



Pall Corporation

A large, dynamic splash of water in shades of blue and white, filling the background of the slide. The water is captured in mid-air, creating a sense of movement and energy.

# UBS Global Life Sciences Conference

**Lisa McDermott**  
CFO & Treasurer

September 20, 2011

# Forward-Looking Statements

The matters discussed in this presentation contain “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. Results for fiscal year 2011 are preliminary until the Company’s Form 10-K is filed with the Securities and Exchange Commission on or before September 29, 2011.

Forward-looking statements are those that address activities, events or developments that the Company or management intends, expects, projects, believes or anticipates will or may occur in the future. All statements regarding future performance, earnings projections, earnings guidance, management’s expectations about its future cash needs and effective tax rate, and other future events or developments are forward-looking statements. Forward-looking statements are those that use terms such as “may,” “will,” “expect,” “believe,” “intend,” “should,” “could,” “anticipate,” “estimate,” “forecast,” “project,” “plan,” “predict,” “potential,” and similar expressions. Forward-looking statements contained in this and other written and oral reports are based on management’s assumptions and assessments in light of past experience and trends, current conditions, expected future developments and other relevant factors.

The Company’s forward-looking statements are subject to risks and uncertainties and are not guarantees of future performance, and actual results, developments and business decisions may differ materially from those envisaged by the Company’s forward-looking statements. Such risks and uncertainties include, but are not limited to, those discussed in Part I–Item 1A.–Risk Factors in the 2010 Form 10-K, and other reports the Company files with the Securities and Exchange Commission, including; the impact of legislative, regulatory and political developments globally; the impact of the uncertain global economic environment; the extent to which adverse economic conditions may affect our sales volume and results; changes in product mix, market mix and product pricing, particularly relating to the expansion of the systems business; our ability to develop and commercialize new technologies, enforce patents and protect proprietary products and manufacturing techniques; demand for our products and business relationships with key customers and suppliers, which may be impacted by their cash flow and payment practices; delays or cancellations in shipments; our ability to obtain regulatory approval or market acceptance of new technologies; our ability to successfully complete our business improvement initiatives, which include supply chain enhancements and integrating and upgrading our information systems; the effect of a serious disruption in our information systems; fluctuations in our effective tax rate; volatility in foreign currency exchange rates, interest rates and energy costs and other macro economic challenges currently affecting us; increase in costs of manufacturing and operating costs; our ability to achieve and sustain the savings anticipated from cost reduction and gross margin improvement initiatives; our ability to attract and retain management talent; the impact of pricing and other actions by competitors; the effect of litigation and regulatory inquiries associated with the restatement of our prior period financial statements; the effect of the restrictive covenants in our debt facilities; and our ability to successfully complete or integrate any acquisitions. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for the Company to predict all of them. The Company makes these statements as of the date of this disclosure and undertakes no obligation to update them, whether as a result of new information, future developments or otherwise.

Management uses certain non-GAAP measurements to assess the Company’s current and future financial performance. The non-GAAP measurements do not replace the presentation of the Company’s GAAP financial results. These measurements provide supplemental information to assist management in analyzing the Company’s financial position and results of operations. The Company has chosen to provide this information to facilitate meaningful comparisons of past, present and future operating results and as a means to emphasize the results of ongoing operations. Reconciliations of the non-GAAP financial measures used throughout this presentation to the most directly comparable GAAP measures appear at the end of this presentation in the Appendix and are also available on Pall’s website at [www.pall.com/investor](http://www.pall.com/investor).

# Our Presentation Today

- About Pall
- Growth Drivers and Strategies
- Fiscal 2011 Full-Year Results
- Fiscal 2012 Outlook

# The Technology Leader in the Global Filtration, Separation and Purification Industry

- Materials science & engineering
- Diverse products, markets and geographies
- Two-thirds of revenues from consumables
- Strong liquidity and operational flexibility



Every manufacturer, hospital, blood center, laboratory, aircraft operator, energy producer and municipal water supplier is a potential customer.



# Market Diversity is a Strength

## Pall Life Sciences



### BioPharmaceuticals

Biologicals (Vaccines & Plasma)  
 Biotech Drugs  
 Classic Pharmaceuticals  
 Laboratory Tools  
 Process Monitoring  
 Diagnostics

- Proteomics & Genomics
- OEM Materials

### Medical

Transfusion Medicine

- Blood
- Cell Therapy
- Veterinary

Hospital Infection Control

- Water
- Critical Care
- Anesthesia
- OEM Devices

### Food & Beverage

Beer  
 Wine & Spirits  
 Alcohol-free Beverages  
 Food & Dairy

## Pall Industrial



### Energy & Water

Drinking Water  
 Fossil Fuels  
 Nuclear  
 Alternative Energy  
 Chemicals  
 Power Generation

### Aeropower

Commercial Aero  
 Military Aero  
 Mobile Equipment  
 Industrial Mfg.  
 Mobile & Shipboard Water

### Microelectronics

Semiconductor/IC's

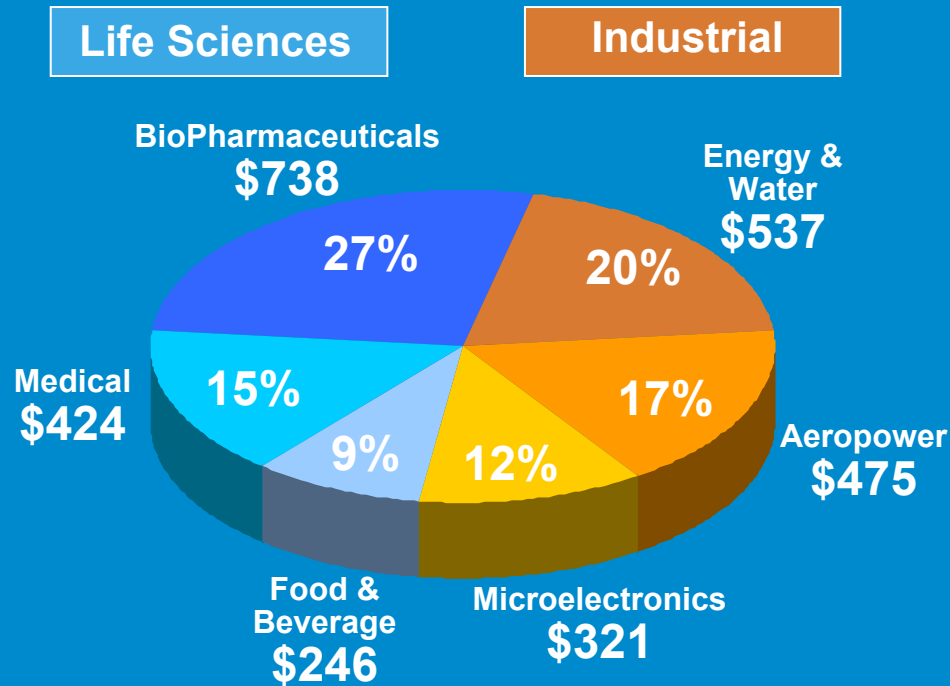
- Photolithography
- CMP
- High-purity Water
- Chemical Dispense

Consumer Electronics

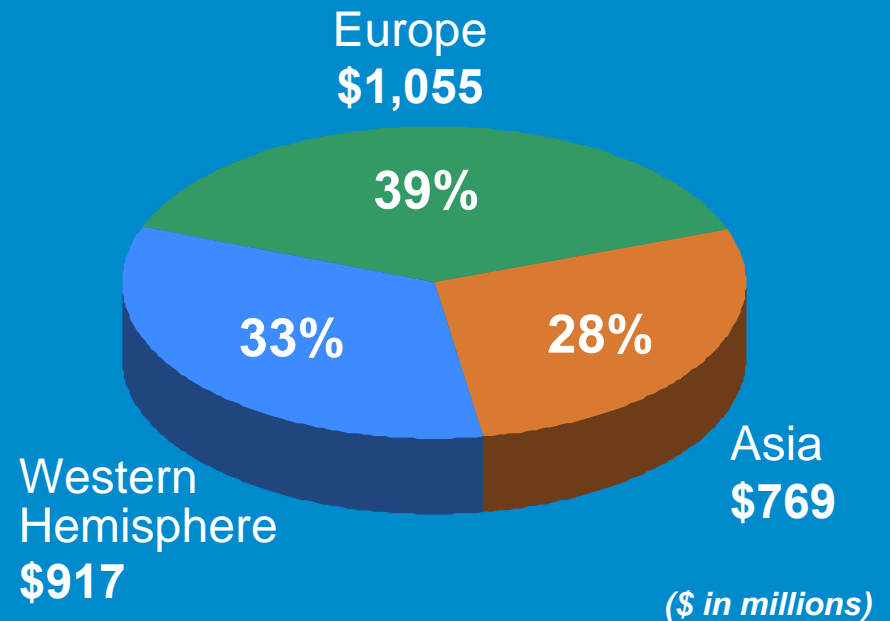
- Displays
- Data Storage
- Ink Jet
- Photovoltaics

# Pall – Fiscal Year 2011 Sales

## Sales By Market



## Sales By Geography



Total Life Science Sales  
**\$1,408 million**

Total Industrial Sales  
**\$1,333 million**

Total Sales  
**\$2.74**  
Billion

# Global Drivers For The Filtration Market

- **Product Quality, Productivity & Innovation**
- **Global Demographic Changes**
- **Water & Energy Management**
- **Environmental & Regulatory Requirements**
- **Emerging & Mutating Pathogens**



# Growing the Top Line

## Key Strategies

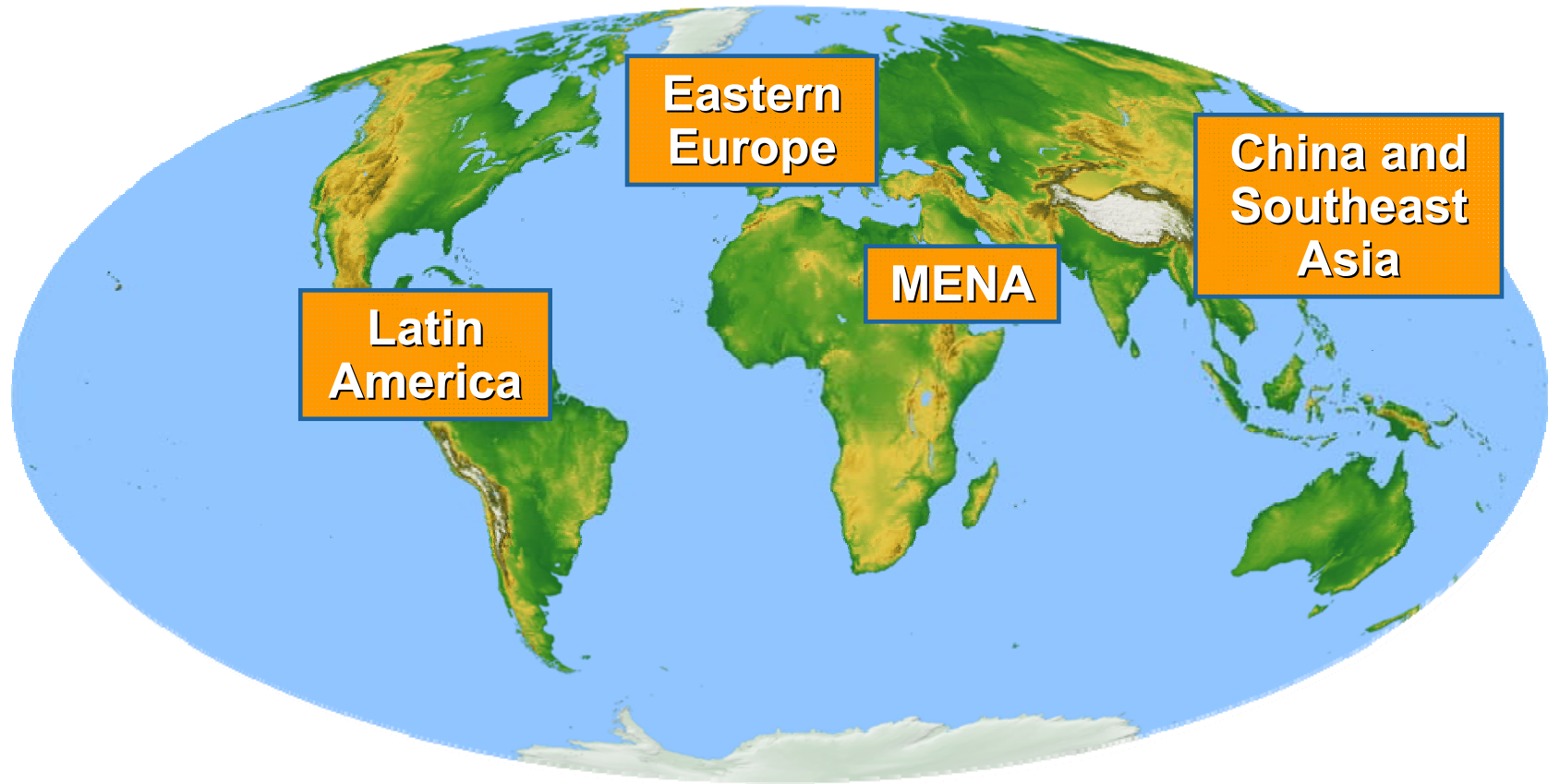
- Leverage Total Fluid Management<sup>SM</sup> capabilities
- Focus on high-growth markets and fast growing regions
- Expand technology leadership
- Increase sales of services



***We are executing on strategies to generate sustainable, profitable growth.***

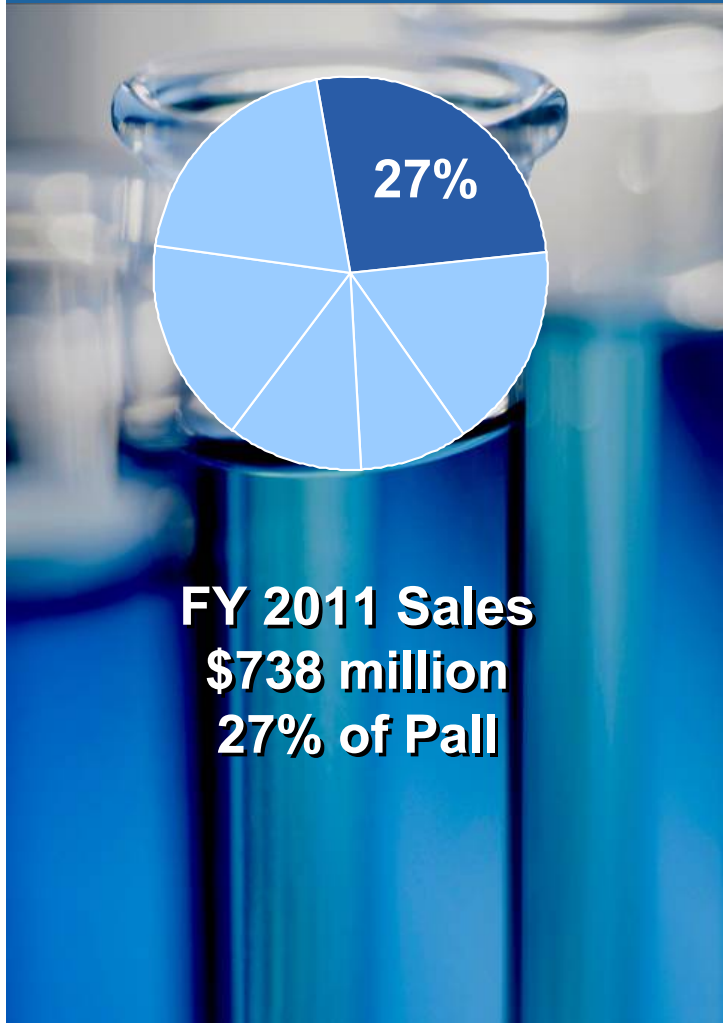


# Strong Focus on High-Growth Regions



***2012 Growth rate for Emerging Markets  
is expected to exceed 20%***

# Life Sciences – BioPharmaceuticals



## Key Business Drivers

- 3/4 of Pall's business in filtration intensive biologicals market
- Broadening Pall presence on biotech drugs & vaccines in full production
- Increasing adoption of single-use technologies
- Rapid growth of emerging regions

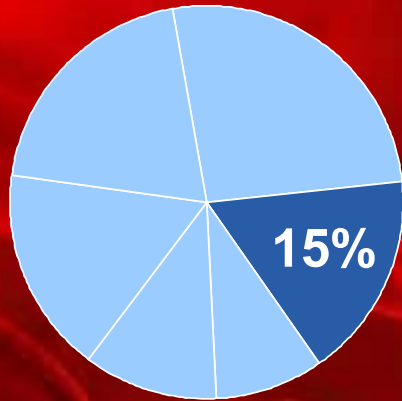
## Outlook for 2012

- High single digit growth



Pall Allegro™ Disposable  
3D Biocontainer

# Life Sciences – Medical



**FY 2011 Sales**  
**\$424 million**  
**15% of Pall**

## Key Business Drivers

- New products ~ 25% of FY 2011 sales:
  - Leukotrap® RC system with RC2D blood filter
  - Acrodose™ PL system for platelets
  - Pall-Aquasafe™ water filters
- Leukoreduction becoming the standard of care or mandated
- Rising standards of medical care globally
- Emerging and mutating pathogens
- Improving patient outcomes and preventing Hospital Acquired Infections

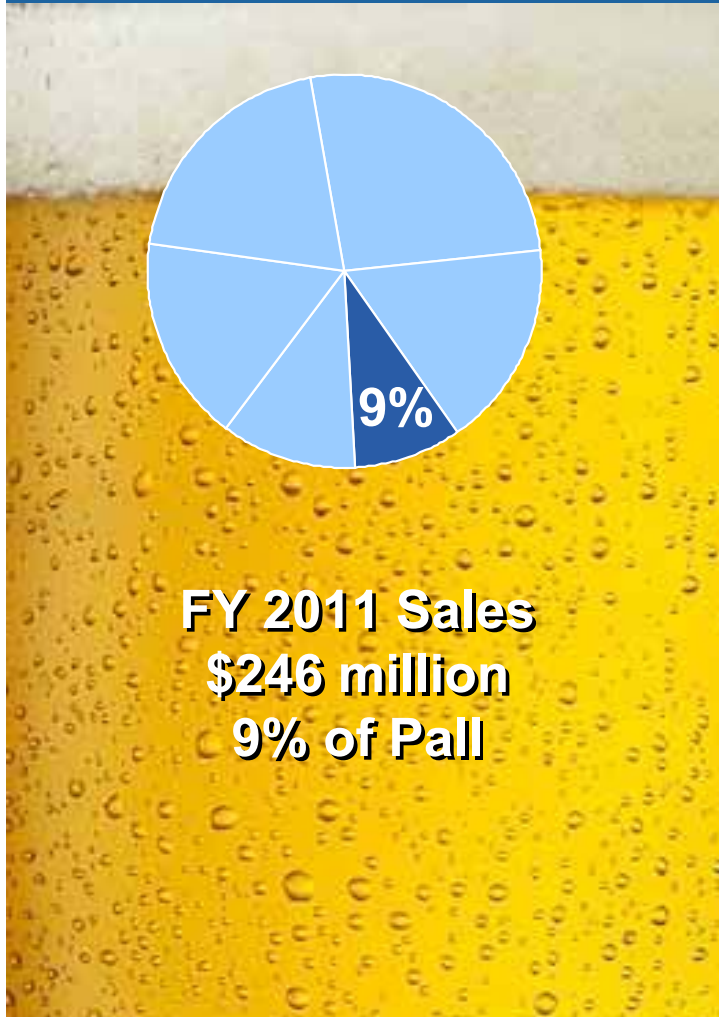
## Outlook for 2012

- Low single digit growth



Leukotrap® RC System with RC2D Filter

# Life Sciences – Food & Beverage

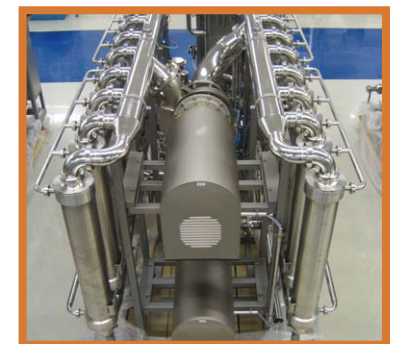


## Key Business Drivers

- Investment in technologies that increase quality and yield
- New Pall products and applications:
  - Profi™ beer systems
  - W-code, food-grade products
  - GeneDisc® products for food testing
  - Food enzymes applications
- Rapid growth of emerging regions
- Food and beverage safety requires rapid microbiological testing/diagnostics
- Environmentally-friendly products and processes

## Outlook for 2012

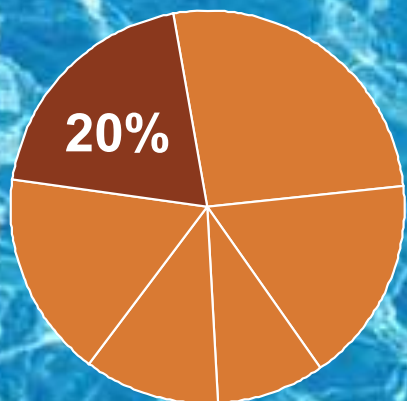
- Mid single digit growth



PROFi Membrane System for DE-Free Clarification of Beer



# Industrial – Energy & Water



**FY 2011 Sales**  
**\$537 million**  
**20% of Pall**

## Key Business Drivers

- Rapid growth of emerging regions
- Aggressive investment to increase capacity, while reducing cost, emissions and waste
- Improved potable/reusable/dischargeable water quality and water availability
- Increasingly stringent environmental regulations
- Need for clean & alternative energy

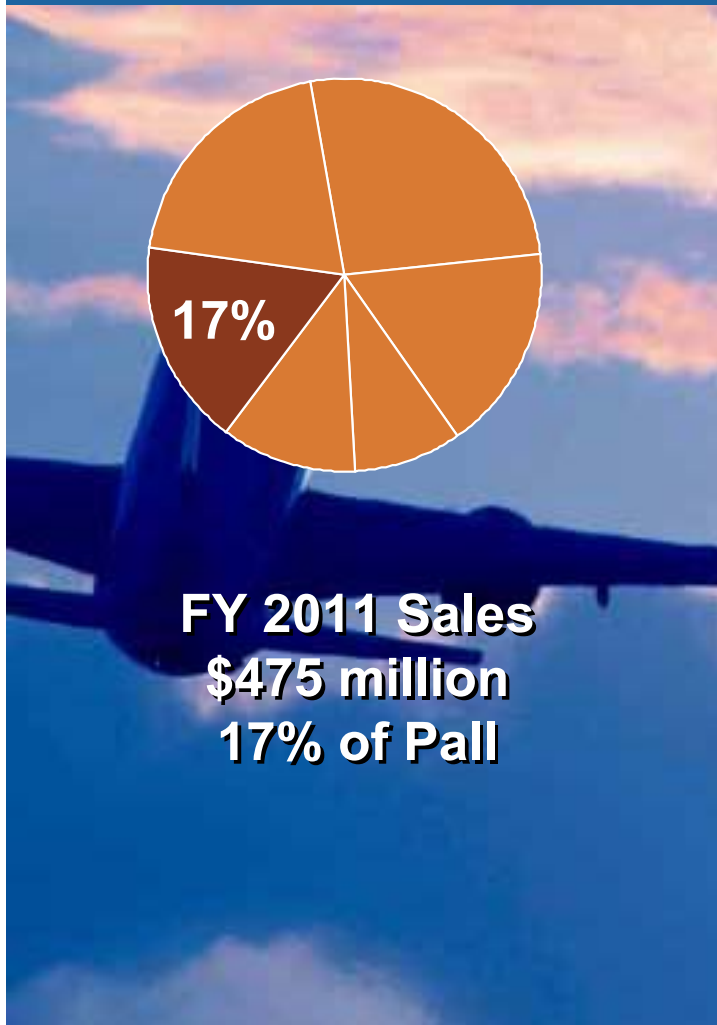
## Outlook for 2012

- Mid single digit growth



Centrifugal Discharge Filter Housings for Processing Biofuels

# Industrial – Aeropower



## Key Business Drivers

- Equipment reliability and economics
- New and existing commercial and military aerospace platforms
- “Stickiness” for program life
- Passenger miles
- Growth in the mining industry in the U.S, Brazil, Chile, China, Australia, Indonesia, Russia, and sub-Sahara Africa

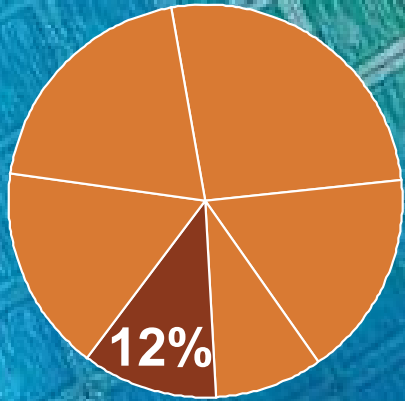
## Outlook for 2012

- **Aerospace:** High single
- digit growth
- **Machinery & Equipment:**
- Mid single digit growth



The Centrisep® EAPS (Engine Advanced Protection System)

# Industrial – Microelectronics



**FY 2010 Sales**  
**\$321 million**  
**12% of Pall**

## Key Business Drivers

- FAB Utilization
- Consumer electronics spending
- Pervasive enterprise and personal computing
- New technologies such as solar cells and high-bright LED
- Highly filtration-dependent industry

## Outlook for 2012

- Flat to down mid single digit growth



Automated Microfiltration Systems for Photovoltaic Silicon Grinding/Sanding Water Reclamation

# Pall Corporation P&L Highlights

Fiscal Year Ended July 31, 2011

<i>\$ in millions (except EPS)</i>	FY 11 Actual	FY 10 Actual	Δ vs. Actual	
<b>Sales</b>	<b>\$2,740.9</b>	<b>\$2,401.9</b>	<b>14.1%</b>	<ul style="list-style-type: none"> <li>Double digit growth in BioPharm, MicroE and Aeropower</li> <li>15.8% LC growth in WH, driven by BioPharm, Energy &amp; Water and Ind. Mfg.</li> <li>9.3% LC growth in Europe, driven by BioPharm, Fuels &amp; Chem. and Ind. Mfg.</li> <li>7.4% LC growth in Asia, driven by BioPharm, Power Gen and Ind. Mfg.</li> <li>21.7% growth in Systems and 9.6% growth in consumables</li> <li>Emerging markets up ~ 25%, comprises ~16% of total sales</li> </ul>
<b>Gross Profit</b>	<b>\$1,372.5</b>	<b>\$1,206.1</b>	<b>13.8%</b>	<ul style="list-style-type: none"> <li>PLS gross margin of 54.1% up 10 bps YOY                             <ul style="list-style-type: none"> <li>↑ Net manufacturing cost savings exceeding inflation (90 – 100 bps), benefit of fx &amp; pricing (20 – 40 bps)</li> <li>↓ Unfavorable absorption of manufacturing overhead &amp; inventory related charges</li> </ul> </li> <li>PI gross margin of 45.8% down 40 bps YOY                             <ul style="list-style-type: none"> <li>↓ Negative mix from increased capital goods and systems sales (-170 to -190 bps)</li> <li>↑ Net manufacturing cost savings exceeding inflation (130 to 150 bps)</li> </ul> </li> </ul>
<b>Gross Margin</b>	<b>50.1%</b>	<b>50.2%</b>	<b>(10 bps)</b>	
<b>SG&amp;A</b>	<b>\$813.4</b>	<b>\$739.9</b>	<b>9.9%</b>	<ul style="list-style-type: none"> <li>LC increase +7.3%</li> <li>Increase in sales and marketing related spend</li> <li>Investments in emerging regions (~ 10% of LC increase in SG&amp;A spend)</li> <li>Investments in global ERP (~ 5% of LC increase in SG&amp;A spend)</li> </ul>
<b>% of Sales</b>	<b>29.7%</b>	<b>30.8%</b>	<b>(110 bps)</b>	
<b>Operating Profit</b>	<b>\$472.3</b>	<b>\$391.2</b>	<b>20.7%</b>	<ul style="list-style-type: none"> <li>Excludes ROTC of \$33.8M (22¢ per share)</li> </ul>
<b>% of Sales</b>	<b>17.2%</b>	<b>16.3%</b>	<b>90 bps</b>	
<b>Net Income</b>	<b>\$315.5</b>	<b>\$241.2</b>	<b>30.8%</b>	<ul style="list-style-type: none"> <li>Effective tax rate of 24.8% in FY11 vs. 26.4% in FY10</li> </ul>
<b>% of Sales</b>	<b>11.5%</b>	<b>10.0%</b>	<b>150 bps</b>	
<b>Pro forma Net Income (1)</b>	<b>\$327.7</b>	<b>\$252.4</b>	<b>29.8%</b>	
<b>% of Sales</b>	<b>12.0%</b>	<b>10.5%</b>	<b>150 bps</b>	
<b>Diluted EPS (1)</b>	<b>\$2.67</b>	<b>\$2.03</b>	<b>31.5%</b>	<ul style="list-style-type: none"> <li>Average shares outstanding reduced to 118,266 from 118,846</li> <li>Underlying tax rate of 26.7% reflecting tax benefits of European headquarters versus 31.0% last year resulting in bottom line contribution of ~ \$19 million, or about 16¢ per share</li> <li>F/x increased FY11 EPS by 13¢.</li> </ul>
<b>Pro forma Diluted EPS (1)</b>	<b>\$2.77</b>	<b>\$2.12</b>	<b>30.7%</b>	

(1) See Reconciliation of Non-GAAP Financial Measures to their GAAP Counterparts in Appendix.



# Pall Corporation P&L and Cash Flow Guidance

## Fiscal Year Ended July 31, 2012

<b>\$ in millions (except EPS)</b>	<b>FY 2011 Actual</b>		<b>FY 2012 Outlook</b>
Total Pall Sales Growth	<b>\$2,741</b>	<b>(+10.9% LC)</b>	<b>Mid-single digit</b>
Life Sciences Sales Growth	<b>\$1,408</b>	<b>(+11.0% LC)</b>	<b>Mid-single digit</b>
Industrial Sales Growth	<b>\$1,333</b>	<b>(+10.9% LC)</b>	<b>Mid-single digit</b>
Gross Profit/Margin	<b>\$1,373</b>	<b>(50.1%)</b>	<b>50.0% – 51.25%</b>
SG&A	<b>\$813</b>	<b>(29.7% of sales)</b>	<b>29.5% – 30.0%</b>
Life Sciences Segment Margin		<b>24.0%</b>	<b>24.0% – 25.0%</b>
Industrial Segment Margin		<b>14.7%</b>	<b>14.5% – 16.0%</b>
Operating Profit/Margin	<b>\$472</b>	<b>(17.2%)</b>	<b>17.0% – 18.5%</b>
Income Tax Rate <sup>(1)</sup>		<b>26.7%</b>	<b>~24.5%</b>
Pro forma EPS – Diluted <sup>(2)</sup>	<b>\$2.77</b>		<b>\$3.07 – \$3.32</b>

<b>\$ in millions</b>		
Operating Cash Flow	<b>\$430</b>	<b>\$490 – \$540</b>
Capex	<b>\$161</b>	<b>\$175 – \$185</b>



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# Appendix: Reconciliation of Non-GAAP Financial Measures

*\$ Amounts in Millions, Except Per Share Amounts*

Fiscal Year	FY11		FY10	
	\$ Amount	Per Share Amount	\$ Amount	Per Share Amount
Earnings/diluted EPS as reported	\$ 315.5	\$ 2.67	\$ 241.2	\$ 2.03
<u>Discrete Items:</u>				
Interest adjustments, after pro forma tax effect (a)	(3.4)	(0.03)	(9.8)	(0.08)
Note redemption related costs, after pro forma tax effect (a)	-	-	21.0	0.17
Tax adjustments	(10.6)	(0.09)	(11.1)	(0.09)
ROTC, after pro forma tax effect (a)	<u>26.2</u>	<u>0.22</u>	<u>11.1</u>	<u>0.09</u>
Total pro forma adjustments	<u>12.2</u>	<u>0.10</u>	<u>11.2</u>	<u>0.09</u>
<b>Pro forma earnings/diluted EPS</b>	<b>\$ 327.7</b>	<b>\$ 2.77</b>	<b>\$ 252.4</b>	<b>\$ 2.12</b>

(a) Pro forma tax effect is calculated using applicable entity-specific U.S. federal and/or foreign tax rates.

# Appendix: Reconciliation of Non-GAAP Financial Measures

Full Fiscal Year 2012 Guidance	EPS	
	Low End	High End
Guidance range	\$ 2.82	\$ 3.07
ROTC, after pro forma tax effect (a)	0.25	0.25
<b>Pro forma guidance range</b>	<b>\$ 3.07</b>	<b>\$ 3.32</b>

(a) represents the midpoint of the range of expected ROTC of \$30-\$40 million, net of pro forma tax effect of \$6.2 million, calculated using applicable entity-specific U.S. federal and/or foreign tax rates.

Effective Tax Rate	FY 11 YTD	FY 10 YTD
Effective Tax Rate	24.8%	26.4%
Resolution of U.S. Audit	5.1%	-
Resolution of foreign tax audits	-	4.5%
Note redemption related costs	-	0.5%
Expiring foreign statutes of limitation	0.4%	0.5%
ROTC and Other	(0.5%)	0.6%
Tax cost of establishment of European Headquarters	-	(1.5%)
Tax cost of establishment of Asian Headquarters	(1.9%)	-
Repatriation of historical foreign earnings	(1.2%)	-
<b>Underlying Tax Rate</b>	<b>26.7%</b>	<b>31.0%</b>



# Appendix: Reconciliation of Non-GAAP Financial Measures – Twelve Months

<i>(amounts in millions)</i>	12 Months FY11	12 Months FY11 Estimated Impact of FX	12 Months FY11 Estimate Excluding FX	12 Months FY10	% Change Excluding FX
<b>Sales:</b>					
BioPharmaceuticals	\$ 738.0	\$ 20.7	\$ 717.3	\$ 620.3	15.6%
Medical	424.3	6.9	417.4	399.5	4.5%
Food & Beverage	245.6	6.6	239.0	218.0	9.6%
<b>Life Sciences</b>	<b>\$ 1,407.9</b>	<b>\$ 34.2</b>	<b>\$ 1,373.7</b>	<b>\$ 1,237.8</b>	<b>11.0%</b>
Aeropower	\$ 474.9	\$ 9.4	\$ 465.5	\$ 418.2	11.3%
Energy & Water	537.3	15.9	521.4	479.9	8.7%
Microelectronics	320.8	16.8	304.0	266.0	14.3%
<b>Industrial</b>	<b>\$ 1,333.0</b>	<b>\$ 42.1</b>	<b>\$ 1,290.9</b>	<b>\$ 1,164.1</b>	<b>10.9%</b>
<b>Total Pall</b>	<b>\$ 2,740.9</b>	<b>\$ 76.3</b>	<b>\$ 2,664.6</b>	<b>\$ 2,401.9</b>	<b>10.9%</b>
SG&A	\$ 813.4	\$ 19.3	\$ 794.1	\$ 739.9	7.3%

# Appendix: Reconciliation of Non-GAAP Financial Measures – Twelve Months

Operating Profit ( <i>\$ in millions</i> )	12 Months FY11	12 Months FY10
Life Sciences operating profit	\$ 337.6	\$ 280.1
Industrial operating profit	195.8	164.5
<b>Total operating profit</b>	<b>533.4</b>	444.6
General corporate expenses	(61.1)	(53.4)
Earnings before ROTC, interest & income taxes	472.3	391.2
ROTC	(33.9)	(17.7)
Interest expense, net	(18.9)	(45.8)
<b>Earnings before income taxes</b>	<b>\$ 419.5</b>	<b>\$ 327.7</b>



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