

# PARKER-HANNIFIN CORPORATION

## FINANCE COMMITTEE CHARTER

### Purposes of the Committee

The purposes of the Committee are to (a) discharge the Board's responsibilities relating to the Corporation's retirement and other benefit plans, and (b) review and advise management on Corporate finance strategies.

### Composition of the Committee

**Number.** The Committee will have the number of members as determined by the Board, provided that such number will not be less than three.

**Qualifications.** Each Committee member will be a member of the Board in good standing and will be "independent" under the rules of the New York Stock Exchange, Inc. and any other applicable regulatory requirements, as such requirements are interpreted by the Board. Additionally, members of the Committee, subject to the Board's determination, must have a professional background or demonstrated experience in corporate finance and treasury matters.

**Appointment.** The initial members and Chairman of the Committee will be appointed by the Board. Subsequent members and Chairmen of the committee will be appointed by the Board based on nominations made by the Company's Nominating and Corporate Governance Committee. Committee members will serve at the pleasure of the Board and for such term or terms as the Board may determine.

### Duties and Responsibilities of the Committee

1. **Defined Benefit Plans.** Review and approve management's recommendations related to the Corporation's Defined Benefit Plans. This would include plan designs; investment and allocation policies; the performance, selection and removal of investment managers for such plans, the selection and removal of trustees for such plans; and the actuarial assumptions used in determining liabilities and funding levels.
2. **Defined Contribution Plans.** Review and approve management's recommendations related to the Corporation's Defined Contribution Plans. This would include plan designs; corporate contributions or administrative fees paid in support of such plans; and any Employee Stock Ownership Plan (ESOP's) related thereto.
3. **Non-Qualified Plans.** Review and approve management's recommendations related to the creation, alteration or termination of any Non-Qualified Benefit or Contribution plans, including funding mechanisms related thereto.

4. Capitalization. Review and critique management's goals and objectives for the capitalization of the Corporation, including the structure and amount of debt and equity to meet the Corporation's financing needs.
5. Debt and Equity Offerings. Review and approve management's recommendations to the Board with respect to new offerings of debt or equity.
6. Share Repurchase Programs. Review and approve management's recommendations to the Board on the scope of programs involving the repurchase of the Corporation's stock.
7. Tax Strategies. Review with senior management the Corporation's tax strategies.
8. Risk Management. Review with senior management the Corporation's strategies for risk management, including the use of derivative instruments.
9. Other Delegated Duties or Responsibilities. Perform any other duties or responsibilities expressly delegated to the Committee by the Board from time to time relating to Corporate finance issues.
10. Board Reports. Report its activities regularly to the Board in such manner and at such times as it and the Board deem appropriate, but in no event less than once a year.

### **Meetings of the Committee**

The Committee shall meet in person or telephonically at least two times per year, or more frequently as it may determine necessary, to comply with its responsibilities as set forth herein. The Chairman of the Committee will, in consultation with the other members of the Committee and appropriate officers of the Company, be responsible for calling meetings of the Committee, establishing an agenda therefor and supervising the conduct thereof. A majority of the members of the Committee shall constitute a quorum for any meeting. In the event of a tie vote on any action to be taken during a meeting of the Committee, the vote of the Chairman will decide the issue. The Committee may also take any action permitted hereunder by unanimous written consent.

The Committee may request any officer or employee of the Company or the Company's outside legal counsel or independent auditors to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

### **Delegation to Subcommittee**

The Committee may, in its discretion, create subcommittees of its members and delegate to them a portion of its duties and responsibilities.

### **Resources and Authority of the Committee**

The Committee shall have the resources and authority appropriate to discharge its responsibilities, including the sole authority to retain special counsel and other experts or consultants.

### **Annual Review of Charter**

The Committee will conduct and review with the Board annually an evaluation of this Charter and recommend any changes to the Board. The Charter evaluation will be conducted by the Committee in such manner as the Committee, in its business judgment, deems appropriate.

### **Annual Performance Evaluation**

The Committee will conduct and review with the Board annually an evaluation of the Committee's performance with respect to the requirements of this Charter. This evaluation will include a list of proposed action items agreed with management for the upcoming year. The performance evaluation will be conducted by the Committee in such manner as the Committee, in its business judgment, deems appropriate.