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Parker Reports Record First Quarter Sales, Net Income, Earnings Per Diluted Share and Cash Flow from Operations

CLEVELAND, October 16, 2008 -- Parker Hannifin (NYSE: PH), the world leader in motion and control technologies, today reported record first quarter sales, net income, earnings per diluted share and cash flow from operations for the quarter ending September 30, 2008.

Fiscal 2009 first quarter sales were \$3.1 billion, an increase of 10.0 percent from \$2.8 billion in the same quarter a year ago. Net income increased 9.0 percent to \$250.2 million from \$229.6 million in the first quarter of fiscal 2008. Earnings per diluted share increased 13.1 percent to \$1.50 compared with \$1.33 in last year's first quarter. Cash flow from operations was \$307.3 million, or 10.0 percent of sales.

"Current quarter results reflect our ability to deliver record performance in the face of a rapidly changing economic climate," said Chairman, CEO and President Don Washkewicz. "We are particularly pleased that we delivered a four percent organic growth rate this quarter.

"The Win Strategy initiatives we have been implementing over the past seven years have better prepared us to weather this uncertainty in our markets. For example, today, we have exposure to a greater number of end markets, many of them less cyclical than before. We also have much better geographic balance with greater than 50 percent of our industrial segment revenues and profits generated from international markets.

Additionally, our cost structure is much more flexible than in the past and our ongoing focus on lean enterprise

is delivering continuing productivity improvements. While the economic outlook for the near future remains uncertain, Parker is better able to adapt to changing circumstances in our operations than in previous downturns.

“While we are currently implementing contingency plans for the short-term, we remain focused on managing our business for the long-term and utilizing our strong cash position. We recently completed four acquisitions, including three on the first day of our fiscal 2009 second quarter, which added just over \$460 million in annualized revenues. These investments help us extend our geographic reach and further our exposure to growth markets such as life sciences. Additionally, we repurchased shares and increased our dividend for the 52nd consecutive year, reflecting our confidence in the future.”

Segment Results

In the Industrial North America segment, first-quarter sales increased 10.1 percent to \$1.1 billion, and operating income increased 3.4 percent to \$160.5 million, compared with the same period a year ago.

In the Industrial International segment, first-quarter sales increased 11.1 percent to \$1.2 billion, and operating income increased 10.6 percent to \$203.0 million, compared with the same period a year ago.

In the Aerospace segment, first-quarter sales increased 12.0 percent to \$478.5 million, and operating income increased 18.7 percent to \$68.1 million, compared with the same period a year ago.

In the Climate & Industrial Controls segment, first-quarter sales increased 1.1 percent to \$255.9 million, and operating income remained the same at \$15.5 million, compared with the same period a year ago.

Orders

In addition to financial results, Parker also reported an increase of 1 percent in total orders for the quarter ending September 30, 2008, compared with the same quarter a year ago. Parker reported the following orders by operating segment:

- Orders increased 2 percent in the Industrial North America segment, compared with the same quarter a year ago.
- Orders declined 4 percent in the Industrial International segment, compared with the same quarter a year ago.
- Orders increased 9 percent in the Aerospace segment on a rolling 12 month average basis.
- Orders increased 5 percent in the Climate and Industrial Controls segment, compared with the same quarter a year ago.

Outlook

For fiscal 2009, the company revised guidance for earnings from continuing operations to the range of \$5.35 to \$5.75 per diluted share. Previous guidance for earnings from continuing operations was \$5.65 to \$6.05 per diluted share.

“There is enough uncertainty in many of our end markets and sentiment among our customers to warrant a downward revision in our earnings expectations for the year,” added Washkewicz. “While this ultimately may prove to be conservative, at this time we believe it is prudent. Having said that, our earnings guidance still assumes that operating margins will be significantly above the levels we achieved at the bottom of the last economic cycle, evidence that we have made significant progress in transforming Parker into a premier diversified company.”

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 today at 10:00 a.m. ET, on the company's investor information web site, <http://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 \$12 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 approximately 62,000 people in 48 countries around the world. Parker has increased its annual dividends paid to shareholders for 52 consecutive years, among the top five longest-running dividend-increase records in the S&P 500 index. For more information, visit the company's web site at <http://www.parker.com>, or its investor information site at <http://www.phstock.com>.

Notes on Orders

Orders provide near-term perspective on the company's outlook, particularly when viewed in the context of prior and future quarterly order rates. However, orders are not in themselves an indication of future performance. All comparisons are at constant currency exchange rates, with the prior year restated to the current-year rates. All exclude acquisitions until they can be reflected in both the numerator and denominator. Aerospace comparisons are rolling 12-month average computations. The Total Parker orders number is derived from a weighted average of the year-over-year quarterly percent change in orders for the Industrial North America, Industrial International, and Climate and Industrial Controls segments, and the year-over-year 12-month rolling average of orders in the Aerospace segment.

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.

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