



Q1 FY 2012 Review

December 9, 2011

Better Lives. Better Planet.SM

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 first quarter are preliminary until the Company’s form 10-Q is filed with the Securities and Exchange Commission on or before December 12, 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 2011 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 macroeconomic 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.



Conference Call Replay Info

- Toll-Free: 855-859-2056
- International: 404-537-3406
- Conference ID: 28545479
- Internet: www.pall.com/investor

Agenda



- Our Priorities
- Q1 Market Review
- Q1 Performance
- FY 2012 Guidance

Pall is a Value Creation Opportunity



- Attractive end markets
- High barriers to entry
- >2/3 of sales from consumables
- Nondiscretionary products
- Brand leadership
- Deep applications expertise
- Great global sales channel

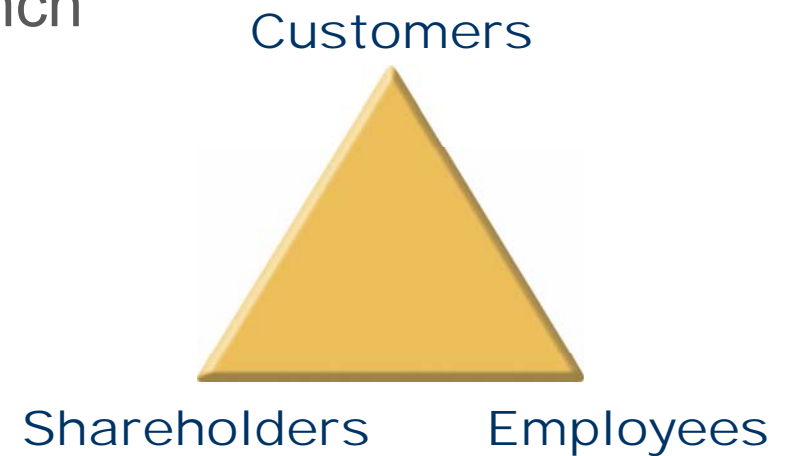


Our Priorities



Focus on People, Process, Technology:

- Talent management – build our bench
- Finish global ERP deployment
- Develop a Pall Enterprise System
- Complete regional structure
- Improve product vitality



All of our efforts are designed to drive improvements in consistency and operating performance

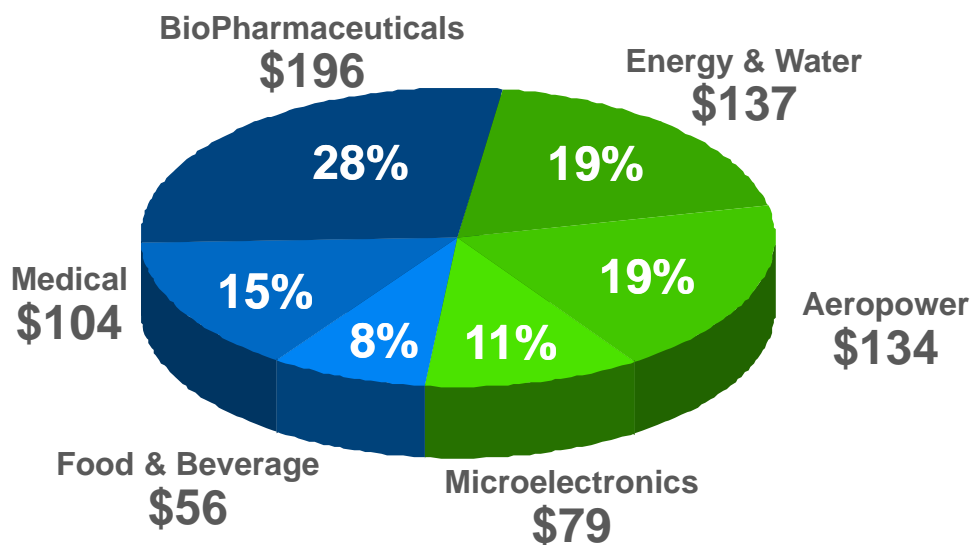


Pall Q1 FY 2012 Total Sales = \$706 million

Sales By Market

Life Sciences

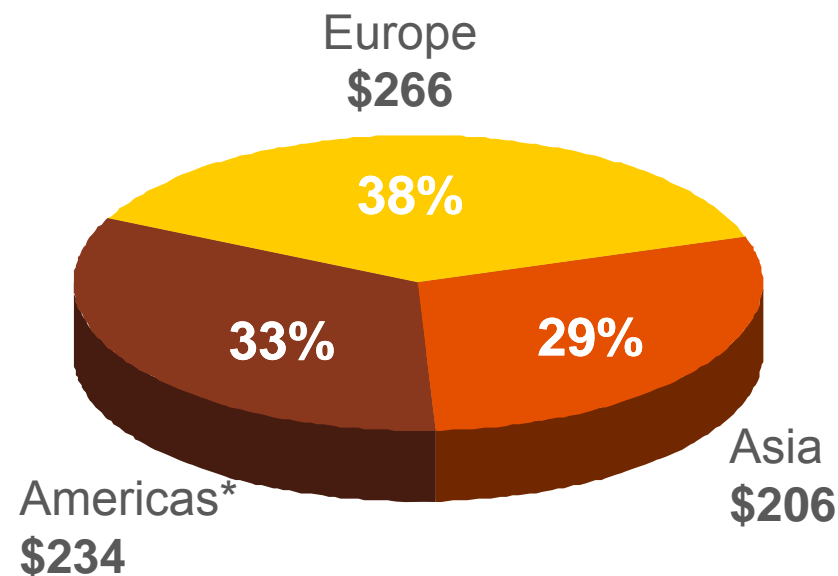
Industrial



Total Life Sciences Sales
\$356 million

Total Industrial Sales
\$350 million

Sales By Region



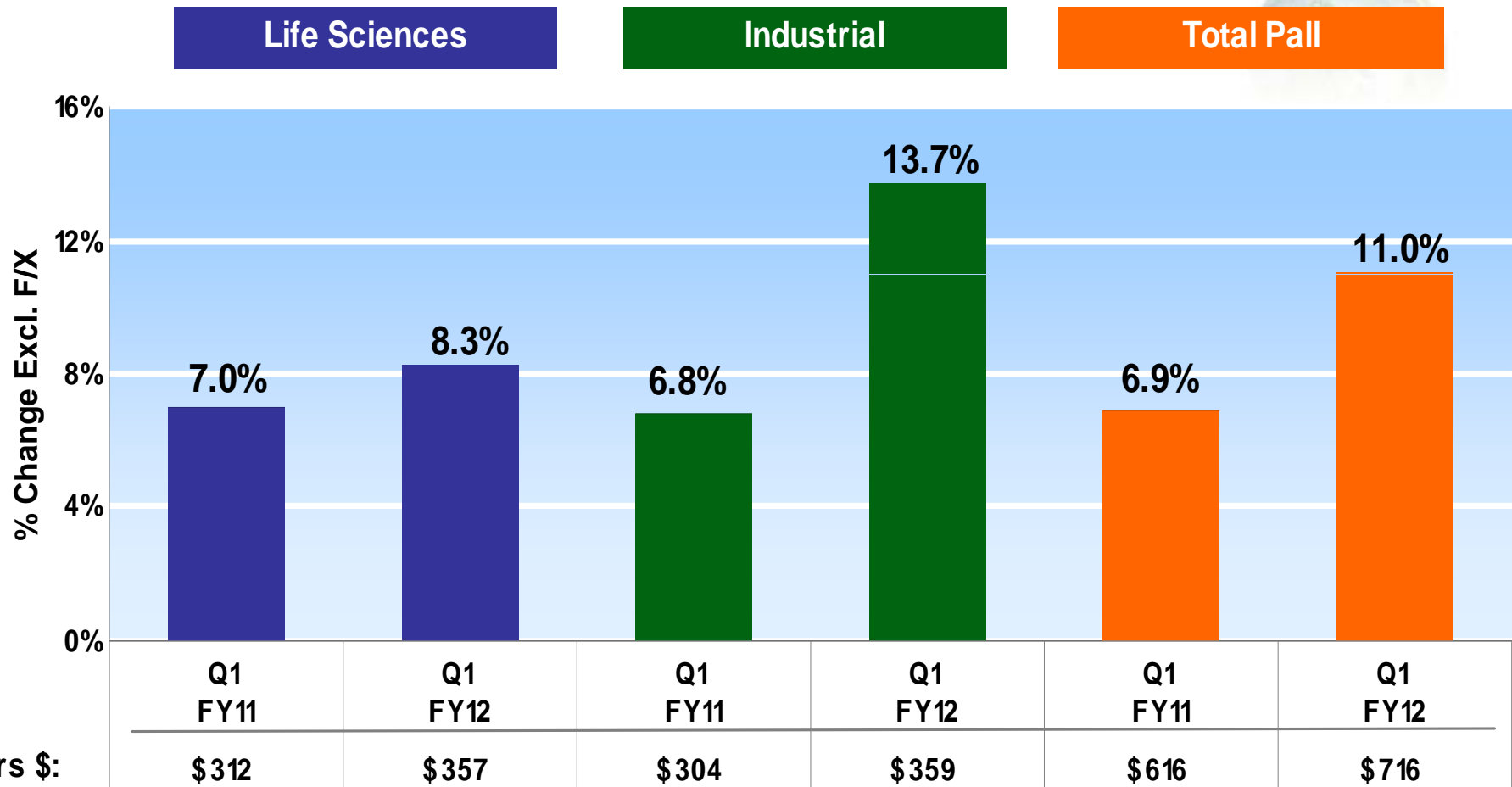
\$ in millions

*Formerly Western Hemisphere

Total Sales grew 16.5% in the Quarter



Orders



Orders \$:
(\$ in millions)

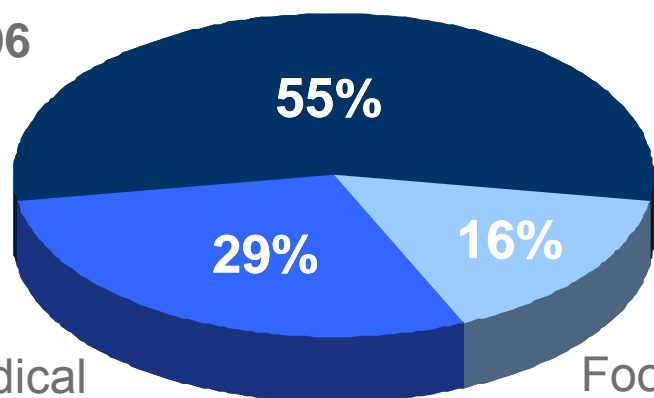
Backlog up 14% excluding F/X



Pall Life Sciences – Q1 FY 2012 Sales

Life Sciences Sales: \$356

BioPharmaceuticals
\$196

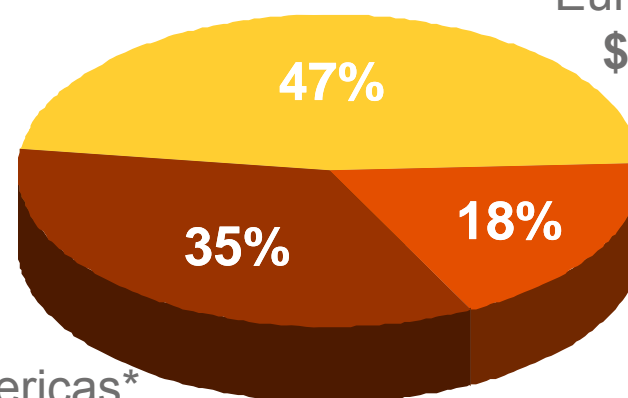


Medical
\$104

Food & Beverage
\$56

Sales By Market

Europe
\$167



Americas*
\$124

Asia
\$65

Sales By Region

\$ in millions

*Formerly Western Hemisphere

For the Quarter, Life Sciences sales increased 9.6% excluding F/X



BioPharmaceuticals



(\$ in millions, discussion of sales and orders changes exclude F/X)

| | Q1 FY 2012 | Q1 FY 2011 | CHANGE | CHANGE EXCL. F/X |
|---------------|------------|------------|--------|------------------|
| Sales | \$196 | \$161 | 21.4% | 15.8% |
| Orders | \$202 | \$173 | 16.5% | 8.9% |

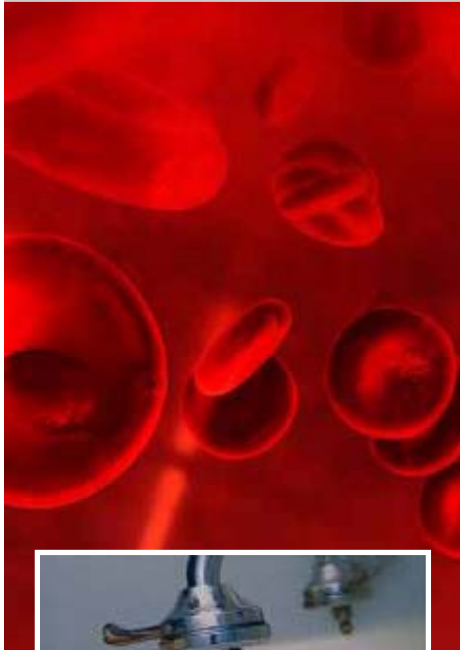
- ↑ Consumables represented over 90% of the total, while systems sales, which feed future annuities, increased over 25%
- ↑ Market is global, fast growing, filtration intensive, has high barriers to entry and is bound by stringent regulation



Pall Allegro™
Disposable
3D Biocontainer



Medical



(\$ in millions, discussion of sales and orders changes exclude F/X)

| | Q1 FY 2012 | Q1 FY 2011 | CHANGE | CHANGE EXCL. F/X |
|---------------|------------|------------|--------|------------------|
| Sales | \$104 | \$99 | 5.6% | 2.5% |
| Orders | \$96 | \$87 | 9.3% | 5.8% |

- ↑ Key driver was increasing use of I.V. filters with drug infusion pumps
- ↑ Blood grew by 4% driven by increasing adoption of new products in the Americas
- ↑ Good sales growth in the Americas and Asia
- ↓ Europe sales down mid single digits



Pall-Aquasafe™ Filters are used in a variety of point-of-use water applications



Food & Beverage



PROFi Membrane System for DE-Free Clarification of Beer

(\$ in millions, discussion of sales and orders changes exclude F/X)

| | Q1 FY 2012 | Q1 FY 2011 | CHANGE | CHANGE EXCL. F/X |
|---------------|------------|------------|--------|------------------|
| Sales | \$56 | \$52 | 8.5% | 3.9% |
| Orders | \$60 | \$52 | 15.7% | 10.4% |

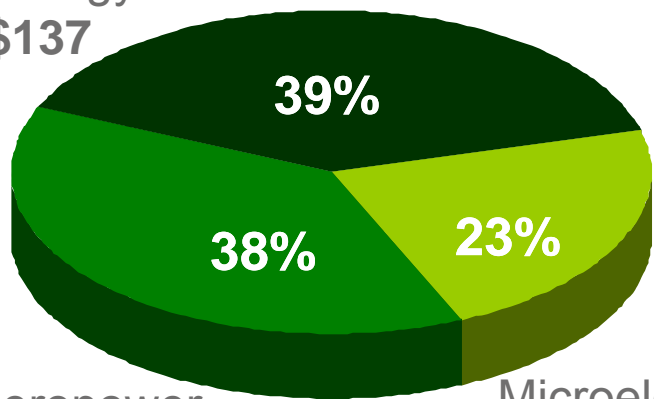
- ↑ Sales increase was driven by systems
- ↓ Sales are down in the large European wine and beer market as producers cut production in response to softer consumer demand
- Sold a non-core asset in Europe that didn't meet our growth or margin profile



Pall Industrial – Q1 FY 2012 Sales

Industrial Sales: \$350

Energy & Water
\$137



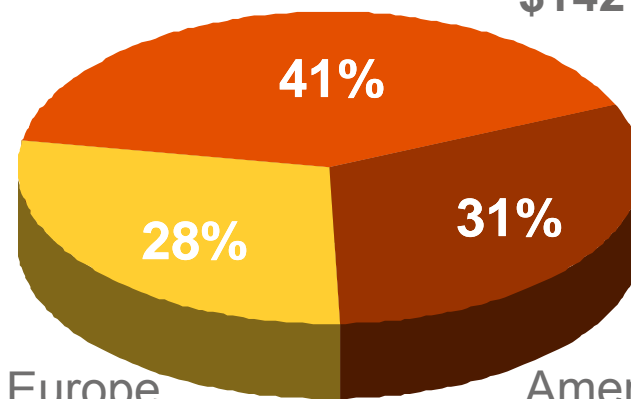
Aeropower
\$134

Microelectronics
\$79

Sales By Market

(\$ in millions)

Asia
\$142



Europe
\$99

Americas*
\$109

Sales By Region

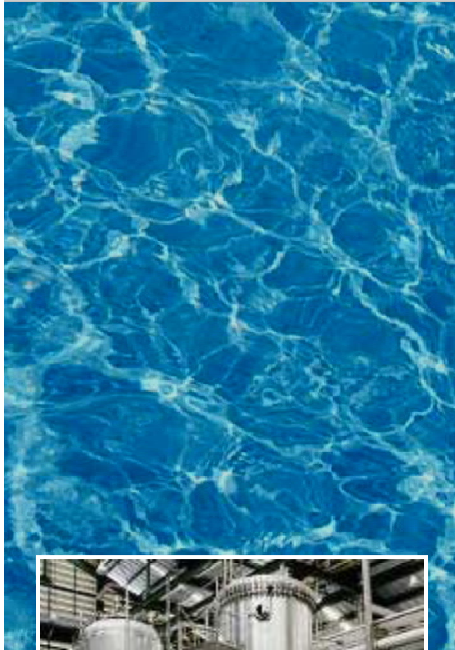
\$ in millions

*Formerly Western Hemisphere

For the Quarter, Industrial sales increased 14.3% excluding F/X



Energy & Water



Centrifugal Discharge Filter System for the Processing of Biofuels

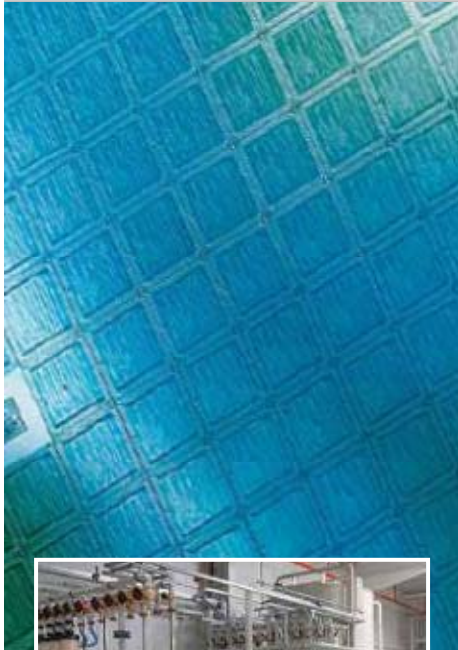
(\$ in millions, discussion of sales and orders changes exclude F/X)

| | Q1 FY 2012 | Q1 FY 2011 | CHANGE | CHANGE EXCL. F/X |
|---------------|------------|------------|--------|------------------|
| Sales | \$137 | \$102 | 34.0% | 29.4% |
| Orders | \$145 | \$115 | 25.9% | 21.8% |

- ↑ Sales increased with comparable growth in both markets
- ↑ Growth in Energy sales reflects increases in consumables and capital goods in all regions
- ↑ Strong Muni Water sales driven by large shippable backlog in U.S. and a large project in Australia



Microelectronics



(\$ in millions, discussion of sales and orders changes exclude F/X)

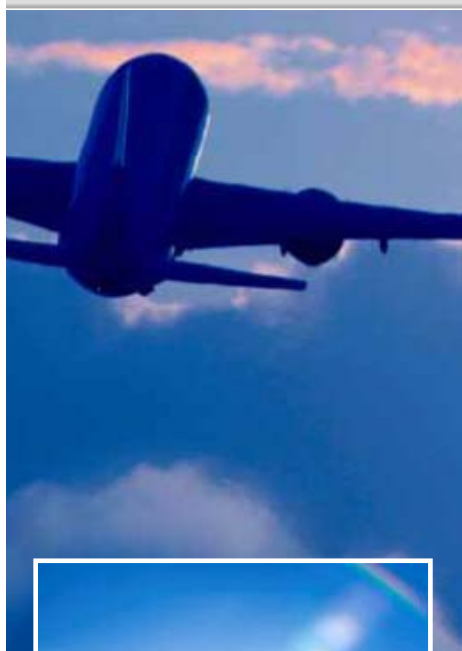
| | Q1 FY 2012 | Q1 FY 2011 | CHANGE | CHANGE EXCL. F/X |
|---------------|------------|------------|--------|------------------|
| Sales | \$79 | \$75 | 4.9% | (1.8%) |
| Orders | \$75 | \$75 | 0.7% | (5.8%) |

- ↓ Sales reflect a decline in semiconductor production, corresponding reduction in OEM sales, and weakness in the display market
- ↓ Flood in Thailand causing many in the electronics industry to brace for shortages and supply chain disruptions
- ↑ Technically demanding market remains good for Pall with high barriers to entry and a great margin profile
- ↑ Market may start to improve in the beginning of fiscal year 2013



Automated Microfiltration Systems for Photovoltaic Silicon Water Reclamation

Aeropower



Pall products protect critical systems on the Boeing 787 Dreamliner

(\$ in millions, discussion of sales and orders changes exclude F/X)

| | Q1 FY 2012 | Q1 FY 2011 | CHANGE | CHANGE EXCL. F/X |
|---------------|------------|------------|--------|------------------|
| Sales | \$134 | \$117 | 14.7% | 11.3% |
| Orders | \$139 | \$114 | 21.9% | 18.4% |

- ↑ Sales in Aerospace driven by the Commercial Aerospace markets which grew over 14%
- ↑ Expect Military Aerospace to have a good year based on \$100+ million backlog
- ↑ Machinery & Equipment sales continue to be driven by strength in manufacturing and mining industries



Q1 FY 2012 Financial Results & FY 2012 Outlook

December 9, 2011

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Segment Performance: Industrial Fiscal Year 2012 vs. 2011 Comparison



| \$ in millions | FY 12 Actual | FY 11 Actual | Change | |
|-----------------------|---------------------|---------------------|---------------------|---|
| Sales | \$349.5 | \$293.9 | 14.3% ex F/X | <ul style="list-style-type: none"> • Systems: sales +40.3%, orders +26.8% • Consumables: sales +10.3%, orders +11.3% • Energy & Water: sales +29.4%, orders +21.8% • Aeropower: sales +11.3%, orders +18.4% • Microelectronics: sales -1.8%, orders -5.8% |
| Gross Profit | \$157.4 | \$138.8 | 13.4% | ↓ Unfavorable mix: <ul style="list-style-type: none"> – higher systems sales – lower Microelectronics consumables sales |
| Gross Margin | 45.0% | 47.2% | (220 bps) | |
| SG&A | \$101.6 | \$86.5 | 17.5% | <ul style="list-style-type: none"> • Selling expenses up 12% excluding F/X; 17.7% of sales down 30 bps year over year • G&A up ~14% excluding F/X; 11.4% of sales, about on par with prior year <ul style="list-style-type: none"> – Emerging regions investment, including Brazilian acquisition – IT investment – European and Asian headquarters costs |
| % of sales | 29.1% | 29.4% | (30 bps) | |
| R&D | \$7.6 | \$6.9 | 10.4% | |
| % of sales | 2.2% | 2.4% | (20 bps) | |
| Segment Profit | \$48.1 | \$45.3 | 6.2% | |
| % of sales | 13.8% | 15.4% | (160 bps) | |

Segment Performance: Life Sciences Fiscal Year 2012 vs. 2011 Comparison

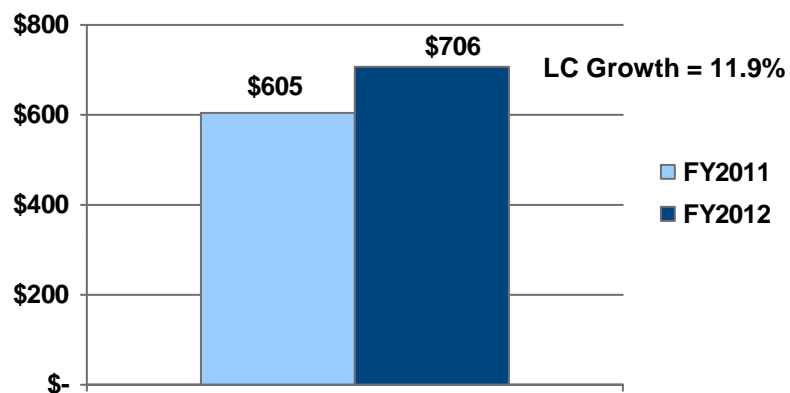


| \$ in millions | FY 12 Actual | FY 11 Actual | Change | |
|-----------------------|---------------------|---------------------|--------------------|--|
| Sales | \$356.1 | \$311.6 | 9.6% ex F/X | <ul style="list-style-type: none"> • Systems: sales +49.5%, orders +31.1% • Consumables: sales +7.5%, orders +6.7% • Medical: sales +2.5%, orders +5.8% • BioPharmaceuticals: sales +15.8%, orders +8.9% • Food & Beverage: sales +3.9%, orders +10.4% |
| Gross Profit | \$198.9 | \$169.9 | 17.0% | ↑ Cost savings and favorable F/X in excess of inflation |
| Gross Margin | 55.8% | 54.5% | 130 bps | |
| SG&A | \$96.6 | \$83.5 | 15.7% | <ul style="list-style-type: none"> • Selling expenses up 13% excluding F/X; 16.4% of sales up 50 bps year over year • G&A up 10% excluding F/X; 10.7% of sales down 20 bps year over year <ul style="list-style-type: none"> – Emerging regions investment, including Brazilian acquisition – IT investment |
| % of sales | 27.1% | 26.8% | 30 bps | |
| R&D | \$13.3 | \$13.3 | 0.4% | |
| % of sales | 3.7% | 4.3% | (60 bps) | |
| Segment Profit | \$89.0 | \$73.2 | 21.6% | • Incremental margin: 35% |
| % of sales | 25.0% | 23.5% | 150 bps | |

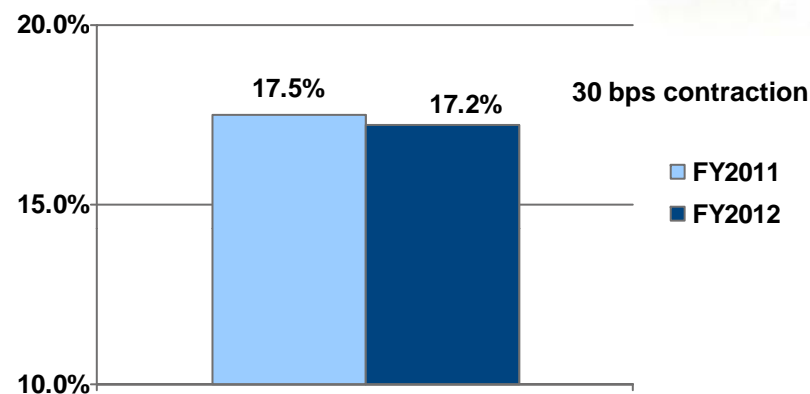


Financial Recap Q1 FY 2012 vs. Q1 FY 2011

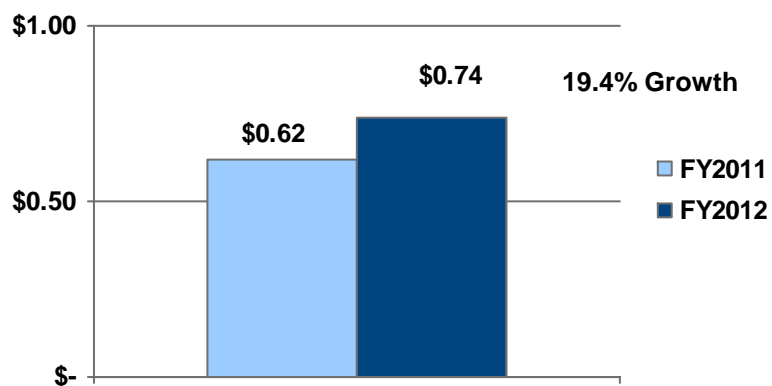
Revenue



Operating Profit Margin



Pro forma EPS



Pro forma EPS Bridge

| | | |
|-------------------------|----|-------------|
| Q1FY11 EPS | \$ | 0.62 |
| Operating Profit Growth | | 0.04 |
| FX | | 0.05 |
| Tax Rate | | 0.03 |
| Sharecount | | - |
| Q1FY12 EPS | \$ | <u>0.74</u> |

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

Liquidity and Working Capital



| <i>(\$ in millions)</i> | Q1 FY12 | Q1 FY11 |
|--|--------------------|---------------------|
| Operating Cash Flow | \$ 78 | \$ 59 |
| CapEx | (57) | (25) |
| Free Cash Flow | \$ 21 | \$ 34 |
| Other Significant Uses of Cash: | | |
| Stock Buybacks | \$ - | \$(25) |
| Dividends | (20) | (37) ^(a) |
| Repayment Under Financing Facilities | (70) | (17) |
| Acquisition of business | (28) | - |
| Days in Cash Conversion Cycle ^(b) | 130 | 142 |

(a) Q1 FY11 reflects payment of Q4 FY10 and Q1 FY11 dividend payments.

(b) Days in Cash Conversion Cycle = Days Sales Outstanding plus Days Inventory Outstanding less Days Payable Outstanding.

Pall Corporation P&L and Cash Flow Guidance



| \$ in millions (except EPS) | FY 2011 Actual | | FY 2012 Outlook ⁽²⁾ |
|---|-----------------------|------------------------|---------------------------------------|
| Total Pall Sales Growth | \$ 2,741 | (+10.9% ex F/X) | Mid-single digit |
| Gross Profit/Margin | \$ 1,373 | (50.1%) | 50.0% – 51.25% |
| Operating Profit/Margin | \$ 472 | (17.2%) | 17.0% – 18.5% |
| Pro forma EPS – Diluted ⁽¹⁾ | \$ 2.77 | | \$3.07 – \$3.32 |

| \$ in millions | | |
|----------------------------|--------------|----------------------|
| Operating Cash Flow | \$430 | \$490 – \$540 |
| Capex | \$161 | \$175 – \$185 |

(1) Excludes Discrete Items (See Appendix)

(2) Outlook as provided on September 15, 2011

Full year EPS guidance remains within the range provided in September



PALL Pall Corporation



**ENABLING A
GREENER
FUTURE™**

www.pall.com/green

Appendix: Reconciliation of Non-GAAP Financial Measures



| First Quarter | Q1 FY12 | Q1 FY11 |
|----------------------------------|---------------|---------------|
| Diluted EPS as reported | \$0.59 | \$0.61 |
| ROTC, after pro forma tax effect | 0.15 | 0.01 |
| Total pro forma adjustments | 0.15 | 0.01 |
| Pro forma diluted EPS | \$0.74 | \$0.62 |

| Full 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 |
| Pro forma guidance range | \$ 3.07 | \$ 3.32 |

(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.

Appendix: Reconciliation of Non-GAAP Financial Measures



| <i>(amounts in millions)</i> | Q1 FY12 | Q1 FY12 Estimated Impact of FX | Q1 FY12 Estimate Excluding FX | Q1 FY11 | % Change Excluding FX |
|------------------------------|-----------------|---|--|-----------------|-----------------------------|
| Sales: | | | | | |
| BioPharmaceuticals | \$ 196.0 | \$ 9.0 | \$ 187.0 | \$ 161.4 | 15.8% |
| Medical | 104.1 | 3.1 | 101.0 | 98.6 | 2.5% |
| Food & Beverage | 56.0 | 2.4 | 53.6 | 51.6 | 3.9% |
| Life Sciences | \$ 356.1 | \$ 14.5 | \$ 341.6 | \$ 311.6 | 9.6% |
| Aeropower | \$ 133.7 | \$ 4.0 | \$ 129.7 | \$ 116.5 | 11.3% |
| Energy & Water | 137.2 | 4.7 | 132.5 | 102.4 | 29.4% |
| Microelectronics | 78.6 | 5.0 | 73.6 | 75.0 | (1.8%) |
| Industrial | \$ 349.5 | \$ 13.7 | \$ 335.8 | \$ 293.9 | 14.3% |
| Total Pall | \$ 705.6 | \$ 28.2 | \$ 677.4 | \$ 605.5 | 11.9% |

Appendix: Reconciliation of Non-GAAP Financial Measures



| <i>(amounts in millions)</i> | Q1 FY12 | Q1 FY12 Estimated Impact of FX | Q1 FY12 Estimate Excluding FX | Q1 FY11 | % Change Excluding FX |
|------------------------------|-----------------|---|--|-----------------|-----------------------------|
| Orders: | | | | | |
| BioPharmaceuticals | \$ 201.8 | \$ 13.1 | \$ 188.7 | \$ 173.3 | 8.9% |
| Medical | 95.5 | 3.0 | 92.5 | 87.4 | 5.8% |
| Food & Beverage | 60.2 | 2.8 | 57.4 | 52.0 | 10.4% |
| Life Sciences | \$ 357.5 | \$ 18.9 | \$ 338.6 | \$ 312.7 | 8.3% |
| Aeropower | \$ 138.8 | \$ 4.0 | \$ 134.8 | \$ 113.9 | 18.4% |
| Energy & Water | 144.8 | 4.7 | 140.1 | 115.0 | 21.8% |
| Microelectronics | 75.3 | 4.9 | 70.4 | 74.8 | (5.8%) |
| Industrial | \$ 358.9 | \$ 13.6 | \$ 345.3 | \$ 303.7 | 13.7% |
| Total Pall | \$ 716.4 | \$ 32.5 | \$ 683.9 | \$ 616.4 | 11.0% |

Appendix: Reconciliation of Non-GAAP Financial Measures



| Operating Profit (<i>\$ in millions</i>) | Q1 FY12 | Q1 FY11 |
|--|----------------|----------------|
| Life Sciences segment profit | \$ 89.0 | \$ 73.2 |
| Industrial segment profit | 48.1 | 45.3 |
| Total segment profit | 137.1 | 118.5 |
| General corporate expenses | (15.7) | (12.3) |
| Operating profit | 121.4 | 106.2 |
| <i>% of Sales</i> | 17.2% | 17.5% |
| ROTC | (23.0) | (1.4) |
| Interest (expense)/income, net | (5.9) | (7.3) |
| Earnings before income taxes | \$ 92.5 | \$ 97.5 |