





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, application expertise, and 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, air filter systems for gas turbines, and specialized air filtration systems for diverse applications, including computer 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, 2013): \$2.4 billion
- Approximately 12,600 Employees in 44 countries
- On May 22, 2013, we announced a 30% increase in our dividend payout
- On July 27, 2013, we announced our 232nd consecutive quarterly cash dividend over a 58-year period



Financial Information

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

(Dollars in millions, except per share data)	2009	2010	2011	2012	2013
Net sales	\$ 1,869	\$ 1,877	\$ 2,294	\$ 2,493	\$ 2,437
Gross margin percentage	31.6%	35.1%	35.5%	35.0%	34.8%
Operating income percentage	9.1%	12.7%	13.7%	14.6%	14.1%
Net earnings	\$ 132	\$ 166	\$ 225	\$ 264	\$ 247
Diluted earnings per share*	\$ 0.83	\$ 1.705	\$ 1.43	\$ 1.73	\$ 1.64
Dividend paid per share*	\$ 0.228	\$ 0.235	\$ 0.268	\$ 0.320	\$ 0.410

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

Donaldson's 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 distinguishing characteristics—innovative technologies, 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 our 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, 2013, there were approximately 12,600 Employees on the Donaldson team, with 29% from Europe, the Middle East and Africa, 28% from Asia Pacific, and 43% from the Americas.

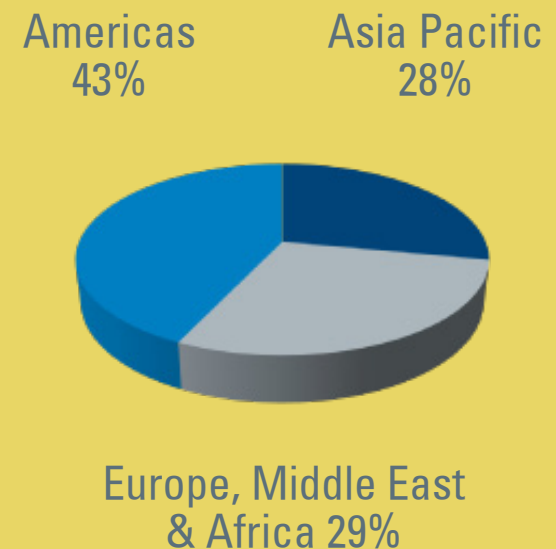
Compensation and Benefits

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 that afford Employees the opportunity to use pre-tax pay to fund out-of-pocket health and childcare expenses. We also provide disability benefits, life 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. As a result, 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 2013, Donaldson contributed \$7.3 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 that increases with years of service. Many Employees also gather outside of work to participate in volunteer opportunities and recreation/wellness programs.

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 correcting any that may occur.

Our Employees are encouraged to discuss concerns with their manager, Human Resources representative, or the 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 in filtration solutions. 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 in our core strengths. 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 family. 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, 2013, 9.8% of our U. S. manager-level population is considered minorities as described by the EEOC and 20.2% are female.

Learn more about our diversity initiatives at www.donaldson.com/en/about/diversity/index.html.



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 (ranked 6th Largest Local Donor by Memorial Blood Centers)
- Bedrace for Bridging
- School Backpack Sponsorships
- Full Cycle Bicycle Donations
- Junior Achievement bigBowl and in the Classroom
- MS 150 Bicycle Ride
- Toys for Tots

Donaldson's largest volunteer effort is the annual MS 150 bike ride in Minnesota. This year, Team Donaldson had the largest team with 278 riders, and raised over \$235,000. Since 2002, when the Team was formed, Team Donaldson 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 professions.

Donaldson Foundation

In addition to providing value to our Shareholders, quality products to our Customers, and opportunities for our Employees, Donaldson is committed to maintaining an effective presence in our local communities. We proudly support programs and organizations that strengthen the communities of which we are a part.

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 2013, we awarded grants totaling \$1.1 million. Over and above this, we make significant in-kind contributions. Following is a list of a few of our other Donaldson Foundation programs:

- United Way - Our Employees, retirees, and the Foundation provide significant support to the Greater Twin Cities and other United Way agencies in our U.S. plant cities.
- Donaldson Scholars - This provides scholarships for post-secondary education to qualifying children of U.S. Employees.
- Donaldson Foundation Student Exchange Program - This provides scholarships to two international students and one U.S. student (all children of Employees) to participate in a Youth For Understanding student exchange program.

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



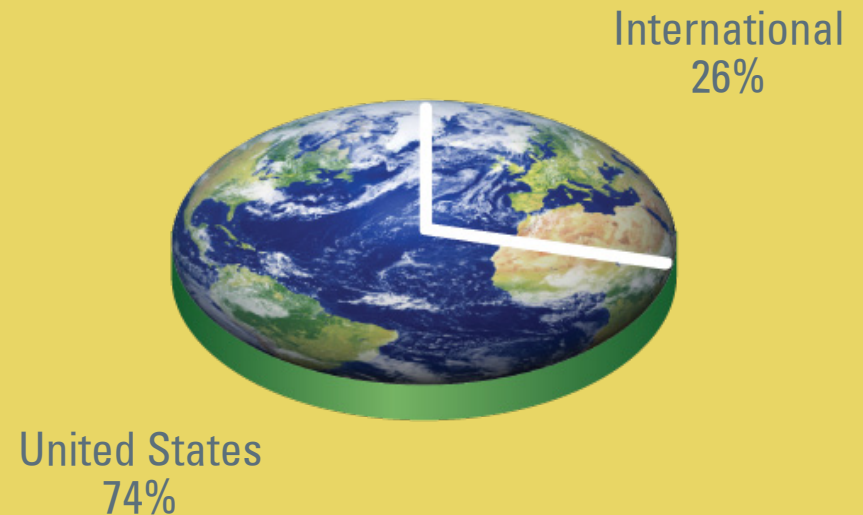
SUPPORTING DONALDSON CUSTOMERS AROUND THE WORLD

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, a Minneapolis suburb. Our principal European administrative and engineering offices are in Leuven, Belgium. Our Asia Pacific headquarters are located in Shanghai, China.

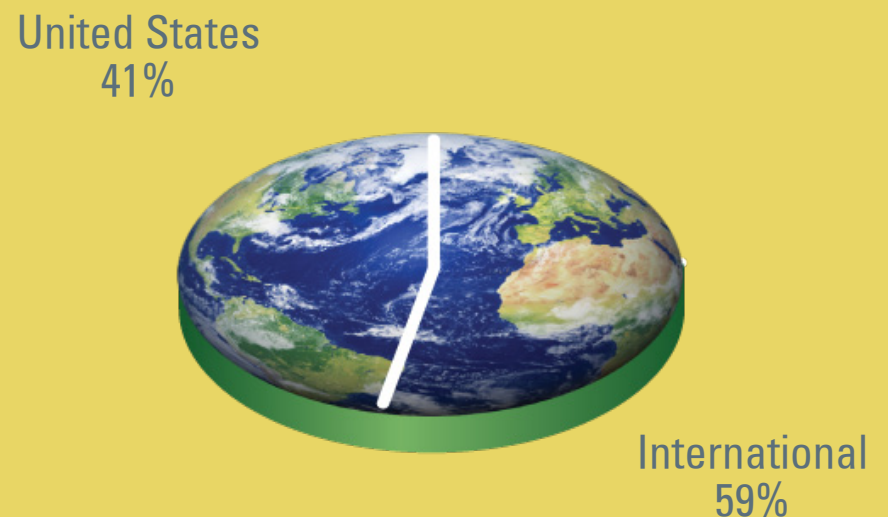
We manufacture our products around the world. Through our worldwide sales, engineering, manufacturing, and distribution capabilities, we provide exceptional support to our global Customer base. In Fiscal 2013, international sales accounted for 59% of our total revenue.

Geographic Diversification

1980



2013





Manufacturing in the Americas

Auburn, Alabama
Riverbank, California
Valencia, California
Dixon, Illinois
Frankfort, Indiana
Cresco, Iowa
Grinnell, Iowa
Nicholasville, Kentucky
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
Dülmen, 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.)
Most, Czech Republic
Jakarta, Indonesia
Dammam, Saudi Arabia

Distribution Centers

Rensselaer, Indiana (U.S.)
Wyong, Australia
Brugge, Belgium
Sao Paulo, Brazil
Jakarta, Indonesia
Aguascalientes, Mexico

Third-Party Logistics Providers

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

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 \$933 million for Fiscal 2013. This segment is comprised of three primary businesses: Industrial Filtration Solutions, Gas Turbine Systems, and Special Applications.

Industrial Filtration Solutions

2013 Sales: \$530 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 clean air in industrial environments and applications, including grain, cement, mining, pharmaceutical, chemical, food, and metal.

Our on-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

2013 Sales: \$233 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

2013 Sales: \$170 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 desktop and laptop computers, servers, external storage devices,

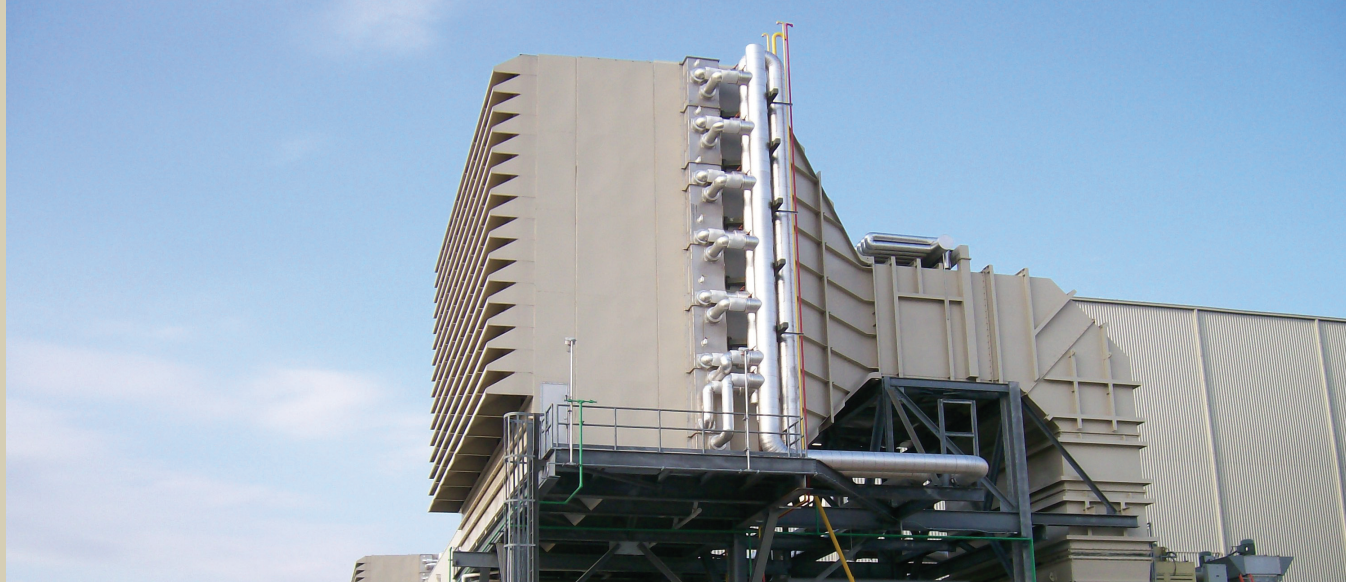
digital video recorders, and a wide variety of consumer electronic devices and offer protection from harmful particles, gases, and moisture.

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 \$1.504 billion for Fiscal 2013.

Aftermarket

2013 Sales: \$901 million

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

We sell our product line to our Customers' OEM parts and service organizations, independent distributors, and private label Customers. We distribute our replacement filters and parts under both our Customers' brands and the Donaldson brand. Our distribution centers are strategically located to support the needs of our

Customers throughout the world. We have also introduced industry-shaping new technologies, such as our Clean Fuel and Lubricant Solutions, which remove contaminants from fuel and lubricants before they are pumped into Customers' equipment.

On- and Off-Road Products

2013 Sales: \$487 million

We provide air and liquid filtration and exhaust and emission solutions to construction, transportation, agriculture, mining, and other equipment manufacturers. where they 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.

Donaldson products incorporate proprietary and patented designs, including PowerCore, PowerCore G2, Spiracle™, TopSpin™, and Twist&Drain™, as well as proprietary filter media technologies.

Aerospace and Defense

2013 Sales: \$104 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 robust solutions that meet the advanced demands of Customers who operate ground vehicles, airplanes, helicopters, space, and marine vehicles.

Exhaust and Emissions

2013 Sales: \$12 million

We work closely with OEMs to develop durable and cost-effective solutions for any diesel application, including mobile and stationary. With experience in the reduction of Particulate Matter (PM) and Nitrogen Oxides (NOx), we employ market-leading expertise in the areas of thermal management, urea mixing and deposit prevention to ensure compliance with the most stringent standards.

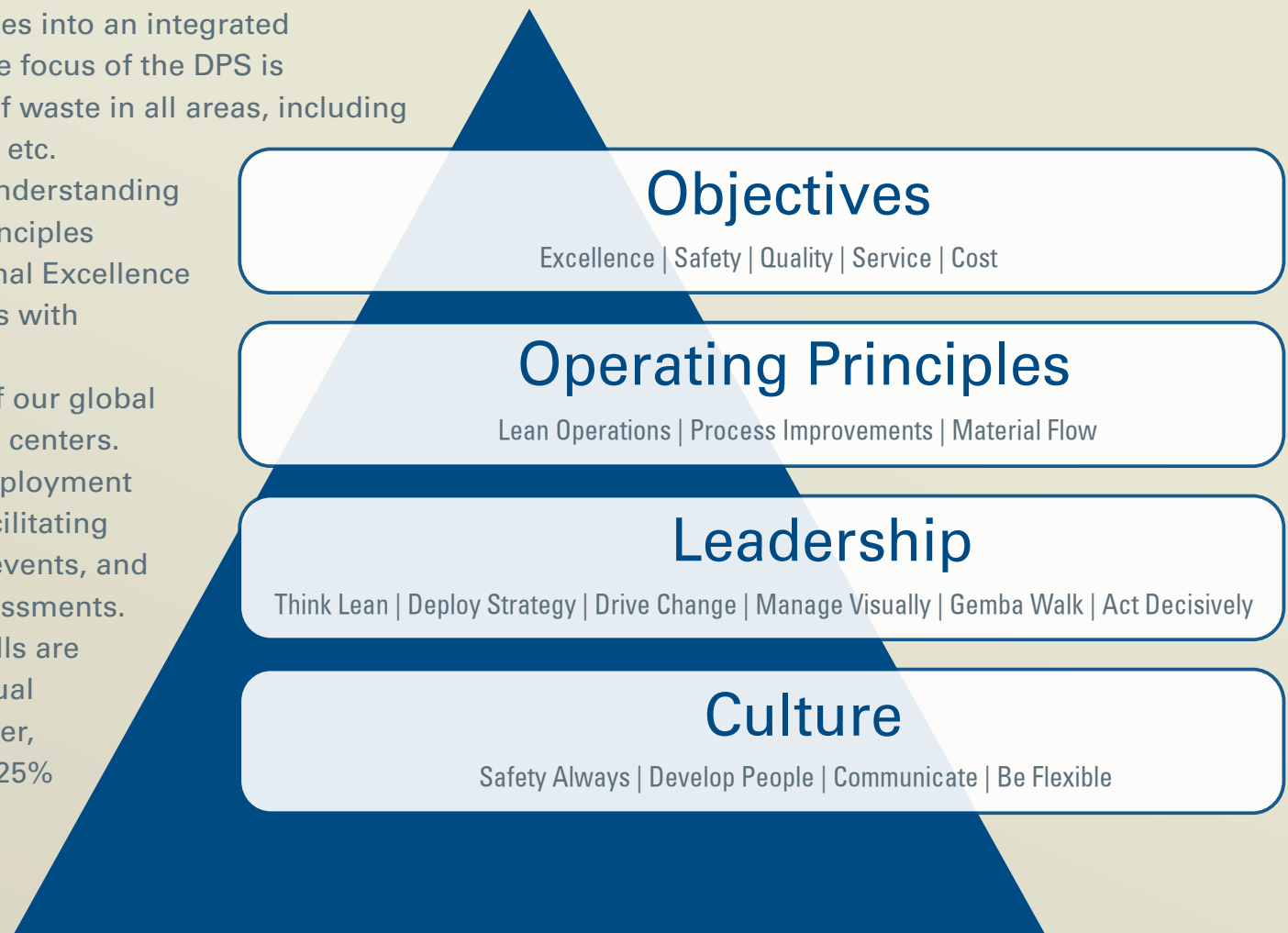


CONTINUOUS IMPROVEMENT AROUND THE WORLD

The Donaldson Production System (DPS) is a standardized *Continuous Improvement* approach utilized in our facilities globally. DPS is the operating philosophy for our manufacturing and distribution operations, business units, and support functions. The 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.

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, Silver, and Gold. Globally, more than 25% of our workforce has obtained DPS individual certification.



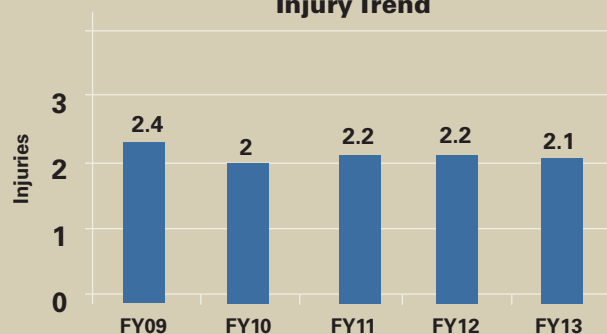
PROVIDING A HEALTHY AND SAFE ENVIRONMENT

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 FY13 OSHA Recordable Injuries Rate/100 Employees/Year
Americas	2.3
Europe and South Africa	3.1
Asia Pacific	0.8
Our Total Company	2.1
Industry Benchmark (US Motor Vehicle Parts-CY11)	5.0

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 2013, 6 of our 45 global production and distribution locations did not have a recordable injury and 16 did not have 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 ISO14001 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 Audit Process

We actively conduct comprehensive EHS regulatory compliance audits at our plants to ensure compliance with all applicable regulatory requirements. Our EHS auditing program is conducted by a corporate audit team with more than 50 years of combined EHS experience in manufacturing settings, utilizing industry-leading, peer-reviewed

methods and protocols. Six audits were performed in Fiscal 2013.

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 U.S. facilities.

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 well as a 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 locations through our 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 of our facilities have been 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. Recent office renovations on the Bloomington campus employ innovative new lighting technologies which use approximately 60% less electricity than the previous installation. The annual reduction of CO₂ emissions equals the consumption of approximately 4,800 gallons of gas.

During the last five years, our U.S. plant utility costs compared



as a percentage of cost of goods sold have gone from 1.8% to 1.3%, resulting in significant operational and energy efficiencies.

Our Latin American Distribution Center expansion in Aguascalientes, Mexico, makes extensive use of skylights for daytime lighting and high-efficiency lighting for nighttime operations, reducing electricity consumption for lighting by nearly 75% over traditional installations.

Our plant in Haan, Germany, received a local certificate for positive environmental performance by implementing numerous actions to reduce the consumption of resources. Total savings are over 40.940€, 480.100 kWh, and 157 metric tons of CO₂ annually.

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.

Since 2011 we have had a community garden as a way to use some of our Bloomington campus' green space while benefitting the local community. Annually, our garden provides a bounty of fresh produce that is donated to VEAP, a local food pantry that provides relief, support, and hope in times of need to low-income families, individuals, elderly, and disabled persons.

New drinking fountains and bottle filling stations were installed throughout the Bloomington campus to provide access to clean, filtered drinking water, eliminate paper and plastic cup usage, and significantly reduce plastic bottle waste.

In addition to a multi-material recycling program, the campus further reduces landfill waste by offering composting wherever possible and the recycling of office supplies and equipment. For example, when 500 office chairs needed to be replaced, the opportunity resulted in 1,920 pounds of steel and over 400 pounds of cardboard being recycled.

Safety and Health Committees

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, warehouses, 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.



FY13 Awards & Recognition

Ranked a Top 100 Workplace - Large Company in the StarTribune newspaper based on Employee surveys

Ranked #1 for Minnesota's Mechanical and Industrial Goods Top Inventors List in Twin Cities Business magazine

Ranked #2 Machinery Maker for 50 Best U.S. Manufacturers in IndustryWeek

Ranked #9 for Top Minnesota-Based Publicly Traded Manufacturers in the 2013 Twin Cities Business B.I.G. Book

Ranked #11 for Minnesota-Based Public Company Patent Holder in Minneapolis/St. Paul Business Journal Book of Lists

Ranked #12 for Minnesota-Based Public Company R&D Spending in Minneapolis/St. Paul Business Journal Book of Lists

Ranked #18 for 50 Best U.S. Manufacturers in IndustryWeek 2013

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

Ranked #22 for Top 100 Minnesota-Based Public Companies in the Star Tribune newspaper

Selected as a constituent in the 2012-2013 OceanTomo 300® Patent Index

Awarded Contractors' Top 50 New Products for Filter Buddy from EquipmentToday magazine

Distinguished Business/Industry Award earned by Donaldson Chillicothe (Missouri, U.S.) from the Missouri Community College Association

Gold SQEP Recertification earned by Donaldson Dixon (Illinois, U.S.) and Donaldson Stevens Point (Wisconsin, U.S.); Silver SQEP Certification earned by Donaldson Frankfort (Indiana, U.S.); Bronze SQEP Certification earned by Donaldson Hull (Germany), Donaldson Klasterec (Czech Republic), and Donaldson Nicholasville (Kentucky, U.S.) from Caterpillar

Masters of Quality Award for 2012 earned by Donaldson Frankfort (Indiana, U.S.) from Daimler Trucks North America

Bronze Incident Rate Excellence Award earned by Donaldson Grinnell (Iowa, U.S.) from the Iowa - Illinois Safety Council

Governor's Safety and Health Award earned by Donaldson Nicholasville (Kentucky, U.S.) from the Kentucky Labor Cabinet

2012 Most Improved Supplier Award earned by Donaldson Australasia from Kenworth Australia

Recognition as Wuxi Engineering R&D Center for Engine Air Filtration earned by Donaldson Wuxi (China) from the Wuxi government

Best in Class Supplier Award earned by Donaldson Klasterec (Czech Republic) from Caterpillar Distribution Services Europe BVBA

Partner-Level 2012 Supplier Award for the John Deere Achieving Excellence program earned by Donaldson India (New Delhi) from John Deere India Private Limited

Certificate of Appreciation for Quality PPM <120 earned by Donaldson India (New Delhi) from John Deere India Private Limited

2012 Bronze Best Improver Award earned by Donaldson Aerospace (Paris, France) from Airbus

Best Supplier Award earned by Nippon Donaldson (Japan) from Caterpillar Japan Sagami General Services Ltd.

Recognition for contributions to cost reduction earned by Nippon Donaldson (Japan) from Hitachi Construction Machinery Company, Ltd.



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, 2013. 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.

