



Pall Corporation

2005 ANNUAL REPORT

Keeping customers first





To stay first, our customers must produce high quality, innovative products that are both reasonably priced and economical to make. Pall exists to help *them*.

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Providing Total Fluid Management



Helping customers improve how the
world works and lives



Pall Corporation solves complex contamination, separations, purification and detection problems for diverse customers around the world. These solutions enable customers to produce high quality innovative products, remove pathogens from blood fractions, water and food, purify biotech drugs, minimize waste, meet regulations and develop breakthrough technologies. Our process and product enabling technologies help make good products better, safer and even possible.

Pall is much more than a filter company. We are fluid management specialists leveraging our unmatched capabilities to make customers more successful. Our large library of proprietary core materials is at the heart of these capabilities. We can modify them to separate, remove or selectively capture the most elusive contaminants, proteins or target molecules.

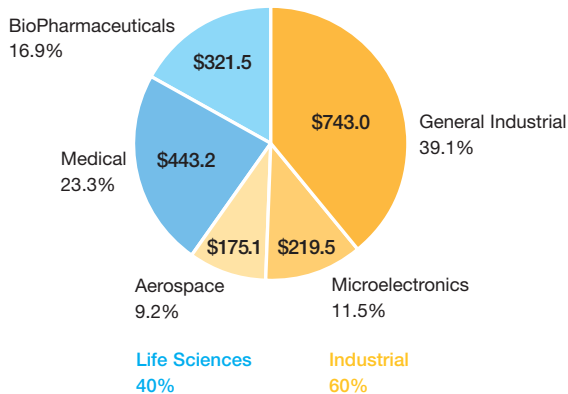
Our ability to design integrated systems that link all of the incoming, process and waste streams in a plant, then manufacture, install and service them, is unique in our industry. We can do this for any customer, anywhere in the world. Systems matched to the customer's process enable them to consistently meet productivity, quality and regulatory requirements at the lowest total cost of ownership. By meeting critical needs, our customers reward us with business that repeats and grows year after year.

Sales by Market

Fiscal Year 2005

(amounts shown in millions)

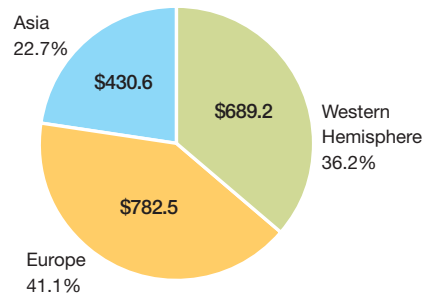
Total Sales \$1,902.3



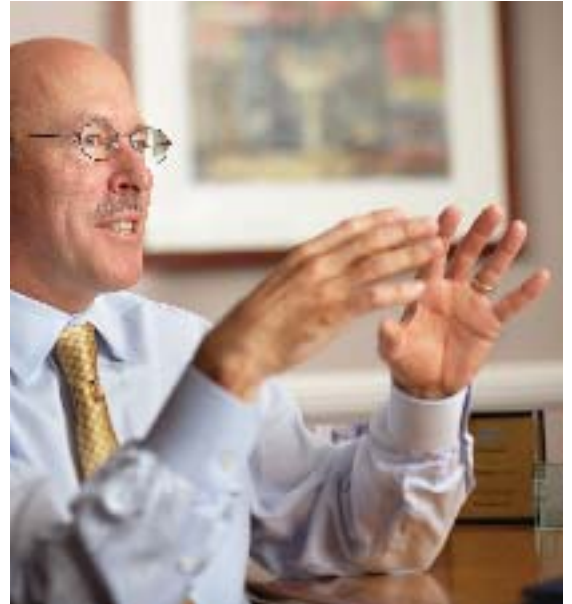
Sales by Geography

Fiscal Year 2005

(amounts shown in millions)



A letter from Pall Chairman and CEO Eric Krasnoff



Enabling customers
to become more successful



To Pall Shareholders, Employees and Customers

Fiscal 2005 was a remarkable year at Pall Corporation. Why?

We did make steady progress, continuing to build the top and bottom lines. Yet it is the context in which we did so that is truly eye-opening. A business model in transition, an organization undergoing an extreme makeover, two key markets and our largest geographic region sluggish — nothing could stop us. Our increasing leadership in intrinsically high-growth markets including water, biotechnology and energy is creating irrepressible momentum.

Customers today want integrated systems and one partner to support their broadest Total Fluid Management (TFM) requirements whenever and wherever they need them. Pall's business model has been responsive, migrating from a niche marketer of specialty products into a broad provider to our key markets. A vital component of this strategy is the ability to develop and sell large, integrated systems throughout the world. Our strategically important systems business is on fire, with sales up over 27% for the full year. Systems now make up 10% of Pall's overall sales.

Our increasing leadership in intrinsically high-growth markets including water, biotechnology and energy is creating irrepressible momentum.

Pall systems vary widely across markets. Applications include beer production, purification of biomolecules and production of drinking water. Our systems utilize sophisticated Pall engineering expertise. Because they are crucial to customer processes, our systems business elevates the level and breadth of customer relationships.

The selling price for a Pall-engineered system ranges from thousands to millions of dollars. Systems have a higher cost of sales because they contain many purchased components and machined parts. The rapid ramp-up of system sales has put temporary pressure on margins. The reward for Pall shareholders comes with the annuity stream of disposable filter sales that follows. In fiscal 2005, we saw this start to occur when the two markets with the largest growth in

system sales, BioPharmaceuticals and Fuels and Chemicals, also showed the largest increases in disposables sales.

Running parallel to our sales efforts, we began a far-reaching and ambitious transformation of our organization. The old structure, with a large corporate hub of shared manufacturing and technology, served us well for many years. When we were smaller it allowed the efficient development of strong Pall market positions across our game board of over 100 basic SIC codes. That phase is now almost behind us. Today we are focused on building up our capabilities within those markets and, just as important, leveraging our greater size to significantly reduce costs.

The new structure is straightforward. We now have two separate businesses, Industrial and Life Sciences. Both are being integrated top to bottom. Most corporate and shared service functions, including manufacturing, research and development and technical services, are being reassigned between them. We aim to drive resources into customer growth-focused initiatives within the businesses. This structure also facilitates our continuing work of reducing infrastructure costs. We have the momentum and experience here to be overachievers.

This activity would have been more than enough excitement for one year, but Sarbanes-Oxley also made a house call in 2005. We successfully managed the complex SOX compliance effort through a major focus of management throughout the Pall world. The cost was substantially higher than expected, but so are the benefits, as processes were strengthened and streamlined.

The 2005 sales and earnings increase was accomplished despite the fact that the Military Aerospace and Blood Filtration markets faltered and Europe was sluggish at best. How did we do this and what does it mean for 2006? The business result held together because of an increasingly young, well-positioned disposables and systems product line. It held because of our strong ability to market across the globe and particularly in Asia. And, it held because of our absolute insistence that sales growth be accompanied by a reduction in costs.

What lies ahead for Pall?

Our fast-growing water business will continue to flourish. The municipal Water Processing division, which took top honors for sales growth in fiscal 2005, is expecting another record year with all geographic regions growing double digits. Water scarcity and environmental concerns are unyielding.

While Water Processing is our fastest-growing division, it accounted for only 23% of Pall's estimated \$350 million in water filtration sales. All Pall customers, both Industrial and Life Sciences, have complex water purification needs. In the hospital setting, *Legionella* and other often multiple antibiotic-resistant bacteria, strain health care budgets and build a mountain of mostly preventable human suffering. Our broad capabilities and experience in contamination and infection control, of which water filtration is just one part, uniquely position Pall as a solutions provider.

In the industrial arena, our recently expanded water-focused alliance with General Electric complements our capabilities and expands access to the large global desalination market. We have already enjoyed significant wins together and enter the new fiscal year with a burgeoning pipeline of projects.

With a business as eclectic as ours, it helps to look at a few of the key drivers across our markets. Fuels and Chemicals posted its eighth consecutive quarter of growth, finishing the year up 15%. World demand for oil, fuels, chemicals and plastics remains robust. New sources of energy, such as coal gasification, are Pall technology strongholds.

Customers today want integrated systems and one partner to support their broadest Total Fluid Management requirements whenever and wherever they need them.

Aerospace was a "tale of two cities," up in Commercial and down in Military. The \$10 million reduction in operating profit really hurt our overall results. We do expect to have Aerospace profitability approach its traditional range in fiscal 2006. Here's why:

Commercial Aerospace, coming off a solid year, is again poised to exceed industry growth rates of 5%. Our success rate on new airframe platforms remains high. We have won new or extended contracts with most major airline and cargo carriers, as well as customers in the corporate and general aviation markets.

We expect our Military business to spring back in 2006. Last February, we announced a preliminary \$5.6 million order from the U.S. Army to outfit CH-47 helicopters with engine air particle separators. We have since received another \$5.6 million order for the same program. Military spares orders are also likely to pick up to refill depleted inventories.

Microelectronics had a quiet year, stronger in the first half than the second for 4% overall growth. Pall is superbly positioned in this rapidly innovating and notoriously cyclical business. Looking forward, we foresee steady growth in 2006, particularly in Asia, as new technologies such as flash memory, micro disc drives and the new flat panel display technologies drive manufacturing investments.

Total Medical sales lagged as we experienced weakness in our Blood Filtration and Hospital markets in the Western Hemisphere. Despite this, Medical operating profit margins improved to 18.6%, primarily thanks to our CoRe cost reduction programs. We recently announced several new agreements for blood filtration products. One is a major long-term agreement with the American Red Cross (ARC) for the majority of its blood filtration system requirements. The ARC is a key advocate and strong voice for blood safety technologies in the U.S.

Pall Corporation is in hot pursuit of its vision that one day all fluids will pass through Pall products.

Preliminary evaluations of our new Leukotrap Affinity prion reduction filter are progressing in Europe. The availability of this unique product is a seminal event heralding a new era in blood safety. We are working closely with health authorities, starting with the nations hardest hit by vCJD, the human form of Mad Cow Disease, to help protect the safety of the blood supply and prevent the spread of this insidious disease.

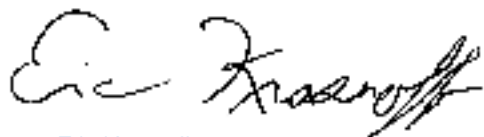
BioPharmaceuticals produced an excellent year with sales up 12%. System sales grew explosively throughout the year and were matched with a strong increase in follow-on

disposables business. Systems fuel annuity sales. Growth was particularly strong in the Western Hemisphere, as several biotech drugs went into full production. In another positive development, sales in Europe were up over 27% in the fourth quarter, with system sales exceptionally strong. These sales signal that Europe is entering the biotech investment phase. With our acquisitions of Biosepra and Euroflow, Pall emerged as a stronger player in the process chromatography market. Chromatography is a large market — estimated at about 40% of the total biotech industry spend for filtration and purification.

Pall Corporation is in hot pursuit of its vision that one day all fluids will pass through Pall products. We're going after it by expanding our footprint in customer facilities, by focusing on high-growth regions, markets and applications and by using alliances and partnerships to supplement our own substantive R&D efforts. This vision and these primary strategies guide the decisions and actions of Pall employees around the world.

We have made the job ahead significantly easier for ourselves by setting in motion a complicated consolidation and integration of our businesses. I applaud Pall's employees for taking on this challenge, and doing so all without taking their eyes off our customers. With our fortified Industrial and Life Sciences groups well armed to compete globally and successfully against the toughest competitors, Pall customers are already receiving even better service and support.

The strong foundation laid in 2005 is prologue to a very exciting future. I, along with our senior management team, have never been more energized nor more confident in Pall's future. We look forward to keeping you apprised of our progress throughout the year.



Eric Krasnoff
Chairman and Chief Executive Officer



Preparing for tomorrow's needs





Pall's Total Fluid Management strategy helps brewers produce quality, fresh-tasting beer in less space and with less energy and maintenance than with traditional processing methods.

Customers did not line up to buy David Pall's first filter material.

Fortunately, rejection by the filter industry did not deter its inventor. Convinced that there would be a market for his novel metal material as a robust alternative to the filters of the day, Dr. Pall gave up trying to sell or license it and instead founded Pall Corporation. He recognized that the emerging aerospace and chemical industries would require filtration systems capable of withstanding higher operating temperatures, pressures and more aggressive environments than existing technologies could handle.

Pall's PSS (Porous Stainless Steel) filter medium was the first proprietary material deposited into Pall's now vast bank of core technologies and is still finding new uses today. Beyond an enduring product, it also represents the birth of our business philosophy. This guides us to continuously advance the state of our art and look for technology gaps that, once



Pall's water filtration systems are helping municipalities produce the highest quality drinking water at the lowest total cost.

filled, provide opportunities to enhance or enable our customers' processes. It also obligates us to test the limits of scientific, manufacturing and service achievement — to “do more for customers than others.”

These founding principles, along with our technical and engineering expertise, product portfolio and applications knowledge more recently led us to fill a 21st-century technology gap and develop our “Total Fluid Management” (TFM) strategy. Virtually all of the process fluids and waste streams that course through industry are candidates for multiple stages of sophisticated filtration, separations and purification. A failure in one part of the process can topple the rest. Yet, typically, manufacturing systems use components from various suppliers, each with a different process for managing fluids. Pall launched its TFM program in response to this classic cause and effect principle. Before it, there were no alternatives to this piecemeal approach.

TFM brings together all of the company's filtration and separations science and manufacturing capabilities to provide customers with synergistic, efficient and cost-effective

fluid management systems. With TFM, Pall provides both products and services that help to control fluid quality from the incoming raw materials to the outgoing waste streams and the key steps in between. By managing filtration as a single, integrated process, customers can improve, even revolutionize their processes and produce higher quality products more efficiently and economically.

Designing the “right” system requires access to a broad range of products and technologies and the ability to provide ongoing service anywhere in the world. Of equal or even greater importance is process knowledge coupled with filtration and engineering expertise to ensure optimal performance. These are Pall’s strengths.

Like many of the company’s technologies that have set and become industry standards, this integrated approach to fluid management could one day become best practice. By continually doing more for customers, Pall’s goal is to be their trusted partner every step of the way.



Customer needs
Continuously Innovate
Optimize Processes
Minimize Waste
Meet Regulations
Increase Profits
Pall response
Process & Application Knowledge
Filtration & Engineering Expertise
Broad Product Portfolio
Integrated Services & Solutions
Global Reach
Continuous Innovation

Pall’s enabling and process enhancing technologies and ongoing commitment to advancing the state of our art assist customers in achieving their goals.



Partnering for success



Pall scientists collaborate with biotech customers to streamline costly and time-consuming production steps so they can get new drugs to market faster.

Whether a biotech company in the high-stakes race to bring a breakthrough drug to market or an aircraft manufacturer hurrying to deliver a huge new jet, disparate industries face common imperatives. First, time is money. Companies measure and monitor it continuously — time to market, production time, uptime, downtime, on-time delivery. Second, high-quality products, in which safety and reliability are implicit, are expected. And finally, less is more. Everyone wants to generate less waste, employ processes that consume less time, space and resources and that require little or no maintenance. Pall's enabling and process enhancing technologies and ongoing commitment to advancing the state of our art, assist customers in achieving all of these goals.

Human Hair — 40.0 μm

Above is a cross-section of a human hair

drawn to the same scale as the contaminants below.

If the entire cross-section of hair could be shown, it would be 61 inches in diameter.



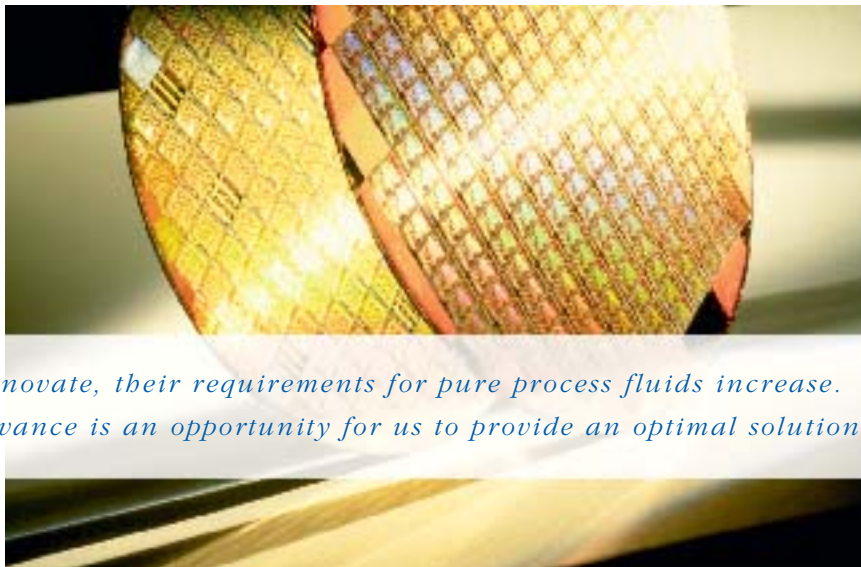
Perhaps more than any other technology, filtration, separations and purification are truly process enabling. Sophisticated filtration and separations systems remove contaminants that even in increasingly smaller sizes and volumes ravage productivity and profits. They can destroy high-value products, force costly recalls, idle a manufacturing plant or ground an airplane. The biotech and emerging regenerative medicine markets, for example, must meet extremely stringent purity standards. Yet, contamination is not their only concern. They also need to isolate and purify target proteins and cells. Whether customers need to filter, separate and/or purify fluids, do it continuously or in batches, as a single operation or part of an integrated process, Pall supplies the broadest array of technologies, applications experience and technical expertise to help them succeed.

Our reputation for innovation, high-quality products and problem solving opens doors for our world-class

Pall's products remove bacteria, viruses and molecules down to the angstrom level. And we continue to push the envelope. The relative sizes of some disease-causing bacteria, viruses and other contaminants are shown here.

scientists and engineers to work with customers whether their goal is to enhance a process or revolutionize an industry. Our customers are technically demanding and appreciate the importance of sophisticated filtration and purification technologies and the differences between them. They are depending on us to remain perpetually innovative and agile.

We work closely with customers, whether they are looking 15 months or 15 years into the future, to help ensure that escalating requirements to remove, capture or purify fluids are not a barrier to their success. One thing is certain. Product and process innovation are inextricably linked. Every technology advance raises the bar for us to clear. Advanced technologies require even more exquisite ability to remove or capture particles – whether for the largest passenger aircraft in production today, or the most sophisticated consumer electronics product. We are always ready to meet their next challenge. That is why the best companies in the world partner with us.



As our customers innovate, their requirements for pure process fluids increase. Every technology advance is an opportunity for us to provide an optimal solution.



Solving complex problems



Pall is helping the medical community address growing concerns for contamination in biological fluids, water, drugs and air as sources of infection.



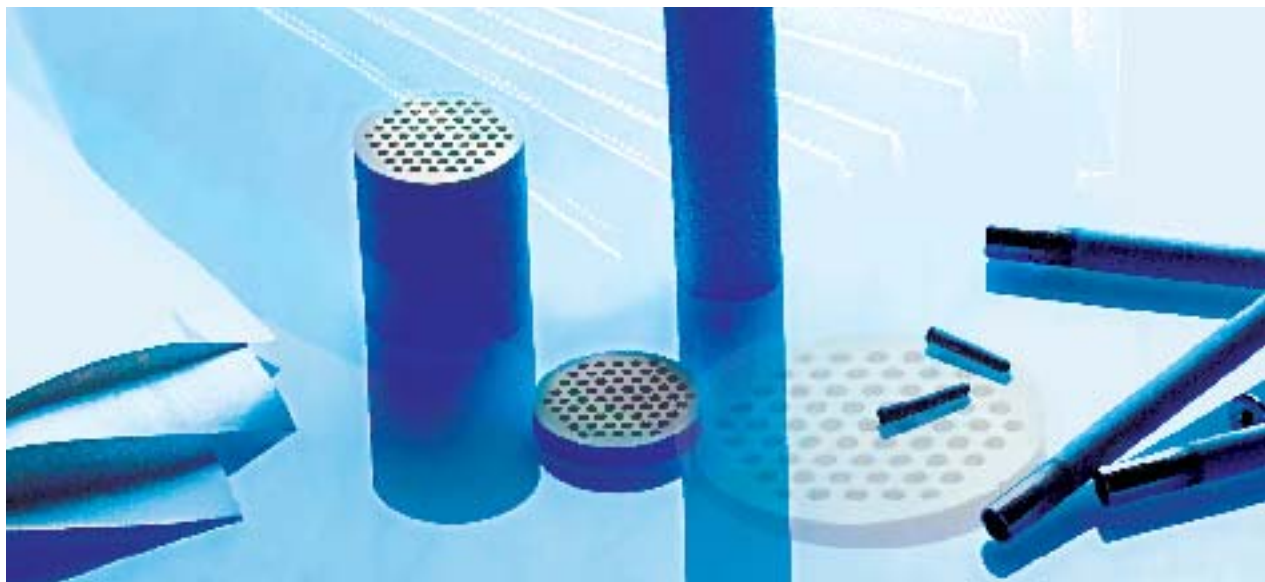
By the time the U.S. east coast was awakening to the news that there had been an accident at the Three Mile Island (TMI) nuclear power plant, Pall engineers had designed filters to help stabilize the plant. A few hours later, they were enroute to Middletown, Pennsylvania where they would play a key role in getting the situation under control.

TMI's urgent call represents the height of customer confidence. With such trust comes tremendous responsibility to live up to it and earn it every day. While this example is no doubt extreme, it is classic Pall and epitomizes our problem-solving capabilities. Our customers depend on us to help them get their products to market faster and make their processes safer and more reliable and efficient.

Our scientists and engineers are engaged in some of the most pressing issues of the day – protecting the environment, making drinking water safer and curbing the spread of infectious threats. Among the most insidious is the human form of Mad Cow Disease, an emerging prion disease. We have taken the lead with the recent commercialization of the only technology that removes prions from donor blood.

Pall is much more than a filter company. We are fluid management specialists leveraging our

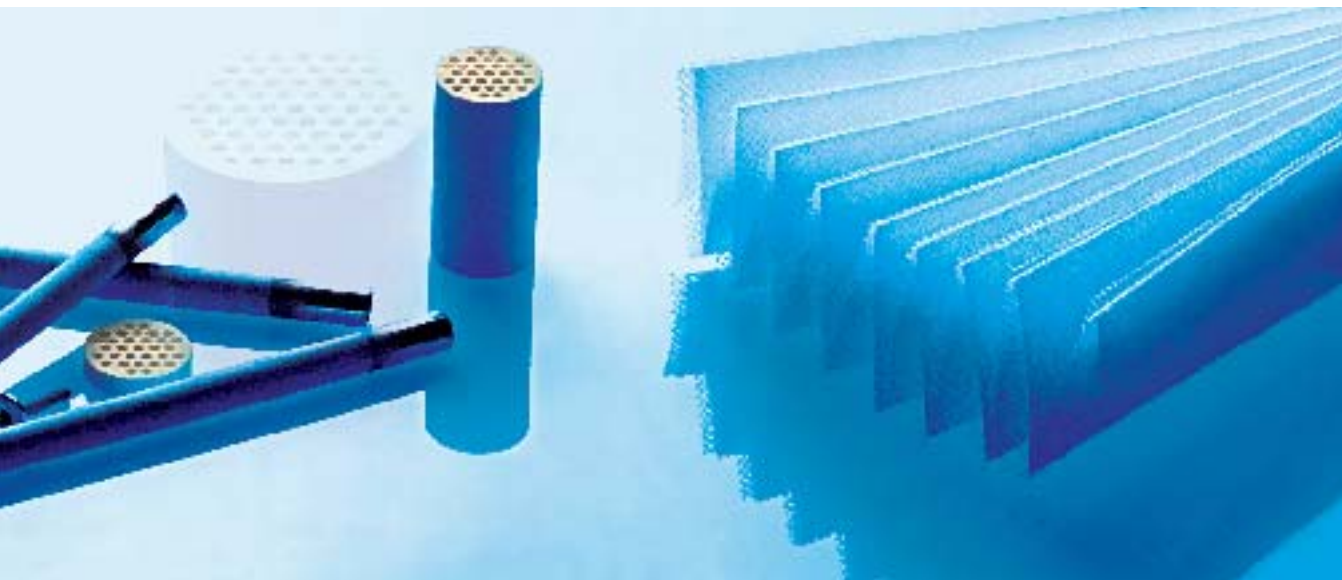
We can combine our core materials in more than 50,000 ways to solve complex contamination, separations and purification challenges.



unmatched capabilities to help make customers more successful. Our large library of proprietary core materials is at the heart of these capabilities. We can combine them in more than 50,000 ways to solve complex contamination and separations challenges. “Smart” materials selectively remove contaminants, regardless of size, allowing desirable fluid components to pass through. In addition to advancing our core materials and technologies ahead of customer needs, our

scientists and engineers collaborate with customers, universities and governments to assure a steady stream of market-ready innovations.

These proprietary materials, coupled with our ability to engineer them into useful forms, are the cornerstone of our technical and market leadership. They enable us to provide integrated solutions that are perfectly matched to customer needs and readily develop new products. And, they are at the heart of the fully integrated systems customers are using to manage their fluid streams.



Increasingly, Pall technologies developed for one application provide ready-made solutions for others. The same technology used to make a long-lasting yet highly effective filter in the smallest possible package is finding applications in most every market we serve from refineries to hospitals. For customers, Pall's ability to leverage its own technology and rich applications experience means we can continue to provide rapid, innovative solutions to daunting problems.

All of our actions are for one reason — to help keep customers first.

Summary Financial Information

The financial information in this document is in summary form. The complete financial statements and notes are filed with the Securities and Exchange Commission in our Annual Report on Form 10-K. The 10-K is an integral part of this document and should be read in conjunction with this summary annual report. A copy of the 10-K is being sent to shareholders with this document as part of the proxy materials for the 2005 annual meeting of shareholders. The 10-K is also available on our Web site at www.pall.com/investor, or you can obtain a copy by calling 1-800-205-7255.

Condensed Consolidated Balance Sheets

Pall Corporation and Subsidiaries

(In thousands)	July 31, 2005	July 31, 2004
ASSETS		
Cash and cash equivalents	\$ 164,928	\$ 207,277
Accounts receivable, net	493,650	468,905
Inventories, net	365,929	302,861
Other current assets	135,885	133,116
Total current assets	1,160,392	1,112,159
Property, plant and equipment, net	608,758	600,383
Other assets	496,151	470,185
Total assets	\$2,265,301	\$2,182,727
LIABILITIES AND STOCKHOLDERS' EQUITY		
Short-term debt	\$ 25,658	\$ 59,482
Accounts payable, income taxes and other current liabilities	431,481	423,378
Total current liabilities	457,139	482,860
Long-term debt	510,161	488,686
Deferred income taxes and other non-current liabilities	158,024	156,742
Total liabilities	1,125,324	1,128,288
Stockholders' equity	1,139,977	1,054,439
Total liabilities and stockholders' equity	\$2,265,301	\$2,182,727

Condensed Consolidated Statements of Earnings

Pall Corporation and Subsidiaries

(In thousands, except per share data)	Years Ended	
	July 31, 2005	July 31, 2004
Net sales	\$1,902,284	\$ 1,770,747
Cost of sales	978,916	899,119
Gross profit	923,368	871,628
Selling, general and administrative expenses	621,401	583,539
Research and development	56,183	57,279
Restructuring and other charges	38,763	12,477
Interest expense, net	25,950	20,501
Earnings before income taxes	181,071	197,832
Provision for income taxes	40,255	46,259
Net earnings	\$ 140,816	\$ 151,573
Earnings per share:		
Basic	\$ 1.13	\$ 1.21
Diluted	\$ 1.12	\$ 1.20
Average shares outstanding:		
Basic	124,645	125,685
Diluted	125,598	126,737
Net earnings as reported	\$ 140,816	\$ 151,573
Restructuring and other charges, net after pro forma tax effect	26,894	8,262
Pro forma earnings (c)	\$ 167,710 ^(a)	\$ 159,835 ^(b)
Diluted earnings per share as reported	\$ 1.12	\$ 1.20
Restructuring and other charges, net after pro forma tax effect	\$ 0.22	\$ 0.06
Pro forma diluted earnings per share (c)	\$ 1.34 ^(a)	\$ 1.26 ^(b)

(a) Included in cost of sales is a charge of \$837 (1 cent per share, after pro forma tax effect) related to a one-time purchase accounting adjustment to step up the value of inventory acquired from BioSeptra by \$2,431. Restructuring and other charges, net, includes \$23,935 (13 cents per share, after pro forma tax effect) primarily comprised of severance and other costs related to the restructuring of operations into vertically integrated businesses, a charge of \$11,953 (6 cents per share, after pro forma tax effect) related to the early extinguishment of the Company's \$100,000 private placement 7.83% unsecured senior notes and \$2,875 (2 cents per share, after pro forma tax effect) related to the impairment of an investment.

(b) Restructuring and other charges, net, for the year includes \$20,837 (11 cents per share, after pro forma tax effect) to increase environmental reserves. In addition, \$4,846 (2 cents per share, after pro forma tax effect) was recorded in the year primarily related to the restructuring of operations in Europe and Japan. These were partly offset by a \$7,580 (4 cents per share, after pro forma tax effect) gain on the sale of our investment in Oiltools and a \$5,626 (3 cents per share, after pro forma tax effect) adjustment to decrease a pension liability.

(c) Management uses certain non-GAAP measurements to assess Pall's current and future financial performance. The non-GAAP measurements do not replace the presentation of Pall's GAAP financial results. These measurements provide supplemental information to assist management in analyzing Pall's financial position and results of operations. Pall 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 on-going operations.

Condensed Consolidated Statements of Cash Flows

Pall Corporation and Subsidiaries

(In thousands)	Years Ended	
	July 31, 2005	July 31, 2004
OPERATING ACTIVITIES:		
Net earnings	\$ 140,816	\$151,573
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Restructuring and other charges, net	38,763	12,477
Depreciation and amortization	90,921	88,935
Other	370	(18,001)
Changes in operating assets and liabilities, net of effects of acquisitions	(109,262)	(43,038)
Net cash provided by operating activities	161,608	191,946
INVESTING ACTIVITIES:		
Acquisitions of businesses, net of disposals and cash acquired	(30,879)	(2,005)
Proceeds from sale of investments	915	21,344
Investments	--	(2,125)
Capital expenditures	(86,153)	(61,262)
Other	1,554	(7,203)
Net cash used by investing activities	(114,563)	(51,251)
FINANCING ACTIVITIES:		
Notes payable and long-term borrowings	310,507	48,195
Repayments of long-term debt	(330,412)	(70,159)
Payments/proceeds related to terminated interest rate swaps	(10,044)	--
Net proceeds from stock plans	62,490	51,772
Purchase of treasury stock	(64,246)	(75,000)
Make whole payment to redeem senior notes	(14,702)	--
Dividends paid	(47,075)	(45,097)
Net cash used by financing activities	(93,482)	(90,289)
Cash flow for year	(46,437)	50,406
Cash and cash equivalents at beginning of year	207,277	149,753
Effect of exchange rate changes on cash	4,088	7,118
Cash and cash equivalents at end of year	\$164,928	\$207,277

Market Segment Data

Pall Corporation and Subsidiaries

(In thousands)	Years Ended	
	July 31, 2005	July 31, 2004
SALES TO UNAFFILIATED CUSTOMERS:		
Medical	\$ 443,256	\$ 444,015
BioPharmaceuticals	321,480	277,176
Life Sciences	764,736	721,191
General Industrial	742,994	666,771
Aerospace	175,095	178,178
Microelectronics	219,459	204,607
Industrial	1,137,548	1,049,556
Total	\$1,902,284	\$1,770,747
OPERATING PROFIT:		
Medical	\$ 82,320	\$ 79,722
BioPharmaceuticals	77,143	69,100
Life Sciences	159,463	148,822
General Industrial	82,886	78,226
Aerospace	33,764	43,634
Microelectronics	41,533	38,476
Industrial	158,183	160,336
Subtotal	317,646	309,158
Restructuring and other charges, net	(39,600) ^(a)	(12,477)
General corporate expenses	(71,025)	(78,348)
Interest expense, net	(25,950)	(20,501)
Earnings before income taxes	\$ 181,071	\$ 197,832

(a) Included in restructuring and other charges, net, for the purposes of evaluation of segment profitability in fiscal year 2005 is a charge of \$837 related to a one-time purchase accounting adjustment to step up the value of inventory acquired from Biosepra by \$2,431, in accordance with SFAS No. 141, in the opening balance sheet. This step up increased cost of sales by \$837 in fiscal year 2005 concurrent with the sale of a portion of the underlying inventory. The step up amount is excluded from operating profit since management considers it non-recurring in nature because, although the Company acquired the manufacturing operations of Biosepra, this adjustment was required by SFAS No.141 as an elimination of the manufacturing profit in inventory acquired from Biosepra and subsequently sold in the period.

Five Year Financial History

Pall Corporation and Subsidiaries

(In millions, except per share data)	2005	2004	2003	2002	2001
RESULTS FOR THE YEAR:					
Net sales	\$1,902.3	\$1,770.7	\$1,613.6	\$1,290.8	\$1,235.4
Cost of sales	978.9	899.1	810.0	654.9	591.2
Selling, general and administrative expenses	621.4	583.5	536.2	440.0	404.0
Research and development	56.2	57.3	52.2	54.8	56.1
Restructuring and other charges, net	38.8	12.5	47.5	26.8	17.2
Interest expense, net	25.9	20.5	24.5	14.3	16.6
Earnings before taxes	181.1 ^(a)	197.8	143.2	100.0 ^(b)	150.3
Income taxes	40.3	46.2	40.0	26.8	32.3
Net earnings	\$ 140.8	\$ 151.6	\$ 103.2	\$ 73.2	\$ 118.0
Earnings per share:					
Basic	1.13	1.21	0.84	0.60	0.96
Diluted	1.12	1.20	0.83	0.59	0.95
Dividends declared per share	0.39	0.36	0.36	0.52	0.68
Capital expenditures	86.2	61.3	62.2	69.9	77.8
Depreciation and amortization	90.9	88.9	83.9	74.0	71.5
YEAR-END POSITION:					
Working capital	\$ 703.3	\$ 629.3	\$ 516.9	\$ 477.8	\$ 465.1
Property, plant and equipment, net	608.8	600.4	600.2	605.1	503.0
Total assets	2,265.3	2,182.7	2,016.7	2,010.4	1,548.5
Long-term debt, net of current portion	510.2	488.7	489.9	619.7	359.1
Total liabilities	1,125.3	1,128.3	1,082.2	1,190.7	778.5
Stockholders' equity	1,140.0	1,054.4	934.5	819.7	770.0

(a) Includes Restructuring and other charges, net, of \$39.6 (including \$0.8 related to a one-time purchase accounting adjustment to step up the value of inventory acquired from Biosepra Process Division ("Biosepra") from CIPHERGEN Biosystems, Inc., by \$2.4, in accordance with SFAS No. 141, in the opening balance sheet. This step up increased cost of sales by \$0.8 in fiscal year 2005 concurrent with the sale of a portion of the underlying inventory. The step up amount is considered non-recurring in nature because, although the Company acquired the manufacturing operations of Biosepra, this adjustment was required by SFAS No. 141 as an elimination of the manufacturing profit in inventory acquired from Biosepra and subsequently sold in the period).

(b) Includes Restructuring and other charges, net, of \$32.8 (including \$6.0 related to a one-time purchase accounting adjustment to step up the value of inventory acquired from FSG, by \$6.0, in accordance with SFAS No. 141, in the opening balance sheet. This step up increased cost of sales by \$6.0 in fiscal year 2002 concurrent with the sale of a portion of the underlying inventory. The step up amount is considered non-recurring in nature because, although the Company acquired the manufacturing operations of FSG, this adjustment was required by SFAS No.141 as an elimination of the manufacturing profit in inventory acquired from FSG and subsequently sold in the period).

Corporate Information

EXECUTIVE OFFICERS

Eric Krasnoff
Chairman & Chief Executive Officer

Marcus Wilson
President, Chief Financial Officer & Treasurer

Donald Stevens
Chief Operating Officer &
Group Vice President, Industrial

Roberto Perez
Group Vice President, Life Sciences

BOARD OF DIRECTORS

Abraham Appel
Daniel J. Carroll
John H. F. Haskell
Ulric Haynes
Eric Krasnoff
Dr. Edwin Martin
Katharine Plourde
Heywood Shelley
Dr. Edward Snyder
Edward Travaglianti
Dr. James Watson
Marcus Wilson

LEGAL OFFICER

Mary Ann Bartlett
Senior Vice President,
General Counsel & Corporate Secretary

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The Pall Annual Report is available online
at www.pall.com/investor

For news and information regarding our
businesses and strategy, please visit our
pressroom online at www.pall.com/news
and Investor Relations site at
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stock transfers, changes of ownership,
issuance of stock certificates, and
distribution of dividends and
IRS Forms 1099.

Requests concerning these matters are
most efficiently answered by contacting:
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P.O. Box 43010
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Forward-Looking Statements

This report contains “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. These statements are based on current Company expectations and are subject to risks and uncertainties, which could cause actual results to differ materially. Such risks and uncertainties include, but are not limited to: fluctuations in foreign currency exchange rates; regulatory approval and market acceptance of new technologies; changes in product mix and product pricing and in interest rates and cost of raw materials; the Company’s success in enforcing its patents and protecting its proprietary products and manufacturing techniques; and its ability to achieve the savings anticipated from its cost-reduction initiatives; global and regional economic conditions and legislative, regulatory and political developments; and domestic and international competition in the Company’s global markets. Additional

information regarding these and other factors is available on the Web at www.pall.com and is included in the Company’s reports filed with the U.S. Securities and Exchange Commission. Copies of such reports can be obtained, without charge, at: www.sec.gov.

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