Unlimited Opportunity in the World of Motion and Control

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ENGINEERING YOUR SUCCESS.

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 and 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, and growth, innovation and global diversification initiatives. A change in economic conditions in individual markets may have a particularly volatile effect on segment results. 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 or significant changes in financial condition; uncertainties surrounding timing, successful completion or integration of acquisitions; threats associated with and efforts to combat terrorism; uncertainties surrounding the ultimate resolution of outstanding litigation; competitive market conditions and resulting effects on sales and pricing; increases in raw material costs that cannot be recovered in product pricing; the company's ability to manage costs related to employee retirement and health care benefits and insurance; and global economic factors, including manufacturing activity, air travel trends, currency exchange rates, difficulties entering new markets and general economic conditions such as inflation, interest rates and credit availability. The company makes these statements as of the date of this disclosure, and undertakes no obligation to update them.

Parker

A purposeful confluence of capability, a fortunate confluence of global need

- Scale
- Positioning
- Leverage
- Execution
- Proof of Change

Uniquely Positioned to Address Global Challenges

Energy 

Food 

Water 

Environment 

Poverty 

2008 = 6.7B people
2050 >9B people

 Terrorism/War

Disease

Education

 Democracy

 Population

Parker

Diversified Industrial

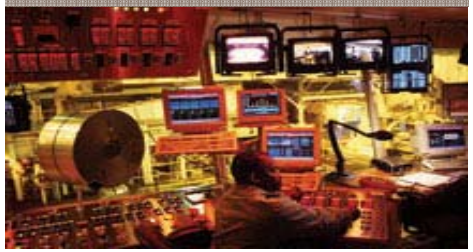
- $12.1 billion in revenue
- 960,000 Products
- 449,000 Customers
- 62,000 Employees
- 12,000+ Distribution/MRO Outlets
- 1,200 Markets
- 298 Manufacturing Plants
- 135 Divisions

World Leading Technologies

Aerospace

Refrigeration

Electromechanical

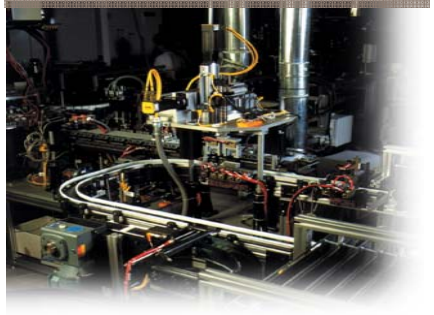


Filtration

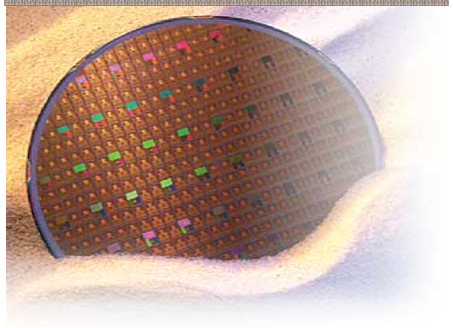
Fluid Handling

Hydraulics

Pneumatics

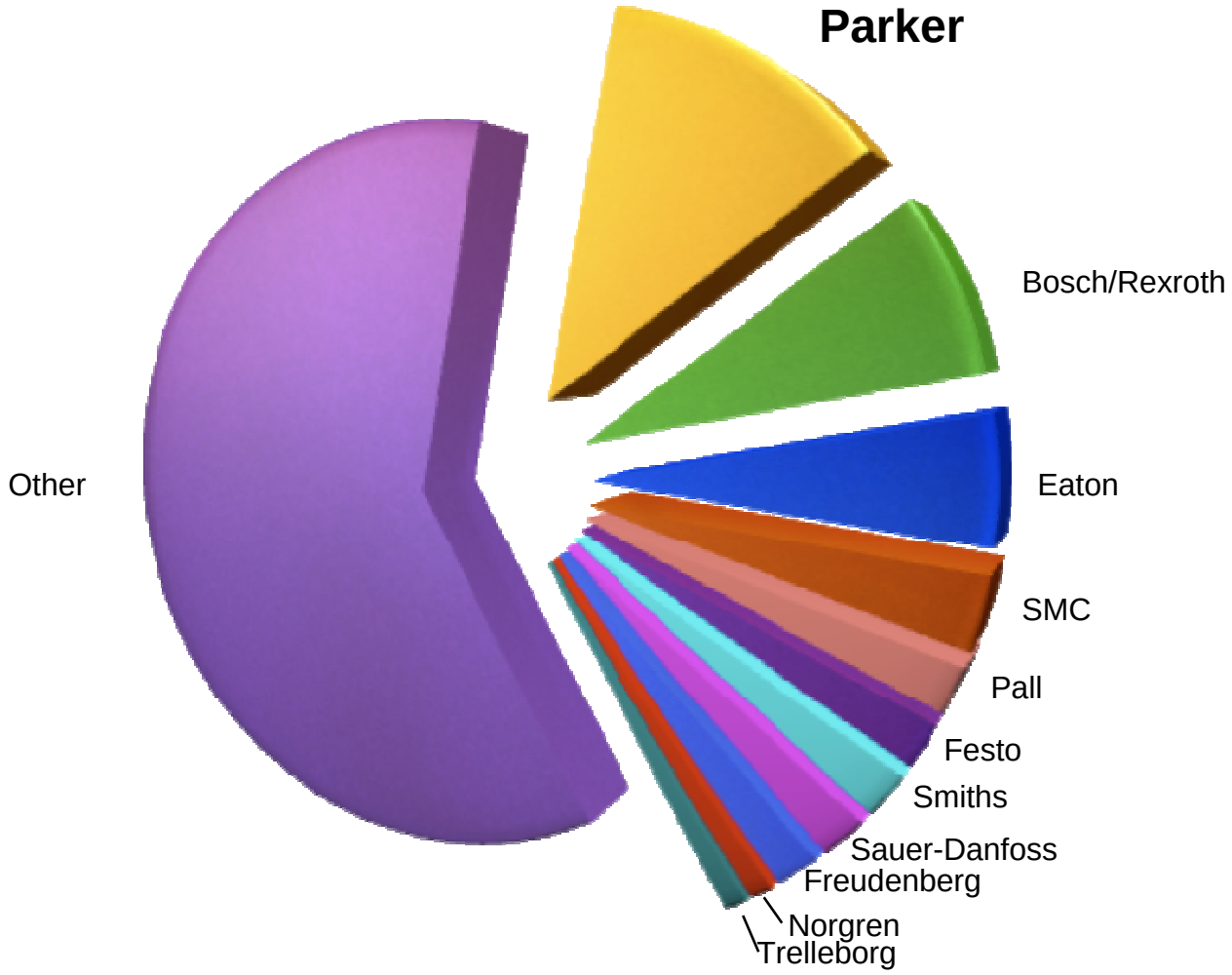


Process Control



Sealing & Shielding

Parker is the Global Leader in Motion & Control



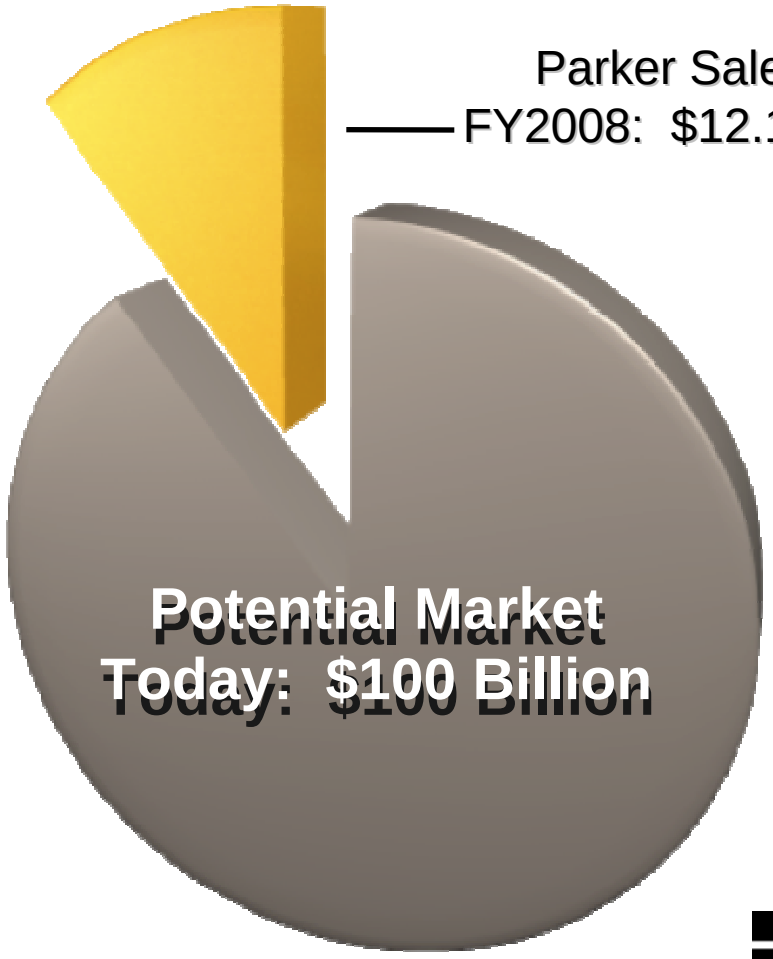
Parker Market Potential

Parker Sales in
FY2000: $5.4 Billion

Potential Market in 2000
$50 Billion

Our growth opportunities are far greater than before

Parker Sales in
FY2008: $12.1 Billion



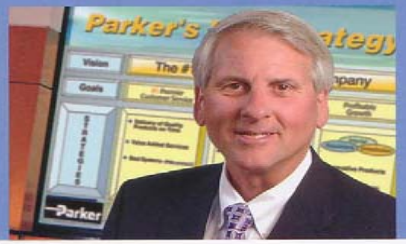
FY08 Results

Record Results!

- Record sales
- Record operating margin %
- Record earnings
- Record ROS
- Record EPS
- Record cash flow from operations

A Clear Roadmap for Success

In 2001, Parker developed and implemented the Win Strategy with a single goal: **raise the performance of the company to a higher level.** Without exception, this simple yet powerful plan is being executed by every one of Parker's 57,000 + employees every day in every country we operate. As an investor, you will find few companies of Parker's size as consistently focused.



Specifically, The Win Strategy focuses on:

Premier Customer Service

Strategies
- Deliver quality products on time
- Value added services
- Best systems - PHconnect

Goals
- ≥ 95% on time delivery
- Sole source customers
- Partnership accounts
- Selling total Parker

Financial Performance

Strategies
- Suppliers - Strategic Procurement
- Operations - Lean
- Customers - Strategic Pricing
- European initiatives

Goals
- "Over the line" return on net assets
- 15% segment operating income
- Top peer quartile P/E multiple
- Premier diversified industrial
- Best cost producer

Profitable Growth

Strategies
- Innovative products
- Systems solutions
- Strong distribution

Internal · Acquisitions · Globalization

Goals
- 10% compound growth
- ≥ 20% market share
- #1 or 2 position for each business
- 50% distribution / 50% OEM mix
- Winovation new product methodology

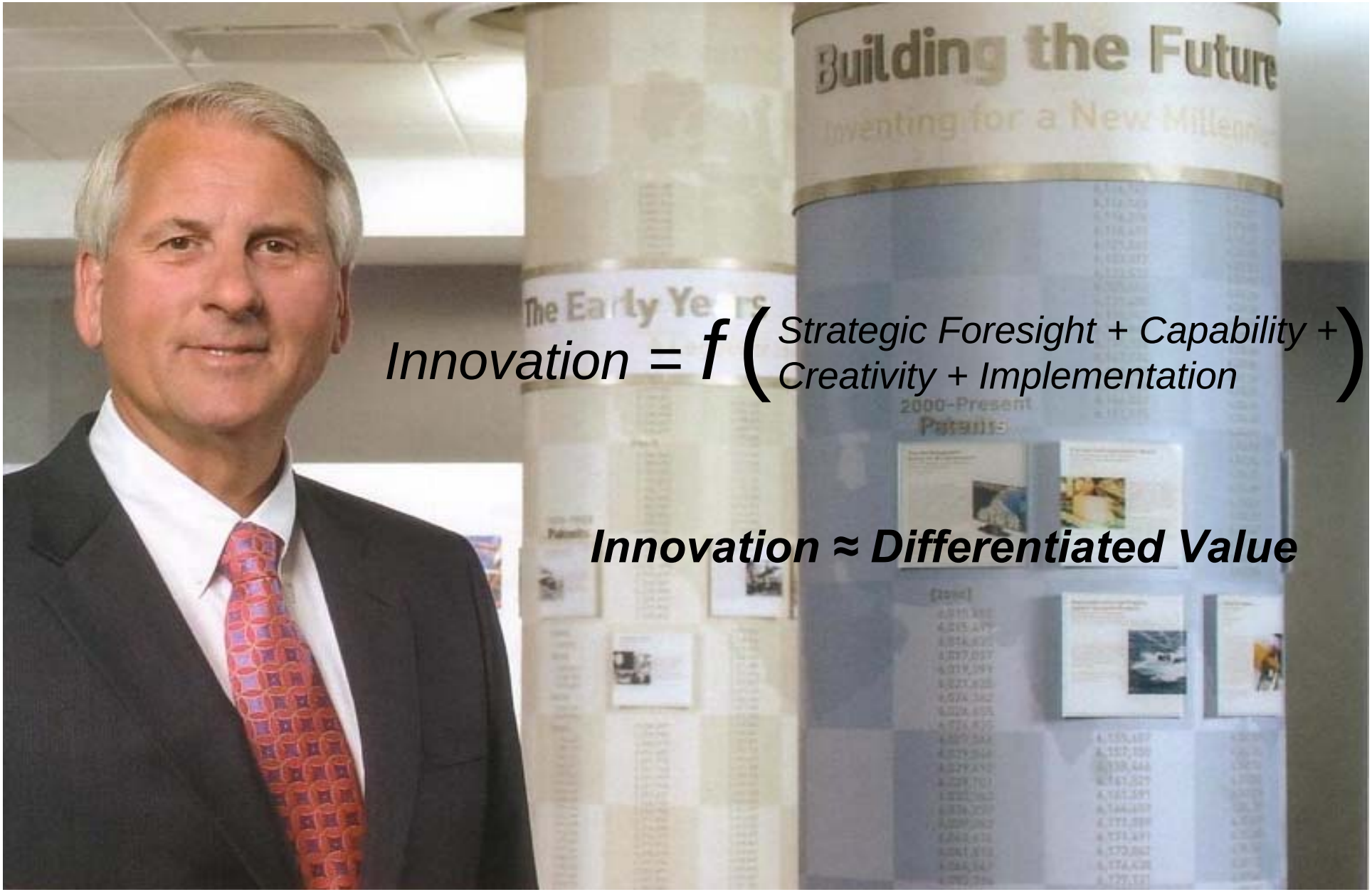
62,000 Empowered Employees Worldwide

"Parker's Win Strategy is about three things that matter most to investors: execution, accountability, and results. Today our company is stronger because the Win Strategy is working"

— *Donald E. Washkewicz*
Chairman, Chief Executive Officer and President

"Simplicity is the ultimate sophistication"

- Leonardo da Vinci



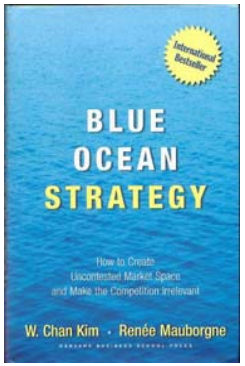
$$Innovation = f\left(\begin{array}{l}Strategic\ Foresight + Capability + \\ Creativity + Implementation\end{array}\right)$$

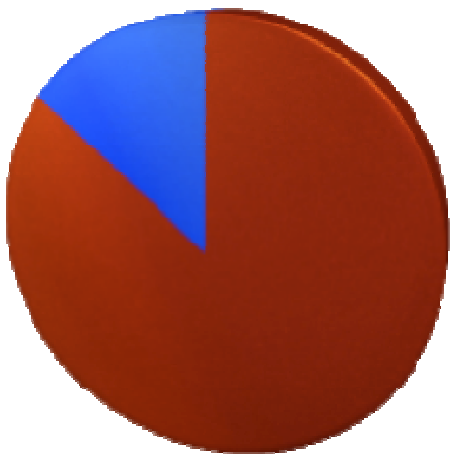
Innovation ≈ Differentiated Value

"New to the World"

"New to the Market"

Value Innovation

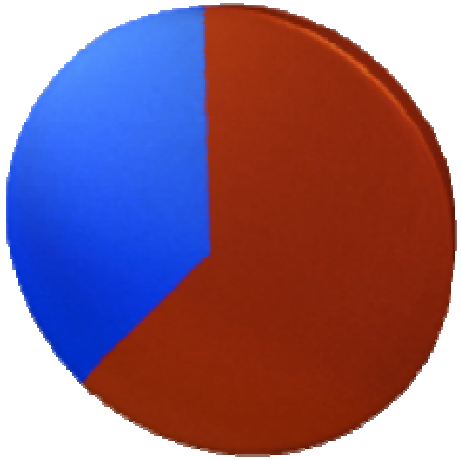




Portfolio

Incremental = 86%

Value Innovations = 14%



Revenue

Incremental = 62%

Value Innovations = 38%

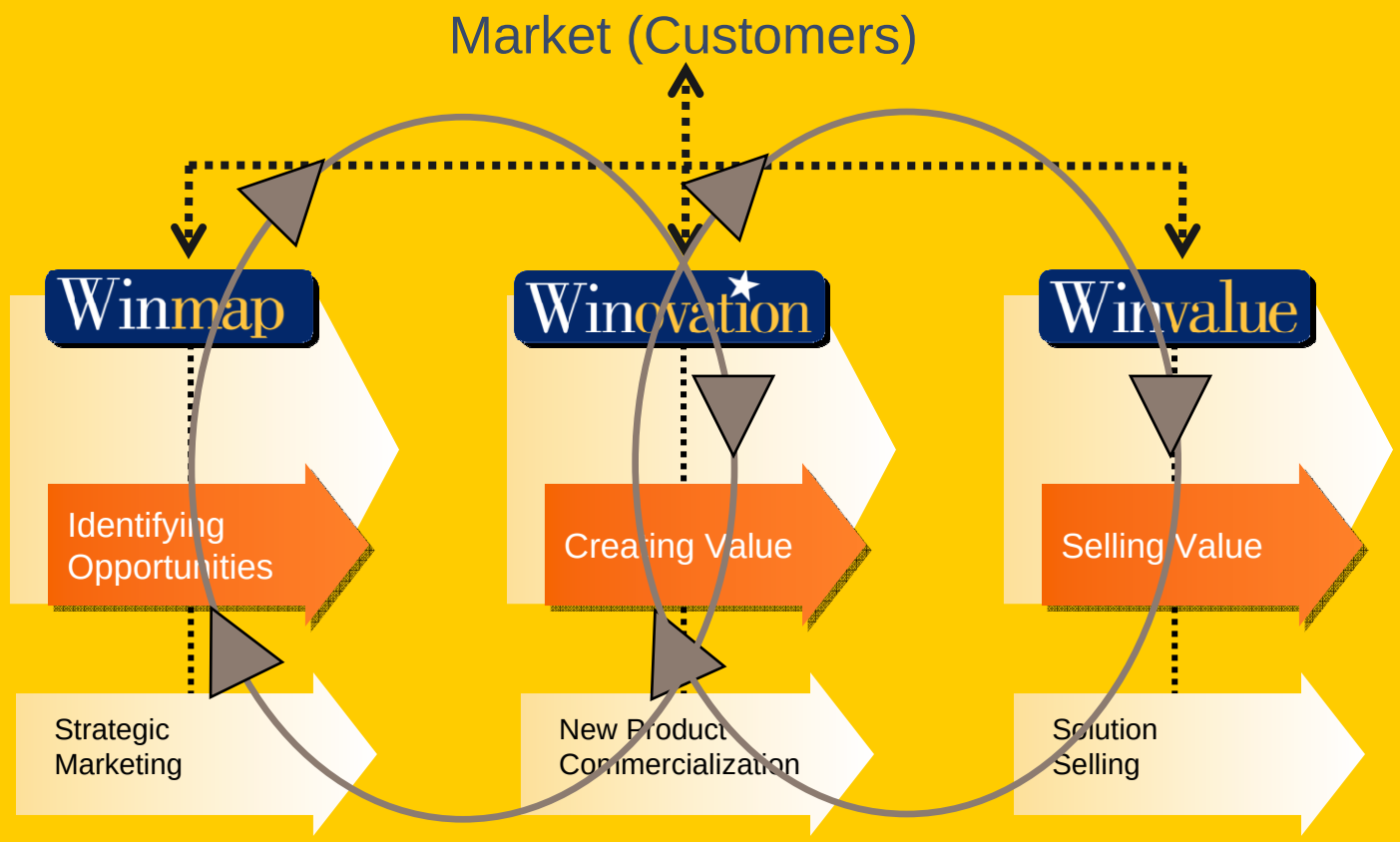
Profit

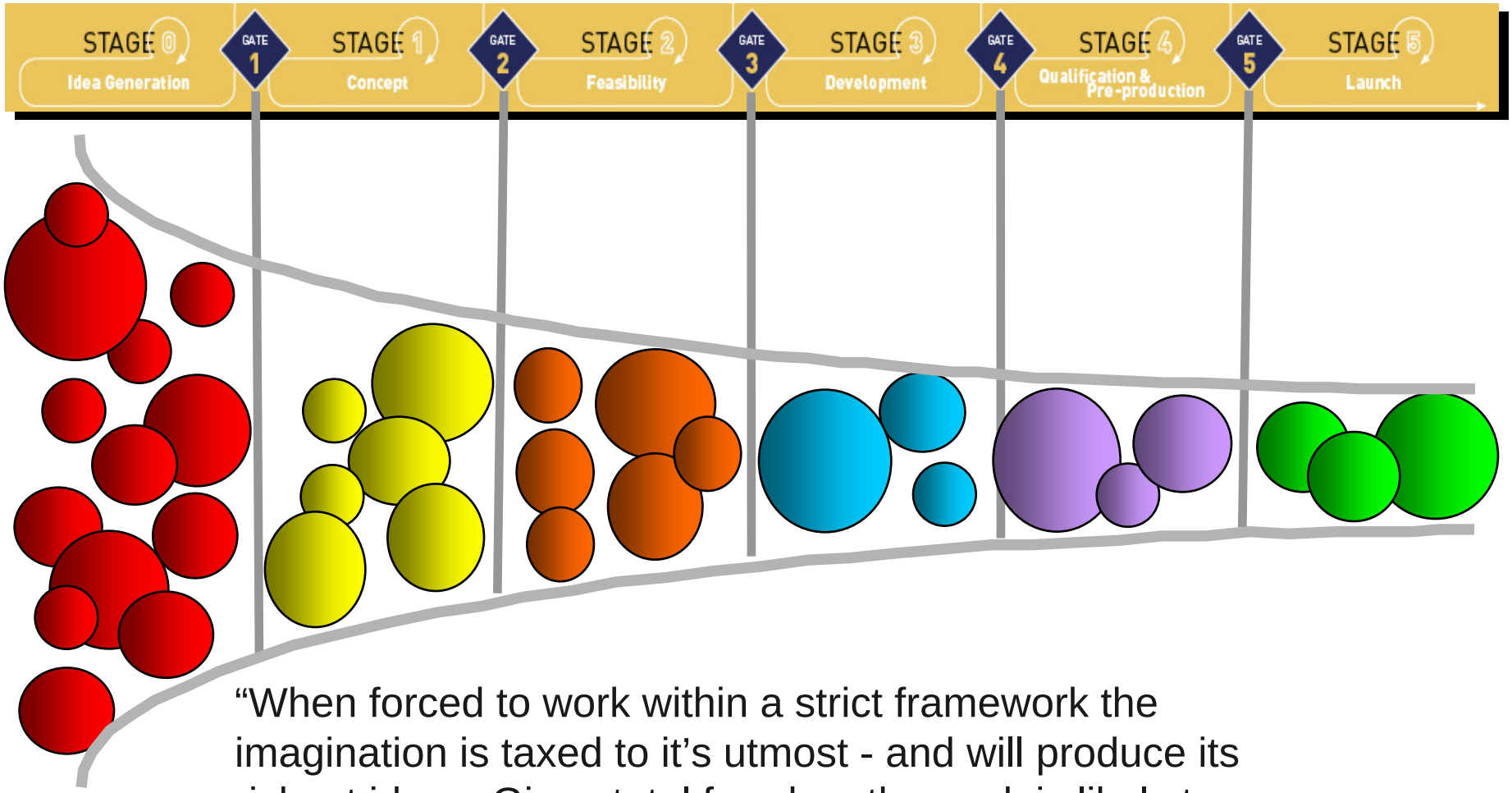
Incremental = 39%

Value Innovations = 61%

Our Business Development Process

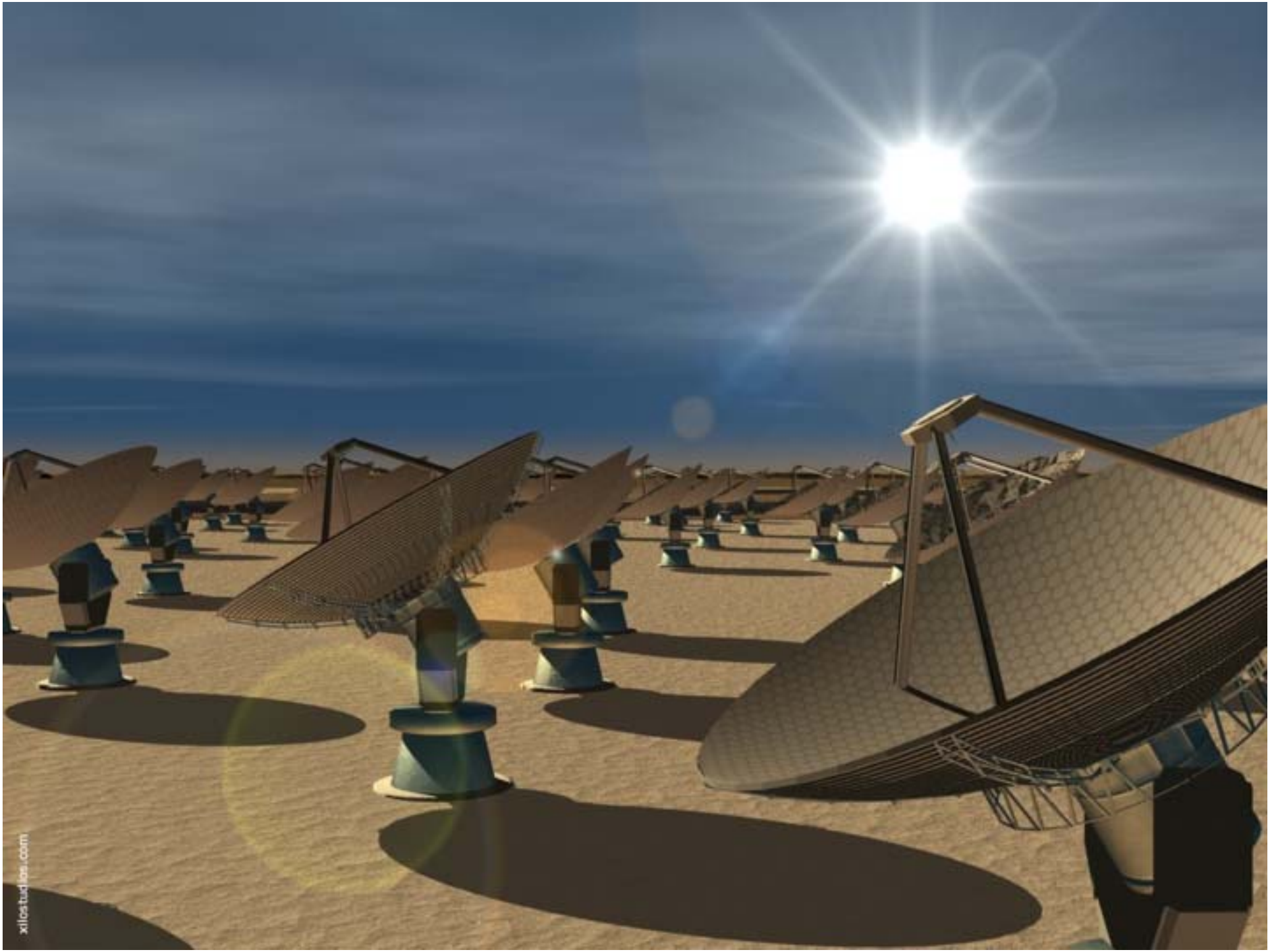
A collaborative and seamless process for competitive advantage.





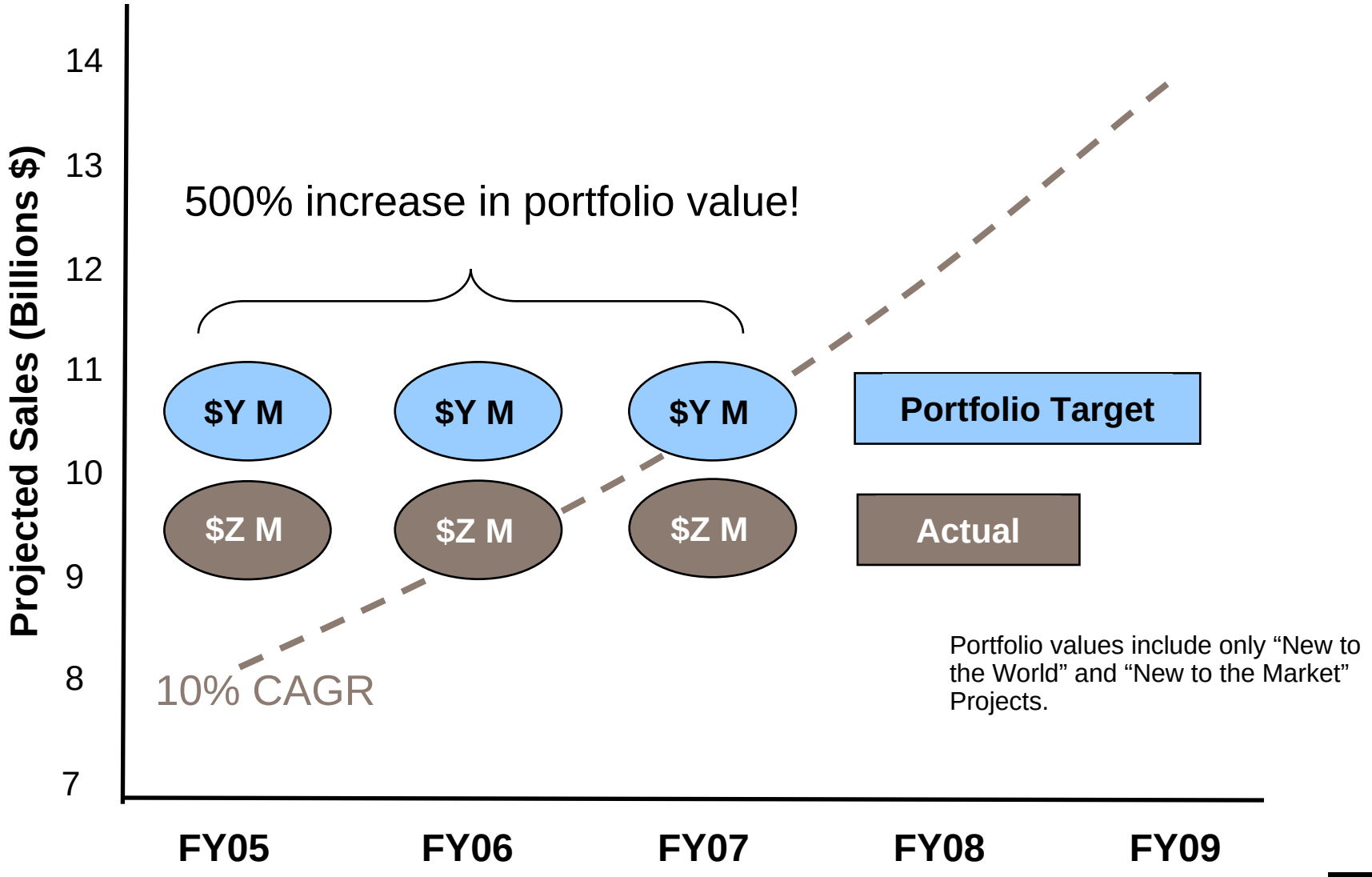
"When forced to work within a strict framework the imagination is taxed to it's utmost - and will produce its richest ideas. Given total freedom the work is likely to sprawl."

-T.S. Elliot


xilostudios.com

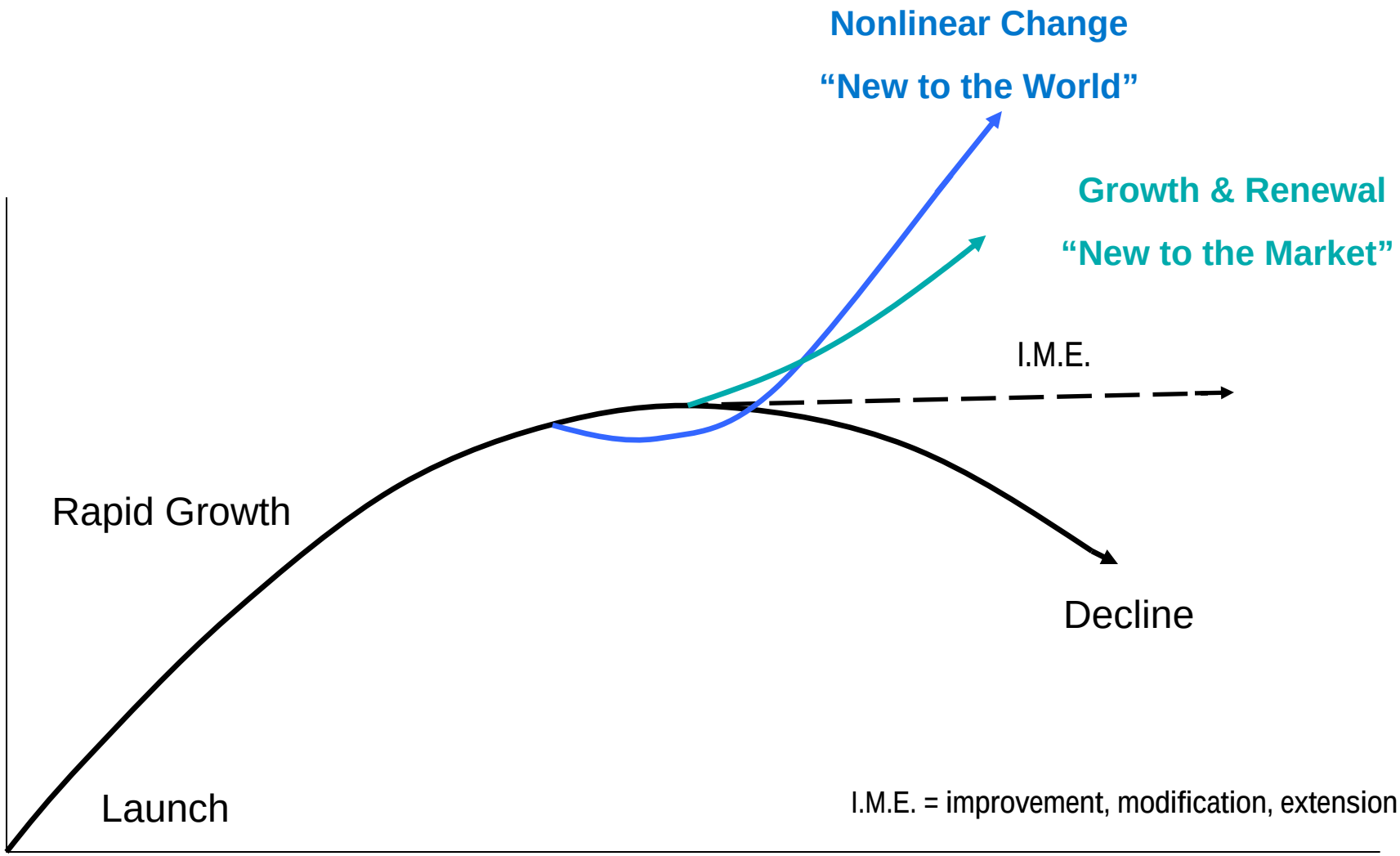
Innovation began to occur in the white space between “knowledge domains”

Portfolio Value

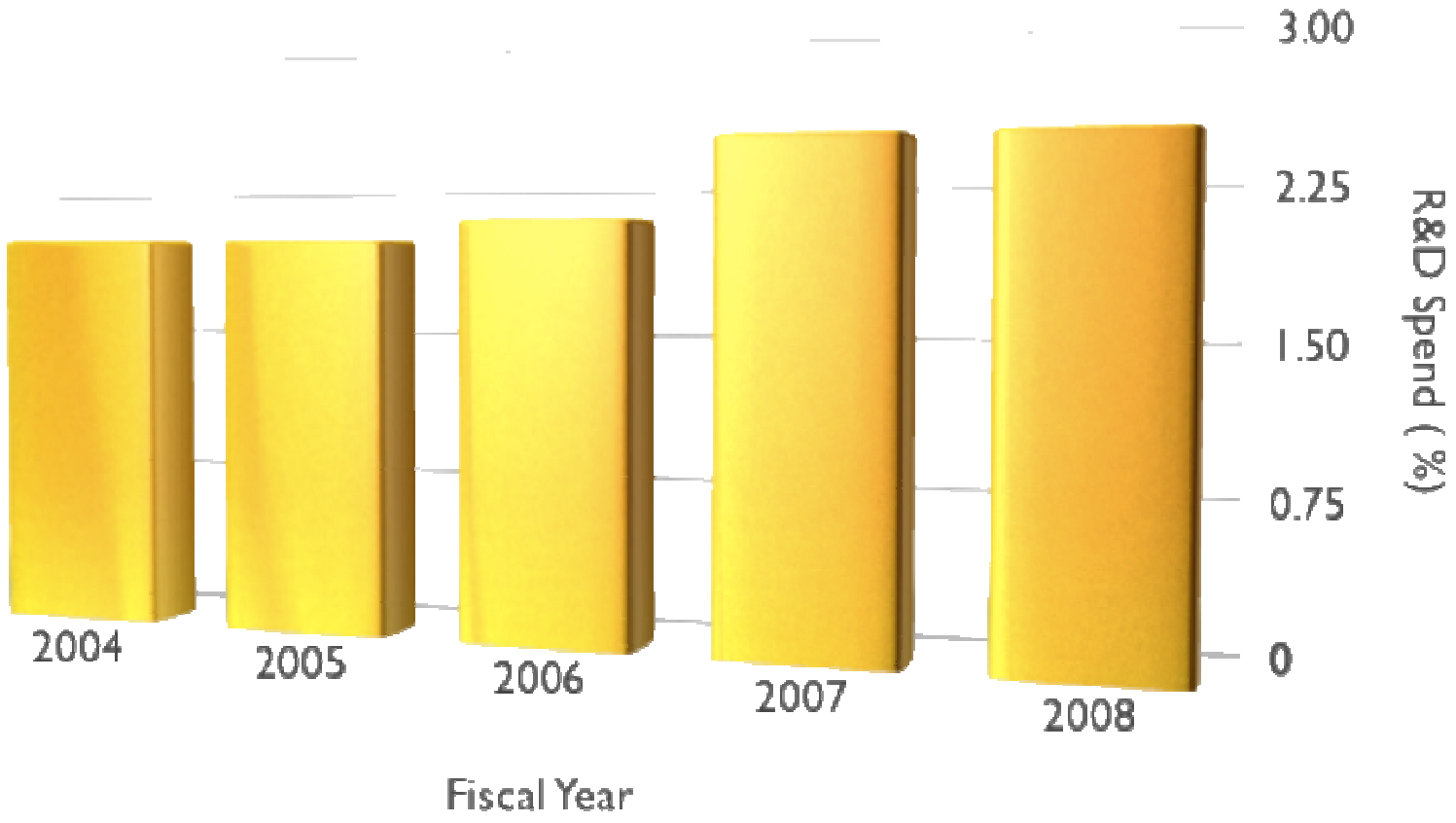


Portfolio values include only “New to the World” and “New to the Market” Projects.

Lifecycle Management



R&D Investment



Parker's Hydraulic Brake Energy Recovery System

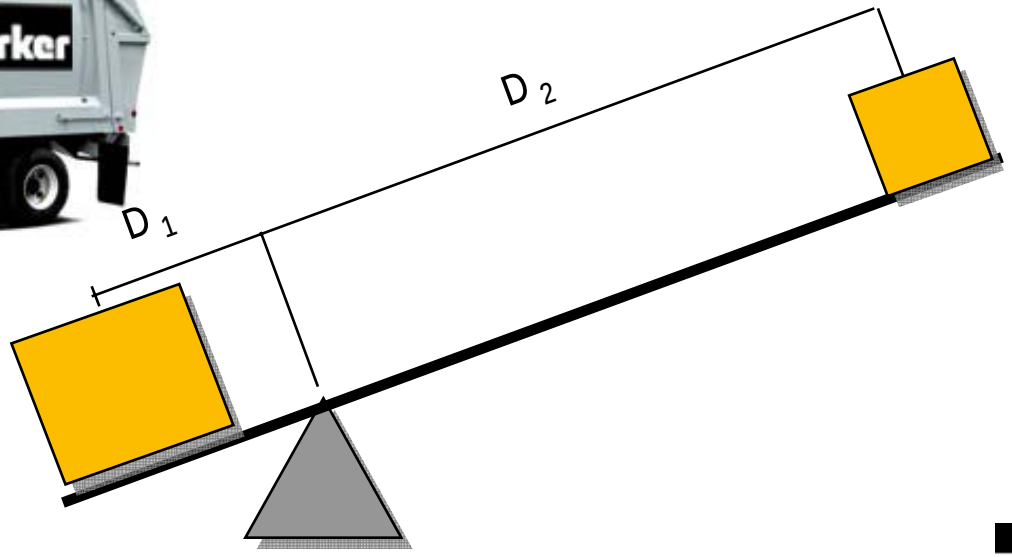
Automation Group

Filtration Group

Fluid Connector Group

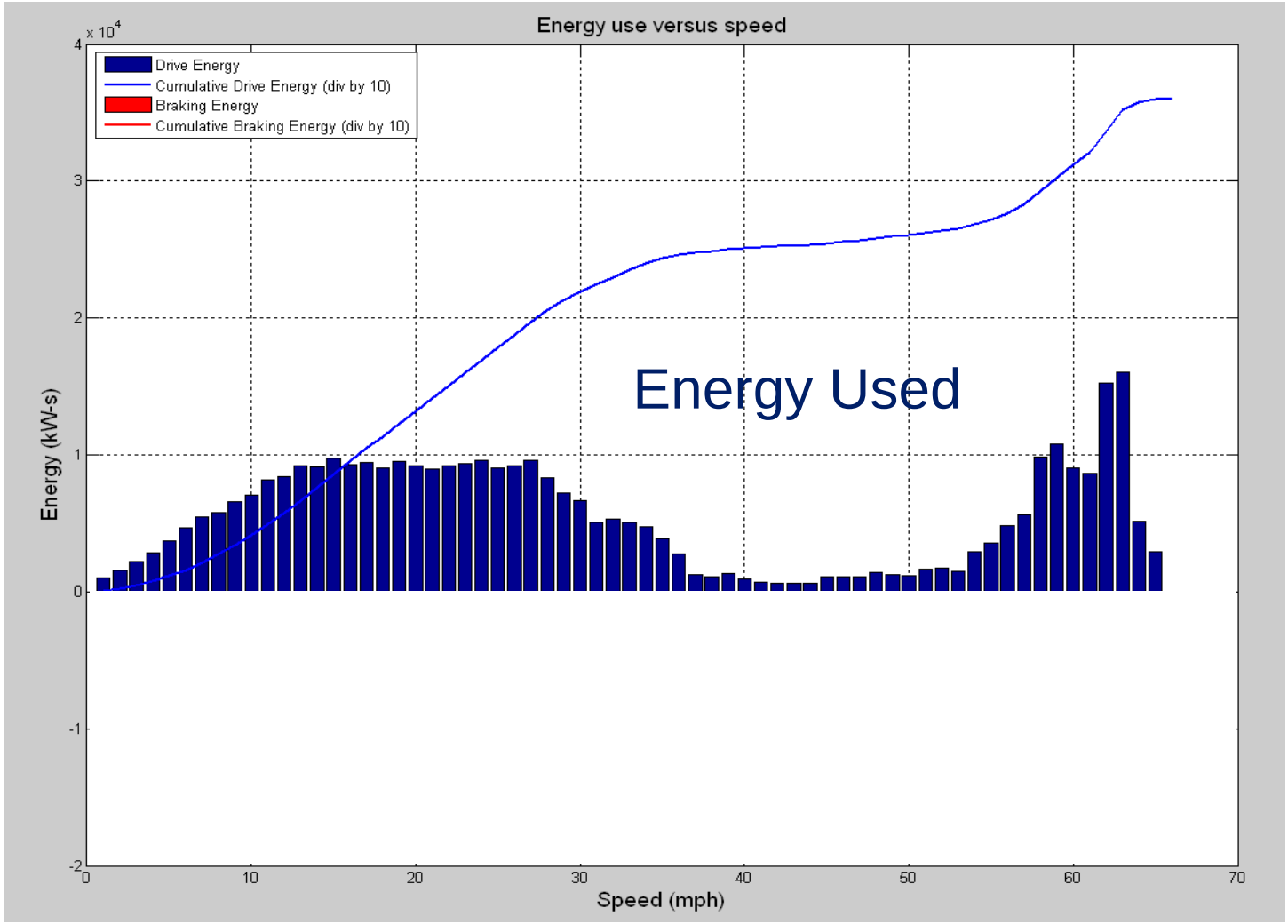
Seal Group

Hydraulics Group

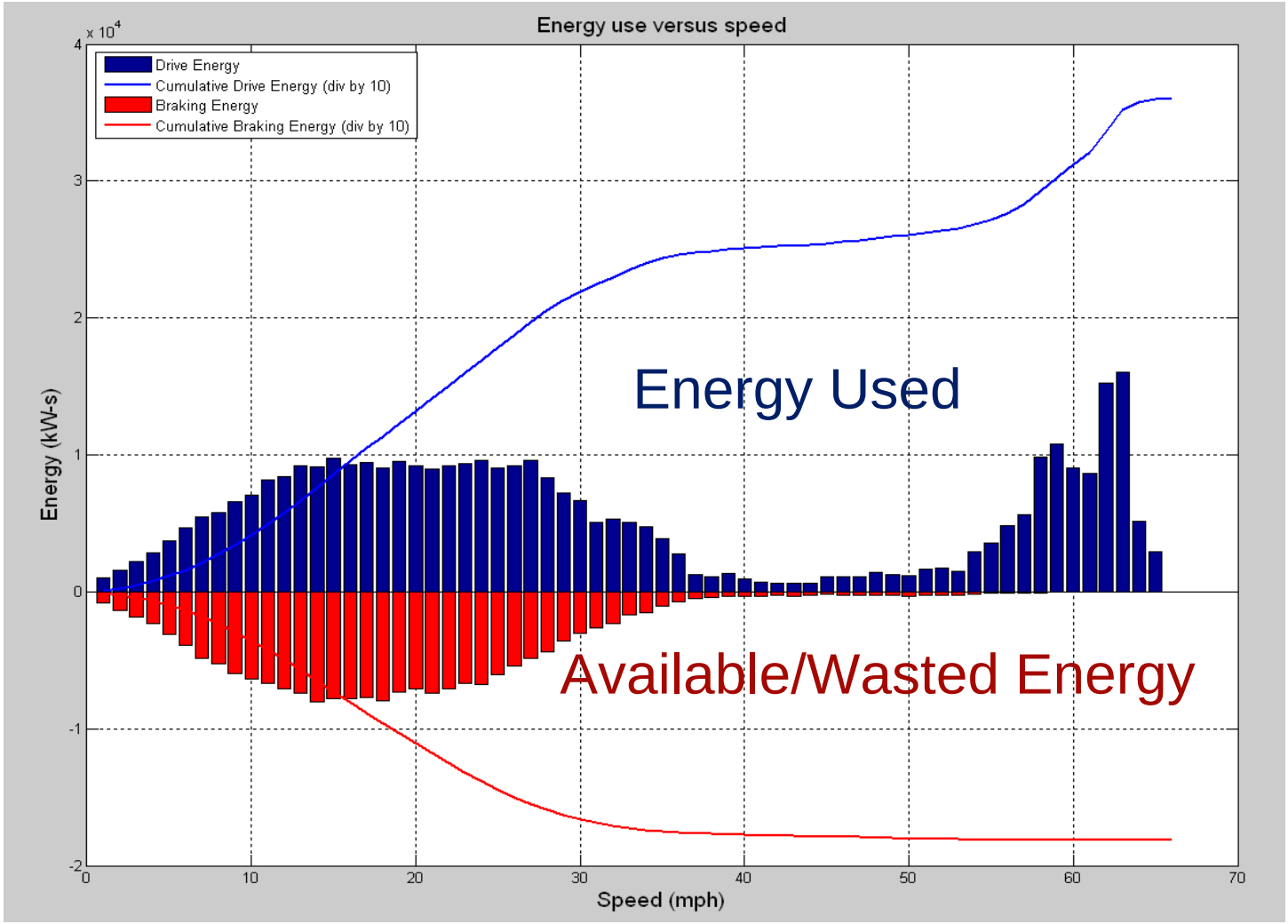


Improving Energy Efficiency

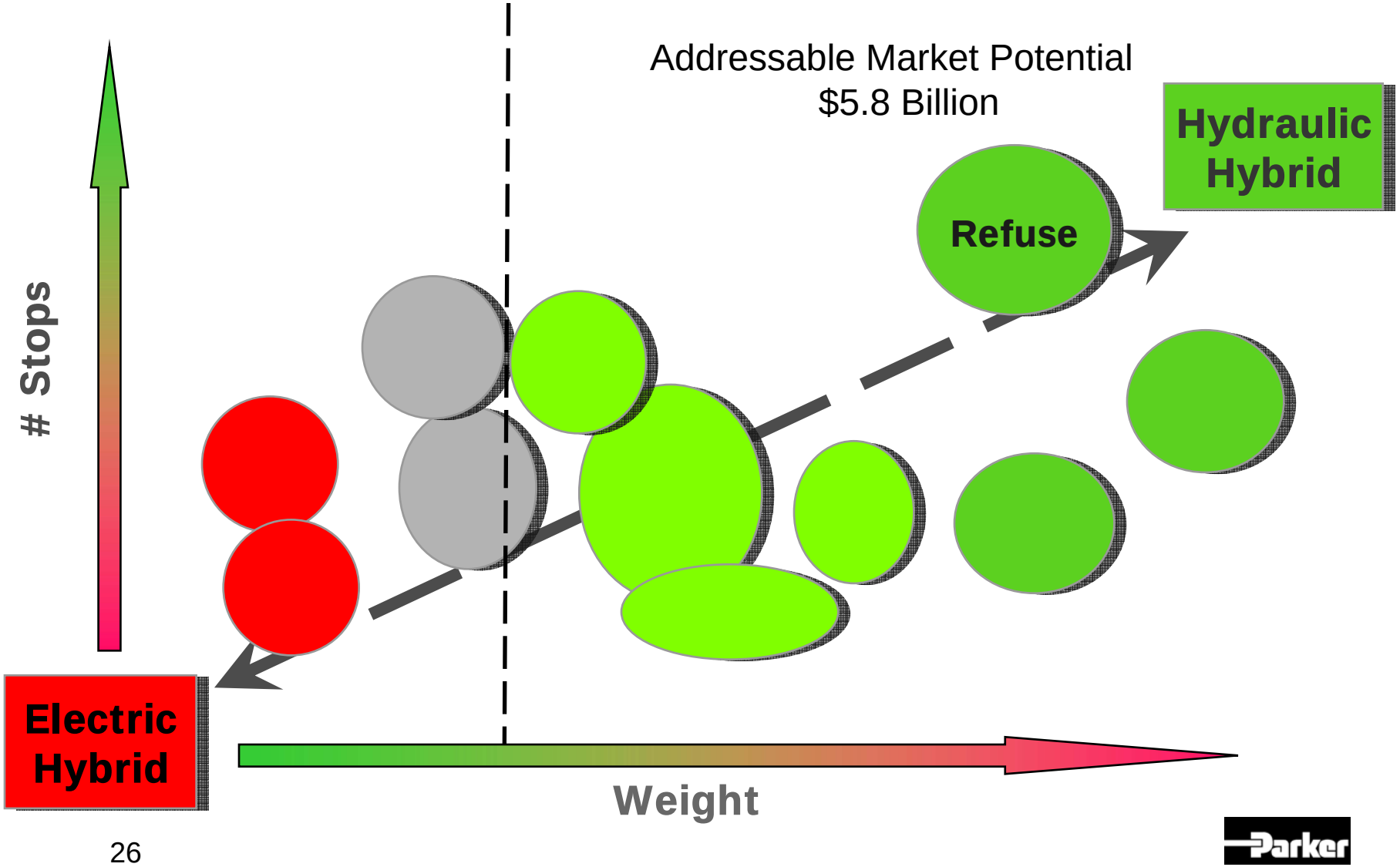
Typical Fuel Usage - Daily Refuse Route



Typical Fuel Usage - Daily Refuse Route



Why focus on refuse vehicles first?

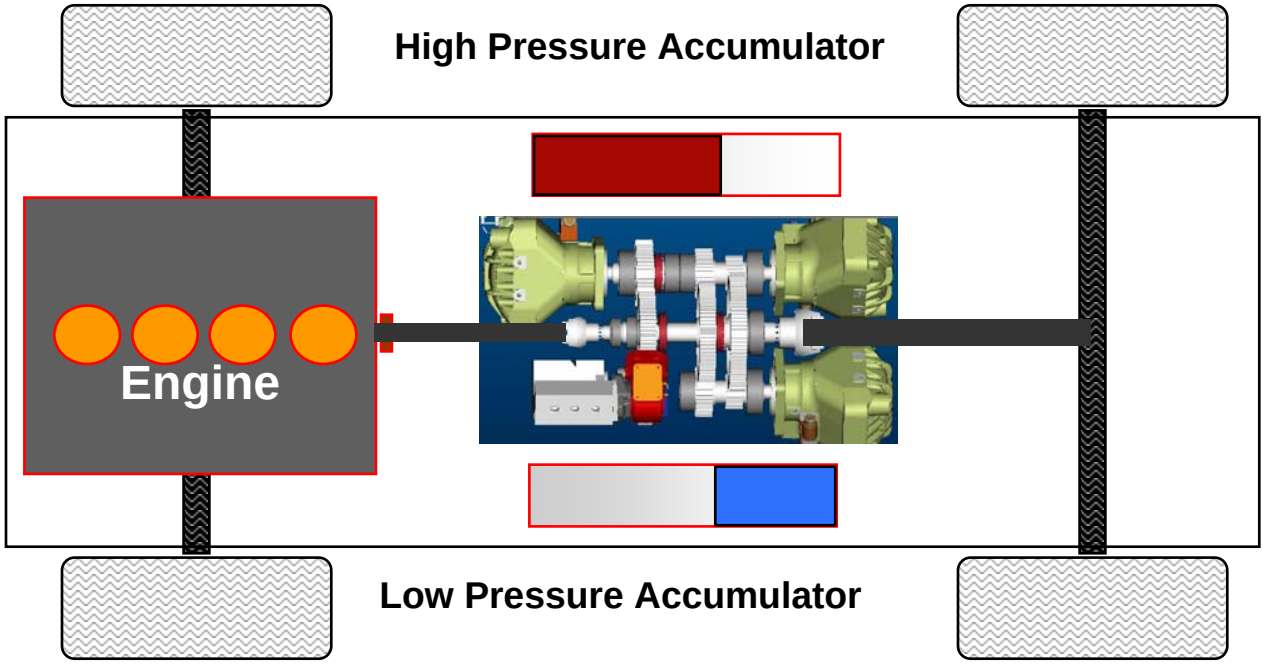


Electric vs. Hydraulic Hybrids

Characteristic	Hydraulic	Electric	
Power Density Motors	Hydraulic Motors 7000 W/kg	Electric Motors 600 W/kg	
Power Density Storage	Accumulators 3000 W/kg	Battery 650 W/kg	Ultra-Capacitors 2500 W/kg
Relative Cost	Low to Medium	Med	High
Relative Weight	Low to Medium	High	Med
Useful Life	10+ yrs	> 5yrs	?
Risk	Low to Medium	Med	High

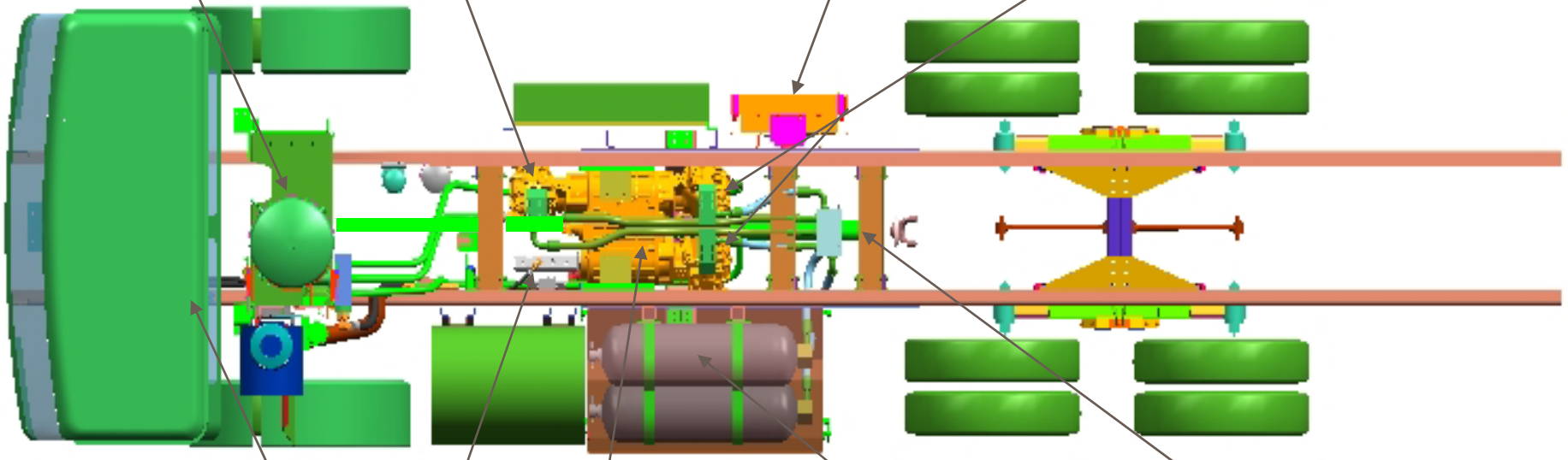
Data source:
- **SwRI study of Hybrid Technology**
- **Lawrence Berkley National Laboratory**

Parker's Advanced Series Hybrid



- Advanced Series Hybrid with Brake Energy Recovery
- Low speed hydrostatic 0-25 MPH
- High speed hydrostatic 26-45 MPH
- Direct drive 46-65 MPH (Hydraulics Disengaged)

Leveraging Parker



Low Pressure Reservoir

Cooling / Filtration Package

C24 – Primary Pump

C24 (s) – Secondary Pump / Motors

Parker ECU

Integrated PTO and auxiliary pumps

Power Drive Unit (PDU) 2-Speed Gearbox

Connecting Shaft

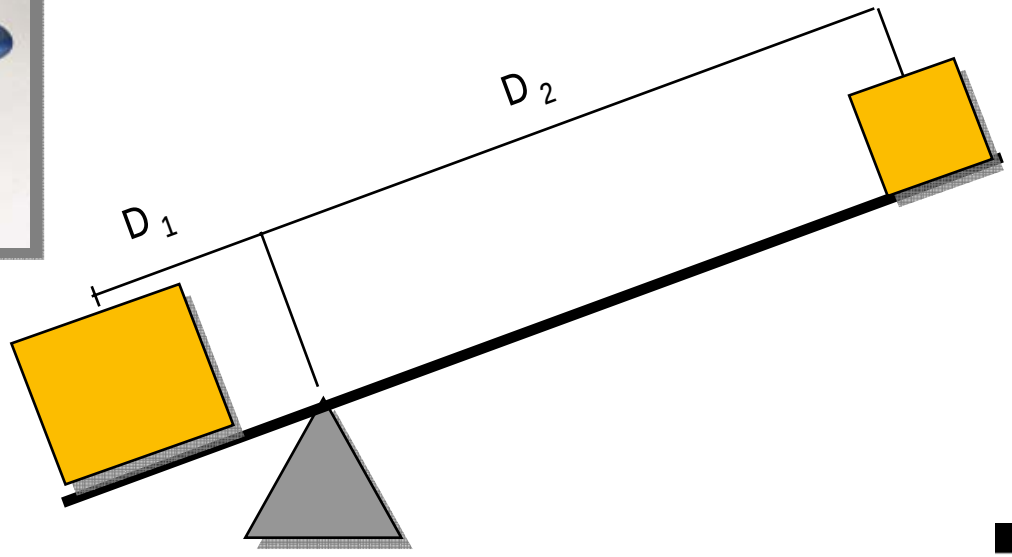
Parker: Sensors, Software, Know how

A confluence of capability and customer need

Parker's Aircraft Fuel Tank Inerting Systems

Aerospace Group

Filtration Group
Seal Group

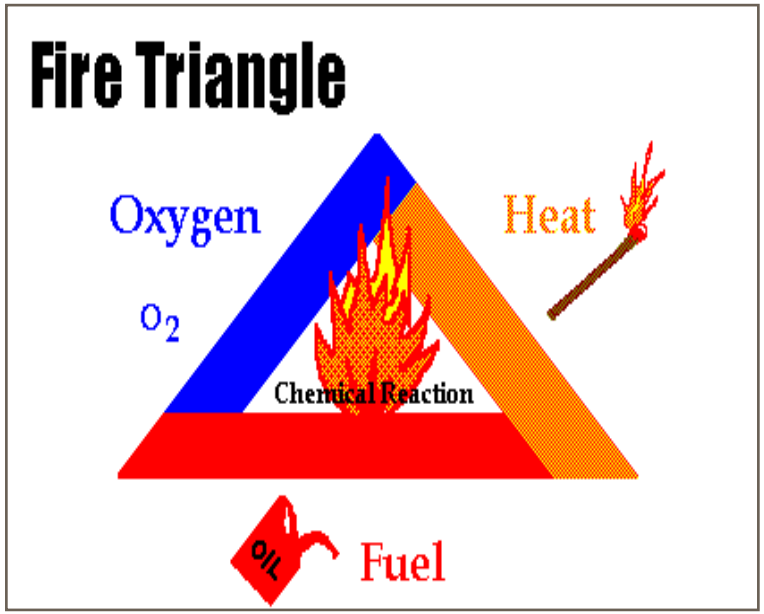


The Problem:


The need to reduce the risk of
flammability and explosions
from aircraft fuel tanks.

Regulatory Overview

1. SFAR 88*
   - **Elimination of Ignition Sources**
2. NPRM** for Flammability Reduction
   - **Proposed Rule for Minimization of Flammable Mixtures in the ullage (air that exists in the fuel tank)**



*Special Federal Aviation Regulation – fuel tank fault tolerance evaluation requirements
**Notice of Proposed Rule Making

Regulatory Overview

FAA Mandates Center Fuel Tank Inerting Technology

Jul 17, 2008

Within two years, all new aircraft must include technology designed to significantly reduce the risk of center fuel tank fires

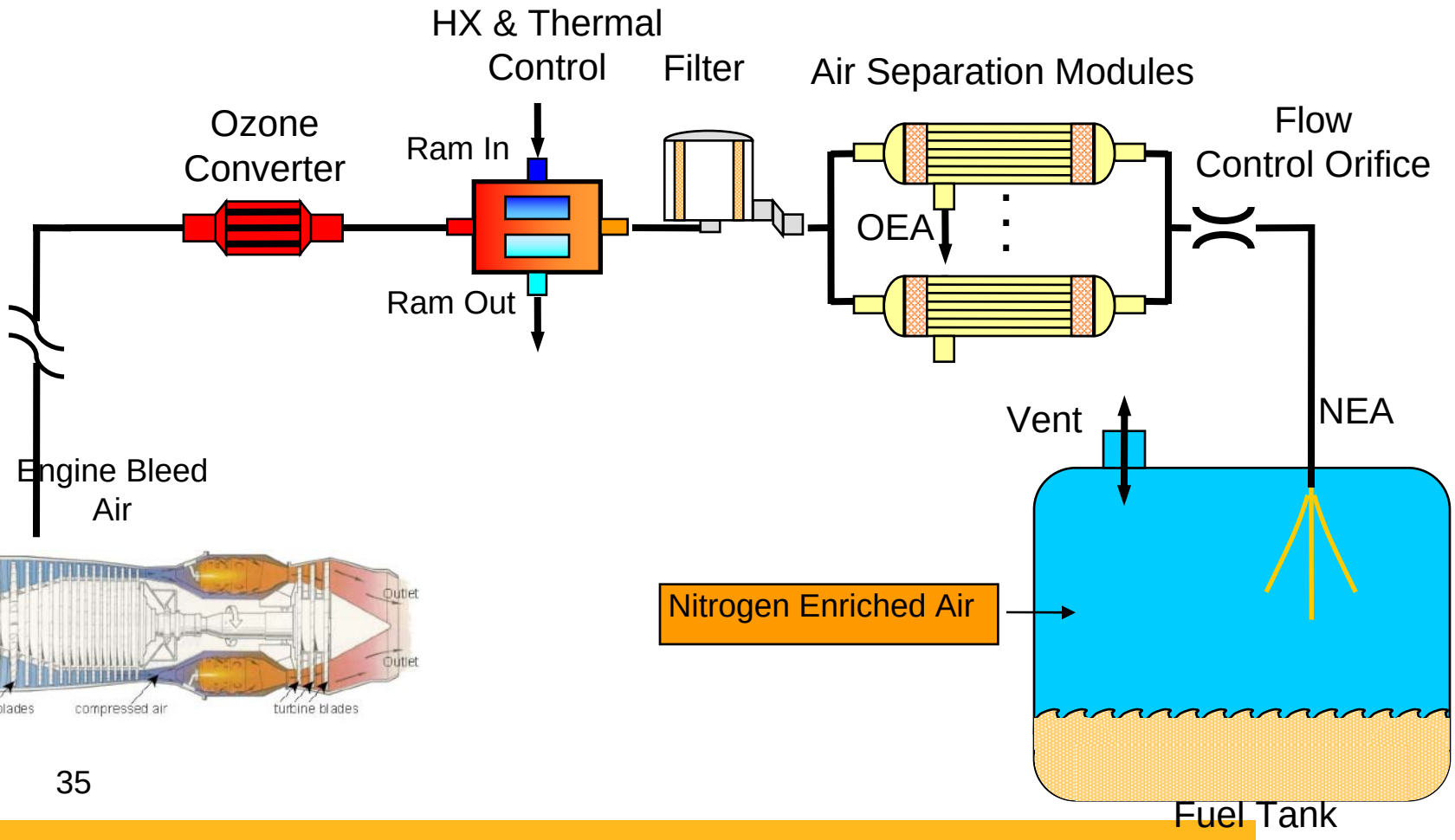
as part of a final rule announced Wednesday by U.S. Transportation Secretary Mary E. Peters. In addition, passenger aircraft built after 1991 must be retrofitted with technology designed to keep center fuel tanks from catching fire

Minimization of Flammable Mixtures in the ullage (air that exists in the fuel tank)

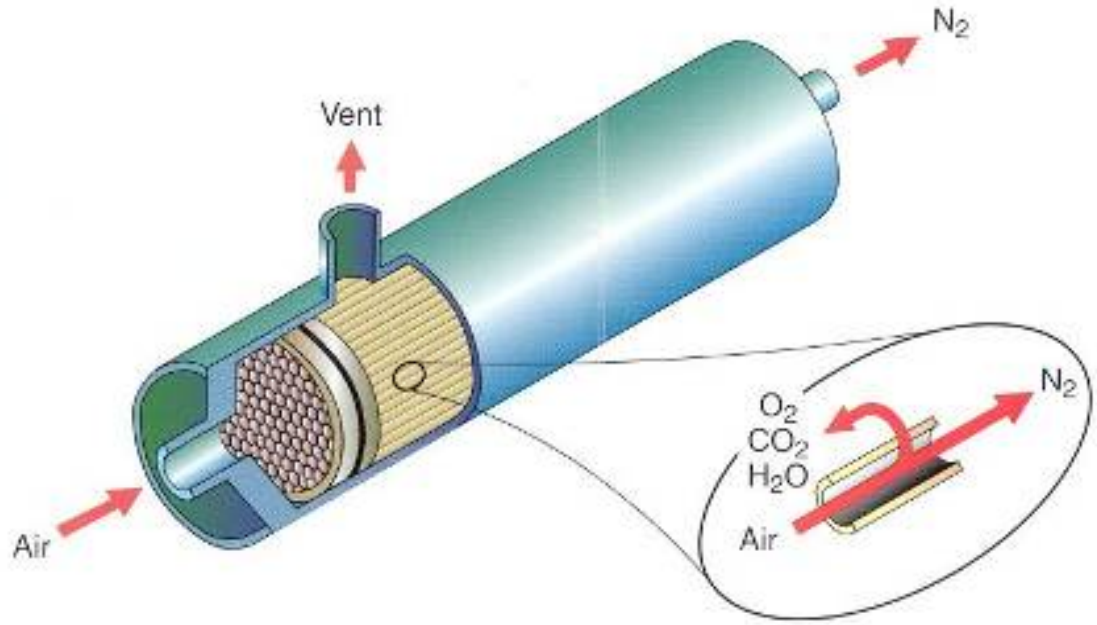
*Special Federal Aviation Regulation – fuel tank fault tolerance evaluation requirements
**Notice of Proposed Rule Making

How It Works: Inerting System Architecture

Conventional System: Bleed-Air Source



Equipment Design & Development: Permeable Membrane Fiber Knowledge



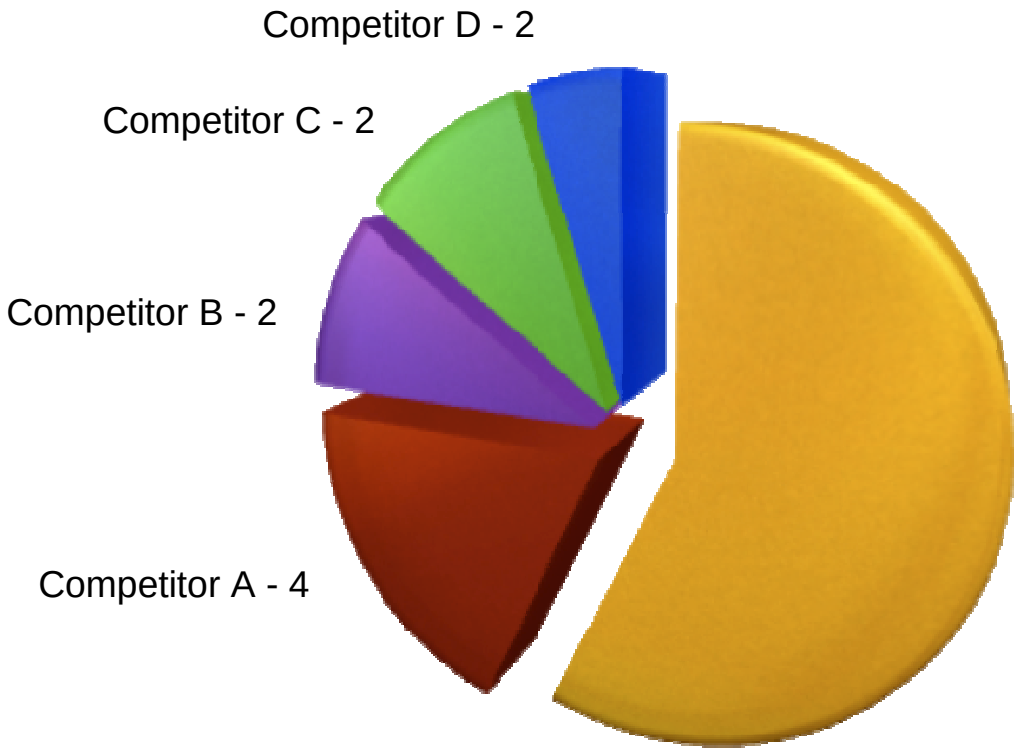
Fiber membrane technology supplied from Parker's Filtration Group

Parker's Technology Reduces Risk and Enables Selection of the Best Fiber for a Specific Application

Current Market Share

Aerospace Fuel Tank Inerting Systems
Military & Commercial

Airbus A350XWB



Parker - 12

Market Potential

Commercial Aerospace Market
$4.7B (29,000 Aircraft over 30 years)

- Other markets:
  - Military Helicopters
  - Cargo - fire suppression
  - Ship board ballast tank inerting (bio remediation)
  - Ground based - future combat systems

A purposeful confluence of capability, a fortunate confluence of global need

- Scale
- Positioning
- Leverage
- Execution
- Proof of Change

Thank You!