





As Donaldson has grown and diversified, our filters are now found in many different industries, environments and applications. More than most people realize, our filters are cleaning environments and protecting equipment everywhere, every day. We are fully committed to delivering quality products and being a responsible corporate citizen.

ABOUT DONALDSON COMPANY

Donaldson is a leading worldwide provider of filtration systems that improve people's lives, enhance our Customers' equipment performance, and protect our environment. We are a technology-driven Company committed to satisfying our Customers' needs for filtration solutions through innovative research and development, applications expertise, and our global presence. Our approximately 12,600 Employees contribute to the Company's success by supporting our Customers at our more than 140 sales, manufacturing, and distribution locations around the world.

We have two business segments engaged in the design, manufacture, and sale of systems and replacement filters that filter air and liquid: Engine Products and Industrial Products.

The Engine Products segment consists of air filtration systems,

exhaust and emissions systems, liquid filtration systems, and replacement parts. This segment sells to original equipment manufacturers (OEMs) in the construction, mining, agriculture, transportation, defense, and aerospace markets and to independent distributors, OEM dealer networks, private label accounts, and large equipment fleets.

The Industrial Products segment consists of dust, fume, and mist collectors, compressed air purification systems, static and pulse-clean air filter systems for gas turbines, and specialized air filtration systems for diverse applications, including computer hard disk drives and industrial production printers. This segment sells to various industrial end-users, OEMs of gas-fired turbines, and OEMs and end-users requiring highly purified air and fluids.

Donaldson At A Glance

- Founded in 1915 by Frank Donaldson, Sr.
- Donaldson is traded on the New York Stock Exchange under the symbol DCI.
- Revenue (year ended July 31, 2014): \$2.5 billion.
- Approximately 12,600 Employees in 44 countries.
- On July 25, 2014, the 236th consecutive quarterly cash dividend over a 59-year period was issued.



Financial Information

Additional financial information is available at www.donaldson.com under the Investors link.

(Dollars in millions, except per share data)	Fiscal Years				
	2010	2011	2012	2013	2014
Net sales	\$ 1,877	\$ 2,294	\$ 2,493	\$ 2,437	\$ 2,473
Gross margin percentage	35.1%	35.5%	35.0%	34.8%	35.5%
Operating income percentage	12.7%	13.7%	14.6%	14.1%	14.4%
Net earnings	\$ 166	\$ 225	\$ 264	\$ 247	\$ 260
Diluted earnings per share*	\$ 1.05	\$ 1.43	\$ 1.73	\$ 1.64	\$ 1.76
Dividend paid per share*	\$ 0.235	\$ 0.268	\$ 0.320	\$ 0.410	\$ 0.575

(*) 2010 and 2011 per share amounts reflect the impact of the Company's two-for-one stock split that occurred during the third quarter of Fiscal 2012.

Corporate Governance

Donaldson is committed to uniformly applying high standards of ethics and business conduct wherever we do business. Our long-standing commitment to sound corporate governance and integrity is a key part of our success.

Our Board of Directors oversees our governance practices for the

benefit of our Shareholders.

Our Corporate Governance Guidelines reflect these sound practices and include a policy requiring that a significant majority of Donaldson's Directors meet the criteria for independence required by the New York Stock Exchange.

No corporate funds or other assets are paid or furnished, directly

or indirectly, to a political party, political candidate, or incumbent. Information related to our Corporate Governance Guidelines is online at http://ir.donaldson.com/corp_governance.html.

Our Commitment

Since 1915, Donaldson has leveraged our core competencies—innovative technology, strong Customer relationships, and broad geographic capabilities—to meet the diverse and changing needs of our Customers.

Our Vision—To Lead the World in Filtration Solutions

There are three things we must do to lead the world in filtration solutions. We must develop the best technology for our Customers, offer the best Customer support, and supply the best value.

Our Mission

We provide our Customers with solutions that improve people's lives, enhance our Customers' equipment performance, and protect the environment. These three words—Improve, Enhance, and Protect—convey our mission and help us set our priorities for the future.

Our Values

Our actions, guided by our shared values, demonstrate what Donaldson stands for. We believe every behavior, decision, and contribution we make paves the way for our future success and must be driven by our values of integrity, respect, and commitment.

Integrity – We must demonstrate the highest ethical standards in all of our actions.

Respect – We must foster an inclusive workplace through collaboration and teamwork.

Commitment – We must be fully committed to the attainment of our goals and assume individual responsibility for their achievement.



SUPPORTING DONALDSON EMPLOYEES AROUND THE WORLD

Donaldson attracts, rewards, develops, and inspires Employees globally to fully engage in achieving our Company's vision.

As of July 31, 2014, there were approximately 12,600 Employees on the Donaldson team, with 29% from Europe, the Middle East and Africa, 27% from Asia Pacific, and 44% from the Americas.

Compensation and Benefits

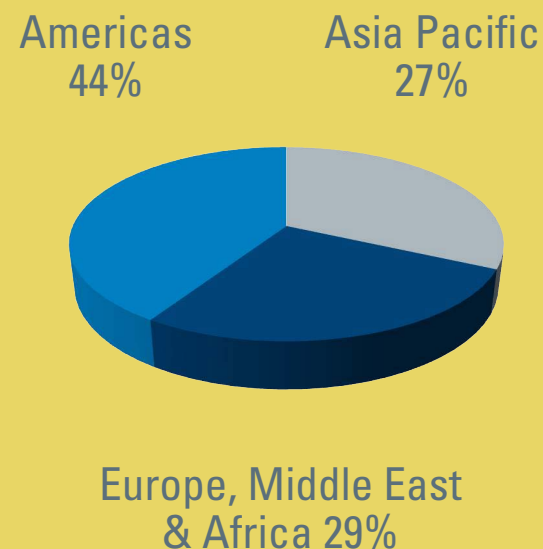
We provide our U.S. Employees access to quality health care and wellness programs. We offer a variety of medical, dental, and vision benefits for Employees and eligible dependents, as well as a fitness discount program and an Employee Assistance Program. Additionally, we offer two reimbursement accounts and a health savings account that afford Employees the opportunity to use pre-tax income to fund out-of-pocket health and childcare expenses. We also provide disability benefits, life insurance, supplemental medical insurance, and an Employee Company stock purchase plan so Employees can share in our Company's success.

It is important that we help our Employees build a more secure financial future.

We offer a 401(k) Savings Plan for non-union U.S. Employees, where Donaldson matches 100% of Employee contributions up to 3% of compensation contributed to the plan and 50% on the next 2% of compensation contributed. In Fiscal 2014, Donaldson contributed \$7.4 million to this plan.

Many of our international Employees participate in either Company-sponsored or government retirement plans. For example, at Donaldson India we moved our self-managed fund to a professional, state-backed insurance company. This gives our Employees greater investment security and the potential for higher returns.

Our Worldwide Team Population



Recreation and Wellness

Because everyone needs some personal time, we provide paid holidays and a competitive vacation plan. Many Employees also gather outside of work to participate in volunteer opportunities and recreation/wellness programs.

Our Bloomington headquarters is a tobacco-free facility. In addition, we have an on-site fitness center with regular classes and a walking path around our campus.

Learning and Development

From a development perspective, we have Company-wide succession and development programs that encourage internal Employee growth and promotion. Individual development plans are prepared so our Employees can leverage their strengths and build skills where development is needed. We also provide leadership training and rich experiences for our Employees, including one-on-one mentoring and coaching programs intended to develop leadership skills.

Learning is a lifelong ambition for our Employees and we encourage continued education by sharing expenses for job-related courses and by providing other

internal and external training and development opportunities.

Donaldson Code of Conduct

At Donaldson, we believe that a key to our success is our long-standing commitment to integrity in our dealings with our Customers, Employees, Shareholders, government authorities, suppliers, neighbors, and the public. We are committed to preventing ethical violations and conflicts and quickly correcting any that may occur.

Our Employees are encouraged to discuss any concerns with their manager, Human Resources representative, or the Company's Compliance Committee. Our Employees are required to promptly report known or suspected violations. Employees who, in

good faith, report wrongdoing to management will not be the subject of reprisals or other punishment based on making a report.

While we have internal controls and procedures that we believe will discourage and prevent improper conduct, we also provide an easy way to report actual or suspected activities that may involve improper conduct or violations of our Code of Conduct. Our Business Conduct Help Line is managed by EthicsPoint, a secure and independent third-party reporting source, ensuring confidentiality and access by telephone or the internet at all times, at all locations across our Donaldson global footprint. Access to the Help Line is available online at www.donaldson.com.



Diversity and Inclusion

Donaldson believes that our efforts to incorporate a broad base of skills, cultures, and values are critical to our continued global leadership. We feel that different points of view will lead to new and innovative ideas.

To that end, our workforce is comprised of individuals with various backgrounds, cultures, abilities, and perspectives. We know that talented Employees are essential for us to continue to excel. Our goal is to create an atmosphere of mutual respect where all Employees are appreciated and can contribute to their full potential.

“Our focus is on creating a globally inclusive culture where all of our Employees, regardless of race, gender, nationality, and other unique qualities, are an integral part of the Donaldson organization. When we capitalize on the uniqueness of each individual, we help our Employees succeed and that contributes to our global leadership in providing filtration solutions for our Customers.”

-Bill Cook, CHAIRMAN, PRESIDENT AND CEO

Since we work with Customers and colleagues from around the world, we have established initiatives to promote and integrate diversity throughout our organization. These include mentoring, leadership development, diversity and inclusion training, succession planning, global meetings, and cultural awareness events. Through the combination of our Employees' unique talents and perspectives, we will continue to create new business opportunities around the world.

We have a written policy that provides equal employment opportunity without regard to race, religion, age, sex, disability, sexual orientation, and other applicable protected class status. As of July 31, 2014, 8% of our U.S. manager-level population is considered minorities as described by the EEOC and 22% are female.



Community Involvement

The generosity of our Employees and our commitment to making a difference in our communities are qualities of which we are very proud.

We encourage Employees to participate in volunteer opportunities within their communities, as well as Company-sponsored programs. We also provide flexibility so volunteerism can take place during the work day. Some of the Employee-led community activities for our Bloomington, Minnesota corporate headquarters are:

- Blood Drives
- Bedrace for Bridging
- Family Partnership School Backpack Sponsorships
- Full Cycle Bicycle Donations
- Junior Achievement bigBowl and Classroom K-12 Education
- MS 150 Bike Ride
- Science Fusion Educational Series
- Serving Loaves & Fishes Meals
- Toys for Tots
- United Way

In 2014, over 270 Bloomington-based Employees volunteered in the United Way "Portions for a Purpose" Service Project, packing approximately 6,000 pounds of rice and beans. The packages went to two local agencies for distribution to families in the community.

Donaldson's largest volunteer effort is the annual MS 150 bike ride in Minnesota. In 2014, Team Donaldson had the largest group of participants with 256 riders, and raised over \$284,000. Since 2002, when Team Donaldson was formed, it has raised over \$1 million to help find a cure for multiple sclerosis.

Donaldson is also helping build the next generation of scientists and science educators through its sponsorship of the Minnesota Museum of Science's *Science Fusion* program, where all ages are offered interactive opportunities to learn about science, technology, engineering, and math (STEM). Our volunteers help inspire attendees on STEM-related topics and professions.

Donaldson Foundation

The Donaldson Foundation is the primary instrument for our Company's charitable contribution efforts. Overall, our Foundation strives to positively impact the communities in which we live and work by supporting education. The Foundation is led by a group of Employees who volunteer their time to help the Foundation realize its mission.

In Fiscal 2014, grants totaling \$1.2 million were awarded. Over and above this, we make significant

in-kind contributions. The following list includes some examples of Donaldson Foundation programs:

- United Way—Our Employees, retirees, and Foundation provide significant support to the Greater Twin Cities and other United Way agencies in our U.S. plant cities.
- Donaldson Scholars—This program provides post-secondary education scholarships to qualifying children of U.S. Employees and retirees.
- Donaldson Foundation Student Exchange Program—Annual scholarships for international and U.S. students (all children of Employees) are available for our Youth For Understanding student exchange program.
- Employee Matching Gifts—The Donaldson Foundation matches U.S. Employee donations to elementary, high school, and post-secondary educational institutions.

For more information, visit www.donaldson.com/en/about/community/index.html.



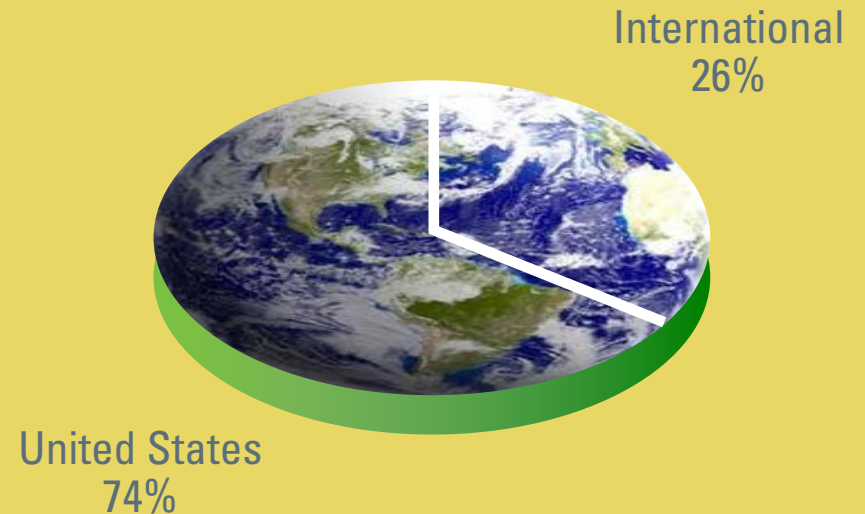
SUPPORTING DONALDSON CUSTOMERS AROUND THE WORLD

In 1915, we had three Employees and one location in St. Paul, Minnesota. Today, our geographic reach spans the globe. Our headquarters are located in Bloomington, Minnesota. Our principal European administrative and engineering offices are in Leuven, Belgium and our Asia Pacific headquarters are located in Shanghai, China.

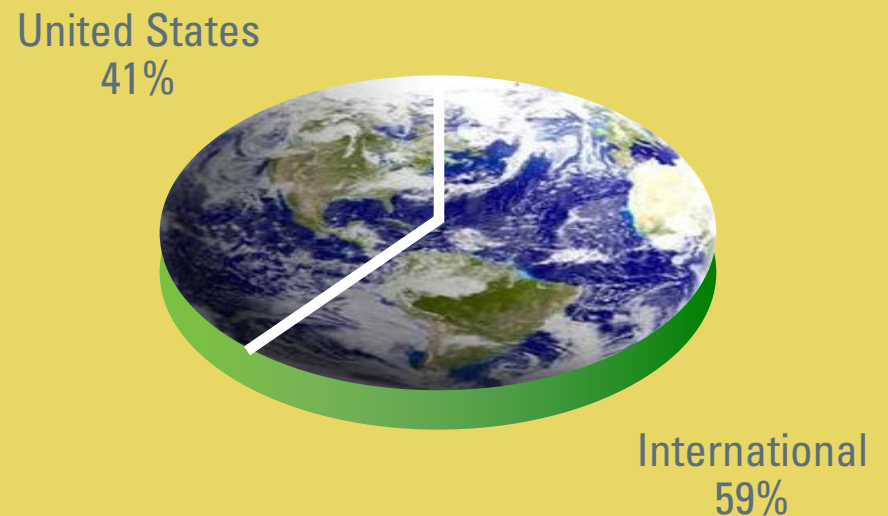
We manufacture our products around the world. Through our worldwide sales, engineering, manufacturing, and distribution capabilities, we provide exceptional support to our global Customer base. In Fiscal 2014, international sales accounted for 59% of our total revenue.

Geographic Diversification

1980



FY2014





Manufacturing in The Americas

Auburn, Alabama
Riverbank, California
Valencia, California
Dixon, Illinois
Frankfort, Indiana
Cresco, Iowa
Grinnell, Iowa
Nicholasville, Kentucky
Bloomington, Minnesota
Chesterfield, Missouri
Chillicothe, Missouri
Philadelphia, Pennsylvania
Greeneville, Tennessee
Baldwin, Wisconsin
Stevens Point, Wisconsin
Sao Paulo, Brazil
Brockville, Canada
Aguascalientes, Mexico
Monterrey, Mexico

Manufacturing in Europe/Middle East/Africa

Kadan, Czech Republic
Klasterec, Czech Republic
Domjean, France
Paris, France
Dulmen, Germany
Haan, Germany
Ostiglia, Italy
Cape Town, South Africa
Johannesburg, South Africa
Hull, United Kingdom
Leicester, United Kingdom

Manufacturing in Asia Pacific

Wyong, Australia
Wuxi, China
New Delhi, India
Gunma, Japan
Rayong, Thailand

Joint Venture Facilities

Champaign, Illinois (U.S.)
Jakarta, Indonesia
Dammam, Saudi Arabia

Distribution Centers

Rensselaer, Indiana (U.S.)
Wyong, Australia
Brugge, Belgium
Sao Paulo, Brazil
Jakarta, Indonesia
Aguascalientes, Mexico
Johannesburg, South Africa
Seoul, South Korea

Third-Party Logistics Providers

Plainfield, Indiana (U.S.)
Greeneville, Tennessee (U.S.)
Santiago, Chile
Wuxi, China
Mumbai, India
Chennai, India
Gunma, Japan
Lima, Peru
Singapore

Location data is as of July 31, 2014.

DELIVERING INNOVATIVE FILTRATION TECHNOLOGIES

Donaldson is a technology-driven Company committed to satisfying our Customers' needs for filtration solutions through innovative research and development. Hundreds of Donaldson engineers have contributed patented innovations. We combine our particulate and chemical filtration technologies with other disciplines, including fluid dynamics, structural analysis, and acoustic engineering to deliver market leading products. We have two reporting segments: Industrial Products and Engine Products.

Industrial Products Segment

Sales for the Industrial Products segment totaled \$889 million for Fiscal 2014. This segment is comprised of three primary businesses: Industrial Filtration Solutions, Gas Turbine Systems, and Special Applications.

Industrial Filtration Solutions

2014 Sales: \$553 million

Our filtration products are used in a variety of industrial processes and environments, such as

dust collection, compressed air and gas systems, and food and beverage processing.

Donaldson Torit® manufactures the broadest line of dust, fume, and mist collectors, as well as replacement filters. By combining our cartridge, bag, or PowerCore® collectors with Ultra-Web®, Dura-Life®, or Synteq XP™ media, our systems provide cleaner air in industrial environments and applications, including grain, cement, mining, pharmaceutical, chemical, food, and metal.

Our Compressor systems provide filtration and separation solutions for compressed air. Our products include high-efficiency inlet air filters, featuring our PowerCore and Ultra-Web nanofiber technology, air-oil pre-separation designs to minimize footprint, energy-saving air-oil separators with our proprietary Synteq XP media, and lube filtration systems.

Our Compressed Air and Process Filtration group provides clean, dry, compressed air with a complete line of innovative drying and filtration equipment. Our Ultrafilter™ products significantly

reduce pressure drop and deliver unrivaled performance, efficiency, ease of use, and safety.

We provide membrane and depth process filters for industries where high purity compressed gas, steam, or liquid is required. Our sterile air, culinary steam, and liquid filtration products are widely used in critical processes found in the food and beverage industry.



Gas Turbine Systems

2014 Sales: \$157 million

We design and provide custom-engineered air filtration systems for gas turbines and industrial compressors. Our products incorporate patented system designs and proprietary filter media, such as Spider-Web®. We also provide aftermarket replacement filters, parts, and service.

Our filtration solutions are used to optimize Customers' gas turbines, which provide base electricity, peaking capacity, and remote power. These turbines require inlet air filtration that protects the turbine from damage and helps it run at peak efficiency. Our Customers include most major turbine manufacturers, utility companies, and oil and gas companies.

Special Applications

2014 Sales: \$179 million

We produce a wide variety of high-efficiency air filters for the disk drive and semiconductor industries, as well as for protective venting applications. Our products protect computer disk drives in applications including: personal computers,

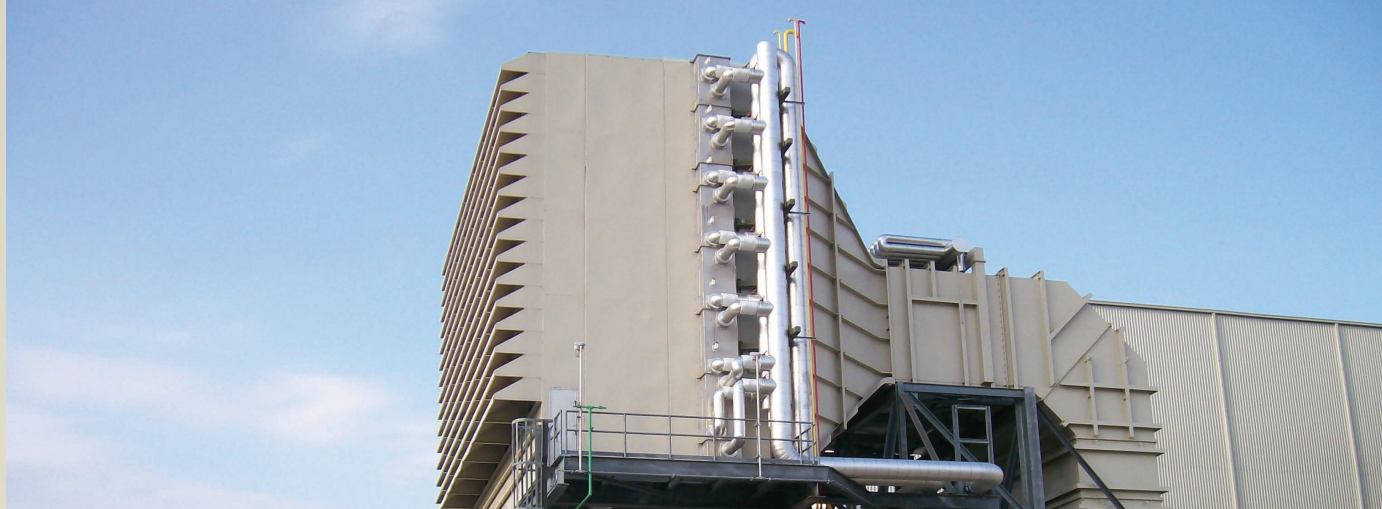
servers, external storage devices, and gaming devices; they offer protection from harmful particles, gases, and moisture.

Donaldson offers protective vents in a wide variety of materials and configurations to meet the needs of device manufacturers in the automotive systems, healthcare, and consumer product markets. Our vents protect devices from environmental challenges while maintaining the performance that Customers demand. As a *Partner in Problem Solving*, Donaldson helps Customers find the right solution to meet their needs.

Our semiconductor filters help our Customers increase their product yields and process uptime. Our products are designed to control airborne molecular

contaminants in highly sensitive process environments, such as semiconductor manufacturing and industrial production printers.

Donaldson also manufactures Tetratex® ePTFE membrane filter media. This high-performance filter media can improve a Customers' filtration application by reducing energy consumption and environmental emissions, while improving productivity, product reclamation, and extending filter life. Tetratex ePTFE membrane filter media is used in a vast array of industries, including chemical processing, food manufacturing, fuel cells, metal processing, mineral and cement production, pharmaceuticals, and vacuum cleaners and sweepers.



Engine Products Segment

Sales for the Engine Products segment totaled \$1.584 billion for Fiscal 2014.

Aftermarket

2014 Sales: \$1.012 billion

Donaldson's Engine Aftermarket products include a broad line of replacement fuel, lube, air, coolant, transmission, and mobile hydraulic filters, accessories, and exhaust and emission control components.

We sell our products to our Customers' OEM parts and service organizations, independent distributors, and private label Customers. Our replacement filters and parts are distributed under both our Customers' brands and our

Donaldson brand. Our distribution centers are strategically located to support the needs of our Customers throughout the world. We have also introduced new industry-leading technologies, such as Clean Fuel and Lubricant Solutions which removes contaminants from fuel and lubricants before they are pumped into Customers' equipment and a line of Donaldson Blue™ filters which deliver a new standard in premium filter performance.

On- and Off-Road Products

2014 Sales: \$472 million

We provide air and liquid filtration and exhaust and emission solutions to construction, transportation, agriculture,

mining, and other equipment manufacturers, who protect heavy-duty engines in a variety of difficult working environments.

Our products filter engine intake air, fuels, lubricants, crankcase emissions, and hydraulic fluids, and treat engine exhaust by reducing noise and tailpipe emissions, including Particulate Matter (PM) and Nitrogen Oxides (NOx). Donaldson products incorporate proprietary and patented designs, including PowerCore, PowerCore G2, and PowerPleat™ air cleaners, and Spiracle™ crankcase filtration, as well as many proprietary filter media technologies.

Aerospace and Defense

2014 Sales: \$100 million

The biggest names in aerospace and defense rely on our growing portfolio of liquid and air filtration solutions.

Our deep understanding of the aerospace and defense industries, coupled with the most innovative products and exceptional Customer support, have resulted in innovative solutions that meet the advanced demands of Customers who operate ground vehicles, airplanes, helicopters, space vehicles, and marine vessels.



CONTINUOUS IMPROVEMENT AROUND THE WORLD

The Donaldson Production System (DPS) is a standardized *Continuous Improvement* approach utilized in our facilities globally. DPS is the operating philosophy aligning our *Continuous Improvement* efforts and Company strategy within our manufacturing and distribution operations, business units, and support functions. This system combines improvement efforts

of multiple methodologies into an integrated Donaldson-specific process. The focus of the DPS is identification and elimination of waste in all areas, including manufacturing, administration, etc.

The DPS assists Employees in understanding the philosophy and guiding principles necessary to develop Operational Excellence Centers that provide Customers with exceptional support and value.

DPS Leaders exist in each of our global manufacturing and distribution centers. These Leaders manage DPS deployment via teaching DPS principles, facilitating our *Continuous Improvement* events, and performing annual on-site assessments. DPS Leader knowledge and skills are reflected through three individual certification levels: Bronze (learning), Silver (doing) and Gold (teaching).



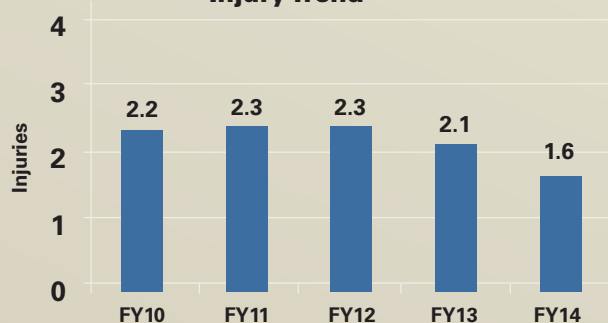
PROVIDING A HEALTHY AND SAFE ENVIRONMENT

Donaldson is an environmentally and socially responsible Company. We comply with environmental laws and regulations and are committed to being a responsible corporate citizen. Our environmental policy is located online at www.donaldson.com/en/about/quality/environment.html.

Safety Performance Metrics

Donaldson Region	Final FY14 OSHA Recordable Injuries Rate/100 Employees/Year
Americas	1.8
Europe and South Africa	2.6
Asia Pacific	0.4
Our Total Company	1.6
Industry Benchmark (US Motor Vehicle Parts-CY12)	5.3

Worldwide Recordable Injury Trend



Our leadership team, local safety committees, corporate Environmental, Health, and Safety (EHS) staff, and Employees work together to help maintain a safe and healthy environment. In Fiscal 2014, 5 of our 45 global production and distribution locations were without a recordable injury and 18 went without a single lost workday case.

EHS Management System Certifications

Currently, 32 of our manufacturing and distribution locations have been certified by a third-party registrar to the ISO 14001 standard and 10 to the OHSAS 18001 standard. These management systems provide a framework for insuring a Plan-Do-Check-Act cycle of *Continuous Improvement* in EHS.

EHS Maturity Matrix

We use an EHS Maturity Matrix—an electronic tool that determines an organization's EHS maturity based on 25 disciplines on five levels. The matrix has four major elements: People, Process, Programs-Environmental, and Programs-Safety. The tool has been implemented globally and self-assessments have been completed by all facilities in the Americas and EMEA.

Global Travel Risk Management

Donaldson is committed to providing all Employees with the tools needed to manage their own safety, health, and security when traveling. Cultural norms, medical, travel, security, and weather information is available to every Employee, as are real-time location and risk monitoring, traveler assistance, and outreach.



ISO 14001

ISO 14001 is an international accreditation that certifies conformance to an effective, site-specific environmental management system. This management system focuses on continuous process improvements and pollution prevention. Donaldson has achieved ISO 14001 registration at the following 32 locations through the Registrar, British Standards Institute:

Leicester, United Kingdom, 1999
Frankfort, Indiana (U.S.), 2001
Stevens Point, Wisconsin (U.S.), 2003
Wuxi, China (Disk Drive Filter Plant), 2004
Rayong, Thailand, 2004
Cresco, Iowa (U.S.), 2004
Klasterec, Czech Republic, 2005
Ostiglia, Italy, 2006
Gunma, Japan, 2006
Hull, United Kingdom, 2006
Wuxi, China (Industrial Filtration Solutions Plant), 2007
Auburn, Alabama (U.S.), 2007
Dülmen, Germany, 2008

Greeneville, Tennessee (U.S.), 2008

Baldwin, Wisconsin (U.S.), 2009

New Delhi, India, 2010

Aguascalientes, Mexico (Liquid Filter Plant), 2010

Nicholasville, Kentucky (U.S.), 2010

Ivyland, Pennsylvania (U.S.), 2010

Kadan, Czech Republic, 2011

Domjean, France, 2011

Cape Town, South Africa, 2012

Riverbank, California (U.S.), 2012

Rensselaer, Indiana (U.S.), 2012

Aguascalientes, Mexico (Distribution Center), 2012

Dixon, Illinois (U.S.), 2012

Grinnell, Iowa (U.S.), 2012

Wuxi, China (Tetratex Membranes Plant), 2012

Wuxi, China (Engine Products Plant), 2012

Chillicothe, Missouri (U.S.), 2012

Aguascalientes, Mexico (Air Filter Plant), 2013

Monterrey, Mexico, 2013

OHSAS 18001

OHSAS 18001 is an independent accreditation that certifies compliance to an effective, site-specific occupational health and safety management system. It focuses on continuous process improvements and the reduction and eventual elimination of occupational injuries and illnesses. The following Donaldson facilities have achieved OHSAS 18001:

Rayong, Thailand, 2007

Hull, United Kingdom, 2008

New Delhi, India, 2010

Frankfort, Indiana (U.S.), 2012

Wuxi, China (Disk Drive Filter Plant), 2012

Wuxi, China (Tetratex Membranes Plant), 2012

Wuxi, China (Industrial Filtration Solutions Plant), 2012

Wuxi, China (Engine Products Plant), 2012

Nicholasville, Kentucky (U.S.), 2013

Klasterec, Czech Republic, 2013

TIS 18001:1999; Thailand Occupational, Health and Safety Management Systems, Rayong, Thailand, 2007

TLS 18001:2010; Thailand Labor, Ethics, Environment, Occupational Health and Safety, Rayong, Thailand, 2007

Our Environmental Pledge

We are committed to the development of enlightened environmental principles and their implementation across our organization through:

- Pollution prevention at its source and the responsible management of any residual waste;
- Recycling of raw materials, finished products, and other resources;
- Conservation of energy and natural resources through prudent use and reuse; and
- A Company commitment to minimize risks pertaining to environmental, health, and safety in the workplace and in our communities.

Energy Conservation

We continue to identify potential energy-saving opportunities. At our Bloomington, Minnesota headquarters, we continue to upgrade our facilities with energy saving solutions for our office and R&D operations. The installation of new condensing boilers for heating our Corporate Technology Center has reduced natural gas for heating by 25% over standard boiler technology. The installation of energy recovery ventilation systems



in our new Liquid/Fuel test labs has improved indoor air quality for test operators, while at the same time saving significant operating energy “recovering” heating or cooling from the air being exhausted.

A new program available through Xcel Energy at our Bloomington, Minnesota facilities will allow us to purchase the majority of our electricity from community solar “gardens” by third-party operators through special contracts called Power Purchase Agreements. We are in active discussions with several of these operators, and intend to be obtaining carbon-free electricity for our Bloomington buildings within the coming year.

For fiscal year 2014, utility costs at our major U.S. production facilities as a percentage of sales decreased by over 20% from the prior year, continuing our trend of improved

process and resource efficiency. We continue to seek new ways to save energy, capture the results, and reduce our carbon footprint at our global operations.

Residual Waste Disposal

Recycling programs are in place at a majority of our facilities for common office materials (plastic, aluminum, paper, and cardboard) and at our production plants for scrap metal and media.

Residual waste disposal is managed to minimize the use of landfills. Residual wastes are also directed for beneficial reuse, including waste-to-energy and alternative fuel blending (cement kilns, etc.). In addition, a waste disposal audit program is in place to ensure our suppliers properly manage waste.



Going Green Initiative

Going Green is an employee-led initiative at our Bloomington campus with a mission of identifying and implementing ideas for environmental improvements that will secure a more sustainable future.

Our Bloomington Green Team has adopted a composting program, which reduces the trash headed for landfills. Kitchen food waste and restroom paper towels are now collected and brought to a nearby facility where they are converted to garden compost for commercial and residential consumers.

Safety and Health Committee

Committees are established to assist in the implementation of safety and health systems. Procedures are followed, promoted, and continuously improved. These committees are comprised of representatives from all departments, and are chaired by a location manager. The committees are established at most locations, including manufacturing, office, warehouse, and Research and Development (R&D) facilities.

Occupational Health

Through the use of both internal and external expertise, Donaldson monitors and improves our occupational health environments.

At our Bloomington campus we have a full array of industrial air and noise monitoring and sampling equipment for use at any of our locations.



FY2014 Awards & Recognition

2014 Volvo Group Purchasing Award for Aftermarket Excellence

2013 Master of Quality Awards from Daimler Trucks North America

2014 Top Workplaces by *Star Tribune* newspaper

Ranked #20 for Fastest Growing Minnesota-Based Public Company in the 2013 *Twin Cities Business* B.I.G. Book (published October 2013)

Ranked #11 for Minnesota-Based Public Company Patent Holder in *Minneapolis/ St. Paul Business Journal* Book of Lists (published November 9, 2013)

Ranked #22 in Top 100 Minnesota Public Companies in *Minneapolis/ St. Paul Business Journal* Book of Lists (published March 28, 2014)

Seagate D2S (Dock to Stock) Award received twice in 2014 by Donaldson Disk Drive in Wuxi, China



Caterpillar Inc. Supplier Quality Excellence Process (SQEP) Certification

Donaldson strives to meet our suppliers' quality standards in all areas of performance. Caterpillar Inc.'s Supplier Quality Excellence Process (SQEP) is designed to help suppliers drive a zero defects culture within their organizations and achieve performance excellence. Certification levels include Bronze, Silver, Gold, and Platinum, reflected in order of increasing difficulty. Suppliers are certified through SQEP by meeting or exceeding stringent standards, such as product quality and shipping performance, which are measured over the course of a calendar year. The following Donaldson locations received Caterpillar's SQEP Certification in 2014:

- Dixon, Illinois: Gold
- Frankfort, Indiana: Silver
- Stevens Point, Wisconsin: Gold
- Klasterec, Czech Republic: Silver
- Hull, England: Bronze
- Wuxi, China: Silver



OUR CONTINUED COMMITMENT

Donaldson Company is a global innovator, developer, and manufacturer of filtration technology solutions that support our Customers' needs. We are committed to continuously improving the sustainability of our products in the marketplace and assisting our Customers by providing filtration solutions that positively affect their environments.

Data in this report summarizes Donaldson's growing environmental, product stewardship, and social responsibility activities from August 1, 2006 to July 31, 2014. Financial information is given in U.S. dollars. For more information on Donaldson's investor relations, visit www.donaldson.com. Copies of our Annual Report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to these reports are available free of charge on our website at www.donaldson.com or www.sec.gov. Corporate governance documents are available at www.donaldson.com or upon request in writing to our Corporate Secretary at Donaldson, P.O. Box 1299, Minneapolis, MN 55440-1299. Donaldson is under no obligation to provide regular updates to this report.

