



Pall Corporation

Third Quarter Fiscal 2011 Results

Eric Krasnoff
CEO & President

June 9, 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 the third quarter of fiscal year 2011 are preliminary until the Company’s Form 10-Q is filed with the Securities and Exchange Commission on June 9, 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 effect of litigation and regulatory inquiries associated with the restatement of our prior period financial statements; the impact of legislative, regulatory and political developments globally and the impact of the uncertain global economic environment and the timing and strength of a recovery in the markets and regions we serve, and the extent to which adverse economic conditions may affect our sales volume and results; demand for our products and business relationships with key customers and suppliers, which may be impacted by their cash flow and payment practices, as well as 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 integrating and upgrading our information systems and 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; changes in product mix, market mix and product pricing, particularly relating to the expansion of the systems business; 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; the effect of the restrictive covenants in our debt facilities; our ability to enforce patents and protect proprietary products and manufacturing techniques; our ability to successfully complete or integrate any acquisitions; our ability to attract and retain management talent; as well as the successful completion of the selection and integration of a new Company President and Chief Executive Officer; and the impact of pricing and other actions by competitors. 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 in 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.

What is Driving Growth?

Top Line Growth Strategies

- Leverage Total Fluid ManagementSM Capabilities
- Focus on High-Growth Markets & Fast Growing Regions
- Expand Technology Leadership
- Increase Service to Customers

Bottom Line Growth Strategies

- Lean Manufacturing & Supply Chain
- Productivity & Cost Savings Initiatives
- Regional Consolidation
- ERP Consolidation
- Liquidity & Working Capital Management

Global Filtration Market Drivers

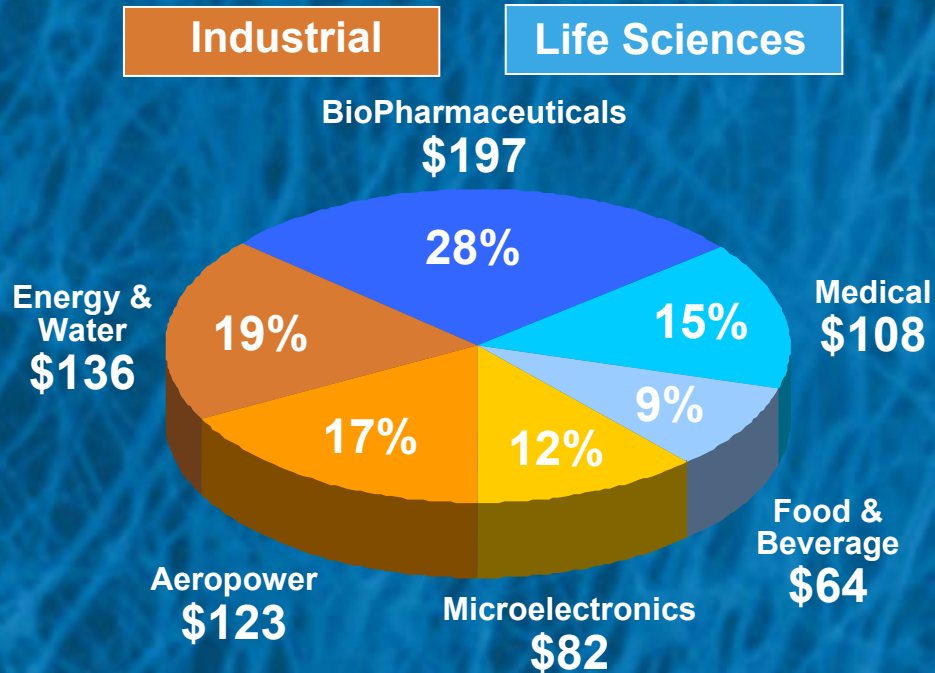
- Product Quality, Productivity & Innovation
- Water & Energy Needs
- Regulatory Requirements
- Emerging & Mutating Pathogens
- Environmentalism

“The existence and growth of Pall Corporation goes hand in hand with the requirements of modern technology”

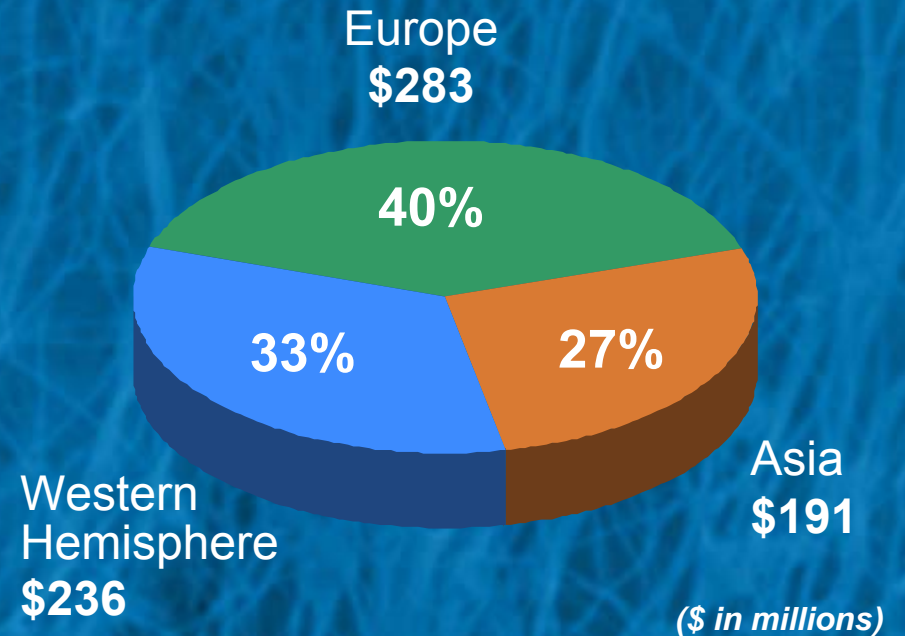
–Pall 1959 Annual Report

Q3 FY 2011 Sales

Sales By Market



Sales By Geography

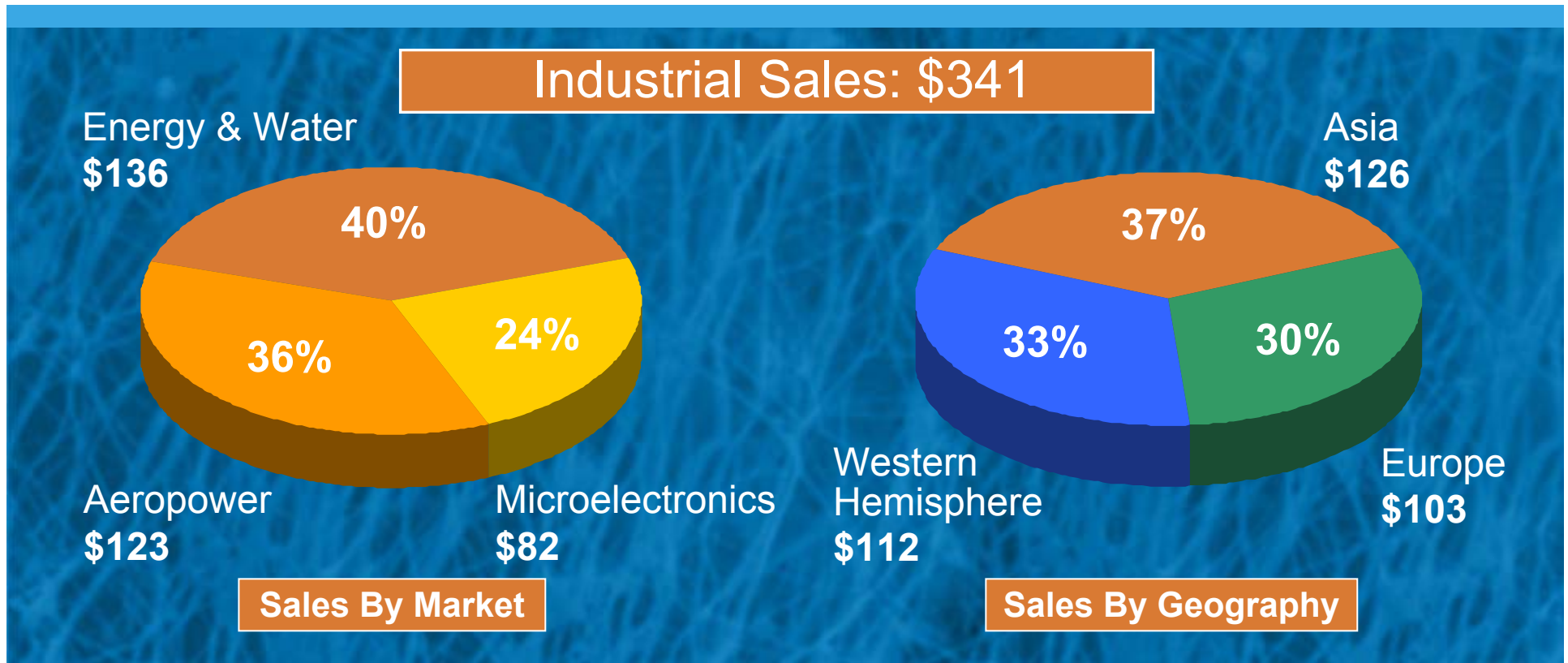


Total Industrial Sales
\$341 million

Total Life Science Sales
\$369 million

Total Sales
\$710
Million

Pall Industrial – Q3 FY 2011



(\$ in millions)

Industrial sales increased 9.5% in Local Currency (“LC”)

Aeropower



Sales

(\$ in millions, discussion of sales and orders changes in LC)

Q3 FY 2011	Q3 FY 2010	% CHANGE	LC % CHANGE
\$123	\$108	14.2	10.8

- Machinery & Equipment sales increased about 24% posting double-digit growth for the 5th consecutive quarter; led by the Western Hemisphere (WH)
- Aerospace sales were down 3%, orders increased 45%
 - Commercial Aerospace sales were up about 13%
 - Military Aerospace sales were down 16%
 - Largely on timing, Military orders increased 66% including a \$14M U.S. Government contract

Energy & Water

Sales

(\$ in millions, discussion of sales and orders changes in LC)

Q3 FY 2011	Q3 FY 2010	% CHANGE	LC % CHANGE
\$136	\$119	14.5	10.1

- Fuels & Chemicals grew almost 10%
- Power Generation grew almost 15%
- Municipal Water sales increased 7%
 - Backlog remains over \$100 million

The Pall Aria™
Line of
Water Treatment
Systems



Microelectronics



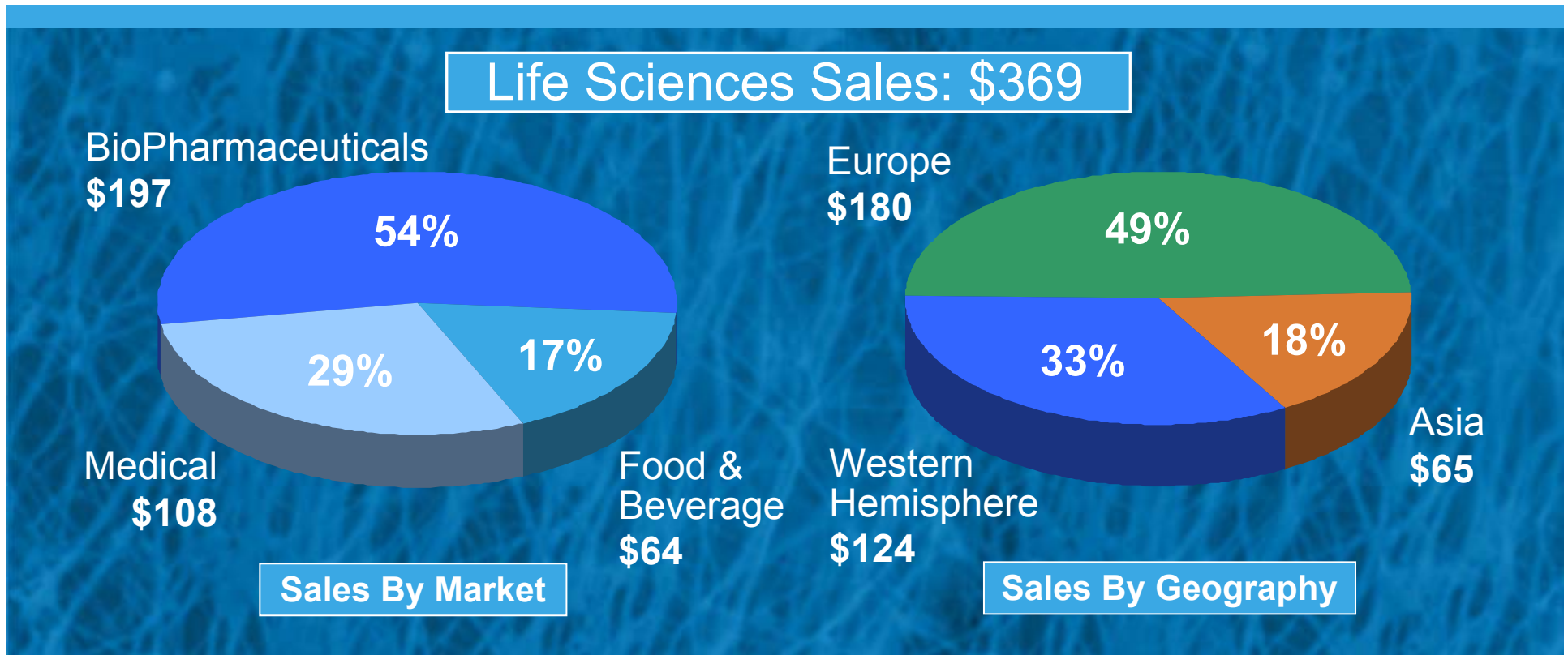
Sales

(\$ in millions, discussion of sales and orders changes in LC)

Q3 FY 2011	Q3 FY 2010	% CHANGE	LC % CHANGE
\$82	\$72	13.3	6.7

- Q3 marked 6th consecutive quarter of orders growth
- Growth continues to reflect:
 - High capacity utilization rates at chip producers
 - Demand for products like smart phones, tablet computers, solar cells and other advanced electronics like LEDs

Pall Life Sciences – Q3 FY 2011



(\$ in millions)

Life Sciences sales increased 11.8% in LC

Medical



Leukotrap® RC System
with RC2D Filter

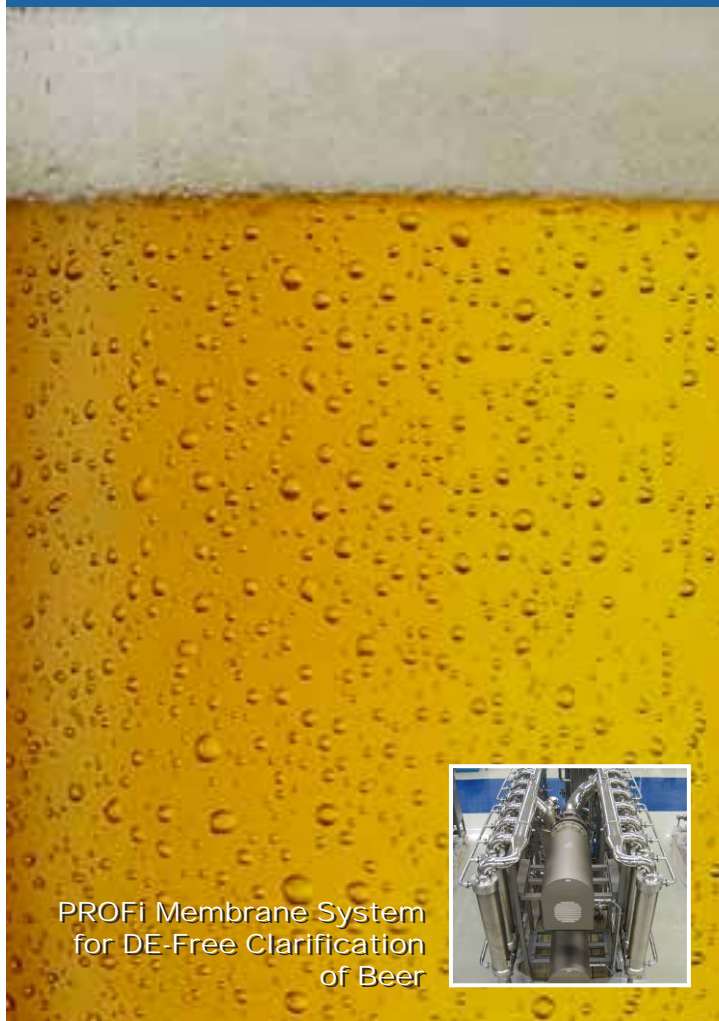
Sales

(\$ in millions, discussion of sales and orders changes in LC)

Q3 FY 2011	Q3 FY 2010	% CHANGE	LC % CHANGE
\$108	\$100	8.1	5.0

- Western Hemisphere (WH) sales grew 10%
- Hospital Critical Care sales grew about 5% with sales of Pall–Aquasafe™ filters particularly strong
- OEM sales grew about 12% propelled by increased demand for I.V. filters

Food & Beverage



PROFi Membrane System
for DE-Free Clarification
of Beer

Sales

(\$ in millions, discussion of sales and orders changes in LC)

Q3 FY 2011	Q3 FY 2010	% CHANGE	LC % CHANGE
\$64	\$55	16.7	11.8

- Solid growth reflects continuing recovery in the market
 - Consumables sales increased 8% with all regions contributing and very strong performance in WH
 - Systems sales increased 30%
- Orders were up 13% driven by systems

BioPharmaceuticals



Sales

(\$ in millions, discussion of sales and orders changes in LC)

Q3 FY 2011	Q3 FY 2010	% CHANGE	LC % CHANGE
\$197	\$163	21.3	16.0

- Consumables sales were up ~15%
- Systems sales up about 35%
- Overall orders increased over 22%
 - Consumables orders were up 22%
 - Systems orders were up 34%



Pall Corporation

Third Quarter Fiscal 2011 Results

Lisa McDermott
CFO & Treasurer

June 9, 2011

Earnings Recap Q3 FY 2011 vs. Q3 FY 2010

For the Quarter

- Net earnings were \$71.1 million vs. \$69.7 million
- EPS of 60¢ vs. 58¢
- Pro forma EPS of 72¢ vs. 58¢

For the Nine Months

- Net earnings were \$218.1 million vs. \$186.3 million
- EPS of \$1.84 vs. \$1.56
- Pro forma EPS of \$2.01 vs. \$1.40

P&L Highlights: Third Quarter Year-over-Year Comparison

<i>\$ in millions (except EPS)</i>	Q3 FY 11	Q3 FY 10	Change	
Sales	\$709.8	\$616.0	15.2%	<ul style="list-style-type: none"> Multi-dimensional growth – all regions and all markets – PLS +11.8%, PI +9.5% in LC Consumables up 8.5%, systems up 29.4% in LC
Gross Profit	\$353.9	\$313.5	12.9%	<ul style="list-style-type: none"> PLS gross margin of 53.3% down 100 bps YOY PI gross margin of 46.1%; down 120 bps YOY
% to sales	49.9%	50.9%	(100 bps)	
SG&A	\$209.6	\$187.3	11.9%	<ul style="list-style-type: none"> Leveraging top line growth LC increase +8.1% <ul style="list-style-type: none"> Increase in sales and marketing expenses Investments in global ERP and emerging regions G&A costs tightly held
% to sales	29.5%	30.4%	(90 bps)	
EBIT ⁽¹⁾	\$123.2	\$107.2	14.9%	<ul style="list-style-type: none"> Excludes ROTC of \$7.7M (5¢/share)
% to sales	17.4%	17.4%	-	
Net Income	\$71.1	\$69.7	2.0%	<ul style="list-style-type: none"> Underlying tax rate of 27% reflecting tax benefits of the European headquarters vs. 31% in Q3 FY10
% to sales	10.0%	11.3%	(130 bps)	
Pro forma Net Income ⁽¹⁾	\$85.1	\$69.0	23.4%	<ul style="list-style-type: none"> Effective tax rate in Q3 FY11 of 35% reflecting \$8.4M (7¢/share) charge related to establishment of Asia headquarters in Singapore
% to sales	12.0%	11.2%	80 bps	
Diluted EPS	\$0.60	\$0.58	3.4%	<ul style="list-style-type: none"> Average shares outstanding reduced to 118,723 from 119,204
Pro forma Diluted EPS ⁽¹⁾	\$0.72	\$0.58	24.1%	

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

P&L Highlights:

Nine-Months Year-over-Year Comparison

<i>\$ in millions (except EPS)</i>	9M FY 11	9M FY 10	Change	
Sales	\$1,960.5	\$1,723.3	13.8%	<ul style="list-style-type: none"> Double digit growth in BioPharm, MicroE and Aeropower Double digit growth in WH, high single digit growth in Europe and Asia Double digit growth consumables and systems
Gross Profit	\$995.0	\$868.0	14.6%	<ul style="list-style-type: none"> Manufacturing efficiencies offsetting inflation Volume related manufacturing overhead absorption
% to sales	50.8%	50.4%	40 bps	
SG&A	\$589.0	\$551.0	6.9%	<ul style="list-style-type: none"> Leveraging top line growth Investments in global ERP and emerging regions Increased variable costs
% to sales	30.0%	32.0%	(200 bps)	
EBIT ⁽¹⁾	\$344.0	\$262.2	31.2%	<ul style="list-style-type: none"> Excludes ROTC of \$13.9M (10¢/share)
% to sales	17.5%	15.2%	230 bps	
Net Income	\$218.1	\$186.3	17.1%	<ul style="list-style-type: none"> Underlying tax rate reduced about 4% YOY to 27%⁽¹⁾ resulting in bottom line contribution of ~ \$13M
% to sales	11.1%	10.8%	30 bps	
Pro forma Net Income ⁽¹⁾	\$238.0	\$166.6	42.8%	
% to sales	12.1%	9.7%	240 bps	
Diluted EPS ⁽¹⁾	\$1.84	\$1.56	17.9%	<ul style="list-style-type: none"> Average shares outstanding reduced to 118,296 from 119,107
Pro forma Diluted EPS ⁽¹⁾	\$2.01	\$1.40	43.6%	

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

P&L Highlights: Sequential Comparison

<i>\$ in millions (except EPS)</i>	Q3 FY 11	Q2 FY 11	Change	
Sales	\$709.8	\$645.2	10.0%	<ul style="list-style-type: none"> Life Sciences 10% growth, Industrial 10% growth Growth in all markets
Gross Profit	\$353.9	\$332.5	6.4%	<ul style="list-style-type: none"> Unfavorable mix; higher systems sales Unfavorable absorption of manufacturing overhead Inventory/contract related charges
% to sales	49.9%	51.5%	(160 bps)	
SG&A	\$209.6	\$197.1	6.3%	<ul style="list-style-type: none"> Leveraging top line growth LC increase of 4.2% or ~ \$8M Increase in sales & marketing expenses Increase in depreciation for global ERP
% to sales	29.5%	30.5%	(100 bps)	
EBIT ⁽¹⁾	\$123.2	\$114.6	7.5%	
% to sales	17.4%	17.8%	(40 bps)	
Net Income	\$71.1	\$75.7	(6.1%)	
% to sales	10.0%	11.7%	(170 bps)	
Pro forma Net Income ⁽¹⁾	\$85.1	\$80.4	5.8%	
% to sales	12.0%	12.5%	(50 bps)	
Diluted EPS ⁽¹⁾	\$0.60	\$0.64	(6.3%)	<ul style="list-style-type: none"> Average shares outstanding increased from 118,266 in Q2 FY 2011 to 118,723 in Q3 FY 2011
Pro forma Diluted EPS ⁽¹⁾	\$0.72	\$0.68	5.9%	

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

Segment Highlights: Industrial

Third Quarter Year-over-Year Comparison

<i>\$ in millions</i>	Q3 FY 11	Q3 FY 10	Change	
Sales	\$341.1	\$299.0	14.1%	<ul style="list-style-type: none"> ▪ Overall LC growth of 9.5% <ul style="list-style-type: none"> - Systems +28.0% - Consumables +6.4% ▪ Aeropower +10.8% led by M&E ▪ Energy & Water +10.1%; all submarkets contributing ▪ Microelectronics +6.7%
Gross Profit	\$157.3	\$141.4	11.3%	<ul style="list-style-type: none"> ▪ Unfavorable mix <ul style="list-style-type: none"> - Higher systems sales - Lower margin products in Power Gen, Water and Aerospace
% to sales	46.1%	47.3%	(120 bps)	
SG&A	\$99.6	\$87.7	13.5%	<ul style="list-style-type: none"> ▪ LC increase of 9% <ul style="list-style-type: none"> - Strategic and structural investments <ul style="list-style-type: none"> • Emerging markets, regional headquarters, IT - Sales & marketing expenses - G&A expenses down
% to sales	29.2%	29.3%	(10 bps)	
R&D	\$7.1	\$6.8	5.5%	
% to sales	2.1%	2.3%	(20 bps)	
Operating Profit	\$50.6	\$46.9	8.0%	
% to sales	14.8%	15.7%	(90 bps)	

Segment Highlights: Life Sciences

Third Quarter Year-over-Year Comparison

<i>\$ in millions</i>	Q3 FY 11	Q3 FY 10	Change
Sales	\$368.7	\$317.0	16.3%

- Overall LC growth of 11.8%
 - Systems +32.3%
 - Consumables +10.4%
- BioPharmaceuticals +16.0%
- Medical +5.0%
- Food & Beverage +11.8%

Gross Profit	\$196.5	\$172.2	14.2%
% to sales	53.3%	54.3%	(100 bps)

- Inventory related costs/charges
- Reduced absorption of manufacturing overhead

SG&A	\$93.6	\$86.5	8.1%
% to sales	25.4%	27.3%	(190 bps)

- LC increase of 4.5%
 - Strategic and structural investments (primarily IT)
 - Sales & marketing expenses
 - G&A flat
 - Leveraging top-line growth

R&D	\$13.9	\$12.2	13.9%
% to sales	3.8%	3.9%	(10 bps)

Operating Profit	\$89.1	\$73.4	21.3%
% to sales	24.2%	23.2%	100 bps

Liquidity and Working Capital

<i>(\$ in millions)</i>	YTD FY11	YTD FY10
Operating Cash Flow	\$ 281	\$257
CapEx	(103)	(93)
Free Cash Flow	\$ 178	\$164
Other Significant (Uses)/Sources of Cash:		
Stock Buybacks	\$ (65)	\$ (36)
Dividends	(57)	(53)
(Repayment)/Borrowings under financing facilities	(154)	11
Acquisition of businesses	-	(9)
Days in Cash Conversion Cycle*	130	137

* Days in Cash Conversion Cycle = Days Sales Outstanding plus Days Inventory Outstanding less Days Payable Outstanding

FY 2011 Outlook

	06/09/11 Current	03/11/11 ⁽⁵⁾
Total Pall Sales ⁽¹⁾	High single to low double digits	High single to low double digits
Life Sciences Sales ⁽¹⁾	High single to low double digits	High single to low double digits
Industrial Sales ⁽¹⁾	High single to low double digits	High single to low double digits
Gross Margin	50.0% – 51.0%	50.0% – 51.0%
SG&A	< 30%	< 30%
Life Sciences Operating Margin	24% – 24.5%	24% – 24.5%
Industrial Operating Margin	16% – 16.5%	16% – 16.5%
Pro forma EBIT ⁽²⁾	17.5% – 18.5%	17.5% – 18.5%
Income Tax Rate ⁽³⁾	~27.0%	~27.0%
Pro forma EPS – Diluted ⁽⁴⁾	\$2.80 – \$2.90	\$2.80 – \$2.90
\$ in millions		
Operating Cash Flow	\$435 – \$450	\$435 – \$460
Capex	\$150 – \$160	\$170 – \$180

(1) In Local Currency

(2) Excludes Restructuring and Other Charges (ROTC)

(3) Underlying Tax Rate

(4) Excludes Discrete Items (See Appendix)

(5) 2011 Outlook as presented on March 11, 2011

Appendix: Reconciliation of Non-GAAP Financial Measures

\$ Amounts in Millions, Except Per Share Amounts

Third Quarter	Q3 FY11	Q3 FY11	Q3 FY10	Q3 FY10
	\$ Amount	Per Share Amount	\$ Amount	Per Share Amount
Earnings/diluted EPS as reported	\$ 71.1	\$ 0.60	\$ 69.7	\$ 0.58
<u>Discrete Items:</u>				
Interest adjustments, after pro forma tax effect	-	-	(2.1)	(0.01)
Tax adjustments	8.4	0.07	-	-
ROTC, after pro forma tax effect	<u>5.6</u>	<u>0.05</u>	<u>1.4</u>	<u>0.01</u>
Total pro forma adjustments	<u>14.0</u>	<u>0.12</u>	<u>(0.7)</u>	<u>-</u>
Pro forma earnings/diluted EPS	<u>\$ 85.1</u>	<u>\$ 0.72</u>	<u>\$ 69.0</u>	<u>\$ 0.58</u>

Nine Months	9 Months FY11	9 Months FY11	9 Months FY10	9 Months FY10
	\$ Amount	Per Share Amount	\$ Amount	Per Share Amount
Earnings/diluted EPS as reported	\$ 218.1	\$ 1.84	\$ 186.3	\$ 1.56
<u>Discrete Items:</u>				
Interest adjustments, after pro forma tax effect	-	-	(9.6)	(0.07)
Tax adjustments	8.4	0.07	(14.2)	(0.12)
ROTC, after pro forma tax effect	<u>11.4</u>	<u>0.10</u>	<u>4.1</u>	<u>0.03</u>
Total pro forma adjustments	<u>19.8</u>	<u>0.17</u>	<u>(19.7)</u>	<u>(0.16)</u>
Pro forma earnings/diluted EPS	<u>\$ 237.9</u>	<u>\$ 2.01</u>	<u>\$ 166.6</u>	<u>\$ 1.40</u>

Appendix: Reconciliation of Non-GAAP Financial Measures

Full Year 2011 Guidance	EPS	
	Low End	High End
Guidance range	\$ 2.89	\$ 2.99
Adjustments, Q3 YTD		
Tax adjustments	0.07	0.07
ROTC, after pro forma tax effect	0.05	0.05
Adjustments, Q4 Outlook		
Tax, interest (after pro forma tax effect) and penalty adjustments ⁽¹⁾	(0.21)	(0.21)
Pro forma guidance range	\$ 2.80	\$ 2.90

⁽¹⁾ Represents the midpoint of the range of previously recorded, tax-related liabilities expected to be reversed in the fourth quarter

Effective Tax Rate	FY 11 YTD	FY 10 YTD
Effective Tax Rate	29.8%	25.2%
Resolution of foreign tax audits		-6.3%
Tax cost of establishment of Asian Headquarters	-2.7%	-
Underlying Tax Rate	27.1%	31.5%

Appendix: Reconciliation of Non-GAAP Financial Measures – Third Quarter

<i>(amounts in millions)</i>	Q3 FY11	Q3 FY11 Estimated Impact of FX	Q3 FY11 Estimate Excluding FX	Q3 FY10	% Change Excluding FX
Sales:					
BioPharmaceuticals	\$ 197.2	\$ 8.5	\$ 188.7	\$ 162.6	16.0%
Medical	107.7	3.0	104.7	99.7	5.0%
Food & Beverage	63.8	2.7	61.1	54.7	11.8%
Life Sciences	\$ 368.7	\$ 14.2	\$ 354.5	\$ 317.0	11.8%
Aeropower	\$ 123.2	\$ 3.7	\$ 119.5	\$ 107.9	10.8%
Energy & Water	136.0	5.2	130.8	118.8	10.1%
Microelectronics	81.9	4.7	77.2	72.3	6.7%
Industrial	\$ 341.1	\$ 13.6	\$ 327.5	\$ 299.0	9.5%
Total Pall	\$ 709.8	\$ 27.8	\$ 682.0	\$ 616.0	10.7%
SG&A	\$ 209.6	\$ 7.0	\$ 202.6	\$ 187.3	8.1%

Appendix: Reconciliation of Non-GAAP Financial Measures – Nine Months

<i>(amounts in millions)</i>	9 Months FY11	9 Months FY11 Estimated Impact of FX	9 Months FY11 Estimate Excluding FX	9 Months FY10	% Change Excluding FX
Sales:					
BioPharmaceuticals	\$ 538.1	\$ 3.8	\$ 534.3	\$ 452.8	18.0%
Medical	308.6	(0.3)	308.9	295.8	4.4%
Food & Beverage	167.8	(0.6)	168.4	153.8	9.5%
Life Sciences	\$ 1,014.5	\$ 2.9	\$ 1,011.6	\$ 902.4	12.1%
Aeropower	\$ 346.3	\$ 0.8	\$ 345.5	\$ 299.5	15.4%
Energy & Water	366.0	3.6	362.4	331.6	9.3%
Microelectronics	233.7	9.3	224.4	189.8	18.2%
Industrial	\$ 946.0	\$ 13.7	\$ 932.3	\$ 820.9	13.6%
Total Pall	\$ 1,960.5	\$ 16.6	\$ 1,943.9	\$ 1,723.3	12.8%
SG&A	\$ 589.0	\$ 2.4	\$ 586.6	\$ 551.0	6.5%

Appendix: Reconciliation of Non-GAAP Financial Measures – Third Quarter

Operating Profit (<i>\$ in millions</i>)	Q3 FY11	Q3 FY10
Life Sciences operating profit	\$ 89.1	\$ 73.4
Industrial operating profit	50.6	46.9
Total operating profit	139.7	120.3
General corporate expenses	(16.5)	(13.1)
Earnings before ROTC, interest & income taxes	123.2	107.2
ROTC	(7.7)	(2.0)
Interest expense, net	(6.1)	(3.2)
Earnings before income taxes	\$ 109.4	\$ 102.0

Appendix: Reconciliation of Non-GAAP Financial Measures – Nine Months

Operating Profit (<i>\$ in millions</i>)	9 Months FY11	9 Months FY10
Life Sciences operating profit	\$ 245.9	\$ 206.3
Industrial operating profit	143.9	94.5
Total operating profit	389.8	300.8
General corporate expenses	(45.8)	(38.6)
Earnings before ROTC, interest & income taxes	344.0	262.2
ROTC	(13.9)	(6.7)
Interest expense, net	(19.2)	(6.3)
Earnings before income taxes	\$ 310.9	\$ 249.2



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GREENER
FUTURESM

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