



## RW Baird Industrial Conference

**Larry Kingsley**  
CEO & President  
November 8, 2011

*Better Lives. Better Planet.<sup>SM</sup>*

# Forward-Looking Statements



The matters discussed in this presentation contain “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. 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](http://www.pall.com/investor)

# Our Presentation Today

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- About Pall
- Growth Drivers and Strategy
- 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 balance sheet

***Outstanding end markets***



# Market Diversity

## Pall Life Sciences



## Pall Industrial



### 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
  - Corporate Breweries
  - Microbreweries
- Wine & Spirits
- Alcohol-free Beverages
  - Soft Drinks
  - Bottled Water
- Food & Dairy

### Energy & Water

- Drinking Water
- Fossil Fuels
- Alternative Energy
- Nuclear
- 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

# Global Drivers For The Filtration Market



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

***The market potential for filtration, separation, and purification is \$48 billion***

# 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

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



## Life Sciences – BioPharmaceuticals

### Key Business Drivers

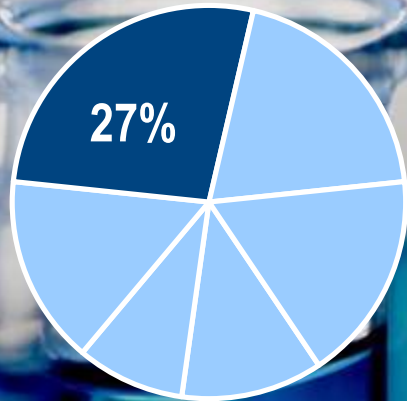
- 3/4 of sales in biologicals market
- Expanding opportunities in biotech
- Single-use systems
- Emerging regions

### Outlook for 2012

- High single digit growth in Local Currency (“LC”)



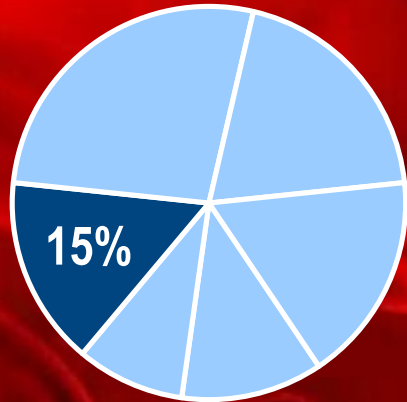
Pall Allegro™ Disposable  
3D Biocontainer



**FY 2011 Sales**  
**\$738 million**  
**27% of Pall**



# Life Sciences – Medical



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

## Key Business Drivers

- New products ~25% of FY11 sales
- Preventing waterborne infections in the health care environment
- Rising standards of care
- Emerging pathogens
- Improving patient outcomes

## Outlook for 2012

- Low single digit growth in LC



Pall-Aquasafe™ Filters are used in a variety of point-of-use applications throughout the health care setting

# Life Sciences – Food & Beverage



## Key Business Drivers

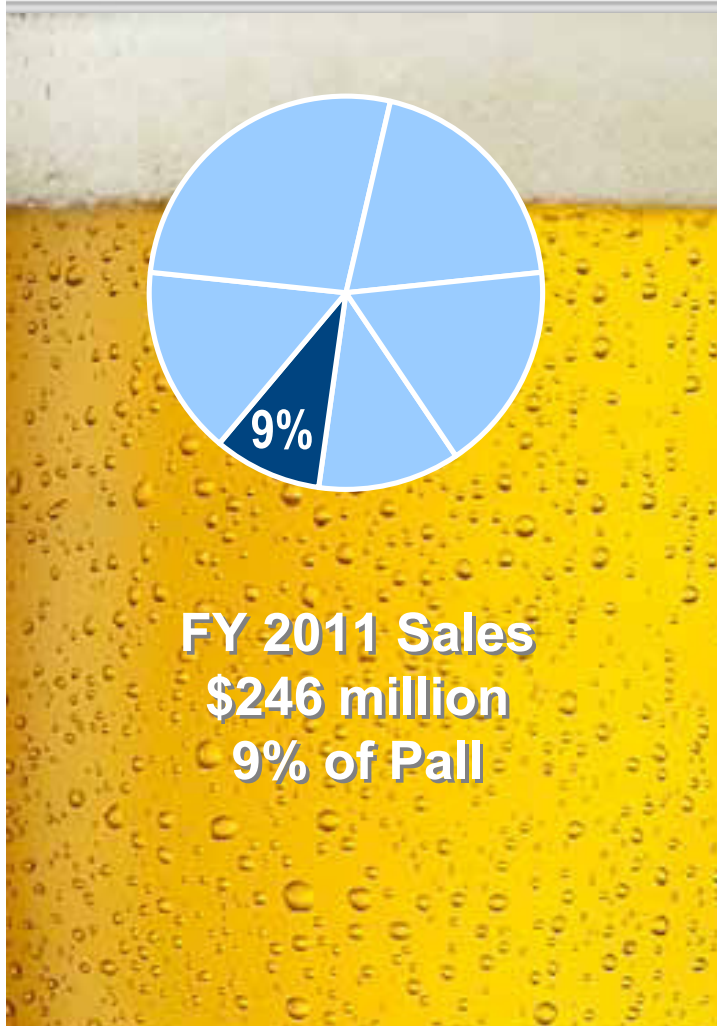
- Investment in technologies that increase quality and yield
- Food and beverage safety
- New Pall products and applications
- Environmentally-friendly processes
- Emerging regions

## Outlook for 2012

- Mid single digit growth in LC



PROFi Membrane System for DE-Free Clarification of Beer





## Industrial – Energy & Water

### Key Business Drivers

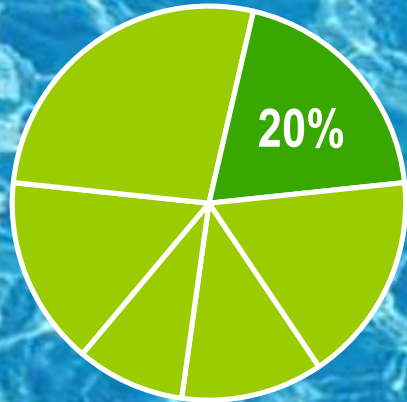
- Emerging regions
- Increased capacity
- Increasingly stringent environmental regulations
- Improved water quality and availability
- Need for clean & alternative energy

### Outlook for 2012

- Mid single digit growth in LC



Centrifugal Discharge Filter Housings for Processing Biofuels



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



## Industrial – Aeropower

### Key Business Drivers

- Growth in the mining industry
- Equipment reliability and economics
- “Stickiness” for program life
- Passenger miles
- New and existing aerospace platforms

### Outlook for 2012

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

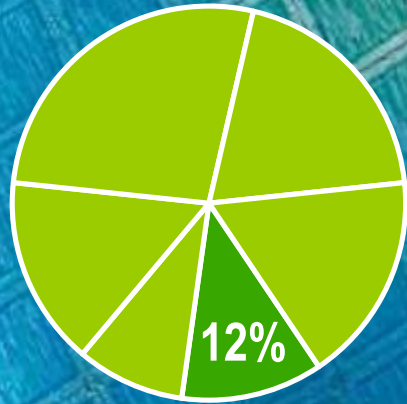


Pall products protect critical systems on the Boeing 787 Dreamliner





## Industrial – Microelectronics



**FY 2011 Sales**  
**\$321 million**  
**12% of Pall**

### Key Business Drivers

- End markets soft
- FAB utilization rates
- Thailand flood is a new concern
- May return to growth in late 2012

### Outlook for 2012

- Flat to down mid single digit growth in LC



Automated Microfiltration  
Systems for Photovoltaic  
Silicon Grinding/Sanding  
Water Reclamation



## **RW Baird Industrial Conference**

**Lisa McDermott**  
CFO & Treasurer  
November 8, 2011

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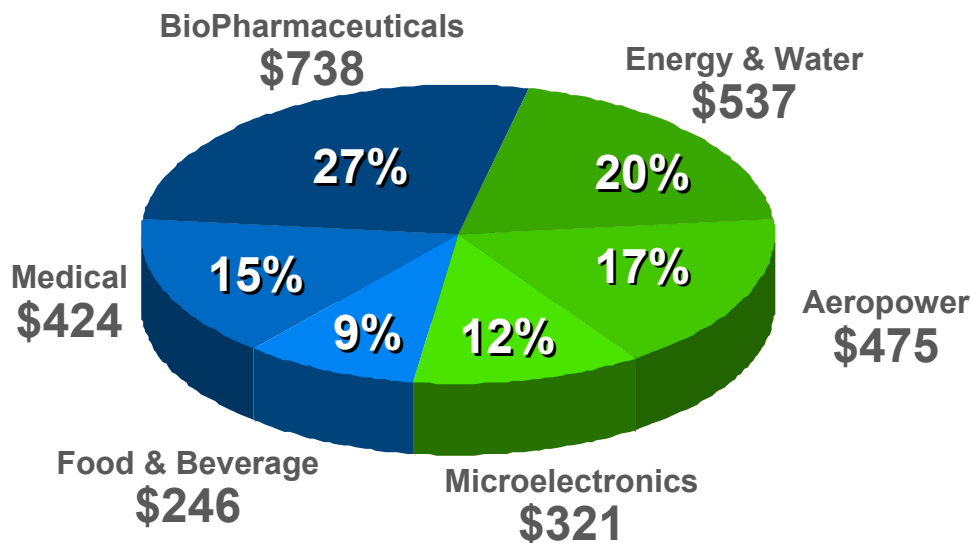


# Pall FY 2011 Total Sales = \$2.74 B

## Sales By Market

Life Sciences

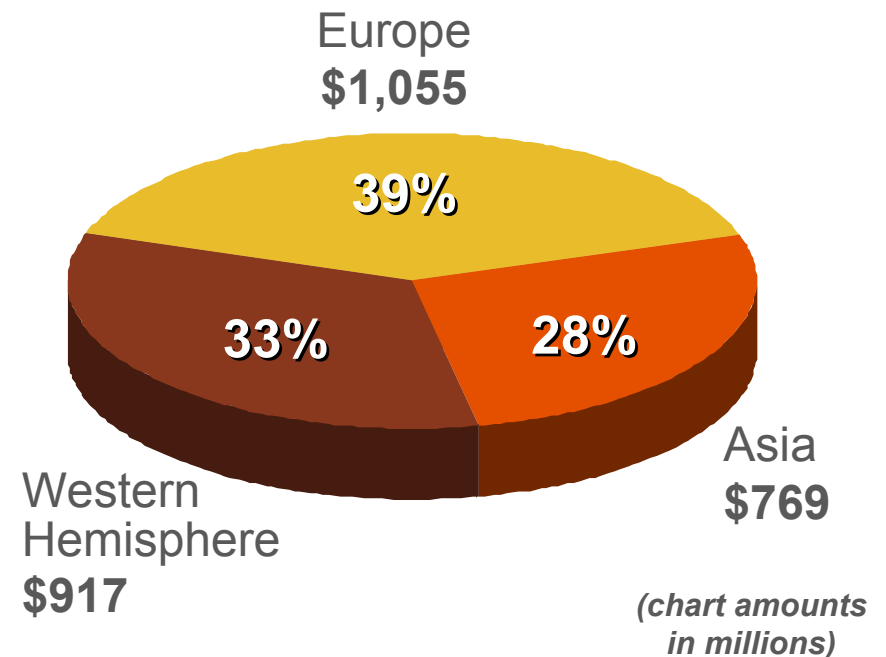
Industrial



Total Life Sciences Sales  
\$1.41 Billion

Total Industrial Sales  
\$1.33 Billion

## Sales By Geography

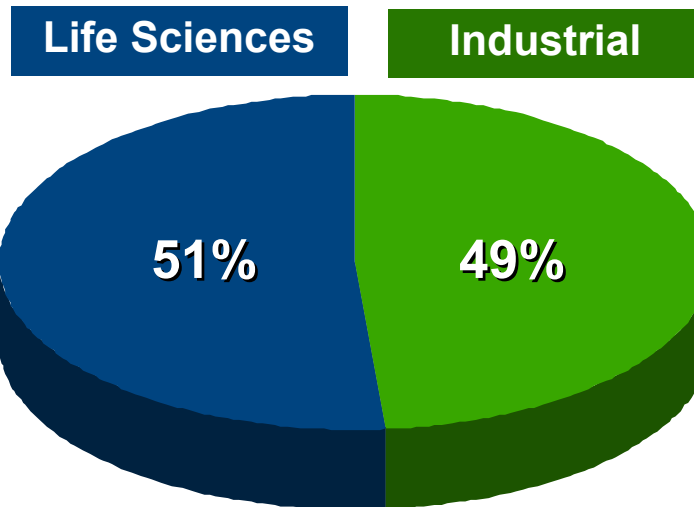


**Segment and geographic sales are well balanced**



# Pall FY 2011 Results

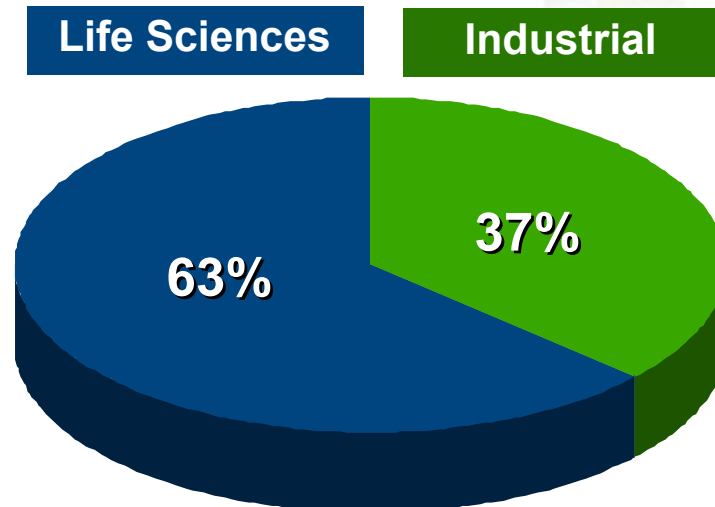
## Sales



**Life Sciences Sales:**  
\$1.41 Billion  
**+11.0% (LC)**

**Industrial Sales:**  
\$1.33 Billion  
**+10.9% (LC)**

## Segment Profit



**Life Sciences Profit:**  
\$338 Million  
**Segment Margin:**  
**24.0%**

**Industrial Profit:**  
\$196 Million  
**Segment Margin:**  
**14.7%**

***Pro forma EPS of \$2.77; up ~30%***



## Cost Saving Initiatives in FY 2012

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- Challenging environment
- Cost reduction activity underway
- Pace of execution will be quick
- Expect \$30 to \$40 million in restructuring costs

# Pall Corporation P&L and Cash Flow Guidance



<b>\$ in millions (except EPS)</b>	<b>FY 2011 Actual</b>		<b>FY 2012 Outlook <sup>(3)</sup></b>
<b>Total Pall Sales Growth</b>	\$ 2,741	(+10.9% LC)	<b>Mid-single digit</b>
<b>Gross Profit/Margin</b>	\$ 1,373	(50.1%)	<b>50.0% – 51.25%</b>
<b>Operating Profit/Margin</b>	\$ 472	(17.2%)	<b>17.0% – 18.5%</b>
<b>Pro forma EPS – Diluted <sup>(2)</sup></b>	\$ 2.77		<b>\$3.07 – \$3.32</b>
<b>\$ in millions</b>			
<b>Operating Cash Flow</b>		<b>\$430</b>	<b>\$490 – \$540</b>
<b>Capex</b>		<b>\$161</b>	<b>\$175 – \$185</b>

(1) Underlying Tax Rate

(2) Excludes Discrete Items (See Appendix)

(3) Outlook as presented on September 15, 2011

## Summary

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- Large market potential
- Diverse end markets
- Global reach – deploying into higher-growth regions
- Executing plans to achieve FY 2012 guidance
- Q1 Results will be released on December 8, 2011



**PALL** Pall Corporation



**ENABLING A  
GREENER  
FUTURE<sup>SM</sup>**

[www.pall.com/green](http://www.pall.com/green)

# Appendix: Reconciliation of Non-GAAP Financial Measures



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

Fiscal Year	FY11
	<b>Per Share Amount</b>
Earnings/diluted EPS as reported	<b>\$ 2.67</b>
Discrete Items:	
Interest adjustments, after pro	<b>(0.03)</b>
Note redemption related costs, after pro forma tax effect (a)	-
Tax adjustments	<b>(0.09)</b>
ROTC, after pro forma tax effect (a)	<b>0.22</b>
Total pro forma adjustments	<b>0.10</b>
<b>Pro forma earnings/diluted EPS</b>	<b>\$ 2.77</b>

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

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.

# Appendix: Reconciliation of Non-GAAP Financial Measures



<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>					
Life Sciences	\$ 1,407.9	\$ 34.2	\$ 1,373.7	\$ 1,237.8	11.0%
Industrial	\$ 1,333.0	\$ 42.1	\$ 1,290.9	\$ 1,164.1	10.9%
<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>

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



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