

**PALL CORPORATION
CHARTER OF THE AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS**

(AS AMENDED AND RESTATED BY THE BOARD OF DIRECTORS ON JANUARY 22, 2004)

I. MEMBERSHIP, ORGANIZATION AND QUALIFICATIONS

(a) Organization

The audit committee ("Committee") of the board of directors of Pall Corporation ("Board") shall consist of a minimum of three directors.

(b) Membership

Members of the Committee, including the chairperson, shall be appointed by the Board upon the recommendation of the Planning and Governance Committee .

Members of the Committee may be removed by the Board, upon recommendation of the Planning and Governance Committee, at any time.

(c) Organization

All members of the Committee shall be:

- (i) "independent" as that term is defined in and determined pursuant to Section A.3 of the Company's Corporate Governance Policy including the specified additional independence criteria for Audit Committee members;
- (ii) in the judgment of the Board, financially literate and have the ability to read and understand the Company's basic financial statements at the time of his or her appointment or must become financially literate within a reasonable period of time after his or her appointment to the Audit Committee.

In addition, if a Committee member simultaneously serves on the audit committees of more than three public companies, the Board must determine that simultaneous service does not impair the member's ability for effective service on this Committee.

At least one member of the Committee in the judgment of the Board shall be an "audit committee financial expert" as defined by applicable Securities and Exchange Commission ("SEC") rules.

II. PURPOSE

The Committee will assist the Board in fulfilling its responsibilities with respect to matters involving the accounting, financial reporting and internal control functions of the Company and its subsidiaries. This will include assisting the Board in overseeing: (a) the integrity of the Company's financial statements, (b) the Company's compliance with legal and regulatory requirements, (c) the independent auditors' qualifications, independence and performance, (d) the performance of the Company's internal audit function, and (e) the Company's ethics and compliance program.

The Committee will prepare the audit committee report that SEC rules require to be included in the Company's annual proxy statement.

The Committee will review periodically and oversee the financial reporting process, the system of internal controls, and the audit process, and the Company's process for monitoring compliance with the Company's Code of Ethical Behavior and Financial Code of Ethics.

III. DUTIES AND RESPONSIBILITIES

(a) Internal Controls

In conjunction with management, the independent auditors and the internal auditors, the Committee shall evaluate, at least quarterly, the adequacy of the Company's financial reporting systems and business process controls and discuss significant exposures and the actions management has taken to monitor and control such exposures. In addition, the Committee shall review significant findings noted by the independent auditors and the internal auditors in the course of their audit functions, as well as management responses.

(b) Financial Reporting Generally

In connection with its general oversight of the Company's financial reporting, the Committee shall:

- (i) Evaluate significant accounting and reporting issues identified in any analyses prepared by management or the independent auditors or otherwise identified in the course of the Committee's review of the Company's financial statements and discussions with its auditors, including recent professional and regulatory pronouncements provided to the Committee by the Company or its independent auditors as being particularly relevant to the Company, with due consideration of their impact on the Company's financial statements.
- (ii) Review with management and the independent auditors management's proposals regarding: new accounting pronouncements; the adoption of, and changes of choice regarding material accounting principles and practices to be followed when preparing the financial statements of the

III. DUTIES AND RESPONSIBILITIES - continued –

Company; alternative principles and practices that could have been followed; the reasons for selecting the principles and practices to be followed; the financial impact of the principles and practices selected as

compared to those of the other alternatives available; and the provision of any "pro forma" or "adjusted" non-GAAP information.

- (iii) Inquire as to whether the independent or internal auditors have any concerns regarding: the possibility of significant accounting or reporting risks or exposures; the appropriateness and quality of significant accounting treatments and whether there has been any aggressive creativity in any such treatments; any business transactions that may affect the fair presentation of the Company's financial condition or results of operations; or any weaknesses in the Company's internal control systems.

- (iv) Establish procedures for:

The receipt, retention and treatment of any complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and

The confidential, anonymous submission by employees of the Company of any concerns regarding questionable accounting or auditing matters.

- (v) Affirm in connection with the Committee's review of the Company's annual and quarterly financial statements that the independent auditors communicate certain matters to the Committee as required by professional standards related to their audit of the annual financial statements and their review of the interim financial information.

- (vi) Review in private discussion with the independent auditors whether there have been (and if so the nature of) any problems or difficulties and any related responses by management. This shall include:

Confirmation that management is not placing any restrictions on the scope of the independent auditors' work or their access to information;

Inquiry as to any accounting adjustments noted or proposed by the independent auditors but "passed" (as immaterial or otherwise) and any communications between the audit team and the audit firm's national office regarding significant auditing or accounting issues raised in connection with the Company's audit;

Discussion of any "management" or "internal control" letters issued by the independent auditors to the Company, as well as any other material written communications between the independent auditors and management that the independent auditors or management bring to the Committees attention; and

Discussion of the responsibilities, budget and staffing of the Company's internal audit function and its adequacy and appropriateness.

III. DUTIES AND RESPONSIBILITIES - continued –

- (vii) Establish a procedure whereby management discusses with the Committee on a pre-issuance basis all of the following:

The types of information to be disclosed and types of presentations to be made in earnings press releases and in financial information and earnings guidance provided to analysts and rating agencies;

Significant financial reporting matters to be disclosed in any SEC filings, such as a change in accounting principles or extraordinary and non-recurring items and transactions;

Responses to the SEC on any accounting related matters contained in an SEC "comment letter"; and

Significant matters to be disclosed in Form 8-K filings with the SEC.

- (viii) Review the structure of the Company's financial/accounting organization.

(c) **Annual Financial Statements**

In connection with the preparation and audit of the Company's annual financial statements, the Committee shall:

- (i) Review with the independent auditors their proposed audit scope and approach, including staffing, locations and coordination of the independent audit work with the work performed by the internal auditor.
- (ii) Meet with management and the independent auditors to review the annual financial statements and related notes, as well as the related Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A"), prior to filing or other public release and inquire whether such financial statements and related notes are prepared in accordance with U.S. generally accepted accounting principles and, together with such MD&A, are consistent with the information known to Committee members.

This review is to include discussions with management and the independent auditors about the existence and disposition of any significant issues, including any involving: accounting principles, practices, estimates and judgment; and any material transactions (including the Company's business purpose, pricing and fairness) with related parties or others than have or previously had a special relationship to the Company that may influence the Company's willingness to enter into such transaction or the terms of such transaction.

The Committee also shall make a recommendation to the Board regarding inclusion of such financial statements, related notes and the related MD&A in the Company's Annual Report on Form 10-K.

III. DUTIES AND RESPONSIBILITIES - continued –

- (iii) Review any complex and/or unusual transactions and any matters requiring significant estimates of asset valuation allowances or liability reserves, and evaluate management's handling of proposed audit adjustments identified by the independent auditors.

(d) Interim Financial Statements

With respect to the Company's interim financial statements, the Committee shall:

- (i) Meet with management and the independent auditors to review interim financial statements and any related notes, as well as the related MD&A, prior to filing or other public release, and inquire whether such financial statements and any related notes are prepared in accordance with U.S. generally accepted accounting principles and, together with such MD&A, are consistent with the information known to Committee members.
- (ii) Confirm that the Company's interim financial statements and any related notes included in Quarterly Reports on Form 10-Q have been reviewed by the Company's independent auditors using professional standards and procedures for conducting such reviews, as established by U.S. generally accepted auditing standards.
- (iii) Review any complex and/or unusual transactions and any matters requiring significant estimates of asset valuation allowances or liability reserves, and evaluate management's handling of proposed audit adjustments identified by the independent auditors.

(e) Compliance with Laws and Regulations Relating to Financial Reporting and Tax Matters

The Committee shall oversee the Company's compliance with laws and regulations relating to financial reporting and tax and:

- (i) Periodically review the Company's procedures for monitoring compliance with laws and regulations.
- (ii) Discuss the significant findings, if any, of reviews or examinations by regulatory agencies, such as the SEC.

(f) Compliance with the Company's Code of Ethical Behavior, Financial Code of Ethics and Approval of Related Party Transactions

The Committee also shall oversee compliance with the Company's Code of Ethical Behavior and Financial Code of Ethics. The Committee shall:

- (i) Confirm that the Company's Code of Ethical Behavior and Financial Code of Ethics are formalized in writing and that procedures are in place to communicate such codes to all persons to whom the codes are applicable.
- (ii) Periodically review the Company's Code of Ethical Behavior and Financial Code of Ethics and consider whether any changes are needed.
- (iii) Review the program for monitoring compliance with the Company's Code of Ethical Behavior and Financial Code of Ethics and periodically obtain updates from the Compliance and Ethics Officer regarding compliance.

III. DUTIES AND RESPONSIBILITIES - continued –

- (iv) Be responsible for evaluating, making decisions whether to approve and monitoring on an ongoing basis any conflict of interest/related party transactions covered by the Company's Code of Ethical Behavior and Financial Code of Ethics and for making decisions whether to grant any waivers of or approve any other deviations from the Financial Code of Ethics and also for documenting, monitoring and reporting of any such approval or waiver as required by Section 406 of the Sarbanes-Oxley Act.

(g) Internal Auditors

The Committee shall oversee the activities and programs administered by those responsible for the Company's internal audit function and shall:

- (i) Ensure that the Company has an internal audit function performed on a regular basis that includes appropriate review and approval of the Company's internal transactions and accounting.
- (ii) Review and concur in the appointment, replacement, reassignment or dismissal of the employee(s) having primary responsibility for the Company's internal audit function.
- (iii) Review the annual audit plan of the internal auditors and its scope, and the degree of coordination of this plan with the independent auditors.
- (iv) Review periodically the internal audit charter, activities, staffing and budget.
- (v) Meet with the Company's internal auditors in a private session without any other members of management being present to discuss matters that the Committee or the internal auditors believe should be discussed.

(h) Independent Auditors

In its oversight of the Company's independent auditors, the Committee shall:

- (i) Have sole authority to select, hire and fire the Company's independent auditors, to pre-approve all fees and other terms of the audit engagement and to pre-approve any non-audit relationship with the independent auditors.
- (ii) Assist the Board in evaluating the performance of the independent auditors, who are ultimately accountable to the Board and the Committee.
- (iii) Meet with the independent auditors in private sessions without any members of management being present to discuss matters that the Committee or the independent auditors believe should be discussed, including without limitation discussion items contemplated elsewhere in this Charter.
- (iv) Obtain and review, at least annually, a written report from the independent auditors that describes all relationships between the independent auditors and the Company (including the amount and nature of all related compensation); discuss with the independent auditors the impact on the auditors' objectivity and independence of any disclosed relationships as required by professional standards; and determine whether any such non-

III. DUTIES AND RESPONSIBILITIES - continued –

audit engagements are consistent with the independent auditors' independence and objectivity.

- (v) Obtain and review, at least annually, a written report from the independent auditors that describes: the independent auditing firm's internal quality-control procedures; and any material issues, raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues, and discuss with the independent auditors the contents of such report and the impact of the matters addressed in such report on the quality of services performed by the independent auditors.
- (vi) Evaluate annually whether the Company should change its independent auditors or the partner in charge of performing or reviewing the Company's audit or other audit team personnel. Such evaluation should be based on all relevant circumstances known to the Committee, including qualifications of and quality of services performed by the independent auditing firm and the primary audit partner, opinions of the Company's management and internal auditors regarding the independent auditors, length of tenure, factors having the potential to impact objectivity, the securities law requirement to rotate at least every five years the primary audit partner in charge of performing (or overseeing the performance) of the Company's audit and the primary audit partner in charge of reviewing the Company's audit, the possible desirability of regular rotation of the independent auditing firm, any reported issues regarding the firm's internal controls or audits of other companies, and the firm's efficiencies and relevant expertise regarding the Company. The Committee should present to the full Board a summary of the Committee's evaluation and conclusions.
- (vii) Evaluate and approve any desire by the Company or any of its subsidiaries to employ anyone who has served within the preceding two years as a member of the independent auditors' audit team personnel assigned to the Company's audit.

(i) **Other Responsibilities**

The Committee also shall:

- (i) Review and evaluate the Company's policies and practices with respect to risk assessment and risk management related to the Company's financial statements.
- (ii) Monitor major litigation and significant internal or external special investigations and review with the General Counsel any other legal matters that could have a material impact on the Company's financial statements or compliance with law.

III. DUTIES AND RESPONSIBILITIES - continued –

- (iii) If deemed appropriate, initiate special investigations into matters within the Committee's scope of responsibilities or as delegated by the Board of Directors.
- (iv) Perform other oversight functions as requested by the full Board.
- (v) Perform an annual self-evaluation of the Committee's performance and annually reassess the adequacy of and, if appropriate, propose to the Board any desired changes, in the Charter of the Committee, all to supplement the oversight authority of the Planning and Governance Committee with respect to such matters. Reassess the adequacy of the Committee's Charter annually; present the initial Charter and subsequent amendments of the Charter, if any, to the full Board for adoption.

(j) Reporting Responsibilities

The Committee shall:

- (i) Make such reports of its activities and evaluations as may be required by the Securities and Exchange Commission in the Company's proxy statement and/or annual report or as determined to be appropriate by the Board.
- (ii) Ensure that any notices and/or certifications required by the NYSE are provided on a timely basis.

IV. MEETINGS

The Committee will meet in person at least four times each year and at such other times as may be necessary to fulfill its responsibilities. It will also meet following the end of each fiscal quarter of the Company prior to the release of quarterly or annual earnings to review the financial results of the Company for the preceding fiscal quarter or the preceding fiscal year, as the case may be. Meetings may be called by the Chairman of the Committee or the Chairman of the Board.

All meetings and other actions of the Committee shall be held and taken pursuant to the bylaws of the Company, including bylaw provisions governing notice of meetings and waiver thereof, the number of Committee members required to take actions at meetings and by written consent, and other related matters.

As part of its meetings, the Committee shall meet separately, at least annually with management, with the Company's internal auditors and with Company's independent auditors.

The Committee shall not delegate any of its authority to any subcommittee.

The Chairperson shall make regular reports to the Board, generally following meetings of the Committee, on the Committee's activities.

V. RESOURCES

The Committee shall have the right to use reasonable amounts of time of the Company's internal and independent accountants, internal and outside lawyers and other internal staff, such as the Chief Financial Officer and the Chief Accountant, and also shall have the right to hire independent accounting experts, lawyers and other consultants to assist and advise the Committee in connection with its responsibilities. The Committee shall keep the Company's Chief Financial Officer advised as to the general range of anticipated expenses for outside consultants and shall advise the Board about expenditures exceeding \$100,000 in any year.

VI. DISCLOSURE

This Charter will be made available on the Company's website in addition to the required disclosure in the annual meeting proxy statements in accordance with SEC requirements.