



For Release: **Immediately**

Contact: Media –
 Lorrie Paul Crum, VP - Corp. Communications 216/896-2750
 lcrum@parker.com

 Financial Analysts –
 Timothy K. Pistell, Vice President and Treasurer 216/896-2130
 tpistell@parker.com

Stock Symbol: PH - NYSE

Parker Earns 52 Cents in Current Quarter on Modest Sales Increase

Cleveland, Ohio: October 15, 2002 – Parker Hannifin Corporation (NYSE:PH) today reported first-quarter net income for the period ended September 30, 2002 of \$61 million, or 52 cents per diluted share, on record first-quarter sales of \$1.59 billion. Last year, the company earned \$60.6 million, or 52 cents per diluted share, on sales of \$1.48 billion.

“We made good progress this quarter streamlining the company, and we have the bulk of realignment behind us,” said Parker President and CEO Don Washkewicz. “The economic environment remains volatile, but most encouraging is the fact that we realized some tangible benefits this quarter from the operating improvements our divisions have been working on for the past year. As the consistent performance of Aerospace suggests, we know that the extension of our lean enterprise and supply-chain strategies will create greater value in our industrial businesses going forward.”

“We remain in excellent condition financially, generating strong cash flow, and tightly controlling our costs and leverage position,” Washkewicz said.

The Aerospace segment, which is 19 percent of annual revenues, had lower sales and operating income in the quarter primarily due to a marked decline in commercial markets, but partially offset by an increase in military business. This segment posted an operating margin of 15.3 percent, reflecting the group’s lean-enterprise discipline.

The International Industrial businesses increased sales and operating income during the quarter, primarily reflecting higher volume. As a result, International Industrial operating margin improved to 7.3 percent.

Quarterly sales and operating income in the company's North American Industrial businesses improved with strengthening mobile -equipment sales, especially in the construction and agriculture markets. North American Industrial operating margin increased to 7.0 percent.

In the "Other" segment, which includes Climate & Industrial Controls and Specialty Chemicals, the operating margin improved to 8.8 percent, despite relatively flat sales.

Outlook

The company noted that it sees no definitive signs of economic recovery in recent order trends. For the fiscal second quarter ending December 31, earnings are expected to range from 33 to 43 cents per share before business-realignment costs. Reflecting continued economic volatility, the company projects full-year earnings between \$2.20 and \$2.50 per share, not including previously announced realignment costs. These actions are expected to include severance, operating realignments, plant closures and consolidations in the company's industrial segment.

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.

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 .

NOTICE OF CONFERENCE CALL: Parker Hannifin's conference call and slide presentation to discuss its fiscal first-quarter results is available to all interested parties via live webcast at 10 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 may also complete a pre-call system test and register for e-mail notification of future events and information available from Parker.

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; 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 unusual items. 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.

#

PARKER HANNIFIN CORPORATION - SEPTEMBER 30, 2002
CONSOLIDATED STATEMENT OF INCOME

(Unaudited)	Three Months Ended September 30,	
(Dollars in thousands except per share amounts)	2002	2001
Net sales	\$ 1,585,904	\$ 1,475,867
Cost of sales	1,299,890	1,197,625
Gross profit	286,014	278,242
Selling, general and administrative expenses	176,255	165,415
Other income (deductions):		
Interest expense	(19,694)	(20,454)
Interest and other income, net	1,626	117
	(18,068)	(20,337)
Income before income taxes	91,691	92,490
Income taxes	30,716	31,909
Net income	\$ 60,975	\$ 60,581
Earnings per share:		
Basic earnings per share	\$.52	\$.53
Diluted earnings per share	\$.52	\$.52
Average shares outstanding during period - Basic	116,232,630	115,166,914
Average shares outstanding during period - Diluted	116,607,735	115,752,698
Cash dividends per common share	\$.18	\$.18

BUSINESS SEGMENT INFORMATION BY INDUSTRY

(Unaudited)	Three Months Ended September 30,	
(Dollars in thousands)	2002	2001
Net sales		
Industrial:		
North America	\$ 727,577	\$ 650,840
International	365,659	296,291
Aerospace	277,321	312,500
Other	215,347	216,236
Total	\$ 1,585,904	\$ 1,475,867
Segment operating income		
Industrial:		
North America	\$ 51,045	\$ 40,465
International	26,646	19,828
Aerospace	42,533	56,892
Other	18,844	16,992
Total segment operating income	139,068	134,177
Corporate general and administrative expenses	20,098	16,939
Income from operations before interest expense and other	118,970	117,238
Interest expense	19,694	20,454
Other expense	7,585	4,294
Income before income taxes	\$ 91,691	\$ 92,490

CONSOLIDATED BALANCE SHEET

(Unaudited)

(Dollars in thousands)

September 30,

2002

2001

Assets**Current assets:**

Cash and cash equivalents	\$	45,730	\$	35,384
Restricted investments				86,992
Accounts receivable, net		945,861		920,958
Inventories		1,046,342		1,047,713
Prepaid expenses		44,998		43,580
Deferred income taxes		80,386		109,376

Total current assets		2,163,317		2,244,003
-----------------------------	--	------------------	--	------------------

Plant and equipment, net		1,681,958		1,600,157
--------------------------	--	-----------	--	-----------

Goodwill		1,063,925		1,083,467
----------	--	-----------	--	-----------

Intangible assets, net		58,487		17,492
------------------------	--	--------	--	--------

Other assets		658,730		550,856
--------------	--	---------	--	---------

Total assets	\$	5,626,417	\$	5,495,975
---------------------	-----------	------------------	-----------	------------------

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

Notes payable	\$	453,130	\$	583,428
---------------	----	---------	----	---------

Accounts payable		413,912		380,009
------------------	--	---------	--	---------

Accrued liabilities		418,725		452,821
---------------------	--	---------	--	---------

Accrued domestic and foreign taxes		51,372		81,315
------------------------------------	--	--------	--	--------

Total current liabilities		1,337,139		1,497,573
----------------------------------	--	------------------	--	------------------

Long-term debt		955,312		874,228
----------------	--	---------	--	---------

Pensions and other postretirement benefits		502,289		206,427
--	--	---------	--	---------

Deferred income taxes		89,603		144,243
-----------------------	--	--------	--	---------

Other liabilities		128,916		192,866
-------------------	--	---------	--	---------

Shareholders' equity		2,613,158		2,580,638
----------------------	--	-----------	--	-----------

Total liabilities and shareholders' equity	\$	5,626,417	\$	5,495,975
---	-----------	------------------	-----------	------------------

CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited)

(Dollars in thousands)

Three Months Ended September 30,

2002

2001

Cash flows from operating activities:

Net income	\$	60,975	\$	60,581
------------	----	--------	----	--------

Depreciation and amortization		64,073		61,763
-------------------------------	--	--------	--	--------

Net change in receivables, inventories, and trade payables		26,822		60,965
--	--	--------	--	--------

Net change in other assets and liabilities		(22,282)		27,300
--	--	----------	--	--------

Other, net		15,565		(7,512)
------------	--	--------	--	---------

Net cash provided by operating activities		145,153		203,097
--	--	----------------	--	----------------

Cash flows from investing activities:

Acquisitions (less cash acquired of \$8 in 2002)		(1,987)		(135,545)
--	--	---------	--	-----------

Capital expenditures		(38,614)		(59,296)
----------------------	--	----------	--	----------

Other, net		4,933		(9,712)
------------	--	-------	--	---------

Net cash used in investing activities		(35,668)		(204,553)
--	--	-----------------	--	------------------

Cash flows from financing activities:

Net proceeds from (payments for) common share activity		845		(149)
--	--	-----	--	-------

Net (payments of) proceeds from debt		(90,214)		35,843
--------------------------------------	--	----------	--	--------

Dividends		(20,842)		(20,731)
-----------	--	----------	--	----------

Net cash (used in) provided by financing activities		(110,211)		14,963
--	--	------------------	--	---------------

Effect of exchange rate changes on cash		72		(1,688)
---	--	----	--	---------

Net (decrease) increase in cash and cash equivalents		(654)		11,819
--	--	-------	--	--------

Cash and cash equivalents at beginning of period		46,384		23,565
--	--	--------	--	--------

Cash and cash equivalents at end of period	\$	45,730	\$	35,384
---	-----------	---------------	-----------	---------------