	Barnstaple*(1)
	Buxton(1)
	Cannock(1)
	Cheltenham*(1)
	Cornwall*(1)
	Cradley Heath(1)
	Derby*(1)
	Dewsbury(1)
	Grantham(1)
	Halesowen(1)
	Hemel Hempstead(1)
	Marlow*(1)
	Ossett(1)
	Poole*(1)
	Rotherham(1)
	Warwick(1)
	Watford(1)
Finland	Hyrynsalmi*(1)
	Urjala(1)
	Vantaa(1)
France	Annemasse(1)
	Aubagne*(1)
	Contamine(1)
	Evreux(1)
	Pontarlier(1)
	Wissembourg(1)
Germany	Bielefeld(1)
	Bietigheim-Bissingen(1)
	Chemnitz(1)
	Cologne(1)
	Erfurt(1)
	Geringswalde(1)
	Hilden*(1)
	Hochmossingen(1)
	Kaarst(1)
	Lampertheim(1)
	Mucke(1)

FOREIGN COUNTRIES

Country	City
	Offenburg*(1)
	Pleidelsheim(1)
	Queckborn(3)
	Schol(beta)-Holte(1)
	Weilheim(1)
	Wiesbaden(2)
Greece	Athens*(1)
Hungary	Budapest*(1)
India	Mumbai*(1)(3)
Ireland	Dublin*(1)
Italy	Adro(1)
	Arsago Seprio(1)
	Bologna*(1)
	Corsico(1)(3)
	Gessate(3)
	Milan(1)
	Ortona*(1)
	Siziano*(1)
	Veniano*(1)
Japan	Yokohama(1)(2)(3)
Luxembourg	Diekirch(3)
Malaysia	Kuala Lumpur*(2)
Mexico	Guaymas*(2)
	Matamoros(1)
	Montemorelos(3)
	Monterrey(1)(3)
	Tijuana(1)
	Toluca(1)
Netherlands	Amelo*(1)
	Arnhem(1)
	Etten-Leur*(1)
	Hendrik-Ido-Ambacht(1)
	Hoogezand(1)
	Oldenzaal(1)(3)
New Zealand	Mt. Wellington(1)
Norway	Langhus(1)
Peoples Republic of China	Hong Kong*(1)(3)
	Shanghai(1)(3)
Poland	Warsaw*(1)(3)
	Wroclaw(1)
Portugal	Porto*(1)
Romania	Bucharest*(1)

FOREIGN COUNTRIES

Country	City
Russia	Moscow*(1)
Singapore	Singapore*(1)(2)(3)
Slovenia	Novo Mesto*(1)
South Africa	Kempton Park(1)(3)
South Korea	Chonan(3)
	Hwaseong(1)
	Seoul*(1)
	Suwon*(1)
	Yangsan(1)
Spain	Barcelona*(1)
	Madrid(1)(3)
Sweden	Boras(1)
	Falkoping(1)
	Spanga(1)
	Trollhatten(1)
	Ulricehamn(1)
Switzerland	Geneva(3)
Taiwan	Taipei*(1)(3)
Thailand	Bangkok*(1)(3)
Ukraine	Kiev*(1)
United Arab Emirates	Abu Dhabi*(1)
Venezuela	Caracas*(1)(3)

The Company believes that its properties have been adequately maintained, are in good condition generally and are suitable and adequate for its business as presently conducted. The extent of utilization of the Company's properties varies among its plants and from time to time. The Company's restructuring efforts over the past several years have brought capacity levels closer to present and anticipated needs. Although capacity has been reduced over the last fiscal year, most of the Company's material manufacturing facilities remain capable of handling additional volume increases.

ITEM 3. Legal Proceedings. Not applicable.

ITEM 4. Submission of Matters to a Vote of Security Holders. Not applicable.

PART II

ITEM 5. Market for the Registrant's Common Equity and Related Stockholder Matters. As of July 31, 2002, the number of shareholders of record of the Company was 6,155 and the number of beneficial owners was approximately 53,000. Information regarding stock price and dividend information with respect to the Company's common stock, as set forth on page 13-34 of Exhibit 13 hereto, is incorporated herein by reference.

On May 23, 2002, the Company issued 264,783 shares of Common Stock, $.50 par value, valued at $48.50 per share, to Camfil Farr, Inc., a Delaware corporation, in exchange for the assets of Camfil Farr's Engine Air Filter business. This transaction was exempt from the registration provisions of the Securities Act of 1933, as amended, pursuant to Rule 506 promulgated under Regulation D of such Act based on the fact that the shares were offered and sold to one accredited investor.

ITEM 6. Selected Financial Data. The information set forth on page 13-37 of Exhibit 13 hereto is incorporated herein by reference.

ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations. The information set forth on pages 13-1 to 13-9 of Exhibit 13 hereto is incorporated herein by reference.

ITEM 7A. Quantitative and Qualitative Disclosures About Market Risk. The Company enters into forward exchange contracts, costless collar contracts and cross-currency swap agreements to reduce its exposure to fluctuations in related foreign currencies. The total value of open contracts and any risk to the Company as a result of these arrangements is not material to the Company's financial position, liquidity or results of operations.

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. The Company has entered into an interest rate swap agreement for a $200 million notional principal amount. The swap agreement converts a portion of its variable rate debt to a fixed rate through 2004. The agreement is with a major financial institution and the risk of loss is considered remote. The carrying and fair value of this agreement is not material to the Company's financial position, liquidity or results of operations. A one hundred basis point increase in near term interest rates would increase annual interest expense on variable rate debt by approximately $6.0 million.

For further discussion see the Significant Accounting Policies Footnote on pages 13-15 to 13-17 of Exhibit 13 hereto and incorporated herein by reference.

ITEM 8. Financial Statements and Supplementary Data. The information set forth on pages 13-10 to 13-36 of Exhibit 13 hereto is incorporated herein by reference.

ITEM 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure. Not applicable.

PART III

ITEM 10. Directors and Executive Officers of the Registrant. Information required with respect to the Directors of the Company is set forth under the caption "Election of Directors" in the definitive Proxy Statement for the Company's 2002 Annual Meeting of Shareholders to be held October 23, 2002 ("2002 Proxy Statement") and is incorporated herein by reference. Information with respect to the executive officers of the Company is included in Part I hereof.

The information set forth under the caption "Section 16(a) Beneficial Ownership Reporting Compliance" in the 2002 Proxy Statement is incorporated herein by reference.

ITEM 11. Executive Compensation. The information set forth under the captions "Compensation of Directors" and "Executive Compensation" in the 2002 Proxy Statement is incorporated herein by reference.

ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters. The information set forth under the captions ""Change in Control" Severance Agreements with Officers" and "Principal Shareholders of the Corporation" in the 2002 Proxy Statement is incorporated herein by reference.

Equity Compensation Plan Information

The following table sets forth certain information regarding the Company's equity compensation plans as of June 30, 2002.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights(1) (a)	Weighted-average exercise price of outstanding options, warrants and rights(1) (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	6,605,162 (2)	$38.39	818,077 (3)
Equity compensation plans not approved by security holders (4)	41,513	$39.14	315,787
Total	6,646,675	$38.40	1,133,864

(1) In connection with the merger of Commercial Intertech Corp. with and into the Company in April 2000, the Company assumed the administration of the outstanding options under the Commercial Intertech stock option plans until such options are exercised or expire. No new options will be granted under the Commercial Intertech stock option plans. The number of securities to be issued upon the exercise of outstanding options is 112,355. The weighted-average exercise price of those outstanding options is $32.83.

(2) Includes 436,392 shares, which represents the maximum future payouts of restricted stock that may be issued under the Company's 2000-01-02, 2001-02-03 and 2002-03-04 Long Term Incentive Plans ("LTIP"). Payouts will be made in restricted stock or cash, as individually elected by the

participants, and are subject to reduction based upon the Company's actual average return on equity for the three-year period of each LTIP. Also includes 59,215 phantom shares being held in an account pursuant to the Company's Stock Option Deferral Plan (which Plan has not been approved by shareholders). The phantom shares resulted from exercises of stock options granted under the Company's 1990 Employees Stock Option Plan which was approved by the shareholders.

(3) The number of securities available for issuance under the Company's 1993 Stock Incentive Program in each fiscal year is equal to the sum of (i) 1.5% of the number of shares outstanding on the last day of the previous fiscal year; plus (ii) the number of shares that were available for the grant of awards in previous fiscal years; provided, that, in no event will the number of shares available for the grant of awards in any fiscal year exceed 2.5% of the shares outstanding on the last day of the previous fiscal year.

(4) The Company's Non-Employee Directors Stock Option Plan provides for the issuance of up to 375,000 shares of the Company's common stock pursuant to stock options granted to the Company's Directors who are not current or retired employees of the Company. Each option must be granted at an exercise price equal to 100% of the fair market value of the Company's common stock on the date the options are granted. Prior to August 1999, grants had a ten-year term with one year vesting. Beginning in August 1999, grants have a ten-year term and vest 50% following one year of continued service and the remaining 50% following the second year of continued service from the date granted.

ITEM 13. Certain Relationships and Related Transactions. Not applicable.

PART IV

ITEM 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K.

a. The following are filed as part of this report:

1. Financial Statements and Schedule

   The financial statements and schedule listed in the accompanying Index to Consolidated Financial Statements and Schedules are filed or incorporated by reference as part of this Report.

2. Exhibits

   The exhibits listed in the accompanying Exhibit Index and required by Item 601 of Regulation S-K (numbered in accordance with Item 601 of Regulation S-K) are filed or incorporated by reference as part of this Report.

b. The Registrant did not file a Current Report on Form 8-K in the quarter ended June 30, 2002.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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

By: /s/Michael J. Hiemstra

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

August 14, 2002

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

Signature and Title

DUANE E. COLLINS, Chairman of the Board of Directors;
DONALD E. WASHKEWICZ, Chief Executive Officer and Director;
DANA A. DENNIS, Principal Accounting Officer;
JOHN G. BREEN, Director; PAUL C. ELY, JR., Director;
WILLIAM E. KASSLING, Director; ROBERT J. KOHLHEPP, Director;
PETER W. LIKINS, Director; GIULIO MAZZALUPI, Director;
KLAUS-PETER MULLER, Director; CANDY M. OBOURN, Director;
HECTOR R. ORTINO, Director; ALLAN L. RAYFIELD, Director;
WOLFGANG R. SCHMITT, Director; DEBRA L. STARNES, Director;
and DENNIS W. SULLIVAN, Director.

Date: August 14, 2002

/s/Michael J. Hiemstra

Michael J. Hiemstra, Executive Vice President - Finance
and Administration, Principal Financial Officer and
Attorney-in-Fact

PARKER-HANNIFIN CORPORATION

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SCHEDULES

Individual financial statements and related applicable schedules for the Registrant (separately) have been omitted because the Registrant is primarily an operating company and its subsidiaries are considered to be totally-held.

PARKER-HANNIFIN CORPORATION

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEARS ENDED JUNE 30, 2000, 2001 and 2002
(Dollars in Thousands)

Column A	Column B	Column C	Column D	Column E
Description	Balance at Beginning Of Period	Additions Charged to Costs and Expenses	Other (Deductions)/ Additions (A)	Balance At End Of Period
Allowance for doubtful accounts:				
Year ended June 30, 2000	$ 9,397	$2,996	$(1,973)	$10,420
Year ended June 30, 2001	10,420	4,104	(3,414)	11,110
Year ended June 30, 2002	$11,110	$6,500	$(2,214)	$15,396

(A) Net balance of deductions due to uncollectible accounts charged off and additions due to acquisitions or recoveries.

Exhibit Index

Exhibit No.	Description of Exhibit
(3)	Articles of Incorporation and By-Laws:
(3)(a)	Amended Articles of Incorporation(A).
(3)(b)	Code of Regulations, as amended(B).
(4)	Instruments Defining Rights of Security Holders:
(4)(a)	Rights Agreement, dated January 31, 1997, between the Registrant and KeyBank National Association ("KeyBank")(C), as amended by the First Addendum to Shareholder Protection Rights Agreement, dated April 21, 1997, between the Registrant and Wachovia Bank of North Carolina N.A. ("Wachovia"), as successor to KeyBank(D), and the Second Addendum to Shareholder Protection Rights Agreement, dated June 15, 1999, between the Registrant and National City Bank, as successor to Wachovia(D).
	The Registrant is a party to other instruments, copies of which will be furnished to the Commission upon request, defining the rights of holders of its long-term debt identified in Note 9 of the Notes to Consolidated Financial Statements on pages 13-24 to 13-25 of Exhibit 13 hereto, which Note is incorporated herein by reference.
(10)	Material Contracts:
(10)(a)	Form of Change in Control Severance Agreement entered into by the Registrant and executive officers(E).*
(10)(b)	Parker-Hannifin Corporation Change in Control Severance Plan, as amended(F).*
(10)(c)	Form of Indemnification Agreement entered into by the Registrant and its directors and executive officers(G).
(10)(d)	Exchange Agreement entered into as of May 11, 1999 between the Registrant and Duane E. Collins including an Executive Estate Protection Plan comprised of the Executive Estate Protection Agreement entered into by the Registrant, Duane E. Collins and The Duane E. Collins Irrevocable Trust dated 5/10/99 (the "Trust"), the Collateral Assignment between the Registrant and the Trust and the "as sold" illustration of an Executive Estate Protection Plan Insurance Policy(H).*

Exhibit Index

Exhibit No.	Description of Exhibit
(10)(e)	Exchange Agreement entered into as of October 29, 1999 between the Registrant and Michael J. Hiemstra including an Executive Estate Protection Plan comprised of the Executive Estate Protection Agreement among the Registrant, Michael J. Hiemstra, and the Irrevocable Trust Creating Vested Trusts for Children of Michael J. Hiemstra dated August 16, 1999 (the "Trust") and the Collateral Assignment between the Trust and the Registrant(I).*
(10)(f)	Exchange Agreement entered into as of February 22, 2000 between the Registrant and Daniel T. Garey including the Executive Estate Protection Agreement among the Registrant, Daniel T. Garey, and the Daniel T. Garey and Diane-Worthington Garey Irrevocable Trust dated December 22, 1999 (the "Trust") and the Collateral Assignment between the Trust and the Registrant(J).*
(10)(g)	Exchange Agreement entered into as of October 12, 2000 between the Registrant and Thomas A. Piraino, Jr. including an Executive Estate Protection Plan comprised of the Executive Estate Protection Agreement among the Registrant, Thomas A. Piraino, Jr., and the Thomas A. Piraino, Jr. and Barbara C. McWilliams Irrevocable Trust dated September 1, 2000 (the "Trust") and the Collateral Assignment between the Trust and the Registrant(K).*
(10)(h)	Form of Executive Life Insurance Agreement entered into by the Registrant and executive officers, as amended and restated(L).*
(10)(i)	Parker-Hannifin Corporation Supplemental Executive Retirement Benefits Program (August 15, 1996 Restatement)(M).*
(10)(j)	Parker-Hannifin Corporation 1990 Employees Stock Option Plan, as amended(N).*
(10)(k)	Parker-Hannifin Corporation 1993 Stock Incentive Program, as amended(O).*
(10)(l)	Parker-Hannifin Corporation 2002 Target Incentive Bonus Plan Description (P).*
(10)(m)	Parker-Hannifin Corporation 2003 Target Incentive Bonus Plan Description.*
(10)(n)	Parker-Hannifin Corporation 2000-01-02 Long Term Incentive Plan Description(Q).*
(10)(o)	Parker-Hannifin Corporation 2001-02-03 Long Term Incentive Plan Description(R).*
(10)(p)	Parker-Hannifin Corporation 2002-03-04 Long Term Incentive Plan Description(S).*
(10)(q)	Parker-Hannifin Corporation 2003-04-05 Long Term Incentive Plan Description.*

Exhibit Index

Exhibit No.	Description of Exhibit
(10)(r)	Parker-Hannifin Corporation Savings Restoration Plan, as restated(T).*
(10)(s)	Parker-Hannifin Corporation Pension Restoration Plan, as amended and restated(U).*
(10)(t)	Parker-Hannifin Corporation Executive Deferral Plan, as restated(V).*
(10)(u)	Parker-Hannifin Corporation Volume Incentive Plan, as amended(W).*
(10)(v)	Parker-Hannifin Corporation Non-Employee Directors' Stock Plan, as amended(X).*
(10)(w)	Parker-Hannifin Corporation Non-Employee Directors Stock Option Plan(Y).*
(10)(x)	Parker-Hannifin Corporation Deferred Compensation Plan for Directors, as amended and restated(Z).*
(10)(y)	Parker-Hannifin Corporation Stock Option Deferral Plan(AA).*
(11)	Computation of Common Shares Outstanding and Earnings Per Share is incorporated by reference to Note 5 of the Notes to Consolidated Financial Statements on pages 13-21 to 13-22 of Exhibit 13 hereto.
(12)	Computation of Ratio of Earnings to Fixed Charges as of June 30, 2002.
(13)	Excerpts from Annual Report to Shareholders for the fiscal year ended June 30, 2002 which are incorporated herein by reference thereto.
(21)	List of subsidiaries of the Registrant.
(23)	Consent of Independent Accountants.
(24)	Power of Attorney.

* Management contracts or compensatory plans or arrangements.

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(A) Incorporated by reference to Exhibit 3 to the Registrant's Report on Form 10-Q for the quarterly period ended September 30, 1997 (Commission File No. 1-4982).

(B) Incorporated by reference to Exhibit 3(b) to the Registrant's Report on Form 10-K for the fiscal year ended June 30, 2001 (Commission File No. 1-4982).

(C) Incorporated by reference to Exhibit 4.1 to the Registrant's Report on Form 8-K filed with the Commission on February 4, 1997 (Commission File No. 1-4982).

(D) Incorporated by reference to Exhibit 4(a) to the Registrant's Report on Form 10-K for the fiscal year ended June 30, 1999 (Commission File No. 1-4982).

(E) Incorporated by reference to Exhibit 10(a) to the Registrant's Report on Form 10-K for the fiscal year ended June 30, 2001 (Commission File No. 1-4982).

(F) Incorporated by reference to Exhibit 10(b) to the Registrant's Report on Form 10-K for the fiscal year ended June 30, 2001 (Commission File No. 1-4982).

(G) Incorporated by reference to Exhibit 10(c) to the Registrant's Report on Form 10-K for the fiscal year ended June 30, 2000 (Commission File No. 1-4982).

(H) Incorporated by reference to Exhibit 10(d) to the Registrant's Report on Form 10-K for the fiscal year ended June 30, 1999 (Commission File No. 1-4982).

(I) Incorporated by reference to Exhibit 10(a) to the Registrant's Report on Form 10-Q for the quarterly period ended December 31, 1999 (Commission File No. 1-4982).

(J) Incorporated by reference to Exhibit 10(a) to the Registrant's Report on Form 10-Q for the quarterly period ended March 31, 2000 (Commission File No. 1-4982).

(K) Incorporated by reference to Exhibit 10(a) to the Registrant's Report on Form 10-Q for the quarterly period ended December 31, 2000 (Commission File No. 1-4982).

(L) Incorporated by reference to Exhibit 10(e) to the Registrant's Report on Form 10-K for the fiscal year ended June 30, 1999 (Commission File No. 1-4982).

(M) Incorporated by reference to Exhibit 10(i) to the Registrant's Report on Form 10-K for the fiscal year ended June 30, 2001 (Commission File No. 1-4982).

(N) Incorporated by reference to Exhibit 10(j) to the Registrant's Report on Form 10-K for the fiscal year ended June 30, 2001 (Commission File No. 1-4982).

(O) Incorporated by reference to Exhibit 10 to the Registrant's Report on Form 10-Q for the quarterly period ended September 30, 1997 (Commission File No. 1-4982).

(P) Incorporated by reference to Exhibit 10(m) to the Registrant's Report on Form 10-K for the fiscal year ended June 30, 2001 (Commission File No. 1-4982).

(Q) Incorporated by reference to Exhibit 10(o) to the Registrant's Report on Form 10-K for the fiscal year ended June 30, 1999 (Commission File No. 1-4982).

(R) Incorporated by reference to Exhibit 10(p) to the Registrant's Report on Form 10-K for the fiscal year ended June 30, 2000 (Commission File No. 1-4982).

(S) Incorporated by reference to Exhibit 10(q) to the Registrant's Report on Form 10-K for the fiscal year ended June 30, 2001 (Commission File No. 1-4982).

(T) Incorporated by reference to Exhibit 10(q) to the Registrant's Report on Form 10-K for the fiscal year ended June 30, 2000 (Commission File No. 1-4982).

(U) Incorporated by reference to Exhibit 10(a) to the Registrant's Report on Form 10-Q for the quarterly period ended September 30, 1999 (Commission File No. 1-4982).

(V) Incorporated by reference to Exhibit 10(s) to the Registrant's Report on Form 10-K for the fiscal year ended June 30, 2000 (Commission File No. 1-4982).

(W) Incorporated by reference to Exhibit 10(t) to the Registrant's Report on Form 10-K for the fiscal year ended June 30, 2000 (Commission File No. 1-4982).

(X) Incorporated by reference to Exhibit 10(v) to the Registrant's Report on Form 10-K for the fiscal year ended June 30, 2001 (Commission File No. 1-4982).

(Y) Incorporated by reference to Exhibit 10(w) to the Registrant's Report on Form 10-K for the fiscal year ended June 30, 2001 (Commission File No. 1-4982).

(Z) Incorporated by reference to Exhibit 10(x) to the Registrant's Report on Form 10-K for the fiscal year ended June 30, 2001 (Commission File No. 1-4982).

(AA) Incorporated by reference to Exhibit 10(u) to the Registrant's Report on Form 10-K for the fiscal year ended June 30, 1998 (Commission File No. 1-4982).

Shareholders may request a copy of any of the exhibits to this Annual Report on Form 10-K by writing to the Secretary, Parker-Hannifin Corporation, 6035 Parkland Boulevard, Cleveland, Ohio 44124-4141.

Exhibit (10)(m)* to Report
on Form 10-K for Fiscal
Year Ended June 30, 2002
by Parker-Hannifin Corporation

Parker-Hannifin Corporation 2003 Target Incentive Bonus Plan Description.

* Numbered in accordance with Item 601 of Regulation S-K.

PARKER-HANNIFIN CORPORATION 2003 TARGET INCENTIVE BONUS PLAN

A. Payments earned under the Bonus Plan depend upon the Company's performance against a pre-tax return on average assets (ROAA) schedule which is based upon the Fiscal Year 2003 operating plan.

B. The payout under the Plan ranges from 15% to 150% of each participant's target award, with 100% payout set at achievement of fiscal year 2003 planned ROAA.

C. Any payout pursuant to the Plan that will result in the exceedance of the $1 million cap on the tax deductibility of executive compensation will be deferred until such time in the earliest subsequent fiscal year that such cap will not be exceeded.

D. Participants: All of the executive officers of the Company, plus Group Presidents who are not executive officers.

E. Fiscal year 2003 Planned ROAA: 8.0%

ROAA Payout Schedule

FY03 ROAA	Percentage of Target Award Paid*
<2.6%	0 %
2.6%	30 %
2.9%	34.5%
3.4%	40 %
4.2%	50 %
4.9%	60 %
5.7%	70 %
6.5%	80 %
7.2%	90 %
8.0%	100 %
8.4%	113 %
8.9%	125 %
9.3%	138 %
9.8%	150 %

* Fiscal year 2003 ROAA less than 2.9% will reduce the amount paid by 50%.

F. ROAA will not include the impact of:

1. Environmental costs in excess of planned amounts

2. Acquisitions/divestitures

3. Gains or losses on currency transactions

Exhibit (10)(q)

Exhibit (10)(q)* to Report
on Form 10-K for Fiscal
Year Ended June 30, 2002
by Parker-Hannifin Corporation

Parker-Hannifin Corporation 2003-04-05 Long Term Incentive Plan Description.

* Numbered in accordance with Item 601 of Regulation S-K.

PARKER-HANNIFIN CORPORATION
2003-04-05
LONG TERM INCENTIVE PLAN

The purpose of the Plan is to provide a long-term incentive portion of bonus compensation. The Plan's focus is on return on equity. It balances a competitive base salary pay structure, an annual cash bonus compensation based on a return on average assets, and a stock option plan with ten-year exercise rights. The return on equity objective is a key financial goal and comprehends return on sales at the net income level and asset utilization.

The participants in this Plan are limited to Corporate Officers and Group Presidents. They clearly can affect broadly the overall financial performance of the company.

The key elements of Parker-Hannifin's Plan are as follows:

Participation

Those key executives having a critical impact on the long term performance of the Company selected by the Chief Executive Officer and approved by the Compensation and Management Development Committee of the Board (the "Committee").

Performance Period

Three-year average Return on Equity with the grant to cover FY 03, 04 and 05.

Size of Awards

Commensurate with bonus compensation and stock option level of participants as determined by the CEO with approval of the Compensation and Management Development Committee.

Form of Awards

Awards will be expressed as a certain number of performance units calculated by dividing the dollar equivalent of the award by the June 30, 2002 Parker stock price.

Performance Objective

The Return on Equity objective is 15%.

Share Price Fluctuation

The value of the performance units during the Performance Period will fluctuate with the value of Parker common shares.

Value Range

Actual value of the payments under the Plan will be within a range of 25% to 200% of target value based on performance against the objective.

Performance Range

For performance below a threshold of 9% ROE objective, no payment will be made. For performance between 9% and 21% ROE, payments will be earned between 25% and 200% of the target value on a proportional basis above and below the target value. The Plan is capped at 200%.

Payment

Payments earned under the Plan will be paid at the end of the three-year performance period. Except as otherwise provided herein, payment will be made in the form of a credit to the participant's account under the Corporation's Executive Deferral Plan ("EDP"). Payment may be made in restricted stock of the Corporation pursuant to the 1993 Stock Incentive Program at the discretion of the Committee unless the participant has previously elected a deferral under the EDP. In such event, the number of restricted shares issued would be equal to the number of performance units earned in accordance with the Performance Schedule described below and the restricted shares would be subject to a vesting schedule and such other terms and conditions determined by the Committee at the time of issuance. Retirees at the time of payout will receive cash. The value of any EDP credit or cash payment will be determined based upon the value of the earned performance units as of June 30, 2005. Any payout pursuant to this plan that will result in the exceedance of the $1 million cap on the tax deductibility of executive compensation will be deferred until such time in the earliest subsequent fiscal year that such cap will not be exceeded.

Termination of Employment

If a participant dies, retires (with consent of the Compensation and Management Development Committee if earlier than age 60) or is disabled during the performance period, he/she will receive a pro rata portion of the award payable upon completion of the performance period. A participant who resigns or is otherwise terminated during the performance period forfeits the award.

Performance Schedule

The Plan performance schedule, based on the three-year simple average of annual report return on average equity, is as follows:

	Return on Equity							
	<9.0%	9.0%	11.0%	13.0%	15.0%	17.0%	19.0%	21.0%
Payout %	0	25	50	75	100	133	167	200

Change in Control

In the event of a "Change in Control" of the Corporation (as defined below), the payout under the Plan will be accelerated to fifteen (15) days after the Change in Control. The amount of the payout will be in cash and will be the greater of the target award or the amount the payout would have been had ROE during the Performance Period to the end of the fiscal quarter immediately preceding the date of the Change in Control continued throughout the Performance Period. The cash amount of such payout will be based upon the closing New York Stock Exchange stock price of the Corporation's Common Shares on the first day of the Performance Period or the date of the Change in Control, whichever is greater. If the Participant will reach age 65 prior to the end of the Performance Period, the payout in the event of a Change in Control will be reduced on a pro rata basis.

"Change in Control" means the occurrence of one of the following events:

(i) 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 Parker-Hannifin Corporation (the "Company") representing 20% or more of the combined voting power of the Company's then outstanding securities eligible to vote for the election of the Board of Directors of the Company (the "Board") (the "Company's Voting Securities"); provided, however, that the event described in this paragraph 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 corporation or 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 of such corporation or other entity (a "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; (D) a Non-Control Transaction (as defined in paragraph (iii)); (E) as pertains to a Plan participant (the "Executive"), any acquisition by the Executive or any group of persons (within the meaning of Sections 13(d)(3) and 14(d)(2) of the Exchange Act) including the Executive (or any entity in which the Executive or a group of persons including the Executive, directly or indirectly, holds a majority of the voting power of such entity's outstanding voting interests); or (F) 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 (F) does not constitute a Change in Control under this paragraph (i);

(ii) 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 thereof; provided, that (A) 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 (ii), 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;

(iii) the consummation of 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 shareholders, whether for such transaction or the issuance of securities in connection with the transaction or otherwise (a "Business Combination"), unless (A) immediately following such Business Combination: (1) more than 50% of the total voting power of the corporation resulting from such Business Combination (the "Surviving Corporation") or, if applicable, the ultimate parent corporation which directly or indirectly has beneficial ownership of 100% of the voting securities eligible to elect directors of the Surviving Corporation (the "Parent 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, (2) 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 (3) 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 (B) 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 Change in Control under this paragraph (iii); or

(iv) the shareholders 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 Change in Control 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 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 Company Voting Securities that increases the percentage of outstanding Company Voting Securities beneficially owned by such person, a Change in Control shall then occur.

Notwithstanding anything in this Plan to the contrary, if the Executive's employment is terminated prior to a Change in Control, and the Executive 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 Change in Control, (a "Third Party"), then for all purposes of this Plan, the date immediately prior to the date of such termination of employment shall be deemed to be the date of a Change in Control for such Executive.

Exhibit 12

Exhibit (12) * to Report
on Form 10-K for Fiscal
Year Ended June 30, 2002
by Parker-Hannifin Corporation

Computation of Ratio of Earnings to Fixed Charges
as of June 30, 2002

	Fiscal Year Ended June 30,				
	2002	2001	2000	1999	1998
EARNINGS					
Income from continuing operations before income taxes	$218,036	$533,596	$562,187	$477,694	$503,988
Add:					
Interest on indebtedness, exclusive of interest capitalized in accordance with FASB #34 and interest on ESOP loan guarantee	75,994	83,728	51,576	63,132	52,463
Amortization of deferred loan costs	1,357	810	659	565	324
Portion of rents representative of interest factor	20,509	18,663	13,457	14,093	12,355
Equity share of losses of companies for which debt obligations are not guaranteed	6,078	1,571	1,359		583
Amortization of previously capitalized interest	297	274	254	313	296
Income as adjusted	$322,271	$638,642	$629,492	$555,797	$570,009
FIXED CHARGES					
Interest on indebtedness, exclusive of interest capitalized in accordance with FASB #34 and interest on ESOP loan guarantee	$ 75,994	$ 83,728	$ 51,576	$ 63,132	$ 52,463
Capitalized interest				2	1,372
Amortization of deferred loan costs	1,357	810	659	565	324
Portion of rents representative of interest factor	20,509	18,663	13,457	14,093	12,355
Fixed charges	$ 97,860	$103,201	$ 65,692	$ 77,792	$ 66,514
RATIO OF EARNINGS TO FIXED CHARGES	3.29x	6.19x	9.58x	7.14x	8.57x

Exhibit (13) to Report
On Form 10-K for Fiscal
Year Ended June 30, 2002
By Parker-Hannifin Corporation

Forward-Looking Statements

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

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

- continuity of business relationships with and purchases by or from major customers or suppliers, including, delays or cancellations in shipments,
- ability of suppliers to provide materials as needed,
- uncertainties surrounding timing, successful completion or integration of acquisitions,
- competitive market conditions and resulting effects on sales and pricing,
- increases in raw-material and other production costs that cannot be recovered in product pricing,
- threats associated with terrorism,
- ability to achieve benefits associated with business realignment measures and other cost reduction programs,
- difficulties in introducing new products and entering new markets, and
- uncertainties surrounding the global economy and global market conditions, interest rate levels and the potential devaluation of currencies.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis is designed to provide the reader of the financial statements a narrative summary of the Company's results of operations and financial condition. The discussion below is structured to separately discuss each of the financial statements presented on pages 13-10 to 13-14. All year references are to fiscal years.

Discussion of Consolidated Statement of Income

The Consolidated Statement of Income summarizes the Company's operating performance over the last three fiscal years.

Net Sales of $6.15 billion for 2002 were 2.8 percent higher than the $5.98 billion for 2001. Without acquisitions completed in 2002, net sales declined 9.5 percent from 2001 reflecting the lower demand experienced across all of the Company's operations during 2002 except in the Other Segment where sales grew a modest 1.0 percent. The lower demand in 2002 resulted from recessionary business conditions that were present throughout the year. In the Industrial North American operations, lower demand was experienced across most markets, most notably in semi-conductor manufacturing, heavy-duty trucks and factory automation. Sales in the Industrial International operations were lower across all businesses in Europe, Latin America and the Asia Pacific region. Currency rate changes reduced volume increases within the Industrial International operations by $26.7 million. The Aerospace operations experienced lower demand in the commercial original equipment and aftermarket businesses.

Net Sales of $5.98 billion for 2001 were 11.0 percent higher than the $5.39 billion for 2000. Acquisitions completed in 2001 accounted for all of the increase. Without acquisitions, the Industrial North American operations experienced lower demand within most of their markets, particularly in heavy-duty trucks, factory automation and machine tools. The Aerospace operations experienced an increase in demand for regional jets as well as an increase in commercial aircraft build rates. The Industrial International operations experienced higher volume across all businesses in Europe, Latin America and the Asia Pacific region. Currency rate changes reduced volume increases within the Industrial International operations by $144.0 million.

The Company expects volume in the North American and European Industrial operations to remain essentially at the same level experienced at the end of 2002 through the first half of fiscal 2003 with modest improvement in volume and profit anticipated in the second half of fiscal 2003. Sales and profits in the Asia Pacific region are anticipated to grow as business conditions improve and the Company continues its efforts to expand its presence in this region. In Latin America, sales and profits are anticipated to improve modestly; however the economic uncertainty in this region, particularly in Argentina and Brazil, may temper the extent of the growth. The Aerospace operations expect the commercial OEM and aftermarket businesses to be depressed throughout 2003. The defense business is projected to remain relatively constant. In 2003 the Company anticipates recognizing an additional $23.0 million in business realignment costs, primarily related to the Industrial Segment operations. These costs will be incurred as a result of additional actions expected to take place in 2003 to finalize business realignment plans commenced in 2002.

Gross profit margin as a percent of sales was 16.8 percent in 2002 compared to 20.9 percent in 2001 and 22.3 percent in 2000. The lower margins in 2002 reflect lower sales volume experienced across all of the Company's operations and a reduction in inventories in the Industrial operations, resulting in the underabsorption of manufacturing costs, as well as the effect of business realignment costs (see pages 13-3 to 13-5 for further discussion).

The lower margins in 2001 reflected lower volume experienced in the Industrial North American operations, offset by strength experienced in the Aerospace operations, as well as the effect of business realignment charges.

Selling, general and administrative expenses as a percent of sales decreased to 11.2 percent, from 11.4 percent in 2001, and increased from 10.7 percent in 2000. Effective July 1, 2001, the Company adopted Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" and ceased amortizing goodwill as of that date. Excluding goodwill amortization, selling, general and administrative expenses as a percent of sales would have been 10.4 percent in 2001 and 10.0 percent in 2000. Excluding goodwill amortization, the increase in selling, general and administrative expenses as a percent of sales in 2002 is a result of lower sales volume as well as business realignment charges and an equity investment adjustment recorded in 2002 (see Notes 3 and 1 on pages 13-19 and 13-15, respectively, for further discussion).

Goodwill impairment loss of $39.5 million resulted from the Company's goodwill impairment tests required to be performed under the provisions of SFAS No. 142. See Note 7 on page 13-22 for further discussion.

Interest expense decreased by $7.9 million in 2002 after an increase of $31.2 million in 2001. The decrease in 2002 was primarily due to lower weighted-average interest rates. The increase in 2001 was due to increased borrowings to complete acquisitions.

Interest and other (income), net was $2.5 million in 2002 compared to $4.8 million in 2001 and $4.1 million in 2000. Fiscal 2001 includes a $3.7 million gain on the sale of marketable equity securities and $3.0 million of business realignment charges.

Loss (gain) on disposal of assets was an $8.5 million loss in 2002, a $47.7 million gain in 2001 and a $5.6 million loss in 2000. The loss in 2002 includes $9.4 million of certain asset impairments (see Note 3 on page 13-19 for further discussion) offset by a $4.5 million gain on business divestitures. The gain in 2001 included a gain on the sale of real property offset by certain asset impairments (see Note 3 on page 13-19 for further discussion). The loss in 2000 included $8.4 million of business realignment charges offset by $6.4 million of income realized on the sale of real property.

Income taxes increased to an effective rate of 40.3 percent in 2002, compared to 35.5 percent in 2001 and 34.5 percent in 2000. The increase in the rate from 2001 to 2002 was primarily due to the nondeductibility of a substantial portion of the goodwill impairment loss and the equity investment adjustment. The increase in the rate from 2000 to 2001 was primarily the result of the nondeductibility of goodwill acquired in recent acquisitions.

Extraordinary item - extinguishment of debt - In February 2001 the Company redeemed all of its outstanding $100 million, 9.75 percent debentures due 2002-2021.

Net income of $130.2 million for 2002 was 61.8 percent lower than 2001. Net income of $340.8 million for 2001 was 7.5 percent lower than 2000. Net income as a percentage of sales was 2.1 percent in 2002, compared to 5.7 percent in 2001 and 6.8 percent in 2000. In addition to the individual income statement items discussed above, net income in 2002 was adversely effected by an additional expense of approximately $23.5 million related to domestic qualified defined benefit plans. The increase in expense associated with the Company's domestic qualified defined benefit plans results from a lower market value of plan assets. Net income in 2003 is expected to be adversely effected by an additional $23 million over the 2002 expense for domestic qualified defined benefit plans.

Other comprehensive income (loss) - Items included in other comprehensive income (loss) include gains and losses that under generally accepted accounting principles are recorded directly into stockholders' equity. The Company's items of comprehensive income (loss) include foreign currency translation adjustments, unrealized gains or losses on marketable equity securities and in 2002 included a minimum pension liability. The effect of currency rate changes resulted in an increase in shareholders' equity of $69.7 million in 2002 compared to decreases of $89.7 million and $32.6 million in 2001 and 2000, respectively. The change in 2002 resulted primarily from a weaker U.S. dollar against the Euro. In 2002 a minimum pension liability of $172.3 million ($107.6 after-tax) was recorded in comprehensive income in accordance with the requirements of SFAS No. 87 (see Note 10 on page 13-25 for further discussion).

Discussion of Business Segment Information

The Business Segment information presents sales, operating income and assets on a basis that is consistent with the manner in which the Company's various businesses are managed for internal review and decision-making. See Note 1 on page 13-15 for a description of the Company's reportable business segments.

Industrial Segment

	2002	2001	2000
Operating income as a percent of sales	4.8%	9.8%	12.7%
Return on average assets	5.3%	12.9%	17.7%

Sales for the Industrial North American operations were $2.79 billion in 2002, a 5.1 percent decline from 2001, following an increase in 2001 of 18.3 percent over 2000. Without acquisitions, 2002 sales would have declined 15.4 percent from 2001 and 2001 sales would have declined 8.1 percent from 2000. Without acquisitions, sales in 2002 reflect the continuation of the lower demand that began in 2001 in virtually all markets. Markets affected more than others in 2002 included semi-conductor manufacturing, telecommunications, heavy-duty trucks and factory automation. Sales in 2001 reflect lower demand within most of the Industrial North American markets, particularly in the heavy-duty trucks, agriculture, factory automation and machine tool markets. However, some overall growth was experienced in the semi-conductor manufacturing, oil and gas and petrochemical markets.

Industrial International sales in 2002 remained unchanged from 2001 at $1.28 billion, following an increase of 8.5 percent in 2001 over 2000. Without acquisitions, 2002 sales would have declined 7.0 percent from 2001 and 2001 sales would have remained unchanged from 2000. Currency rates negatively impacted sales in 2002 by $26.7 million and $144.0 million in 2001. Without the effect of acquisitions and currency rates, sales declined in 2002 as a result of lower volume experienced across virtually all of the Industrial International businesses in Europe and the semi-conductor manufacturing businesses in the Asia Pacific region. The increase in sales in 2001 reflects higher volume in virtually all businesses in Europe, the Asia Pacific region and Latin America.

Industrial North American operating income was $141.3 million, a decline of 56.2 percent from 2001, following a decline in 2001 of 14.9 percent from 2000. Income from operations as a percent of sales was 5.1 percent in 2002 compared to 11.0 percent in 2001 and 15.3 percent in 2000. Operating income in 2002 and 2001 included $8.9 million and $13.2 million, respectively, in business realignment charges taken in response to current economic conditions. The business realignment charges consisted primarily of severance costs. Operating income in 2001 and 2000 included goodwill amortization of $31.1 million and $11.2 million, respectively. Excluding the business realignment charges and goodwill amortization, income from operations as a percent of sales was 5.4 percent in 2002 compared to 12.5 percent in 2001 and 15.7 percent in 2000. Margins in 2002 were adversely affected by manufacturing inefficiencies and the excess capacity resulting from the lower sales volume experienced across virtually all markets, with a significant decline in sales volume experienced by historically higher margin businesses. The lower margins in 2001 reflected lower demand, which resulted in the underabsorption of overhead costs, as well as pricing pressure experienced throughout most of the Industrial North American markets. Current year acquisitions, not yet fully integrated, also negatively impacted margins in both 2002 and 2001.

Industrial International operating income was $55.7 million, a decline of 39.8 percent from 2001, following an increase of 9.8 percent in 2001 from 2000. Income from operations as a percent of sales was 4.4 percent in 2002 compared to 7.3 percent in 2001 and 7.2 percent in 2000. Operating income in 2002 and 2001 included $9.7 million and $5.9 million, respectively, of business realignment charges that were taken primarily to appropriately structure the European operations. Also included in 2002 income from operations is a $5.0 million charge related to an equity investment in a publicly traded Japanese company with whom the Company has established an alliance. Operating income in 2001 and 2000 included goodwill amortization of $12.4 million and $11.3 million, respectively. Excluding the business realignment charges, the equity investment adjustment and goodwill amortization, income from operations as a percent of sales was 5.5 percent in 2002 compared to 8.7 percent in 2001 and 8.1 percent in 2000. In 2002 lower margins were earned across most businesses in Europe and the Asia Pacific region due to the lower sales volume and the resulting underabsorption of overhead costs. The higher margins in 2001 were the result of the higher volume and better capacity utilization experienced across most International businesses partially offset by lower margins contributed by recent acquisitions, not yet fully integrated.

Industrial Segment order rates were sequentially lower from 2001 levels in virtually all markets. The Company expects order entry levels in the Industrial North American operations to be relatively flat in the first half of fiscal 2003 with a pronounced increase in order rates anticipated to occur in the second half of fiscal 2003. The improvement in order rates is expected to occur in the semi-conductor manufacturing, agriculture, construction, heavy-duty trucks and machine tool markets. Industrial European operations in 2003 are anticipated to track closely with the Industrial North American operations with improvements in profitability stemming from the business realignment actions taken in 2002. The Asia Pacific region and Latin American operations are expected to continue to improve as the Company continues to expand its operations into these markets. The Latin American and Asia Pacific markets expected to improve in 2003 include semi-conductor manufacturing, machine tools, construction and petrochemical. The extent of any improvement in Latin America will be affected by the economic uncertainties in Argentina and Brazil. The Company expects to record additional business realignment costs of approximately $23 million in 2003 as part of the finalization of the realignment actions commenced in 2002.

Backlog for the Industrial Segment was $688.8 million at June 30, 2002, compared to $667.9 million at the end of 2001 and $650.8 million at the end of 2000. The increase in backlog from 2001 to 2002 is attributable to acquisitions partially offset by lower order rates experienced across most Industrial markets throughout 2002. The modest increase in backlog in 2001 was due primarily to acquisitions.

Assets for the Industrial Segment increased 11.5 percent in 2002 after an increase of 22.1 percent in 2001. A decrease in property plant and equipment resulting from depreciation exceeding capital expenditures and a reduction of inventory in response to lower product demand was more than offset by the addition of assets from acquisitions and the effect of currency fluctuations. The increase in 2001 was primarily due to acquisitions partially offset by the effect of currency fluctuations.

Aerospace Segment

	2002	2001	2000
Operating income as a percent of sales	16.1%	18.2%	15.4%
Return on average assets	27.2%	30.8%	23.4%

Sales for the Aerospace operations were $1.17 billion in 2002, a 2.7 percent decline from 2001, following an increase in 2001 of 5.9 percent over 2000. The lower sales in 2002 reflect the slowdown in activity in both the commercial original equipment and aftermarket businesses as commercial airline carriers delayed shipments of new aircraft and required fewer replacement parts for existing aircraft. Partially offsetting the sales decline was an increase in the military original equipment and aftermarket businesses. The higher sales in 2001 resulted from the continued increase in regional jet build rates and maintenance, repair and overhaul business as well as an increase in commercial aircraft builds.

Aerospace operating income was $189.4 million in 2002, $218.9 million in 2001 and $175.7 million in 2000. Included in operating income in 2002 and 2000 were $4.7 million and $4.4 million, respectively, in business realignment charges primarily related to severance costs as the workforce was adjusted in response to declining commercial aircraft orders. Operating income in 2001 and 2000 also included goodwill amortization of $7.8 million and $7.7 million, respectively. Excluding the business realignment charges and goodwill amortization, operating income as a percent of sales, was 16.5 percent in 2002 compared to 18.8 percent in 2001 and 16.5 percent in 2000. The lower margins in 2002 resulted from a lower mix of higher margin aftermarket business as well as the overall lower sales volume, resulting in lower capacity utilization. The increase in margins in 2001 resulted from a higher mix of aftermarket business as well as an increase in OEM volume.

Backlog at June 30, 2002 was $1.01 billion compared to $1.21 billion in 2001 and $1.05 billion in 2000. The lower backlog in 2002 reflects the slowdown in order rates in the commercial aircraft and regional jet market, particularly in the latter part of 2002. The higher backlog in 2001 reflects an increase in commercial aircraft build rates and orders in the regional jet market. The downward trend in commercial order rates experienced in the latter part of 2002 is expected to continue throughout 2003 as commercial airline carriers continue to delay orders for new aircraft. Order rates in the military market are expected to remain steady in 2003.

Assets declined 4.4 percent in 2002 after remaining the same in 2001 from the 2000 level. The decline in 2002 was primarily due to a decline in accounts receivable resulting from the lower sales volume. In 2001, an increase in net plant and equipment and accounts receivable was offset by a decline in inventory and net goodwill.

Other Segment

	2002	2001	2000
Operating income as a percent of sales	6.0%	7.4%	8.0%
Return on average assets	11.3%	11.7%	15.0%

The Other Segment consists of several business units which produce motion-control and fluid power system components for use primarily in the transportation industry and a business unit which designs and manufactures custom-engineered buildings. Beginning in 2002, the Other Segment also included a business unit which develops and manufactures chemical car care and industrial products and related service programs and a business unit which administers vehicle service contract programs. These two business units were classified as assets held for sale prior to 2002. In June 2002 the Company divested the businesses which administer vehicle service contract programs and product-related service programs.

Other Segment sales in 2002 were $905.5 million, a 62.6 percent increase from 2001, following a decline in 2001 of 4.8 percent from 2000. Acquisitions and the inclusion of sales from businesses previously classified as assets held for sale accounted for all of the sales increase from 2001 to 2002. Sales in 2001 reflected lower volume experienced in the automotive market. Operating income increased 31.8 percent in 2002 following a decline in 2001 of 12.0 percent from 2000. Operating income in 2002 includes $4.7 million of business realignment charges. Operating income included goodwill amortization of $4.3 million in both 2001 and 2000. Excluding the business realignment charges and goodwill amortization, income from operations as a percent of sales was 6.6 percent in 2002 compared to 8.5 percent in 2001 and 8.8 percent in 2000. The decline in margins in 2002 was attributable to recent acquisitions and businesses previously classified as assets held for sale, which have not yet been fully integrated, contributing lower margins. The decline in operating margins in 2001 was attributable to the lower volume and pricing pressure.

Backlog was $164.3 million at June 30, 2002, compared to $109.1 million at the end of 2001 and $100.2 million at the end of 2000. The increase in 2002 is attributable to acquisitions as well as an increase in order rates in the automotive market. Order rates in the Other Segment in 2003 are anticipated to track those of the Industrial Segment.

Assets increased 47.5 percent in 2002 after an increase of 22.9 percent in 2001. The increase in assets in 2002 and 2001 was due to acquisitions and the inclusion of assets from businesses previously classified as held for sale.

Corporate assets declined 20.3 percent in 2002 and declined 2.8 percent in 2001. The 2001 amount included assets from businesses previously classified as held for sale.

Discussion of Consolidated Balance Sheet

The Consolidated Balance Sheet shows the Company's financial position at year-end, compared with the previous year end. This statement provides information to assist in assessing factors such as the Company's liquidity and financial resources.

The effect of currency rate changes during the year caused a $69.7 million increase in Shareholders' equity. These rate changes also caused significant increases in accounts receivable, inventories, goodwill, plant and equipment, accounts payable, various accrual accounts and long-term debt.

Working capital and the current ratio were as follows:

Working Capital (millions)	2002	2001
Current Assets	$2,236	$2,196
Current Liabilities	1,360	1,413
Working Capital	876	783
Current Ratio	1.64	1.55

Accounts receivable are primarily receivables due from customers for sales of product ($923.1 million at June 30, 2002, compared to $810.7 million at June 30, 2001). The current year increase in accounts receivable is primarily due to acquisitions, partially offset by a decrease in volume experienced during the second half of 2002 in the Aerospace operations. Days sales outstanding for the Company increased to 50 days in 2002 from 49 days in 2001. The increase in the allowance for doubtful accounts in 2002 is primarily due to receivables obtained through acquisitions.

Inventories increased to $1,052.0 million at June 30, 2002, compared to $1,008.9 million a year ago. The increase was primarily due to acquisitions, partially offset by a concerted effort to reduce inventory levels in the Industrial North American operations. Days supply of inventory on hand decreased to 87 days in 2002 from 99 days in 2001.

Net assets held for sale in 2001 represents the estimated net cash proceeds and estimated net earnings during the holding period of the metal forming business, which was acquired as part of the Commercial Intertech transaction, and the specialty chemical and warranty businesses, which were acquired as part of the Wynn's transaction. In 2002 the Company completed the divestiture of the metal forming business and the warranty businesses. During 2002, the net assets of the specialty chemical business were reclassified into their respective individual line items on the balance sheet.

Plant and equipment, net of accumulated depreciation, increased $148.3 million in 2002 as a result of acquisitions, partially offset by depreciation expense exceeding capital expenditures.

Investments and other assets increased $54.0 million in 2002 primarily due to a net change in assets related to pension plans, including an intangible asset relating to a minimum pension liability, as well as an initial investment in a joint venture.

Goodwill increased $130.1 million in 2002 as a result of acquisitions. Effective July 1, 2001 the Company adopted SFAS No. 142 and therefore further amortization of goodwill has been discontinued.

Intangible assets, net consist primarily of patents, trademarks and engineering drawings. Intangible assets, net increased $42.2 million in 2002 primarily due to current-year acquisitions.

Notes payable and long-term debt payable within one year and Long-term debt - see Cash Flows from Financing Activities discussion on page 13-7.

Accounts payable, trade increased $75.7 million in 2002 primarily due to acquisitions.

Accrued payrolls and other compensation increased to $187.0 million in 2002 from $173.6 million 2001 primarily as a result of increased headcount from acquisitions.

Accrued domestic and foreign taxes decreased to $48.3 million in 2002 from $61.9 million in 2001 primarily due to lower taxable income in 2002.

Pensions and other postretirement benefits increased 59.6 percent in 2002. These costs are explained further in Note 10 to the Consolidated Financial Statements.

Deferred income taxes decreased $54.8 million in 2002 primarily due to the tax effect related to a minimum pension liability in 2002.

Other liabilities increased to $135.1 million in 2002 from $88.3 million in 2001 primarily due to the reclassification of net assets previously held for sale.

Common stock in treasury decreased to $3.6 million in 2002 from $3.9 million in 2001.

Discussion of Consolidated Statement of Cash Flows

The Consolidated Statement of Cash Flows reflects cash inflows and outflows from the Company's operating, investing and financing activities.

Cash and cash equivalents increased $22.8 million in 2002 after decreasing $44.9 million in 2001.

Cash Flows From Operating Activities - The Company's largest source of cash continues to be net cash provided by operating activities. Net cash provided by operating activities in 2002 was $631.0 million compared to $532.2 million in 2001 and $538.0 million in 2000. The increase in net cash provided by operating activities in 2002 is primarily due to an increase in working capital and an increase in non-cash expenses, primarily related to goodwill and asset impairments partially offset by a reduction in net income in 2002.

Cash Flows Used In Investing Activities - Net cash used in investing activities was $608.7 million in 2002 compared to $819.8 million in 2001 and $579.7 million in 2000. The significant decrease in the amount of cash used in investing activities in 2002 is attributable to a reduction in acquisition activity as well as a reduction in capital expenditures. The reduction of capital expenditures in 2002 can be attributed to a decline in product demand, the consolidation of manufacturing facilities and lean manufacturing initiatives. The Company made a number of strategic acquisitions during 2002 but the size of the acquired companies was substantially smaller than those acquired in 2001. Refer to Note 2 on page 13-18 for a summary of net assets of acquired companies at their respective acquisition dates.

Cash Flows From Financing Activities - Net cash used in investing activities was $0.8 million in 2002 compared to providing cash of $244.1 million in 2001 and $80.9 million in 2000. In 2002 the Company increased its outstanding borrowings by a net total of $61.7 million compared to an increase of $308.1 million in 2001. The lower borrowing level in 2002 was due to the increase in cash flows generated from operating activities as well as the decline in acquisition activity and capital expenditure requirements.

During 2002 the Company issued $200 million of variable rate medium-term notes due 2004 utilizing its shelf registration statement. The proceeds from this issuance were used to reduce commercial paper note borrowings. The Company has $1.0 billion available under its universal shelf registration statement as of June 30, 2002. Securities that may be issued under this shelf registration statement include debt securities, common stock, serial preferred stock, depositary shares, warrants, stock purchase contracts and stock purchase units.

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. To meet this objective, the Company has established a financial goal of maintaining a ratio of debt to debt-equity of 34 to 37 percent.

Debt to Debt-Equity Ratio (millions)	2002	2001
Debt	$1,506	$1,404
Debt & Equity	4,089	3,932
Ratio	36.8%	35.7%

Excluding the effect of the minimum pension liability on Shareholders' equity, the debt to debt-equity ratio at June 30, 2002 was 35.9 percent.

Common share activity in 2002 primarily includes the exercise of stock options and purchase of shares of the Company's common stock for treasury.

Dividends have been paid for 208 consecutive quarters, including a yearly increase in dividends for the last 46 fiscal years. The current annual dividend rate is $.72 per share.

As of June 30, 2002 the Company has committed lines of credit totaling $825 million through two multi-currency unsecured revolving credit agreements. The credit agreements support the Company's commercial paper note program, which is rated A-1 by Standard & Poor's, P-1 by Moody's and F-1 by Fitch, Inc. The revolving credit agreements contain provisions that increase the facility fee of the credit agreement in the event the Company's credit ratings are changed. A credit rating change would not limit the Company's ability to the use the credit agreements nor would it accelerate the repayment of any outstanding borrowings.

The Company seeks to minimize its total cost of borrowing and therefore uses its commercial paper note program as its primary source of working capital liquidity. The primary alternative source of borrowing for working capital liquidity is the committed lines of credit which typically bear a higher cost of borrowing.

The Company's revolving credit agreements and certain debt agreements contain certain financial and other covenants, the violation of which would limit or preclude the use of the agreements for future borrowings. The Company is in compliance with all covenants and expects to remain in compliance during the term of the agreements.

Based upon the Company's past performance and current expectations, management believes the cash flows generated from future operating activities should provide adequate funds to support internal growth and continued improvements in the Company's manufacturing facilities and equipment. The Company's worldwide financial capabilities may be used to support planned growth as needed.

Cash Obligations - Under various agreements the Company is obligated to make future cash payments in fixed amounts. These include payments under the Company's long-term debt agreements and rent payments required under operating lease agreements. The following table summarizes the Company's fixed cash obligations as of June 30, 2002 over the next five fiscal years.

In thousands	2003	2004	2005	2006	2007
Long-term debt	$19,810	$397,841	$15,863	$317,447	$37,471
Minimum lease payments	52,463	38,218	25,755	13,645	10,574
Total	$72,273	$436,059	$41,618	$331,092	$48,045

Quantitative and Qualitative Disclosures About Market Risk

The Company enters into forward exchange contracts, costless collar contracts and cross-currency swap agreements to reduce its exposure to fluctuations in related foreign currencies. The total carrying and fair value of open contracts and any risk to the Company as a result of these arrangements is not material to the Company's financial position, liquidity or results of operations.

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. In addition, the Company has entered into an interest rate swap agreement for a $200 million notional principal amount. The agreement is with a major financial institution and the risk of loss is considered remote. The carrying value and fair value of the swap agreement is not material to the Company's financial position, liquidity or results of operations. A 100 basis point increase in near-term interest rates would increase annual interest expense on variable rate debt by approximately $6.0 million.

Critical Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The policies discussed below are considered by management to be more critical than other policies because their application places the most significant demands on management's judgment.

Revenue recognition - Substantially all of the Industrial Segment and Other Segment revenues are recognized when the risks and rewards of ownership and title to the product has transferred to the customer. This generally takes place at the time the product is shipped. The Aerospace Segment uses the percentage of completion method to recognize a portion of its revenue. The percentage of completion method requires the use of estimates of costs to complete long-term contracts and for some contracts, includes estimating costs related to aftermarket orders. The estimation of these costs requires substantial judgment on the part of management due to the duration of the contracts as well as the technical nature of the products involved. Adjustments to estimated costs are made on a consistent basis and a contract reserve is established when the costs to complete a contract exceed the contract revenues.

Impairment of Goodwill and Long-lived Assets- Goodwill is tested for impairment, at the reporting unit level, on an annual basis and between annual tests whenever events or circumstances indicate that the carrying value of a reporting unit's goodwill may exceed its fair value. A discounted cash flow model is used to estimate the fair value of a reporting unit. This model requires the use of long-term planning forecasts and assumptions regarding industry specific economic conditions that are outside the control of the Company. Long-lived assets held for use are evaluated for impairment whenever events or circumstances indicate that the undiscounted net cash flows to be generated by their use and eventual disposition is less than their carrying value. The long-term nature of these assets require the estimation of its cash inflows and outflows several years into the future and only takes into consideration technological advances known at the time of the impairment test.

Inventories - Inventories are valued at the lower of cost or market. Cost is determined on the last-in, first-out basis for a majority of U.S. inventories and on the first-in, first-out basis for the balance of the Company's inventories. Inventories have been reduced by an allowance for excess and obsolete inventories. The estimated allowance is based on management's review of inventories on hand compared to estimated future usage and sales.

Pensions and Postretirement Benefits Other Than Pensions - The annual net periodic expense and benefit obligations related to the Company's defined benefit plans are determined on an actuarial basis. This determination requires critical assumptions regarding the discount rate, long-term return on plan assets, increases in compensation levels, amortization periods for actuarial gains and losses and health care cost trends. The assumptions used are reviewed periodically by management in consultation with the Company's outside actuary. Changes in the assumptions to reflect actual experience could result in a material change in the annual net periodic expense and benefit obligations reported in the financial statements.

Other Loss Reserves - The Company has a number of loss exposures incurred in the ordinary course of business such as environmental claims, product liability, litigation, recoverability of deferred income tax benefits and accounts receivable reserves. Establishing loss reserves for these matters requires management's estimate and judgment with regards to risk exposure and ultimate liability or realization. These loss reserves are reviewed periodically and adjustments are made to reflect the most recent facts and circumstances.

Recently Issued Accounting Pronouncements

In June 2001 the Financial Accounting Standards Board (FASB) issued SFAS No. 143, "Accounting for Asset Retirement Obligations." SFAS No. 143 addresses financial accounting for obligations associated with the retirement of tangible long-lived assets. SFAS No. 143 requires that the fair value of a liability for an asset's retirement obligation be recognized in the period in which it is incurred and capitalized as part of the carrying amount of the long-lived asset and is effective for fiscal years beginning after June 15, 2002. In August 2001 the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" which supercedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of." SFAS No. 144 provides a single accounting model for long-lived assets to be disposed of and is effective for fiscal years beginning after December 15, 2001. In May 2002 the FASB issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections." SFAS No. 145 primarily requires that gains or losses from extinguishment of debt be classified as extraordinary items only if they meet the criteria of APB Opinion No. 30 and is effective for fiscal years beginning after May 15, 2002. In July 2002 the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." SFAS No. 146 requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred and is effective for exit or disposal activities initiated after December 31, 2002. The implementation of these accounting pronouncements is not expected to have a material effect on the Company's results of operations, cash flows or financial position.

Consolidated Statement of Income

(Dollars in thousands, except per share amounts)	For the years ended June 30, 2002	2001	2000
Net sales	$6,149,122	$5,979,604	$5,385,618
Cost of sales	5,116,570	4,728,156	4,186,850
Gross profit	1,032,552	1,251,448	1,198,768
Selling, general and administrative expenses	686,485	679,963	575,906
Goodwill impairment loss (Note 7)	39,516		
Interest expense	82,484	90,362	59,183
Interest and other (income), net	(2,483)	(4,800)	(4,112)
Loss (gain) on disposal of assets	8,514	(47,673)	5,604
Income before income taxes	218,036	533,596	562,187
Income taxes (Note 4)	87,886	189,426	193,955
Income before extraordinary item	130,150	344,170	368,232
Extraordinary item - extinguishment of debt (Note 9)		(3,378)	
Net income	$ 130,150	$ 340,792	$ 368,232
Earnings per share (Note 5)			
Basic earnings per share before extraordinary item	$ 1.13	$ 3.01	$ 3.34
Extraordinary item - extinguishment of debt		(.03)	
Basic earnings per share	$ 1.13	$ 2.98	$ 3.34
Diluted earnings per share before extraordinary item	$ 1.12	$ 2.99	$ 3.31
Extraordinary item - extinguishment of debt		(.03)	
Diluted earnings per share	$ 1.12	$ 2.96	$ 3.31

The accompanying notes are an integral part of the financial statements.

Consolidated Statement of Comprehensive Income

(Dollars in thousands)	For the years ended June 30, 2002	2001	2000
Net income	$ 130,150	$340,792	$368,232
Other comprehensive income (loss), net of taxes (Note 11):			
Foreign currency translation adjustment	69,673	(89,659)	(32,600)
Minimum pension liability	(107,563)		
Net unrealized (loss) gain on marketable equity securities	(5,076)	10,586	
Comprehensive income	$ 87,184	$261,719	$335,632

The accompanying notes are an integral part of the financial statements.

Business Segment Information
By Industry

(Dollars in thousands)	2002	2001	2000
Net sales:			
Industrial:			
North America	$2,792,315	$2,941,697	$2,486,372
International	1,278,694	1,275,516	1,175,880
Aerospace	1,172,608	1,205,624	1,138,328
Other	905,505	556,767	585,038
	$6,149,122	$5,979,604	$5,385,618
Segment operating income (a):			
Industrial:			
North America	$ 141,314	$ 322,786	$ 379,251
International	55,749	92,561	84,317
Aerospace	189,353	218,851	175,710
Other	54,643	41,451	47,084
Total segment operating income	441,059	675,649	686,362
Corporate administration	73,335	85,738	58,210
Income before interest expense and other	367,724	589,911	628,152
Interest expense	82,484	90,362	59,183
Other expense (income)	67,204	(34,047)	6,782
Income before income taxes	$ 218,036	$ 533,596	$ 562,187
Pro forma segment operating income excluding goodwill amortization (b):			
Industrial:			
North America	$ 141,314	$ 353,842	$ 390,458
International	55,749	104,930	95,665
Aerospace	189,353	226,651	183,370
Other	54,643	45,798	51,362
Total segment operating income	441,059	731,221	720,855
Corporate administration	73,335	85,738	58,210
Income before interest expense and other	367,724	645,483	662,645
Interest expense	82,484	90,362	59,183
Other expense (income)	67,204	(38,057)	4,801
Income before income taxes	$ 218,036	$ 593,178	$ 598,661
Identifiable assets:			
Industrial	$3,932,864	$3,528,652	$2,889,895
Aerospace	679,371	710,555	709,731
Other	575,439	390,006	317,462
	5,187,674	4,629,213	3,917,088
Corporate (c)	564,909	708,448	729,211
	$5,752,583	$5,337,661	$4,646,299
Property additions (d):			
Industrial	$ 295,139	$ 412,042	$ 307,360
Aerospace	20,266	37,152	20,720
Other	47,112	14,935	22,291
Corporate	4,679	12,030	--
	$ 367,196	$ 476,159	$ 350,371
Depreciation:			
Industrial	$ 183,917	$ 160,577	$ 126,377
Aerospace	19,806	19,729	21,342
Other	21,926	16,262	15,701
Corporate	5,586	3,702	3,936
	$ 231,235	$ 200,270	$ 167,356

By Geographic Area (e) (Dollars in thousands)	2002	2001	2000
Net sales:			
North America	$4,567,370	$4,561,217	$4,075,865
International	1,581,752	1,418,387	1,309,753
	$6,149,122	$5,979,604	$5,385,618
Long-lived assets:			
North America	$1,249,767	$1,186,834	$ 969,788
International	447,198	361,854	371,127
	$1,696,965	$1,548,688	$1,340,915

Certain prior year amounts have been reclassified to conform to the current year presentation.

The accounting policies of the business segments are the same as those described in the Significant Accounting Policies footnote except that the business segment results are prepared on a management basis that is consistent with the manner in which the Company disaggregates financial information for internal review and decision-making.

(a) Income before income taxes for 2001 and 2000 includes goodwill amortization of $59,582 ($31,056 in Industrial North America; $12,369 in Industrial International; $7,800 in Aerospace; $4,347 in Other; and $4,010 in Other expense (income)) and $36,474 ($11,207 in Industrial North America; $11,348 in Industrial International; $7,660 in Aerospace; $4,278 in Other; and $1,981 in Other expense (income)), respectively.

(b) Amounts for 2001 and 2000 exclude goodwill amortization, reflecting the Company's adoption of SFAS No. 142, "Goodwill and Other Intangible Assets."

(c) Corporate assets are principally cash and cash equivalents, domestic deferred income taxes, investments, benefit plan assets, headquarters facilities, assets held for sale and the major portion of the Company's domestic data processing equipment.

(d) Includes value of net plant and equipment at the date of acquisition of acquired companies accounted for by the purchase method and the reclassification of assets previously held for sale (2002 - $160,632; 2001 - $141,411; 2000 - $119,889).

(e) Net sales are attributed to countries based on the location of the selling unit. North America includes the United States, Canada and Mexico. No country other than the United States represents greater than 10% of consolidated sales. Long-lived assets are comprised of property, plant and equipment based on physical location.

Consolidated Balance Sheet

(Dollars in thousands)	June 30, 2002	2001
Assets		
Current Assets		
Cash and cash equivalents	$ 46,384	$ 23,565
Accounts receivable, less allowance for doubtful accounts (2002 - $15,396; 2001 - $11,110)	1,006,313	922,325
Inventories (Notes 1 and 6):		
Finished products	531,821	495,704
Work in process	353,410	344,861
Raw materials	166,737	168,299
	1,051,968	1,008,864
Prepaid expenses	48,532	39,486
Deferred income taxes (Notes 1 and 4)	82,421	91,439
Net assets held for sale (Note 2)	--	110,683
Total Current Assets	2,235,618	2,196,362
Plant and equipment (Note 1):		
Land and land improvements	167,915	152,723
Buildings and building equipment	873,152	753,909
Machinery and equipment	2,245,295	1,975,996
Construction in progress	67,896	123,436
	3,354,258	3,006,064
Less accumulated depreciation	1,657,293	1,457,376
	1,696,965	1,548,688
Investments and other assets (Note 1)	675,877	621,904
Goodwill (Notes 1 and 7)	1,083,768	953,648
Intangible assets, net (Notes 1 and 7)	51,286	9,067
Deferred income taxes (Notes 1 and 4)	9,069	7,992
Total Assets	$5,752,583	$5,337,661
Liabilities and Shareholders' Equity		
Current Liabilities		
Notes payable and long-term debt payable within one year (Notes 8 and 9)	$ 416,693	$ 546,502
Accounts payable, trade	443,525	367,806
Accrued payrolls and other compensation	187,037	173,556
Accrued domestic and foreign taxes	48,309	61,874
Other accrued liabilities	264,273	263,391
Total Current Liabilities	1,359,837	1,413,129
Long-term debt (Note 9)	1,088,883	857,078
Pensions and other postretirement benefits (Notes 1 and 10)	508,313	318,527
Deferred income taxes (Notes 1 and 4)	76,955	131,708
Other liabilities	135,079	88,304
Total Liabilities	3,169,067	2,808,746
Shareholders' Equity (Note 11)		
Serial preferred stock, $.50 par value, authorized 3,000,000 shares; none issued		
Common stock, $.50 par value, authorized 600,000,000 shares; issued 118,124,294 shares in 2002 and 117,409,197 shares in 2001 at par value	59,062	58,705
Additional capital	378,918	346,228
Retained earnings	2,473,808	2,426,496
Unearned compensation related to ESOP (Note 9)	(79,474)	(96,398)
Deferred compensation related to stock options	2,347	2,347
Accumulated other comprehensive (loss)	(247,497)	(204,531)
	2,587,164	2,532,847
Common stock in treasury at cost: 100,130 shares in 2002 and 100,000 shares in 2001	(3,648)	(3,932)
Total Shareholders' Equity	2,583,516	2,528,915
Total Liabilities and Shareholders' Equity	$5,752,583	$5,337,661

The accompanying notes are an integral part of the financial statements.

Consolidated Statement of Cash Flows

(Dollars in thousands)	For the years ended June 30, 2002	2001	2000
Cash Flows From Operating Activities			
Net income	$ 130,150	$ 340,792	$ 368,232
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	231,235	200,270	167,356
Amortization	50,363	64,257	39,052
Deferred income taxes	29,095	44,902	(11,867)
Foreign currency transaction loss	5,629	4,159	5,082
Loss (gain) on sale of plant and equipment	12,125	(55,914)	(5,288)
Net effect of extraordinary loss		3,378	
Changes in assets and liabilities, net of effects from acquisitions and divestitures:			
Accounts receivable	70,993	(6,725)	(42,386)
Inventories	111,041	7,865	17,248
Prepaid expenses	(4,458)	4,799	(7,881)
Assets held for sale	3,242	43,069	
Other assets	2,702	(66,376)	(53,105)
Accounts payable, trade	(10,956)	(43,697)	21,792
Accrued payrolls and other compensation	(15,465)	(13,586)	8,021
Accrued domestic and foreign taxes	(25,356)	(6,136)	30,124
Other accrued liabilities	13,038	(10,444)	(7,533)
Pensions and other postretirement benefits	(3,872)	18,501	3,642
Other liabilities	31,540	3,051	5,551
Net cash provided by operating activities	631,046	532,165	538,040
Cash Flows From Investing Activities			
Acquisitions (less cash acquired of $3,118 in 2002, $10,143 in 2001 and $1,158 in 2000)	(388,315)	(583,254)	(351,011)
Capital expenditures	(206,564)	(334,748)	(230,482)
Proceeds from sale of plant and equipment	19,849	90,044	32,051
Proceeds from divestitures	3,222		
Other	(36,910)	8,130	(30,267)
Net cash (used in) investing activities	(608,718)	(819,828)	(579,709)
Cash Flows From Financing Activities			
Proceeds from common share activity	20,250	15,971	1,202
(Payments of) proceeds from notes payable, net	(146,170)	197,324	272,440
Proceeds from long-term borrowings	235,794	304,172	12,600
(Payments of) long-term borrowings	(27,913)	(193,409)	(130,419)
Dividends paid, net of tax benefit of ESOP shares	(82,838)	(79,921)	(74,963)
Net cash (used in) provided by financing activities	(877)	244,137	80,860
Effect of exchange rate changes on cash	1,368	(1,369)	(4,008)
Net increase (decrease) in cash and cash equivalents	22,819	(44,895)	35,183
Cash and cash equivalents at beginning of year	23,565	68,460	33,277
Cash and cash equivalents at end of year	$ 46,384	$ 23,565	$ 68,460
Supplemental Data:			
Cash paid during the year for:			
Interest, net of capitalized interest	$ 78,446	$ 84,183	$ 56,341
Income taxes	76,830	183,546	167,211
Non-cash investing activities:			
Stock issued for acquisitions	13,081		184,263

The accompanying notes are an integral part of the financial statements.

Note 1
Significant Accounting Policies

The significant accounting policies followed in the preparation of the accompanying consolidated financial statements are summarized below.

Nature of Operations - The Company is a leading worldwide full-line manufacturer of motion control products, including fluid power systems, electromechanical controls and related components. The Company evaluates performance based on segment operating income before Corporate general and administrative expenses, Interest expense and Income taxes.

The Company operates in two principal business segments: Industrial and Aerospace. The Industrial Segment is an aggregation of several business units which manufacture motion-control and fluid power system components for builders and users of various types of manufacturing, packaging, processing, transportation, agricultural, construction, and military machinery, vehicles and equipment. Industrial Segment products are marketed primarily through field sales employees and independent distributors. The North American Industrial business represents the largest portion of the Company's manufacturing plants and distribution networks and primarily services North America. The International Industrial operations bring Parker products and services to countries throughout Europe, Asia Pacific and Latin America.

The Aerospace Segment produces hydraulic, fuel and pneumatic systems and components which are utilized on virtually every domestic commercial, military and general aviation aircraft and also performs a vital role in naval vessels, land-based weapons systems, satellites and space vehicles. This Segment serves original equipment and maintenance, repair and overhaul customers worldwide. Aerospace Segment products are marketed by field sales employees and are sold directly to manufacturers and end users.

The Company also reports an Other Segment consisting of several business units which manufacture motion-control and fluid power system components for use primarily in the transportation industry, a business unit which designs and manufactures custom-engineered buildings and beginning in fiscal 2002, a business unit which develops and manufactures chemical car care and industrial products and related service programs and a business unit which administers vehicle service contract programs. The products in this segment are marketed primarily through field sales employees and independent distributors. The business unit which administers vehicle service contract and product service programs was divested in June 2002 (see Note 2 for further discussion).

See the table of Business Segment Information "By Industry" and "By Geographic Area" on pages 13-11 and 13-12 for further disclosure of business segment information.

There are no individual customers to whom sales are four percent or more of the Company's consolidated sales. Due to the diverse group of customers throughout the world the Company does not consider itself exposed to any concentration of credit risks.

The Company manufactures and markets its products throughout the world. Although certain risks and uncertainties exist, the diversity and breadth of the Company's products and geographic operations mitigate significantly the risk that adverse changes would materially affect the Company's operating results.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Basis of Consolidation - The consolidated financial statements include the accounts of all domestic and foreign subsidiaries. All material intercompany transactions and profits have been eliminated in the consolidated financial statements. The Company does not have off-balance sheet arrangements with unconsolidated special-purpose entities. Within the Business Segment Information, intersegment and interarea sales are recorded at fair market value and are immaterial in amount.

Revenue Recognition - Revenue is recognized when the risks and rewards of ownership and title to the product has transferred to the customer. The Company's revenue recognition policies are in compliance with the SEC's Staff Accounting Bulletin (SAB) No. 101. Shipping and handling costs billed to customers are included in Net sales and the related costs in Cost of sales.

Cash - Cash equivalents consist of short-term highly liquid investments, with a three-month or less maturity, carried at cost plus accrued interest, which are readily convertible into cash.

Inventories - Inventories are stated at the lower of cost or market. The majority of domestic inventories are valued by the last-in, first-out method and the balance of the Company's inventories are valued by the first-in, first-out method.

Long-term Contracts - The Company enters into long-term contracts for the production of aerospace products and the manufacture of custom-engineered buildings. For financial statement purposes, revenues are recognized using the percentage-of-completion method. Unbilled costs on these contracts are included in inventory. Progress payments are netted against the inventory balances. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined.

Plant, Equipment and Depreciation - Plant and equipment are recorded at cost and are depreciated principally using the straight-line method for financial reporting purposes. Depreciation rates are based on estimated useful lives of the assets, generally 40 years for buildings; 15 years for land improvements and building equipment; 10 years for machinery; seven years for equipment; and three to five years for vehicles and office equipment. Improvements which extend the useful life of property are capitalized, and maintenance and repairs are expensed. When property is retired or otherwise disposed of, the cost and accumulated depreciation are removed from the appropriate accounts and any gain or loss is included in current income.

Investments and Other Assets - Investments in joint-venture companies in which ownership is 50% or less and in which the Company does not have operating control are stated at cost plus the Company's equity in undistributed earnings. These investments and the related earnings are not material to the consolidated financial statements. During 2002 the Company recorded a $4,973 charge ($.04 per share) related to an equity investment adjustment in a publicly traded Japanese company. The amount for 2002 includes an intangible asset recognized in connection with an additional minimum pension liability.

Goodwill - On July 1, 2001 the Company adopted the provisions of SFAS No. 142, "Goodwill and Other Intangible Assets" and therefore ceased amortizing goodwill as of that date. Prior to the adoption of SFAS No. 142, the Company amortized goodwill, on a straight-line basis, over periods ranging from 15 years to 40 years. The Company conducts a formal impairment test of goodwill on an annual basis and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value.

Intangible Assets - Intangible assets primarily include patents, trademarks and engineering drawings and are recorded at cost and amortized on a straight-line method over their legal or estimated useful life.

Income Taxes - Income taxes are provided based upon income for financial reporting purposes. Deferred income taxes arise from temporary differences in the recognition of income and expense for tax purposes. Tax credits and similar tax incentives are applied to reduce the provision for income taxes in the year in which the credits arise.

Foreign Currency Translation - Assets and liabilities of most foreign subsidiaries are translated at current exchange rates, and income and expenses are translated using weighted average exchange rates. The effects of these translation adjustments, as well as gains and losses from certain intercompany transactions, are reported in the Accumulated other comprehensive (loss) component of Shareholders' equity. Such adjustments will affect Net income only upon sale or liquidation of the underlying foreign investments, which is not contemplated at this time. Exchange gains and losses from transactions in a currency other than the local currency of the entity involved, and translation adjustments in countries with highly inflationary economies, are included in Net income.

Financial Instruments - The Company's financial instruments consist primarily of investments in cash, cash equivalents and long-term investments as well as obligations under notes payable and long-term debt. The carrying values for Cash and cash equivalents, Investments and other assets and Notes payable approximate fair value. See Note 9 for fair value of long-term debt.

The Company enters into forward exchange contracts (forward contracts), costless collar contracts, and cross-currency swap agreements to reduce its exposure to fluctuations in related foreign currencies. These contracts are with major financial institutions and the risk of loss is considered remote. The Company does not hold or issue derivative financial instruments for trading purposes.

Gains or losses on forward contracts that hedge specific transactions are recognized in Net income, offsetting the underlying foreign currency gains or losses. Gains or losses on costless collar contracts are recognized in Net income when the spot rate of the contract falls outside the collar range.

Cross-currency swap agreements are recorded in Long-term debt as dollar-denominated receivables with offsetting foreign-currency payables. If the receivables more than offset the payables, the net difference is reclassified to an asset. Gains or losses are accrued monthly as an adjustment to Net income, offsetting the underlying foreign currency gains or losses. The differential between interest to be received and interest to be paid is accrued monthly as an adjustment to Interest expense.

The Company has entered into an interest rate swap agreement for a $200 million notional principal amount. The swap agreement converts a portion of variable rate debt to a fixed rate through 2004. The net payments or receipts under this agreement are recognized as an adjustment to Interest expense. The agreement is with a major financial institution and the risk of loss is considered remote.

In addition, the Company's foreign locations, in the ordinary course of business, enter into financial guarantees, through financial institutions, which enable customers to be reimbursed in the event of nonperformance by the Company.

The total carrying and fair value of open contracts and any risk to the Company as a result of the above mentioned arrangements is not material.

Stock Options - The Company applies the intrinsic-value based method to account for stock options granted to employees or outside Directors to purchase common shares. The option price equals the market price of the underlying common shares on the date of grant, therefore no compensation expense is recognized. See Note 12 for additional information on stock options.

Recent Accounting Pronouncements - In June 2001 the Financial Accounting Standards Board (FASB) issued SFAS No. 143, "Accounting for Asset Retirement Obligations." SFAS No. 143 requires that the fair value of a liability for an asset's retirement obligation be recognized in the period in which it is incurred and capitalized as part of the carrying amount of the long lived asset and is effective for fiscal years beginning after June 15, 2002. In August 2001 the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" which supercedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of." SFAS No. 144 provides a single accounting model for long-lived assets to be disposed of and is effective for fiscal years beginning after December 15, 2001. In May 2002 the FASB issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections." SFAS No. 145 primarily requires that gains or losses from extinguishment of debt be classified as extraordinary items only if they meet the criteria of APB Opinion 30 and is effective for fiscal years beginning after May 15, 2002. In July 2002 the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." SFAS No. 146 requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred and is effective for exit or disposal activities initiated after December 31, 2002. The implementation of these accounting pronouncements is not expected to have a material effect on the Company's results of operations, cash flows or financial position.

Reclassifications - Certain prior period amounts have been reclassified to conform to the current year presentation.

Note 2
Acquisitions and Net Assets Held for Sale and Divestitures

Acquisitions - On July 16, 2001 the Company completed the acquisition of Dana Corporation's Chelsea Products Division (Chelsea). Chelsea is a supplier of power take-offs and related auxiliary power devices for medium and heavy-duty mobile equipment. On August 31, 2001 the Company acquired the Aeroquip Air Conditioning and Refrigeration (AC&R) business from Eaton Corporation. AC&R produces mechanical controls and fluid systems for the residential and commercial air conditioning and refrigeration markets. On October 19, 2001 the Company acquired the assets of the global fluid management business of Dayco Industrial from MarkIV/BC Partners. The Dayco assets acquired include Imperial-Eastman products and a wide array of hydraulic and industrial hose and connectors. On February 1, 2002 the Company completed its acquisition of ITR SpA, a subsidiary of the SAIAG Group. ITR is a manufacturer of hoses, fittings and rubber compounds for hydraulic, industrial and oil and gas applications. On May 23, 2002 the Company acquired the assets of Camfil Farr's Engine Air Filter business (Farr). Farr produces air-intake filtration products for heavy-duty off-road equipment, marine applications and power generation. Combined annual sales for these operations, for their most recent fiscal year prior to acquisition, were approximately $608 million. Total purchase price for these businesses was approximately $367 million in cash and $13 million in common stock.

On July 21, 2000 the Company completed the acquisition of Wynn's International, Inc. (Wynn's). Wynn's is a leading manufacturer of precision-engineered sealing media for the automotive, heavy-duty truck and aerospace markets. On September 29, 2000 the Company acquired the pneumatics business of Invensys plc, which specializes in the design and production of equipment and controls for automated processes. On April 30, 2001 the Company acquired the Miller Fluid Power and Wilkerson businesses of CKD-Createc. Miller Fluid Power manufactures both pneumatic and hydraulic cylinders and Wilkerson manufactures a complete line of compressed air treatment and control products. Combined annual sales for these operations, for their most recent fiscal year prior to acquisition, were approximately $713 million. Total purchase price for these businesses was approximately $506 million in cash and assumed debt of $65 million.

On February 3, 2000 the Company acquired the assets of Dana Corporation's Gresen Hydraulics business, located in Minneapolis, Minnesota, Sarasota, Florida and Cachoeirinha, R.S., Brazil, a manufacturer of a wide range of hydraulic pumps, motors, cylinders, control valves, filters and electronic controls for on- and off-highway vehicles. On April 11, 2000 the Company completed its merger with Commercial Intertech Corp. of Youngstown, Ohio with the Company being the surviving corporation. Commercial Intertech's hydraulics business manufactures gear pumps and motors, control valves and telescopic cylinders for use on heavy-duty mobile equipment. On May 30, 2000 the Company acquired the assets of Whatman's Industrial Filtration Business, based in Haverill, Massachusetts and Maidstone, United Kingdom, a manufacturer of high quality purification products and gas generators for a variety of industrial applications. Combined annual sales for these operations, for their most recent fiscal year prior to acquisition, were approximately $716 million. Total purchase price for these businesses was approximately $339 million in cash, 4.3 million shares of common stock valued at $184 million and assumed debt of $104 million.

These acquisitions were accounted for by the purchase method, and results of operations are included as of the respective dates of acquisition. The net assets acquired from acquisitions discussed above and other acquisitions not specifically discussed above in 2002, 2001 and 2000 are as follows:

	2002	2001	2000
Assets acquired:			
Accounts receivable	$ 95,436	$ 87,514	$ 72,651
Inventories	101,917	67,904	90,319
Prepaid expenses	1,855	11,730	2,329
Assets held for sale		84,640	164,000
Deferred income taxes	8,713	10,029	27,814
Plant & equipment	151,116	141,411	119,889
Other assets	46,876	12,072	246,915
Goodwill	103,916	383,878	158,230
	509,829	799,178	882,147
Liabilities and equity assumed:			
Notes payable	9,099	20,926	2,433
Accounts payable	57,421	36,545	41,315
Accrued payrolls	17,483	20,587	18,345
Accrued taxes	638	(5,463)	102,473
Other accrued liabilities	12,462	73,996	56,432
Long-term debt	1,481	53,823	107,195
Pensions and other postretirement benefits	9,849	2,483	22,964
Deferred income taxes		13,027	
Unearned compensation			(4,285)
	108,433	215,924	346,872
Net assets acquired	$401,396	$583,254	$535,275

Net assets held for sale and divestitures - At June 30, 2001, Net assets held for sale included the estimated net cash proceeds and estimated earnings during the holding period of the metal forming business, which was acquired as part of Commercial Intertech in fiscal 2000, and the specialty chemical and warranty businesses, which were acquired as part of Wynn's International in fiscal 2001. In July 2001 the Company completed the divestiture of the metal forming business and in June 2002 completed the divestiture of the business units which administer vehicle service contract and product service programs. The divestitures resulted in a gain of $4,464 million (no gain after-tax) which is reflected in (Loss) gain on disposal of assets in the Consolidated Statement of Income. The net assets of the specialty chemical business were reclassified into their respective individual line items during fiscal 2002. The results of operations of the divested businesses were part of the Other Segment for segment reporting purposes and were immaterial to the consolidated results of operations of the Company.

Note 3
Charges Related to Business Realignment and Gain on Sale of Real Property

In 2002 the Company recorded a $37,352 charge ($24,466 after-tax or $.21 per share) related to costs of appropriately structuring its businesses in response to current and anticipated economic conditions. The business realignment charge consists of severance costs of $22,578 and $14,774 of costs relating to the consolidation of manufacturing product lines, primarily asset impairments. The severance costs are attributable to approximately 1,050 employees in the Industrial Segment, 440 employees in the Aerospace Segment and 320 employees in the Other segment. The majority of severance payments have been made with the remaining payments to be made by the end of fiscal 2003. The asset impairment portion relates to assets that are in the process of being disposed of and was calculated as the amount by which the carrying value of the assets exceeded their estimated selling price. Of the pre-tax amount, $28,002 relates to the Industrial Segment, $4,667 relates to the Aerospace Segment and $4,683 relates to the Other Segment. The business realignment charge is presented in the Consolidated Statement of Income for 2002 in the following captions: $23,977 in Cost of sales; $3,987 in Selling, general and administrative expenses; and $9,388 in Loss (gain) on disposal of assets.

In 2001 the Company recorded a $55,548 gain ($34,662 after-tax or $.30 per share) realized on the sale of real property located in Southern California. The property had served as a headquarters and manufacturing locale for the Company's Aerospace Group and several of its divisions. Such operations have relocated to other previously owned or leased facilities in the area. The Company does not currently anticipate additional property sales of this magnitude occurring in the future. The gain is reflected in the Consolidated Statement of Income in the Loss (gain) on disposal of assets caption.

In 2001 the Company recorded a $28,724 charge ($18,474 after-tax or $.16 per share) related to costs of appropriately structuring its businesses in response to current economic conditions. The business realignment charge includes severance costs and employee-related benefits of $17,673 and $11,051 of other costs, primarily certain asset impairments. The severance costs and employee-related benefits are attributable to approximately 1,436 employees in the Industrial Segment and 27 employees in the Other Segment. All severance and employee-related benefit payments were made in fiscal 2002. The asset impairment portion represents the amount by which the carrying value of the assets exceeded their estimated future undiscounted cash flows. The business realignment charge is presented in the Consolidated Statement of Income for 2001 in the following captions: $12,071 in Cost of sales; $6,691 in Selling, general and administrative expenses; $3,009 in Interest and other (income), net; and $6,953 in Loss (gain) on disposal of assets.

In 2000 the Company recorded a $8,555 charge ($5,560 after-tax or $.05 per share) related to the costs of appropriately structuring its businesses to operate in their current economic environment. The charge primarily related to severance costs attributable to approximately 250 employees in the Industrial Segment. As of June 30, 2000, the Company had made all severance payments. A change in the future utilization of long-lived assets at certain locations triggered an impairment review of these long-lived assets during 2000. The Company evaluated the recoverability of the long-lived assets and determined that the estimated future undiscounted cash flows were below the carrying value of these assets. Accordingly, the Company recorded a non-cash impairment loss of $4,875 ($3,169 after-tax or $.03 per share). Of the pre-tax amount, $3,499 relates to the Aerospace Segment and $1,376 relates to the Industrial Segment. The severance and impairment loss is presented in the Consolidated Statement of Income for 2000 in the following captions: $2,552 in Cost of sales; $2,476 in Selling, general and administrative expenses; and $8,402 in Loss (gain) on disposal of assets.

Note 4
Income Taxes

Income taxes before extraordinary items include the following:

	2002	2001	2000
Federal	$32,728	$103,215	$140,663
Foreign	26,054	30,791	29,393
State and local	9	10,518	11,099
Deferred	29,095	44,902	12,800
	$87,886	$189,426	$193,955

A reconciliation of the Company's effective income tax rate to the statutory Federal rate follows:

	2002	2001	2000
Statutory Federal income tax rate	35.0%	35.0%	35.0%
State and local income taxes	.9	1.9	1.5
Export tax benefit	(4.3)	(2.4)	(1.7)
Foreign tax rate difference	(1.8)	(1.1)	(1.1)
Cash surrender of life insurance	2.2	.4	(.4)
Nondeductible goodwill	5.7	2.3	1.2
Other	2.6	(.6)	
Effective income tax rate	40.3%	35.5%	34.5%

Deferred income taxes are provided for the temporary differences between the financial reporting basis and the tax basis of assets and liabilities. The differences comprising the net deferred taxes shown on the Consolidated Balance Sheet at June 30 were as follows:

	2002	2001
Postretirement benefits	$ 60,672	$ (10,951)
Other liabilities and reserves	64,727	66,281
Long-term contracts	15,574	9,046
Operating loss carryforwards	71,221	54,452
Foreign tax credit carryforwards	5,200	8,171
Valuation allowance	(62,559)	(35,544)
Depreciation and amortization	(153,633)	(135,502)
Inventory	13,531	12,500
Net deferred tax asset (liability)	$ 14,733	$ (31,547)
Change in net deferred tax asset (liability):		
Provision for deferred tax	$ (29,095)	$ (44,902)
Items of other comprehensive income (loss)	67,589	(7,528)
Acquisitions	7,786	18,704
Total change in net deferred tax	$ 46,280	$ (33,726)

At June 30, 2002, the Company recognized tax benefits of $71,221 resulting from $319,948 in operating loss carryforwards. Some of the loss carryforwards can be carried forward indefinitely and others can be carried forward from one to 19 years. A valuation allowance has been established due to the uncertainty of realizing certain operating loss carryforwards. The recognition of any future tax benefit resulting from the reduction of $35,763 of the valuation allowance will reduce any goodwill related to the Commercial Intertech acquisition remaining at the time of the reduction.

Provision has not been made for additional U.S. or foreign taxes on undistributed earnings of certain international operations as those earnings will continue to be reinvested. It is not practicable to estimate the additional taxes, including applicable foreign withholding taxes, that might be payable on the eventual remittance of such earnings.

Accumulated undistributed earnings of foreign operations reinvested in their operations amounted to $267,093, $333,796 and $276,481, at June 30, 2002, 2001 and 2000, respectively.

Note 5
Earnings Per Share

Earnings per share have been computed according to SFAS No. 128, "Earnings per Share." Basic earnings per share is computed using the weighted average number of shares of common stock outstanding during the year.

Diluted earnings per share is computed using the weighted average number of common shares and common share equivalents outstanding during the year. Common share equivalents represent the dilutive effect of outstanding stock options. The computation of net income per share was as follows:

	2002	2001	2000
Numerator:			
Net income applicable to common shares	$ 130,150	$ 340,792	$ 368,232
Denominator:			
Basic - weighted average common shares	115,408,872	114,304,977	110,330,711
Increase in weighted average from dilutive effect of exercise of stock options	651,847	759,470	913,921
Diluted - weighted average common shares, assuming exercise of stock options	116,060,719	115,064,447	111,244,632
Basic earnings per share	$ 1.13	$ 2.98	$ 3.34
Diluted earnings per share	$ 1.12	$ 2.96	$ 3.31

Note 6
Inventories

Inventories valued on the last-in, first-out cost method were approximately 42% in 2002 and 44% in 2001 of total inventories. The current cost of these inventories exceeds their valuation determined on the LIFO basis by $151,329 in 2002 and $147,300 in 2001. Progress payments of $15,720 in 2002 and $18,969 in 2001 are netted against inventories.

Note 7
Goodwill and Intangible Assets

On July 1, 2001 the Company adopted the provisions of SFAS No. 141, "Business Combinations," and SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 141 requires that all business combinations be accounted for by the purchase method and that certain intangible assets be recognized as assets apart from goodwill. SFAS No. 142 provides that goodwill should not be amortized but should instead be tested for impairment annually at the reporting unit level. In accordance with SFAS No. 142 the Company completed a transitional goodwill impairment test which resulted in no impairment loss being recognized. The Company also completed an annual goodwill impairment test required by SFAS No. 142 as well as an additional goodwill impairment test conducted due to a change in circumstances that indicated that the fair value of a reporting unit may be lower than its carrying value . Goodwill impairment tests resulted in an impairment charge of $39,516 million ($37,137 after-tax or $0.32 per share). Of the impairment charge, $28,354 million was recorded in the Industrial Segment and $11,162 million was recorded in the Other Segment. The Company used a discounted cash flow analysis for purposes of estimating the fair value of a reporting unit. The impairment charge primarily resulted from declining market conditions and lower future growth potential relative to expectations at the acquisition date for the reporting units involved.

The following reflects net income and earning per share adjusted as though the adoption of SFAS No. 142 occurred as of the beginning of fiscal 2001 and 2000:

Net income	2002	2001	2000
As reported	$130,150	$340,792	$368,232
Goodwill amortization		51,206	30,434
Adjusted net income	$130,150	$391,998	$398,666

Basic earnings per share

As reported	$ 1.13	$ 2.98	$ 3.34
Goodwill amortization		.44	.28
Adjusted basic earnings per share	$ 1.13	$ 3.42	$ 3.62

Diluted earnings per share

As reported	$ 1.12	$ 2.96	$ 3.31
Goodwill amortization		.44	.27
Adjusted diluted earnings per share	$ 1.12	$ 3.40	$ 3.58

The changes in the carrying amount of goodwill for the year ended June 30, 2002 are as follows:

	Industrial Segment	Aerospace Segment	Other Segment	Total
Balance June 30, 2001	$769,675	$76,090	$107,883	$ 953,648
Acquisitions	58,707		45,209	103,916
Balance sheet reclassification			29,757	29,757
Impairment loss	(28,354)		(11,162)	(39,516)
Goodwill adjustments and other	29,016	126	6,821	35,963
Balance June 30, 2002	$829,044	$76,216	$178,508	$1,083,768

"Balance sheet reclassification" represents the change in the balance sheet presentation during fiscal 2002 for net assets held for sale. "Goodwill adjustments and other" primarily represent final adjustments to the purchase price allocation for acquisitions completed within the last fiscal year and foreign currency translation adjustments.

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

June 30,	2002		2001	
	Gross carrying amount	Accumulated amortization	Gross carrying amount	Accumulated amortization
Patents	$22,356	$ 9,930	$10,731	$8,920
Trademarks	17,058	644		
Engineering drawings and other	24,576	2,130	7,732	476
Total	$63,990	$12,704	$18,463	$9,396

Total intangible amortization expense in 2002 and 2001 was $3,308 and $511, respectively. The estimated amortization expense for the five years ending June 30, 2003 through 2007 are $6,165, $6,226, $5,147, $3,837 and $3,417, respectively.

Note 8
Financing Arrangements

The Company has committed lines of credit totaling $825,000 through two multi-currency unsecured revolving credit agreements with a group of banks, of which $456,850 was available at June 30, 2002. One agreement, totaling $325,000, expires September 2002, and the other, totaling $500,000, expires September 2006. The interest on borrowings is based upon the terms of each specific borrowing and is subject to market conditions. These agreements also require facility fees of up to 9/100ths of one percent of the commitment per annum at the Company's present rating level. Covenants in some of the agreements include a limitation on the Company's ratio of debt to total capitalization. It is the Company's policy to reduce the amount available for borrowing under the revolving credit agreements, on a dollar for dollar basis, by the amount of commercial paper notes outstanding.

The Company has other lines of credit, primarily short-term, aggregating $200,647 from various foreign banks, of which $164,808 was available at June 30, 2002. Most of these agreements are renewed annually.

During fiscal 2002 the Company issued $200,000 of medium-term notes. As of June 30, 2002 the Company has $1,000,000 available under its universal shelf registration statement.

The Company is authorized to sell up to $825,000 of short-term commercial paper notes, rated A-1 by Standard & Poor's, P-1 by Moody's and F-1 by Fitch, Inc. At June 30, 2002 there were $368,150 of commercial paper notes outstanding.

Commercial paper notes, along with short-term borrowings from foreign banks, primarily make up the balance of Notes payable. The balance and weighted average interest rate of the Notes payable at June 30, 2002 and 2001 were $396,883 and 3.4% and $526,809 and 5.9%, respectively.

Note 9
Debt

June 30,	2002	2001
Domestic:		
Debentures		
7.30%, due 2011	$ 100,000	$100,000
Fixed rate medium-term notes		
5.65% to 7.39%, due 2004-2019	370,000	370,000
Variable rate medium-term notes		
2.84%, due 2004	200,000	
ESOP loan guarantee		
6.34%, due 2009	77,354	88,595
Variable rate demand bonds		
1.25% to 1.30%, due 2010-2025	20,035	20,035
Foreign:		
Bank loans, including revolving credit		
1.0% to 13.0%, due 2003-2019	23,655	17,032
Euro Notes		
6.25%, due 2006	297,420	255,090
Other long-term debt, including capitalized leases	20,229	26,019
Total long-term debt	1,108,693	876,771
Less long-term debt payable within one year	19,810	19,693
Long-term debt, net	$1,088,883	$857,078

In 2002 the Company issued $200,000 of variable rate medium-term notes due 2004. The Company used the proceeds from the issuance to repay a portion of its outstanding commercial paper note borrowings. In 2001 the Company redeemed its outstanding $100,000, 9.75% debentures due 2002-2021. The extraordinary loss for this transaction, including an early-redemption premium and the write-off of deferred issuance costs, was $5,413 ($3,378 after-tax or $.03 per share). Commercial paper note borrowings were used to finance the redemption.

Principal amounts of Long-term debt payable in the five years ending June 30, 2003 through 2007 are $19,810, $397,841, $15,863, $317,447 and $37,471, respectively. The carrying value of the Company's Long-term debt (excluding leases and cross-currency swaps) was $1,101,363 and $868,826 at June 30, 2002 and 2001, respectively, and was estimated to have a fair value of $1,144,466 and $857,755, at June 30, 2002 and 2001, respectively. The estimated fair value of the Long-term debt was estimated using discounted cash flow analyses based on the Company's current incremental borrowing rate for similar types of borrowing arrangements. Some of the debt agreements include a limitation on the Company's ratio of debt to tangible net worth.

ESOP loan guarantee - In 1999 the Company's Employee Stock Ownership Plan (ESOP) was leveraged when the ESOP Trust borrowed $112,000 and used the proceeds to purchase 3,055,413 shares of the Company's common stock from the Company's treasury. The Company used the proceeds to pay down commercial paper note borrowings. The loan is unconditionally guaranteed by the Company and therefore the unpaid balance of the borrowing is reflected on the Consolidated Balance Sheet as Long-term debt. A corresponding amount representing Unearned compensation is recorded as a deduction from Shareholders' equity.

Lease Commitments - Future minimum rental commitments as of June 30, 2002, under noncancelable operating leases, which expire at various dates, are as follows: 2003-$52,463; 2004-$38,218; 2005-$25,755; 2006-$13,645; 2007-$10,574 and after 2007-$26,672.

Rental expense in 2002, 2001 and 2000 was $61,528, $55,989 and $40,371, respectively.

Note 10
Retirement Benefits

Pensions - The Company has noncontributory defined benefit pension plans covering eligible employees, including certain employees in foreign countries. Plans for most salaried employees provide pay-related benefits based on years of service. Plans for hourly employees generally provide benefits based on flat-dollar amounts and years of service. The Company also has contractual arrangements with certain key employees which provide for supplemental retirement benefits. In general, the Company's policy is to fund these plans based on legal requirements, tax considerations, local practices and investment opportunities. The Company also sponsors defined contribution plans and participates in government-sponsored programs in certain foreign countries.

Pension cost (income) for all plans were $32,004, $(14,503) and $9,304 for 2002, 2001 and 2000, respectively. Pension cost (income) for all defined benefit plans accounted for using SFAS No. 87, "Employers' Accounting for Pensions," were as follows:

	2002	2001	2000
Service cost	$ 54,886	$ 43,382	$ 38,179
Interest cost	104,152	84,526	68,807
Expected return on plan assets	(143,816)	(146,908)	(102,346)
Net amortization and deferral and other	10,107	1,837	(375)
Net periodic benefit cost (income)	$ 25,329	$ (17,163)	$ 4,265

Change in benefit obligation	2002	2001
Benefit obligation at beginning of year	$1,476,445	$1,167,614
Service cost	54,886	43,382
Interest cost	104,152	84,526
Actuarial loss	13,077	27,695
Benefits paid	(71,641)	(57,031)
Plan amendments	44,460	62,258
Acquisitions	11,522	53,810
Liability transferred from other postretirement benefits	3,784	117,645
Other	27,143	(23,454)
Benefit obligation at end of year	$1,663,828	$1,476,445

Change in plan assets		
Fair value of plan assets at beginning of year	$1,439,015	$1,582,085
Actual (loss) on plan assets	(73,035)	(136,584)
Employer contributions	17,450	14,523
Benefits paid	(65,000)	(51,495)
Acquisitions	2,026	47,442
Other	17,029	(16,956)
Fair value of plan assets at end of year	$1,337,485	$1,439,015

Funded status		
Plan assets (under) benefit obligation	$ (326,343)	$ (37,430)
Unrecognized net actuarial loss	368,421	138,787
Unrecognized prior service cost	118,753	82,867
Unrecognized initial net (asset)	(2,566)	(4,763)
Net amount recognized	$ 158,265	$ 179,461

Amounts recognized on the Consolidated Balance Sheet		
Prepaid benefit cost	$ 270,750	$ 362,136
Accrued benefit liability	(400,104)	(182,675)
Intangible asset	115,242	
Accumulated other comprehensive loss	172,377	
Net amount recognized	$ 158,265	$ 179,461

The projected benefit obligation, accumulated benefit obligation, and fair value of plan assets for pension plans with accumulated benefit obligations in excess of plan assets were $1,425,785, $1,262,038 and $1,107,169, respectively, at June 30, 2002, and $763,442, $646,434 and $531,724, respectively, at June 30, 2001.

The plans' assets consist primarily of listed common stocks and corporate and government bonds. At June 30, 2002 and 2001, the plans' assets included Company stock with market values of $56,345 and $44,520, respectively.

The assumptions used to measure the benefit obligations for the Company's significant defined benefit plans are:

	2002	2001
U.S. defined benefit plans		
Discount rate	7.25%	7.5%
Average increase in compensation	4.9%	4.9%
Expected return on plan assets	9.5%	10%
Non-U.S. defined benefit plans		
Discount rate	4.5 to 6.75%	4.75 to 7%
Average increase in compensation	3 to 4%	3 to 4%
Expected return on plan assets	5 to 8%	6 to 8.5%

Employee Savings Plan - The Company sponsors an employee stock ownership plan (ESOP) as part of its existing savings and investment 401(k) plan. The ESOP is available to eligible domestic employees, including the participants of a Commercial Intertech plan which was merged into the ESOP on December 31, 2001. Parker Hannifin common stock is used to match contributions made by employees to the ESOP up to a maximum of 4.0 percent of an employee's annual compensation. Prior to May 1, 2001, the Company matched contributions made by employees to the ESOP up to a maximum of 3.5 percent of annual compensation. A breakdown of shares held by the ESOP is as follows:

	2002	2001	2000
Allocated shares	9,023,664	8,882,757	8,660,550
Committed-to-be-released shares		77,038	77,038
Suspense shares	2,384,301	2,936,821	3,373,734
Total shares held by the ESOP	11,407,965	11,896,616	12,111,322
Fair value of suspense shares	$ 113,946	$ 124,639	$ 115,550

In 1999 the ESOP was leveraged and the loan was unconditionally guaranteed by the Company. The Company's matching contribution and dividends on the shares held by the ESOP are used to repay the loan, and shares are released from the suspense account as the principal and interest are paid. A portion of the shares in the ESOP suspense account are not considered outstanding for purposes of earnings per share computations until they are released. Company contributions to the ESOP, recorded as compensation and interest expense, were $38,449 in 2002, $32,086 in 2001 and $26,984 in 2000. Dividends earned by the suspense shares and interest income within the ESOP totaled $1,965 in 2002, $2,264 in 2001 and $1,214 in 2000.

In addition to shares within the ESOP, as of June 30, 2002 employees have elected to invest in 2,415,807 shares of common stock within the Company Stock Fund of the Parker Retirement Savings Plan.

Other Postretirement Benefits - The Company provides postretirement medical and life insurance benefits to certain retirees and eligible dependents. Most plans are contributory, with retiree contributions adjusted annually. The plans are unfunded and pay stated percentages of covered medically necessary expenses incurred by retirees, after subtracting payments by Medicare or other providers and after stated deductibles have been met. For most plans, the Company has established cost maximums to more effectively control future medical costs. The Company has reserved the right to change or eliminate these benefit plans. Effective May 1, 2001 the Company amended its postretirement medical plan for certain employees to make the plan fully employee paid and to provide employees instead with supplements in the funded defined benefit pension plans. The supplements were calculated to be in the aggregate at least equivalent to the value provided by the Company paid portion of the retiree medical coverage. As such, the benefit obligation as of May 1, 2001 related to the postretirement medical coverage is now reflected as a benefit obligation of the defined pension benefit plans.

Postretirement benefit cost included the following components:

	2002	2001	2000
Service cost	$1,286	$ 4,690	$ 4,499
Interest cost	5,494	12,283	10,762
Net amortization and deferral	(849)	(3,047)	(2,758)
Net periodic benefit cost	$5,931	$13,926	$12,503

Change in benefit obligation	2002	2001
Benefit obligation at beginning of year	$ 82,945	$170,587
Service cost	1,286	4,690
Interest cost	5,494	12,283
Actuarial (gain) loss	(582)	11,882
Benefits paid	(7,373)	(11,414)
Acquisitions and other	(1,844)	(5,478)
Liability transferred to defined benefit pension plans	(3,704)	(99,605)
Benefit obligation at end of year	$ 76,222	$ 82,945

Funded status

	2002	2001
Benefit obligation in excess of plan assets	$(76,222)	$(82,945)
Unrecognized net actuarial (gain)	(2,765)	(2,430)
Unrecognized prior service cost	(5,123)	(5,984)
Net amount recognized	$(84,110)	$(91,359)

Amounts recognized on the Consolidated Balance Sheet:

Accrued benefit liability	$(84,110)	$(91,359)

The assumptions used to measure the postretirement benefit obligations are:

	2002	2001
Discount rate	7.25%	7.5%
Current medical cost trend rate	8%	8.5%
Ultimate medical cost trend rate	5.5%	5.5%
Medical cost trend rate decreases to ultimate in year	2007	2007

A one percentage point change in assumed health care cost trend rates would have the following effects:

	1% Increase	1% Decrease
Effect on total of service and interest cost components	$ 687	$ (568)
Effect on postretirement benefit obligation	$6,989	$(5,909)

Other - The Company has established nonqualified deferred compensation programs which permit officers, directors and certain management employees annually to elect to defer a portion of their compensation, on a pre-tax basis, until their retirement. The retirement benefit to be provided is based on the amount of compensation deferred, Company match, and earnings on the deferrals. Deferred compensation expense was $1,212, $3,217 and $17,157 in 2002, 2001 and 2000, respectively.

The Company has invested in corporate-owned life insurance policies to assist in funding these programs. The policies are held in a rabbi trust and are recorded as assets of the Company.

Note 11
Shareholders' Equity

Common Shares	2002	2001	2000
Balance July 1	$58,705	$58,301	$55,973
Shares issued under stock incentive plans (2002 - 450,314; 2001 - 807,293; 2000 - 331,421)	225	404	164
Shares issued for purchase acquisition	132		2,164
Balance June 30	$59,062	$58,705	$58,301

Additional Capital			
Balance July 1	$ 346,228	$ 328,938	$ 132,227
Shares issued under stock option plans	9,200	9,197	(2,137)
Tax benefit of stock option plans	(81)	8,621	5,897
Shares issued for purchase acquisition	12,949		190,379
Restricted stock issued (surrendered)	761	(104)	
Shares related to ESOP	9,861	(424)	2,572
Balance June 30	$ 378,918	$ 346,228	$ 328,938
Retained Earnings			
Balance July 1	$2,426,496	$2,165,625	$1,872,356
Net income	130,150	340,792	368,232
Cash dividends paid on common shares, net of tax benefit of ESOP shares	(82,838)	(79,921)	(74,963)
Balance June 30	$2,473,808	$2,426,496	$2,165,625
Unearned Compensation Related to ESOP			
Balance July 1	$ (96,398)	$ (110,818)	$ (112,000)
Unearned compensation related to ESOP debt guarantee	16,924	14,420	13,747
ESOP shares related to acquisition			(12,565)
Balance June 30	$ (79,474)	$ (96,398)	$ (110,818)
Deferred Compensation Related to Stock Options			
Balance July 1	$ 2,347	$ 1,304	$
Deferred compensation related to stock options		1,043	1,304
Balance June 30	$ 2,347	$ 2,347	$ 1,304
Accumulated Other Comprehensive (Loss)			
Balance July 1	$ (204,531)	$ (125,458)	$ (92,858)
Foreign currency translation	69,673	(89,659)	(32,600)
Unrealized (loss) gain on marketable securities (net of tax of: 2002 - $3,059; 2001 - $7,768)	(5,076)	12,919	
Realized (gain) on marketable securities (net of tax of: 2001 - $1,406)		(2,333)	
Minimum pension liability (net of tax of: 2002 - $64,814)	(107,563)		
Balance June 30	$ (247,497)	$ (204,531)	$ (125,458)
Common Stock in Treasury			
Balance July 1	$ (3,932)	$ (8,434)	$ (1,836)
Shares purchased at cost (2002 - 230,000; 2000 - 288,543)	(8,054)		(11,132)
Shares issued under stock option plans (2002 - 233,244; 2001 - 82,047; 2000 - 122,957)	8,498	3,226	4,964
Shares issued for purchase acquisition			(17)
Restricted stock (surrendered) issued	(160)	1,276	(413)
Balance June 30	$ (3,648)	$ (3,932)	$ (8,434)

Shares surrendered upon exercise of stock options; 2002 - 381,779; 2001 - 269,771; 2000 - 235,386.

Share Repurchases - The Board of Directors has authorized the repurchase of a total of 5.05 million of the Company's common shares. At June 30, 2002, the remaining authorization to repurchase was 3.05 million shares. Repurchases are made on the open market, at prevailing prices, and are funded from operating cash flows. The shares are initially held as treasury stock.

Note 12
Stock Incentive Plans

Employees' Stock Options - The Company's incentive plan provides for the granting of nonqualified options to officers and key employees to purchase shares of common stock at a price not less than 100 percent of the fair market value of the stock on the dates options are granted. Outstanding options generally are exercisable either one or two years after the date of grant and expire no more than ten years after grant.

The Company derives a tax deduction measured by the excess of the market value over the option price at the date nonqualified options are exercised. The related tax benefit is credited to Additional capital.

As permitted by SFAS No. 123, "Accounting for Stock-Based Compensation," the Company continues to account for its stock option and stock incentive plans in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and makes no charges against capital with respect to options granted. SFAS No. 123 does, however, require the disclosure of pro forma information regarding Net Income and Earnings per share determined as if the Company had accounted for its stock options under the fair value method. For purposes of this pro forma disclosure the estimated fair value of the options is amortized to expense over the options' vesting period.

		2002	2001	2000
Net income:	As reported	$130,150	$340,792	$368,232
	Pro forma	$115,348	$329,776	$361,753
Earnings per share:				
Basic	As reported	$ 1.13	$ 2.98	$ 3.34
	Pro forma	$ 1.00	$ 2.89	$ 3.28
Diluted	As reported	$ 1.12	$ 2.96	$ 3.31
	Pro forma	$ 0.99	$ 2.87	$ 3.25

The fair value for the significant options granted in 2002, 2001 and 2000 were estimated at the date of grant using a Black-Scholes option pricing model with the following weighted-average assumptions:

	Aug/01	Aug/00	Aug/99
Risk-free interest rate	4.6%	6.1%	6.1%
Expected life of option	4.8 yrs	4.6 yrs	4.6 yrs
Expected dividend yield of stock	1.6%	1.6%	1.7%
Expected volatility of stock	36.6%	36.2%	33.8%

Options exercisable and shares available for future grant on June 30:

	2002	2001	2000
Options exercisable	3,440,843	3,256,705	3,483,071
Weighted-average option price per share of options exercisable	$ 34.75	$ 30.40	$ 25.51
Weighted-average fair value of options granted during the year	$ 14.94	$ 12.44	$ 14.62
Shares available for grant	785,797	1,436,436	2,225,012

On July 1, 2002, 2,950,604 shares are available for grant pursuant to the Company's stock incentive plan.

A summary of the status and changes of shares subject to options and the related average price per share follows:

	Shares Subject To Options	Average Option Price Per Share
Outstanding June 30, 2000	4,969,902	$30.03
Granted	1,464,311	36.00
Exercised	(1,159,111)	21.70
Canceled	(81,886)	
Outstanding June 30, 2001	5,193,216	$33.33
Granted	2,148,477	44.73
Exercised	(1,041,931)	26.86
Canceled	(77,852)	
Outstanding June 30, 2002	6,221,910	$38.29

The range of exercise prices and the remaining contractual life of options as of June 30, 2002 were:

Range of exercise prices	$12-$25	$26-$38	$41-$55
Options outstanding:			
Outstanding as of June 30, 2002	362,361	2,626,844	3,232,705
Weighted-average remaining contractual life	2.8 yrs	6.7 yrs	8.2 yrs
Weighted-average exercise price	$ 20.47	$ 32.89	$ 44.67
Options exercisable:			
Outstanding as of June 30, 2002	362,361	1,975,504	1,102,978
Weighted-average remaining contractual life	2.8 yrs	6.2 yrs	6.80 yrs
Weighted-average exercise price	$ 20.47	$ 31.89	$ 44.56

Restricted stock - Restricted stock was issued, under the Company's 1993 Stock Incentive Program, to certain key employees under the Company's 1999-00-01, 1998-99-00 and 1997-98-99 Long Term Incentive Plans (LTIP). Value of the payments was set at the market value of the Company's common stock on the date of issuance. Shares were earned and awarded, and an estimated value was accrued, based upon attainment of criteria specified in the LTIP over the cumulative years of each 3-year Plan. Plan participants are entitled to cash dividends and to vote their respective shares, but the shares are restricted as to transferability for three years following issuance.

Restricted Shares for LTIP Plan	2002	2001	2000
Number of shares issued	17,206	26,976	8,023
Per share value on date of issuance	$ 44.55	$ 39.32	$42.04
Total value	$ 767	$ 1,061	$ 337

Under the Company's 2000-01-02 LTIP, a payout of 18,953 shares of restricted stock, from the Company's 1993 Stock Incentive Program, will be issued to certain key employees in 2003. The balance of the 2000-01-02 LTIP payout will be made as deferred cash compensation or in cash if the participants are retired. The total payout, valued at $3,510, has been accrued over the three years of the plan.

In addition, non-employee members of the Board of Directors have been given the opportunity to receive all or a portion of their fees in the form of restricted stock. These shares vest ratably, on an annual basis, over the term of office of the director. In 2002, 2001 and 2000, 3,167, 5,464 and 6,012 shares, respectively, were issued in lieu of directors' fees.

Non-employee Directors' Stock Options - In August 1996, the Company adopted a stock option plan for non-employee directors to purchase shares of common stock at a price not less than 100 percent of the fair market value of the stock on the date the options are granted. Outstanding options are exercisable either one or two years after the date of grant and expire no more than ten years after grant.

A summary of the status and changes of shares subject to options and the related average price per share follows:

	Shares Subject To Options	Average Option Price Per Share
Outstanding June 30, 2000	31,150	$ 35.21
Granted	9,900	35.94
Canceled	(4,500)	
Outstanding June 30, 2001	36,550	$ 35.96
Granted	11,163	46.63
Exercised	(6,200)	33.83
Outstanding June 30, 2002	41,513	$ 39.14

As of June 30, 2002, 25,400 options were exercisable and 315,787 shares were available for grant.

At June 30, 2002, the Company had 7,397,287 common shares reserved for issuance in connection with its stock incentive plans.

Note 13
Shareholders' Protection Rights Agreement

The Board of Directors of the Company declared a dividend of one Right for each share of Common Stock outstanding on February 17, 1997 in relation to the Company's Shareholder Protection Rights Agreement. As of June 30, 2002, 118,024,164 shares of Common Stock were reserved for issuance under this Agreement. Under certain conditions involving acquisition of or an offer for 15 percent or more of the Company's Common Stock, all holders of Rights, except an acquiring entity, would be entitled to purchase, at an exercise price of $100, a value of $200 of Common Stock of the Company or an acquiring entity, or at the option of the Board, to exchange each Right for one share of Common Stock. The Rights remain in existence until February 17, 2007, unless earlier redeemed (at one cent per Right), exercised or exchanged under the terms of the agreement. In the event of an unfriendly business combination attempt, the Rights will cause substantial dilution to the person attempting the business combination. The Rights should not interfere with any merger or other business combination that is in the best interest of the Company and its shareholders since the Rights may be redeemed.

Note 14
Research and Development

Research and development costs amounted to $109,090 in 2002, $115,004 in 2001 and $94,781 in 2000. Customer reimbursements included in the total cost for each of the respective years were $13,517, $17,143 and $16,409. Costs include those costs related to independent research and development as well as customer reimbursed and unreimbursed development programs.

Note 15
Contingencies

The Company is involved in various litigation arising in the normal course of business, including proceedings based on product liability claims, workers' compensation claims and alleged violations of various environmental laws. The Company is self-insured in the U.S. for health care, workers' compensation, general liability and product liability up to predetermined amounts, above which third party insurance applies. The Company purchases third party product liability insurance for products manufactured by its international operations and for products that are used in aerospace applications. Management regularly reviews the probable outcome of these proceedings, the expenses expected to be incurred, the availability and limits of the insurance coverage, and the established accruals for liabilities. While the outcome of pending proceedings cannot be predicted with certainty, management believes that any liabilities that may result from these proceedings will not have a material adverse effect on the Company's liquidity, financial condition or results of operations.

Environmental - The Company is currently involved in environmental remediation at 21 manufacturing facilities presently or formerly operated by the Company and has been named as a "potentially responsible party," along with other companies, at two off-site waste disposal facilities and one regional Superfund site.

As of June 30, 2002, the Company has a reserve of $13,391 for environmental matters which are probable and reasonably estimable. This reserve is recorded based upon the best estimate of costs to be incurred in light of the progress made in determining the magnitude of remediation costs, the timing and extent of remedial actions required by governmental authorities, and the amount of the Company's liability in proportion to other responsible parties. This reserve is net of $8,304 for discounting, at a four percent discount rate, a portion of the costs at 12 locations to operate and maintain remediation treatment systems as well as gauge treatment system effectiveness through monitoring and sampling over periods ranging from five to 30 years. The Company also has an account receivable, presented separately from the recorded liability on the Consolidated Balance Sheet, of $139 for anticipated insurance recoveries.

The Company's estimated total liability for the above mentioned sites ranges from a minimum of $13,391 to a maximum of $34,920. The actual costs to be incurred by the Company will be dependent on final determination of remedial action required, negotiations with federal and state agencies, changes in regulatory requirements and technology innovation, the effectiveness of remedial technologies employed, the ability of other responsible parties to pay, and any insurance or third party recoveries.

Note 16
Quarterly Information (Unaudited)

2002 (a)	1st	2nd	3rd	4th	Total
Net sales	$1,475,867	$1,437,330	$1,578,332	$1,657,593	$6,149,122
Gross profit	278,242	233,437	269,087	251,786	1,032,552
Net income (loss)	60,581	29,062	52,357	(11,850)	130,150
Diluted earnings (loss) per share	.52	.25	.45	(.10)	1.12

2001 (b) (c)	1st	2nd	3rd	4th	Total
Net sales	$1,485,131	$1,467,619	$1,542,058	$1,484,796	$5,979,604
Gross profit	326,102	315,255	320,815	289,276	1,251,448
Income before extraordinary Item	125,046	78,314	91,452	49,358	344,170
Net income	125,046	78,314	88,074	49,358	340,792
Diluted earnings per share before extraordinary item	1.09	.68	.80	.42	2.99
Diluted earnings per share	1.09	.68	.77	.42	2.96

(a) Results for the first quarter include a $5,041 charge ($3,302 after-tax or $.03 share) related primarily to business realignment costs. Results for the second quarter include a $7,335 charge ($4,804 after-tax or $.04 per share) related to business realignment costs and a $4,973 charge ($4,973 after-tax or $.04 per share) related to an equity investment adjustment. Results for the third quarter include a $3,878 charge ($2,540 after-tax or $.02 per share) related to business realignment costs. Results for the fourth quarter include a $21,098 charge ($13,819 after-tax or $.12 per share) related to business realignment costs and a $39,516 goodwill impairment charge ($37,137 after-tax or $.32 per share).

(b) Results for the first quarter include a gain on the sale of real property of $55,548 ($34,662 after-tax or $.30 per share) and a charge of $8,437 ($5,815 after-tax or $.05 per share) primarily related to certain asset impairments. Results for the fourth quarter include a charge of $28,008 ($17,477 after-tax or $.15 per share) related primarily to business realignment costs and certain corporate accruals.

(c) Results for each quarter include goodwill amortization as follows: $14,709 ($12,641 after-tax, or $.11 per share) in the first quarter, $13,854 ($11,907 after-tax, or $.10 per share) in the second quarter, $15,185 ($13,050 after-tax or $.11 per share) in the third quarter, and $15,834 ($13,608 after-tax, or $.12 per share) in the fourth quarter.

Note 17
Stock Prices and Dividends (Unaudited)

(In dollars)		1st	2nd	3rd	4th	Full Year
2002	High	$46.35	$47.31	$54.88	$51.89	$54.88
	Low	30.40	33.60	43.65	44.27	30.40
	Dividends	.180	.180	.180	.180	.720
2001	High	$39.69	$47.44	$46.75	$50.10	$50.10
	Low	31.00	31.25	37.66	38.50	31.00
	Dividends	.170	.170	.180	.180	.700
2000	High	$48.13	$51.44	$54.00	$48.31	$54.00
	Low	43.13	41.19	33.94	34.25	33.94
	Dividends	.170	.170	.170	.170	.680

Common Stock Listing: New York Stock Exchange, Stock Symbol PH

Report of Independent Accountants

To the Shareholders and Board of Directors
Parker Hannifin Corporation

In our opinion, the consolidated financial statements listed in the index appearing under Item 14(a)(1) and 14(a)(2) on Page 19 present fairly, in all material respects, the financial position of Parker Hannifin Corporation and its subsidiaries at June 30, 2002 and 2001, and the results of their operations and their cash flows for each of the three years in the period ended June 30, 2002, in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 14(a)(1) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1 to the consolidated financial statements, effective July 1, 2001, the Company changed its method of accounting for goodwill and other intangible assets to comply with the provisions of Financial Accounting Standard No. 142, "Goodwill and Other Intangible Assets."

/s/ PricewaterhouseCoopers LLP
- ----------------------------------
Cleveland, Ohio
July 26, 2002

Report of Management

The Company's management is responsible for the integrity and accuracy of the financial information contained in this annual report. Management believes that the financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America appropriate in the circumstances and that the other information in this annual report is consistent with those statements. In preparing the financial statements, management makes informed judgments and estimates where necessary to reflect the expected effects of events and transactions that have not been completed.

Management is also responsible for maintaining an internal control system designed to provide reasonable assurance at reasonable cost that assets are safeguarded against loss or unauthorized use and that financial records are adequate and can be relied upon to produce financial statements in accordance with accounting principles generally accepted in the United States of America. The system is supported by written policies and guidelines, by careful selection and training of financial management personnel and by an internal audit staff which coordinates its activities with the Company's independent accountants. To foster a strong ethical climate, the Parker Hannifin Code of Ethics, which is publicized throughout the Company, addresses, among other things, compliance with all laws and accuracy and integrity of books and records. The Company maintains a systematic program to assess compliance.

PricewaterhouseCoopers LLP, independent accountants, is retained to conduct an audit of Parker Hannifin's consolidated financial statements in accordance with auditing standards generally accepted in the United States of America and to provide an independent assessment that helps ensure fair presentation of the Company's consolidated financial position, results of operations and cash flows.

The Audit Committee of the Board of Directors is composed entirely of independent outside directors. The Committee meets periodically with management, internal auditors and the independent accountants to discuss internal accounting controls and the quality of financial reporting. Financial management, as well as the internal auditors and the independent accountants, have full and free access to the Audit Committee.

/s/ Donald E. Washkewicz	/s/ Michael J. Hiemstra
Donald E. Washkewicz	Michael J. Hiemstra
President and	Executive Vice President-
Chief Executive Officer	Finance and Administration
	and Chief Financial Officer

Five-Year Financial Summary

(Amounts in thousands, except per share information)	2002	2001 (a)	2000	1999	1998 (a)
Net sales	$6,149,122	$5,979,604	$5,385,618	$4,986,696	$4,658,229
Cost of sales	5,116,570	4,728,156	4,186,850	3,897,266	3,576,198
Selling, general and administrative expenses	686,485	679,963	575,906	550,681	532,134
Goodwill impairment loss	39,516				
Interest expense	82,484	90,362	59,183	63,697	52,787
Income taxes	87,886	189,426	193,955	167,193	180,762
Income - continuing operations	130,150	344,170	368,232	310,501	323,226
Net income	130,150	340,792	368,232	310,501	319,551
Basic earnings per share - continuing operations	1.13	3.01	3.34	2.85	2.91
Diluted earnings per share - continuing operations	1.12	2.99	3.31	2.83	2.88
Basic earnings per share	1.13	2.98	3.34	2.85	2.88
Diluted earnings per share	$ 1.12	$ 2.96	$ 3.31	$ 2.83	$ 2.85
Average number of shares outstanding - Basic	115,409	114,305	110,331	108,800	110,869
Average number of shares outstanding - Diluted	116,061	115,064	111,245	109,679	111,959
Cash dividends per share	$ .720	$ .700	$ .680	$ .640	$ .600
Net income as a percent of net sales	2.1%	5.7%	6.8%	6.2%	6.9%
Return on average assets	2.3%	6.8%	8.8%	8.6%	9.8%
Return on average equity	5.1%	14.1%	17.7%	17.6%	19.8%
Book value per share	$ 22.26	$ 21.99	$ 20.31	$ 17.03	$ 15.32
Working capital	$ 875,781	$ 783,233	$ 966,810	$1,020,171	$ 791,305
Ratio of current assets to current liabilities	1.6	1.6	1.8	2.4	1.8
Plant and equipment, net	$1,696,965	$1,548,688	$1,340,915	$1,200,869	$1,135,225
Total assets	5,752,583	5,337,661	4,646,299	3,705,888	3,524,821
Long-term debt	1,088,883	857,078	701,762	724,757	512,943
Shareholders' equity	$2,583,516	$2,528,915	$2,309,458	$1,853,862	$1,683,450
Debt to debt-equity percent	36.8%	35.7%	31.0%	29.8%	31.6%
Depreciation	$ 231,235	$ 200,270	$ 167,356	$ 164,577	$ 153,633
Capital expenditures	$ 206,564	$ 334,748	$ 230,482	$ 230,122	$ 236,945
Number of employees	48,176	46,302	43,895	38,928	39,873
Number of shareholders	53,001	50,731	47,671	39,380	44,250
Number of shares outstanding at year-end	116,051	114,989	113,707	108,846	109,873

(a) Includes an extraordinary item for the early retirement of debt.

Exhibit (21)

Exhibit (21)* to Report
on Form 10-K for Fiscal
Year Ended June 30, 2002
by Parker-Hannifin Corporation

Listed below, are the subsidiaries of the Company and their jurisdictions of organization. Except where otherwise noted, all of such subsidiaries are either directly or indirectly wholly-owned by the Company. Ownership of subsidiaries indirectly owned by the Company is indicated by indentations.

Name	Incorporated	Percentage Owned(1)
265 Warwick LLC	Ohio	100
Acadia International Insurance Limited	Ireland	100
Alkid Corporation	California	100
Dynamic Seals, Inc.	Delaware	100
ITR Hydraulics Corporation	Texas	100
Parker de Puerto Rico, Inc.	Delaware	100
Parker Finance Corp.	Delaware	100
Parker-Hannifin (Africa) Proprietary Limited	South Africa	100
Parker Hannifin Argentina SAIC	Argentina	100
Parker Hannifin Climate & Industrial Controls, Ltd.	Korea	100
Parker Hannifin Connectors Ltd.	Korea	100
Parker Hannifin Corp. Chile Limitada	Chile	100
Parker Hannifin Customer Support Inc.	California	100
Parker Hannifin Denmark A/S	Denmark	100
Parker Hannifin Fluid Power Systems & Components (Shanghai) Co., Ltd.	China	100
Parker Hannifin Hong Kong Limited	Hong Kong	100
Parker-Hannifin India Private Ltd.	India	100
Parker-Hannifin International Corp.	Delaware	100
Parker Hannifin (N.Z.) Limited	New Zealand	100
Parker Hannifin A/S	Norway	100
Parker Hannifin (Australia) Pty. Ltd.	Australia	100
Parker Enzed (Australia) Pty. Ltd.	Australia	100
Parker Enzed Technologies Pty. Ltd.	Australia	100
Parker Hannifin B.V.	Netherlands	100
Parker Filtration B.V.	Netherlands	100
Parker Gas Separation BV	Netherlands	100
Parker Hannifin Finance B.V.	Netherlands	100
Parker-Hannifin N.V. S.A.	Belgium	100
ITR Benelux NV	Belgium	100
Parker Hose BV	Netherlands	100
Parker Pneumatic BV	Netherlands	100
Parker Polyflex BV	Netherlands	100

Name	Incorporated	Percentage Owned(1)
Parker-Hannifin International Corp. (Continued)		
Parker Hannifin Holding GmbH	Germany	100
Parker Hannifin GesmbH	Austria	100
Parker Hannifin GmbH	Germany	100
Parker Hannifin Industrial s.r.o.	Czech Republic	100
Parker Hannifin Sp. z.o.o.	Poland	100
Parker-Hannifin s.r.o.	Czech Republic	100
Sachsenhydraulik GmbH	Germany	100
Commercial Intertech GmbH	Germany	100
Parker Hannifin (Holdings) Ltd.	United Kingdom	100
Alenco (Holdings) Ltd.	United Kingdom	100
Parker Hannifin plc	United Kingdom	100
Commercial Intertech Limited	United Kingdom	100
Parker Hannifin Pension Trustees Ltd.	United Kingdom	100
Commercial Intertech Holdings Limited	United Kingdom	100
Commercial Hydraulics Pensions Limited	United Kingdom	100
Ultra Group Ltd.	United Kingdom	100
Ultra Hydraulics Ltd.	United Kingdom	100
Parker Hannifin (UK) Ltd.	United Kingdom	100
PH Trading Ltd.	United Kingdom	100
Parker Hannifin de Venezuela, S.A.	Venezuela	100
Parker Hannifin Industria e Comercio Ltda.	Brazil	100
Parker Atenas Industria e Exportacao Ltda.	Brazil	100
Parker Italy Holding Co.	Delaware	100
Parker Hannifin Italy Holdings S.r.l.	Italy	100
Astron Buildings S.A.	Luxembourg	100
Astron Buildings GmbH	Germany	100
Astron Buildings Sp. zoo	Poland	100
Astron Buildings S.r.o.	Czech Republic	100
Astron S.A.S.	France	100
Parker Hannifin S.p.A.	Italy	100
Parker Seals S.p.A.	Italy	100
Parker ITR Srl	Italy	100
BPM Srl	Italy	56
PH Espana Holding Co.	Delaware	100
Parker Hannifin (Espana) SA	Spain	100
ITR Iberica de Tubos y Racores SA	Spain	100
Parker Hannifin Portugal, Lda.	Portugal	100
Wynn's Italia SpA	Italy	100
Parker International Capital Management Hungary Ltd.	Hungary	100
Parker Korea Ltd.	Korea	100
Parker Sales (Ireland) Limited	Ireland	100
PH Canada Holding Co.	Delaware	100(2)
Parker Canada Holding Co.	Canada	100

Name	Incorporated	Percentage Owned(1)
Parker-Hannifin International Corp.		
PH Canada Holding Co.		
Parker Canada Holding Co. (Continued)		
Parker Canada Investment Co.	Canada	100
Parker Hannifin AB	Sweden	100
Parker Hannifin Canada	Canada	100(3)
IPS Industrial Profile Systems Inc.	Canada	100
Parker Hannifin Japan Ltd.	Japan	100
Parker Hannifin (Malaysia) Sdn Bhd	Malaysia	100
Parker Hannifin Motion & Control (Shanghai) Co. Ltd.	China	100
Parker Hannifin Oy	Finland	100
Parker Hannifin SA	France	100
Parker-Hannifin Singapore Pte. Ltd.	Singapore	100
Parker Hannifin Taiwan Ltd.	Taiwan	100
Parker Hannifin (Thailand) Co., Ltd.	Thailand	100
Parker Hannifin (1997) Co., Ltd.	Thailand	100(4)
Parker Keeper, Inc.	Delaware	80
Parker Lucifer S.A.	Switzerland	100
Parker Shenyang Rubber Products Co. Ltd.	China	51
Parker Sistemas de Automatizacion S.A. de C.V.	Mexico	100
Parker Baja Servicios S.A. de C.V.	Mexico	100
Parker Brownsville Servicios S.A. de C.V.	Mexico	100
Parker Hannifin de Mexico S.A. de C.V.	Mexico	100
Parker Servicios de Mexico S.A. de C.V.	Mexico	100
Socada SA	France	100
Travel 17325 Inc.	Delaware	100
WEC 99J-9 LLC	Delaware	100
WEC 99J-12 LLC	Delaware	100
WEC 99J-59 LLC	Delaware	100
Wynn Oil Company	California	100
Medallion Warranty Services, Inc.	California	100
Wynn Oil Holdings B.V.	Netherlands	100
Wynn Oil (South Africa) (Pty.) Limited	South Africa	100
Wynn's Australia Pty. Limited	Australia	100
Wynn's Belgium N.V.	Belgium	100
Wynn's Mekuba India Private Limited	India	51
Wynn's Nederland B.V.	Netherlands	100
Wynn's France, S.A.	France	100
Wynn's Automotive France S.A.	France	100
Wynn's Industrie S.N.C.	France	100
Wynn Oil (N.Z.) Limited	New Zealand	100
Wynn Oil (UK) Limited	United Kingdom	100
Wynn Oil Venezuela, S.A.	Venezuela	51
Wynn's Canada, Ltd.	Canada	100

Name	Incorporated	Percentage Owned(1)
Wynn Oil Company (Continued)		
Wynn's Deutschland GmbH	Germany	100
Wynn's Espana, S.A.	Spain	100
Wynn's Friction Proofing Mexico, S. A. de C.V.	Mexico	100

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(1) Excludes directors' qualifying shares
(2) Owned 91.2% by Parker-Hannifin International Corp. and 8.8% by Parker-Hannifin Corporation
(3) Ontario general partnership
(4) Owned 51% by Parker Hannifin (Thailand) Co., Ltd. and 49% by Parker-Hannifin Corporation

All of the foregoing subsidiaries are included in the Company's consolidated financial statements. In addition to the foregoing, the Company owns twelve inactive or name holding companies.

*Numbered in accordance with Item 601 of Regulation S-K.

Exhibit (23)

Exhibit (23) * to Report
On Form 10-K for Fiscal
Year Ended June 30, 2002
By Parker-Hannifin Corporation

Consent of Independent Accountants

*Numbered in accordance with Item 601 of Regulation S-K

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statement on Forms S-3 (Nos. 333-02761, 333-96453 and 333-88206) and S-8 (Nos. 33-53193, 33-43938, 2-66732, 333-95477 and 333-34542) of Parker-Hannifin Corporation of our report dated July 26, 2002 relating to the financial statements and financial statement schedule, respectively, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
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Cleveland, Ohio
August 14, 2002

Exhibit (24)* to Report
on Form 10-K for Fiscal
Year Ended June 30, 2002
by Parker-Hannifin Corporation

Power of Attorney

*Numbered in accordance with Item 601 of Regulation S-K.

Securities and Exchange Commission
Washington, D.C. 20549

Re: Parker-Hannifin Corporation

Commission File No. 1-4982
Annual Report on Form 10-K
Authorized Representatives

Gentlemen:

Parker-Hannifin Corporation (the "Company") is the issuer of Securities registered under Section 12(b) of the Securities Exchange Act of 1934 (the "Act"). Each of the persons signing his name below confirms, as of the date appearing opposite his signature, that each of the following "Authorized Representatives" is authorized on his behalf to sign and to submit to the Securities and Exchange Commission Annual Reports on Form 10-K and amendments thereto as required by the Act:

Authorized Representatives

Donald E. Washkewicz
Michael J. Hiemstra
Thomas A. Piraino, Jr.

Each person so signing also confirms the authority of each of the Authorized Representatives named above to do and perform, on his behalf, any and all acts and things requisite or necessary to assure compliance by the signing person with the Form 10-K filing requirements. The authority confirmed herein shall remain in effect as to each person signing his name below until such time as the Commission shall receive from such person a written communication terminating or modifying the authority.

	Date		Date
/s/ D. E. Washkewicz Donald E. Washkewicz, Principal Executive Officer and Director	8/7/02	/s/ Giulio Mazzalupi Giulio Mazzalupi, Director	8/8/02
/s/ M. J. Hiemstra Michael J. Hiemstra, Principal Financial Officer	8/7/02	/s/ Klaus-Peter Muller Klaus-Peter Muller, Director	8/8/02
/s/ Dana A. Dennis Dana A. Dennis Principal Accounting Officer	8/7/02	/s/ Candy M. Obourn Candy M. Obourn, Director	8/8/02
/s/ Duane E. Collins Duane E. Collins, Chairman of the Board of Directors	8/8/02	/s/ Hector R. Ortino Hector R. Ortino, Director	8/8/02
/s/ John G. Breen John G. Breen, Director	8/8/02	/s/ Allan L. Rayfield Allan L. Rayfield, Director	8/8/02
/s/ Paul C. Ely, Jr. Paul C. Ely, Jr., Director	8/9/02	/s/ Wolfgang R. Schmitt Wolfgang R. Schmitt, Director	8/8/02
/s/ W. E. Kassling William E. Kassling, Director	8/8/02	/s/ Debra L. Starnes Debra L. Starnes, Director	8/8/02
/s/ R. J. Kohlhepp Robert J. Kohlhepp, Director	8/8/02	/s/ D. W. Sullivan Dennis W. Sullivan, Director	8/8/02
/s/ Peter W. Likins Peter W. Likins, Director	8/11/02		