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Stock Symbol: PH - NYSE

Benefiting from Realignment Efforts, Parker's Fiscal Q2 Net Income Rises 29 Percent

Cleveland, Ohio: January 16, 2003 – Parker Hannifin Corporation today reported a 29-percent increase in fiscal second-quarter net income of \$37.6 million, or 32 cents per diluted share, on sales of \$1.52 billion for the period ended December 31, 2002. Before five cents per share in previously announced realignment costs (severance and manufacturing relocations) and write-down of an investment in a Japanese joint venture, quarterly earnings were 37 cents per diluted share. Also, a change in the company's tax rate decreased earnings by an additional penny per share. Last year, second-quarter net income was \$29.1 million, or 25 cents per diluted share (33 cents before realignment costs and an investment write-down), on sales of \$1.44 billion.

"We're in the final stages of our planned realignment activities," said Parker CEO Don Washkewicz. "Our cash flow was strong again this quarter, and working capital and capital expenditures are down materially from two years ago. We remain focused on our 'Win Strategy' initiatives to further enhance our prospects for future growth and profitability."

Working off of backlog, Parker Aerospace recorded an operating margin of 15.5 percent for the quarter, with a 4.5-percent decline in sales. The company noted stability in commercial aviation, but expects its aerospace unit to contend with margin pressure for the foreseeable future.

Both the North American and International Industrial units increased sales and operating income during the second quarter. With help from recent acquisitions and currency, sales were up 29 percent in the company's International Industrial businesses, and the operating margin was 6.0 percent. The North American Industrial margin was 4.1 percent, on a four-percent increase in sales.

In the "Other" segment, sales decreased seven percent after last year's divestiture of a non-core business, while the operating margin improved to 6.3 percent. Included in this segment is Climate and Industrial Controls, which posted higher sales and profits.

Year-to-Date Results

For the first six months of fiscal 2003, the company recorded net income of \$98.5 million, or 84 cents per diluted share (90 cents before realignment charges and an investment write-down) on sales of \$3.10 billion. Income is up 10 percent over last year's \$89.6 million, or 77 cents per diluted share (88 cents excluding realignment costs and an investment write-down), earned on sales of \$2.91 billion.

Outlook

"Historically, our post-recession rebound has been very strong. When the industrial recession ends, we're confident the company will be positioned to resume more robust growth and margin improvement," said Washkewicz.

Excluding realignment costs, the company's earnings in the third quarter of fiscal year 2003 are expected to be between 55 and 65 cents per share, while earnings for the full year are expected to range from \$2.10 to \$2.30 per share.

In addition to providing earnings estimates, Parker advises shareholders to note order trends, for which the company makes a disclosure several business days after the conclusion of each month. This information is available on the company's investor information web site, at www.phstock.com.

NOTICE OF CONFERENCE CALL: Parker Hannifin's conference call and slide presentation to discuss its fiscal second-quarter results is available to all interested parties via live webcast today at 10:00 a.m. ET, on the company's investor information web site, www.phstock.com. To access the call, click on the "Live Webcast" link. From this link, users also may complete a pre-call system test and register for e-mail notification of future events and information available from Parker.

With annual sales exceeding \$6 billion, Parker Hannifin is the world's leading diversified manufacturer of motion and control technologies and systems, providing precision-engineered solutions for a wide variety of commercial, mobile, industrial and aerospace markets. The company employs more than

48,000 people in 44 countries around the world. For more information, visit the company's web site at www.parker.com, or its investor information site at www.phstock.com.

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 company's future performance and earnings projections may differ materially from current expectations, depending on economic conditions within both its industrial and aerospace markets, and the company's ability to achieve anticipated benefits associated with announced realignment activities and strategic initiatives to improve operating margins. Among the other factors which may affect future performance are: changes in business relationships with and purchases by or from major customers or suppliers, including delays or cancellations in shipments; uncertainties surrounding timing, successful completion and integration of acquisitions; threats associated with and efforts to combat terrorism; competitive market conditions and resulting effects on sales and pricing; increases in raw-material costs that cannot be recovered in product pricing; and global economic factors, including currency exchange rates, difficulties entering new markets and general economic conditions such as interest rates. In each quarterly earnings report, the company intends to provide a range stating expected earnings per share for the succeeding quarter and full fiscal year, reflecting these ranges as estimates of diluted earnings per share before realignment activities. The company makes these statements as of the date of this disclosure, and while it undertakes no obligation to update them, reserves the right to update its earnings projections for any reason during the quarter, including the occurrence of material events.

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PARKER HANNIFIN CORPORATION - DECEMBER 31, 2002
CONSOLIDATED STATEMENT OF INCOME

(Unaudited) (Dollars in thousands except per share amounts)	Three Months Ended December 31,		Six Months Ended December 31,	
	2002	2001	2002	2001
Net sales	\$ 1,517,201	\$ 1,437,330	\$ 3,103,105	\$ 2,913,197
Cost of sales	1,258,827	1,203,893	2,558,717	2,401,518
Gross profit	258,374	233,437	544,388	511,679
Selling, general and administrative expenses	177,142	164,883	353,397	330,298
Other income (deductions):				
Interest expense	(19,356)	(21,555)	(39,050)	(42,009)
Interest and other income, net	(3,830)	(11)	(2,204)	106
	(23,186)	(21,566)	(41,254)	(41,903)
Income before income taxes	58,046	46,988	149,737	139,478
Income taxes	20,494	17,926	51,210	49,835
Net income	\$ 37,552	\$ 29,062	\$ 98,527	\$ 89,643
Earnings per share:				
Basic earnings per share	\$.33	\$.25	\$.85	\$.78
Diluted earnings per share	\$.32	\$.25	\$.84	\$.77
Average shares outstanding during period - Basic	116,279,317	115,010,099	116,255,974	115,088,506
Average shares outstanding during period - Diluted	117,118,546	115,618,970	116,863,141	115,685,834
Cash dividends per common share	\$.18	\$.18	\$.36	\$.36

BUSINESS SEGMENT INFORMATION BY INDUSTRY

(Unaudited) (Dollars in thousands)	Three Months Ended December 31,		Six Months Ended December 31,	
	2002	2001	2002	2001
Net sales				
Industrial:				
North America	\$ 669,905	\$ 646,299	\$ 1,397,482	\$ 1,297,139
International	373,921	290,446	739,580	586,737
Aerospace	275,400	288,312	552,721	600,812
Other	197,975	212,273	413,322	428,509
Total	\$ 1,517,201	\$ 1,437,330	\$ 3,103,105	\$ 2,913,197
Segment operating income				
Industrial:				
North America	\$ 27,423	\$ 23,576	\$ 78,468	\$ 64,041
International	22,321	13,207	48,967	33,035
Aerospace	42,651	46,446	85,184	103,338
Other	12,445	9,429	31,289	26,421
Total segment operating income	104,840	92,658	243,908	226,835
Corporate general and administrative expenses	19,395	15,674	39,493	32,613
Income from operations before interest expense and other	85,445	76,984	204,415	194,222
Interest expense	19,356	21,555	39,050	42,009
Other expense (income)	8,043	8,441	15,628	12,735
Income before income taxes	\$ 58,046	\$ 46,988	\$ 149,737	\$ 139,478

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

CONSOLIDATED BALANCE SHEET

(Unaudited)

(Dollars in thousands) December 31, 2002 2001

Assets**Current assets:**

Cash and cash equivalents	\$ 35,365	\$ 28,883
Restricted investments		92,912
Accounts receivable, net	898,888	813,638
Inventories	1,058,579	1,110,732
Prepaid expenses	41,298	43,055
Deferred income taxes	87,483	101,303
Total current assets	2,121,613	2,190,523
Plant and equipment, net	1,674,837	1,701,925
Goodwill	1,079,808	1,074,500
Intangible assets, net	54,495	25,678
Other assets	660,467	556,192
Total assets	\$ 5,591,220	\$ 5,548,818

Liabilities and shareholders' equity**Current liabilities:**

Notes payable	\$ 580,816	\$ 493,278
Accounts payable	371,835	336,454
Accrued liabilities	409,126	449,027
Accrued domestic and foreign taxes	54,899	60,605
Total current liabilities	1,416,676	1,339,364
Long-term debt	773,733	1,063,061
Pensions and other postretirement benefits	510,206	216,093
Deferred income taxes	90,629	145,700
Other liabilities	128,850	199,556
Shareholders' equity	2,671,126	2,585,044
Total liabilities and shareholders' equity	\$ 5,591,220	\$ 5,548,818

CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited)

Six Months Ended December 31,

(Dollars in thousands) 2002 2001

Cash flows from operating activities:

Net income	\$ 98,527	\$ 89,643
Depreciation and amortization	129,827	122,516
Net change in receivables, inventories, and trade payables	52,551	135,699
Net change in other assets and liabilities	(31,920)	(2,582)
Other, net	11,464	5,060
Net cash provided by operating activities	260,449	350,336

Cash flows from investing activities:

Acquisitions (less cash acquired of \$8 in 2002 and \$343 in 2001)	(1,999)	(310,178)
Capital expenditures	(79,053)	(113,119)
Other, net	10,402	(14,176)
Net cash used in investing activities	(70,650)	(437,473)

Cash flows from financing activities:

Net proceeds from (payments for) common share activity	2,222	(4,710)
Net (payments of) proceeds from debt	(162,644)	141,216
Dividends	(41,696)	(41,430)
Net cash (used in) provided by financing activities	(202,118)	95,076
Effect of exchange rate changes on cash	1,300	(2,621)
Net (decrease) increase in cash and cash equivalents	(11,019)	5,318
Cash and cash equivalents at beginning of period	46,384	23,565
Cash and cash equivalents at end of period	\$ 35,365	\$ 28,883