

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code). <p style="text-align: center;">▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	OMB Nos. 1210-0110 1210-0089 2011 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2011 or fiscal plan year beginning <u>08/01/2011</u> and ending <u>07/31/2012</u>	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan; or ☒ a single-employer plan; ☐ a DFE (specify) ____
B This return/report is:	☐ the first return/report; ☐ the final return/report; ☐ an amended return/report; ☐ a short plan year return/report (less than 12 months).
C If the plan is a collectively-bargained plan, check here.	☐
D Check box if filing under:	☒ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information				
1a Name of plan <u>PALL CORPORATION CASH BALANCE PENSION PLAN</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1b Three-digit plan number (PN) ▶</td> <td style="width: 20%; text-align: center;"><u>001</u></td> </tr> <tr> <td colspan="2">1c Effective date of plan <u>07/31/1963</u></td> </tr> </table>	1b Three-digit plan number (PN) ▶	<u>001</u>	1c Effective date of plan <u>07/31/1963</u>	
1b Three-digit plan number (PN) ▶	<u>001</u>				
1c Effective date of plan <u>07/31/1963</u>					
2a Plan sponsor's name and address, including room or suite number (Employer, if for single-employer plan) <u>PALL CORPORATION</u> <u>25 HARBOR PARK DRIVE</u> <u>PORT WASHINGTON, NY 11050</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>2b Employer Identification Number (EIN) <u>11-1541330</u></td> </tr> <tr> <td>2c Sponsor's telephone number <u>516-484-5400</u></td> </tr> <tr> <td>2d Business code (see instructions) <u>339900</u></td> </tr> </table>	2b Employer Identification Number (EIN) <u>11-1541330</u>	2c Sponsor's telephone number <u>516-484-5400</u>	2d Business code (see instructions) <u>339900</u>	
2b Employer Identification Number (EIN) <u>11-1541330</u>					
2c Sponsor's telephone number <u>516-484-5400</u>					
2d Business code (see instructions) <u>339900</u>					

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	05/14/2013	LINDA VILLA
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	05/14/2013	LINDA VILLA
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Form 5500 (2011)
v.012611

3a Plan administrator's name and address (if same as plan sponsor, enter "Same") PALL CORPORATION 25 HARBOR PARK DRIVE PORT WASHINGTON, NY 11050	3b Administrator's EIN 11-1541330 3c Administrator's telephone number 516-484-5400
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4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name	4b EIN 4c PN
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5 Total number of participants at the beginning of the plan year	5	5819
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6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a , 6b , 6c , and 6d).		
a Active participants.....	6a	3120
b Retired or separated participants receiving benefits.....	6b	562
c Other retired or separated participants entitled to future benefits.....	6c	1703
d Subtotal. Add lines 6a , 6b , and 6c	6d	5385
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	145
f Total. Add lines 6d and 6e	6f	5530
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	98

7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	
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8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:

1C 1G 3H

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply)	9b Plan benefit arrangement (check all that apply)
(1) ☐ Insurance	(1) ☐ Insurance
(2) ☐ Code section 412(e)(3) insurance contracts	(2) ☐ Code section 412(e)(3) insurance contracts
(3) ☒ Trust	(3) ☒ Trust
(4) ☐ General assets of the sponsor	(4) ☐ General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- (1)** ☒ **R** (Retirement Plan Information)
- (2)** ☐ **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
- (3)** ☒ **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

- (1)** ☒ **H** (Financial Information)
- (2)** ☐ **I** (Financial Information – Small Plan)
- (3)** ☐ **A** (Insurance Information)
- (4)** ☒ **C** (Service Provider Information)
- (5)** ☒ **D** (DFE/Participating Plan Information)
- (6)** ☐ **G** (Financial Transaction Schedules)

SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2011 This Form is Open to Public Inspection
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For calendar plan year 2011 or fiscal plan year beginning 08/01/2011 and ending 07/31/2012

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan <u>PALL CORPORATION CASH BALANCE PENSION PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>PALL CORPORATION</u>	D Employer Identification Number (EIN) <u>11-1541330</u>
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I	Basic Information
1	Enter the valuation date: Month <u>08</u> Day <u>01</u> Year <u>2011</u>
2	Assets:
a	Market value 2a <u>118394291</u>
b	Actuarial value 2b <u>114190450</u>
3	Funding target/participant count breakdown:
	(1) Number of participants (2) Funding Target
a	For retired participants and beneficiaries receiving payment 3a <u>661</u> <u>22297894</u>
b	For terminated vested participants 3b <u>1186</u> <u>24925685</u>
c	For active participants:
(1)	Non-vested benefits 3c(1) <u>167597</u>
(2)	Vested benefits 3c(2) <u>68545308</u>
(3)	Total active 3c(3) <u>3972</u> <u>68712905</u>
d	Total 3d <u>5819</u> <u>115936484</u>
4	If the plan is in at-risk status, check the box and complete lines (a) and (b) ☐
a	Funding target disregarding prescribed at-risk assumptions 4a
b	Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor 4b
5	Effective interest rate 5 <u>5.47 %</u>
6	Target normal cost 6 <u>7047791</u>

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	
Signature of actuary	Date
<u>CHRISTOPHER KEACH</u>	<u>11-06127</u>
Type or print name of actuary	Most recent enrollment number
<u>MERCER</u>	<u>212-345-7000</u>
Firm name	Telephone number (including area code)
<u>1166 AVENUE OF THE AMERICAS</u> <u>NEW YORK, NY 10036</u>	
Address of the firm	

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2011
v.012611

Part II		Beginning of year carryover and prefunding balances	
		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	0	0
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	0
9	Amount remaining (line 7 minus line 8)	0	0
10	Interest on line 9 using prior year's actual return of <u>12.58</u> %		
11	Prior year's excess contributions to be added to prefunding balance:		
a	Present value of excess contributions (line 38 from prior year)		14645626
b	Interest on (a) using prior year's effective rate of <u>6.39</u> % except as otherwise provided (see instructions)		935856
c	Total available at beginning of current plan year to add to prefunding balance		15581482
d	Portion of (c) to be added to prefunding balance		8873742
12	Other reductions in balances due to elections or deemed elections	0	0
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	0	8873742

Part III		Funding percentages	
14	Funding target attainment percentage	14	90.84 %
15	Adjusted funding target attainment percentage	15	90.84 %
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	90.62 %
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV		Contributions and liquidity shortfalls			
18 Contributions made to the plan for the plan year by employer(s) and employees:					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
04/01/2013	1587218				
			Totals ▶	18(b)	1587218
				18(c)	0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:	
a Contributions allocated toward unpaid minimum required contributions from prior years	19a 0
b Contributions made to avoid restrictions adjusted to valuation date	19b 0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c 1452478
20 Quarterly contributions and liquidity shortfalls:	
a Did the plan have a "funding shortfall" for the prior year?	☒ Yes ☐ No
b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner?	☒ Yes ☐ No
c If 20a is "Yes," see instructions and complete the following table as applicable:	
Liquidity shortfall as of end of quarter of this plan year	
(1) 1st	(2) 2nd
0	0
(3) 3rd	(4) 4th
0	0

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:				
a Segment rates:	1st segment: 2.51%	2nd segment: 5.59%	3rd segment: 6.38 %	☐ N/A, full yield curve used
b Applicable month (enter code)				21b 4
22 Weighted average retirement age				22 65
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes ☒ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.....	☒ Yes ☐ No
27 If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment.....	27

Part VII Reconciliation of unpaid minimum required contributions for prior years

28 Unpaid minimum required contributions for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a).....	29	0
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	30	0

Part VIII Minimum required contribution for current year

31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6)	31a	7047791	
b Excess assets, if applicable, but not greater than 31a	31b		
32 Amortization installments:	Outstanding Balance	Installment	
a Net shortfall amortization installment	10619776	1810219	
b Waiver amortization installment	0	0	
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33		
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)...	34	8858010	
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement.....		7408496	7408496
36 Additional cash requirement (line 34 minus line 35)	36	1449514	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	37	1452478	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	2964	
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b	2964	
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	39	0	
40 Unpaid minimum required contributions for all years.....	40	0	

Part IX Pension funding relief under Pension Relief Act of 2010 (see instructions)

41 If a shortfall amortization base is being amortized pursuant to an alternative amortization schedule:			
a Schedule elected	☐ 2 plus 7 years ☐ 15 years		
b Eligible plan year(s) for which the election in line 41a was made	☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011		
42 Amount of acceleration adjustment	42		
43 Excess installment acceleration amount to be carried over to future plan years	43		

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2011
		This Form is Open to Public Inspection.

For calendar plan year 2011 or fiscal plan year beginning 08/01/2011 and ending 07/31/2012

A Name of plan PALL CORPORATION CASH BALANCE PENSION PLAN	B Three-digit plan number (PN) ▶ 001
C Plan sponsor's name as shown on line 2a of Form 5500 PALL CORPORATION	D Employer Identification Number (EIN) 11-1541330

Part I Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

- a** Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☒ Yes ☐ No
- b** If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
SALIENT CAPITAL L.P.

20-2472055

(b) Enter name and EIN or address of person who provided you disclosure on eligible indirect compensation

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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

W.P. STEWART

13-2766055

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
28	INVESTMENT MANAGEMENT	91889	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☐ No ☒

(a) Enter name and EIN or address (see instructions)

COVE STREET CAPITAL, LLC

95-4833644

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
28	INVESTMENT MANAGEMENT	107411	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☐ No ☒

(a) Enter name and EIN or address (see instructions)

THE BANK OF NEW YORK MELLON

13-5160382

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
21	TRUSTEE	84028	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☒ No ☐

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

SAGE ADVISORY SERVICES

74-2798841

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
51	INVESTMENT MANAGEMENT	68246	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

MORGAN STANLEY

26-4310632

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
27	CONSULTANT	36419	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

CAMBIAR INVESTORS LLC

84-1596610

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
51	INVESTMENT MANAGEMENT	44703	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☐ No ☒

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

GENEVA CAPITAL MANAGEMENT

39-1567956

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
51	INVESTMENT MANAGEMENT	48067	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☐ No ☒

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III **Termination Information on Accountants and Enrolled Actuaries (see instructions)**
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

SCHEDULE D (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small>	DFE/Participating Plan Information <p style="text-align: center;">This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).</p> <p style="text-align: center;">▶ File as an attachment to Form 5500.</p>	<small>OMB No. 1210-0110</small> <hr/> <p style="text-align: center; font-size: 1.2em;">2011</p> <hr/> <p style="text-align: center;">This Form is Open to Public Inspection.</p>
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For calendar plan year 2011 or fiscal plan year beginning 08/01/2011 and ending 07/31/2012

A Name of plan PALL CORPORATION CASH BALANCE PENSION PLAN	B Three-digit plan number (PN) ▶	001
C Plan or DFE sponsor's name as shown on line 2a of Form 5500 PALL CORPORATION	D Employer Identification Number (EIN) 11-1541330	

Part I	Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)
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a Name of MTIA, CCT, PSA, or 103-12 IE: PALL CORPORATION MASTER TRUST

b Name of sponsor of entity listed in (a): PALL CORPORATION

c EIN-PN 11-1541330-010	d Entity code M	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 114868833
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name PALL CORP CASH BALANCE PENSION PLAN**b** Name of plan sponsor PALL CORPORATION**c** EIN-PN 11-1541330-001**a** Plan name PALL TRINITY MICRO PENSION PLAN FOR HOURLY-RATED FACTORY EMPLOYEES**b** Name of plan sponsor PALL CORPORATION**c** EIN-PN 11-1541330-003**a** Plan name**b** Name of plan sponsor**c** EIN-PN**a** Plan name**b** Name of plan sponsor**c** EIN-PN**a** Plan name**b** Name of plan sponsor**c** EIN-PN**a** Plan name**b** Name of plan sponsor**c** EIN-PN**a** Plan name**b** Name of plan sponsor**c** EIN-PN**a** Plan name**b** Name of plan sponsor**c** EIN-PN**a** Plan name**b** Name of plan sponsor**c** EIN-PN**a** Plan name**b** Name of plan sponsor**c** EIN-PN**a** Plan name**b** Name of plan sponsor**c** EIN-PN**a** Plan name**b** Name of plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 <div style="border: 1px solid black; padding: 5px; font-size: 1.2em; font-weight: bold;">2011</div> This Form is Open to Public Inspection
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For calendar plan year 2011 or fiscal plan year beginning 08/01/2011 and ending 07/31/2012		
A Name of plan PALL CORPORATION CASH BALANCE PENSION PLAN	B Three-digit plan number (PN) ►	001
C Plan sponsor's name as shown on line 2a of Form 5500 PALL CORPORATION	D Employer Identification Number (EIN) 11-1541330	

Part I	Asset and Liability Statement
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1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a	3358	15963
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)		
(2) Participant contributions	1b(2)		
(3) Other.....	1b(3)	304129	798581
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities.....	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other.....	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)		
(9) Value of interest in common/collective trusts.....	1c(9)		
(10) Value of interest in pooled separate accounts.....	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)	113573572	114868833
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)		
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)	7902	40560

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	113888961	115723937

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h	27952	37380
i Acquisition indebtedness	1i		
j Other liabilities	1j	2061521	2666975
k Total liabilities (add all amounts in lines 1g through 1j)	1k	2089473	2704355

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	111799488	113019582
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	7000000	
(B) Participants	2a(1)(B)		
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		7000000
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		0
(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		0
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		3309473
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		10309473

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	8418207	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		8418207
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)	84028	
(3) Investment advisory and management fees	2i(3)	360315	
(4) Other	2i(4)	226829	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		671172
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		9089379

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		1220094
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: KPMG LLP

(2) EIN: 13-5565207

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

- 4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

	Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....		X	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
e Was this plan covered by a fidelity bond?.....	X		25000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....		X	
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....			
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			
4n			

- 5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?

If "Yes," enter the amount of any plan assets that reverted to the employer this year..... ☐ Yes ☒ No Amount:

- 5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)

5b(2) EIN(s)	5b(3) PN(s)

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2011 This Form is Open to Public Inspection.
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For calendar plan year 2011 or fiscal plan year beginning 08/01/2011 and ending 07/31/2012

A Name of plan <u>PALL CORPORATION CASH BALANCE PENSION PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>PALL CORPORATION</u>	D Employer Identification Number (EIN) <u>11-1541330</u>

Part I	Distributions
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All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	<u>0</u>
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>13-5160382</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3	<u>202</u>

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
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4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....	☐ Yes	☐ No	☒ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....	☐ Yes	☐ No	☒ N/A

Part III	Amendments
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9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box.....	☒ Increase	☐ Decrease	☐ Both	☐ No
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Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
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10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?.....	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.).....	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. Complete as many entries as needed to report all applicable employers.

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

- 19** If the total number of participants is 1,000 or more, complete items (a) through (c)

- a** Enter the percentage of plan assets held as:

Stock: 42% Investment-Grade Debt: 27% High-Yield Debt: 3% Real Estate: 0% Other: 28%

- b** Provide the average duration of the combined investment-grade and high-yield debt:

☐ 0-3 years ☒ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

- c** What duration measure was used to calculate item 19(b)?

☒ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):



**PALL CORPORATION
CASH BALANCE PENSION PLAN**

Financial Statements

July 31, 2012 and 2011

(With Independent Auditors' Report Thereon)

**PALL CORPORATION
CASH BALANCE PENSION PLAN**

Table of Contents

	Page
Independent Auditors' Report	1
Statements of Net Assets Available for Plan Benefits as of July 31, 2012 and 2011	2
Statements of Changes in Net Assets Available for Plan Benefits for the years ended July 31, 2012 and 2011	3
Notes to Financial Statements	4



KPMG LLP
Suite 200
1305 Walt Whitman Road
Melville, NY 11747-4302

Independent Auditors' Report

The Plan Administrator
Pall Corporation Cash Balance Pension Plan:

We were engaged to audit the accompanying statements of net assets available for plan benefits of the Pall Corporation Cash Balance Pension Plan (the Plan) as of July 31, 2012 and 2011, and the related statements of changes in net assets available for plan benefits for the years then ended. These financial statements are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 5, which was certified by The Bank of New York Mellon, the Trustee of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the Trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained certifications from the Trustee, as of and for the years ended July 31, 2012 and 2011, that the information provided to the plan administrator by the Trustee is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements taken as a whole. The form and content of the information included in the financial statements, other than that derived from the information certified by the Trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

KPMG LLP

May 10, 2013

PALL CORPORATION
CASH BALANCE PENSION PLAN

Statements of Net Assets Available for Plan Benefits
July 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Assets:		
Investment, at fair value (note 5):		
Plan interest in Pall Master Trust	\$ 114,868,833	113,573,572
Cash	15,963	3,358
Prepaid expenses	40,560	7,902
Total investments	<u>114,925,356</u>	<u>113,584,832</u>
Receivables:		
Accrued interest (note 5)	220,975	245,233
Due from broker for sale of securities (note 5)	577,606	58,896
Total receivables	<u>798,581</u>	<u>304,129</u>
Total assets	115,723,937	113,888,961
Liabilities:		
Due to broker for purchase of securities (note 5)	2,666,975	2,061,521
Accrued expenses	37,380	27,952
Net assets available for plan benefits	<u>\$ 113,019,582</u>	<u>111,799,488</u>

See accompanying notes to financial statements.

PALL CORPORATION
CASH BALANCE PENSION PLAN

Statements of Changes in Net Assets Available for Plan Benefits
Years ended July 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Additions to net assets attributed to:		
Investment income (note 5):		
Plan interest in Pall Master Trust investment income	\$ 3,309,473	12,229,729
Employer contribution	<u>7,000,000</u>	<u>16,510,401</u>
Total additions	<u>10,309,473</u>	<u>28,740,130</u>
Deductions from net assets attributed to:		
Benefits paid directly to participants	8,418,207	7,438,971
Administrative expenses	<u>671,172</u>	<u>845,810</u>
Total deductions	<u>9,089,379</u>	<u>8,284,781</u>
Net increase	1,220,094	20,455,349
Net assets available for plan benefits:		
Beginning of year	<u>111,799,488</u>	<u>91,344,139</u>
End of year	<u>\$ 113,019,582</u>	<u>111,799,488</u>

See accompanying notes to financial statements.

**PALL CORPORATION
CASH BALANCE PENSION PLAN**

Notes to Financial Statements

July 31, 2012 and 2011

(1) Description of Plan

The following description of the Pall Corporation Cash Balance Pension Plan (the Plan) is provided for general information only. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

(a) General

The Plan is a defined benefit pension plan covering substantially all U.S. and Puerto Rico employees of Pall Corporation and its participating subsidiaries (the Company), other than the employees covered by a union or other retirement plan, who have at least six months of service and have attained the age 20-1/2. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). The board of directors of the Company has appointed a committee (the Pension Committee), consisting of five members, to serve as plan administrator of the Plan. In January 2011, the Company amended and restated the Plan document in accordance with the Internal Revenue Service (IRS) regulations.

The Pension Committee has established the Pall Corporation Master Trust (Master Trust), which holds the commingled assets of the Plan and the Pall Trinity Micro Pension Plan for Hourly Rated Factory Employees (PTM Plan).

Under the terms of a trust agreement between The Bank of New York Mellon and the Plan, The Bank of New York Mellon is the Trustee of the Plan.

(b) Pension Benefit

Participants are entitled to annual pension benefits beginning at normal retirement age of 65. A participant's opening balance under the cash balance formula equaled the value of the participant's accrued benefit earned under the Pall Corporation Pension Plan as of July 31, 1999. Interest at 6.5% and the GATT Mortality table were used to convert July 31, 1999 accrued benefits to account balances. The participants' pension benefits are accumulated each service year by an amount equal to a percentage of their total annual pay (pay credit). The percentage used varies from 2.5% to 5.0% and is dependent upon the participant's age and years of service on the first day of the Plan year. Additionally, a participant who was at least age 50 with 10 years of service on August 1, 1999 is entitled to an additional pay credit of 2% for each plan year that the participant remains an employee. Participants are also credited with interest credits on both their account balance and annual pay credit. The rate used to determine the credits is based on the average yield on one-year U.S. Treasury Bills for the month of June of the preceding plan year. The rate used was 1.68% for the plan years ended July 31, 2012 and 2011. This computation of the final pension benefit is subject to certain limitations as more fully described in the Plan agreement.

The Plan permits early retirement at ages 55 to 64 for participants with five or more years of service. A participant who terminates with five or more years of service, for any reason other than death, is entitled to receive his/her retirement benefit on the first day of the month coinciding with or immediately following his/her termination of service. Participants with a vested pension benefit are entitled to receive benefits upon termination in the form of an annuity or a lump-sum payment.

**PALL CORPORATION
CASH BALANCE PENSION PLAN**

Notes to Financial Statements

July 31, 2012 and 2011

Effective January 1, 2008, the plan offers rollovers of lump-sum benefit payments from the Plan to a Roth IRA, as required under IRS regulations.

(c) *Death and Disability Benefits*

If a participant dies before commencement of benefits, the designated beneficiary shall be eligible to receive the entire benefit regardless of the participant's vested status. The participant's beneficiary is entitled to receive his/her benefit payable as a lump sum or an annuity. The participant will be fully vested in his/her account balance upon death, and the participant's account will be credited with a pay credit during the year of death, if applicable.

If a participant becomes totally and permanently disabled, the participant will become fully vested in his/her account balance regardless of length of service and will continue to receive a pay credit during the year of disability. Upon becoming disabled, a participant may elect to receive his/her account immediately payable as a lump sum or an annuity. The benefit is calculated by taking the participant's account balance, a compensation credit for the full plan year of his disablement and projecting with interest credits through the participant's normal retirement date.

(d) *Administrative Expenses*

Administrative expenses are paid by the Plan if not paid by the Company.

(e) *Subsequent Events*

For the plan year ended July 31, 2012, the Company has evaluated subsequent events for potential recognition and disclosure through May 10, 2013, the date of financial statement issuance.

(2) *Summary of Significant Accounting Policies*

The following are the significant accounting policies followed by the Plan:

(a) *Basis of Accounting*

The accompanying financial statements are prepared on the accrual basis of accounting.

(b) *Recent Accounting Standards Impacting the Plan*

In January 2010, the Financial Accounting Standards Board (FASB) issued updated guidance that amends the disclosure requirements for fair value measurements. This updated guidance: (i) requires that the amounts of significant transfers into and out of Level 1 and Level 2 fair value measurements be disclosed separately along with the reasons for the transfer; (ii) clarifies the requirement that a reporting entity should provide fair value measurement disclosures for each class of assets and liabilities; and (iii) clarifies the requirement that a reporting entity should provide disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring Level 2 and Level 3 fair value measurements. This new guidance was effective for the plan year ended July 31, 2011. Effective for the plan year ended July 31, 2012, this guidance requires that in the reconciliation of Level 3 fair value measurements, information about purchases, sales, issuances and settlements be presented separately on a gross basis.

PALL CORPORATION
CASH BALANCE PENSION PLAN

Notes to Financial Statements

July 31, 2012 and 2011

(c) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of Plan assets, liabilities, and changes therein, disclosure of contingent liabilities, and the actuarial present value of accumulated plan benefits at the date of the financial statements. Actual results could differ from those estimates.

(d) Investment Valuation and Income Recognition

The assets of the Plan are held in the Master Trust along with assets of the aforementioned Company-sponsored defined benefit pension plan, the PTM Plan. The fair value of the Plan's interest in the Master Trust is based on the beginning of year value of the Plan's interest in the Master Trust plus actual contributions, asset transfers in, and allocated investment income less actual distributions, allocated investment loss, asset transfers out, and allocated administrative expenses.

Investments in securities held by the Master Trust are reported at fair value. Unit values in the Master Trust represent the Master Trust's proportionate participation in the investment funds and include earnings and realized and unrealized appreciation and depreciation of the funds' investments, less investment-related fees and expenses charged to the funds. Purchases and sales by the Master Trust are recorded on a trade-date basis. Interest income is recorded by the Master Trust on the accrual basis. The Master Trust records dividends on the ex-dividend date.

(e) Actuarial Present Value of Accumulated Plan Benefits

Accumulated plan benefits are those future periodic payments, including lump-sum distributions, that are attributable under the Plan's provisions to the service participants have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated participants or their beneficiaries, (b) beneficiaries of participants who have died, and (c) present participants or their beneficiaries.

The actuarial present value of accumulated plan benefits is determined by Mercer, the Plan's actuary, as of August 1, 2011 and represents that amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment. Had the valuation been prepared as of July 31, 2011, there would be no change in actuarial present value of accumulated plan benefits. The significant actuarial assumptions used in the valuation as of July 31, 2011 were: (a) life expectancy of participants (RP2000 white-collar generational table for males and females), (b) retirement age assumptions, and (c) an interest rate of 7%. The foregoing actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

**PALL CORPORATION
CASH BALANCE PENSION PLAN**

Notes to Financial Statements

July 31, 2012 and 2011

(f) *Payment of Benefits*

Benefits to participants or their beneficiaries are recorded upon distribution.

(g) *Risks and Uncertainties*

The Plan invests in the Master Trust, which invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets available for plan benefits.

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

(3) *Funding Policy*

The Company, to the extent it is able to do so, will annually make contributions required to satisfy the minimum funding standards prescribed under Section 412 of the Internal Revenue Code, as amended. The Company will not contribute to the trust fund any amounts which are not or may not be, deductible from income under Section 404(a) of the Internal Revenue Code, as amended. For the years ended July 31, 2012 and 2011, the minimum funding requirements have been met.

It is the intention of the Company to continue the Plan indefinitely and to contribute to the trust fund such amounts as are necessary to satisfy the full actuarially computed cost of providing the pensions payable under the Plan with respect to the participants employed by the Company in accordance with generally accepted actuarial principles adopted by the Pension Committee with the advice of its actuaries. Nevertheless, the Company reserves the right to suspend such contributions from time to time, to discontinue them altogether, or to terminate the Plan in its entirety.

(4) *Plan Termination*

The Company intends to continue the Plan indefinitely, but reserves the right, at any time, to terminate the Plan. If the Plan is terminated, the trust fund shall be used for defraying the reasonable expenses of the Plan and for the exclusive benefit of the participants, retired participants and their spouses and beneficiaries as of the date of such termination. The rights of all active participants and retired participants affected by such termination to benefits accrued to the date of such termination, to the extent then funded, shall be nonforfeitable. Upon the complete termination of the Plan, after payment or the provision for the payment of expenses payable out of the trust fund in connection with the liquidation and the distribution of the trust fund, the remaining assets of the Plan, upon approval of the appropriate governmental or quasi-governmental authorities, shall be converted into cash and shall be allocated to and among and paid over to participants, retired participants and their spouses and beneficiaries in accordance with Section 4044 of ERISA in complete discharge of all liabilities of the Company and the Trustee for the benefits payable under the Plan. After the complete satisfaction of all liabilities to such participants, retired

PALL CORPORATION
CASH BALANCE PENSION PLAN

Notes to Financial Statements

July 31, 2012 and 2011

participants and their spouses and beneficiaries, any balances remaining in the trust fund shall be returned to the Company.

Certain benefits under the Plan are insured by the Pension Benefit Guaranty Corporation (PBGC) if the Plan terminates. Generally, the PBGC guarantees most vested normal retirement age benefits, early retirement benefits, and certain disability and survivors' pensions. The PBGC does not guarantee all types of benefits under the Plan, and the amount of benefit protection is subject to certain limitations. Vested benefits under the Plan are guaranteed at the level in effect on the date of the Plan's termination. However, there is a statutory ceiling, which is adjusted periodically, on the amount of an individual's monthly benefit that the PBGC guarantees. For plan terminations occurring during calendar years 2012 and 2011, that ceiling is \$4,653 and \$4,500, respectively, per participant per month.

Whether all participants receive their benefits should the Plan terminate at some future time will depend on the sufficiency, at that time, of the Plan's net assets to provide for accumulated benefit obligations and may also depend on the financial condition of the Company and the level of benefits guaranteed by the PBGC.

(5) Plan Information Certified by the Trustee

The plan administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, as permitted under such election, the plan administrator has instructed the Plan's independent auditors not to perform any auditing procedures with respect to the following information certified by The Bank of New York Mellon, the Trustee of the Plan, as complete and accurate, except for comparing such information certified by the Trustee with information included in the Plan's financial statements.

The Plan's investments are in the Master Trust, which was established for the investment of assets of the Plan and the PTM Plan. Each plan has an undivided interest in the Master Trust, the assets of which were held by The Bank of New York Mellon, the Trustee of the Plan, except for the Endowment TEI Fund, L.P. (the Limited Partnership) assets. The allocation of assets to the individual plans is determined based upon the ratio of the net assets of each Plan to total net assets of the Master Trust. At July 31, 2012 and 2011, the Plan's interest in the net assets of the Master Trust was approximately 79.34% and 79.02%, respectively. Investment income of the Master Trust and certain costs relating to the Master Trust are allocated to the individual plans based upon actual balances invested by each plan.

All Master Trust amounts were certified to be complete and accurate by The Bank of New York Mellon, the Trustee of the Master Trust as of and for the years ended July 31, 2012 and 2011, with the exception of the investments in the Limited Partnership. The value of the Limited Partnership assets as of July 31, 2012 and 2011 and the activity for the years then ended was obtained directly from the Limited Partnership's third-party administrator, and confirmed by the fund manager of the Limited Partnership. The Limited Partnership is a nondiversified, closed-end management investment company under the Investment Company Act of 1940, as amended.

Excluding the Plan's investment in the Limited Partnership, the Bank of New York Mellon has certified to the accuracy and completeness of the investment in net assets of the Master Trust, accrued interest, due from broker for sale of securities, and due to broker for purchase of securities at July 31, 2012 and 2011

PALL CORPORATION
CASH BALANCE PENSION PLAN

Notes to Financial Statements

July 31, 2012 and 2011

and the investment (loss)/income for the years ended July 31, 2012 and 2011, for the Plan as summarized below:

	<u>2012</u>	<u>2011</u>
Certified by Bank of New York Mellon:		
Plan's investment in the net assets of the Master Trust	\$ 107,191,511	105,492,514
Plan's share of investment income of the Master Trust	3,745,605	11,479,033
Limited Partnership:		
Plan's investment in the net assets of the Limited Partnership	\$ 7,677,322	8,081,058
Plan's share of investment (loss) income of the Limited Partnership	(436,132)	750,696

Investment (loss)/income for the Master Trust for the years ended July 31, 2012 and 2011 is as follows:

	<u>2012</u>	<u>2011</u>
Certified by Bank of New York Mellon:		
Investment income:		
Net appreciation in fair value of investments	\$ 2,275,308	11,769,711
Interest and dividend income	2,550,880	2,622,020
Total investment income	\$ <u>4,826,188</u>	<u>14,391,731</u>
Limited Partnership:		
Investment (loss) income	\$ (550,363)	949,832

During the years ended July 31, 2012 and 2011, the Master Trust's investments (including gains (losses) on investments bought and sold, as well as held during the year) appreciated in value by \$1,724,945 and \$12,719,543, respectively, as follows:

	<u>2012</u>	<u>2011</u>
Equity Securities	\$ 1,343,954	11,616,680
Debt Securities	931,354	153,031
Limited Partnership	(550,363)	949,832
	\$ <u>1,724,945</u>	<u>12,719,543</u>

(6) Fair Value Measurements

Master Trust investments are recorded at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

PALL CORPORATION
CASH BALANCE PENSION PLAN

Notes to Financial Statements

July 31, 2012 and 2011

The current authoritative guidance discusses valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flow), and the cost approach (cost to replace the service capacity of an asset or replacement cost). This guidance utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

- Level 1: Use of observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Use of inputs other than quoted prices included in Level 1, which are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.
- Level 3: Use of inputs that are unobservable.

The following table presents, for each of these hierarchy levels, the Master Trust investments measured at fair value as of July 31, 2012:

	July 31, 2012	Fair value measurements		
		Level 1	Level 2	Level 3
Financial assets carried at fair value:				
Equity securities	\$ 74,114,807	74,114,807	—	—
Debt securities:				
Federal agency	3,567,158	—	3,567,158	—
Mortgage-asset-backed	14,664,250	—	14,664,250	—
Corporate	17,015,219	—	17,015,219	—
U.S. Treasury	8,641,686	—	8,641,686	—
Other investments:				
Limited Partnership	9,676,160	—	—	9,676,160
Commingled funds	17,096,364	—	17,096,364	—
Total	<u>\$ 144,775,644</u>	<u>74,114,807</u>	<u>60,984,677</u>	<u>9,676,160</u>

PALL CORPORATION
CASH BALANCE PENSION PLAN

Notes to Financial Statements

July 31, 2012 and 2011

The following table presents, for each of these hierarchy levels, the Master Trust investments measured at fair value as of July 31, 2011:

	July 31, 2011	Fair value measurements		
		Level 1	Level 2	Level 3
Financial assets carried at fair value:				
Equity securities	\$ 77,753,197	77,753,197	—	—
Debt securities:				
Federal agency	5,558,075	—	5,558,075	—
Mortgage-asset-backed	12,855,161	—	12,855,161	—
Corporate	17,319,920	—	17,319,920	—
U.S. Treasury	6,845,747	—	6,845,747	—
Other investments:				
Limited Partnership	10,226,523	—	—	10,226,523
Commingled funds	13,167,951	—	13,167,951	—
Total	\$ 143,726,574	77,753,197	55,746,854	10,226,523

The following is a reconciliation of Level 3 investments for which significant unobservable inputs were used to determine fair value during fiscal year 2012:

	Fair value measurements using significant unobservable inputs (Level 3) Limited Partnership
Beginning balance at July 31, 2011	\$ 10,226,523
Actual return on plan assets:	
Assets held, end of year	(550,363)
Purchases	—
Ending balance at July 31, 2012	\$ 9,676,160

PALL CORPORATION
CASH BALANCE PENSION PLAN

Notes to Financial Statements
July 31, 2012 and 2011

The following is a reconciliation of Level 3 investments for which significant unobservable inputs were used to determine fair value during fiscal year 2011:

	Fair value measurements using significant unobservable inputs (Level 3) <u>Limited Partnership</u>
Beginning balance at July 31, 2010	\$ 6,776,691
Actual return on plan assets:	
Assets held, end of year	949,832
Purchases	<u>2,500,000</u>
Ending balance at July 31, 2011	\$ <u>10,226,523</u>

The Plan's investments in equity securities are valued using quoted market prices and, as such, are classified within Level 1 of the fair value hierarchy.

The fair value of the Plan's investments in debt securities are valued utilizing third-party pricing services. The pricing services use inputs to determine fair value which are derived from observable market sources including reportable trades, benchmark curves, credit spreads, broker/dealer quotes, bids, offers, and other industry and economic events. These investments are included in Level 2 of the fair value hierarchy.

The fair value of the Plan's other investments included in Level 2 of the fair value hierarchy has been reported primarily using the net asset value per share of the investment as the practical expedient for measuring fair value as permitted for these types of investments.

The fair value of the Plan's other investments included in Level 3 of the fair value hierarchy has been valued using unobservable inputs which are subject to various redemption restrictions.

(7) Accumulated Plan Benefits

The actuarial present value of accumulated plan benefits was determined by an independent actuary as of August 1, 2011 and represents that amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment. Had the valuation been prepared as of July 31, 2011, there would be no change in actuarial present value of accumulated plan benefits.

PALL CORPORATION
CASH BALANCE PENSION PLAN

Notes to Financial Statements

July 31, 2012 and 2011

The actuarial present value of accumulated plan benefits as of July 31, 2011 is as follows:

Vested benefits:	
Participants currently receiving payments	\$ 20,197,858
Other participants	<u>84,864,397</u>
	105,062,255
Nonvested benefits	<u>147,556</u>
Total actuarial present value of accumulated plan benefits	<u><u>\$ 105,209,811</u></u>

Changes in the actuarial present value of accumulated plan benefits are as follows:

Actuarial present value of accumulated plan benefits as of July 31, 2010	\$ 102,101,732
Increase (decrease) during the year attributable to:	
Interest due to decrease in discount period	6,865,060
Benefits accumulated and gains and losses	4,647,548
Benefits paid	(7,438,971)
Change in actuarial assumptions	<u>(965,558)</u>
Actuarial present value of accumulated plan benefits as of July 31, 2011	<u><u>\$ 105,209,811</u></u>

(8) Income Taxes

The IRS has issued a favorable determination letter on January 30, 2012, which stated that the Plan and its underlying trust qualify under the applicable provisions of the Internal Revenue Code and therefore are exempt from federal income taxes. In the opinion of the plan administrator, the Plan and its underlying trust have operated within the terms of the Plan, and remain qualified under the applicable provisions of the Internal Revenue Code. The plan administrator is not aware of any other facts or circumstances that could adversely affect the Plan's qualified tax status.

(9) Related-Party Transactions

Fees paid by the Plan to the Plan's Trustee, The Bank of New York Mellon, for the years ended July 31, 2012 and 2011 in connection with investment activities qualify as party-in-interest transactions and amounted to \$83,153 and \$91,032, respectively.



**PALL TRINITY MICRO PENSION PLAN
FOR HOURLY-RATED FACTORY EMPLOYEES**

Financial Statements

July 31, 2012 and 2011

(With Independent Auditors' Report Thereon)

**PALL TRINITY MICRO PENSION PLAN
FOR HOURLY-RATED FACTORY EMPLOYEES**

Table of Contents

	Page
Independent Auditors' Report	1
Statements of Net Assets Available for Plan Benefits as of July 31, 2012 and 2011	2
Statements of Changes in Net Assets Available for Plan Benefits for the years ended July 31, 2012 and 2011	3
Notes to Financial Statements	4



KPMG LLP
Suite 200
1305 Walt Whitman Road
Melville, NY 11747-4302

Independent Auditors' Report

The Plan Administrator
Pall Trinity Micro Pension Plan
for Hourly-Rated Factory Employees:

We were engaged to audit the accompanying statements of net assets available for plan benefits of the Pall Trinity Micro Pension Plan for Hourly-Rated Factory Employees (the Plan) as of July 31, 2012 and 2011, and the related statements of changes in net assets available for plan benefits for the years then ended. These financial statements are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 5, which was certified by The Bank of New York Mellon, the Trustee of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the Trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained certifications from the Trustee as of and for the years ended July 31, 2012 and 2011 that the information provided to the plan administrator by the Trustee is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements taken as a whole. The form and content of the information included in the financial statements, other than that derived from the information certified by the Trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

KPMG LLP

May 10, 2013

**PALL TRINITY MICRO PENSION PLAN
FOR HOURLY-RATED FACTORY EMPLOYEES**

Statements of Net Assets Available for Plan Benefits

July 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Assets:		
Investments, at fair value (note 5):		
Plan interest in Pall Master Trust	\$ 29,906,811	30,153,002
Cash	4,156	892
Prepaid expenses	10,784	2,098
Total investments	<u>29,921,751</u>	<u>30,155,992</u>
Receivables:		
Accrued interest (note 5)	57,532	65,108
Due from broker for sale of securities (note 5)	150,383	15,636
Total receivables	<u>207,915</u>	<u>80,744</u>
Total assets	30,129,666	30,236,736
Liabilities:		
Due to broker for purchase of securities (note 5)	694,364	547,320
Accrued expenses	9,936	7,421
Net assets available for plan benefits	<u>\$ 29,425,366</u>	<u>29,681,995</u>

See accompanying notes to financial statements.

**PALL TRINITY MICRO PENSION PLAN
FOR HOURLY-RATED FACTORY EMPLOYEES**

Statements of Changes in Net Assets Available for Plan Benefits

Years ended July 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Additions to net assets attributed to:		
Investment income (note 5):		
Plan interest in Pall Master Trust investment income	\$ 966,352	3,111,834
Employer contribution	<u>—</u>	<u>4,500,000</u>
Total additions	<u>966,352</u>	<u>7,611,834</u>
Deductions from net assets attributed to:		
Benefits paid directly to participants	1,094,858	942,236
Administrative expenses	<u>128,123</u>	<u>136,133</u>
Total deductions	<u>1,222,981</u>	<u>1,078,369</u>
Net (decrease) increase	(256,629)	6,533,465
Net assets available for plan benefits:		
Beginning of year	<u>29,681,995</u>	<u>23,148,530</u>
End of year	<u>\$ 29,425,366</u>	<u>29,681,995</u>

See accompanying notes to financial statements.

**PALL TRINITY MICRO PENSION PLAN
FOR HOURLY-RATED FACTORY EMPLOYEES**

Notes to Financial Statements

July 31, 2012 and 2011

(1) Description of Plan

The following description of the Pall Trinity Micro Pension Plan for Hourly-Rated Factory Employees (the Plan) is provided for general information only. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

(a) General

The Plan is a defined benefit pension plan for all Pall Corporation (the Company) employees covered under a collective bargaining agreement with Local 1326 of the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (U.A.W.). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). The board of directors of the Company has appointed a committee (the Pension Committee), consisting of five members, to serve as plan administrator of the Plan. In January 2011, the Company amended and restated the Plan document in accordance with the Internal Revenue Service (IRS) regulations.

The Pension Committee has established the Pall Corporation Master Trust (Master Trust), which holds the commingled assets of the Plan and the Pall Corporation Cash Balance Pension Plan (Cash Balance Plan).

Under the terms of a trust agreement between The Bank of New York Mellon and the Plan, The Bank of New York Mellon is the Trustee of the Plan.

(b) Pension Benefit/Plan Amendment

Participants are entitled to monthly pension benefits, for life, beginning at normal retirement age of 65, if at that time the participant has five years or more of credited service.

**PALL TRINITY MICRO PENSION PLAN
FOR HOURLY-RATED FACTORY EMPLOYEES**

Notes to Financial Statements

July 31, 2012 and 2011

Generally, every three years, a new collective bargaining agreement between the Company and the union is ratified. Under the terms of the agreement, the Plan was amended to provide an increase in the monthly benefit multiplier for both past and future service as per the below table:

<u>Effective date</u>	<u>multiplier</u>
March 8, 1995	from \$20 to \$21
March 8, 1996	from \$21 to \$22
March 8, 1997	from \$22 to \$25
March 8, 1998	from \$25 to \$28
March 8, 1999	from \$28 to \$29
March 8, 2000	from \$29 to \$30
April 21, 2001	from \$30 to \$32
April 21, 2002	from \$32 to \$35
April 21, 2004	from \$35 to \$36
April 21, 2005	from \$36 to \$37
April 21, 2006	from \$37 to \$38
April 21, 2007	from \$38 to \$39
April 21, 2008	from \$39 to \$40
April 21, 2009	from \$40 to \$41
April 21, 2010	from \$41 to \$42
April 21, 2011	from \$42 to \$43
April 21, 2012	from \$43 to \$44

The benefit multiplier increases will apply only for those persons who are active employees or employees on leave as of the effective date.

Credited service represents the sum of (i), (ii), and (iii) below:

- (i) Service prior to January 1, 1962 – one credit year for each continuous period of employment with the Company during each plan year prior to January 1, 1962, computed to the nearest one-tenth of a year.
- (ii) Service after December 31, 1961 and prior to January 1, 1976 – one credit year for each plan year beginning December 31, 1961 and ending January 1, 1976 during which a participant was compensated for 1,700 or more hours. If the participant was compensated for less than 1,700 hours in any plan year, the participant is credited with a fraction of a credit year determined by dividing the number of hours compensated by 1,700 and rounding to the nearest one-tenth.
- (iii) Credit years after December 31, 1975 – one credit year for each plan year beginning January 1, 1976 that a participant is compensated for 1,700 or more hours. If the participant is compensated for less than 1,700 hours in the plan year, the participant is credited with a fraction of a credit year determined by dividing the number of hours compensated by 1,700 and rounding to the next higher one-tenth.

**PALL TRINITY MICRO PENSION PLAN
FOR HOURLY-RATED FACTORY EMPLOYEES**

Notes to Financial Statements

July 31, 2012 and 2011

The Plan permits early retirement at ages 60 to 64 at reduced monthly benefits for participants with five or more years of service. A participant who terminates for any reason other than death with five years of service, shall be entitled to receive his/her accrued pension commencing on his/her normal retirement date or, if he/she so elects, at any time after age 60, in which case the pension shall be reduced in the manner as for early retirement.

The Plan also provides that benefit payments may commence for all active employees who attain age 70-½. Participants with a vested pension benefit of less than \$5,000 are required to receive benefits upon termination in a lump-sum payment provided that if the amount distributed is greater than \$1,000, participant consent is required. Effective January 1, 2008, the Plan offers rollovers of lump-sum benefit payments from the Plan to a Roth IRA, as required under Internal Revenue Service IRS regulations.

(c) *Death and Disability Benefits*

If a participant dies before commencement of benefits with five years of service completed, and is survived by a spouse of at least one year, the spouse shall be eligible to receive a monthly pension for life. The pension shall commence on the first day of the month following the participant's death. The amount of the pension shall be 50% of the pension the participant would have been entitled to receive had he or she retired on the date of his or her death.

A participant who is credited with 15 or more years of service and who becomes totally and permanently disabled may retire and be entitled to a pension. The amount of benefit payable to a participant at the disability retirement date is equal to the normal retirement benefit based on his or her credit years to date of disability retirement.

(d) *Administrative Expenses*

Administrative expenses are paid by the Plan if not paid by the Company.

(e) *Subsequent Events*

For the plan year ended July 31, 2012, the Company has evaluated subsequent events for potential recognition and disclosure through May 10, 2013, the date of financial statement issuance.

(2) *Summary of Significant Accounting Policies*

The following are the significant accounting policies followed by the Plan:

(a) *Basis of Accounting*

The accompanying financial statements are prepared on the accrual basis of accounting.

(b) *Recent Accounting Standards Impacting the Plan*

In January 2010, the Financial Accounting Standards Board (FASB) issued updated guidance that amends the disclosure requirements for fair value measurements. This updated guidance: (i) requires that the amounts of significant transfers into and out of Level 1 and Level 2 fair value measurements

**PALL TRINITY MICRO PENSION PLAN
FOR HOURLY-RATED FACTORY EMPLOYEES**

Notes to Financial Statements

July 31, 2012 and 2011

be disclosed separately along with the reasons for the transfer; (ii) clarifies the requirement that a reporting entity should provide fair value measurement disclosures for each class of assets and liabilities; and (iii) clarifies the requirement that a reporting entity should provide disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring Level 2 and Level 3 fair value measurements. This new guidance was effective for the plan year ended July 31, 2011. Effective for the plan year ended July 31, 2012, this guidance requires that in the reconciliation of Level 3 fair value measurements, information about purchases, sales, issuances and settlements be presented separately on a gross basis.

(c) *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of Plan assets, liabilities, and changes therein, disclosure of contingent liabilities, and the actuarial present value of accumulated plan benefits at the date of the financial statements. Actual results could differ from those estimates.

(d) *Investment Valuation and Income Recognition*

The assets of the Plan are held in the Master Trust, along with assets of the aforementioned Company sponsored defined benefit pension plan, the Cash Balance Plan. The fair value of the Plan's interest in the Master Trust is based on the beginning of year value of the Plan's interest in the Master Trust plus actual contributions, asset transfers in, and allocated investment income less actual distributions, allocated investment loss, asset transfers out and allocated administrative expenses.

Investments in securities held by the Master Trust are reported at fair value. Unit values in the Master Trust represent the Master Trust's proportionate participation in the investment funds and include earnings and realized and unrealized appreciation and depreciation of the funds' investments, less investment-related fees and expenses charged to the funds. Purchases and sales by the Master Trust are recorded on a trade-date basis. Interest income is recorded by the Master Trust on the accrual basis. The Master Trust records dividends on the ex-dividend date.

(e) *Actuarial Present Value of Accumulated Plan Benefits*

Accumulated plan benefits are those future periodic payments, including lump-sum distributions, that are attributable under the Plan's provisions to the service participants have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated participants or their beneficiaries, (b) beneficiaries of participants who have died, and (c) present participants or their beneficiaries.

The actuarial present value of accumulated plan benefits is determined by Mercer, the Plan's actuary, as of August 1, 2011 and represents that amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment. Had the valuation been prepared as of July 31, 2011, there would be no change in the actuarial present value

**PALL TRINITY MICRO PENSION PLAN
FOR HOURLY-RATED FACTORY EMPLOYEES**

Notes to Financial Statements

July 31, 2012 and 2011

of accumulated plan benefits. The significant actuarial assumptions used in the valuation as of July 31, 2011 were (a) life expectancy of participants (RP2000 blue-collar generational table for males and females), (b) retirement age assumptions, and (c) an interest rate of 7%. The foregoing actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

(f) *Payment of Benefits*

Benefits to participants or their beneficiaries are recorded upon distribution.

(g) *Risks and Uncertainties*

The Plan invests in the Master Trust that invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets available for plan benefits.

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

(3) *Funding Policy*

The Company, to the extent it is able to do so, will annually make contributions required to satisfy the minimum funding standards prescribed under Section 412 of the Internal Revenue Code, as amended. The Company will not contribute to the trust fund any amounts, which are not or may not be deductible from income under Section 404(a) of the Internal Revenue Code, as amended. For the years ended July 31, 2012 and 2011, the minimum funding requirements have been met.

It is the intention of the Company to continue the Plan indefinitely and to contribute to the trust fund such amounts as are necessary to satisfy the full actuarially computed cost of providing the pensions payable under the Plan with respect to the participants employed by the Company in accordance with generally accepted actuarial principles adopted by the Pension Committee with the advice of its actuaries. Nevertheless, the Company reserves the right to suspend such contributions from time to time, to discontinue them altogether, or to terminate the Plan in its entirety.

(4) *Plan Termination*

The Company intends to continue the Plan indefinitely, but reserves the right, at any time, to terminate the Plan. If the Plan is terminated, the trust fund shall be used for defraying the reasonable expenses of the Plan and for the exclusive benefit of the participants, retired participants and their spouses and beneficiaries as of the date of such termination. The rights of all active participants and retired participants affected by such termination to benefits accrued to the date of such termination, to the extent then funded,

**PALL TRINITY MICRO PENSION PLAN
FOR HOURLY-RATED FACTORY EMPLOYEES**

Notes to Financial Statements

July 31, 2012 and 2011

shall be nonforfeitable. Upon the complete termination of the Plan, after payment or the provision for the payment of expenses payable out of the trust fund in connection with the liquidation and the distribution of the trust fund, the remaining assets of the Plan, upon approval of the appropriate governmental or quasi-governmental authorities, shall be converted into cash and shall be allocated to and among and paid over to participants, retired participants and their spouses and beneficiaries in accordance with Section 4044 of ERISA in complete discharge of all liabilities of the Company and the Trustee for the benefits payable under the Plan. After the complete satisfaction of all liabilities to such participants, retired participants and their spouses and beneficiaries, any balances remaining in the trust fund shall be returned to the Company.

Certain benefits under the Plan are insured by the Pension Benefit Guaranty Corporation (PBGC) if the Plan terminates. Generally, the PBGC guarantees most vested normal retirement age benefits, early retirement benefits, and certain disability and survivors' pensions. The PBGC does not guarantee all types of benefits under the Plan, and the amount of benefit protection is subject to certain limitations. Vested benefits under the Plan are guaranteed at the level in effect on the date of the Plan's termination. However, there is a statutory ceiling, which is adjusted periodically, on the amount of an individual's monthly benefit that the PBGC guarantees. For plan terminations occurring during calendar years 2012 and 2011, that ceiling is \$4,653 and \$4,500, respectively per participant per month.

Whether all participants receive their benefits should the Plan terminate at some future time will depend on the sufficiency, at that time, of the Plan's net assets to provide for accumulated benefit obligations and may also depend on the financial condition of the Company and the level of benefits guaranteed by the PBGC.

(5) Plan Information Certified by the Trustee

The plan administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, as permitted under such election, the plan administrator has instructed the Plan's independent auditors not to perform any auditing procedures with respect to the information certified by The Bank of New York Mellon, the Trustee of the Plan, as complete and accurate, except for comparing such information certified by the Trustee with information included in the Plan's financial statements.

The Plan's investments are in a Master Trust, which was established for the investment of assets of the Plan and the Cash Balance Plan. Each plan has an undivided interest in the Master Trust, the assets of which were held by The Bank of New York Mellon, the Trustee of the Plan, except for the Endowment TEI Fund, L.P. (the Limited Partnership) assets. The allocation of assets to the individual plans is determined based upon the ratio of the net assets of each Plan to total net assets of the Master Trust. At July 31, 2012 and 2011, the Plan's interest in the net assets of the Master Trust was approximately 20.66% and 20.98%, respectively. Investment income of the Master Trust and certain costs relating to the Master Trust are allocated to the individual plans based upon actual balances invested by each plan.

All Master Trust amounts were certified to be complete and accurate by The Bank of New York Mellon, the Trustee of the Master Trust as of and for the years ended July 31, 2012 and 2011, with the exception of the investments in the Limited Partnership. The value of the Limited Partnership assets as of July 31, 2012 and July 31, 2011 and the activity for the years then ended was obtained directly from the Limited Partnership's third-party administrator, and confirmed by the fund manager of the Limited Partnership. The

**PALL TRINITY MICRO PENSION PLAN
FOR HOURLY-RATED FACTORY EMPLOYEES**

Notes to Financial Statements

July 31, 2012 and 2011

Limited Partnership is a nondiversified, closed-end management investment company under the Investment Company Act of 1940, as amended.

Excluding the Plan's investment in the Limited Partnership, the Bank of New York Mellon has certified to the accuracy and completeness of the investment in net assets of the Master Trust, accrued interest, due from broker for sale of securities and due to broker for purchase of securities at July 31, 2012 and 2011 and the investment (loss)/income for the years ended July 31, 2012 and 2011 for the Plan as summarized below:

	<u>2012</u>	<u>2011</u>
Certified by Bank of New York Mellon:		
Plan's investment in the net assets of the Master Trust	\$ 27,907,973	28,007,536
Plan's share of investment income of the Master Trust	1,080,583	2,912,698
Limited Partnership:		
Plan's investment in the net assets of the Limited Partnership	\$ 1,998,838	2,145,466
Plan's share of investment (loss) income of the Limited Partnership	(114,231)	199,136

Investment (loss)/income for the Master Trust for the years ended July 31, 2012 and 2011 is as follows:

	<u>2012</u>	<u>2011</u>
Certified by Bank of New York Mellon:		
Investment income:		
Net appreciation in fair value of investments	\$ 2,275,308	11,769,711
Interest and dividend income	2,550,880	2,622,020
Total investment income	<u>\$ 4,826,188</u>	<u>14,391,731</u>
Limited Partnership:		
Investment (loss) income	\$ (550,363)	949,832

**PALL TRINITY MICRO PENSION PLAN
FOR HOURLY-RATED FACTORY EMPLOYEES**

Notes to Financial Statements

July 31, 2012 and 2011

During the years ended July 31, 2012 and 2011, the Master Trust's investments (including gains (losses) on investments bought and sold, as well as held during the year) appreciated in value by \$1,724,945 and \$12,719,543, respectively, as follows:

	<u>2012</u>	<u>2011</u>
Equity Securities	\$ 1,343,954	11,616,680
Debt Securities	931,354	153,031
Limited Partnership	<u>(550,363)</u>	<u>949,832</u>
	<u>\$ 1,724,945</u>	<u>12,719,543</u>

(6) Fair Value Measurements

Master Trust investments are recorded at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The current authoritative guidance discusses valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flow), and the cost approach (cost to replace the service capacity of an asset or replacement cost). This guidance utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

- Level 1: Use of observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Use of inputs other than quoted prices included in Level 1, which are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.
- Level 3: Use of inputs that are unobservable.

**PALL TRINITY MICRO PENSION PLAN
FOR HOURLY-RATED FACTORY EMPLOYEES**

Notes to Financial Statements

July 31, 2012 and 2011

The following table presents, for each of these hierarchy levels, the Master Trust investments measured at fair value as of July 31, 2012:

	July 31, 2012	Fair value measurements		
		Level 1	Level 2	Level 3
Financial assets carried at fair value:				
Equity securities	\$ 74,114,807	74,114,807	—	—
Debt securities:				
Federal agency	3,567,158	—	3,567,158	—
Mortgage-asset-backed	14,664,250	—	14,664,250	—
Corporate	17,015,219	—	17,015,219	—
U.S. Treasury	8,641,686	—	8,641,686	—
Other investments:				
Limited Partnership	9,676,160	—	—	9,676,160
Commingled funds	17,096,364	—	17,096,364	—
Total	\$ 144,775,644	74,114,807	60,984,677	9,676,160

The following table presents, for each of these hierarchy levels, the Master Trust investments measured at fair value as of July 31, 2011:

	July 31, 2011	Fair value measurements		
		Level 1	Level 2	Level 3
Financial assets carried at fair value:				
Equity securities	\$ 77,753,197	77,753,197	—	—
Debt securities:				
Federal agency	5,558,075	—	5,558,075	—
Mortgage-asset-backed	12,855,161	—	12,855,161	—
Corporate	17,319,920	—	17,319,920	—
U.S. Treasury	6,845,747	—	6,845,747	—
Other investments:				
Limited Partnership	10,226,523	—	—	10,226,523
Commingled funds	13,167,951	—	13,167,951	—
Total	\$ 143,726,574	77,753,197	55,746,854	10,226,523

**PALL TRINITY MICRO PENSION PLAN
FOR HOURLY-RATED FACTORY EMPLOYEES**

Notes to Financial Statements

July 31, 2012 and 2011

The following is a reconciliation of Level 3 investments for which significant unobservable inputs were used to determine fair value during fiscal year 2012:

	Fair value measurements using significant unobservable inputs (Level 3) Limited Partnership
Beginning balance at July 31, 2011	\$ 10,226,523
Actual return on plan assets:	
Assets held, end of year	(550,363)
Purchases	<u>—</u>
Ending balance at July 31, 2012	\$ <u><u>9,676,160</u></u>

The following is a reconciliation of Level 3 investments for which significant unobservable inputs were used to determine fair value during fiscal year 2011:

	Fair value measurements using significant unobservable inputs (Level 3) Limited Partnership
Beginning balance at July 31, 2010	\$ 6,776,691
Actual return on plan assets:	
Assets held, end of year	949,832
Purchases	<u>2,500,000</u>
Ending balance at July 31, 2011	\$ <u><u>10,226,523</u></u>

The Plan's investments in equity securities are valued using quoted market prices and, as such, are classified within Level 1 of the fair value hierarchy.

**PALL TRINITY MICRO PENSION PLAN
FOR HOURLY-RATED FACTORY EMPLOYEES**

Notes to Financial Statements

July 31, 2012 and 2011

The fair value of the Plan's investments in debt securities are valued utilizing third-party pricing services. The pricing services use inputs to determine fair value which are derived from observable market sources including reportable trades, benchmark curves, credit spreads, broker/dealer quotes, bids, offers, and other industry and economic events. These investments are included in Level 2 of the fair value hierarchy.

The fair value of the Plan's other investments included in Level 2 of the fair value hierarchy has been reported primarily using the net asset value per share of the investment as the practical expedient for measuring fair value as permitted for these types of investments.

The fair value of the Plan's other investments included in Level 3 of the fair value hierarchy has been valued using unobservable inputs which are subject to various redemption restrictions.

(7) Accumulated Plan Benefits

The actuarial present value of accumulated plan benefits was determined by an independent actuary as of August 1, 2011 and represents that amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment. Had the valuation been prepared as of July 31, 2011, there would be no change in actuarial present value of accumulated plan benefits.

**PALL TRINITY MICRO PENSION PLAN
FOR HOURLY-RATED FACTORY EMPLOYEES**

Notes to Financial Statements

July 31, 2012 and 2011

The actuarial present value of accumulated plan benefits as of July 31, 2011 is as follows:

Vested benefits:	
Participants currently receiving payments	\$ 8,802,440
Other participants	17,630,150
	<u>26,432,590</u>
Nonvested benefits	327,745
Total actuarial present value of accumulated plan benefits	<u>\$ 26,760,335</u>

Changes in the actuarial present value of accumulated plan benefits are as follows:

Actuarial present value of accumulated plan benefits as of July 31, 2010	\$ 24,974,956
Increase (decrease) during year attributable to:	
Interest due to decrease in discount period	1,712,520
Benefits accumulated and gains and losses	1,015,095
Benefits paid	<u>(942,236)</u>
Actuarial present value of accumulated plan benefits as of July 31, 2011	<u>\$ 26,760,335</u>

(8) Income Taxes

The IRS issued its latest determination letter on March 30, 2004 which stated that the Plan and its underlying trust qualify under the applicable provisions of the Internal Revenue Code and therefore are exempt from federal income taxes. Subsequently, the plan has been amended and restated, and management has submitted an application to the IRS to obtain a new determination letter. In the opinion of the plan administrator, the Plan and its underlying trust have operated within the terms of the Plan, and remain qualified under the applicable provisions of the Internal Revenue Code. The Plan administrator is not aware of any other facts or circumstances that could adversely affect the Plan's qualified tax status.

(9) Related-Party Transactions

Fees paid by the Plan to the Plan's Trustee, The Bank of New York Mellon, for the years ended July 31, 2012 and 2011 in connection with investment activities, qualify as party-in-interest transactions and amounted to \$22,039 and \$23,238, respectively.

Schedule SB, Line 19 — Discounted Employer Contributions

Date	Amount contributed	Plan year	Applicable effective interest rate	Discounted value of August 1, 2011
4/1/2013	1,587,218	2011	5.47%	1,452,478
Total	\$ 1,587,218			\$ 1,452,478

Schedule SB, Line 22 — Description of Weighted Average Retirement Age

Each employee is assumed to retire in accordance with the table of retirement rates. The proportion of employees expected to retire at each potential retirement age is shown below. The average retirement age is 65.

(A)	(B)	(C)	(D)	(F)	(E)
Age	Rates of Retirement	Assumed Age of Retirement	Lx	Number of Employees Expected to Retire	#Ret x Retirement Age
55	2.0%	55.5	10,000	200	11,100
56	2.0%	56.5	9,800	196	11,074
57	2.0%	57.5	9,604	192	11,040
58	2.0%	58.5	9,412	188	10,998
59	4.0%	59.5	9,224	369	21,956
60	4.0%	60.5	8,855	354	21,417
61	12.0%	61.5	8,501	1,020	62,730
62	12.0%	62.5	7,481	898	56,125
63	12.0%	63.5	6,583	790	50,165
64	23.0%	64.5	5,793	1,332	85,914
65	25.0%	65.5	4,461	1,115	73,033
66	16.0%	66.5	3,346	535	35,578
67	15.0%	67.5	2,811	422	28,485
68	14.0%	68.5	2,389	334	22,879
69	21.0%	69.5	2,055	432	30,024
70	100.0%	70	1,623	1,623	113,610
Total				10,000	646,128
Average					64.61
Rounded Average Retirement Age					65

Schedule SB, Part V — Statement of Actuarial Assumptions/Methods**Actuarial assumptions****Discount rate elections**

Segment rates or full yield curve	Segment
Look-back months	4
First 5 years	2.51%
Next 15 years	5.59%
Over 20 years	6.38%

Mortality sponsor elections

Healthy participants	Section 430(h)(3) prescribed separate generational annuitant and non-annuitant mortality tables. These tables are based on the RP-2000 mortality tables projected with mortality improvement based on Scale AA.
Disabled participants	PPA disability mortality tables

417(e) lump sums

▪ Annuity substitution	N/A
▪ Phase-in option	N/A

Cash balance plans

▪ Interest accumulation rate	3.50% (actual interest crediting rate of 1.68% was reflected for 2011)
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Other economic assumptions

▪ Salary increases	See Table A
▪ Social Security wage base	N/A
▪ Inflation	N/A
▪ Expected investment return	7.00% per year
▪ Expenses	\$191,000 added to current year normal cost

Demographic assumptions

Withdrawal	See Table B
Disability incidence	See Table C

Schedule SB, Part V — Statement of Actuarial Assumptions/Methods

Retirement age	Attained Age	Percentage	
	Under 55	0%	
	55	2%	
	56	2%	
	57	2%	
	58	2%	
	59	4%	
	60	4%	
	61	12%	
	62	12%	
	63	12%	
	64	23%	
	65	25%	
	66	16%	
	67	15%	
	68	14%	
	69	21%	
	70 and above	100%	
Benefit commencement age for			
Future vested deferred	Immediate		
Current vested deferred			
– Pre 8/1/1999 termination	65		
– Post 8/1/1999 termination	Immediate		
Spouse assumptions	<u>Male participants</u>	<u>Female participants</u>	
Percentage married	75%	75%	
Spouse age difference	3 years younger	3 years older	
Form of payment	<u>Lump sum</u>	<u>Life Annuity</u>	<u>50% J&S</u>
Active retirements	100%	0%	0%
Future vested deferred	100%	0%	0%
Future deaths	100%	0%	0%
Current vested deferred			
– Pre 8/1/1999 termination	10%	50%	50%
– Post 8/1/1999 termination	100%	0%	0%

Schedule SB, Part V — Statement of Actuarial Assumptions/Methods

Table of sample rates

TABLE A - SALARY SCALE	
Earnings Progression	
Attained Age	Percentage Increase at Attained Age
20	5.08%
25	4.78%
30	4.38%
35	3.88%
40	3.28%
45	2.58%
50	1.78%
55	0.88%
60	0.00%
65	0.00%

In addition to the above rates, an annual rate of economic increase of 2.50% is assumed

TABLE B - TABLE OF SAMPLE WITHDRAWAL RATES	
Attained Age	Rates
	Males & Female
25	16.86%
30	13.80%
35	8.95%
40	7.70%
45	7.61%
50	6.52%
54	6.52%

Schedule SB, Part V — Statement of Actuarial Assumptions/Methods**Table of sample rates**

The rate of termination when combined with the mortality and disability rates varies by sex and length of employment during the first five years of employment as follows:

Rate of Separation for All Causes During First Five Years of Service	
Years of Service	Rates
	Males & Females
0 – 1	5%
1 – 2	27%
2 – 3	20%
3 – 4	15%
4 – 5	10%

TABLE C – TABLE OF SAMPLE DISABILITY RATES	
Attained Age	Rates
	of Disablement
30	0.06%
35	0.10%
40	0.16%
45	0.26%
50	0.45%
55	0.85%
60	1.20%
64	1.45%

Incidence rates are based upon experience during the years 1965-1982 with class and sex differences estimated from the 1985 Society of Actuaries Disability Table Study and the 1976 New York Study.

Schedule SB, Part V — Statement of Actuarial Assumptions/Methods**Actuarial methods****Asset methods – Effective August 1, 2009**

The asset valuation method is an average of the adjusted market value for each year during the last 25 months preceding the valuation date. The adjusted market value is the market value at each determination date adjusted to the valuation date based on actual cash flows and expected interest at the lesser of the expected rate of return and the third segment rate. This amount is adjusted to be no greater than 110 percent and no less than 90 percent of the fair market value, as defined in IRC Section 430.

A characteristic of this asset method is that, over time, it is slightly more likely to produce an actuarial value of assets that is less than the market value of assets than an actuarial value that is greater than the market value.

Participant methods – Effective August 1, 2009

Participants or former participants are included or excluded from the valuation as described below:

- **Participants included:** The plan sponsor provides us with data on all employees as of the valuation date, but only those employees who have completed the plan's eligibility requirements are included in the valuation of liabilities.
- **Participants excluded:** No actuarial liability is included for nonvested participants who terminated prior to the valuation date. For this purpose, participants with a break in service on the valuation date are treated as terminated participants.
- **Transferred participants:** The liabilities for employees who have transferred into another plan of the plan sponsor have been included with the liabilities for terminated vested participants.
- **Insurance contracts:** The plan does not have any insurance contracts.

Schedule SB, Part V — Statement of Actuarial Assumptions/Methods**Minimum funding methods – Effective August 1, 2008**

The funding target for minimum funding calculations is computed using the traditional unit credit method of funding. The objective under this method is to fund each participant's benefits under the plan as they accrue. Thus, the total pension to which each participant is expected to become entitled at retirement is broken down into units, each associated with a year of past or future credited service.

A detailed description of the calculation follows:

- The plan's valuation date is the beginning of the plan year.
- An individual's **funding target** is the present value of future benefits based on credited service and average pay as of the beginning of the plan year, and an individual's **target normal cost** is the present value of the benefit expected to accrue in the plan year. If multiple decrements are used, the funding target and the target normal cost for an individual is the sum of the component funding targets and target normal costs associated with the various anticipated separation dates.
- The plan's **target normal cost** is the sum of the individual target normal costs, and the plan's **funding target** is the sum of the individual funding targets for all participants under the plan.

Schedule SB, Part V — Summary of Plan Provisions*Benefits included or excluded*

Unless noted below, all benefits provided by the plan are included in this valuation.

- **Plan amendments:** Amendments adopted after the valuation date or effective after the current plan year are excluded from the valuation
- **Late retirement increases:**
 - *Active participants:* The plan provides benefit suspension notices to participants who work beyond their normal retirement. The plan provides for pay and interest credits until retirement age
 - *Deferred vested participants:* Current deferred vested participants who terminated prior to 8/1/1999 who are over normal retirement age are valued including the late retirement actuarial increase. Current deferred vested participants who terminated after 8/1/1999 who are over normal retirement age receive continued interest credits.
- **Internal Revenue Code limitations:** The limitations of Internal Revenue Code Sections 415(b) and 401(a)(17) have been incorporated into our calculations.
- **IRC Section 416 rules for top-heavy plans:** We did not test whether this plan is top-heavy (when the present value of benefits for key employees equals or exceeds 60 percent of the present value for all participants). However, we expect that the plan is not top-heavy due to the large number of rank-and-file participants; therefore, the funding target and target normal cost do not reflect any liability for top-heavy benefit accruals.
- **IRC Section 436 benefit restrictions:**
 - *Unpredictable contingent event benefits:* This valuation excludes restricted contingent event benefits that occurred before the valuation date but includes contingent event benefits which are expected to occur on or after the valuation date regardless of anticipated funding-based limitations.
 - *Plan amendments:* See above.
 - *Prohibited payments:* Limitations on prohibited benefits (if any) are reflected for annuity starting dates before the valuation date but are ignored for annuity starting dates on or after the valuation date.
 - *Benefit accruals:* The plan's funding target does not reflect any limitation on benefit accruals. The target normal cost does not reflect any limitation on benefit accruals.
- **Scheduled benefit increases:** Scheduled benefit increases effective after the end of the current plan year are excluded from minimum funding requirements.
- **Unpredictable contingent event benefits:** The plan does not have any unpredictable contingent event benefits.

Schedule SB, Part V — Summary of Plan Provisions

<i>Effective date and plan year</i>	<p><i>Original plan:</i> The Plan was adopted effective July 31, 1963, and reflects all amendments adopted through the valuation date.</p> <p><i>Plan year:</i> A twelve month period ending on any July 31.</p>
<i>Status of the plan</i>	The plan has ongoing benefit accruals and new employees are eligible to participate in the plan once they satisfy the participation requirements.
<i>Significant events that occurred during the year</i>	None
<i>Definitions</i>	
<i>Year of Service</i>	<p>For Plan Years beginning prior to August 1, 2011, any Plan Year in which an employee is credited with 1,000 or more Hours of Service.</p> <p>For Plan Years beginning on or after August 1, 2011, Years of Service shall be credited in accordance with the “elapsed time method” of crediting service.</p>
<i>Hour of Service</i>	Any hour of service for which an employee is directly or indirectly compensated.
<i>Eligibility</i>	<p>All employees who were members of the Plan in effect on July 31, 1999, shall continue as members.</p> <p>Former employees of Gelman, acquired on February 3, 1997, entered the Plan on August 1, 1998.</p> <p>Former employees of FSG, acquired in April 2002, entered the plan on August 1, 2003.</p> <p>All other employees (excluding those who are members of a collective bargaining unit unless and until it is agreed to include such unit in the Plan, and those who are eligible to participate in any other pension plan maintained by the Company), are eligible for membership in the Plan on the first day of any Plan Year if they have completed 6 months of service and attained age 20-1/2 during the previous Plan Year.</p>
<i>Normal Retirement Date</i>	A member’s normal retirement date is the first of the month following his 65th birthday.
<i>Postponed Retirement Date</i>	A member may postpone his retirement beyond his normal retirement date.
<i>Early Retirement Date</i>	A member who has completed 5 or more Years of Service may retire at any time after attaining age 55.
<i>Disability Retirement Date</i>	A member who becomes totally and permanently disabled may retire and become entitled to a pension.

Schedule SB, Part V — Summary of Plan Provisions

Opening Account Balance The lump sum, actuarially equivalent value of the benefit payable at age 65 under the Plan as of July 31, 1999, determined as of August 1, 1999, using an interest rate of 6.50% and the 1983 Group Annuity Unisex Mortality Table.

Eligible Compensation The total compensation received by a member for a Plan Year including overtime pay and bonuses. Eligible compensation is limited by IRC Section 401(a)(17). For 2011, this limit is \$245,000.

Compensation Credits Compensation Credits are added to the Cash Balance Account on the last day of the Plan Year, or at the end of the month immediately following a Participant's termination of service, if earlier. A member's compensation credit for a plan year is obtained by multiplying eligible compensation by the percentage indicated in the table below. The percentage is determined by "points", as shown in the table below, which are equal to the sum of age and years of service as of the first day of each plan year.

If "points" (age + years of service) equal:	Compensation Credit Percentage
Less than 45	2.5%
45 – 54	3.0%
55 – 64	4.0%
65 or more	5.0%

A participant who is at least age 50 with 10 years of service on August 1, 1999, is entitled to an additional compensation credit of two percent (2%) for each Plan Year beginning on or after August 1, 1999, that the participant remains an employee.

For Plan Years beginning prior to August 1, 2011, a participant who does not complete 1,000 Hours of Service in any Plan Year shall not receive a compensation credit for such Plan Year.

For Plan Years beginning on or after August 1, 2011, the requirement that a member complete at least 1,000 hours of service in any Plan Year to receive a Compensation Credit is eliminated.

Schedule SB, Part V — Summary of Plan Provisions*Interest Credits*

Interest Credits are added to the Cash Balance Account on the last day of each Plan Year based on the average of the constant maturity one-year Treasury Bill rate for the month of June immediately preceding the Plan Year in which the Account is to be credited, with a minimum rate of 1.68%. In addition, interest on one-half of the Compensation Credits earned during the plan year is added to the account balance. Interest Credits will continue to be added to the account balance until distribution.

Vesting

In the event of termination of employment other than by death or retirement, a member who has completed 3 or more Years of Service will be eligible to receive his accrued pension commencing on his normal retirement date or, if he so elects, at any time after his 55th birthday in which case the pension shall be reduced in the same manner as for early retirement.

Vesting service for former employees of Gelman are determined as of the later of February 3, 1997, or date of hire.

*Cash Balance Benefit**Eligibility*

Three or more years of vesting service.

Benefit

Cash Balance Account as a lump sum or converted to an annuity as of benefit commencement date based on Compensation Credits and Interest Credits through benefit commencement date. The annuity is determined by converting the Cash Balance Account to the Actuarial Equivalent monthly retirement benefit payable in the form of a single life annuity.

The Actuarial Equivalent conversion factor is computed on the basis of a 80%/20% blend of segmented high quality corporate bond rates and 30 year treasury rates using the mortality required by Internal Revenue Code Section 417(e), as updated by the Pension Protection Act of 2006 (PPA).

The annuity benefit may commence on the first day of any month following termination of employment. The Cash Balance annuity benefit is reduced for immediate distribution based on the Plan's actuarial equivalence at the time of distribution.

Minimum Benefit:

The July 31, 1999, accrued benefit.

Schedule SB, Part V — Summary of Plan Provisions

*Disability**Eligibility*

All participants who terminate employment by reason of disability as defined by the Social Security Administration – immediate vesting upon disability.

Benefit

An annuity payable for life determined by projecting the Cash Balance Account as of the date of disability with Interest Credits (not Compensation Credits) through the participant's Normal Retirement Date, with the Interest Credits for any future Plan Year based on the Interest Crediting rate in effect for the Plan Year in which the disability occurs.

The projected Cash Balance Account is then converted to an Actuarial Equivalent single life annuity benefit payable for the participant's life.

This benefit is paid to the disabled participant beginning on the first day of the month coincident with or immediately following the participant's disability until his Normal Retirement Date, or until he is no longer disabled, if earlier.

*Pre-retirement Death**Eligibility*

All participants, immediate vesting upon death.

Benefit

For single participants and non-spouse beneficiaries, the Cash Balance Account payable as a lump sum distribution. For married participants, the Cash Balance Account payable as a lump sum distribution, the Cash Balance Account converted to a single life annuity of actuarial equivalence or the survivor annuity payable to a spouse at least equal to the amount of the qualified preretirement survivor annuity as defined in Internal Revenue Code Section 417(c).

*Form of Benefits**Automatic Form for unmarried participants*

A "Single Life Annuity" provides an amount of monthly income for the life of the participant.

Automatic Form for married participants

A "Qualified Joint and Survivor Annuity" that provides a reduced amount of monthly income for the life of the participant and, in the event of participant's death, an amount of monthly income equal to 50% for the life of the surviving spouse. The Qualified Joint and Survivor Annuity is the actuarial equivalent of the Single Life Annuity otherwise payable.

Schedule SB, Part V — Summary of Plan Provisions*Optional Forms*

If a participant elects to commence distribution prior to becoming eligible for early or normal retirement, only the normal forms of payment and a lump sum distribution are available. The lump sum distribution is equal to the participant's account balance at his benefit commencement date.

*Miscellaneous**Maximum Compensation*

Compensation for any 12-month period used to determine accrued benefits may not exceed the limits in IRC Section 401(a)(17) for the calendar year in which the 12-month period begins. This limit is indexed annually. For 2011, the limit is \$245,000.

Maximum Benefits

Annual benefits may not exceed the limits in IRC Section 415. This limit is indexed annually. For 2011, the limit is \$195,000.

Plan provision Changes Since Prior Valuation

Effective August 1, 2011, the requirement that a member complete at least 1,000 hours of service in any Plan Year to receive a Compensation Credit is eliminated. Credited service based on elapsed time instead of 1,000 hours.

Schedule SB, Line 24 — Change in Actuarial Assumptions

- Interest discounts were updated from 2010 to 2011 in accordance with PPA.
- The expense component of normal cost decreased from \$314,000 to \$191,000 to reflect our expectations for the current plan year.
- The actual interest crediting rate of 1.68% was reflected for 2011. Previously, we have not reflected the actual interest crediting rate for the valuation year.

Schedule SB, Line 26 — Schedule of Active Participant Data**Distribution of Active Participants as of August 1, 2011*****Average Compensation (Amounts shown in \$)***

Attained age	Under 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & up
Under 25	17	31 24,822	2							
25 - 29	39 20,982	142 37,588	68 37,008							
30 - 34	29 29,180	121 53,371	126 41,415	64 45,036	4					
35 - 39	24 41,259	125 64,835	134 49,855	129 58,134	40 52,906	1				
40 - 44	32 44,688	113 70,675	114 62,767	125 59,607	75 76,867	47 66,528	3			
45 - 49	29 41,104	115 69,227	124 62,010	113 65,387	101 69,657	113 85,823	36 56,544	2		
50 - 54	19	114 77,887	115 65,936	129 62,006	76 67,743	78 85,801	91 83,001	42 86,386	2	
55 - 59	23 52,206	87 70,153	109 56,666	90 55,992	67 63,688	71 63,824	57 75,959	69 97,688	23 85,068	
60 - 64	4	44 63,832	52 47,276	70 54,755	49 73,090	39 62,980	33 75,107	35 87,752	18	2
65 - 69		5	18	20 69,525	19	15	8	13	4	6
70+	1	1	3	1	5	2	3			2

In each cell, the top number is the count of active participants for each age/service combination and the bottom number is the average account balance. Average account balance is not shown for cells with fewer than 20 participants.

Schedule SB, Line 26 — Schedule of Active Participant Data**Distribution of Active Participants as of August 1, 2011**
Average Account Balance (Amounts shown in \$)

Attained age	Under 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & up
Under 25	17	31 685	2							
25 - 29	39	142 1,801	68 4,265							
30 - 34	29	121 2,781	126 5,878	64 10,159	4					
35 - 39	24	125 3,142	134 6,990	129 14,308	40 14,286	1				
40 - 44	32	113 3,424	114 9,417	125 15,614	75 22,957	47 25,795	3			
45 - 49	29	115 4,043	124 10,429	113 19,177	101 25,068	113 38,436	36 30,706	2		
50 - 54	19	114 4,632	115 12,163	129 21,250	76 28,237	78 44,097	91 51,697	42 51,857	2	
55 - 59	23	87 4,919	109 12,887	90 21,248	67 30,801	71 39,570	57 50,394	69 73,070	23 61,795	
60 - 64	4	44 6,737	52 12,627	70 23,771	49 42,172	39 41,850	33 63,733	35 81,279	18	2
65 - 69		5	18	20 35,105	19	15	8	13	4	6
70+	1	1	3	1	5	2	3			2

In each cell, the top number is the count of active participants for each age/service combination and the bottom number is the average account balance. Average account balance is not shown for cells with fewer than 20 participants.

Schedule SB, Line 32 — Schedule of Amortization Bases

The shortfall amortization charge is the sum of the shortfall base amortization for each plan year covered under PPA. Although a shortfall base can be negative, the combined shortfall amortization charge cannot be negative.

Shortfall bases				
Year established		Outstanding balance	Years remaining	2011 Installment
2010	\$	5,236,519	6	\$ 948,138
2011		5,383,257	7	862,081
Total	\$	10,619,776		\$ 1,810,219

SCHEDULE SB (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2011 This Form is Open to Public Inspection
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For calendar plan year 2011 or fiscal plan year beginning 08/01/2011 and ending 07/31/2012

▶ Round off amounts to nearest dollar.

▶ Caution: A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan <u>Pall Corporation Cash Balance Pension Plan</u>	B Three-digit plan number (PN) ▶	<u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>Pall Corporation</u>	D Employer Identification Number (EIN) <u>11-1541330</u>	
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B		
F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500		

Part I Basic Information			
1	Enter the valuation date: Month <u>8</u> Day <u>1</u> Year <u>2011</u>		
2	Assets:		
	a Market value	2a	118,394,291
	b Actuarial value	2b	114,190,450
3	Funding target/participant count breakdown:	(1) Number of participants	(2) Funding Target
	a For retired participants and beneficiaries receiving payment.....	3a	661 22,297,894
	b For terminated vested participants.....	3b	1,186 24,925,685
	c For active participants:		
	(1) Non-vested benefits.....	3c(1)	167,597
	(2) Vested benefits.....	3c(2)	68,545,308
	(3) Total active.....	3c(3)	3,972 68,712,905
	d Total.....	3d	5,819 115,936,484
4	If the plan is in at-risk status, check the box and complete lines (a) and (b) ☐		
	a Funding target disregarding prescribed at-risk assumptions	4a	
	b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor.....	4b	
5	Effective interest rate	5	5.47 %
6	Target normal cost	6	7,047,791

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	<u>Christopher Keach</u> Signature of actuary	<u>5/19/2013</u> Date
	<u>Christopher Keach</u> Type or print name of actuary	<u>11-06127</u> Most recent enrollment number
	<u>Mercer</u> Firm name	<u>(212) 345-7000</u> Telephone number (including area code)
	<u>1166 Avenue of the Americas</u> Address of the firm	
	<u>New York</u> Address of the firm	
	<u>NY 10036</u> Address of the firm	

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2011
v.012611

Part II Beginning of year carryover and prefunding balances

	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (line 13 from prior year).....	0	0
8 Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	0
9 Amount remaining (line 7 minus line 8).....	0	0
10 Interest on line 9 using prior year's actual return of <u>12.58</u> %		
11 Prior year's excess contributions to be added to prefunding balance:		
a Present value of excess contributions (line 38 from prior year)		14,645,626
b Interest on (a) using prior year's effective rate of <u>6.39</u> % except as otherwise provided (see instructions).....		935,856
c Total available at beginning of current plan year to add to prefunding balance.....		15,581,482
d Portion of (c) to be added to prefunding balance.....		8,873,742
12 Other reductions in balances due to elections or deemed elections.....	0	0
13 Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	0	8,873,742

Part III Funding percentages

14 Funding target attainment percentage	14	90.84 %
15 Adjusted funding target attainment percentage	15	90.84 %
16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement.....	16	90.62 %
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.	17	%

Part IV Contributions and liquidity shortfalls

18 Contributions made to the plan for the plan year by employer(s) and employees:

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
04/01/2013	1,587,218				
Totals •			18(b)	1,587,218	18(c) 0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:

a Contributions allocated toward unpaid minimum required contributions from prior years.	19a	0
b Contributions made to avoid restrictions adjusted to valuation date.....	19b	0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date.....	19c	1,452,478

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year? ☒ Yes ☐ No

b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☒ Yes ☐ No

c If 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th
0	0	0	0

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:			
a Segment rates:	1st segment: 2.51 %	2nd segment: 5.59 %	3rd segment: 6.38 %
			☐ N/A, full yield curve used
b Applicable month (enter code).....			21b 4
22 Weighted average retirement age			22 65
23 Mortality table(s) (see instructions)	☐ Prescribed - combined	☒ Prescribed - separate	☐ Substitute

Part VI Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.....	☒ Yes	☐ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes	☒ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.	☒ Yes	☐ No
27 If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment	27	

Part VII Reconciliation of unpaid minimum required contributions for prior years

28 Unpaid minimum required contributions for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a).....	29	0
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29).....	30	0

Part VIII Minimum required contribution for current year

31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6).....	31a	7,047,791	
b Excess assets, if applicable, but not greater than 31a	31b		
32 Amortization installments:	Outstanding Balance	Installment	
a Net shortfall amortization installment.....	10,619,776	1,810,219	
b Waiver amortization installment.....	0	0	
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount.....	33		
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)...	34	8,858,010	
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement		7,408,496	7,408,496
36 Additional cash requirement (line 34 minus line 35).....	36	1,449,514	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c).....	37	1,452,478	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	2,964	
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b	2,964	
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	39	0	
40 Unpaid minimum required contributions for all years.....	40	0	

Part IX Pension funding relief under Pension Relief Act of 2010 (see instructions)

41 If a shortfall amortization base is being amortized pursuant to an alternative amortization schedule:			
a Schedule elected	☐ 2 plus 7 years ☐ 15 years		
b Eligible plan year(s) for which the election in line 41a was made	☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011		
42 Amount of acceleration adjustment	42		
43 Excess installment acceleration amount to be carried over to future plan years	43		



**PALL CORPORATION
CASH BALANCE PENSION PLAN**

Financial Statements

July 31, 2012 and 2011

(With Independent Auditors' Report Thereon)

**PALL CORPORATION
CASH BALANCE PENSION PLAN**

Table of Contents

	Page
Independent Auditors' Report	1
Statements of Net Assets Available for Plan Benefits as of July 31, 2012 and 2011	2
Statements of Changes in Net Assets Available for Plan Benefits for the years ended July 31, 2012 and 2011	3
Notes to Financial Statements	4



KPMG LLP
Suite 200
1305 Walt Whitman Road
Melville, NY 11747-4302

Independent Auditors' Report

The Plan Administrator
Pall Corporation Cash Balance Pension Plan:

We were engaged to audit the accompanying statements of net assets available for plan benefits of the Pall Corporation Cash Balance Pension Plan (the Plan) as of July 31, 2012 and 2011, and the related statements of changes in net assets available for plan benefits for the years then ended. These financial statements are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 5, which was certified by The Bank of New York Mellon, the Trustee of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the Trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained certifications from the Trustee, as of and for the years ended July 31, 2012 and 2011, that the information provided to the plan administrator by the Trustee is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements taken as a whole. The form and content of the information included in the financial statements, other than that derived from the information certified by the Trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

KPMG LLP

May 10, 2013

PALL CORPORATION
CASH BALANCE PENSION PLAN

Statements of Net Assets Available for Plan Benefits
July 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Assets:		
Investment, at fair value (note 5):		
Plan interest in Pall Master Trust	\$ 114,868,833	113,573,572
Cash	15,963	3,358
Prepaid expenses	40,560	7,902
Total investments	<u>114,925,356</u>	<u>113,584,832</u>
Receivables:		
Accrued interest (note 5)	220,975	245,233
Due from broker for sale of securities (note 5)	577,606	58,896
Total receivables	<u>798,581</u>	<u>304,129</u>
Total assets	115,723,937	113,888,961
Liabilities:		
Due to broker for purchase of securities (note 5)	2,666,975	2,061,521
Accrued expenses	37,380	27,952
Net assets available for plan benefits	<u>\$ 113,019,582</u>	<u>111,799,488</u>

See accompanying notes to financial statements.

PALL CORPORATION
CASH BALANCE PENSION PLAN

Statements of Changes in Net Assets Available for Plan Benefits
Years ended July 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Additions to net assets attributed to:		
Investment income (note 5):		
Plan interest in Pall Master Trust investment income	\$ 3,309,473	12,229,729
Employer contribution	<u>7,000,000</u>	<u>16,510,401</u>
Total additions	<u>10,309,473</u>	<u>28,740,130</u>
Deductions from net assets attributed to:		
Benefits paid directly to participants	8,418,207	7,438,971
Administrative expenses	<u>671,172</u>	<u>845,810</u>
Total deductions	<u>9,089,379</u>	<u>8,284,781</u>
Net increase	1,220,094	20,455,349
Net assets available for plan benefits:		
Beginning of year	<u>111,799,488</u>	<u>91,344,139</u>
End of year	<u>\$ 113,019,582</u>	<u>111,799,488</u>

See accompanying notes to financial statements.

**PALL CORPORATION
CASH BALANCE PENSION PLAN**

Notes to Financial Statements

July 31, 2012 and 2011

(1) Description of Plan

The following description of the Pall Corporation Cash Balance Pension Plan (the Plan) is provided for general information only. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

(a) General

The Plan is a defined benefit pension plan covering substantially all U.S. and Puerto Rico employees of Pall Corporation and its participating subsidiaries (the Company), other than the employees covered by a union or other retirement plan, who have at least six months of service and have attained the age 20-1/2. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). The board of directors of the Company has appointed a committee (the Pension Committee), consisting of five members, to serve as plan administrator of the Plan. In January 2011, the Company amended and restated the Plan document in accordance with the Internal Revenue Service (IRS) regulations.

The Pension Committee has established the Pall Corporation Master Trust (Master Trust), which holds the commingled assets of the Plan and the Pall Trinity Micro Pension Plan for Hourly Rated Factory Employees (PTM Plan).

Under the terms of a trust agreement between The Bank of New York Mellon and the Plan, The Bank of New York Mellon is the Trustee of the Plan.

(b) Pension Benefit

Participants are entitled to annual pension benefits beginning at normal retirement age of 65. A participant's opening balance under the cash balance formula equaled the value of the participant's accrued benefit earned under the Pall Corporation Pension Plan as of July 31, 1999. Interest at 6.5% and the GATT Mortality table were used to convert July 31, 1999 accrued benefits to account balances. The participants' pension benefits are accumulated each service year by an amount equal to a percentage of their total annual pay (pay credit). The percentage used varies from 2.5% to 5.0% and is dependent upon the participant's age and years of service on the first day of the Plan year. Additionally, a participant who was at least age 50 with 10 years of service on August 1, 1999 is entitled to an additional pay credit of 2% for each plan year that the participant remains an employee. Participants are also credited with interest credits on both their account balance and annual pay credit. The rate used to determine the credits is based on the average yield on one-year U.S. Treasury Bills for the month of June of the preceding plan year. The rate used was 1.68% for the plan years ended July 31, 2012 and 2011. This computation of the final pension benefit is subject to certain limitations as more fully described in the Plan agreement.

The Plan permits early retirement at ages 55 to 64 for participants with five or more years of service. A participant who terminates with five or more years of service, for any reason other than death, is entitled to receive his/her retirement benefit on the first day of the month coinciding with or immediately following his/her termination of service. Participants with a vested pension benefit are entitled to receive benefits upon termination in the form of an annuity or a lump-sum payment.

**PALL CORPORATION
CASH BALANCE PENSION PLAN**

Notes to Financial Statements

July 31, 2012 and 2011

Effective January 1, 2008, the plan offers rollovers of lump-sum benefit payments from the Plan to a Roth IRA, as required under IRS regulations.

(c) *Death and Disability Benefits*

If a participant dies before commencement of benefits, the designated beneficiary shall be eligible to receive the entire benefit regardless of the participant's vested status. The participant's beneficiary is entitled to receive his/her benefit payable as a lump sum or an annuity. The participant will be fully vested in his/her account balance upon death, and the participant's account will be credited with a pay credit during the year of death, if applicable.

If a participant becomes totally and permanently disabled, the participant will become fully vested in his/her account balance regardless of length of service and will continue to receive a pay credit during the year of disability. Upon becoming disabled, a participant may elect to receive his/her account immediately payable as a lump sum or an annuity. The benefit is calculated by taking the participant's account balance, a compensation credit for the full plan year of his disablement and projecting with interest credits through the participant's normal retirement date.

(d) *Administrative Expenses*

Administrative expenses are paid by the Plan if not paid by the Company.

(e) *Subsequent Events*

For the plan year ended July 31, 2012, the Company has evaluated subsequent events for potential recognition and disclosure through May 10, 2013, the date of financial statement issuance.

(2) *Summary of Significant Accounting Policies*

The following are the significant accounting policies followed by the Plan:

(a) *Basis of Accounting*

The accompanying financial statements are prepared on the accrual basis of accounting.

(b) *Recent Accounting Standards Impacting the Plan*

In January 2010, the Financial Accounting Standards Board (FASB) issued updated guidance that amends the disclosure requirements for fair value measurements. This updated guidance: (i) requires that the amounts of significant transfers into and out of Level 1 and Level 2 fair value measurements be disclosed separately along with the reasons for the transfer; (ii) clarifies the requirement that a reporting entity should provide fair value measurement disclosures for each class of assets and liabilities; and (iii) clarifies the requirement that a reporting entity should provide disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring Level 2 and Level 3 fair value measurements. This new guidance was effective for the plan year ended July 31, 2011. Effective for the plan year ended July 31, 2012, this guidance requires that in the reconciliation of Level 3 fair value measurements, information about purchases, sales, issuances and settlements be presented separately on a gross basis.

PALL CORPORATION
CASH BALANCE PENSION PLAN

Notes to Financial Statements

July 31, 2012 and 2011

(c) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of Plan assets, liabilities, and changes therein, disclosure of contingent liabilities, and the actuarial present value of accumulated plan benefits at the date of the financial statements. Actual results could differ from those estimates.

(d) Investment Valuation and Income Recognition

The assets of the Plan are held in the Master Trust along with assets of the aforementioned Company-sponsored defined benefit pension plan, the PTM Plan. The fair value of the Plan's interest in the Master Trust is based on the beginning of year value of the Plan's interest in the Master Trust plus actual contributions, asset transfers in, and allocated investment income less actual distributions, allocated investment loss, asset transfers out, and allocated administrative expenses.

Investments in securities held by the Master Trust are reported at fair value. Unit values in the Master Trust represent the Master Trust's proportionate participation in the investment funds and include earnings and realized and unrealized appreciation and depreciation of the funds' investments, less investment-related fees and expenses charged to the funds. Purchases and sales by the Master Trust are recorded on a trade-date basis. Interest income is recorded by the Master Trust on the accrual basis. The Master Trust records dividends on the ex-dividend date.

(e) Actuarial Present Value of Accumulated Plan Benefits

Accumulated plan benefits are those future periodic payments, including lump-sum distributions, that are attributable under the Plan's provisions to the service participants have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated participants or their beneficiaries, (b) beneficiaries of participants who have died, and (c) present participants or their beneficiaries.

The actuarial present value of accumulated plan benefits is determined by Mercer, the Plan's actuary, as of August 1, 2011 and represents that amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment. Had the valuation been prepared as of July 31, 2011, there would be no change in actuarial present value of accumulated plan benefits. The significant actuarial assumptions used in the valuation as of July 31, 2011 were: (a) life expectancy of participants (RP2000 white-collar generational table for males and females), (b) retirement age assumptions, and (c) an interest rate of 7%. The foregoing actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

**PALL CORPORATION
CASH BALANCE PENSION PLAN**

Notes to Financial Statements

July 31, 2012 and 2011

(f) Payment of Benefits

Benefits to participants or their beneficiaries are recorded upon distribution.

(g) Risks and Uncertainties

The Plan invests in the Master Trust, which invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets available for plan benefits.

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

(3) Funding Policy

The Company, to the extent it is able to do so, will annually make contributions required to satisfy the minimum funding standards prescribed under Section 412 of the Internal Revenue Code, as amended. The Company will not contribute to the trust fund any amounts which are not or may not be, deductible from income under Section 404(a) of the Internal Revenue Code, as amended. For the years ended July 31, 2012 and 2011, the minimum funding requirements have been met.

It is the intention of the Company to continue the Plan indefinitely and to contribute to the trust fund such amounts as are necessary to satisfy the full actuarially computed cost of providing the pensions payable under the Plan with respect to the participants employed by the Company in accordance with generally accepted actuarial principles adopted by the Pension Committee with the advice of its actuaries. Nevertheless, the Company reserves the right to suspend such contributions from time to time, to discontinue them altogether, or to terminate the Plan in its entirety.

(4) Plan Termination

The Company intends to continue the Plan indefinitely, but reserves the right, at any time, to terminate the Plan. If the Plan is terminated, the trust fund shall be used for defraying the reasonable expenses of the Plan and for the exclusive benefit of the participants, retired participants and their spouses and beneficiaries as of the date of such termination. The rights of all active participants and retired participants affected by such termination to benefits accrued to the date of such termination, to the extent then funded, shall be nonforfeitable. Upon the complete termination of the Plan, after payment or the provision for the payment of expenses payable out of the trust fund in connection with the liquidation and the distribution of the trust fund, the remaining assets of the Plan, upon approval of the appropriate governmental or quasi-governmental authorities, shall be converted into cash and shall be allocated to and among and paid over to participants, retired participants and their spouses and beneficiaries in accordance with Section 4044 of ERISA in complete discharge of all liabilities of the Company and the Trustee for the benefits payable under the Plan. After the complete satisfaction of all liabilities to such participants, retired

**PALL CORPORATION
CASH BALANCE PENSION PLAN**

Notes to Financial Statements

July 31, 2012 and 2011

participants and their spouses and beneficiaries, any balances remaining in the trust fund shall be returned to the Company.

Certain benefits under the Plan are insured by the Pension Benefit Guaranty Corporation (PBGC) if the Plan terminates. Generally, the PBGC guarantees most vested normal retirement age benefits, early retirement benefits, and certain disability and survivors' pensions. The PBGC does not guarantee all types of benefits under the Plan, and the amount of benefit protection is subject to certain limitations. Vested benefits under the Plan are guaranteed at the level in effect on the date of the Plan's termination. However, there is a statutory ceiling, which is adjusted periodically, on the amount of an individual's monthly benefit that the PBGC guarantees. For plan terminations occurring during calendar years 2012 and 2011, that ceiling is \$4,653 and \$4,500, respectively, per participant per month.

Whether all participants receive their benefits should the Plan terminate at some future time will depend on the sufficiency, at that time, of the Plan's net assets to provide for accumulated benefit obligations and may also depend on the financial condition of the Company and the level of benefits guaranteed by the PBGC.

(5) Plan Information Certified by the Trustee

The plan administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, as permitted under such election, the plan administrator has instructed the Plan's independent auditors not to perform any auditing procedures with respect to the following information certified by The Bank of New York Mellon, the Trustee of the Plan, as complete and accurate, except for comparing such information certified by the Trustee with information included in the Plan's financial statements.

The Plan's investments are in the Master Trust, which was established for the investment of assets of the Plan and the PTM Plan. Each plan has an undivided interest in the Master Trust, the assets of which were held by The Bank of New York Mellon, the Trustee of the Plan, except for the Endowment TEI Fund, L.P. (the Limited Partnership) assets. The allocation of assets to the individual plans is determined based upon the ratio of the net assets of each Plan to total net assets of the Master Trust. At July 31, 2012 and 2011, the Plan's interest in the net assets of the Master Trust was approximately 79.34% and 79.02%, respectively. Investment income of the Master Trust and certain costs relating to the Master Trust are allocated to the individual plans based upon actual balances invested by each plan.

All Master Trust amounts were certified to be complete and accurate by The Bank of New York Mellon, the Trustee of the Master Trust as of and for the years ended July 31, 2012 and 2011, with the exception of the investments in the Limited Partnership. The value of the Limited Partnership assets as of July 31, 2012 and 2011 and the activity for the years then ended was obtained directly from the Limited Partnership's third-party administrator, and confirmed by the fund manager of the Limited Partnership. The Limited Partnership is a nondiversified, closed-end management investment company under the Investment Company Act of 1940, as amended.

Excluding the Plan's investment in the Limited Partnership, the Bank of New York Mellon has certified to the accuracy and completeness of the investment in net assets of the Master Trust, accrued interest, due from broker for sale of securities, and due to broker for purchase of securities at July 31, 2012 and 2011

PALL CORPORATION
CASH BALANCE PENSION PLAN

Notes to Financial Statements

July 31, 2012 and 2011

and the investment (loss)/income for the years ended July 31, 2012 and 2011, for the Plan as summarized below:

	<u>2012</u>	<u>2011</u>
Certified by Bank of New York Mellon:		
Plan's investment in the net assets of the Master Trust	\$ 107,191,511	105,492,514
Plan's share of investment income of the Master Trust	3,745,605	11,479,033
Limited Partnership:		
Plan's investment in the net assets of the Limited Partnership	\$ 7,677,322	8,081,058
Plan's share of investment (loss) income of the Limited Partnership	(436,132)	750,696

Investment (loss)/income for the Master Trust for the years ended July 31, 2012 and 2011 is as follows:

	<u>2012</u>	<u>2011</u>
Certified by Bank of New York Mellon:		
Investment income:		
Net appreciation in fair value of investments	\$ 2,275,308	11,769,711
Interest and dividend income	2,550,880	2,622,020
Total investment income	\$ <u>4,826,188</u>	<u>14,391,731</u>
Limited Partnership:		
Investment (loss) income	\$ (550,363)	949,832

During the years ended July 31, 2012 and 2011, the Master Trust's investments (including gains (losses) on investments bought and sold, as well as held during the year) appreciated in value by \$1,724,945 and \$12,719,543, respectively, as follows:

	<u>2012</u>	<u>2011</u>
Equity Securities	\$ 1,343,954	11,616,680
Debt Securities	931,354	153,031
Limited Partnership	(550,363)	949,832
	\$ <u>1,724,945</u>	<u>12,719,543</u>

(6) Fair Value Measurements

Master Trust investments are recorded at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

PALL CORPORATION
CASH BALANCE PENSION PLAN

Notes to Financial Statements

July 31, 2012 and 2011

The current authoritative guidance discusses valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flow), and the cost approach (cost to replace the service capacity of an asset or replacement cost). This guidance utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

- Level 1: Use of observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Use of inputs other than quoted prices included in Level 1, which are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.
- Level 3: Use of inputs that are unobservable.

The following table presents, for each of these hierarchy levels, the Master Trust investments measured at fair value as of July 31, 2012:

	July 31, 2012	Fair value measurements		
		Level 1	Level 2	Level 3
Financial assets carried at fair value:				
Equity securities	\$ 74,114,807	74,114,807	—	—
Debt securities:				
Federal agency	3,567,158	—	3,567,158	—
Mortgage-asset-backed	14,664,250	—	14,664,250	—
Corporate	17,015,219	—	17,015,219	—
U.S. Treasury	8,641,686	—	8,641,686	—
Other investments:				
Limited Partnership	9,676,160	—	—	9,676,160
Commingled funds	17,096,364	—	17,096,364	—
Total	<u>\$ 144,775,644</u>	<u>74,114,807</u>	<u>60,984,677</u>	<u>9,676,160</u>

PALL CORPORATION
CASH BALANCE PENSION PLAN

Notes to Financial Statements

July 31, 2012 and 2011

The following table presents, for each of these hierarchy levels, the Master Trust investments measured at fair value as of July 31, 2011:

	July 31, 2011	Fair value measurements		
		Level 1	Level 2	Level 3
Financial assets carried at fair value:				
Equity securities	\$ 77,753,197	77,753,197	—	—
Debt securities:				
Federal agency	5,558,075	—	5,558,075	—
Mortgage-asset-backed	12,855,161	—	12,855,161	—
Corporate	17,319,920	—	17,319,920	—
U.S. Treasury	6,845,747	—	6,845,747	—
Other investments:				
Limited Partnership	10,226,523	—	—	10,226,523
Commingled funds	13,167,951	—	13,167,951	—
Total	\$ 143,726,574	77,753,197	55,746,854	10,226,523

The following is a reconciliation of Level 3 investments for which significant unobservable inputs were used to determine fair value during fiscal year 2012:

	Fair value measurements using significant unobservable inputs (Level 3) Limited Partnership
Beginning balance at July 31, 2011	\$ 10,226,523
Actual return on plan assets:	
Assets held, end of year	(550,363)
Purchases	—
Ending balance at July 31, 2012	\$ 9,676,160

**PALL CORPORATION
CASH BALANCE PENSION PLAN**

Notes to Financial Statements

July 31, 2012 and 2011

The following is a reconciliation of Level 3 investments for which significant unobservable inputs were used to determine fair value during fiscal year 2011:

	Fair value measurements using significant unobservable inputs (Level 3) Limited Partnership
Beginning balance at July 31, 2010	\$ 6,776,691
Actual return on plan assets:	
Assets held, end of year	949,832
Purchases	<u>2,500,000</u>
Ending balance at July 31, 2011	<u>\$ 10,226,523</u>

The Plan's investments in equity securities are valued using quoted market prices and, as such, are classified within Level 1 of the fair value hierarchy.

The fair value of the Plan's investments in debt securities are valued utilizing third-party pricing services. The pricing services use inputs to determine fair value which are derived from observable market sources including reportable trades, benchmark curves, credit spreads, broker/dealer quotes, bids, offers, and other industry and economic events. These investments are included in Level 2 of the fair value hierarchy.

The fair value of the Plan's other investments included in Level 2 of the fair value hierarchy has been reported primarily using the net asset value per share of the investment as the practical expedient for measuring fair value as permitted for these types of investments.

The fair value of the Plan's other investments included in Level 3 of the fair value hierarchy has been valued using unobservable inputs which are subject to various redemption restrictions.

(7) Accumulated Plan Benefits

The actuarial present value of accumulated plan benefits was determined by an independent actuary as of August 1, 2011 and represents that amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment. Had the valuation been prepared as of July 31, 2011, there would be no change in actuarial present value of accumulated plan benefits.

PALL CORPORATION
CASH BALANCE PENSION PLAN

Notes to Financial Statements

July 31, 2012 and 2011

The actuarial present value of accumulated plan benefits as of July 31, 2011 is as follows:

Vested benefits:	
Participants currently receiving payments	\$ 20,197,858
Other participants	<u>84,864,397</u>
	105,062,255
Nonvested benefits	<u>147,556</u>
Total actuarial present value of accumulated plan benefits	<u><u>\$ 105,209,811</u></u>

Changes in the actuarial present value of accumulated plan benefits are as follows:

Actuarial present value of accumulated plan benefits as of July 31, 2010	\$ 102,101,732
Increase (decrease) during the year attributable to:	
Interest due to decrease in discount period	6,865,060
Benefits accumulated and gains and losses	4,647,548
Benefits paid	(7,438,971)
Change in actuarial assumptions	<u>(965,558)</u>
Actuarial present value of accumulated plan benefits as of July 31, 2011	<u><u>\$ 105,209,811</u></u>

(8) Income Taxes

The IRS has issued a favorable determination letter on January 30, 2012, which stated that the Plan and its underlying trust qualify under the applicable provisions of the Internal Revenue Code and therefore are exempt from federal income taxes. In the opinion of the plan administrator, the Plan and its underlying trust have operated within the terms of the Plan, and remain qualified under the applicable provisions of the Internal Revenue Code. The plan administrator is not aware of any other facts or circumstances that could adversely affect the Plan's qualified tax status.

(9) Related-Party Transactions

Fees paid by the Plan to the Plan's Trustee, The Bank of New York Mellon, for the years ended July 31, 2012 and 2011 in connection with investment activities qualify as party-in-interest transactions and amounted to \$83,153 and \$91,032, respectively.



**PALL TRINITY MICRO PENSION PLAN
FOR HOURLY-RATED FACTORY EMPLOYEES**

Financial Statements

July 31, 2012 and 2011

(With Independent Auditors' Report Thereon)

**PALL TRINITY MICRO PENSION PLAN
FOR HOURLY-RATED FACTORY EMPLOYEES**

Table of Contents

	Page
Independent Auditors' Report	1
Statements of Net Assets Available for Plan Benefits as of July 31, 2012 and 2011	2
Statements of Changes in Net Assets Available for Plan Benefits for the years ended July 31, 2012 and 2011	3
Notes to Financial Statements	4



KPMG LLP
Suite 200
1305 Walt Whitman Road
Melville, NY 11747-4302

Independent Auditors' Report

The Plan Administrator
Pall Trinity Micro Pension Plan
for Hourly-Rated Factory Employees:

We were engaged to audit the accompanying statements of net assets available for plan benefits of the Pall Trinity Micro Pension Plan for Hourly-Rated Factory Employees (the Plan) as of July 31, 2012 and 2011, and the related statements of changes in net assets available for plan benefits for the years then ended. These financial statements are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 5, which was certified by The Bank of New York Mellon, the Trustee of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the Trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained certifications from the Trustee as of and for the years ended July 31, 2012 and 2011 that the information provided to the plan administrator by the Trustee is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements taken as a whole. The form and content of the information included in the financial statements, other than that derived from the information certified by the Trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

KPMG LLP

May 10, 2013

**PALL TRINITY MICRO PENSION PLAN
FOR HOURLY-RATED FACTORY EMPLOYEES**

Statements of Net Assets Available for Plan Benefits

July 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Assets:		
Investments, at fair value (note 5):		
Plan interest in Pall Master Trust	\$ 29,906,811	30,153,002
Cash	4,156	892
Prepaid expenses	10,784	2,098
Total investments	<u>29,921,751</u>	<u>30,155,992</u>
Receivables:		
Accrued interest (note 5)	57,532	65,108
Due from broker for sale of securities (note 5)	150,383	15,636
Total receivables	<u>207,915</u>	<u>80,744</u>
Total assets	30,129,666	30,236,736
Liabilities:		
Due to broker for purchase of securities (note 5)	694,364	547,320
Accrued expenses	9,936	7,421
Net assets available for plan benefits	<u>\$ 29,425,366</u>	<u>29,681,995</u>

See accompanying notes to financial statements.

**PALL TRINITY MICRO PENSION PLAN
FOR HOURLY-RATED FACTORY EMPLOYEES**

Statements of Changes in Net Assets Available for Plan Benefits

Years ended July 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Additions to net assets attributed to:		
Investment income (note 5):		
Plan interest in Pall Master Trust investment income	\$ 966,352	3,111,834
Employer contribution	<u>—</u>	<u>4,500,000</u>
Total additions	<u>966,352</u>	<u>7,611,834</u>
Deductions from net assets attributed to:		
Benefits paid directly to participants	1,094,858	942,236
Administrative expenses	<u>128,123</u>	<u>136,133</u>
Total deductions	<u>1,222,981</u>	<u>1,078,369</u>
Net (decrease) increase	(256,629)	6,533,465
Net assets available for plan benefits:		
Beginning of year	<u>29,681,995</u>	<u>23,148,530</u>
End of year	<u>\$ 29,425,366</u>	<u>29,681,995</u>

See accompanying notes to financial statements.

**PALL TRINITY MICRO PENSION PLAN
FOR HOURLY-RATED FACTORY EMPLOYEES**

Notes to Financial Statements

July 31, 2012 and 2011

(1) Description of Plan

The following description of the Pall Trinity Micro Pension Plan for Hourly-Rated Factory Employees (the Plan) is provided for general information only. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

(a) General

The Plan is a defined benefit pension plan for all Pall Corporation (the Company) employees covered under a collective bargaining agreement with Local 1326 of the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (U.A.W.). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). The board of directors of the Company has appointed a committee (the Pension Committee), consisting of five members, to serve as plan administrator of the Plan. In January 2011, the Company amended and restated the Plan document in accordance with the Internal Revenue Service (IRS) regulations.

The Pension Committee has established the Pall Corporation Master Trust (Master Trust), which holds the commingled assets of the Plan and the Pall Corporation Cash Balance Pension Plan (Cash Balance Plan).

Under the terms of a trust agreement between The Bank of New York Mellon and the Plan, The Bank of New York Mellon is the Trustee of the Plan.

(b) Pension Benefit/Plan Amendment

Participants are entitled to monthly pension benefits, for life, beginning at normal retirement age of 65, if at that time the participant has five years or more of credited service.

**PALL TRINITY MICRO PENSION PLAN
FOR HOURLY-RATED FACTORY EMPLOYEES**

Notes to Financial Statements

July 31, 2012 and 2011

Generally, every three years, a new collective bargaining agreement between the Company and the union is ratified. Under the terms of the agreement, the Plan was amended to provide an increase in the monthly benefit multiplier for both past and future service as per the below table:

<u>Effective date</u>	<u>multiplier</u>
March 8, 1995	from \$20 to \$21
March 8, 1996	from \$21 to \$22
March 8, 1997	from \$22 to \$25
March 8, 1998	from \$25 to \$28
March 8, 1999	from \$28 to \$29
March 8, 2000	from \$29 to \$30
April 21, 2001	from \$30 to \$32
April 21, 2002	from \$32 to \$35
April 21, 2004	from \$35 to \$36
April 21, 2005	from \$36 to \$37
April 21, 2006	from \$37 to \$38
April 21, 2007	from \$38 to \$39
April 21, 2008	from \$39 to \$40
April 21, 2009	from \$40 to \$41
April 21, 2010	from \$41 to \$42
April 21, 2011	from \$42 to \$43
April 21, 2012	from \$43 to \$44

The benefit multiplier increases will apply only for those persons who are active employees or employees on leave as of the effective date.

Credited service represents the sum of (i), (ii), and (iii) below:

- (i) Service prior to January 1, 1962 – one credit year for each continuous period of employment with the Company during each plan year prior to January 1, 1962, computed to the nearest one-tenth of a year.
- (ii) Service after December 31, 1961 and prior to January 1, 1976 – one credit year for each plan year beginning December 31, 1961 and ending January 1, 1976 during which a participant was compensated for 1,700 or more hours. If the participant was compensated for less than 1,700 hours in any plan year, the participant is credited with a fraction of a credit year determined by dividing the number of hours compensated by 1,700 and rounding to the nearest one-tenth.
- (iii) Credit years after December 31, 1975 – one credit year for each plan year beginning January 1, 1976 that a participant is compensated for 1,700 or more hours. If the participant is compensated for less than 1,700 hours in the plan year, the participant is credited with a fraction of a credit year determined by dividing the number of hours compensated by 1,700 and rounding to the next higher one-tenth.

**PALL TRINITY MICRO PENSION PLAN
FOR HOURLY-RATED FACTORY EMPLOYEES**

Notes to Financial Statements

July 31, 2012 and 2011

The Plan permits early retirement at ages 60 to 64 at reduced monthly benefits for participants with five or more years of service. A participant who terminates for any reason other than death with five years of service, shall be entitled to receive his/her accrued pension commencing on his/her normal retirement date or, if he/she so elects, at any time after age 60, in which case the pension shall be reduced in the manner as for early retirement.

The Plan also provides that benefit payments may commence for all active employees who attain age 70-½. Participants with a vested pension benefit of less than \$5,000 are required to receive benefits upon termination in a lump-sum payment provided that if the amount distributed is greater than \$1,000, participant consent is required. Effective January 1, 2008, the Plan offers rollovers of lump-sum benefit payments from the Plan to a Roth IRA, as required under Internal Revenue Service IRS regulations.

(c) *Death and Disability Benefits*

If a participant dies before commencement of benefits with five years of service completed, and is survived by a spouse of at least one year, the spouse shall be eligible to receive a monthly pension for life. The pension shall commence on the first day of the month following the participant's death. The amount of the pension shall be 50% of the pension the participant would have been entitled to receive had he or she retired on the date of his or her death.

A participant who is credited with 15 or more years of service and who becomes totally and permanently disabled may retire and be entitled to a pension. The amount of benefit payable to a participant at the disability retirement date is equal to the normal retirement benefit based on his or her credit years to date of disability retirement.

(d) *Administrative Expenses*

Administrative expenses are paid by the Plan if not paid by the Company.

(e) *Subsequent Events*

For the plan year ended July 31, 2012, the Company has evaluated subsequent events for potential recognition and disclosure through May 10, 2013, the date of financial statement issuance.

(2) *Summary of Significant Accounting Policies*

The following are the significant accounting policies followed by the Plan:

(a) *Basis of Accounting*

The accompanying financial statements are prepared on the accrual basis of accounting.

(b) *Recent Accounting Standards Impacting the Plan*

In January 2010, the Financial Accounting Standards Board (FASB) issued updated guidance that amends the disclosure requirements for fair value measurements. This updated guidance: (i) requires that the amounts of significant transfers into and out of Level 1 and Level 2 fair value measurements

**PALL TRINITY MICRO PENSION PLAN
FOR HOURLY-RATED FACTORY EMPLOYEES**

Notes to Financial Statements

July 31, 2012 and 2011

be disclosed separately along with the reasons for the transfer; (ii) clarifies the requirement that a reporting entity should provide fair value measurement disclosures for each class of assets and liabilities; and (iii) clarifies the requirement that a reporting entity should provide disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring Level 2 and Level 3 fair value measurements. This new guidance was effective for the plan year ended July 31, 2011. Effective for the plan year ended July 31, 2012, this guidance requires that in the reconciliation of Level 3 fair value measurements, information about purchases, sales, issuances and settlements be presented separately on a gross basis.

(c) *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of Plan assets, liabilities, and changes therein, disclosure of contingent liabilities, and the actuarial present value of accumulated plan benefits at the date of the financial statements. Actual results could differ from those estimates.

(d) *Investment Valuation and Income Recognition*

The assets of the Plan are held in the Master Trust, along with assets of the aforementioned Company sponsored defined benefit pension plan, the Cash Balance Plan. The fair value of the Plan's interest in the Master Trust is based on the beginning of year value of the Plan's interest in the Master Trust plus actual contributions, asset transfers in, and allocated investment income less actual distributions, allocated investment loss, asset transfers out and allocated administrative expenses.

Investments in securities held by the Master Trust are reported at fair value. Unit values in the Master Trust represent the Master Trust's proportionate participation in the investment funds and include earnings and realized and unrealized appreciation and depreciation of the funds' investments, less investment-related fees and expenses charged to the funds. Purchases and sales by the Master Trust are recorded on a trade-date basis. Interest income is recorded by the Master Trust on the accrual basis. The Master Trust records dividends on the ex-dividend date.

(e) *Actuarial Present Value of Accumulated Plan Benefits*

Accumulated plan benefits are those future periodic payments, including lump-sum distributions, that are attributable under the Plan's provisions to the service participants have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated participants or their beneficiaries, (b) beneficiaries of participants who have died, and (c) present participants or their beneficiaries.

The actuarial present value of accumulated plan benefits is determined by Mercer, the Plan's actuary, as of August 1, 2011 and represents that amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment. Had the valuation been prepared as of July 31, 2011, there would be no change in the actuarial present value

**PALL TRINITY MICRO PENSION PLAN
FOR HOURLY-RATED FACTORY EMPLOYEES**

Notes to Financial Statements

July 31, 2012 and 2011

of accumulated plan benefits. The significant actuarial assumptions used in the valuation as of July 31, 2011 were (a) life expectancy of participants (RP2000 blue-collar generational table for males and females), (b) retirement age assumptions, and (c) an interest rate of 7%. The foregoing actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

(f) *Payment of Benefits*

Benefits to participants or their beneficiaries are recorded upon distribution.

(g) *Risks and Uncertainties*

The Plan invests in the Master Trust that invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets available for plan benefits.

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

(3) *Funding Policy*

The Company, to the extent it is able to do so, will annually make contributions required to satisfy the minimum funding standards prescribed under Section 412 of the Internal Revenue Code, as amended. The Company will not contribute to the trust fund any amounts, which are not or may not be deductible from income under Section 404(a) of the Internal Revenue Code, as amended. For the years ended July 31, 2012 and 2011, the minimum funding requirements have been met.

It is the intention of the Company to continue the Plan indefinitely and to contribute to the trust fund such amounts as are necessary to satisfy the full actuarially computed cost of providing the pensions payable under the Plan with respect to the participants employed by the Company in accordance with generally accepted actuarial principles adopted by the Pension Committee with the advice of its actuaries. Nevertheless, the Company reserves the right to suspend such contributions from time to time, to discontinue them altogether, or to terminate the Plan in its entirety.

(4) *Plan Termination*

The Company intends to continue the Plan indefinitely, but reserves the right, at any time, to terminate the Plan. If the Plan is terminated, the trust fund shall be used for defraying the reasonable expenses of the Plan and for the exclusive benefit of the participants, retired participants and their spouses and beneficiaries as of the date of such termination. The rights of all active participants and retired participants affected by such termination to benefits accrued to the date of such termination, to the extent then funded,

**PALL TRINITY MICRO PENSION PLAN
FOR HOURLY-RATED FACTORY EMPLOYEES**

Notes to Financial Statements

July 31, 2012 and 2011

shall be nonforfeitable. Upon the complete termination of the Plan, after payment or the provision for the payment of expenses payable out of the trust fund in connection with the liquidation and the distribution of the trust fund, the remaining assets of the Plan, upon approval of the appropriate governmental or quasi-governmental authorities, shall be converted into cash and shall be allocated to and among and paid over to participants, retired participants and their spouses and beneficiaries in accordance with Section 4044 of ERISA in complete discharge of all liabilities of the Company and the Trustee for the benefits payable under the Plan. After the complete satisfaction of all liabilities to such participants, retired participants and their spouses and beneficiaries, any balances remaining in the trust fund shall be returned to the Company.

Certain benefits under the Plan are insured by the Pension Benefit Guaranty Corporation (PBGC) if the Plan terminates. Generally, the PBGC guarantees most vested normal retirement age benefits, early retirement benefits, and certain disability and survivors' pensions. The PBGC does not guarantee all types of benefits under the Plan, and the amount of benefit protection is subject to certain limitations. Vested benefits under the Plan are guaranteed at the level in effect on the date of the Plan's termination. However, there is a statutory ceiling, which is adjusted periodically, on the amount of an individual's monthly benefit that the PBGC guarantees. For plan terminations occurring during calendar years 2012 and 2011, that ceiling is \$4,653 and \$4,500, respectively per participant per month.

Whether all participants receive their benefits should the Plan terminate at some future time will depend on the sufficiency, at that time, of the Plan's net assets to provide for accumulated benefit obligations and may also depend on the financial condition of the Company and the level of benefits guaranteed by the PBGC.

(5) Plan Information Certified by the Trustee

The plan administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, as permitted under such election, the plan administrator has instructed the Plan's independent auditors not to perform any auditing procedures with respect to the information certified by The Bank of New York Mellon, the Trustee of the Plan, as complete and accurate, except for comparing such information certified by the Trustee with information included in the Plan's financial statements.

The Plan's investments are in a Master Trust, which was established for the investment of assets of the Plan and the Cash Balance Plan. Each plan has an undivided interest in the Master Trust, the assets of which were held by The Bank of New York Mellon, the Trustee of the Plan, except for the Endowment TEI Fund, L.P. (the Limited Partnership) assets. The allocation of assets to the individual plans is determined based upon the ratio of the net assets of each Plan to total net assets of the Master Trust. At July 31, 2012 and 2011, the Plan's interest in the net assets of the Master Trust was approximately 20.66% and 20.98%, respectively. Investment income of the Master Trust and certain costs relating to the Master Trust are allocated to the individual plans based upon actual balances invested by each plan.

All Master Trust amounts were certified to be complete and accurate by The Bank of New York Mellon, the Trustee of the Master Trust as of and for the years ended July 31, 2012 and 2011, with the exception of the investments in the Limited Partnership. The value of the Limited Partnership assets as of July 31, 2012 and July 31, 2011 and the activity for the years then ended was obtained directly from the Limited Partnership's third-party administrator, and confirmed by the fund manager of the Limited Partnership. The

**PALL TRINITY MICRO PENSION PLAN
FOR HOURLY-RATED FACTORY EMPLOYEES**

Notes to Financial Statements

July 31, 2012 and 2011

Limited Partnership is a nondiversified, closed-end management investment company under the Investment Company Act of 1940, as amended.

Excluding the Plan's investment in the Limited Partnership, the Bank of New York Mellon has certified to the accuracy and completeness of the investment in net assets of the Master Trust, accrued interest, due from broker for sale of securities and due to broker for purchase of securities at July 31, 2012 and 2011 and the investment (loss)/income for the years ended July 31, 2012 and 2011 for the Plan as summarized below:

	<u>2012</u>	<u>2011</u>
Certified by Bank of New York Mellon:		
Plan's investment in the net assets of the Master Trust	\$ 27,907,973	28,007,536
Plan's share of investment income of the Master Trust	1,080,583	2,912,698
Limited Partnership:		
Plan's investment in the net assets of the Limited Partnership	\$ 1,998,838	2,145,466
Plan's share of investment (loss) income of the Limited Partnership	(114,231)	199,136

Investment (loss)/income for the Master Trust for the years ended July 31, 2012 and 2011 is as follows:

	<u>2012</u>	<u>2011</u>
Certified by Bank of New York Mellon:		
Investment income:		
Net appreciation in fair value of investments	\$ 2,275,308	11,769,711
Interest and dividend income	2,550,880	2,622,020
Total investment income	<u>\$ 4,826,188</u>	<u>14,391,731</u>
Limited Partnership:		
Investment (loss) income	\$ (550,363)	949,832

**PALL TRINITY MICRO PENSION PLAN
FOR HOURLY-RATED FACTORY EMPLOYEES**

Notes to Financial Statements

July 31, 2012 and 2011

During the years ended July 31, 2012 and 2011, the Master Trust's investments (including gains (losses) on investments bought and sold, as well as held during the year) appreciated in value by \$1,724,945 and \$12,719,543, respectively, as follows:

	<u>2012</u>	<u>2011</u>
Equity Securities	\$ 1,343,954	11,616,680
Debt Securities	931,354	153,031
Limited Partnership	<u>(550,363)</u>	<u>949,832</u>
	<u>\$ 1,724,945</u>	<u>12,719,543</u>

(6) Fair Value Measurements

Master Trust investments are recorded at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The current authoritative guidance discusses valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flow), and the cost approach (cost to replace the service capacity of an asset or replacement cost). This guidance utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

- Level 1: Use of observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Use of inputs other than quoted prices included in Level 1, which are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.
- Level 3: Use of inputs that are unobservable.

**PALL TRINITY MICRO PENSION PLAN
FOR HOURLY-RATED FACTORY EMPLOYEES**

Notes to Financial Statements

July 31, 2012 and 2011

The following table presents, for each of these hierarchy levels, the Master Trust investments measured at fair value as of July 31, 2012:

	July 31, 2012	Fair value measurements		
		Level 1	Level 2	Level 3
Financial assets carried at fair value:				
Equity securities	\$ 74,114,807	74,114,807	—	—
Debt securities:				
Federal agency	3,567,158	—	3,567,158	—
Mortgage-asset-backed	14,664,250	—	14,664,250	—
Corporate	17,015,219	—	17,015,219	—
U.S. Treasury	8,641,686	—	8,641,686	—
Other investments:				
Limited Partnership	9,676,160	—	—	9,676,160
Commingled funds	17,096,364	—	17,096,364	—
Total	\$ 144,775,644	74,114,807	60,984,677	9,676,160

The following table presents, for each of these hierarchy levels, the Master Trust investments measured at fair value as of July 31, 2011:

	July 31, 2011	Fair value measurements		
		Level 1	Level 2	Level 3
Financial assets carried at fair value:				
Equity securities	\$ 77,753,197	77,753,197	—	—
Debt securities:				
Federal agency	5,558,075	—	5,558,075	—
Mortgage-asset-backed	12,855,161	—	12,855,161	—
Corporate	17,319,920	—	17,319,920	—
U.S. Treasury	6,845,747	—	6,845,747	—
Other investments:				
Limited Partnership	10,226,523	—	—	10,226,523
Commingled funds	13,167,951	—	13,167,951	—
Total	\$ 143,726,574	77,753,197	55,746,854	10,226,523

**PALL TRINITY MICRO PENSION PLAN
FOR HOURLY-RATED FACTORY EMPLOYEES**

Notes to Financial Statements

July 31, 2012 and 2011

The following is a reconciliation of Level 3 investments for which significant unobservable inputs were used to determine fair value during fiscal year 2012:

	Fair value measurements using significant unobservable inputs (Level 3) Limited Partnership
Beginning balance at July 31, 2011	\$ 10,226,523
Actual return on plan assets:	
Assets held, end of year	(550,363)
Purchases	<u>—</u>
Ending balance at July 31, 2012	\$ <u><u>9,676,160</u></u>

The following is a reconciliation of Level 3 investments for which significant unobservable inputs were used to determine fair value during fiscal year 2011:

	Fair value measurements using significant unobservable inputs (Level 3) Limited Partnership
Beginning balance at July 31, 2010	\$ 6,776,691
Actual return on plan assets:	
Assets held, end of year	949,832
Purchases	<u>2,500,000</u>
Ending balance at July 31, 2011	\$ <u><u>10,226,523</u></u>

The Plan's investments in equity securities are valued using quoted market prices and, as such, are classified within Level 1 of the fair value hierarchy.

**PALL TRINITY MICRO PENSION PLAN
FOR HOURLY-RATED FACTORY EMPLOYEES**

Notes to Financial Statements

July 31, 2012 and 2011

The fair value of the Plan's investments in debt securities are valued utilizing third-party pricing services. The pricing services use inputs to determine fair value which are derived from observable market sources including reportable trades, benchmark curves, credit spreads, broker/dealer quotes, bids, offers, and other industry and economic events. These investments are included in Level 2 of the fair value hierarchy.

The fair value of the Plan's other investments included in Level 2 of the fair value hierarchy has been reported primarily using the net asset value per share of the investment as the practical expedient for measuring fair value as permitted for these types of investments.

The fair value of the Plan's other investments included in Level 3 of the fair value hierarchy has been valued using unobservable inputs which are subject to various redemption restrictions.

(7) Accumulated Plan Benefits

The actuarial present value of accumulated plan benefits was determined by an independent actuary as of August 1, 2011 and represents that amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment. Had the valuation been prepared as of July 31, 2011, there would be no change in actuarial present value of accumulated plan benefits.

**PALL TRINITY MICRO PENSION PLAN
FOR HOURLY-RATED FACTORY EMPLOYEES**

Notes to Financial Statements

July 31, 2012 and 2011

The actuarial present value of accumulated plan benefits as of July 31, 2011 is as follows:

Vested benefits:	
Participants currently receiving payments	\$ 8,802,440
Other participants	17,630,150
	<u>26,432,590</u>
Nonvested benefits	327,745
Total actuarial present value of accumulated plan benefits	<u>\$ 26,760,335</u>

Changes in the actuarial present value of accumulated plan benefits are as follows:

Actuarial present value of accumulated plan benefits as of July 31, 2010	\$ 24,974,956
Increase (decrease) during year attributable to:	
Interest due to decrease in discount period	1,712,520
Benefits accumulated and gains and losses	1,015,095
Benefits paid	<u>(942,236)</u>
Actuarial present value of accumulated plan benefits as of July 31, 2011	<u>\$ 26,760,335</u>

(8) Income Taxes

The IRS issued its latest determination letter on March 30, 2004 which stated that the Plan and its underlying trust qualify under the applicable provisions of the Internal Revenue Code and therefore are exempt from federal income taxes. Subsequently, the plan has been amended and restated, and management has submitted an application to the IRS to obtain a new determination letter. In the opinion of the plan administrator, the Plan and its underlying trust have operated within the terms of the Plan, and remain qualified under the applicable provisions of the Internal Revenue Code. The Plan administrator is not aware of any other facts or circumstances that could adversely affect the Plan's qualified tax status.

(9) Related-Party Transactions

Fees paid by the Plan to the Plan's Trustee, The Bank of New York Mellon, for the years ended July 31, 2012 and 2011 in connection with investment activities, qualify as party-in-interest transactions and amounted to \$22,039 and \$23,238, respectively.