

Customer Keynote



Frank R. Thompson

Group Vice President, Supply Chain, Parker Aerospace

Frank Thompson is the group vice president of supply chain management for Parker Aerospace. Named to the position in June 2007, Thompson is responsible for developing and implementing group-wide plans and strategies for strategic supply chain.

Joining the company in 1998, Thompson has led positions in procurement at Parker's Air & Fuel Division. Most recently, Thompson served as supply chain director for the division. Prior to coming to Parker, Thompson held such roles as materials director and purchasing manager at Interstate Electronics Corporation and the former Hughes Aircraft Company.

Thompson earned a bachelor of science degree in finance from California State University, Long Beach, and a master in business administration degree from Pepperdine University, Irvine, California, campus. Thompson is also a graduate of Parker's Taking Charge of Change program.



SEA Conference

March 2012




Frank Thompson
Group Vice President, Supply Chain

ENGINEERING YOUR SUCCESS.

January 2010

Parker Aerospace

- **Global Leader in:**
 - Flight Control Systems
 - Hydraulic Systems
 - Fuel & Inerting Systems
 - Engine Systems
 - Conveyance Systems
- \$1.9 Billion in Annual Sales
- 6,000 Employees
- 8 Divisions, 43 Worldwide Locations
- Headquartered in Irvine, California



Parker Aerospace
Helping man's most remarkable achievements take flight.

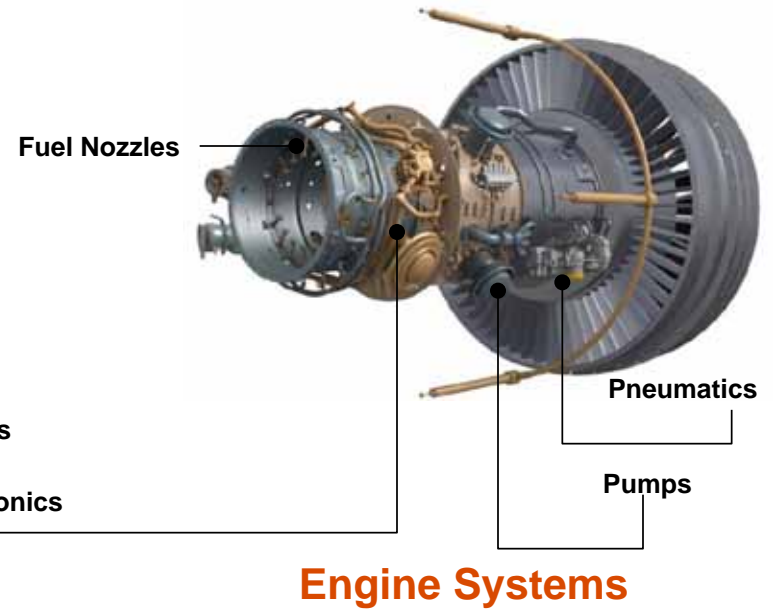
aerospace
climate control
electromechanical
filtration
fluid & gas handling
hydraulics
pneumatics
process control
sealing & shielding

Parker Aerospace

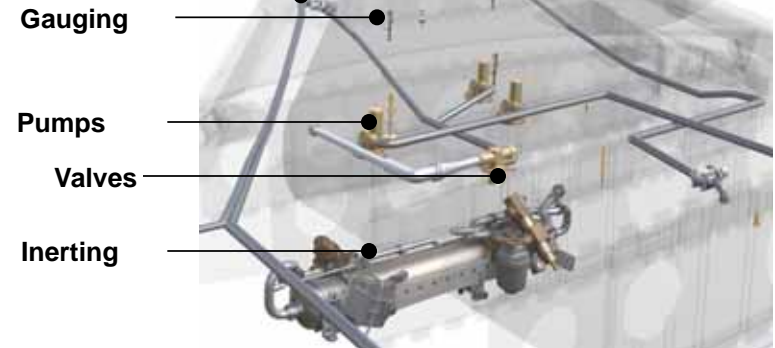
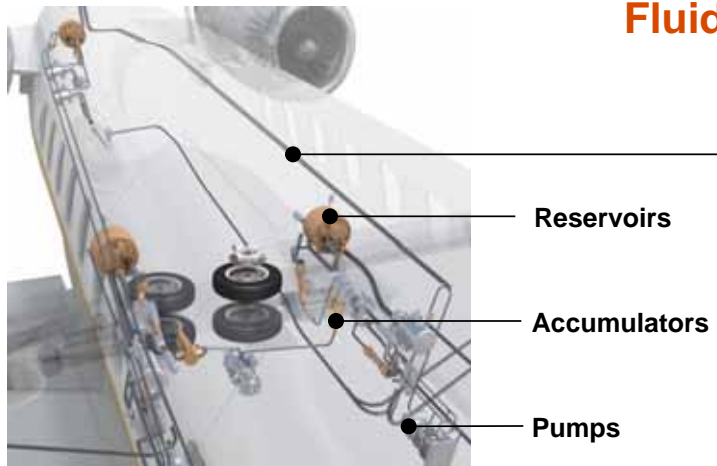
ENGINEERING YOUR SUCCESS.



Product Applications

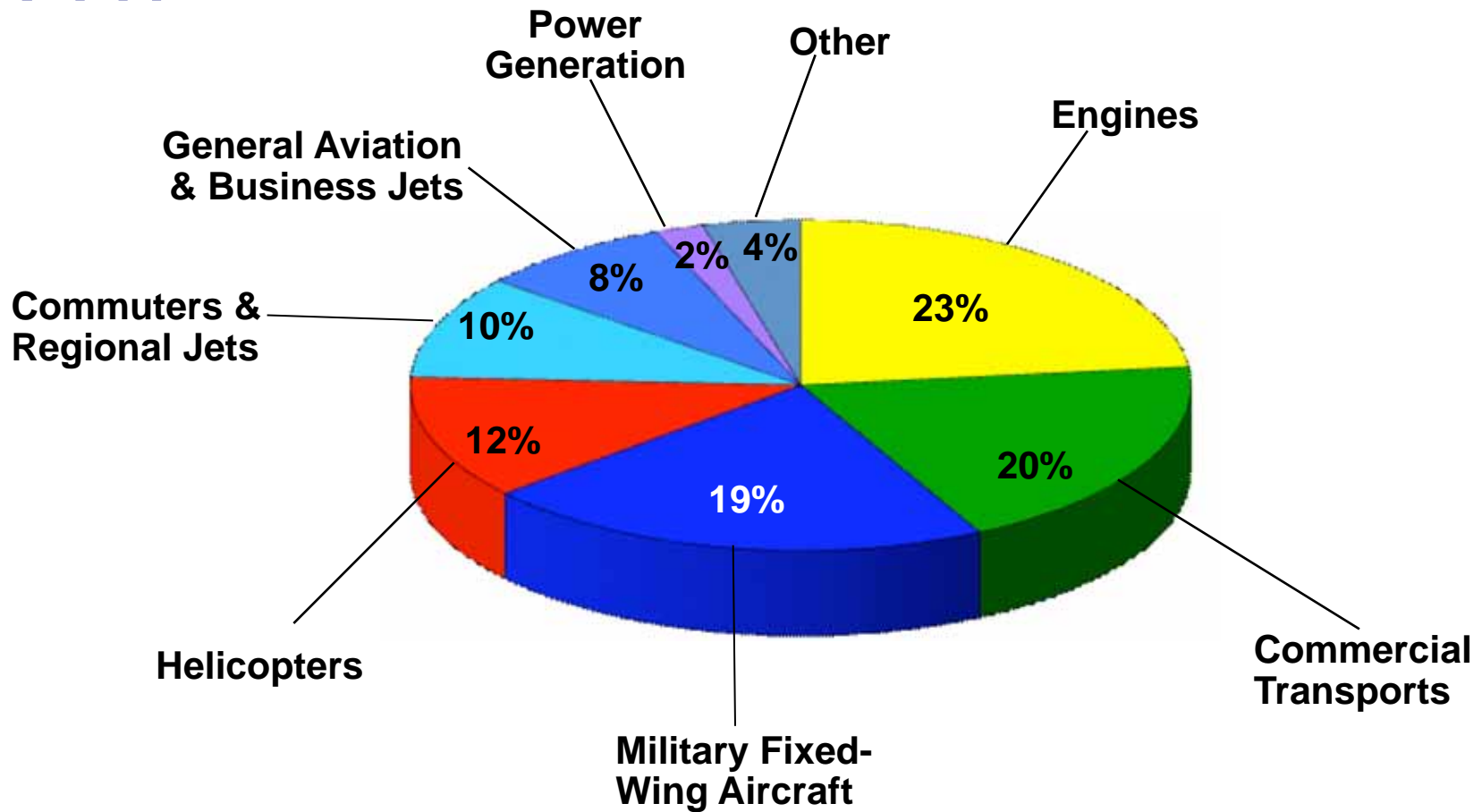


Fluid Conveyance



Our Market Segments

FY11



Investing in Long-term Growth

- \$20B in new wins
- High-value systems solutions
- Strongly positioned in global markets

Aerospace Group Wins FY08 - FY11

**Systems Wins
\$18 Billion**



*Includes: Fluid, Pneumatics, MRO and Wheels & Brakes

Total Wins: \$20 Billion!

Exceptional Level of New Platform Launches

Airbus A350XWB

- Hydraulic System
- Fuel Systems
- Fuel Tank Inerting System



COMAC C919

- Flight Control System
- Hydraulic System
- Fuel System



Bombardier CSeries

- Flight Control System
- Hydraulic System
- Fuel System



Rolls-Royce Trent XWB

- Pneumatic Valve Suite
- Main Oil Pump
- Hydraulic EBU



Gulfstream G650

- Flight Control System
- Fuel Management Measurement System



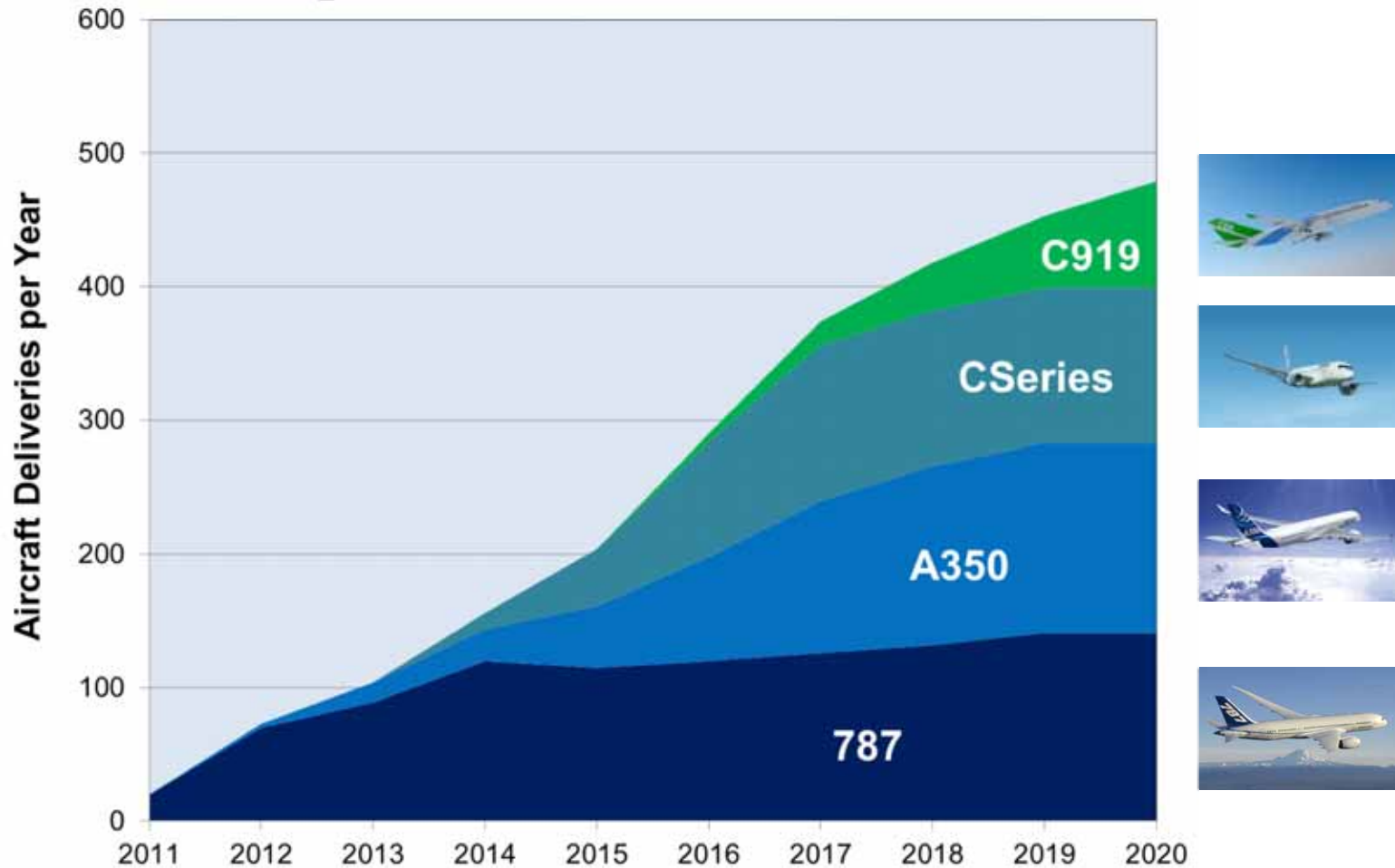
Embraer Legacy 450/500

- Flight Control System
- Hydraulic System
- Fuel System



Significant Growth with New System Wins

Aircraft Delivery Forecast

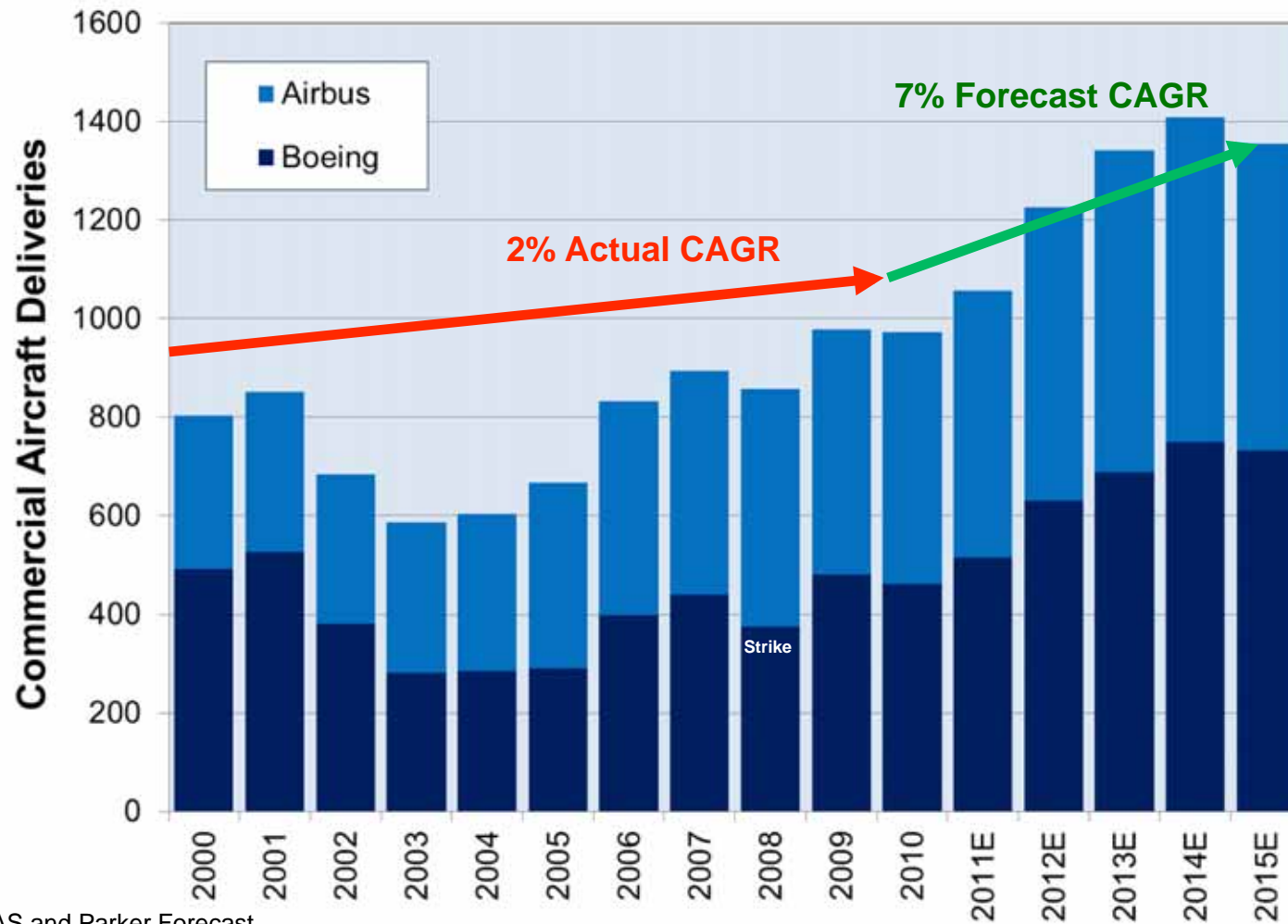


Source: Parker Forecast

New growth in addition to production ramp-up on legacy programs



Rate Increase Drives Growth



Source: ACAS and Parker Forecast

Growth in addition to new system wins and re-engine opportunities



Narrowbody Re-Engine Programs

Balancing New Technology and Commonality Benefits

737 MAX



A320 neo



Opportunities for Parker Products

Flight Control Systems



Hydraulic Systems



Fuel & Inerting Systems



Fluid Conveyance Systems

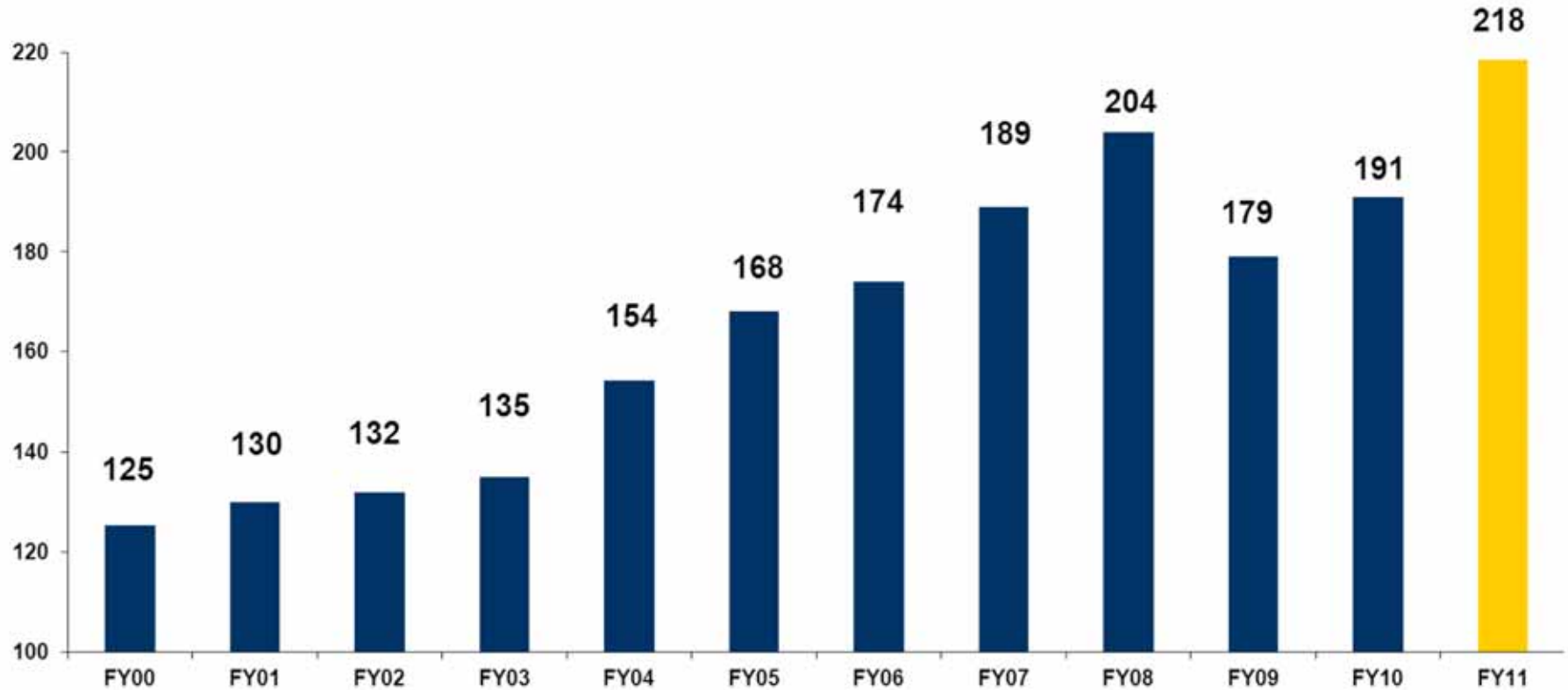


Engine Systems



We Are Driving Productivity

Sales/Employee 000's

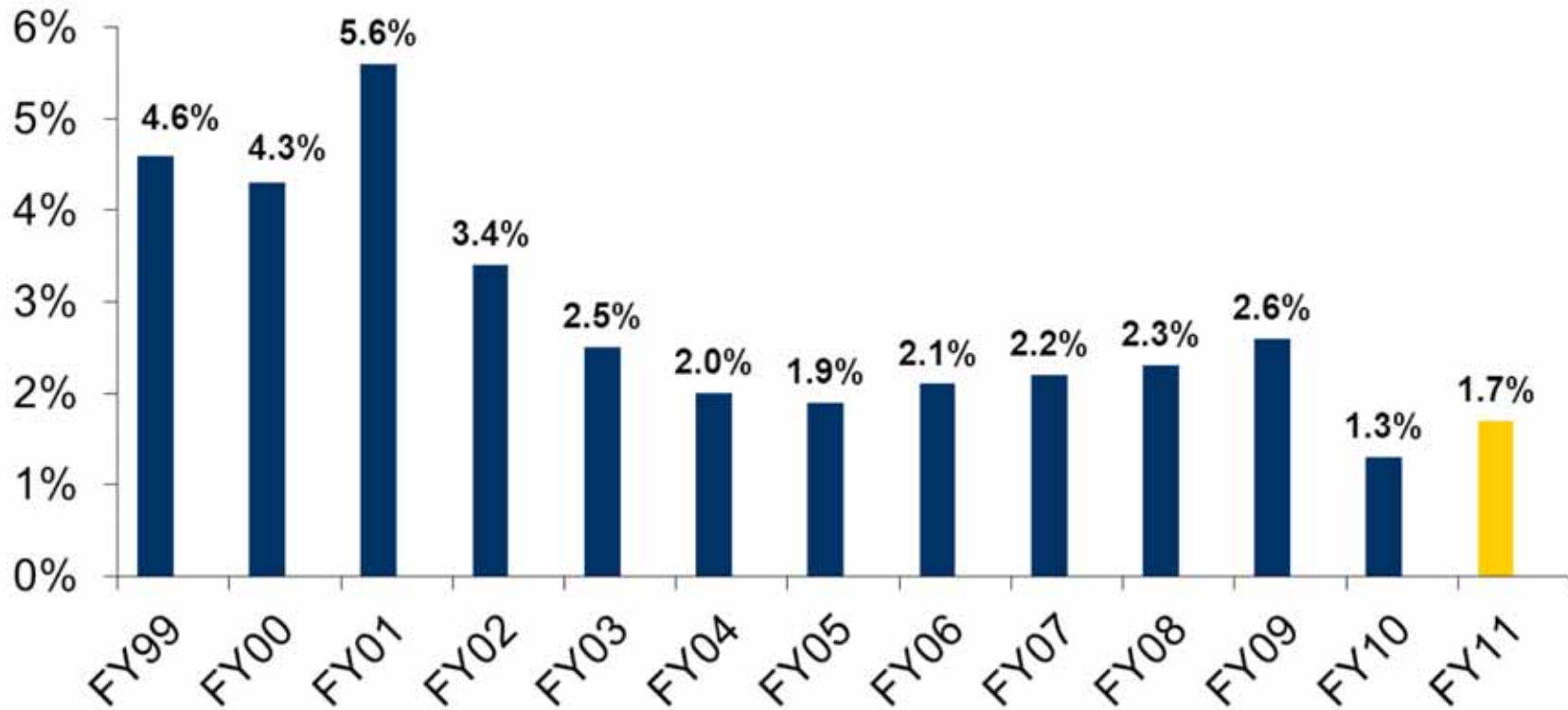


With annualized acquisition volume



Capital Expenditures Have Tightened

Capital Expenditures as a % of Sales



FY11 annual depreciation: 1.9%

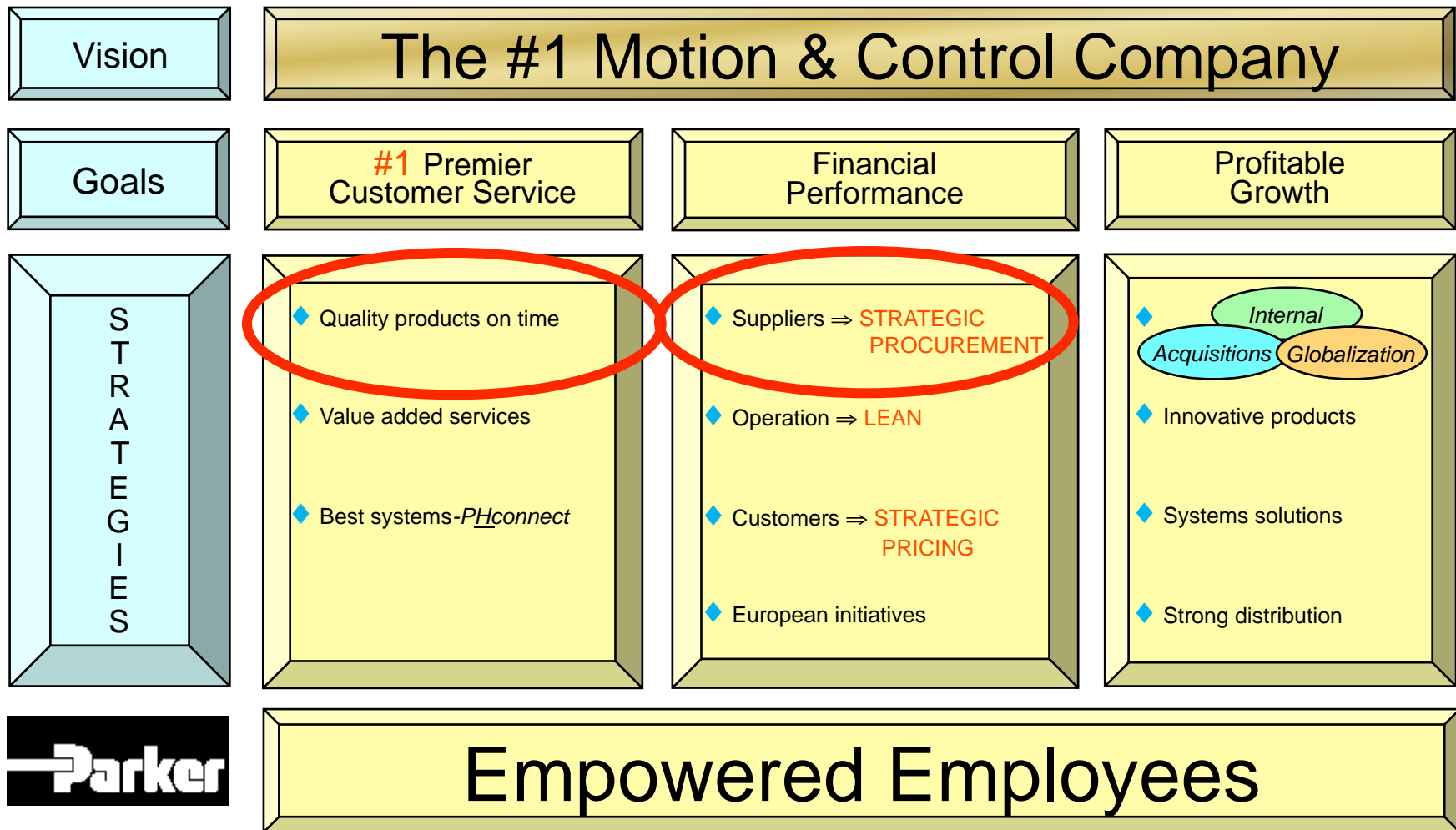


Parker Aerospace Supplier Development



ENGINEERING YOUR SUCCESS.

Parker's Win strategy



Aerospace Group Supply Chain Strategy

	Historical Focus	Tactical Performance Customer Service / Past Due Sales & Receipts / DSI / PPM			
Corporate Supply Chain Initiatives	People	<ul style="list-style-type: none"> • Leadership Development / Skills Assessments • Supply Chain Fundamentals - Contract Law / T&C's and Price/Cost Analysis 			
	Process	Internal Lean	Spend Management	Best Cost & Offset Sourcing	Risk Management External Lean
	Group Strategic Process Initiatives and Future State Focus	<ul style="list-style-type: none"> ▪ Standardization of best practices ➢ PFEP ➢ Kanban ➢ E-Systems <ul style="list-style-type: none"> • PH Connect • S&OP ➢ Barcoding ➢ Material Handling ➢ Demand Management 	<ul style="list-style-type: none"> ▪ Common strategies <ul style="list-style-type: none"> ➢ Decentralized Execution ▪ Commodity councils <ul style="list-style-type: none"> ➢ Direct Material ➢ Indirect Material ➢ Services ➢ Transportation 	<ul style="list-style-type: none"> ▪ Coordinated strategy ▪ Regional focus <ul style="list-style-type: none"> ➢ China ➢ Mexico ➢ India ➢ Other Asia ▪ Coordinated international participation plan 	<ul style="list-style-type: none"> ▪ Common assessment tools ▪ Rate readiness assessments ▪ Lean enablement ➢ Supplier coaching ➢ 3rd Party engagements ➢ Supplier Kaizens
	Metrics of Success	<ul style="list-style-type: none"> ▪ DSI ▪ L/T Reduction 	<ul style="list-style-type: none"> ▪ Deflation ▪ PPI ▪ WADPO 	<ul style="list-style-type: none"> ▪ Deflation ▪ PPI ▪ Offset performance 	<ul style="list-style-type: none"> ▪ L/T reduction ▪ Supplier O/T ▪ Supplier PPM ▪ Div customer service & past due ▪ Kanban deployment
	Info Tech Tools	• S&OP	• SIC Database	• PHConnect	• PHConnect/SQS
	Organization	<ul style="list-style-type: none"> • Supply Chain Structure / Job Descriptions • Major Subcontracting 			
	Communications	Corporate / Group / Division Meetings / Sharepoint			

Supply Chain Vision

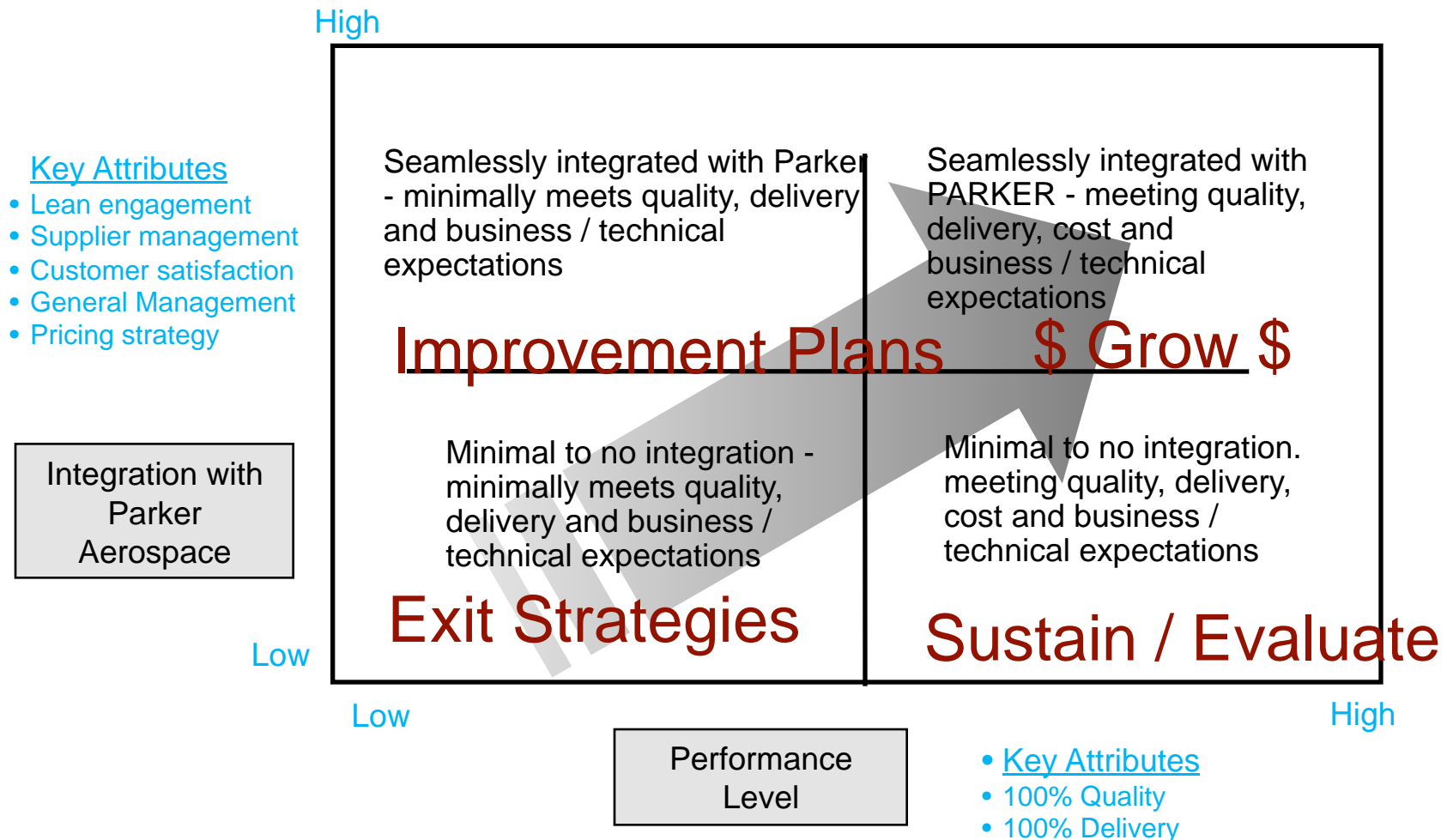
Leveraging resource that is aligned with the business



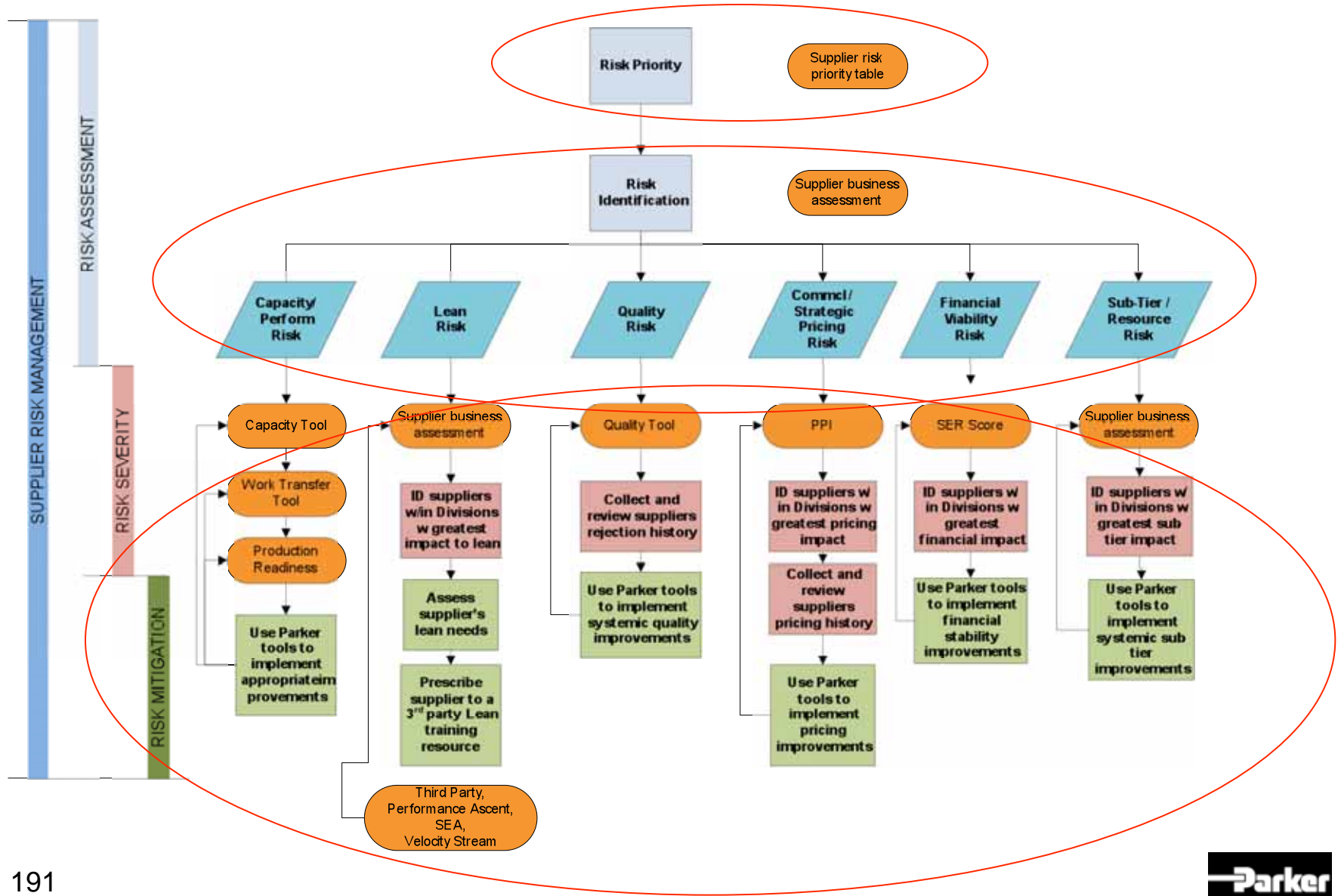
Supplier management strategy

Corporate Supplier Development Initiatives	People	Leadership development / Skills assessment / Certification / PPPs 6SigmaBB / SCMDP / CQA / CSCP			
	Lead role	Supply Chain	Supply Chain	Supplier Quality	Supply Chain
	Process				
	Group Strategic Process Initiatives and Future State Focus	A-3 tool PH risk management tool Work transfer D&B SER score Business risk audit	PFEP Design for Mfg Notice of chg	Quality clinic P.V.A. / QMS Audits Product verification R.C.C.A.	Quality clinic Capacity planning Work transfer
	Metrics of Success	PH risk management tool	PH business risk assessment score	RPPM Audit findings CAR quantity	On-Time Delivery
	Info / Tech tools	POL	Parker Lean	Solumina/ Discus/ PHConnect	PHConnect
	Organization	Supply Chain / Lean / Quality / Mfg Eng / Group Supplier Development			
	Communication	Corporate / Group / Division Meetings / Sharepoint			

Supplier development strategy



Supplier risk management profile



Supplier Risk Dashboard

Country/Region

All Countries/Regions

Focus

Aerospace

AIRCRAFT WHEEL AND BRA

All Locations

Supply Chain

- Alerts
- Continuous Improvement
- Inventory Visibility
- PHconnect Usage
- Purchase Price Index
- SC Technology Deployment
- Supplier Metrics
- Supplier Profile
- Supplier Qualification System
- Supplier Risk
- [By Supplier](#)
- [Supplier Map](#)
- Trade Compliance
- Transportation Analytics
- WADPO

Finance and Accounting

- WADCO

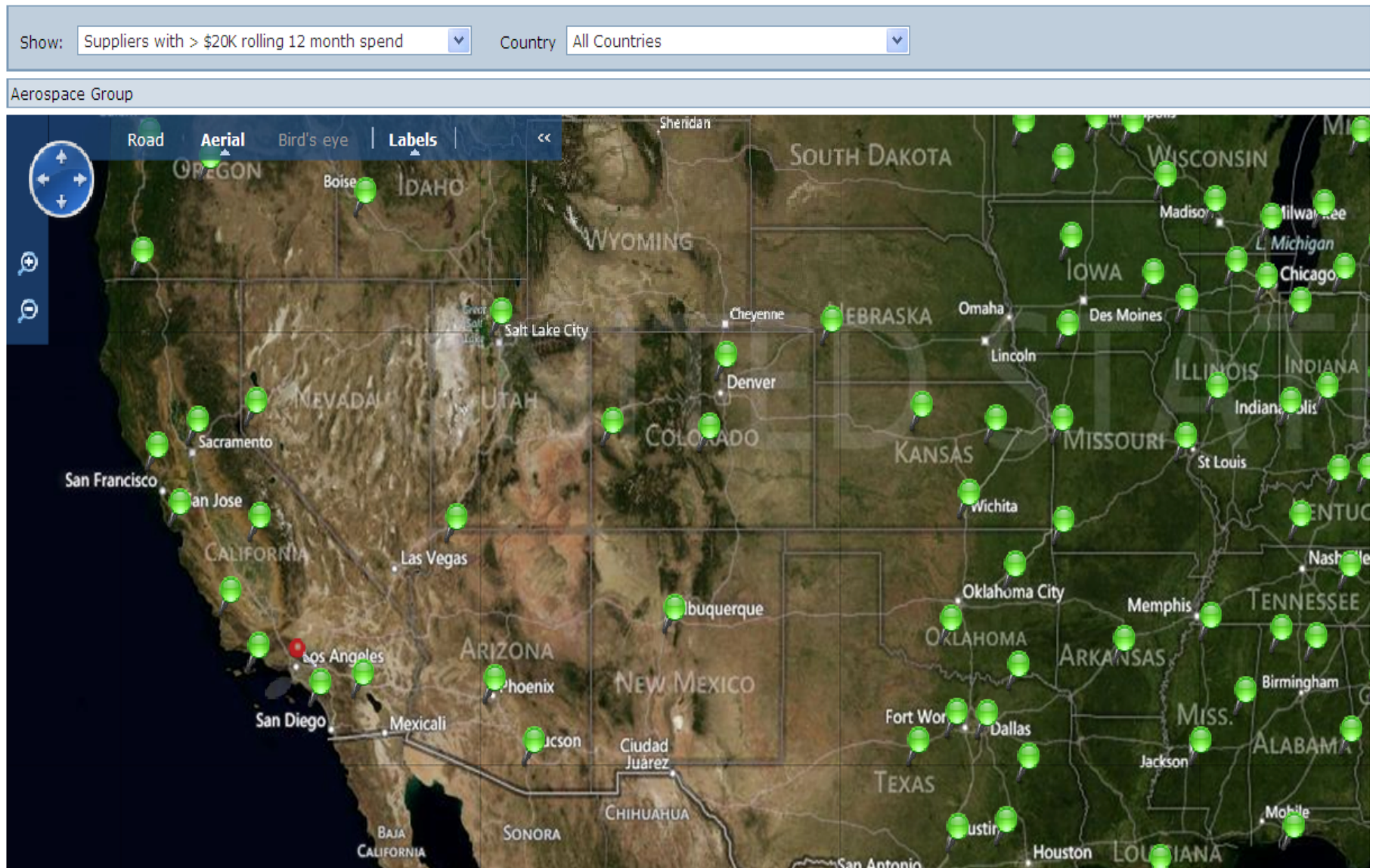
Supplier Risk: By Supplier

Search by:

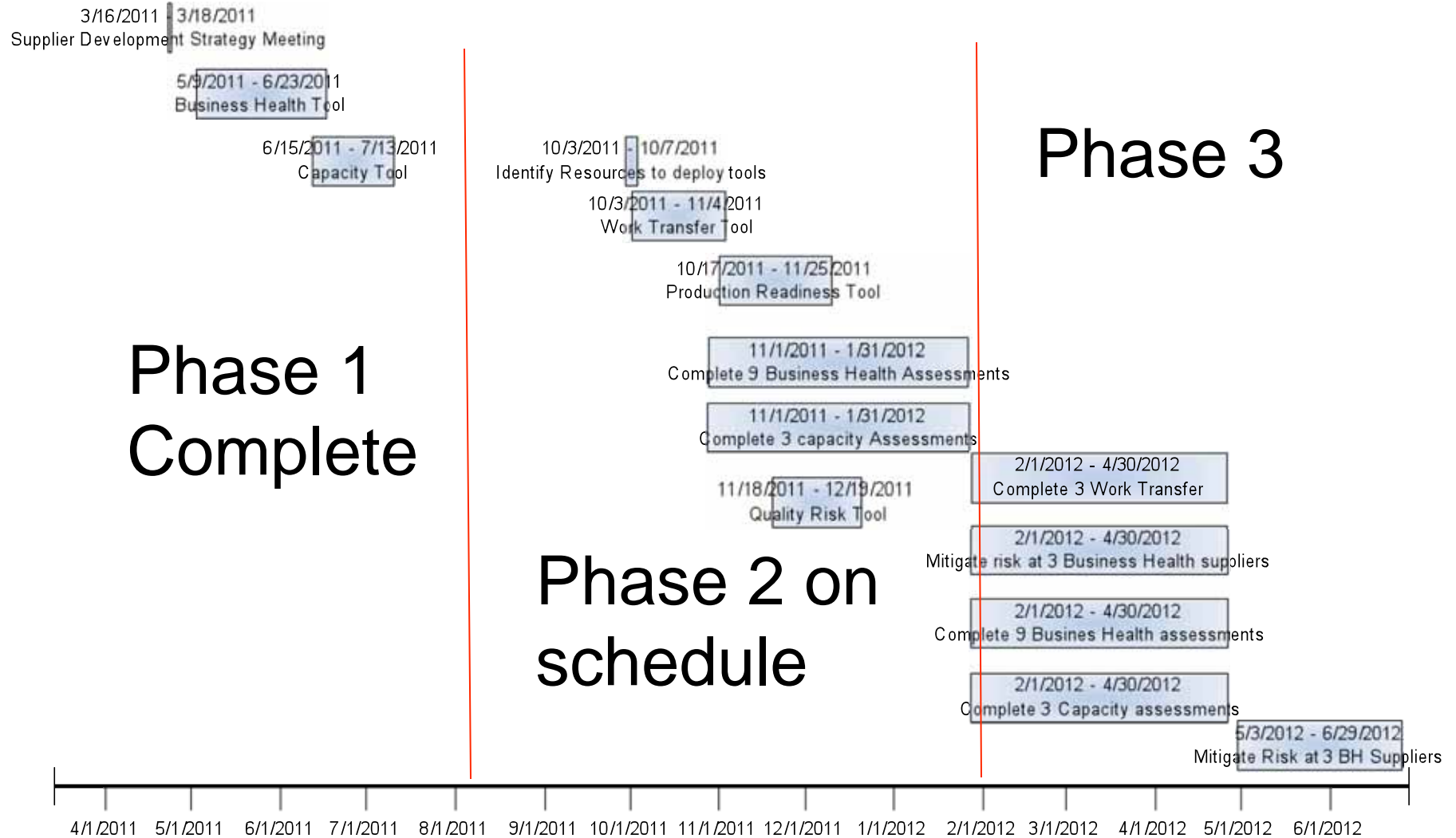
All Countries/Regions: Aerospace Group: AIRCRAFT WHEEL AND BRAKE Division: All Locations
 *(%) in column headings indicates score weighting

Supplier Name	Supplier ID	FY Spend	Divisions	Rolling Spend	Current SER Score	Current SSI Score	Roll 12 SDR%	Roll 12 SOR%	SQS Percent Sales	Strategic PPI	Supplier Plan	Sole Source	Total Risk
	086382151	\$2,235,480		\$3,311,706	4	3	98.05	99.23	100	1.0925	Sustain	Y	4.7
	009148000	\$1,433,706		\$2,165,341	4	4	89.30	99.02	5	1.1172	Sustain	N	2.7
	057600713	\$1,382,988		\$2,443,004	5	6	73.32	99.64	0	5	Sustain	Y	5.6
	005049105	\$932,229		\$1,353,160		5	96.12	99.78	5	1.0729	Sustain	N	2.6
	073873155	\$877,177		\$1,398,725	7	1	94.48	99.76	25	1.0283	Sustain	N	1.8
	002762775	\$788,198		\$1,313,128	9	6	73.91	92.57	53	1.0226	Improve	N	4.7
	080222700	\$629,487		\$960,470	4	2	91.24	100.00	100	1.1290	Improve	Y	5.1
	089731089	\$382,018		\$531,438	2	2	96.00	99.59	0	1.1145	Sustain	N	1.9
	066874470	\$354,899		\$500,401	4	0	35.80	99.96	0	1.0736	Improve	N	2.7
	007716002	\$353,799		\$566,825	8	5	98.22	99.99	5	1.0000	Sustain	N	2.3
	026190150	\$301,552		\$485,970	4	1	95.64	99.71	100	0.9899	Sustain	N	1.8
	057174930	\$233,695		\$340,902	5	1	86.24	99.96	6	1.0000	Improve	N	2
	036527405	\$228,000		\$384,171		1	100.00	100.00	46	5	Sustain	Y	3.6
	047333521	\$203,643		\$325,963		2	83.66	100.00	1	1.1780	Sustain	Y	4.3

Supplier Map : Summary



Supplier Development Plan



Supplier value via improved performance

Parker Supply Chain Management

Home Management Portal Metrics Process Supplier Account Journey Assessment Contracts Commodities Purch. Exchange People Supplier Diversity NP Supplier Search Invest

Continuous Improvement System: By Supplier

Search By:

All Countries/Regions: Aerospace Group: All Divisions - (Fiscal Year 2012)
* Savings does not include draft dollars

Supplier ID	Supplier Name	Previous FY Spend (\$)	Target %	Target	# of Ideas	% of Target Met	Savings *
014095155		\$1,950,930	2.00 %	\$39,018	5	30.37%	\$11,850
014675010		\$7,449,438	6.00 %	\$446,966	1	0.00%	\$1
027906015		\$177,398	0.00 %	\$0	1	564.00%	\$10,000
029766351		\$609,495	0.00 %	\$0	1	6.00%	\$339
036940244		\$6,404	15.00 %	\$960	1	4,987.50%	\$47,880
040051540		\$4,273,160	6.00 %	\$256,389	2	3.51%	\$8,989
054958744		\$1,695,842	0.00 %	\$0	2	0.00%	\$2
061840145		\$7,293,331	6.00 %	\$437,599	12	51.52%	\$225,453
064674789		\$0	N/A	N/A	1	N/A	\$21,754
071362350		\$15,805	0.00 %	\$0	1	3,163.00%	\$5,000
079469200		\$3,925,135	6.00 %	\$235,508	1	0.99%	\$2,331
079710615		\$54,928	10.00 %	\$5,492	1	0.00%	\$0
089101133		\$431,264	6.00 %	\$25,875	3	31.96%	\$8,270

Country/Region
All Countries/Regions

Focus
Aerospace
All Divisions

Date Range
View by: Fiscal Year
Fiscal Year: 2012

Supply Chain
 Alerts
 Continuous Improvement
[Dashboard](#)
[Summary](#)
[Organization Comparison](#)
[By Proposal](#)
[By Supplier](#)
 Purchase Price Index
 SC Technology Deployment
 Supplier Metrics
 Supplier Profile
 Supplier Qualification System
 Supplier Risk
 WADPO

We are all in this together....



The World Leader in Motion and Control



Thank You!

