

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q**

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

For the quarterly period ended March 31, 2021
OR

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

For the transition period from _____ to _____

Commission File number 1-4982

PARKER-HANNIFIN CORPORATION

(Exact name of registrant as specified in its charter)

Ohio

(State or other jurisdiction of
Incorporation or Organization)

6035 Parkland Boulevard, Cleveland, Ohio
(Address of Principal Executive Offices)

34-0451060

(I.R.S. Employer
Identification No.)

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	Trading Symbol	Name of Each Exchange on which Registered
Common Shares, \$.50 par value	PH	New York Stock Exchange

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

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yes No

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

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

Number of Common Shares outstanding at March 31, 2021: 129,055,945

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

PARKER-HANNIFIN CORPORATION
CONSOLIDATED STATEMENT OF INCOME
(Dollars in thousands, except per share amounts)
(Unaudited)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2021	2020	2021	2020
Net sales	\$ 3,746,326	\$ 3,702,432	\$ 10,388,771	\$ 10,534,917
Cost of sales	2,714,773	2,766,693	7,618,646	7,929,199
Selling, general and administrative expenses	386,831	413,460	1,113,254	1,303,760
Interest expense	60,830	80,765	189,778	233,612
Other (income), net	(13,460)	(12,643)	(122,066)	(73,713)
Income before income taxes	597,352	454,157	1,589,159	1,142,059
Income taxes	125,619	86,788	348,212	231,051
Net income	471,733	367,369	1,240,947	911,008
Less: Noncontrolling interest in subsidiaries' earnings	86	116	585	383
Net income attributable to common shareholders	\$ 471,647	\$ 367,253	\$ 1,240,362	\$ 910,625
Earnings per share attributable to common shareholders:				
Basic	\$ 3.65	\$ 2.86	\$ 9.62	\$ 7.09
Diluted	\$ 3.59	\$ 2.83	\$ 9.50	\$ 7.01

See accompanying notes to consolidated financial statements.

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

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2021	2020	2021	2020
Net income	\$ 471,733	\$ 367,369	\$ 1,240,947	\$ 911,008
Less: Noncontrolling interests in subsidiaries' earnings	86	116	585	383
Net income attributable to common shareholders	471,647	367,253	1,240,362	910,625
Other comprehensive (loss) income, net of tax				
Foreign currency translation adjustment	(65,970)	(282,815)	282,539	(233,953)
Retirement benefits plan activity	39,723	32,125	120,859	96,567
Other comprehensive (loss) income	(26,247)	(250,690)	403,398	(137,386)
Less: Other comprehensive (loss) income for noncontrolling interests	(463)	(960)	813	(972)
Other comprehensive (loss) income attributable to common shareholders	(25,784)	(249,730)	402,585	(136,414)
Total comprehensive income attributable to common shareholders	<u>\$ 445,863</u>	<u>\$ 117,523</u>	<u>\$ 1,642,947</u>	<u>\$ 774,211</u>

See accompanying notes to consolidated financial statements.

PARKER-HANNIFIN CORPORATION
CONSOLIDATED BALANCE SHEET
(Dollars in thousands)
(Unaudited)

	March 31, 2021	June 30, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 489,600	\$ 685,514
Marketable securities and other investments	40,270	70,805
Trade accounts receivable, net	2,118,437	1,854,398
Non-trade and notes receivable	309,568	244,870
Inventories	1,898,159	1,814,631
Prepaid expenses and other	193,019	214,986
Total current assets	5,049,053	4,885,204
Property, plant and equipment	5,989,920	5,810,681
Less: Accumulated depreciation	3,740,798	3,517,946
Property, plant and equipment, net	2,249,122	2,292,735
Deferred income taxes	125,382	126,839
Investments and other assets	791,221	764,563
Intangible assets, net	3,595,182	3,798,913
Goodwill	8,031,586	7,869,935
Total assets	<u>\$ 19,841,546</u>	<u>\$ 19,738,189</u>
LIABILITIES		
Current liabilities:		
Notes payable and long-term debt payable within one year	\$ 186,388	\$ 809,529
Accounts payable, trade	1,551,460	1,111,759
Accrued payrolls and other compensation	430,008	424,231
Accrued domestic and foreign taxes	204,241	195,314
Other accrued liabilities	664,550	607,540
Total current liabilities	3,036,647	3,148,373
Long-term debt	6,571,908	7,652,256
Pensions and other postretirement benefits	1,777,137	1,887,414
Deferred income taxes	416,223	382,528
Other liabilities	631,702	539,089
Total liabilities	12,433,617	13,609,660
EQUITY		
Shareholders' equity:		
Serial preferred stock, \$.50 par value; authorized 3,000,000 shares; none issued	—	—
Common stock, \$.50 par value; authorized 600,000,000 shares; issued 181,046,128 shares at March 31 and June 30	90,523	90,523
Additional capital	374,497	416,585
Retained earnings	14,429,912	13,530,666
Accumulated other comprehensive (loss)	(2,156,290)	(2,558,875)
Treasury shares, at cost; 51,990,183 shares at March 31 and 52,490,165 shares at June 30	(5,346,440)	(5,364,916)
Total shareholders' equity	7,392,202	6,113,983
Noncontrolling interests	15,727	14,546
Total equity	7,407,929	6,128,529
Total liabilities and equity	<u>\$ 19,841,546</u>	<u>\$ 19,738,189</u>

See accompanying notes to consolidated financial statements.

PARKER-HANNIFIN CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
(Dollars in thousands)
(Unaudited)

	Nine Months Ended March 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 1,240,947	\$ 911,008
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	204,615	187,054
Amortization	244,193	203,895
Share incentive plan compensation	101,907	91,857
Deferred income taxes	(12,127)	9,954
Foreign currency transaction gain	(8,239)	(13,040)
Gain on property, plant and equipment	(108,449)	(5,194)
(Gain) loss on marketable securities	(8,489)	434
Gain on investments	(6,008)	(1,849)
Other	11,149	14,303
Changes in assets and liabilities, net of effects from acquisitions:		
Accounts receivable, net	(238,882)	173,310
Inventories	(51,150)	(8,019)
Prepaid expenses and other	24,757	21,783
Other assets	(22,191)	(13,268)
Accounts payable, trade	417,196	(53,875)
Accrued payrolls and other compensation	(2,645)	(68,091)
Accrued domestic and foreign taxes	4,768	(19,985)
Other accrued liabilities	17,396	(82,896)
Pensions and other postretirement benefits	32,418	36,229
Other liabilities	40,239	(92,751)
Net cash provided by operating activities	1,881,405	1,290,859
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions (net of cash of \$82,192 in 2020)	—	(5,076,064)
Capital expenditures	(136,064)	(182,502)
Proceeds from sale of property, plant and equipment	132,740	25,398
Purchases of marketable securities and other investments	(30,608)	(191,277)
Maturities and sales of marketable securities and other investments	71,225	249,306
Other	14,120	129,938
Net cash provided by (used in) investing activities	51,413	(5,045,201)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from exercise of stock options	4,012	2,459
Payments for common shares	(129,531)	(194,633)
(Payments for) proceeds from notes payable, net	(539,500)	362,346
Proceeds from long-term borrowings	2,016	1,721,211
Payments for long-term borrowings	(1,211,334)	(278,347)
Dividends paid	(341,333)	(340,291)
Net cash (used in) provided by financing activities	(2,215,670)	1,272,745
Effect of exchange rate changes on cash	86,938	(40,553)
Net decrease in cash and cash equivalents	(195,914)	(2,522,150)
Cash and cash equivalents at beginning of year	685,514	3,219,767
Cash and cash equivalents at end of period	\$ 489,600	\$ 697,617

See accompanying notes to consolidated financial statements.

PARKER-HANNIFIN CORPORATION
BUSINESS SEGMENT INFORMATION
(Dollars in thousands)
(Unaudited)

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

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

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

	Three Months Ended		Nine Months Ended	
	March 31,		March 31,	
	2021	2020	2021	2020
Net sales				
Diversified Industrial:				
North America	\$ 1,758,383	\$ 1,775,578	\$ 4,853,371	\$ 5,016,035
International	1,388,999	1,182,273	3,777,875	3,408,207
Aerospace Systems	598,944	744,581	1,757,525	2,110,675
Total net sales	<u>\$ 3,746,326</u>	<u>\$ 3,702,432</u>	<u>\$ 10,388,771</u>	<u>\$ 10,534,917</u>
Segment operating income				
Diversified Industrial:				
North America	\$ 336,589	\$ 279,628	\$ 887,041	\$ 766,159
International	274,427	176,954	681,541	499,343
Aerospace Systems	102,303	127,440	279,798	371,459
Total segment operating income	713,319	584,022	1,848,380	1,636,961
Corporate general and administrative expenses	48,089	48,342	123,544	132,904
Income before interest expense and other expense	665,230	535,680	1,724,836	1,504,057
Interest expense	60,830	80,765	189,778	233,612
Other expense (income)	7,048	758	(54,101)	128,386
Income before income taxes	<u>\$ 597,352</u>	<u>\$ 454,157</u>	<u>\$ 1,589,159</u>	<u>\$ 1,142,059</u>

PARKER-HANNIFIN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, except per share amounts or as otherwise noted)

As used in this Quarterly Report on Form 10-Q, unless the context otherwise requires, the terms "Company", "Parker", "we" or "us" refer to Parker-Hannifin Corporation and its subsidiaries.

1. Management representation

In the opinion of the management of the Company, the accompanying unaudited consolidated financial statements contain all adjustments (consisting of only normal recurring adjustments) necessary to present fairly the Company's financial position as of March 31, 2021, the results of operations for the three and nine months ended March 31, 2021 and 2020 and cash flows for the nine months then ended. These financial statements should be read in conjunction with the consolidated financial statements and related notes included in the Company's 2020 Annual Report on Form 10-K.

The novel coronavirus ("COVID-19") pandemic is having, and will likely continue to have, an adverse effect on our business, and its future impacts remain unpredictable. Therefore, accounting estimates and assumptions may change over time in response to the impacts of COVID-19. Interim period results are not necessarily indicative of the results to be expected for the full fiscal year.

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

2. New accounting pronouncements

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13, "Measurement of Credit Losses on Financial Instruments." ASU 2016-13 requires a financial asset (or a group of financial assets) measured at amortized cost to be presented at the net amount expected to be collected. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial asset(s) to present the net carrying value at the amount expected to be collected on the financial asset. Credit losses relating to available-for-sale debt securities should be recorded through an allowance for credit losses. We adopted ASU 2016-13 on July 1, 2020. The adoption of this guidance, using the modified retrospective method, did not result in a cumulative-effect adjustment to retained earnings and did not have a material impact on the consolidated financial statements or related disclosures.

3. Revenue recognition

Revenue is derived primarily from the sale of products in a variety of mobile, industrial and aerospace markets. A majority of the Company's revenues are recognized at a point in time. However, a portion of the Company's revenues are recognized over time.

Diversified Industrial Segment revenues by technology platform:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2021	2020	2021	2020
Motion Systems	\$ 820,514	\$ 778,840	\$ 2,197,971	\$ 2,297,961
Flow and Process Control	1,081,570	1,015,430	2,955,643	2,969,033
Filtration and Engineered Materials	1,245,298	1,163,581	3,477,632	3,157,248
Total	<u>\$ 3,147,382</u>	<u>\$ 2,957,851</u>	<u>\$ 8,631,246</u>	<u>\$ 8,424,242</u>

Aerospace Systems Segment revenues by product platform:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2021	2020	2021	2020
Flight Control Actuation	\$ 174,067	\$ 175,871	\$ 499,432	\$ 529,553
Fuel, Inerting and Engine Motion Control	129,866	159,837	384,937	471,525
Hydraulics	75,430	114,763	222,193	333,523
Engine Components	145,819	181,173	436,119	454,572
Airframe and Engine Fluid Conveyance	49,190	83,555	141,737	247,356
Other	24,572	29,382	73,107	74,146
Total	\$ 598,944	\$ 744,581	\$ 1,757,525	\$ 2,110,675

Total Company revenues by geographic region based on the Company's selling operation's location:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2021	2020	2021	2020
North America	\$ 2,354,251	\$ 2,507,566	\$ 6,598,238	\$ 7,107,655
Europe	788,498	726,577	2,087,030	2,018,301
Asia Pacific	561,274	430,500	1,586,375	1,292,054
Latin America	42,303	37,789	117,128	116,907
Total	\$ 3,746,326	\$ 3,702,432	\$ 10,388,771	\$ 10,534,917

The majority of revenues from the Aerospace Systems Segment are generated from sales to customers within North America.

Contract balances

Contract assets and contract liabilities are reported on a contract-by-contract basis. Contract assets reflect revenue recognized and performance obligations satisfied in advance of customer billing. Contract liabilities relate to payments received in advance of the satisfaction of performance under the contract. Payments from customers are received based on the terms established in the contract with the customer.

Total contract assets and contract liabilities are as follows:

	March 31, 2021	June 30, 2020
Contract assets, current (included within Prepaid expenses and other)	\$ 35,616	\$ 30,827
Contract assets, noncurrent (included within Investments and other assets)	2,089	1,497
Total contract assets	37,705	32,324
Contract liabilities, current (included within Other accrued liabilities)	(52,834)	(51,278)
Contract liabilities, noncurrent (included within Other liabilities)	(3,910)	(3,232)
Total contract liabilities	(56,744)	(54,510)
Net contract liabilities	\$ (19,039)	\$ (22,186)

At March 31, 2021, the change in net contract liabilities was primarily due to timing differences between when revenue was recognized and the receipt of advance payments. During the nine months ended March 31, 2021, approximately \$29 million of revenue was recognized that was included in the contract liabilities at June 30, 2020.

Remaining performance obligations

Our backlog represents written firm orders from a customer to deliver products and, in the case of blanket purchase orders, only includes the portion of the order for which a schedule or release has been agreed to with the customer. We believe our backlog represents our unsatisfied or partially unsatisfied performance obligations. Backlog at March 31, 2021 was \$6,185 million, of which approximately 87 percent is expected to be recognized as revenue within the next 12 months and the balance thereafter.

4. Earnings per share

The following table presents a reconciliation of the numerator and denominator of basic and diluted earnings per share for the three and nine months ended March 31, 2021 and 2020.

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2021	2020	2021	2020
Numerator:				
Net income attributable to common shareholders	\$ 471,647	\$ 367,253	\$ 1,240,362	\$ 910,625
Denominator:				
Basic - weighted average common shares	129,085,563	128,289,720	128,935,696	128,383,549
Increase in weighted average common shares from dilutive effect of equity-based awards	2,292,370	1,456,827	1,690,904	1,479,266
Diluted - weighted average common shares, assuming exercise of equity-based awards	131,377,933	129,746,547	130,626,600	129,862,815
Basic earnings per share	\$ 3.65	\$ 2.86	\$ 9.62	\$ 7.09
Diluted earnings per share	\$ 3.59	\$ 2.83	\$ 9.50	\$ 7.01

For the three months ended March 31, 2021 and 2020, 133 and 753,028 common shares subject to equity-based awards, respectively, were excluded from the computation of diluted earnings per share because the effect of their exercise would be anti-dilutive. For the nine months ended March 31, 2021 and 2020, 589,364 and 516,067 common shares subject to equity-based awards, respectively, were excluded from the computation of diluted earnings per share because the effect of their exercise would be anti-dilutive.

5. Share repurchase program

The Company has a program to repurchase its common shares. On October 22, 2014, the Board of Directors of the Company approved an increase in the overall number of shares authorized for repurchase under the program so that, beginning on such date, the aggregate number of shares authorized for repurchase was 35 million. There is no limitation on the number of shares that can be repurchased in a fiscal year. There is no expiration date for this program. Repurchases may be funded primarily from operating cash flows and commercial paper borrowings and the shares are initially held as treasury shares. In March 2020, the Company suspended the share repurchase program in response to business uncertainty resulting from the COVID-19 pandemic. During fiscal 2021, the Company reinitiated the share repurchase program and began repurchasing shares under the program in February 2021. During the three and nine months ended March 31, 2021, we repurchased 169,814 shares at an average price, including commissions, of \$294.44 per share.

6. Trade accounts receivable, net

Trade accounts receivable are initially recorded at their net collectible amount and are generally recorded at the time the revenue from the sales transaction is recorded. We evaluate the collectibility of our receivables based on historical experience and current and forecasted economic conditions based on management's judgment. Additionally, receivables are written off to bad debt when management makes a final determination of uncollectibility. Allowance for credit losses was \$12,734 and \$11,644 at March 31, 2021 and June 30, 2020, respectively.

7. Non-trade and notes receivable

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

	March 31, 2021	June 30, 2020
Notes receivable	\$ 141,333	\$ 97,370
Accounts receivable, other	168,235	147,500
Total	\$ 309,568	\$ 244,870

8. Inventories

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

	March 31, 2021	June 30, 2020
Finished products	\$ 715,218	\$ 694,577
Work in process	944,378	881,104
Raw materials	238,563	238,950
Total	<u>\$ 1,898,159</u>	<u>\$ 1,814,631</u>

9. Business realignment and acquisition integration charges

We incurred business realignment and acquisition integration charges in the first nine months of fiscal 2021 and 2020. During fiscal 2021, business realignment charges primarily consisted of actions taken to address the impact of COVID-19 on our business. In both fiscal 2021 and 2020, business realignment charges included severance costs related to actions taken under the Company's simplification initiative aimed at reducing organizational and process complexity as well as plant closures. A majority of the business realignment charges were incurred in North America and Europe. We believe the realignment actions will positively impact future results of operations but will not have a material effect on liquidity and sources and uses of capital.

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

	Three Months Ended		Nine Months Ended	
	March 31,		March 31,	
	2021	2020	2021	2020
Diversified Industrial	\$ 4,139	\$ 12,720	\$ 31,247	\$ 27,112
Aerospace Systems	1,306	613	6,643	658
Corporate general and administrative expenses	156	71	954	193
Other expense	1	50	1,226	50

Workforce reductions in connection with business realignment charges in the Business Segment Information are as follows:

	Three Months Ended		Nine Months Ended	
	March 31,		March 31,	
	2021	2020	2021	2020
Diversified Industrial	65	336	741	1,154
Aerospace Systems	41	34	326	50
Corporate general and administrative expenses	1	3	19	8

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

	Three Months Ended		Nine Months Ended	
	March 31,		March 31,	
	2021	2020	2021	2020
Cost of sales	\$ 3,056	\$ 10,201	\$ 29,389	\$ 21,225
Selling, general and administrative expenses	2,545	3,203	9,455	6,738
Other (income), net	1	50	1,226	50

During the first nine months of fiscal 2021, approximately \$43 million in payments were made relating to business realignment charges. Remaining payments related to business realignment actions of approximately \$19 million, a majority of which are expected to be paid by March 31, 2022, are primarily reflected within the other accrued liabilities caption in the Consolidated Balance Sheet. Additional charges may be recognized in future periods related to the business realignment actions described above, the timing and amount of which are not known at this time.

We also incurred the following acquisition integration charges related to the fiscal 2020 acquisitions of LORD Corporation ("Lord") and Exotic Metals Forming Company ("Exotic"):

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2021	2020	2021	2020
Diversified Industrial	\$ 2,631	\$ 8,364	\$ 9,495	\$ 18,503
Aerospace Systems	24	486	699	1,570

These charges are primarily included in selling, general and administrative expenses within the Consolidated Statement of Income.

10. Equity

Changes in equity for the three months ended March 31, 2021 and 2020 are as follows:

	Common Stock	Additional Capital	Retained Earnings	Accumulated Other Comprehensive (Loss)	Treasury Shares	Noncontrolling Interests	Total Equity
Balance at December 31, 2020	\$ 90,523	\$ 385,049	\$ 14,072,152	\$ (2,130,506)	\$ (5,311,236)	\$ 16,322	\$ 7,122,304
Net income			471,647			86	471,733
Other comprehensive (loss)				(25,784)		(463)	(26,247)
Dividends paid (\$0.88 per share)			(113,887)			(218)	(114,105)
Stock incentive plan activity		(10,552)			14,796		4,244
Shares purchased at cost					(50,000)		(50,000)
Balance at March 31, 2021	\$ 90,523	\$ 374,497	\$ 14,429,912	\$ (2,156,290)	\$ (5,346,440)	\$ 15,727	\$ 7,407,929

	Common Stock	Additional Capital	Retained Earnings	Accumulated Other Comprehensive (Loss)	Treasury Shares	Noncontrolling Interests	Total Equity
Balance at December 31, 2019	\$ 90,523	\$ 455,862	\$ 13,094,252	\$ (1,945,732)	\$ (5,364,730)	\$ 12,326	\$ 6,342,501
Net income			367,253			116	367,369
Other comprehensive (loss)				(249,730)		(960)	(250,690)
Dividends paid (\$0.88 per share)			(113,214)			(52)	(113,266)
Stock incentive plan activity		(3,705)			11,978		8,273
Acquisition activity						7	7
Shares purchased at cost					(46,767)		(46,767)
Balance at March 31, 2020	\$ 90,523	\$ 452,157	\$ 13,348,291	\$ (2,195,462)	\$ (5,399,519)	\$ 11,437	\$ 6,307,427

Changes in equity for the nine months ended March 31, 2021 and 2020 are as follows:

	Common Stock	Additional Capital	Retained Earnings	Accumulated Other Comprehensive (Loss)	Treasury Shares	Noncontrolling Interests	Total Equity
Balance at June 30, 2020	\$ 90,523	\$ 416,585	\$ 13,530,666	\$ (2,558,875)	\$ (5,364,916)	\$ 14,546	\$ 6,128,529
Net income			1,240,362			585	1,240,947
Other comprehensive income				402,585		813	403,398
Dividends paid (\$2.64 per share)			(341,116)			(217)	(341,333)
Stock incentive plan activity		(42,088)			68,476		26,388
Shares purchased at cost					(50,000)		(50,000)
Balance at March 31, 2021	\$ 90,523	\$ 374,497	\$ 14,429,912	\$ (2,156,290)	\$ (5,346,440)	\$ 15,727	\$ 7,407,929

	Common Stock	Additional Capital	Retained Earnings	Accumulated Other Comprehensive (Loss)	Treasury Shares	Noncontrolling Interests	Total Equity
Balance at June 30, 2019	\$ 90,523	\$ 462,086	\$ 12,777,538	\$ (2,059,048)	\$ (5,309,130)	\$ 6,183	\$ 5,968,152
Net income			910,625			383	911,008
Other comprehensive (loss)				(136,414)		(972)	(137,386)
Dividends paid (\$2.64 per share)			(339,872)			(419)	(340,291)
Stock incentive plan activity		(9,929)			56,378		46,449
Acquisition activity						6,262	6,262
Shares purchased at cost					(146,767)		(146,767)
Balance at March 31, 2020	\$ 90,523	\$ 452,157	\$ 13,348,291	\$ (2,195,462)	\$ (5,399,519)	\$ 11,437	\$ 6,307,427

Changes in accumulated other comprehensive (loss) in shareholders' equity by component for the nine months ended March 31, 2021 and 2020 are as follows:

	Foreign Currency Translation Adjustment	Retirement Benefit Plans	Total
Balance at June 30, 2020	\$ (1,193,937)	\$ (1,364,938)	\$ (2,558,875)
Other comprehensive income before reclassifications	281,726	—	281,726
Amounts reclassified from accumulated other comprehensive (loss)	—	120,859	120,859
Balance at March 31, 2021	\$ (912,211)	\$ (1,244,079)	\$ (2,156,290)

	Foreign Currency Translation Adjustment	Retirement Benefit Plans	Total
Balance at June 30, 2019	\$ (1,011,656)	\$ (1,047,392)	\$ (2,059,048)
Other comprehensive (loss) before reclassifications	(232,981)	—	(232,981)
Amounts reclassified from accumulated other comprehensive (loss)	—	96,567	96,567
Balance at March 31, 2020	\$ (1,244,637)	\$ (950,825)	\$ (2,195,462)

Significant reclassifications out of accumulated other comprehensive (loss) in shareholders' equity for the three and nine months ended March 31, 2021 and 2020 are as follows:

Details about Accumulated Other Comprehensive (Loss) Components	Income (Expense) Reclassified from Accumulated Other Comprehensive (Loss)		Consolidated Statement of Income Classification
	Three Months Ended March 31, 2021	Nine Months Ended March 31, 2021	
Retirement benefit plans			
Amortization of prior service cost and initial net obligation	\$ (1,304)	\$ (3,542)	Other (income), net
Recognized actuarial loss	(51,212)	(156,240)	Other (income), net
Total before tax	(52,516)	(159,782)	
Tax benefit	12,793	38,923	
Net of tax	\$ (39,723)	\$ (120,859)	

Details about Accumulated Other Comprehensive (Loss) Components	Income (Expense) Reclassified from Accumulated Other Comprehensive (Loss)		Consolidated Statement of Income Classification
	Three Months Ended	Nine Months Ended	
	March 31, 2020	March 31, 2020	
Retirement benefit plans			
Amortization of prior service cost and initial net obligation	\$ (1,385)	\$ (4,152)	Other (income), net
Recognized actuarial loss	(41,154)	(123,342)	Other (income), net
Total before tax	(42,539)	(127,494)	
Tax benefit	10,414	30,927	
Net of tax	\$ (32,125)	\$ (96,567)	

11. Goodwill and intangible assets

The changes in the carrying amount of goodwill for the nine months ended March 31, 2021 are as follows:

	Diversified Industrial Segment	Aerospace Systems Segment	Total
Balance at June 30, 2020	\$ 7,267,573	\$ 602,362	\$ 7,869,935
Acquisitions	3,738	—	3,738
Foreign currency translation and other	157,900	13	157,913
Balance at March 31, 2021	\$ 7,429,211	\$ 602,375	\$ 8,031,586

The acquisitions line represents adjustments to the Lord goodwill allocation during the measurement period subsequent to its acquisition date. The impact of these adjustments during the first six months of fiscal 2021 was immaterial to our results of operations and financial position. At December 31, 2020, purchase price allocations for both Lord and Exotic were complete.

Goodwill is tested for impairment at the reporting unit level annually and between annual tests whenever events or circumstances indicate that the carrying value of a reporting unit may exceed its fair value. At December 31, 2020, the Company performed its fiscal 2021 annual goodwill impairment test, which indicated no impairment existed. We did not identify any events or circumstances during the first nine months of fiscal 2021 that required performance of an interim goodwill impairment test.

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

	March 31, 2021		June 30, 2020	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Patents and technology	\$ 999,364	\$ 203,391	\$ 991,596	\$ 162,528
Trademarks	760,437	321,399	748,326	285,197
Customer lists and other	3,857,368	1,497,197	3,791,505	1,284,789
Total	\$ 5,617,169	\$ 2,021,987	\$ 5,531,427	\$ 1,732,514

Total intangible amortization expense for the nine months ended March 31, 2021 was \$244,193. The estimated amortization expense for the five years ending June 30, 2021 through 2025 is \$323,846, \$307,704, \$297,652, \$288,337 and \$274,208, respectively.

Intangible assets are evaluated for impairment whenever events or circumstances indicate that the undiscounted net cash flows to be generated by their use over their expected useful lives and eventual disposition may be less than their net carrying value. No material intangible asset impairments occurred during the nine months ended March 31, 2021.

12. Retirement benefits

Net pension benefit expense recognized included the following components:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2021	2020	2021	2020
Service cost	\$ 21,016	\$ 20,967	\$ 63,215	\$ 61,965
Interest cost	25,661	36,389	76,833	106,233
Expected return on plan assets	(67,201)	(68,058)	(200,410)	(198,836)
Amortization of prior service cost	1,294	1,411	3,583	4,229
Amortization of net actuarial loss	51,094	41,200	156,254	123,540
Amortization of initial net obligation	4	4	13	13
Net pension benefit expense	\$ 31,868	\$ 31,913	\$ 99,488	\$ 97,144

During the three months ended March 31, 2021 and 2020, we recognized \$141 and \$169, respectively, in expense related to other postretirement benefits. During the nine months ended March 31, 2021 and 2020, we recognized \$911 and \$1,136, respectively, in expense related to other postretirement benefits. Components of retirement benefits expense, other than service cost, are included in other (income), net in the Consolidated Statement of Income.

13. Debt

During the first nine months of fiscal 2021, we repaid the remaining \$890 million and \$320 million balances related to the \$925 million and \$800 million term loans, respectively.

14. Income taxes

On March 27, 2020, the President of the United States signed into law the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), a significant tax-and-spending package intended to provide economic stimulus to address the impact of the COVID-19 pandemic. The CARES Act did not result in a material impact on our effective tax rate.

On December 27, 2020, the Consolidated Appropriations Act, 2021, was signed into law. In addition to providing funding for the government, this law provides further COVID-19 economic relief, and extends certain expiring tax provisions. This act did not result in a material impact on our effective tax rate.

We file income tax returns in the United States and in various foreign jurisdictions. In the normal course of business, we are subject to examination by taxing authorities throughout the world. We are open to assessment on our U.S. federal income tax returns by the Internal Revenue Service for fiscal years after 2013, and our state and local returns for fiscal years after 2013. We are also open to assessment for significant foreign jurisdictions for fiscal years after 2008. Unrecognized tax benefits reflect the difference between positions taken or expected to be taken on income tax returns and the amounts reflected in the financial statements.

As of March 31, 2021, we had gross unrecognized tax benefits of \$102,739, all of which, if recognized, would impact the effective tax rate. The accrued interest related to the gross unrecognized tax benefits, excluded from the amount above, is \$17,215. It is reasonably possible that within the next 12 months the amount of gross unrecognized tax benefits could be reduced by up to approximately \$40,000 as a result of the revaluation of existing uncertain tax positions arising from developments in the examination process or the closure of tax statutes. Any increase in the amount of gross unrecognized tax benefits within the next 12 months is expected to be insignificant.

15. Financial instruments

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

Marketable securities and other investments include deposits and equity investments. Deposits are recorded at cost, and equity investments are recorded at fair value. Changes in fair value related to equity investments are recorded in net income. Unrealized gains and losses related to equity investments were not material as of March 31, 2021 and 2020.

The carrying value of long-term debt, which excludes the impact of net unamortized debt issuance costs, and estimated fair value of long-term debt are as follows:

	March 31, 2021	June 30, 2020
Carrying value of long-term debt	\$ 6,637,164	\$ 7,809,541
Estimated fair value of long-term debt	7,307,181	8,574,401

The fair value of long-term debt is classified within level 2 of the fair value hierarchy.

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

The Company's €700 million aggregate principal amount of Senior Notes due 2025 have been designated as a hedge of the Company's net investment in certain foreign subsidiaries. The translation of the Senior Notes due 2025 into U.S. dollars is recorded in accumulated other comprehensive (loss) and remains there until the underlying net investment is sold or substantially liquidated.

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

The location and fair value of derivative financial instruments reported in the Consolidated Balance Sheet are as follows:

Balance Sheet Caption	March 31, 2021	June 30, 2020
Net investment hedges		
Cross-currency swap contracts	\$ 73,144	\$ 30,860
Cash flow hedges		
Forward exchange contracts	8,042	5,311
Forward exchange contracts	4,364	3,474
Costless collar contracts	490	2,250
Costless collar contracts	1,916	661

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

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

Derivatives not designated as hedges are adjusted to fair value by recording gains and losses through the cost of sales caption in the Consolidated Statement of Income.

Derivatives designated as hedges are adjusted to fair value by recording gains and losses through accumulated other comprehensive (loss) on the Consolidated Balance Sheet until the hedged item is recognized in earnings. We assess the effectiveness of the €359 million and ¥2,149 million cross-currency swap hedging instruments using the spot method. Under this method, the periodic interest settlements are recognized directly in earnings through interest expense.

Net (losses) of \$(3) million and \$(48) million relating to forward exchange contracts were recorded within cost of sales in the Consolidated Statement of Income for the three months ended March 31, 2021 and 2020, respectively. Net gains (losses) of \$21 million and \$(41) million relating to forward exchange contracts were recorded within cost of sales in the Consolidated Statement of Income for the nine months ended March 31, 2021 and 2020, respectively. All other gains or losses on derivative financial instruments that were recorded in the Consolidated Statement of Income for the three and nine months ended March 31, 2021 and 2020 were not material.

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

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2021	2020	2021	2020
Cross-currency swap contracts	\$ 5,188	\$ 5,821	\$ (33,675)	\$ 12,372
Foreign denominated debt	25,636	9,574	(26,200)	17,898

During the first nine months of fiscal 2021, the periodic interest settlements related to the cross-currency swaps were not material. No portion of these financial instruments were excluded from the effectiveness testing during the nine months ended March 31, 2020.

A summary of financial assets and liabilities that were measured at fair value on a recurring basis at March 31, 2021 and June 30, 2020 are as follows:

	Fair Value at March 31, 2021	Quoted Prices In Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Equity securities	\$ 17,358	\$ 17,358	\$ —	\$ —
Derivatives	8,532	—	8,532	—
Liabilities:				
Derivatives	79,424	—	79,424	—

	Fair Value at June 30, 2020	Quoted Prices In Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Equity securities	\$ 7,901	\$ 7,901	\$ —	\$ —
Derivatives	7,561	—	7,561	—
Liabilities:				
Derivatives	34,995	—	34,995	—

The fair values of the equity securities are determined using the closing market price reported in the active market in which the fund is traded.

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

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

There are no other financial assets or financial liabilities that are marked to market on a recurring basis.

PARKER-HANNIFIN CORPORATION
FORM 10-Q
ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
FOR THE THREE AND NINE MONTHS ENDED MARCH 31, 2021
AND COMPARABLE PERIODS ENDED MARCH 31, 2020

OVERVIEW

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

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

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

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

	March 31, 2021	June 30, 2020	March 31, 2020
United States	64.7	52.6	49.1
Eurozone countries	61.9	47.4	44.5
China	50.6	51.2	50.1
Brazil	52.8	51.6	48.4

At March 31, 2021, global aircraft miles flown decreased by approximately 59 percent and available revenue passenger miles decreased by approximately 70 percent from their comparable prior-year period. The Company anticipates that U.S. Department of Defense spending with regard to appropriations and operations and maintenance for the U.S. Government's fiscal year 2021 will be approximately four percent lower than the comparable fiscal 2020 level.

Housing starts in March 2021 were approximately 37 percent higher than housing starts in March 2020 and approximately 47 percent higher than housing starts in June 2020.

In March 2020, the World Health Organization declared the outbreak of COVID-19 a pandemic. Given the unpredictable nature of COVID-19's impact on the global economy, the statistics included above may not be reflective of recent or future activity.

We continue to monitor the impact of the COVID-19 pandemic, which has negatively impacted demand and continues to create economic uncertainty. Disruption within the aerospace industry, which is facing the consequences of travel restrictions and considerably lower demand, was significant and is expected to continue. The ultimate extent to which our business and results of operations will be impacted by the pandemic will depend on future developments that cannot be accurately predicted at this time. These developments include the availability, acceptance, distribution and effectiveness of vaccines; new information concerning the severity and spread of COVID-19 and its variants; and actions by government authorities to contain the pandemic or mitigate its economic, public health and other impacts.

We continue to prioritize the safety of our team members. To minimize the spread of COVID-19 in our workplaces, we implemented rigorous prevention, screening and hygiene protocols. Additionally, we are strategically managing costs through reductions in discretionary spending. We continue to prioritize capital expenditures related to safety and strategic investments. At the same time, we are appropriately addressing the ongoing needs of our business so that we may continue to serve our customers.

In the long-term, we believe many opportunities for profitable growth are available. The Company intends to focus primarily on business opportunities in the areas of energy, water, food, environment, defense, life sciences, infrastructure and transportation. We believe we can meet our strategic objectives by:

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

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

The discussion below is structured to separately discuss the Consolidated Statement of Income, Business Segment Information, Consolidated Balance Sheet and Consolidated Statement of Cash Flows. As used in this Quarterly Report on Form 10-Q, unless the context otherwise requires, the terms "Company", "Parker", "we" or "us" refer to Parker-Hannifin Corporation and its subsidiaries.

CONSOLIDATED STATEMENT OF INCOME

(dollars in millions)	Three Months Ended March 31,		Nine Months Ended March 31,	
	2021	2020	2021	2020
Net sales	\$ 3,746	\$ 3,702	\$ 10,389	\$ 10,535
Gross profit margin	27.5 %	25.3 %	26.7 %	24.7 %
Selling, general and administrative expenses	\$ 387	\$ 413	\$ 1,113	\$ 1,304
Selling, general and administrative expenses, as a percent of sales	10.3 %	11.2 %	10.7 %	12.4 %
Interest expense	\$ 61	\$ 81	\$ 190	\$ 234
Other (income), net	\$ (13)	\$ (13)	\$ (122)	\$ (74)
Effective tax rate	21.0 %	19.1 %	21.9 %	20.2 %
Net income	\$ 472	\$ 367	\$ 1,241	\$ 911
Net income, as a percent of sales	12.6 %	9.9 %	11.9 %	8.6 %

Net sales for the current-year quarter remained relatively flat when compared to the prior-year quarter and decreased slightly during the first nine months of fiscal 2021. Lower volume in the Aerospace Systems Segment and Diversified Industrial North American businesses, partially offset by higher volume in the Diversified Industrial International businesses, was the primary driver for the change in net sales in both periods. The effect of currency rate changes increased net sales by approximately \$81 million and \$146 million in the current-year quarter and first nine months of fiscal 2021, respectively. These increases were primarily due to a \$76 million and \$147 million increase in the Diversified Industrial International businesses during the

current-year quarter and first nine months of fiscal 2021, respectively. Acquisitions contributed approximately \$394 million in net sales during the first nine months of fiscal 2021.

Gross profit margin (calculated as net sales minus cost of sales, divided by net sales) increased in the current-year quarter and first nine months of fiscal 2021 primarily due to higher margins in all businesses. Gross profit margin in the current-year and prior-year quarter included a net foreign currency transaction gain of \$8 million and \$20 million, respectively, and \$8 million and \$13 million for the first nine months of fiscal 2021 and 2020, respectively. Gross profit margin also benefited from the absence of acquisition-related expenses, which were included in cost of sales in the prior-year quarter and first nine months of fiscal 2020, of \$18 million and \$69 million, respectively. Cost of sales for the current-year and prior-year quarter also included business realignment and acquisition integration charges of \$3 million and \$11 million, respectively, and \$31 million and \$22 million for the first nine months of fiscal 2021 and 2020, respectively.

Selling, general and administrative expenses ("SG&A") decreased during the current-year quarter and first nine months of fiscal 2021 primarily due to benefits from lower discretionary spending and wage and salary expense resulting from actions taken in response to business conditions resulting from the COVID-19 pandemic. During the first nine months of fiscal 2021, SG&A benefited from the absence of acquisition-related expenses of \$115 million, which were incurred in the first nine months of fiscal 2020. These benefits were partially offset by higher intangible amortization expense related to prior-year acquisitions and higher stock compensation expense. SG&A included business realignment and acquisition integration charges of \$5 million and \$12 million for the current-year and prior-year quarter, respectively, and \$19 million and \$26 million for the first nine months of fiscal 2021 and 2020, respectively.

Interest expense for the current-year quarter decreased from the prior-year quarter primarily due to lower average debt outstanding. Interest expense decreased in the first nine months of fiscal 2021 due to both lower interest rates and lower average debt outstanding.

Other (income), net included the following:

(dollars in millions)	Three Months Ended		Nine Months Ended	
	March 31,		March 31,	
Expense (income)	2021	2020	2021	2020
Income related to equity method investments	\$ (11)	\$ (23)	\$ (30)	\$ (67)
Non-service components of retirement benefit cost	11	11	37	36
Gain on disposal of assets	(6)	(1)	(108)	(5)
Interest income	(2)	(3)	(5)	(29)
Other items, net	(5)	3	(16)	(9)
	<u>\$ (13)</u>	<u>\$ (13)</u>	<u>\$ (122)</u>	<u>\$ (74)</u>

Gain on disposal of assets for the first nine months of fiscal 2021 includes a gain on the sale of land of approximately \$101 million.

Effective tax rate for the current-year quarter and first nine months of fiscal 2021 was higher than the comparable prior-year periods primarily due to an overall decrease in discrete tax benefits. The fiscal 2021 effective tax rate is expected to be approximately 22.5 percent.

BUSINESS SEGMENT INFORMATION

Diversified Industrial Segment

(dollars in millions)	Three Months Ended March 31,		Nine Months Ended March 31,	
	2021	2020	2021	2020
Net sales				
North America	\$ 1,758	\$ 1,776	\$ 4,853	\$ 5,016
International	1,389	1,182	3,778	3,408
Operating income				
North America	337	280	887	766
International	\$ 274	\$ 177	\$ 682	\$ 499
Operating margin				
North America	19.1 %	15.7 %	18.3 %	15.3 %
International	19.8 %	15.0 %	18.0 %	14.7 %
Backlog	\$ 2,850	\$ 2,384	\$ 2,850	\$ 2,384

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

	Period Ending March 31, 2021	
	Three Months	Nine Months
Diversified Industrial North America – as reported	(1.0)%	(3.2)%
Acquisitions	— %	3.7 %
Currency	0.2 %	— %
Diversified Industrial North America – without acquisitions and currency	(1.2)%	(6.9)%
Diversified Industrial International – as reported	17.5 %	10.8 %
Acquisitions	— %	4.0 %
Currency	6.4 %	4.2 %
Diversified Industrial International – without acquisitions and currency	11.1 %	2.6 %
Total Diversified Industrial Segment – as reported	6.4 %	2.5 %
Acquisitions	— %	3.8 %
Currency	2.7 %	1.8 %
Total Diversified Industrial Segment – without acquisitions and currency	3.7 %	(3.1)%

The above presentation reconciles the percentage changes in net sales of the Diversified Industrial Segment reported in accordance with U.S. GAAP to percentage changes in net sales adjusted to remove the effects of acquisitions made within the last 12 months as well as currency exchange rates (a non-GAAP measure). The effects of acquisitions and currency exchange rates are removed to allow investors and the Company to meaningfully evaluate the percentage changes in net sales on a comparable basis from period to period.

Sales in the Diversified Industrial North American businesses decreased 1.0 percent and 3.2 percent during the current-year quarter and first nine months of fiscal 2021, respectively. The effect of acquisitions increased sales by approximately \$188 million in the first nine months of fiscal 2021. The effect of currency exchange rates did not have a significant impact on sales. Excluding the effects of acquisitions and changes in the currency exchange rates, Diversified Industrial North American sales decreased in the current-year quarter primarily due to lower demand from distributors and end users in various markets, including the oil and gas, power generation, industrial machinery, and material handling markets, partially offset by an increase in end-user demand in the life sciences, refrigeration, farm and agriculture, and cars and light truck markets. In the first nine months of fiscal 2021 sales decreased primarily due to lower demand from distributors and end users in various markets, including the oil and gas, construction equipment, heavy-duty truck, industrial machinery, and material handling markets, partially offset by an increase in the life sciences, refrigeration, farm and agriculture, and semiconductor markets.

Sales in the current-year quarter and first nine months of fiscal 2021 for the Diversified Industrial International operations increased 17.5 percent and 10.8 percent from the prior-year quarter and first nine months of fiscal 2020, respectively. The effect of acquisitions increased sales by approximately \$136 million in the first nine months of fiscal 2021. The effect of currency exchange rates increased sales by approximately \$76 million and \$147 million in the current-year quarter and first nine months of fiscal 2021, respectively. Excluding the effects of acquisitions and changes in currency exchange rates, Diversified Industrial International sales for the current-year quarter increased 11.1 percent and 2.6 percent from the prior-year quarter and first nine months of fiscal 2020, respectively. During the current-year quarter, the Asia Pacific region and Europe accounted for approximately 75 percent and 15 percent, respectively, of the increase in sales, while Latin America contributed to the remainder of the change. During the first nine months of fiscal 2021, the increase in sales is attributable to higher sales in both the Asia Pacific and Latin America regions, partially offset by a decrease in sales in Europe.

Within Europe, the increase in sales in the current-year quarter was primarily due to higher demand from distributors and end-user demand in various markets, including the construction equipment, power generation and machine tool markets, partially offset by a decrease in end-user demand in the industrial machinery and oil and gas markets. During the first nine months of fiscal 2021, the decrease in sales was primarily due to lower demand from distributors and end-user demand in various markets, including the industrial machinery, construction equipment, machine tool, and oil and gas markets, partially offset by an increase in end-user demand in the power generation market.

Within the Asia Pacific region, the increase in sales in the current-year quarter and first nine months of fiscal 2021 was primarily due to an increase in demand from distributors and end-user demand in various markets, including the construction equipment, semiconductor, cars and light truck, engine, and industrial machinery markets, partially offset by a decrease in end-user demand in the oil and gas and mining markets.

Within Latin America, the increase in sales in the current-year quarter and the first nine months of fiscal 2021 was primarily due to higher demand from distributors and end-user demand in various markets, including the farm and agriculture, construction equipment, and life science markets, partially offset by a decrease in end-user demand in the oil and gas market.

Diversified Industrial Segment operating margins increased in the current-year quarter and first nine months of fiscal 2021 within both the North American and International businesses primarily due to benefits from overall cost reductions, including lower discretionary spending, wage and salary reductions, restructuring actions in response to business conditions resulting from the COVID-19 pandemic, the absence of acquisition-related expenses, and productivity improvements. In the first nine months of fiscal 2021, these benefits were partially offset by higher intangible asset amortization expense and higher business realignment charges.

The following business realignment and acquisition integration charges are included in Diversified Industrial North American and Diversified Industrial International operating income:

(dollars in millions)	Three Months Ended		Nine Months Ended	
	March 31,		March 31,	
	2021	2020	2021	2020
Diversified Industrial North America	\$ 2	\$ 10	\$ 11	\$ 23
Diversified Industrial International	5	12	30	23

During the first nine months of fiscal 2021, business realignment charges primarily included actions taken to address the impact of COVID-19 on our business. The business realignment charges also consisted of severance costs related to actions taken under the Company's simplification initiative implemented by operating units throughout the world as well as plant closures. Acquisition integration charges relate to the fiscal 2020 acquisition of LORD Corporation ("Lord"). Business realignment and acquisition integration charges within the Diversified Industrial International businesses were primarily incurred in Europe. We anticipate that cost savings realized from the workforce reduction measures taken in the first nine months of fiscal 2021 will not materially impact operating income in fiscal 2021 and will increase operating income by approximately one percent in fiscal 2022 for both the Diversified Industrial North American and International businesses. We expect to continue to take actions necessary to integrate acquisitions and structure appropriately the operations of the Diversified Industrial Segment. We currently anticipate incurring approximately \$12 million of additional business realignment and acquisition integration charges in the remainder of fiscal 2021. However, continually changing business conditions could impact the ultimate costs we incur.

Diversified Industrial Segment backlog as of March 31, 2021 increased from the prior-year quarter due to orders exceeding shipments in both the International and North American businesses. Backlog in North America and Europe accounted for approximately 45 percent and 30 percent of the change, respectively, while the remaining 25 percent related to the Asia Pacific region.

As of March 31, 2021, Diversified Industrial Segment backlog increased compared to the June 30, 2020 amount of \$2,117 million due to orders exceeding shipments in both the International and North American businesses. The International and North American backlog each accounted for approximately 50 percent of the change. Within the International businesses, Europe and the Asia Pacific region accounted for approximately 55 percent and 40 percent of the increase, respectively.

Backlog consists of written firm orders from a customer to deliver products and, in the case of blanket purchase orders, only includes the portion of the order for which a schedule or release date has been agreed to with the customer. The dollar value of backlog is equal to the amount that is expected to be billed to the customer and reported as a sale.

Aerospace Systems Segment

(dollars in millions)	Three Months Ended March 31,		Nine Months Ended March 31,	
	2021	2020	2021	2020
Net sales	\$ 599	\$ 745	\$ 1,758	\$ 2,111
Operating income	\$ 102	\$ 127	\$ 280	\$ 371
Operating margin	17.1 %	17.1 %	15.9 %	17.6 %
Backlog	\$ 3,335	\$ 3,159	\$ 3,335	\$ 3,159

The decrease in net sales in the Aerospace Systems Segment for the current-year quarter and first nine months of fiscal 2021 was primarily due to lower volume in the commercial aftermarket and original equipment manufacturer ("OEM") businesses due to the market conditions as a result of COVID-19. This decrease was partially offset by higher military OEM and aftermarket volume as well as a \$71 million increase in sales from prior-year acquisitions in the first nine months of fiscal 2021.

Operating margin decreased during the current-year quarter and first nine months of fiscal 2021 primarily due to lower sales volume in the commercial OEM and aftermarket businesses, lower aftermarket profitability and higher business realignment charges primarily due to current economic conditions resulting from COVID-19, partially offset by lower engineering development expenses and benefits from prior-year restructuring actions.

The disruption in the aerospace industry due to the COVID-19 pandemic has been significant and we have taken actions necessary to structure appropriately the operations of the Aerospace Systems Segment. We do not currently intend to incur significant additional business realignment and acquisition integration charges in the remainder of fiscal 2021. However, continually changing business conditions could impact the ultimate costs we incur. We anticipate that cost savings realized from the workforce reduction measures taken in the first nine months of fiscal 2021 will increase operating income by approximately two percent and three percent in fiscal 2021 and 2022, respectively.

The increase in backlog from the prior-year quarter and from the June 30, 2020 amount of \$3,021 million is primarily due to orders exceeding shipments in the military OEM business, partially offset by shipments exceeding orders in the military aftermarket, commercial OEM and aftermarket businesses. Backlog consists of written firm orders from a customer to deliver products and, in the case of blanket purchase orders, only includes the portion of the order for which a schedule or release date has been agreed to with the customer. The dollar value of backlog is equal to the amount that is expected to be billed to the customer and reported as a sale.

Corporate general and administrative expenses

(dollars in millions)	Three Months Ended March 31,		Nine Months Ended March 31,	
	2021	2020	2021	2020
Expense (income)				
Corporate general and administrative expense	\$ 48	\$ 48	\$ 124	\$ 133
Corporate general and administrative expense, as a percent of sales	1.3 %	1.3 %	1.2 %	1.3 %

Corporate general and administrative expenses remained flat in the current-year quarter and decreased during first nine months of fiscal 2021 primarily due to benefits from lower discretionary spending and wage and salary expense as a result of actions taken in response to business conditions resulting from the COVID-19 pandemic. During the first nine months of fiscal 2021, these benefits were partially offset by an increase in deferred compensation expense and charitable contributions.

Other expense (income) (in the Business Segment Information) included the following:

(dollars in millions) Expense (income)	Three Months Ended March 31,		Nine Months Ended March 31,	
	2021	2020	2021	2020
Foreign currency transaction	\$ (8)	\$ (20)	\$ (8)	\$ (13)
Stock-based compensation	8	7	54	45
Pensions	6	6	16	23
Acquisition expenses	1	—	1	115
Gain on disposal of assets	(6)	(1)	(108)	(5)
Interest income	(2)	(3)	(5)	(29)
Other items, net	8	12	(4)	(8)
	<u>\$ 7</u>	<u>\$ 1</u>	<u>\$ (54)</u>	<u>\$ 128</u>

Foreign currency transaction primarily relates to the impact of exchange rates on cash, marketable securities and other investments, forward contracts and intercompany transactions.

Gain on disposal of assets for the first nine months of fiscal 2021 includes a gain on the sale of land of approximately \$101 million.

CONSOLIDATED BALANCE SHEET

(dollars in millions)	March 31, 2021	June 30, 2020
Cash	\$ 530	\$ 756
Trade accounts receivable, net	2,118	1,854
Inventories	1,898	1,815
Long-term debt	6,572	7,652
Shareholders' equity	7,392	6,114
Working capital	\$ 2,012	\$ 1,737
Current ratio	1.7	1.6

Cash (comprised of cash and cash equivalents and marketable securities and other investments) includes \$505 million and \$726 million held by the Company's foreign subsidiaries at March 31, 2021 and June 30, 2020, respectively. The Company does not permanently reinvest certain foreign earnings. The distribution of these earnings could result in non-federal U.S. or foreign taxes. All other undistributed foreign earnings remain permanently reinvested.

Trade accounts receivable, net are receivables due from customers for sales of product. Days sales outstanding relating to trade accounts receivable was 52 days at March 31, 2021, and 54 days at June 30, 2020. We believe that our receivables are collectible and appropriate allowances for credit losses have been recorded.

Inventories as of March 31, 2021 increased by \$84 million (which includes an increase of \$32 million from the effect of foreign currency translation). After consideration of the effects of foreign currency translation, inventories increased primarily due to an increase in the Diversified Industrial Segment, partially offset by a decrease in the Aerospace Systems Segment. Days supply of inventory on hand was 77 days at March 31, 2021, 89 days at June 30, 2020 and 83 days at March 31, 2020.

Long-term debt decreased by \$1,080 million from prior year-end primarily due to the repayment of term loans. Refer to Note 13 to the Consolidated Financial Statements for further discussion.

Shareholders' equity activity during the first nine months of fiscal 2021 included an increase of approximately \$282 million as a result of foreign currency translation.

CONSOLIDATED STATEMENT OF CASH FLOWS

(dollars in millions)	Nine Months Ended March 31,	
	2021	2020
Cash provided by (used in):		
Operating activities	\$ 1,881	\$ 1,291
Investing activities	51	(5,045)
Financing activities	(2,216)	1,273
Effect of exchange rates	88	(41)
Net decrease in cash and cash equivalents	\$ (196)	\$ (2,522)

Cash flows from operating activities for the first nine months of fiscal 2021 was higher than the first nine months of fiscal 2020 due to an increase in cash provided by working capital items. We remain focused on managing our inventory and other working capital requirements.

Cash flows from investing activities for the first nine months of fiscal 2020 includes acquisition-related activity of \$5,076 million. Additionally, the first nine months of fiscal 2021 includes net proceeds from the sale of land of approximately \$111 million.

Cash flows from financing activities for the first nine months of fiscal 2021 includes net commercial paper repayments of \$540 million compared to net borrowings of \$362 million in the first nine months of fiscal 2020. Cash flows from financing activities in the first nine months of fiscal 2021 also includes term loan repayments of \$1,210 million while the first nine months of fiscal 2020 includes proceeds from the issuance of the \$925 million and \$800 million term loans. Refer to Note 13 to the Consolidated Financial Statements for further discussion.

Our goal is to maintain a strong investment-grade credit profile. The rating agencies periodically update our credit ratings as events occur. At March 31, 2021, the long-term credit ratings assigned to the Company's senior debt securities by the credit rating agencies engaged by the Company were as follows:

Fitch Ratings	BBB+
Moody's Investors Services, Inc.	Baa1
Standard & Poor's	BBB+

We continue to actively monitor our liquidity position and working capital needs and prioritize capital expenditures related to safety and strategic investments. The Company remains in a stable overall capital resources and liquidity position that is adequate to meet its projected needs. In March 2020, the Company suspended the share repurchase program in response to business uncertainty resulting from the COVID-19 pandemic. During fiscal 2021, the Company reinitiated the share repurchase program and repurchased shares totaling \$50 million during the three months ended March 31, 2021.

At March 31, 2021, the Company had a line of credit totaling \$2,500 million through a multi-currency revolving credit agreement with a group of banks, of which \$2,316 million was available. The credit agreement expires in September 2024; however, we have the right to request a one-year extension of the expiration date on an annual basis, which request may result in changes to the current terms and conditions of the credit agreement. Advances from the credit agreement can be used for general corporate purposes, including acquisitions, and for the refinancing of existing indebtedness. The credit agreement requires the payment of an annual facility fee, the amount of which is dependent upon the Company's credit ratings. Although a lowering of the Company's credit ratings would increase the cost of future debt, it would not limit the Company's ability to use the credit agreement nor would it accelerate the repayment of any outstanding borrowings.

As of March 31, 2021, the Company was authorized to sell up to \$2,500 million of short-term commercial paper notes. As of March 31, 2021, \$184 million of commercial paper notes were outstanding, and the largest amount of commercial paper notes outstanding during the current-year quarter was \$610 million.

The Company's credit agreements and indentures governing certain debt securities contain various covenants, the violation of which would limit or preclude the use of the credit agreements for future borrowings, or might accelerate the maturity of the related outstanding borrowings covered by the indentures. Based on the Company's rating level at March 31, 2021, the most restrictive financial covenant provides that the ratio of debt to debt-shareholders' equity cannot exceed 0.65 to 1.0. At March 31, 2021, the Company's debt to debt-shareholders' equity ratio was 0.48 to 1.0. We are in compliance and expect to remain in compliance with all covenants set forth in the credit agreement and indentures.

Forward-Looking Statements

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

Among other factors which may affect future performance are:

- global economic and political factors, including the impact of the global COVID-19 pandemic and governmental and other actions taken in response, manufacturing activity, air travel trends, currency exchange rates and monetary policy, trade policy and tariffs, as well as difficulties entering new markets and general economic conditions such as inflation, deflation, interest rates and credit availability;
- our ability to identify acceptable strategic acquisition targets; uncertainties surrounding timing, successful completion or integration of acquisitions and similar transactions, including the integrations of Lord and EMFCO Holdings Incorporated, parent company of Exotic; and our ability to successfully divest businesses planned for divestiture and realize the anticipated benefits of such divestitures;
- our ability to effectively manage expanded operations from the acquisitions of Lord and Exotic;
- the determination to undertake business realignment activities and the expected costs thereof and, if undertaken, the ability to complete such activities and realize the anticipated cost savings from such activities;
- increased cybersecurity threats and sophisticated computer crime;
- business relationships with and purchases by or from major customers, suppliers or distributors, including delays or cancellations in shipments;
- the development of new products and technologies requiring substantial investment;
- availability, limitations or cost increases of raw materials, component products and/or commodities that cannot be recovered in product pricing;
- disputes regarding contract terms or significant changes in financial condition, changes in contract cost and revenue estimates for new development programs, and changes in product mix;
- uncertainties surrounding the ultimate resolution of outstanding legal and regulatory proceedings, including the outcome of any appeals;
- additional liabilities relating to changes in tax rates or exposure to additional income tax liabilities;
- potential product liability risks;
- our ability to enter into, own, renew and maintain intellectual property and know-how;
- our leverage and future debt service obligations;
- potential impairment of goodwill;
- compliance costs associated with environmental laws and climate change regulations;
- our ability to manage costs related to insurance and employee retirement and health care benefits;
- compliance with federal rules, regulations, audits and investigations associated with being a provider of products to the United States government; and
- our ability to implement successfully the Company's capital allocation initiatives, including timing, price and execution of share repurchases.

The Company makes these statements as of the date of the filing of its Quarterly Report on Form 10-Q for the quarter ended March 31, 2021, and undertakes no obligation to update them unless otherwise required by law.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

Derivative financial instruments are recognized on the Consolidated Balance Sheet as either assets or liabilities and are measured at fair value. Further information on the fair value of these contracts is provided in Note 15 to the Consolidated Financial Statements. Derivatives that are not designated as hedges are adjusted to fair value by recording gains and losses through the Consolidated Statement of Income. Derivatives that are designated as hedges are adjusted to fair value by recording gains and losses through accumulated other comprehensive income (loss) in the Consolidated Balance Sheet until the hedged item is recognized in earnings. For cross-currency swaps measured using the spot method, the periodic interest settlements are recognized directly in earnings through interest expense. The translation of the foreign denominated debt that has been designated as a net investment hedge is recorded in accumulated other comprehensive income (loss) and remains there until the underlying net investment is sold or substantially liquidated.

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

As discussed elsewhere in this report, the COVID-19 pandemic is having, and likely will continue to have, an adverse effect on our business, and its future impacts remain unpredictable. As we cannot anticipate the ultimate duration or scope of the COVID-19 pandemic, the ultimate financial impact to our results cannot be reasonably estimated, but could be material.

ITEM 4. CONTROLS AND PROCEDURES

The Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's principal executive officer and principal financial officer, of the effectiveness of the Company's disclosure controls and procedures as of March 31, 2021. Based on this evaluation, the Company's principal executive officer and principal financial officer concluded that, as of March 31, 2021, the Company's disclosure controls and procedures were effective.

There were no changes in the Company's internal controls over financial reporting during the quarter ended March 31, 2021 that materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting. In response to the COVID-19 pandemic, many of our team members have been working remotely. While there were no material changes in our internal control over financial reporting during the quarter ended March 31, 2021, we are continually monitoring and assessing the changing business environment resulting from COVID-19 on our internal controls to minimize the impact on their design and operating effectiveness.

PARKER-HANNIFIN CORPORATION

PART II - OTHER INFORMATION

ITEM 1. Legal Proceedings.

From time to time we are involved in matters that involve governmental authorities as a party under federal, state and local laws that have been enacted or adopted regulating the discharge of materials into the environment or primarily for the purpose of protecting the environment. We will report such matters that exceed, or that we reasonably believe may exceed, \$1.0 million or more in monetary sanctions.

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

- (a) **Unregistered Sales of Equity Securities.** Not applicable.
 (b) **Use of Proceeds.** Not applicable.
 (c) **Issuer Purchases of Equity Securities.**

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid Per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	(d) Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs (1)
January 1, 2021 through January 31, 2021	—	\$ —	—	10,028,239
February 1, 2021 through February 28, 2021	65,000	\$ 276.75	65,000	9,963,239
March 1, 2021 through March 31, 2021	104,814	\$ 305.38	104,814	9,858,425
Total:	<u>169,814</u>		<u>169,814</u>	

- (1) On October 22, 2014, the Company publicly announced that the Board of Directors increased the overall maximum number of shares authorized for repurchase under the Company's share repurchase program, first announced on August 16, 1990, so that, beginning on October 22, 2014, the maximum aggregate number of shares authorized for repurchase was 35 million shares. There is no limitation on the amount of shares that can be repurchased in a fiscal year. There is no expiration date for this program. In March 2020, the Company suspended the share repurchase program in response to business uncertainty resulting from the COVID-19 pandemic. During fiscal 2021, the Company reinitiated the share repurchase program and began repurchasing shares under the program in February 2021.

ITEM 6. Exhibits.

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

Exhibit No.	Description of Exhibit
3(a)	<u>Regulations, Amended and Restated as of April 22, 2021 of Parker-Hannifin Corporation.</u> *
10(a)	<u>Form of Award under the Parker-Hannifin Corporation Long-Term Incentive Plan Under the Performance Bonus Plan (as Amended and Restated), effective as of January 27, 2021.</u> *
31(a)	<u>Certification of the Principal Executive Officer Pursuant to 17 CFR 240.13a-14(a), as Adopted Pursuant to §302 of the Certification of the Principal Executive Officer Pursuant to 17 CFR 240.13a-14(a), as Adopted Pursuant to §302 of the Sarbanes-Oxley Act of 2002. Act of 2002.</u> *
31(b)	<u>Certification of the Principal Financial Officer Pursuant to 17 CFR 240.13a-14(a), as Adopted Pursuant to §302 of the Sarbanes-Oxley Act of 2002. of the Principal Financial Officer Pursuant to 17 CFR 240.13a-14(a), as Adopted Pursuant to §302 of the Sarbanes-Oxley Act of 2002.</u> *
32	<u>Certification Pursuant Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to §906 of the Sarbanes-Oxley Act of 2002. 18 U.S.C. Section 1350, as Adopted Pursuant to §906 of the Sarbanes-Oxley Act of 2002.</u> *
101.INS	Inline XBRL Instance Document.*
101.SCH	Inline XBRL Taxonomy Extension Schema Document.*
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.*
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document. *
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.*
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.*
104	Cover page Interactive Data File (formatted as Inline XBRL with applicable taxonomy extension information contained in Exhibits 101).

* Submitted electronically herewith.

Attached as Exhibit 101 to this report are the following formatted in Inline XBRL (Extensible Business Reporting Language): (i) Consolidated Statement of Income for the three and nine months ended March 31, 2021 and 2020, (ii) Consolidated Statement of Comprehensive Income for the three and nine months ended March 31, 2021 and 2020, (iii) Consolidated Balance Sheet at March 31, 2021 and June 30, 2020, (iv) Consolidated Statement of Cash Flows for the nine months ended March 31, 2021 and 2020, and (v) Notes to Consolidated Financial Statements for the nine months ended March 31, 2021.

SIGNATURE

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

PARKER-HANNIFIN CORPORATION
(Registrant)

/s/ Todd M. Leombruno

Todd M. Leombruno
Executive Vice President and Chief Financial Officer

Date: May 6, 2021

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

Regulations
Amended and Restated April 22,
2021



Regulations
Parker-Hannifin Corporation

Article I.
MEETINGS OF SHAREHOLDERS

Section 1. Annual Meeting.

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

Section 2. Special Meetings.

Special meetings of shareholders may be held on any business day, when called by the Chairman of the Board, the Chief Executive Officer, the President, or, in case of the President's absence, death or disability, the Vice President authorized to exercise the authority of the President, the Board of Directors acting at a meeting, a majority of the Directors acting without a meeting, or the persons who hold at least twenty-five percent of all the shares outstanding and entitled to vote thereat. Upon request in writing delivered either in person or by registered mail to the President or the Secretary by any persons entitled to call a meeting of shareholders, such officer shall forthwith cause to be given to the shareholders entitled thereto notice of a meeting to be held on a date not less than ten nor more than sixty days after receipt of the request, as such

officer may fix. If such notice is not given within thirty days after the delivery or mailing, the persons calling the meeting may fix the time of the meeting and give notice thereof in the manner provided by law or as provided in these Regulations, or cause such notice to be given by any designated representative. Each special meeting shall be called to convene between 10:00 A.M. and 2:30 P.M. and shall be held at the principal office of the Corporation, unless the meeting is called by the Directors, acting with or without a meeting, in which case such meeting may be held at any place either within or without the State of Ohio, designated by the Board of Directors and specified in the notice of such meeting.

Section 3. Notice of Meeting.

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

Section 4. Quorum; Adjournment.

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

Section 5. Notice of Shareholder Proposals.

(a) Business to Be Conducted at Meetings. At an annual meeting of shareholders, only such business may be conducted as has been properly brought before the meeting. To be properly brought before an annual meeting of shareholders, business (other than the nomination of a person for election as a Director, which is governed by Article I, Section 6, and, to the extent

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

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

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

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

(B) the class, series and number of shares of the Corporation directly or indirectly beneficially owned by such Proposing Person (including any shares of any class or series of the Corporation as to which such Proposing

Person has a right to acquire beneficial ownership, whether such right is exercisable immediately or only after the passage of time) and which shares of the Corporation are held of record by the Proposing Person, if any;

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

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

being, settled through delivery of such security, or (z) such Proposing Person may have entered into other transactions that hedge the economic effect of any such right or interest (any such right or interest referred to in this clause (D) being a “**Derivative Interest**”);

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

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

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

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

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

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

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

consents by such Proposing Person in support of the business proposed to be brought before the meeting.

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

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

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

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

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

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

Section 6. Notice of Director Nominations.

(a) General Nomination of Directors. Subject to the rights, if any, of any series of Serial Preferred Stock to nominate or elect Directors, only persons who are nominated by or at the direction of the Board of Directors or in accordance with the procedures set forth in this Article I, Section 6 or in Article I, Section 8 will be eligible to serve as Directors. Excluding nominations by or at the direction of the Board of Directors or nominations made pursuant to Article I, Section 8 (which governs nominations to be included in the Corporation's Proxy Materials (as

defined in Article I, Section 8(a) below)), all nominations of persons for election as Directors may be made only at an annual meeting of shareholders or a special meeting of shareholders called for the purpose of electing Directors, and, if by a shareholder, only by a shareholder who (i) has complied with all applicable requirements of this Article I, Section 6 and Article I, Section 7 in relation to such nomination, (ii) was a shareholder of record of the Corporation at the time of giving the notice required by Article I, Section 7(b) and is a shareholder of record of the Corporation at the time of the meeting, and (iii) is entitled to vote at the meeting.

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

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

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

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

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

(C) a reasonably detailed description of all direct and indirect compensation and other material monetary agreements, arrangements or understandings during the past three years, any other material relationships, between or among any Nominating Person and its affiliates and associates, or

others acting in concert therewith, on the one hand, and each proposed nominee and his or her affiliates, associates or others acting in concert therewith, on the other hand, including all information that would be required to be disclosed pursuant to Items 403 and 404 under Regulation S-K, or any successor provision, if the shareholder giving the notice or any other Nominating Person were the “registrant” for purposes of such rule and the proposed nominee were a director or executive officer of such registrant;

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

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

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

(c) No Right to Have Nominees Included. Except as provided by, and subject to compliance with Article I, Section 8, a shareholder is not entitled to have nominees included in

the Corporation's proxy statement solely as a result of such shareholder's compliance with the foregoing provisions of this Article I, Section 6.

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

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

(a) Timely Notice.

(i) If it relates to an annual meeting of shareholders, to be timely, a shareholder's notice required by Article I, Section 5(b) or Article I, Section 6(b) must be delivered to or mailed and received by the Secretary of the Corporation at the principal executive offices of the Corporation not less than 90 nor more than 120 calendar days prior to the first anniversary of the date on which the Corporation held the preceding year's annual meeting of shareholders; provided that if the date of the annual meeting of shareholders is scheduled for a date more than 90 calendar days prior to or more than 120 calendar days after the anniversary of the preceding year's annual meeting of shareholders, notice by the shareholder to be timely must be so delivered not later than the close of business on the later of the 90th calendar day prior to such annual meeting and the tenth calendar day following the day on which public disclosure of the date of such meeting is first made. In no event will a recess or adjournment of an annual meeting of shareholders (or any announcement of any such recess or adjournment) commence a new time period (or extend any time period) for the giving of a shareholder's notice as described above. Notwithstanding the foregoing, in the event the number of Directors to be elected at the annual meeting of shareholders is increased by the Board of Directors, and there is no public announcement by the Corporation naming the nominees for the additional Directors at least 120 calendar days prior to the first anniversary of the date on which the Corporation held the preceding year's annual meeting of shareholders, a shareholder's notice pursuant to Article I, Section 6(b) will be considered timely, but only with respect to nominees for the additional directorships, if it is delivered to or mailed and received by the Secretary of the Corporation at the principal executive offices of the Corporation not later than the close of business on the tenth calendar day following the day on which such public announcement is first made by the Corporation.

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

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

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

(d) Certain Definitions.

(i) For purposes of Article I, Sections 6 and 7, "**public disclosure**" or "**publicly disclosed**" means disclosure in a press release reported by the Dow Jones News Service, Bloomberg, Associated Press or comparable national news service or in a document filed by the Corporation with the Securities and Exchange Commission pursuant to Exchange Act or furnished by the Corporation to shareholders.

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

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

Section 8. Inclusion of Director Nominations by Shareholders in the Corporation’s Proxy Materials.

(a) Subject to the terms and conditions set forth in these Regulations (including the provisions of Article I, Section 6 concerning the general nomination of Directors by shareholders), the Corporation shall include in its proxy statement and form of proxy (hereinafter, the “**Proxy Materials**”) for an annual meeting of shareholders for the election of Directors, in addition to the persons selected and recommended for election by the Board of Directors or any committee thereof, the name, together with the Required Information (as defined Article I, Section 8(c) below), of any person nominated for election (the “**Proxy Access Shareholder Nominee**”) to the Board of Directors by one or more shareholders that satisfies the notice, ownership and other requirements of this Article I, Section 8 (such shareholder or group of shareholders, the “**Eligible Shareholder**”).

(b) To nominate a Proxy Access Shareholder Nominee, the Eligible Shareholder must provide a written notice that expressly elects to have its Proxy Access Shareholder Nominee included in the Proxy Materials pursuant to this Article I, Section 8 (the “**Notice of Proxy Access Nomination**”). To be timely, the Notice of Proxy Access Nomination must be delivered to the Secretary of the Corporation at the principal executive office of the Corporation not less than 120, nor more than 150, calendar days prior to the anniversary of the date that the Corporation mailed its proxy statement for the prior year’s annual meeting of shareholders (the last day on which a Notice of Proxy Access Nomination may be delivered, the “**Final Proxy Access Nomination Date**”); provided, however, that if (and only if) there was no annual meeting in the preceding year or the date of the annual meeting is advanced more than 30 calendar days prior to, or delayed by more than 30 calendar days after the anniversary of the preceding year’s annual meeting, to be timely, notice by the Eligible Shareholder must be so delivered not less than 120, nor more than 150, calendar days prior to the date of such annual

meeting or, if the first public announcement of the date is less than 130 calendar days prior to the date of such annual meeting, by the 10th calendar day following the day on which such public announcement is made. In addition to the other requirements set forth in this Article I, Section 8, the Notice of Proxy Access Nomination must include the name and address of the Eligible Shareholder (including each shareholder and beneficial owner whose share ownership is counted for the purposes of qualifying as an Eligible Shareholder).

(c) For purposes of this Article I, Section 8, the “**Required Information**” that the Corporation will include in the Proxy Materials is (i) the information concerning the Proxy Access Shareholder Nominee and the Eligible Shareholder that the Corporation determines is required to be disclosed in the Proxy Materials under the Exchange Act; and (ii) if the Eligible Shareholder so elects, a Statement (as defined in Article I, Section 8(h) below). Nothing in this Article I, Section 8 shall limit the Corporation’s ability to solicit against and include in the Proxy Materials its own statements relating to any Proxy Access Shareholder Nominee.

(d) The maximum number of Proxy Access Shareholder Nominees (including Proxy Access Shareholder Nominees that were submitted by Eligible Shareholders for inclusion in the Proxy Materials pursuant to this Article I, Section 8 but either are subsequently withdrawn or that the Board of Directors decides to select and recommend as Director nominees under Article I, Section 6 of these Regulations) that may appear in the Proxy Materials with respect to an annual meeting of shareholders shall not exceed the greater of (i) two or (ii) 20% of the number of Directors in office as of the Final Proxy Access Nomination Date (or if such number is not a whole number, the closest whole number below 20%) (the “**Permitted Number**”); provided, however, that the Permitted Number shall be reduced by the number of incumbent Directors who had been a Proxy Access Shareholder Nominee with respect to any of the preceding two annual meetings of shareholders and whose reelection at the upcoming annual meeting is being recommended by the Board of Directors; provided, further, that in the event that one or more vacancies for any reason occurs on the Board of Directors at any time after the Final Proxy Access Nomination Date and before the date of the applicable annual meeting of shareholders and the Board of Directors reduces the size of the Board of Directors in connection therewith, the Permitted Number shall be calculated based on the number of Directors in office as so reduced. In the event that the number of Proxy Access Shareholder Nominees submitted by Eligible Shareholders pursuant to this Article I, Section 8 exceeds the Permitted Number, each Eligible Shareholder will select one Proxy Access Shareholder Nominee for inclusion in the Proxy Materials until the Permitted Number is reached, with preference provided based on the number (largest to smallest) of shares owned by each Eligible Shareholder as disclosed in each Notice of Proxy Access Nomination. If the Permitted Number is not reached after each Eligible Shareholder has selected one Proxy Access Shareholder Nominee, this selection process will

continue as many times as necessary, following the same order each time, until the Permitted Number is reached.

(e) An Eligible Shareholder is one or more shareholders who owns and has owned, or is or are acting on behalf of one or more beneficial owners who own and have owned (as defined in Article I, Section 8(f) below), for at least three years as of the date the Notice of Proxy Access Nomination is received by the Corporation, shares representing at least 3% of the shares of the Corporation outstanding as of the most recent date for which such number is disclosed by the Corporation in any filing by the Corporation with the Securities and Exchange Commission prior to submission of the Notice of Proxy Access Nomination (the “**Required Shares**”), and who continue to own the Required Shares at all times between the date the Notice of Proxy Access Nomination is received by the Corporation and the date of the applicable annual meeting of shareholders, provided that the aggregate number of such shareholders and beneficial owners shall not exceed 20. Two or more funds that are (i) under common management and investment control, (ii) under common management and funded primarily by a single employer or (iii) a “group of investment companies,” as such term is defined in Section 12(d)(1)(G)(ii) of the Investment Company Act of 1940, as amended (such funds together under each of (i), (ii) or (iii) comprising a “**Qualifying Fund**”) shall be treated as one shareholder for the purpose of determining the aggregate number of shareholders in this Article I, Section 8(e), and treated as one person for the purpose of determining ownership in Article I, Section 8(f), provided that each fund comprising a Qualifying Fund otherwise meets the requirements set forth in this Article I, Section 8. No shareholder or beneficial owner may be a member of more than one group constituting an Eligible Shareholder under this Article I, Section 8. Should any shareholder or beneficial owner withdraw from a group of Eligible Shareholders at any time prior to the annual meeting of shareholders, the group of Eligible Shareholders shall only be deemed to own the shares held by the remaining members of the group.

(f) For purposes of calculating the Required Shares, “**ownership**” shall be deemed to consist of and include only the outstanding shares as to which a person possesses both (i) the full voting and investment rights pertaining to the shares and (ii) the full economic interest in (including the opportunity for profit and risk of loss on) such shares; provided that the ownership of shares calculated in accordance with clauses (i) and (ii) shall not include any shares (A) that a person has sold in any transaction that has not been settled or closed, (B) that a person has borrowed or purchased pursuant to an agreement to resell or (C) subject to any option, warrant, forward contract, swap, contract of sale, other derivative or similar agreement entered into by a person, whether any such instrument or agreement is to be settled with shares or with cash based on the notional amount or value of shares, in any such case which instrument or agreement has, or is intended to have, the purpose or effect of (1) reducing in any manner, to any extent or at any time in the future, the person’s full right to vote or direct the voting of any such shares, or

(2) hedging, offsetting or altering to any degree gain or loss arising from the full economic ownership of such person's shares. Ownership shall include shares held in the name of a nominee or other intermediary so long as the person claiming ownership of such shares retains the right to instruct how the shares are voted with respect to the election of Directors and possesses the full economic interest in the shares, provided that this provision shall not alter the obligations of any shareholder to provide the Notice of Proxy Access Nomination. Ownership of shares shall be deemed to continue during any period in which shares have been loaned if the person claiming ownership has the power to recall such loaned shares on five business days' notice and the person recalls the loaned shares within five business days of being notified that its Proxy Access Shareholder Nominee will be included in the Proxy Materials for the applicable annual meeting, and the person holds the recalled shares through such annual meeting. Ownership of shares shall be deemed to continue during any period in which any voting power has been delegated by means of a proxy, power of attorney or other instrument or arrangement which is revocable at any time without condition. For purposes of this Article I, Section 8, the determination of the extent of ownership of shares shall be made in good faith by the Board of Directors, which determination shall be conclusive and binding on the Corporation and the shareholders. An Eligible Shareholder shall include in its Notice of Proxy Access Nomination the number of shares it is deemed to own for the purposes of this Article I, Section 8.

(g) No later than the Final Proxy Access Nomination Date, an Eligible Shareholder (including each shareholder, Qualifying Fund and beneficial owner whose share ownership is counted for the purposes of qualifying as an Eligible Shareholder) must provide the following information in writing to the Secretary of the Corporation:

(i) all of the information required pursuant to Article I, Section 6(b) as if the Notice of Proxy Access Nomination were a shareholder's notice with respect to nominations of persons for election of Directors pursuant to Article I, Section 6(b);

(ii) one or more written statements from the record holder of the shares (and from each intermediary through which the shares are or have been held during the requisite three-year holding period) verifying that, as of a date within seven calendar days prior to the date the Notice of Proxy Access Nomination is sent to the Corporation, the Eligible Shareholder owns, and has owned continuously for the preceding three years, the Required Shares, and the Eligible Shareholder's agreement to provide (A) within five business days after (1) the record date for the applicable annual meeting (if, prior to such record date, the Corporation (x) disclosed such record date by press release or any filing with the Securities and Exchange Commission or (y) delivered a written notice of the record date (including by electronic mail) to the Eligible Shareholder) or (2) the date on which the Corporation disclosed such record date by press release or any filing with the

Securities and Exchange Commission (if such record date is a date that precedes such disclosure), written statements from the record holder and intermediaries verifying the Eligible Shareholder's continuous ownership of the Required Shares through the record date, and (B) immediate notice if the Eligible Shareholder ceases to own any of the Required Shares prior to the date of the applicable annual meeting of shareholders (for purposes of this clause (ii), "record holder" shall mean the applicable Depository Trust Company ("**DTC**") participant for shares that are deposited at DTC);

(iii) the written consent of each Proxy Access Shareholder Nominee to being named in the Proxy Materials as a nominee and to serving as a Director if elected; and

(iv) a copy of the Schedule 14N that has been filed with the Securities and Exchange Commission as required by Rule 14a-18 under the Exchange Act.

In addition, no later than the Final Proxy Access Nomination Date, an Eligible Shareholder (including each shareholder, Qualifying Fund and beneficial owner whose share ownership is counted for purposes of qualifying as an Eligible Shareholder) must provide to the Secretary of the Corporation a signed and written:

(i) representation of the Eligible Shareholder that such Eligible Shareholder (A) acquired the Required Shares in the ordinary course of business and not with the intent to change or influence control of the Corporation, and does not presently have such intent, (B) intends to maintain qualifying ownership of the Required Shares through the date of the applicable annual meeting of shareholders, (C) has not nominated and will not nominate for election to the Board of Directors at the applicable annual meeting of shareholders any person other than its Proxy Access Shareholder Nominee, (D) has not engaged and will not engage in, and has not and will not be a "participant" in another person's, "solicitation" within the meaning of Rule 14a-1(l) under the Exchange Act in support of the election of any individual as a Director at the applicable annual meeting of shareholders other than its Proxy Access Shareholder Nominee(s) or a nominee of the Board of Directors, (E) will not distribute to any shareholder any form of proxy for the applicable annual meeting of shareholders other than the form distributed by the Corporation, and (F) will provide facts, statements and other information in all communications with the Corporation and its shareholders that are or will be true and correct in all material respects and do not and will not omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading and otherwise will comply with all applicable laws, rules and regulations in connection with any actions taken pursuant to this Article I, Section 8;

(ii) in the case of a nomination by a group of shareholders that together constitutes an Eligible Shareholder, designation by all such group members of one group member that is authorized to act on behalf of all members of the nominating shareholder group with respect to the nomination and matters related thereto, including withdrawal of the nomination; and

(iii) undertaking that the Eligible Shareholder agrees to (A) assume all liability stemming from any legal or regulatory violation arising out of the Eligible Shareholder's communications with the shareholders of the Corporation or out of the information that the Eligible Shareholder provided to the Corporation, (B) indemnify and hold harmless the Corporation and each of its Directors, officers and employees individually against any liability, loss or damages in connection with any threatened or pending action, suit or proceeding, whether legal, administrative or investigative, against the Corporation or any of its Directors, officers or employees arising out of any nomination, solicitation or other activity by the Eligible Shareholder in connection with its efforts to elect the Proxy Access Shareholder Nominee pursuant to this Article I, Section 8, and (C) file with the Securities and Exchange Commission any solicitation with the Corporation's shareholders relating to the meeting at which the Proxy Access Shareholder Nominee will be nominated, regardless of whether any such filing is required under Regulation 14A of the Exchange Act or whether any exemption from filing is available for such solicitation under Regulation 14A of the Exchange Act.

In addition, no later than the Final Proxy Access Nomination Date, a Qualifying Fund whose share ownership is counted for purposes of qualifying as an Eligible Shareholder must provide to the Secretary of the Corporation documentation reasonably satisfactory to the Board of Directors that demonstrates that the funds comprising the Qualifying Fund are either (i) under common management and investment control, (ii) under common management and funded primarily by a single employer or (iii) a "group of investment companies," as such term is defined in Section 12(d)(1)(G)(ii) of the Investment Company Act of 1940, as amended.

(h) The Eligible Shareholder may provide to the Secretary of the Corporation, at the time the information required by this Article I, Section 8 is provided, a written statement for inclusion in the Proxy Materials for the applicable annual meeting of shareholders, not to exceed 500 words, in support of the Eligible Shareholder's Proxy Access Shareholder Nominee (the "**Statement**"). Notwithstanding anything to the contrary contained in this Article I, Section 8, the Corporation may omit from the Proxy Materials any information or Statement (or portion thereof) that it, in good faith, believes would violate any applicable law or regulation.

(i) No later than the Final Proxy Access Nomination Date, each Proxy Access Shareholder Nominee must:

(i) provide to the Secretary of the Corporation all of the consents, representations, and agreements required pursuant to Article I, Section 6 as if the Proxy Access Shareholder Nominee was a nominee;

(ii) submit to the Secretary of the Corporation all completed and signed documents required of the Corporation's Directors and nominees for election to the Board of Directors within five business days of receipt of each such questionnaire from the Corporation; and

(iii) provide to the Secretary of the Corporation within five business days of the Corporation's request such additional information as the Corporation determines may be necessary to permit the Board of Directors to determine (A) such Proxy Access Shareholder Nominee's status as to "independence", including references to the criteria established by the New York Stock Exchange (or any other exchange or quotation system on which the Corporation's equity securities are listed), any applicable rules of the Securities and Exchange Commission and the Corporation's Corporate Governance Guidelines and Independence Standards for Directors, (B) if such Proxy Access Shareholder Nominee has any direct or indirect relationship with the Corporation, and (C) if such Proxy Access Shareholder Nominee is not and has not been subject to any event specified in Item 401(f) of Regulation S-K of the Exchange Act or any successor provision.

In the event that any information or communications provided by the Eligible Shareholder or the Proxy Access Shareholder Nominee to the Corporation or its shareholders ceases to be true and correct in any respect or omits a fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading, each Eligible Shareholder or Proxy Access Shareholder Nominee, as the case may be, shall promptly notify the Secretary of the Corporation of any such inaccuracy or omission in such previously provided information and of the information that is required to make such information or communication true and correct.

(j) Any Proxy Access Shareholder Nominee who is included in the Proxy Materials for a particular annual meeting of shareholders but either (i) withdraws from or becomes ineligible or unavailable for election at that annual meeting, or (ii) does not receive at least 25% of the votes cast in favor of the Proxy Access Shareholder Nominee's election, will be ineligible to be a Proxy Access Shareholder Nominee pursuant to this Article I, Section 8 for the next two annual meetings of shareholders. Any Proxy Access Shareholder Nominee who is included in the Proxy

Materials for a particular annual meeting of shareholders, but subsequently is determined not to satisfy the eligibility requirements of this Article I, Section 8 or any other provision of these Regulations, or the Corporation's Articles of Incorporation, Corporate Governance Guidelines, Independence Standards for Directors or other applicable document or regulation at any time before the applicable annual meeting of shareholders, will not be eligible for election at the relevant annual meeting of shareholders and may not be substituted by the Eligible Shareholder that nominated such Proxy Access Shareholder Nominee.

(k) The Corporation shall not be required to include, pursuant to this Article I, Section 8, a Proxy Access Shareholder Nominee in the Proxy Materials for any meeting of shareholders, or, if the proxy statement already has been filed, to allow the nomination of a Proxy Access Shareholder Nominee, notwithstanding that proxies in respect of such vote may have been received by the Corporation:

(i) if any person is engaging in a "solicitation" within the meaning of Rule 14a-1(l) under the Exchange Act in support of the election of any individual as a Director at the applicable annual meeting of shareholders other than a nominee of the Board of Directors;

(ii) if the Proxy Access Shareholder Nominee or the Eligible Shareholder (or any member of any group of shareholders that together is such Eligible Shareholder) who has nominated such Proxy Access Shareholder Nominee has engaged in or is currently engaged in, or has been or is a "participant" in another person's, "solicitation" within the meaning of Rule 14a-1(l) under the Exchange Act in support of the election of any individual as a Director at the applicable annual meeting of shareholders other than its Proxy Access Shareholder Nominee(s) or a nominee of the Board of Directors;

(iii) who is not independent under the listing standards of each principal U.S. securities exchange upon which the common shares of the Corporation are listed, any applicable rules of the Securities and Exchange Commission, and any publicly disclosed standards used by the Board of Directors in determining and disclosing independence of the Corporation's Directors, in each case as determined by the Board of Directors;

(iv) who does not meet the audit committee independence requirements under the rules of any U.S. securities exchange upon which the common shares of the Corporation are traded, is not a "non-employee director" for the purposes of Rule 16b-3 under the Exchange Act (or any successor rule), is not an "outside director" for the purposes of Section 162(m) of the Internal Revenue Code (or any successor provision);

(v) whose election as a member of the Board of Directors would cause the Corporation to be in violation of these Regulations, the Articles of Incorporation, the rules and listing standards of the principal U.S. securities exchanges upon which the common shares of the Corporation are listed, or any applicable state or federal law, rule or regulation;

(vi) who is or has been, within the past three years, an officer or director of a competitor, as defined in Section 8 of the Clayton Antitrust Act of 1914;

(vii) who is a named subject of a pending criminal proceeding (excluding traffic violations and other minor offenses) or has been convicted in such a criminal proceeding within the past ten years;

(viii) if such Proxy Access Shareholder Nominee or the applicable Eligible Shareholder (or any member of any group of shareholders that together is such Eligible Shareholder) shall have provided information to the Corporation in connection with such nomination, including information provided pursuant to this Article I, Section 8, that was untrue in any material respect or omitted to state a material fact necessary in order to make any statement made, in light of the circumstances under which it was made, not misleading, as determined by the Board of Directors or any committee thereof;

(ix) the Eligible Shareholder (or a qualified representative thereof) does not appear at the applicable annual meeting of shareholders to present the Proxy Access Shareholder Nominee for election;

(x) the Eligible Shareholder (or any member of any group of shareholders that together is such Eligible Shareholder) or applicable Proxy Access Shareholder Nominee otherwise breaches or fails to comply with or the Board of Directors or any committee thereof determines it has breached its representations or obligations pursuant to these Regulations, including, without limitation, this Article I, Section 8; or

(xi) the Eligible Shareholder ceases to be an Eligible Shareholder for any reason, including but not limited to not owning the Required Shares through the date of the applicable annual meeting.

For the purpose of this Section 8(k): (A) clauses (ii) through (xi) will result in the exclusion from the Proxy Materials pursuant to this Article I, Section 8 of the specific Proxy Access Shareholder Nominee to whom the ineligibility applies, or, if the proxy statement already has been filed, the ineligibility of the Proxy Access Shareholder Nominee; and (B) clause (i) may, at the sole

discretion of the Board of Directors, result in the exclusion from the Proxy Materials pursuant to this Article I, Section 8 of all or any number of Proxy Access Shareholder Nominees from the applicable annual meeting of Shareholders, or, if the proxy statement already has been filed, the ineligibility of all Proxy Access Shareholder Nominees.

Article II. BOARD OF DIRECTORS

Section 1. Number of Directors; Election; Term of Office.

The members of the Board of Directors shall be elected at each annual meeting of shareholders, and each Director shall hold office until the next annual meeting of shareholders and until his or her successor is elected, or until his or her earlier resignation, removal from office or death. The number of Directors, which shall not be less than three, may be fixed or changed (a) at any meeting of shareholders called to elect Directors at which a quorum is present, by the affirmative vote of the holders of a majority of the shares represented at the meeting and entitled to vote on the proposal, or (b) by the Directors at any meeting of the Board of Directors by the vote of a majority of the Directors then in office.

Section 2. Directors Elected by Holders of Serial Preferred Stock.

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

Section 3. Vacancies.

In the event of the occurrence of any vacancy or vacancies in the Board of Directors, however caused, the Directors then in office, though less than a majority of the whole authorized number of Directors, may, by vote of a majority of their number, fill any such vacancy for the unexpired term.

Section 4. Meetings of Directors.

Meetings of Directors may be called by the Chairman of the Board, the Chief Executive Officer or the President, or twenty-five percent or more of the Directors then in office. Such

meetings may be held at any place within or without the State of Ohio, and may be held through any communications equipment if all persons participating can hear each other. Participation in a meeting of Directors held through communications equipment pursuant to this Article II, Section 4 shall constitute presence at such meeting. Written notice of the time and place of each meeting of Directors shall be given to each Director by personal delivery, or by mail, email, overnight delivery service or any other means of communication authorized by the Director at least two days before the meeting, which notice need not specify the purposes of the meeting. Notice of adjournment of a meeting of Directors need not be given if the time and place to which it is adjourned are fixed and announced at such meeting.

Section 5. Quorum.

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

Article III. COMMITTEES

The Board of Directors may at any time appoint from its members an executive committee or other committee or committees, consisting of such number of members as the Board of Directors may deem advisable, together with such alternates as the Board of Directors may deem advisable to take the place of any absent member or members at any meeting of such committee. Each member and each alternate shall hold office during the pleasure of the Board of Directors. Any committee shall act only in the intervals between meetings of the Board of Directors and shall have such authority of the Board of Directors, however conferred, as may, from time to time, be delegated by the Board of Directors, other than that of filling vacancies in the Board of Directors or in any committee thereof and other than adopting, amending or repealing regulations. Each committee shall keep a written record of all actions taken by it. Unless otherwise ordered by the Board of Directors, any such committee may prescribe its own rules for calling and holding meetings, including meetings by means of communications equipment, and for its own methods of procedure, and may act by a majority of its members at a meeting or without a meeting by a writing or writings signed by all of its members.

Article IV. OFFICERS

Section 1. Designation and Election.

The Corporation shall have a Chairman of the Board, a Chief Executive Officer, a President, one or more Vice Presidents, a Secretary, a Treasurer and a Controller. A single individual may hold a combination of two or more of the foregoing offices. The Corporation may also have such other officers and assistant officers as may be deemed necessary. The officers shall be elected by the Board of Directors, at least annually. Assistant officers may be appointed by the Board, the Chairman of the Board, the Chief Executive Officer or the President. The Chairman of the Board shall be a Director, but none of the other officers need be a Director.

Section 2. Authority and Duties of Officers.

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

Article V. CORPORATE SEAL

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

Article VI. AMENDMENTS

These Regulations may be amended in any respect, or new regulations may be adopted, (i) by the shareholders at a meeting held for such purpose, by the affirmative vote of, or without a meeting by the written consent of, the holders of shares entitling them to exercise a majority of the voting power on such proposal, or (ii) by the Board of Directors to the extent permitted by the Ohio General Corporation Law.

Article VII. INDEMNIFICATION OF DIRECTORS, OFFICERS AND EMPLOYEES

The Corporation shall indemnify, to the full extent permitted or authorized by the Ohio General Corporation Law as it may from time to time be amended, any person made or threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil,

criminal, administrative or investigative, by reason of the fact that he is or was a Director, officer or employee of the Corporation, or is or was serving at the request of the Corporation as a Director, trustee, officer or employee of another corporation, partnership, joint venture, trust or other enterprise. The indemnification provided by this Article VII shall not be deemed exclusive of any other rights to which any person seeking indemnification may be entitled under the articles of incorporation or the regulations, or any agreement, vote of shareholders or disinterested Directors, or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a Director, trustee, officer or employee and shall inure to the benefit of the heirs, executors and administrators of such a person.



TO: [PARTICIPANT NAME]

**PARKER-HANNIFIN CORPORATION
LONG-TERM INCENTIVE PERFORMANCE PLAN (LTIP)
UNDER PERFORMANCE BONUS PLAN**

**OFFICER AWARD AGREEMENT
(L24)**

The Human Resources and Compensation Committee of the Board of Directors (the "Committee") of Parker-Hannifin Corporation (the "Company") has awarded to you the contingent right to receive the following number of shares of Common Stock of the Company ("Maximum Shares") under the Company's Long-Term Incentive Performance Plan Under the Performance Bonus Plan (As Amended and Restated) (the "LTIP Plan"), the Parker-Hannifin Amended and Restated 2016 Omnibus Stock Incentive Plan (as defined in the LTIP Plan) and the terms of the Company's 2015 Performance Bonus Plan prior to its expiration (the "Performance Bonus Plan"):

Grant Date: [Grant Date]

Performance Period: CY 2021-2022-2023

Maximum Shares: [Number]

Target Shares [Number Granted]

The number of Maximum Shares granted is based on your grade level at the Grant Date and your expected service in your position through the end of the Performance Period. The number of Maximum Shares granted is subject to adjustment in the event of a change in your grade level or your employment status with the Company during the Performance Period as provided in the LTIP Plan.

Payout of Your Award. Your right to earn all or a portion of the Target Shares under your award will be based upon the Company's performance during the Performance Period in comparison to its peer group for certain key objective financial metrics described in the LTIP Plan, and the Committee's discretion to reduce the amount payable under your award (including for example, a possible reduction to the number of Target Shares set out above), based on the Company's performance in comparison to its peer group and otherwise as described in the LTIP Plan. Subject to your continued employment through the end of the Performance Period, any amount payable under your award will be paid in the form of shares of Common Stock in the Company, to be issued in April 2024 following the Committee's certification of performance results of the Company, subject to the Committee's exercise of any discretion to reduce the amount payable, and the Committee's authorization of payment.

Peer Group (as defined in the LTIP Plan):

Caterpillar Inc.	Fortive Corporation
Colfax Corporation	Honeywell International plc
Cummins Inc.	Illinois Tool Works Inc.
Danaher Corporation	Ingersoll Rand Inc.
Deere & Company	ITT Industries Inc.
Dover Corporation	Johnson Controls International plc
Eaton Corporation plc	Rockwell Automation Inc.
Emerson Electric Co.	Textron Inc.
Flowserve Corporation	Trane Technologies

Subject to your continued employment through the end of the Performance Period, any Shares earned hereunder will be issued after the end of the Performance Period following the Committee's certification of performance results, authorization of any Share issuance, and considerations of other appropriate factors as the Committee may determine.

Your Action Items. Please take the following actions:

Accept your Awards by clicking on the "Accept" button below. In relation to your Award acceptance, attached below for your review and incorporated into this Award Agreement are the Summary and Terms and Conditions attached below. **Inform the Company of any change in address or contact information, as necessary.** Refer to the section of the LTIP Plan titled **"Notification of Change in Personal Data"** for instructions on how to provide notification to the Company.

Also available through your UBS One Source account are the following documents pertinent to your Award:

Amended and Restated 2016 Omnibus Stock Incentive Plan
Amended and Restated 2016 Omnibus Stock Incentive Prospectus
2015 Performance Bonus Plan
Annual Report and Proxy Statement

Parker-Hannifin Corporation
Long-Term Incentive Performance Plan Under the Performance Bonus Plan (as Amended and Restated)

Summary and
Terms and Conditions

1. Effective Date and Purpose. Parker-Hannifin Corporation, an Ohio corporation (the "Company"), adopted the Parker-Hannifin Corporation Long-Term Incentive Performance Plan as Amended and Restated Under the Performance Bonus Plan (the "Plan") effective as of January 20, 2016, and as amended and restated effective as of January 23, 2019. The purpose of

the Plan is to attract and retain key executives for the Company and to provide such persons with incentives for superior performance in the form of an opportunity to earn an award of shares of Parker-Hannifin Common Stock (“Shares”) that qualifies as a Long-Term Incentive Bonus (as defined in the Company’s Performance Bonus Plan), while preserving the ability of the Company to deduct Long-Term Incentive Bonuses paid under the Plan as “performance-based compensation” within the meaning of Section 162(m)(4)(C) (to the extent applicable) and the Stock Incentive Plan. Capitalized terms not defined in the Plan shall have the meanings set forth in the Performance Bonus Plan or the Stock Incentive Plan, as applicable.

2. Eligibility. The Committee shall designate the Participants, if any, for each Performance Period. An Eligible Officer who is designated as a Participant for a given Performance Period is not guaranteed of being selected as a Participant for any other Performance Period.

3. Establishment of Award Opportunities. Not later than the 90th day of each Performance Period and subject to the terms and conditions of Section 5 of the Performance Bonus Plan (including the limits on a Participant’s maximum Long-Term Incentive Bonuses with respect to the Performance Period), the Committee shall establish the Maximum Shares and Target Shares for each Participant’s Award Opportunity for the Performance Period. The Committee shall provide an Award Agreement to each Participant as soon as practical following the establishment of the Maximum Shares and Target Shares under the Participant’s Award Opportunity for the Performance Period.

4. Dividend Equivalent Units. From and after the Grant Date and until the earlier of (i) the time when the Award Opportunity is paid in accordance with Section 6 hereof or (ii) the time when your right to payment of the Award Opportunity is forfeited in accordance with Section 7 hereof, on the date that the Company pays a cash dividend (if any) to holders of shares of Common Stock generally, you shall be credited with a number of additional Target Shares (the “Dividend Equivalent Units”) determined by dividing the aggregate amount of the cash dividend that would be payable on such date to a holder of a number of shares of Common Stock equal to the number of your unpaid Target Shares by the closing price per share of the Company’s Common Stock on the New York Stock Exchange on the last trading day preceding the dividend payment date. Any such Dividend Equivalent Units will be considered Target Shares for purposes of these Terms and Conditions and will be subject to all of the terms, conditions and restrictions set forth herein.

5. Determination of Amount Payable Under Award Opportunities.

A. Committee Certification of Management Objectives. Subject to potential reduction as set forth in Section 5.B and further subject to the other terms and conditions of the Plan, the full number of Maximum Shares granted to a Participant with respect to a Performance Period shall be earned as of the last day of such Performance Period, provided that (i) following the end of the Performance Period, the Committee has certified that the Company has achieved either (a) average Return on Average Equity of 4% during the Performance Period, or (b) average Free Cash Flow Margin of 4% during the Performance Period; and (ii) the Participant

has been continuously employed by the Company and its Affiliates through the last day of the Performance Period.

B. Committee Discretion to Reduce Long-Term Incentive Awards.

Notwithstanding Section 5.A, the actual number of Shares payable to a Participant with respect to a Performance Period may be reduced (including a reduction to zero) by the Committee in its sole and absolute discretion based on such factors as the Committee determines to be appropriate including, without limitation, the Company’s performance with respect to the performance measures (the “Peer Performance Measures”) set out below, with the number of a Participant’s Target Shares under an Award Opportunity allocated to each of the Peer Performance Measures in proportion to the percentages set out below. The Peer Performance Measures shall be determined for the Company at the conclusion of the Performance Period, in comparison to the performance of the members of the Company’s Peer Group, determined for each member of the Peer Group based on its performance at the conclusion of the three fiscal year period of such company ending with or immediately prior to the conclusion of the Performance Period.

Peer Performance Measure:	Weight:
Revenue Growth	20%
Earnings Per Share Growth	40%
Average Return on Invested Capital	40%

It is the intention of the Committee that the Committee will exercise its discretion as it deems appropriate to reduce the number of Shares that may be delivered to a Participant with respect to each Performance Period based on the Company’s percentile ranking among the members of the Peer Group with respect to each Peer Performance Measure in accordance with the following table; provided, however, that the Committee reserves the right to deviate from such approach and may exercise its discretion to reduce the number of Shares that may be delivered to a Participant with respect to each Performance Period, if any, based on such other factors as the Committee in its sole and absolute discretion determines to be appropriate:

Company Percentile Ranking Among Peer Group:	% of Allocable Target Shares Earned:
75th percentile or higher	200%
50th percentile	100% (Target Shares)
35th percentile	50%
lower than 35th percentile	0%

To the extent that the Company’s percentile ranking among the members of the Peer Group with respect to a Peer Performance Measure is between the 35th and the 50th percentile, or between the 50th and the 75th percentile, it is currently intended that the Committee will exercise its discretion to determine the appropriate percentage of the allocable Target Shares that are earned by straight-line interpolation between the percentages set out in the table above.

6. Payment of Awards. Except as otherwise provided in the Plan or this Summary and Terms and Conditions, during the fourth month following the end of the applicable Performance Period, the Company shall deliver to each Participant the Shares, if any, that the Committee has determined (in accordance with Section 5) to be payable with respect to any Award Opportunity.

7. Terminations. Except as otherwise provided in this Section 7 or Section 8, a Participant must remain continuously employed by the Company and its Affiliates through the last day of a Performance Period in order to be entitled to receive payment of any Long-Term Incentive Bonus pursuant to the Plan for such Performance Period.

A. Qualifying Retirement. Notwithstanding the foregoing, in the event of a Participant's termination of employment during a Performance Period due to a Qualifying Retirement with respect to such Performance Period, the Participant will be entitled to receive the Award Opportunity, if any, that the Committee determines (in accordance with Section 5) to be payable for such Performance Period, as if the Participant had remained continuously employed through the end of the Performance Period. Any such Award Opportunity will be payable at the time provided in Section 6, following the certification of the achievement of the management objectives by the Committee in accordance with Section 5.A.

B. Death, Disability, Termination Without Cause, Other Retirement. Notwithstanding the foregoing, in the event of a Participant's termination of employment during a Performance Period due to death, Disability, termination of employment by the Company without Cause, or Other Retirement, the Participant will be entitled to receive a prorated Long-Term Incentive Bonus for that Performance Period equal to the product of the amount of the Award Opportunity, if any, determined to be payable by the Committee (pursuant to Section 5) multiplied by a fraction, the numerator of which is the number of full months of continuous employment during the Performance Period and the denominator of which is 36. Any such prorated bonus will be payable at the time provided in Section 6, following the certification of the achievement of the management objectives by the Committee in accordance with Section 5.A.

C. Other Terminations. Except as otherwise provided pursuant to Section 8, in the event of a Participant's termination of employment during a Performance Period for any reason other than Qualifying Retirement, Other Retirement, death, Disability, or termination of employment by the Company without Cause, the Participant will forfeit his or her Award Opportunity for such Performance Period, without any further action or notice.

8. Change in Control. In the event of a Change in Control (as defined in the Stock Incentive Plan and including the date immediately prior to an "Anticipatory Termination" as defined therein) of the Company during a Performance Period, each Participant then holding an outstanding Award Opportunity granted under the Plan for such Performance Period shall receive payment of his or her Award Opportunity as follows: (a) within fifteen (15) days following the date of the Change in Control, each such Participant shall receive a number of

shares of Common Stock equal to the number of Target Shares subject to such Award Opportunity; and (b) within forty-five (45) days after the date of such Change in Control, each such Participant shall receive a number of shares of Common Stock equal to the excess, if any, of (i) the number of Shares that would be payable in accordance with Section 5 if the Company had achieved the management objectives described in Section 5.A for the Performance Period, the Committee had exercised its discretion to reduce the number of Shares payable in accordance with Section 5.B based on the Company's percentile ranking among the Peer Group with respect to the Peer Performance Measures as described therein, and the Company's percentile ranking among the Peer Group for each of those Peer Performance Measures during the Performance Period through the end of the fiscal quarter immediately preceding the date of the Change in Control continued throughout the Performance Period at the same level; over (ii) the number of Target Shares subject to such Award Opportunity.

9. Promotions and New Hires. With respect to a Participant who is newly hired or is promoted by the Company during a Performance Period, the Committee shall grant an Award Opportunity, or adjust an Award Opportunity previously granted, to such Participant for such Performance Period pursuant to the provisions of this Section 9; provided, however, that no Award Opportunity shall be granted or adjusted in such a manner as to cause any Long-Term Incentive Bonus payable under the Plan to fail to qualify as "performance-based compensation" within the meaning of section 162(m)(4)(C) of the Code and Section 1.162-27 of the Treasury Regulations promulgated thereunder.

A. Pro-Rated Award Opportunities for Newly-Eligible Executives. A Participant who is granted an Award Opportunity more than 90 days after the beginning of the Performance Period, either because the Participant is a newly hired Eligible Officer or is promoted into an Eligible Officer position, will be granted an Award Opportunity under the Plan for such Performance Period based on the number of Maximum Shares and Target Shares established by the Committee during the first 90 days of the Performance Period for the Participant's grade level, with the number of Maximum Shares and Target Shares pro-rated based on the ratio of the number of full months remaining in the Performance Period on and after the date of hire or promotion (as applicable) to the total number of months in the Performance Period. For any salary grade created between the salary grades for which the Committee has established the number of Maximum Shares and Target Shares as described above, straight-line interpolation shall be used to determine the pro-rated number of Maximum Shares and Target Shares in accordance with this Section 9.A.

B. Adjustments to Outstanding Award Opportunities. If a Participant is promoted after the beginning of a Performance Period, the Participant's outstanding Award Opportunity granted for such Performance Period will be adjusted, effective as of the date of such promotion, based on the number of Maximum Shares and Target Shares established by the Committee during the first 90 days of the Performance Period for the Participant's grade level. The adjustments to each such Participant's Award Opportunity shall be pro-rated on a monthly basis, with the number of Maximum Shares and Target Shares for the Participant's original position applicable for the number of full months preceding the effective date of the promotion and the number of Maximum Shares and Target Shares for the Participant's new position

applicable for the remaining number of months in the Performance Period. For any salary grade created between the salary grades for which the Committee has established the number of Maximum Shares and Target Shares as described above, straight-line interpolation shall be used to determine the pro-rated number of Maximum Shares and Target Shares in accordance with this Section 9.B.

C. Negative Discretion. Notwithstanding any other provision of this Section 9, the Committee retains the discretion to reduce the amount of any Long-Term Incentive Bonus, including a reduction of such amount to zero. By way of illustration, and not in limitation of the foregoing, the Committee may, in its discretion, determine (i) not to grant a pro-rated Award Opportunity pursuant to Section 9.A above, (ii) not to adjust an outstanding Award Opportunity pursuant to Section 9.B above, (iii) to grant a pro-rated Award Opportunity in a smaller amount than would otherwise be provided by Section 9.A above, or (iv) to adjust an outstanding Award Opportunity to produce a smaller Long-Term Incentive Award than would otherwise be provided by Section 9.B above.

10. Plan Administration. The Committee shall be responsible for administration of the Plan. The Committee is authorized to interpret the Plan, to prescribe, amend and rescind regulations relating to the Plan, and to make all other determinations necessary or advisable for the administration of the Plan, but only to the extent not contrary to the express provisions of the Plan, the Performance Bonus Plan and the Stock Incentive Plan. Determinations, interpretations or other actions made or taken by the Committee pursuant to the provisions of the Plan shall be final, binding and conclusive for all purposes and upon all Participants, Eligible Officers, Beneficiaries and all other persons who have or claim an interest herein. The Committee may, in its discretion, but only to the extent permitted by Section 162(m) of the Code (as applicable), delegate to one or more directors or employees of the Company any of the Committee's authority under the Plan. The acts of any such delegates shall be treated under the Plan as acts of the Committee with respect to any matters so delegated, and any reference to the Committee in the Plan shall be deemed a reference to any such delegates with respect to any matters so delegated.

11. Tax Withholding. Each Participant is responsible for any federal, state, local, foreign or other taxes with respect to any Long-Term Incentive Bonus payable under the Plan. To the extent the Company is required to withhold any federal, state, local, foreign or other taxes in connection with the delivery of the Common Stock under the Plan, then the Company may, in its sole discretion, (a) retain a number of Shares otherwise deliverable hereunder with a value equal to the required withholding (based on the Fair Market Value (as defined in the Stock Incentive Plan) of the Common Stock on the applicable date), (b) facilitate a sale of Shares payable pursuant to the Award Opportunity to cover such tax withholding obligation, or (c) apply any other withholding method determined by the Company; provided that in no event shall the value of the Shares retained exceed the minimum amount of taxes required to be withheld or such other amount that will not result in a negative accounting impact.

12. Unfunded Plan. Each Award Opportunity granted under the Plan represents only a contingent right to receive all or a portion of the number of Maximum Shares subject to the terms and conditions of the Award Agreement, the Plan, the Performance Bonus Plan and the

Stock Incentive Plan. Nothing in the Plan shall be construed to create a trust or to establish or evidence any Participant's claim of any right to payment of a Long-Term Incentive bonus other than as an unsecured general creditor with respect to any payment to which he or she may be entitled under the Plan.

13. Rights of Employer. Neither anything contained in the Plan nor any action taken under the Plan or the Award Agreement shall be construed as a contract of employment or as giving any Participant or Eligible Officer any right to continued employment with the Company or any Affiliate.

14. Nontransferability. Except as otherwise provided in the Plan or the Award Agreement, the benefits provided under the Plan may not be alienated, assigned, transferred, pledged or hypothecated by or to any person or entity, and these benefits shall be exempt from the claims of creditors of any Participant or other claimants and from all orders, decrees, levies, garnishment or executions against any Participant to the fullest extent allowed by law. Notwithstanding the foregoing, to the extent permitted by the Company, a Participant may designate a Beneficiary or Beneficiaries (both primary and contingent) to receive, in the event of the Participant's death, any Shares remaining to be delivered with respect to the Participant under the Plan. The Participant shall have the right to revoke any such designation and to re-designate a Beneficiary or Beneficiaries in such manner as may be prescribed by the Company.

15. Successors. The rights and obligations of the Company under the Plan shall inure to the benefit of, and shall be binding upon, the successors and assigns of the Company.

16. Governing Law. The Plan and all Award Opportunities shall be construed in accordance with and governed by the laws of the State of Ohio, but without regard to its conflict of law provisions.

17. Amendment or Termination. The Committee reserves the right, at any time, without either the consent of, or any prior notification to, any Participant, Eligible Officer or other person, to amend, suspend or terminate the Plan or any Award Opportunity granted thereunder, in whole or in part, in any manner, and for any reason; provided that any such amendment shall be subject to approval by the shareholders of the Company to the extent required to satisfy the requirements of Section 162(m) of the Code and the Treasury Regulations promulgated thereunder (as applicable), and provided further that any such amendment shall not, after the end of the 90-day period described in Section 3 of the Plan, cause the amount payable under an Award Opportunity to be increased as compared to the amount that would have been paid in accordance with the terms established as of the end of such period. Notwithstanding the foregoing, no amendment, suspension or termination of the Plan following a Change in Control (as defined in the Stock Incentive Plan) may adversely affect in a material way any Award Opportunity that was outstanding on the date of the Change in Control, without the consent of the affected Participant.

18. Claw-back Policy. Each Award Opportunity granted, and each Long-Term Incentive Bonus paid, pursuant to the Plan shall be subject to the terms and conditions of the Claw-back Policy.

19. Section 409A of the Code. It is the Company's intent that each Long-Term Incentive Bonus payable under the Plan shall be compliant with or exempt from the requirements of Section 409A of the Code under the "short-term deferral" exception set out in Section 1.409A-1(b)(4) of the Treasury Regulations. The Plan shall be interpreted and administered in a manner consistent with such intent.

20. Plan and Performance Bonus Plan Terms Control. In the event of a conflict between the terms and conditions of any Award Agreement and the terms and conditions of the Plan, the terms and conditions of the Plan shall prevail. In the event of a conflict between the terms and conditions of any Award Agreement or the Plan and the terms and conditions of the Performance Bonus Plan, the terms and conditions of the Performance Bonus Plan shall prevail to the extent necessary for Long-Term Incentive Bonuses paid under the Plan to qualify as "performance-based compensation" for purposes of Section 162(m) of the Code and Section 1.162-27 of the Treasury Regulations promulgated thereunder. In the event of a conflict between the terms and conditions of any Award Agreement and the terms and conditions of the Stock Incentive Plan, the terms and conditions of the Stock Incentive Plan shall prevail.

21. Severability. If any provision of the Plan is held invalid, void or unenforceable, the same shall not affect, in any respect whatsoever, the validity of any other provisions of the Plan.

22. Waiver. The waiver by the Company of any breach of any provision of the Plan by a Participant shall not operate or be construed as a waiver of any subsequent breach.

23. Captions. The captions of the sections of the Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

24. Consent to Transfer Personal Data. By acknowledging an Award Opportunity, each Participant will voluntarily acknowledge and consent to the collection, use, processing and transfer of personal data as described in this Section 24. Participants are not obliged to consent to such collection, use, processing and transfer of personal data. However, failure to provide the consent may affect the Participant's ability to participate in the Plan. The Company and its Affiliates hold certain personal information about each Participant, that may include name, home address and telephone number, fax number, email address, family size, marital status, sex, beneficiary information, emergency contacts, passport / visa information, age, language skills, drivers license information, date of birth, birth certificate, social security number or other employee identification number, nationality, C.V. (or resume), wage history, employment references, job title, employment or severance contract, current wage and benefit information, personal bank account number, tax related information, plan or benefit enrollment forms and elections, option or benefit statements, any shares of stock or directorships in the Company, details of all options or any other entitlements to Shares awarded, canceled, purchased, vested,

unvested or outstanding in your favor, for the purpose of managing and administering the Plan (“Data”). The Company and its Affiliates will transfer Data amongst themselves as necessary for the purpose of implementation, administration and management of each Participant’s participation in the Plan, and may further transfer Data to any third parties assisting the Company and its Affiliates in the implementation, administration and management of the Plan. These recipients may be located throughout the world, including the United States. By acknowledging an Award Opportunity, each Participant will authorize such third parties to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Participant’s participation in the Plan, including any requisite transfer of such Data as may be required for the administration of the Plan and/or the subsequent holding of shares of stock on the Participant’s behalf to a broker or other third party with whom the Participant may elect to deposit any shares of stock acquired pursuant to the Plan. A Participant may, at any time, review Data, require any necessary amendments to it or withdraw the consents herein in writing by contacting the Company; however, withdrawing such consent may affect the Participant’s ability to participate in the Plan.

25. Notification of Change in Personal Data. If your address or contact information changes prior to the delivery of any Shares pursuant to an Award Opportunity, the Company must be notified in order to administer the Plan and such Award Opportunity. Notification of such changes should be provided to the Company as follows:

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

Active employees: Update your address and contact information directly through your Personal Profile section in the Employee Self-Service site.

Retired, terminated or family member of deceased Participant: Contact the Benefits Service Center at 1-800-992-5564.

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

26. Electronic Delivery. By acknowledging an Award Opportunity, each Participant will consent and agree to electronic delivery of any documents that the Company may elect to deliver (including, but not limited to, prospectuses, prospectus supplements, grant or award notifications and agreements, account statements, annual and quarterly reports, and all other forms of communications) in connection with any Award Opportunity granted under the Plan. By acknowledging an Award Opportunity, each Participant will consent to any and all procedures the Company has established or may establish for an electronic signature system for delivery and acceptance of any such documents that the Company may elect to deliver, and each Participant will agree that his or her electronic signature is the same as, and shall have the same force and effect as, his or her manual signature. By acknowledging an Award Opportunity, each Participant will consent and agree that any such procedures and delivery may be effected by a third party engaged by the Company to provide administrative services related to the Plan.

27. Prospectus Notification. Copies of the Stock Incentive Plan, the plan summary and prospectus which describes the Stock Incentive Plan (the “Prospectus”) and the most recent Annual Report and Proxy Statement issued by the Company (collectively, the “Prospectus Information”) are available for review by Participants on the UBS One Source Web site. Each Participant shall have the right to receive a printed copy of the Prospectus Information, free of charge, upon request by either calling the third party Plan Administrator at 877-742-7471 or by sending a written request to Parker’s Total Rewards Department.

28. Definitions. The following capitalized words as used in the Award Agreement shall have the following meanings:

“Affiliate” means any corporation or other entity (including, but not limited to, partnerships, limited liability companies and joint ventures) controlled by the Company.

“Award Agreement” means a written or electronic communication to a Participant with respect to a Performance Period, which provides notice of the Participant’s Maximum Shares and Target Shares for such Performance Period, subject to the terms and conditions of the Plan, the Performance Bonus Plan and the Stock Incentive Plan.

“Award Opportunity” means an opportunity granted by the Committee to a Participant to earn a Long-Term Incentive Bonus under the Plan with respect to a Performance Period, payable in Shares to be delivered under the Stock Incentive Plan, with such opportunity subject to the terms and conditions of the Award Agreement, the Plan, the Performance Bonus Plan and the Stock Incentive Plan.

“Beneficiary” means a person designated by a Participant in accordance with Section 14 of the Plan to receive, in the event of the Participant’s death, any Shares remaining to be delivered with respect to the Participant under the Plan.

“Board” means the Board of Directors of the Company.

"Cause" means any conduct or activity, whether or not related to the business of the Company, that is determined in individual cases by the Committee to be detrimental to the interests of the Company, including without limitation (a) the rendering of services to an organization, or engaging in a business, that is, in the judgment of the Committee, in competition with the Company; (b) the disclosure to anyone outside of the Company, or the use for any purpose other than the Company's business, of confidential information or material related to the Company, whether acquired by the Participant during or after employment with the Company; (c) fraud, embezzlement, theft-in-office or other illegal activity; or (d) a violation of the Company's Code of Conduct or other policies.

"Claw-back Policy" means the Parker-Hannifin Corporation Claw-back Policy, as amended from time to time, or any successor policy.

“Code” means the Internal Revenue Code of 1986, as amended.

“Committee” means the Human Resources and Compensation Committee of the Board, or such other committee appointed by the Board to administer the Performance Bonus Plan; provided, however, that in any event the Committee shall be comprised of not less than two directors of the Company, each of whom shall qualify as an “outside director” for purposes of Section 162(m) of the Code and Section 1.162-27(e)(3) of the Treasury Regulations promulgated thereunder (as applicable).

“Common Stock” means the common stock of the Company.

“Company” has the meaning given such term in Section 1 of the Plan.

“Disability” has the meaning set forth in the Parker-Hannifin Corporation Executive Long-Term Disability Plan or such other long-term disability program of the Company or an Affiliate in which the Participant participates.

“Eligible Officer” means any employee of the Company or an Affiliate, who is an executive officer of the Company, whether such person is so employed at the time the Plan is adopted or becomes so employed subsequent to the adoption of the Plan.

"Free Cash Flow Margin" means the Company's net cash flow provided by operating activities less capital expenditures for a calendar year in the Performance Period, expressed as a percentage of the Company's net sales for such calendar year. Free Cash Flow Margin shall be determined in accordance with generally accepted accounting principles as in effect on the first day of the applicable Performance Period. Discretionary pension contributions by the Company during the Performance Period are not included in the calculation of Free Cash Flow Margin. For this purpose, a discretionary pension contribution means a contribution by the Company or one of its subsidiaries to a qualified pension plan for employees of the Company or its subsidiaries where absent actions taken by the Company to affect its funding level in a particular year, no minimum required contribution would have been required under applicable laws and regulations.

"Maximum Shares" means, with respect to an Award Opportunity granted to a Participant for a Performance Period, the notional number of Shares equal to 200% of the Participant's Target Shares for such Performance Period. Each Maximum Share shall represent the contingent right to receive one share of Common Stock and shall at all times be equal in value to one share of Common Stock. The number of Maximum Shares granted pursuant to each outstanding Award Opportunity is subject to adjustment in accordance with the terms of the Performance Bonus Plan.

“Other Retirement” means a termination of employment by a Participant during a Performance Period that constitutes “retirement” under the policy of the Company or an Affiliate applicable to the Participant at the time of such termination of employment, other than a Qualifying Retirement. For purposes of clarity, whether a Participant’s termination of

employment constitutes an Other Retirement will be determined separately with respect to each Performance Period for which such Participant has an outstanding Award Opportunity at the time of termination of employment.

“Participant” means an Eligible Officer who has been granted an Award Opportunity with respect to a Performance Period.

“Peer Group” means the group of peer companies established as such by the Committee for each Award Opportunity and set forth in the grant of such Award Opportunity.

"Performance Bonus Plan" means the Parker-Hannifin Corporation 2015 Performance Bonus Plan, as it existed prior to its expiration, or any successor plan approved by the shareholders of the Company.

“Performance Period” means a period of three consecutive calendar years.

“Plan” means the Parker-Hannifin Corporation Long-Term Incentive Performance Plan Under the Performance Bonus Plan, as amended from time to time.

“Qualifying Retirement” applies to participants in the Plan who receive their first Award Opportunity pursuant to the Plan on or before January 24, 2018, and means termination of employment by a Participant during a Performance Period (i) after attainment of age 65, or (ii) after attainment of age 60 with at least 10 years of service and after completion of at least 12 months of continuous employment during such Performance Period. For purposes of clarity, whether a Participant’s termination of employment constitutes a Qualifying Retirement will be determined separately with respect to each Performance Period for which such Participant has an outstanding Award Opportunity at the time of termination of employment.

"Return on Average Equity" means the Company's net income for a calendar year in the Performance Period, divided by the average of shareholder's equity as of the first and last day of such calendar year. Return on Average Equity shall be determined in accordance with generally accepted accounting principles as in effect on the first day of the applicable Performance Period.

“Stock Incentive Plan” means the Amended and Restated Parker-Hannifin Corporation 2016 Omnibus Stock Incentive Plan, as amended from time to time, or any successor plan.

"Target Shares" means the notional number of Shares specified as such in a Participant's Notice of Award for a Performance Period, which may be used by the Committee in the exercise of its discretion under Section 5.B of the Plan to reduce the amount otherwise payable pursuant to the Participant's Award Opportunity.

CERTIFICATIONS

I, Thomas L. Williams, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Parker-Hannifin Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: May 6, 2021

/s/ Thomas L. Williams
Thomas L. Williams
Chief Executive Officer

CERTIFICATIONS

I, Todd M. Leombruno, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Parker-Hannifin Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: May 6, 2021

/s/ Todd M. Leombruno

Todd M. Leombruno

Executive Vice President and Chief Financial Officer

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

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in connection with the filing of the Quarterly Report on Form 10-Q of Parker-Hannifin Corporation (the "Company") for the quarterly period ended March 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company certifies, that, to such officer's knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

Dated: May 6, 2021

/s/ Thomas L. Williams

Name: Thomas L. Williams

Title: Chief Executive Officer

/s/ Todd M. Leombruno

Name: Todd M. Leombruno

Title: Executive Vice President and Chief Financial Officer