PALL CORP
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October 13, 2004

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of
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PALL CORPORATION

(Name of Registrant as Specified In Its Charter)

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PALL CORPORATION

2200 Northern Boulevard
East Hills, New York 11548

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To the Owners of the Common Stock of Pall Corporation:

The annual meeting of shareholders of Pall Corporation, a New York corporation (the "Company"), will be held at The Garden City Hotel, 45 Seventh Street, Garden City, New York 11530, on Wednesday, November 17, 2004, at 11:00 a.m., local time, for the following purposes:

(1) to elect four directors for a three-year term;

(2) to consider and vote upon a proposal to approve the Company's 2005 Stock Compensation Plan; and

(3) to transact such other business as may properly come before the meeting.

The board of directors has set the close of business on September 28, 2004, as the record date for the meeting. This means that owners of Common Stock at the close of business on that date are entitled to notice of and to vote at the meeting.

It is important that your shares be represented at the meeting. We encourage you to sign, date and promptly return the enclosed proxy card in the enclosed business reply envelope or vote using the internet or telephone, whether or not you expect to attend the annual meeting.

Mary Ann Bartlett
Corporate Secretary and
Assistant General Counsel

October 13, 2004

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PALL CORPORATION

2200 Northern Boulevard
East Hills, New York 11548

PROXY STATEMENT

The enclosed proxy card is solicited by the board of directors of Pall Corporation, a New York corporation (the "Company"), for use at the annual meeting of shareholders to be held on Wednesday, November 17, 2004, at 11:00 a.m., local time, at The Garden City Hotel, 45 Seventh Street, Garden City, New York 11530, and at any adjournments thereof (the "meeting"). A map and directions to The Garden City Hotel are printed on the back cover of this proxy statement.

The proxy materials will be first sent to shareholders on October 13, 2004. The cost of the solicitation of proxies will be paid by the Company. The solicitation is to be made primarily by mail but may be supplemented by telephone calls and personal solicitation by the firm of Georgeson Shareholder Communications Inc., which has been retained for this purpose by the Company and will be paid a fee for its services not to exceed $7,500 plus reasonable out-of-pocket expenses estimated at $5,000.

Remarks from the meeting will be available on the Company's website at *www.pall.com* from November 18, 2004 until December 2, 2004.

VOTING

Whether or not you plan to attend the meeting, we request that you date and execute the enclosed proxy card and return it in the enclosed postage-paid return envelope, or use the telephone or the internet to grant your proxy and vote. Telephone and internet voting instructions are provided on the proxy card. A control number, located on the proxy card, is designed to verify your identity and allow you to vote your shares and confirm that your voting instructions have been properly recorded.

If your shares are registered in the name of a bank, broker or other nominee, follow the voting instructions on the form you receive from the nominee. The availability of telephone and internet voting will depend on the nominee's voting processes.

The shares represented by your properly completed proxy card will be voted in accordance with your instructions marked on it. If you properly sign, date and deliver to us your proxy card but you mark no instructions on it, the shares represented by your proxy will be voted for the election as directors of the four nominees proposed herein *(Proposal 1)* and for approval of the 2005 Stock Compensation Plan *(Proposal 2)*. The board of directors is not aware of any other matters to be presented for action at the meeting, but if other matters are properly brought before the meeting, shares represented by properly completed proxies received by mail, telephone or the internet will be voted in accordance with the judgment of the persons named as proxies.

Shareholders have the right to revoke their proxies at any time before a vote is taken (1) by notifying the corporate secretary of the Company in writing at the Company's address given above, (2) by executing a new proxy card bearing a later date or by voting by telephone or the internet on a later date, provided the new proxy is received by EquiServe (which will have a representative present at the meeting) before the vote, (3) by attending the meeting and voting in person, or (4) by any other method available to shareholders by law.

The close of business on September 28, 2004 has been fixed as the record date of the meeting, and only shareholders of record at that time will be entitled to vote. The only capital stock of the Company outstanding is common stock, par value $.10 per share (the "Common Stock"). There were 123,255,227 shares of Common Stock outstanding and entitled to vote on the record date. Each shareholder is entitled to one vote for each share held. The holders of a majority of the shares issued and outstanding on the record date, present in person or represented by proxy received by mail, telephone or the internet, will constitute a quorum at the meeting.

PROPOSAL 1 ELECTION OF DIRECTORS

General Information

At the date of this proxy statement, the board of directors of the Company consists of twelve members, ten of whom are non-employee directors. The board is divided into three classes, each with three-year terms. The terms of the classes are staggered so that one-third of the directors, or as near to one-third as possible, are elected at each annual meeting of the Company's shareholders.

At the meeting, four directors are to be elected for three-year terms. The nominating committee of the board of directors has nominated John H. F. Haskell, Jr., Katharine L. Plourde, Heywood Shelley and Edward Travaglianti. All of these nominees are presently directors of the Company. Although it is not anticipated that any of the nominees will become unavailable for election before the meeting, in that event the persons named as proxies on the enclosed proxy card will have the right, at their discretion, to vote all properly completed proxies for such substitute candidate, if any, as may be nominated by the nominating committee of the board of directors.

Directors will be elected by a plurality of the votes properly cast (in person or by proxy) at the meeting. This means that a person will be elected who receives the first, second, third or fourth highest number of votes, even if he or she receives less than a majority of the votes cast. Therefore, shareholders who do not vote, or who withhold their vote from one or more of the four nominees proposed herein and do not vote for another person, will not affect the outcome of the election provided that a quorum is present at the meeting. A broker who is the record owner of shares of Common Stock beneficially owned by a customer will have discretionary authority to vote such shares in the election of directors if the broker has not received voting instructions from the beneficial owner by the tenth day before the meeting, provided that this proxy statement has been transmitted to the beneficial owner at least 15 days before the meeting.

Information Regarding Directors and Nominees

Set forth below is information with respect to the nominees and each other present director of the Company continuing in office after the meeting. Such information includes the principal occupation of each director during at least the past five years.

Nominees for Election to the Board of Directors for a
Three-Year Term Expiring at the 2007 Annual Meeting of Shareholders

John H. F. Haskell, Jr., age 72, was for more than the past five years up until his retirement on March 31, 2004, an investment banker and advisor with the investment banking firm of UBS Securities LLC, New York, New York, and its predecessors. Since March 31, 2004, he has been a non-employee advisor for UBS. Mr. Haskell is a director of Security Capital Corporation; he is also co-chair of the board of the French Institute Alliance Française and serves as a board director of other not-for-profit organizations. Mr. Haskell has been a director of the Company since 1998 and is the chairperson of the planning and governance committee.

Katharine L. Plourde, age 52, was a principal and analyst at the investment banking firm of Donaldson, Lufkin & Jenrette, Inc., New York, New York, until November 1997. Since that time, she has engaged in private investing and serving on the boards of directors of several not-for-profit organizations. Since February 2002, she has also served on the board of directors of OM Group Inc. Ms. Plourde has been a director of the Company since 1995.

Heywood Shelley, age 77, has been a practicing attorney with the firm of Carter Ledyard & Milburn LLP, New York, New York for more than the past five years. This firm acts as legal counsel to the Company. He has been a director of the Company since 1990.

Edward Travaglianti, age 56, has been since February 2004 the president of Commerce Bank, Long Island, which is part of Commerce Bancorp. Mr. Travaglianti was president of Commercial Markets at Citibank, N.A. from July 2001, when Citibank acquired European American Bank (EAB), until his retirement in October 2002. Prior to that acquisition, Mr. Travaglianti was, from July 1995, chairman and chief executive officer of EAB. Mr. Travaglianti chairs and serves as a board director of several not-for-profit organizations. He has been a director of the Company since 2001 and is the chairperson of the audit committee.

Members of the Board of Directors Continuing in Office for a Three-Year Term Expiring at the 2005 Annual Meeting of Shareholders

Marcus Wilson, age 49, has been president of the Company since August 3, 2003. In 1998, Mr. Wilson became managing director in charge of the Company's Pall Europe subsidiary and a group vice president of the Company, and from July 2001 until August 2003, he was an executive vice president of the Company. He has been a director of the Company since 2003.

Abraham Appel, age 89, is president and chief executive officer of A. Bram Appel Consultants Inc., located in Toronto, Ontario, which manages his family investments in private companies and equity securities. He is founder director serving on the Company board of directors since 1969.

Ulrich Haynes, Jr., age 73, was the U.S. ambassador to Algeria from 1977 to 1981. He was executive dean for university international relations at Hofstra University, Hempstead, New York, from September 1996 until his retirement on August 31, 2003. Prior to September 1996, Mr. Haynes was dean of the Business School at Hofstra University. Mr. Haynes is a director of Reliastar Life Insurance Company of New York, an affiliate of ING. He has been a director of the Company since 1994.

Edwin W. Martin, Jr., age 73, was associate and deputy U.S. commissioner of education from 1969 to 1979 and assistant secretary of education from 1979 to 1981. Dr. Martin was president and chief executive officer of the National Center for Disability Services until November 1994 and since then has been president-emeritus and a trustee. Dr. Martin serves as a director on an advisory board of the Roslyn Bank Division of New York Community Bank. He has been a director of the Company since 1993 and is the chairperson of the nominating committee.

Members of the Board of Directors Continuing in Office for a Three-Year Term Expiring at the 2006 Annual Meeting of Shareholders

Daniel J. Carroll, Jr., age 58, was chief operating officer, from January 1998 to November 2000, of the Business Communications Systems Unit of Lucent Technologies Inc. Before January 1998, he held a number of executive positions with AT&T Corp. until its spin-off of Lucent Technologies Inc. from AT&T Corp. in October 1996 and thereafter with Lucent. Mr. Carroll retired from his employment with Lucent in November 2000. He has been a director of the Company since 1999 and the "presiding independent director" since July 2003 and is the chairperson of the compensation committee.

Eric Krasnoff, age 51, has been chairman and chief executive officer of the Company since July 1994. He has also been a director of the Company since 1994 and is the chairperson of the executive committee.

Edward L. Snyder, M.D., age 58, is professor of laboratory medicine and vice chairman/associate chair for clinical affairs of the Department of Laboratory Medicine at Yale University School of Medicine. He is also director of Blood Bank/Apheresis Service and assistant chief/associate chair for clinical affairs at the Department of Laboratory Medicine at Yale-New Haven Hospital. Dr. Snyder has appointed consultant status with the Food and Drug Administration Medical Devices Advisory Committee Hematology and Pathology Devices Panel, and is a past president of the American Association of Blood Banks. He is a member of the volunteer board of directors, National Marrow Donor Program. Dr. Snyder has been a director of the Company since 2000.

James D. Watson, age 76, has been chancellor of Cold Spring Harbor Laboratory, a biomedical research institution specializing in genetics, since November 2003. Previously he had been, for more than five years, president of Cold Spring Harbor Laboratory. Dr. Watson and a colleague won the Nobel Prize in medicine in 1962 for determining that the molecular structure of DNA is a double-helix. He was a prime mover in the establishment of the federal government's human genome project and headed that project for a number of years from its inception. Dr. Watson has been a director of the Company since 1988. He is also a director of Diagnostic Products Corporation.

Compensation of Directors

A director who is not an employee of the Company is paid $2,000 a month plus $2,500 for each meeting of the board and board committees he or she personally attended, and $1,000 for participation in each meeting of the board or a board committee held by telephone conference call. Each member of the audit committee is paid an additional $500 a month, and Mr. Shelley is paid an additional $750 a month for his service on the executive committee. The chairperson of the audit committee and the presiding independent director each receive an additional annual retainer of $4,000. Directors who are Company employees receive no compensation for serving as directors or as members of board committees.

The Company's 2001 Stock Option Plan for Non-Employee Directors (the "2001 Director Plan") was amended by the board of directors on September 17, 2004, as described in the following paragraph. The amendment is subject to the approval of Proposal 2 herein by the shareholders at the meeting. Prior to the recent amendment, the 2001 Director Plan provided as follows: on each granting date, as defined below, each non-employee director who was elected a director of the Company by the shareholders for the first time at the annual meeting of shareholders next preceding such granting date was automatically granted an option to purchase 12,000 shares of Common Stock. On the granting date in 2002 and in every second year thereafter, each person who was a non-employee director on such granting date and who was not entitled to a 12,000-share grant on such granting date as a newly elected director was granted an option to purchase 7,500 shares. The exercise price of each option granted under the 2001 Director Plan is the fair market value, on the date of the grant, of the shares of Common Stock subject to such option. Each option becomes exercisable in four substantially equal installments on each of the first four anniversary dates of the date of grant and expires on the tenth anniversary of the date of grant. The "granting date" is January 5 in each year (or if January 5 is not a trading day on the New York Stock Exchange, then the first trading day thereafter). On January 5, 2004, directors Appel, Carroll, Haskell, Haynes, Martin, Plourde, Shelley, Travaglianti and Watson were each granted an option to purchase 7,500 shares of Common Stock, or 67,500 shares in the aggregate. Dr. Snyder has elected not to receive any options under the 2001 Director Plan (see footnote (g) to the table under the caption *Beneficial Ownership of Common Stock and Restricted Stock Units* below).

If the 2005 Stock Compensation Plan is approved at the meeting by the shareholders, (1) the non-employee directors will each receive, on January 5 of each year, units to acquire 1,000 shares of Common Stock (see "*Proposal 2 Approval of the 2005 Stock Compensation Plan Annual Award Units to Eligible Directors*"), and (2) amendments to the 2001 Director Plan adopted by the Company's board of directors on September 17, 2004, will become effective. These amendments provide that

- an option granted to a director upon his election for the first time at an annual meeting of shareholders will be an option to purchase 3,000 shares of Common Stock (instead of 12,000 shares) and will be granted on the date of the annual meeting of shareholders at which the new director is first elected (instead of on the next granting date),

- beginning with the granting date on January 5, 2005, options other than first-time options will be granted each year, not every other year, will be for 3,000 shares of Common Stock instead of 7,500 shares, and will be granted to newly-elected directors who received 3,000-share options on the date of their first election, and each option granted in the future under the 2001 Director Plan will expire on the seventh anniversary of the date of grant (instead of the tenth anniversary).

The Company's officers and directors are insured under five insurance policies with respect to the liabilities arising from the performance of the officers and directors in their status as such. These five policies are written by Vigilant Insurance Company, National Union Insurance Company of Pittsburgh, PA, Twin City Fire Insurance Company, Axis Specialty Insurance Company and Federal Insurance Company, all effective August 1, 2004. The Company pays the annual premiums for all these policies, that total $1,001,980 this year.

The board of directors unanimously recommends a vote FOR the election of the four persons nominated herein for director.

STRUCTURE AND PRACTICES OF THE BOARD OF DIRECTORS

Corporate Governance Policy

The board of directors has adopted a corporate governance policy that provides the framework for the governance of the Company. It is available at *www.pall.com* or by sending a request in writing to the corporate secretary, Pall Corporation, 2200 Northern Boulevard, East Hills, New York 11548. The governance rule changes for companies listed on the New York Stock Exchange and those contained in the Sarbanes-Oxley Act of 2002 are reflected in the policy. The board reviews these principles and other aspects of governance periodically.

The corporate governance policy addresses the role of the board of directors, the composition and selection of directors, the responsibilities of management and the board, the relationship between the board and senior management, the committees of the board and their meeting procedures, the compensation of directors, and the compensation and performance evaluation of the "elected officers" of the Company, defined as those senior officers of the Company at or above the rank of group vice president plus the corporate secretary and the treasurer (currently nine persons in total), who under the Company's by-laws are elected annually by the Company's board of directors rather than being appointed by the Company's chief executive officer.

Meetings of the Board

The board of directors has five regularly scheduled meetings each year and special meetings are held as necessary. In addition, management and the directors communicate informally on a variety of topics, including suggestions for board or committee agenda items, recent developments, and other matters of interest to the directors. Each director has full access to management.

The Company's non-employee directors meet at regularly scheduled executive sessions, without any employee directors or members of management present. During fiscal year 2004, the non-employee directors met three times in executive session. Starting in fiscal year 2005, the Company's independent directors will also meet in executive session, at least once a year. Currently, Daniel J. Carroll, Jr., who was elected by the board of directors the presiding independent director, chairs the non-employee director sessions and will also chair the independent directors' sessions.

Directors are expected to attend all meetings of the board and each committee on which they serve. In fiscal 2004, the board of directors held eight meetings and committees of the board of directors held a total of sixteen meetings. Attendance at such meetings was 100%. Each director attended all meetings of the board of directors and the committees on which he/she served during fiscal 2004.

Although the Company does not have a formal policy with respect to director attendance at annual meetings of shareholders, all directors are expected to attend, and all of the Company's directors then in office attended, the Company's 2003 annual meeting of shareholders.

Communication with the Board

Shareholders may initiate in writing any communication with the board of directors or any individual director and send it to the corporate secretary, Pall Corporation, 2200 Northern Boulevard, East Hills, New York 11548. This centralized process will assist the board in reviewing and responding to shareholder communications in an appropriate manner. The name of any specific intended board recipient should be noted in the communication. The corporate secretary will forward such correspondence only to the intended recipients. However, prior to forwarding any correspondence, the corporate secretary will review such correspondence and, in her discretion, not forward certain items if they are deemed of a commercial nature.

Director Independence

The corporate governance policy provides independence standards consistent with the New York Stock Exchange listing standards. These standards specify the criteria by which the independence of the Company's directors will be determined, and require the board to affirmatively determine that each independent director has no material relationship with the Company other than as a director. The board adopted the standards set out in Appendix A hereto for its evaluation of the materiality of director relationships with the Company. The board has determined that the following directors are "independent" as required by the New York Stock Exchange listing standards and the board's corporate governance policy: Abraham Appel, Daniel J. Carroll, Jr., John H. F. Haskell, Jr., Ulric Haynes, Jr., Edwin Martin, Jr., Katharine L. Plourde, Edward L. Snyder, Edward Travaglianti, and James D. Watson.

All members of the audit committee, the compensation committee, the nominating committee and the planning and governance committee are independent directors as defined in the New York Stock Exchange listing standards and in the standards in the Company's governance policy.

Code of Conduct

The Company has codes of conduct that apply to every employee and to its directors. These codes are designed to ensure that the Company's business is conducted in a consistently legal and ethical manner. The employee codes pertaining to ethics and compliance matters include policies on employment, conflicts of interest and the protection of confidential information, and require strict adherence to all laws and regulations applicable to the conduct of our business. The directors' code of business conduct and ethics includes policies on conflict of interest, corporate opportunities and insider trading. The Company will disclose any waivers of the directors' code of conduct relating to its directors, on its website at *www.pall.com* in accordance with applicable law and the requirements of the New York Stock Exchange corporate governance standards. To date, no waivers have been requested or granted. Lastly, the financial code of ethics specifically addresses the requirements and obligations applicable to officers and employees with important roles in the financial reporting process. These aforementioned codes are available at *www.pall.com*, or by sending your request in writing to the corporate secretary, Pall Corporation, 2200 Northern Boulevard, East Hills, New York 11548

Board Committees

The board of directors has an audit committee, a compensation committee, an executive committee, a nominating committee and a planning and governance committee. The board has adopted a written charter for each of these committees. The full text of each charter is available on the Company's website located at *www.pall.com* or by sending your request in writing to the corporate secretary, Pall Corporation, 2200 Northern Boulevard, East Hills, New York 11548. Additionally, a copy of the audit committee charter (amended and restated by the board of directors on January 22, 2004) is attached as Appendix B hereto.

Each committee conducts an annual assessment to review the sufficiency of resources and time to fulfill its obligations and whether it is performing its obligations. Under the board's corporate governance policy, each committee may retain consultants to assist it in carrying out its responsibilities.

The following table shows the current members (indicated by an "X" or "Chairperson") of each of the board committees and the number of committee meetings held and number of actions taken by unanimous written consents during fiscal 2004:

	Audit	Compensation	Executive	Nominating	Planning & Governance
Abraham Appel*	X	X			X
Daniel J. Carroll, Jr.*(1)	X	Chairperson			
John H.F. Haskell, Jr.*				X	Chairperson
Ulric S. Haynes, Jr.*		X			X
Eric Krasnoff			Chairperson		
Edwin W. Martin, Jr.*		X		Chairperson	
Katharine L. Plourde*	X				X
Heywood Shelley			X		
Edward L. Snyder*				X	
Edward Travaglianti*	Chairperson				
James D. Watson*					
Marcus Wilson			X		
Number of meetings	9	3	0	1	3
Number of consents	0	12	21	1	0

* Independent director.

(1) Presiding independent director.

The Audit Committee

The audit committee assists the board in fulfilling its oversight responsibility relating to the integrity of the Company's financial statements and the financial reporting process, the systems of internal accounting and financial controls, the performance of the Company's internal audit function, the annual independent audit of the Company's financial statements, the performance, qualifications and independence of its independent registered accounting firm, and the Company's compliance and ethics program. The board adopted an amended and restated charter of the audit committee on January 22, 2004, which is attached to this proxy statement as Appendix B.

Each member of the audit committee meets the independence requirements of the New York Stock Exchange, Rule 10A-3 under the Securities Exchange Act of 1934, and the Company's corporate governance policy. The board of directors in its business judgment has determined that each member of the audit committee is financially literate, knowledgeable and qualified to review financial statements. The board of directors has also determined that at least one member of the audit committee Edward Travaglianti is an "audit committee financial expert" as defined in the rules of the Securities and Exchange Commission.

The Compensation Committee

The compensation committee has overall responsibility for evaluating and approving the Company's elected officer compensation plans, policies and programs. Each member of the compensation committee meets the independence requirements of the New York Stock Exchange and the Company's corporate governance policy.

The Executive Committee

The executive committee has the authority to act on most board matters during the intervals between meetings of the full board, except those matters which are reserved for the board of directors by the New York Business Corporation Law.

The Nominating Committee

The nominating committee develops policy on the size and composition of the board of directors, criteria for director nomination, and procedures for the nomination process. The committee identifies and recommends candidates for election to the board, and evaluates the participation and contribution of board members. Each member of the nominating committee meets the independence requirements of the New York Stock Exchange and the Company's corporate governance policy.

The Planning and Governance Committee

The planning and governance committee reviews and makes recommendations to the board and/or management with respect to strategic planning, corporate governance issues, and the Company's executive resources and management development and succession plans. Each member of the planning and governance committee meets the independence requirements of the New York Stock Exchange and the Company's corporate governance policy.

Nomination Process

The nominating committee will consider shareholder recommendations for director nominees. A shareholder desiring the committee to consider his or her director nominee should deliver a written submission to the nominating committee in care of the corporate secretary, Pall Corporation, 2200 Northern Boulevard, East Hills, New York 11548. Such submission must include (1) the name of such nominee, (2) the nominee's written consent to serve if elected, (3) documentation demonstrating that the nominating shareholder is indeed a shareholder of the Company, (4) any information relating to the nominee and his or her affiliates which would be required to be disclosed in a proxy solicitation for the election of directors of the Company pursuant to Regulation 14A under the Securities Exchange Act of 1934, including, but not limited to, the information required by Items 103, 401, 403 and 404 of Regulation S-K of the Securities and Exchange Commission, (5) a description of the qualifications of the nominee which, in the view of the nominee or the nominating shareholder, would make the nominee a suitable director of the Company, and (6) a description of the nominee's reasons for seeking election to the Company's board of directors, which description must include any plans or proposals which the nominee or nominating shareholder may have which relate to or would result in any of the actions described in Item 4 of Schedule 13D under the Securities Exchange Act of 1934. Such submission should include an undertaking to submit to the corporate secretary of the Company a statement amending any of the foregoing information promptly after any material change occurs in such information as previously submitted. The committee may require additional information from the nominee to perform its evaluation.

Shareholder submissions for director nominees at the 2005 annual meeting of shareholders must be received by the corporate secretary by June 15, 2005. Nominee recommendations that are made by shareholders in accordance with these procedures will receive the same consideration as recommendations initiated by the nominating committee.

In its assessment of each potential nominee, the nominating committee will review (1) the nominee's judgment, experience, independence and understanding of the Company's business, (2) the range of talent and experience already represented on the board, and (3) such other factors that the nominating committee determines are pertinent in light of the current needs of the Company. Diversity of race, ethnicity and gender among the directors is a factor in evaluating nominees for board membership. The nominating committee will also take into account the ability of a nominee to devote the time and effort necessary to fulfill his or her responsibilities as a Company director.

The nominating committee has not used the services of a third-party executive search firm to assist it in identifying and evaluating possible nominees for director.

There are no nominees for director standing for election for the first time at the meeting.

COMPENSATION AND OTHER BENEFITS OF SENIOR MANAGEMENT

The following table sets forth information concerning the total compensation of the chief executive officer of the Company and the four other executive officers who had the highest individual aggregates of salary and bonus (whether paid in cash or restricted stock units) for the Company's fiscal year ended July 31, 2004. These five persons are hereinafter referred to collectively as the "Named Executive Officers."

Summary Compensation Table

		Annual compensation			Long-term compensation		
Name and principal position	**Fiscal year**	**Salary(a)**	**Bonus(b)**	**Other annual compensation**	**Restricted stock units(d)**	**Securities underlying options(#)**	**All other compensation(e)**
Eric Krasnoff	2004	$759,980	$ 639,219		$20,876		$47,130
Chairman and Chief	2003	700,336	1,000,000		20,507	198,000	12,039
Executive Officer	2002	679,778	169,945		33,340		48,215
Marcus Wilson	2004	450,008	85,160	$180,718(c)	302,296	27,500	14,665
President	2003	335,075	74,946		269,885	55,000	
	2002	255,435	24,597		7,311	15,000	
Donald Stevens	2004	373,048			470,802	25,000	16,431
Chief Operating	2003	339,586	208,312		402,649	55,000	7,482
Officer	2002	309,142			170,797		20,291
John Adamovich, Jr.	2004	316,992	151,919		120,785		12,240
Group Vice President,	2003	331,396	347,966		6,531	49,500	3,043
Chief Financial	2002	292,626	55,761		44,450		12,251
Officer and Treasurer							
Roberto Perez	2004	129,978	225,030		196,024		14,668
Group Vice President	2003	225,888	214,500		2,527	37,500	9,601
	2002	210,424	29,890		4,228		14,629

(a) The dollar amounts in this column do not include amounts of salary that the Named Executive Officers elected to receive in the form of restricted stock units under the Management Stock Purchase Plan (the "Management Plan"), as follows: in fiscal 2002, Mr. Stevens $52,000 and Mr. Adamovich $26,000; in fiscal 2003, Mr. Stevens $57,200; and in fiscal 2004, Mr. Stevens $52,000; Mr. Adamovich $26,000; and Mr. Perez $130,022. These amounts are included in the dollar amounts shown in the "Restricted stock units" column of the table for the respective fiscal years. (See *Compensation Committee Report on Executive Compensation in Fiscal 2004 The Management Stock Purchase Plan* for information about the Management Plan.)

(b)

Annual bonuses are determined by a formula based on the Company's return on equity. See *Compensation Committee Report on Executive Compensation in Fiscal 2004 Annual Incentive Bonuses*. The dollar amounts in this column do not include amounts of bonuses that the Named Executive Officers elected to receive in the form of restricted stock units under the Management Plan, as follows: in fiscal 2002, Mr. Stevens $63,200; in fiscal 2003, Mr. Wilson $174,877, and Mr. Stevens $208,313; and in fiscal 2004, Mr. Wilson $198,705, Mr. Stevens $250,226, and Mr. Adamovich $50,000. These amounts are included in the dollar amounts shown in the "Restricted stock units" column of the table for the respective fiscal years.

(c)

Includes $88,417 paid to Mr. Wilson during fiscal 2004 as a relocation bonus in connection with the change of his residence from the United Kingdom to the United States at the Company's request.

(d)

Each dollar amount in this column for a fiscal year is the sum of (1) the amount shown in footnote (a) of the Named Executive Officer's salary for the same fiscal year which he elected to receive in the form of restricted stock units under the Management Plan, (2) the amount of his bonus shown in footnote (b) for the same fiscal year which he elected to receive in the form of restricted stock units under the Management Plan, and (3) the aggregate of the dollar values on the dates of grant (based on the closing prices for a share of Common Stock on those dates) of additional restricted stock units awarded to such Named Executive Officer under the Management Plan during the same fiscal year as matching units for units he purchased, and as dividend equivalent units on all of his restricted stock units outstanding on the payment dates of dividends on the Common Stock. The aggregate number of restricted stock units held by each Named Executive Officer at July 31, 2004, the Company's fiscal 2004 year-end (exclusive of units purchased by officers with after-tax dollars), and the value of such units (based on the $23.17 closing price of a share of Common Stock on July 30, 2004) were as follows: Mr. Krasnoff 45,281 units ($1,049,161); Mr. Wilson 25,600 units ($593,152); Mr. Stevens 63,775 units ($1,477,667); Mr. Adamovich 23,319 units ($540,301); and Mr. Perez 8,018 units ($185,777).

(e)

Includes amounts which, under regulations of the Securities and Exchange Commission, are deemed to be compensation by reason of interest-free loans made by the Company for the payment of the exercise price of options under the Company's employee stock option plans (see *Indebtedness of Executive Officers and Directors under Stock Option Plans* below). Such amounts in fiscal 2004, computed under rates prescribed by the Internal Revenue Service to determine "imputed interest," were as follows: Mr. Krasnoff $8,240; Mr. Stevens $434; and Mr. Perez $7,825. Also includes employer contributions under the Company's Profit-Sharing Plan and Supplementary Profit-Sharing Plan, which contributions in fiscal 2004 were as follows: Mr. Krasnoff $38,890; Mr. Wilson $14,655; Mr. Stevens $15,997; Mr. Adamovich $12,240; and Mr. Perez $6,843.

Options

The following tables set forth information concerning grants of stock options to, and exercises of stock options by, the Named Executive Officers during fiscal 2004, and the number and value of unexercised options held by each of them at July 31, 2004:

Option Grants in Last Fiscal Year

	Individual grants				**Potential realizable value at assumed annual rates of stock price appreciation for option term (10 years)**	
Name	**Number of securities underlying options granted**	**Percentage of total options granted to employees in fiscal year**	**Exercise price(1)**	**Expiration date**	**5%**	**10%**
Eric Krasnoff	-0-	-0-	-0-		-0-	-0-
Marcus Wilson	27,500	27.7%	$22.7350	08/03/13	$393,193	$996,428
Donald Stevens	25,000	25.2%	22.7350	08/03/13	357,448	905,843
John Adamovich, Jr.	-0-	-0-	-0-		-0-	-0-
Roberto Perez	-0-	-0-	-0-		-0-	-0-

(1)

Fair market value of a share of the Company's Common Stock on the date of grant.

**Aggregated Option Exercises in Last Fiscal
Year and Fiscal Year-End Option Values**

Name	Shares acquired on exercise(#)	Value realized(1)	Number of securities]underlying unexercised options at fiscal year-end		Value of unexercised in-the-money options at fiscal year-end(2)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Eric Krasnoff	180,000	$1,036,350	184,500	193,500	$494,280	$1,094,040
Marcus Wilson	35,000	252,438	47,500	85,000	134,938	321,600
Donald Stevens	35,000	245,268	51,250	78,750	137,300	314,775
John Adamovich, Jr.	46,125	229,105	-0-	48,375	-0-	273,510
Roberto Perez	-0-	-0-	11,625	37,125	42,399	102,195

(1) Value realized is the aggregate market value, on the date of exercise, of the shares acquired less the aggregate exercise price paid for such shares.

(2) Value of unexercised options is the difference between the aggregate market value of the underlying shares (based on the closing price on July 30, 2004, which was $23.17 per share) and the aggregate exercise price for such shares.

Contracts with Named Executive Officers

The Company has an employment contract with each of the Named Executive Officers. Each of these contracts provides for annual base salaries equal to the greater of (i) the base salary for the preceding fiscal year adjusted for the annual change in the consumer price index or (ii) an amount fixed by the board of directors (which acts for this purpose by its compensation committee, consisting entirely of non-employee directors). The base salaries payable for fiscal 2005, as fixed by the compensation committee, are as follows: Mr. Krasnoff $796,000; Mr. Wilson $472,000; Mr. Stevens $445,000; Mr. Adamovich $360,000; and Mr. Perez $310,000. These contracts also provide for annual incentive bonuses determined by a formula under which a bonus equal in amount to a percentage of base salary becomes payable if the Company's return on equity (after-tax consolidated net income, as defined, as a percentage of average shareholders' equity, as defined) exceeds a certain percentage; the bonus increases to reflect increases in return on equity up to a maximum bonus payable when return on equity equals or exceeds a certain percentage. See *Compensation Committee Report on Executive Compensation in Fiscal 2004 Annual Incentive Bonuses*.

Each of these five employment contracts is for a term of employment which continues until terminated by either party on not less than two years' notice, and unless the parties agree otherwise, the term of employment ends at age 65. In addition, Mr. Krasnoff has the right to terminate his employment on not less than 30 days' notice if at any time he no longer has the title, authority and duties of chief executive officer. Under each of these five employment contracts, in the event of a "change in control" of the Company (as defined), the officer has the right to terminate his employment effective immediately or effective on a date specified in his notice of termination that is not more than one year from the date of giving of such notice. Upon any such termination, the officer would be entitled to his salary and bonus compensation prorated to the effective date of termination. In addition, in the event of termination of Mr. Krasnoff's contract (i) by Mr. Krasnoff because he is no longer chief executive officer or in the event of a change in control of the Company or (ii) by the Company on notice as described in the first sentence of this paragraph, Mr. Krasnoff would become entitled to two years' severance pay. The amount of such severance pay would be the sum of the minimum base salary and the maximum incentive bonus in the fiscal year of termination, determined under the contract provisions described in the immediately preceding paragraph. Mr. Krasnoff would have the option of either taking such severance pay in installments at the times at which the base salary and incentive bonus would have been paid had his employment not been terminated, or taking a lump sum equal to the present value of such payments at the effective date of the termination of his employment.

The contract with Mr. Krasnoff also provides for an "annual contract pension" beginning at the end of the term of employment except that if he is entitled to severance pay as described in the preceding paragraph, the annual contract pension does not commence until the end of the two-year period covered by such severance pay. Mr. Krasnoff's annual contract pension is for a term of ten years and is in an annual amount equal to 60% of "Final Pay" (as defined) less the maximum pension payable under a qualified pension plan in accordance with Section 415 of the Internal Revenue Code, currently $165,000 a year. Final Pay is defined as the average of the officer's cash compensation (base salary plus incentive compensation and any other bonus payments) for the three years in which his compensation was highest out of the five years preceding the end of his employment with the Company. Based on fiscal years through fiscal 2004, Final Pay for the purpose of determining the amount of Mr. Krasnoff's annual contract pension would be $1,432,154. After the first year, the annual contract pension is adjusted annually for inflation. The contract with Mr. Krasnoff also provides for lifetime medical coverage for him and his spouse and minor children, consisting of the same coverage and benefits as are provided under the hospitalization, medical and dental plans maintained by the Company for its U.S. employees who are not covered by a collective bargaining agreement. Also, at the start of the 30-day period preceding the end of the term of employment under Mr. Krasnoff's contract, the exercisability of any employee stock options that are not yet fully vested is accelerated and such options can be exercised in full during such 30-day period and thereafter until they expire by their terms.

Pension Benefits

Under the Company's Supplementary Pension Plan (which is not a qualified plan under the Internal Revenue Code), pension benefits are provided to certain employees, including the Named Executive Officers. The Supplementary Pension Plan provides lifetime pension payments which, when added to primary Social Security benefits and assumed straight-life-annuity payments from the Company's cash balance pension plan, will on an annual basis equal 50% of a participant's "Final Average Compensation," which is defined as the average of the three highest of the participant's last five years of cash compensation (salary and bonus). If a participant vested under the Supplementary Pension Plan dies before retirement, his surviving spouse receives a lifetime pension equal to 50% of the straight-life-annuity pension which the participant would have been entitled to receive upon retirement. Currently, final average compensation (based on fiscal years through fiscal 2004) for the Named Executive Officers would be as follows: Mr. Krasnoff $1,432,154; Mr. Wilson $822,290; Mr. Stevens $656,191; Mr. Adamovich $570,158; and Mr. Perez $421,346.

Benefits Protection Trust

The Company has established a Benefits Protection Trust to which it makes voluntary contributions to fund, *inter alia,* the Company's obligations under the Supplementary Pension Plan and the Supplementary Profit-Sharing Plan (see *Compensation Committee Report on Executive Compensation in Fiscal 2004 Supplementary Profit-Sharing and Pension Plans*) and the Company's obligation to pay the annual contract pension provided for under Mr. Krasnoff's employment agreement described above. In the event of a "change in control" of the Company (as defined in the trust agreement), the trust fund must thereafter be used to satisfy the abovementioned obligations. The balance in the Benefits Protection Trust at the end of fiscal 2004 was $37,280,615.

Indebtedness of Executive Officers and Directors under Stock Option Plans

Under options granted to executive officers and directors under the Company's stock option plans prior to July 30, 2002 (the date of enactment of the Sarbanes-Oxley Act of 2002), optionees could elect to defer payment of the purchase price of the Common Stock upon their exercise of options and thereby became indebted to the Company for the deferred amounts. The following table sets forth certain information with respect to all executive officers and directors who were indebted to the Company under the stock option plans in an amount in excess of $60,000 at any time from the start of the Company's 2004 fiscal year (August 1, 2003) to September 28, 2004. The second column of the table shows the largest amount of indebtedness outstanding during that period by each of such executive officers and directors, and the last column shows the principal amount outstanding as of September 28, 2004. All of the indebtedness shown in the table is non-interest-bearing (see the *Summary Compensation Table* above) and payable on demand.

	Amount of indebtedness	
	Largest	**September 28, 2004**
Eric Krasnoff	$720,000	$720,000
John Miller	128,407	128,407
Heywood Shelley	120,400	120,400
Donald Stevens	317,021	-0-
James D. Watson	292,500	292,500

COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION IN FISCAL 2004

The compensation committee of the board of directors has the power and duty under the Company's by-laws and its corporate governance policy to fix the compensation of the Company's "elected officers" that is, the officers at or above the rank of group vice president plus the corporate secretary and the treasurer. In the Company's fiscal year ended July 31, 2004, the Company had six U.S.-based elected officers and two elected officers based overseas. The compensation of the Company's seven other executive officers is fixed by the Company's chief executive officer. The commi