

DONALDSON CO INC
Form DEF 14A
September 28, 2012
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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

SCHEDULE 14A

**Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to § 240.14a-12

Donaldson Company Inc.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the

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date of its filing.

- (1) Amount Previously Paid:
 - (2) Form, Schedule or Registration Statement No.:
 - (3) Filing Party:
 - (4) Date Filed:
-

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DONALDSON COMPANY, INC.

**1400 West 94th Street
Minneapolis, Minnesota 55431-2370
www.donaldson.com**

NOTICE OF 2012 ANNUAL MEETING OF STOCKHOLDERS

- TIME:** 1:00 p.m. (local time) on Friday, November 16, 2012
- PLACE:** Donaldson Company, Inc. (Donaldson or the Company) Corporate Offices, Campus West, 2001 West 94th Street, Minneapolis, Minnesota 55431.
- ITEMS OF BUSINESS:**
- (1) To elect two Directors;
 - (2) To ratify the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for the fiscal year ending July 31, 2013; and
 - (3) To transact any other business that properly comes before the meeting.
- RECORD DATE:** You may vote if you are a Stockholder of record at the close of business on September 19, 2012.
- PROXY VOTING:** It is important that your shares be represented and voted at the Annual Meeting. Instructions on voting your shares are on the Notice of Internet Availability of Proxy Materials you received for the Annual Meeting. If you received paper copies of the proxy materials, instructions on the different ways to vote your shares are found on the enclosed proxy card. You should vote by proxy even if you plan to attend the Annual Meeting. Your support is appreciated, and you are cordially invited to attend the Annual Meeting.

PLEASE PROMPTLY VOTE YOUR PROXY TO SAVE US THE EXPENSE OF ADDITIONAL SOLICITATION.

Notice of Internet Availability of Proxy Materials for the Stockholder Meeting to be held on November 16, 2012: Our 2012 Proxy Statement and our Fiscal 2012 Annual Report to Stockholders are available at www.proxyvote.com.

By Order of the Board of Directors

Norman C. Linnell
Secretary

Dated: October 4, 2012

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DONALDSON COMPANY, INC.

1400 West 94th Street
Minneapolis, Minnesota 55431-2370

PROXY STATEMENT

Mailing Date: October 4, 2012

PROPOSALS YOU ARE ASKED TO VOTE ON

Item 1: Election of Directors

Two current Directors, William M. Cook and Paul David Miller, are recommended for election to the Board of Directors at the Annual Meeting. Information on the nominees is provided on pages 8-10. Directors are elected for a three-year term so that approximately one-third are elected at each Annual Meeting of Stockholders.

The Board of Directors unanimously recommends a vote **FOR** the election of each Director nominee.

Item 2: Ratification of the Appointment of Independent Registered Public Accounting Firm

The Audit Committee has appointed PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm to audit the Company's financial statements for the fiscal year ending July 31, 2013, and is requesting ratification by the Stockholders.

The Board of Directors unanimously recommends a vote **FOR** the ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for the fiscal year ending July 31, 2013.

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QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND VOTING

Why did I receive access to this Proxy Statement?

Because the Board of Directors of the Company is soliciting proxies for use at the Annual Meeting to be held on November 16, 2012 and you were a Donaldson Stockholder as of the close of business on the record date of September 19, 2012. Only Stockholders of record are entitled to vote at the Annual Meeting and the Board of Directors is soliciting your proxy to vote at the meeting. We had 148,125,817 shares of Common Stock outstanding as of the close of business on the record date. Each share entitles its holder to one vote, and there is no cumulative voting.

This Proxy Statement summarizes the information you need to know to vote. We first mailed or otherwise made available to Stockholders the Proxy Statement and form of proxy on or about October 4, 2012.

Why did I receive a notice in the mail regarding the internet availability of proxy materials instead of a full set of proxy materials?

In accordance with rules adopted by the Securities and Exchange Commission (the "SEC"), we may furnish proxy materials, including this Proxy Statement and our Fiscal 2012 Annual Report to Stockholders, to our Stockholders by providing access to such documents on the internet instead of mailing printed copies. Most Stockholders will not receive printed copies of the proxy materials unless they request them. Instead, the Notice of Internet Availability of Proxy Materials, which was mailed to most of our Stockholders, will instruct you as to how you may access and review all of the proxy materials on the internet. Such notice also instructs you as to how you may submit your proxy on the internet. By accessing and reviewing the proxy materials on the internet, you will save us the cost of printing and mailing these materials to you and reduce the impact of such printing and mailing on the environment. However, if you would like to receive a paper copy of our proxy materials, please follow the instructions for requesting such materials provided in the Notice of Internet Availability of Proxy Materials.

SEC rules allow us to deliver a single copy of an annual report, proxy statement, or Notice of Internet Availability of Proxy Materials to two or more Stockholders that share the same household address. If you received multiple copies and would like to receive only one copy per household in the future, or if you received only one copy and would like to receive multiple copies in the future, you should contact your bank, broker or other nominee record holder, or, if you are a record holder, contact Norm Linnell, the Company Secretary, Donaldson Company, Inc., MS 101, P.O. Box 1299, Minneapolis, MN 55440-1299 or call 952-887-3631.

What am I voting on and what does the Board recommend?

1. The election of two Directors; and
2. The ratification of the appointment of our independent registered public accounting firm for the fiscal year ending July 31, 2013.

The Board recommends a vote:

FOR each of the Directors;

FOR the ratification of the appointment of our independent registered public accounting firm.

How do I vote if I am a Stockholder of record?

If you are a Stockholder of record you may vote using any ONE of the following methods:

VOTE BY PHONE TOLL FREE 1-800-690-6903

VOTE BY INTERNET <http://www.proxyvote.com>

VOTE BY PROMPTLY COMPLETING, SIGNING AND MAILING YOUR PROXY CARD (if you received paper copies of the proxy materials)

VOTE BY CASTING YOUR VOTE IN PERSON AT THE MEETING

If you participate in the Donaldson Dividend Reinvestment Program or in the Donaldson Employee Stock Purchase Program administered by the transfer agent, your shares in those programs have been added to your other holdings and are included in your proxy materials.

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How do I vote if I hold stock through a Donaldson Employee benefit plan?

We have added the shares of Common Stock held by participants in Donaldson's Employee benefit plans to the participants' other holdings shown on their proxy materials. Donaldson's Employee benefit plans are the Employee Stock Ownership Plan, the PAYSOP, and the Donaldson Company, Inc. Retirement Savings Plan (the 401(k) Plan).

If you hold stock through Donaldson's Employee benefit plans, voting your proxy using one of the first three methods above also serves as confidential voting instructions to the plan trustee, Fidelity Management Trust Company (Fidelity). Fidelity will vote your Employee benefit plan shares as directed by you provided that your proxy vote is **RECEIVED BY NOVEMBER 13, 2012**.

Fidelity also will vote the shares allocated to individual participant accounts for which it has not received instructions, as well as shares not so allocated, in the same proportion as the directed shares are voted.

How do I vote if my shares are held in a brokerage account in my broker's name (i.e., street name)?

If your shares are held in a brokerage account in your broker's name (street name), you should follow the voting directions provided by your broker or nominee. If you do so, your broker or nominee will vote your shares as you have directed.

What does it mean if I receive more than one Notice of Internet Availability of Proxy Materials or proxy card?

It means that you have multiple accounts with banks or stockbrokers or with the transfer agent. PLEASE VOTE ALL OF YOUR SHARES.

What if I change my mind after I vote my shares?

If you are a Stockholder of record you can revoke your proxy at any time before it is voted at the meeting by:

Sending written notice of revocation to the Company Secretary;

Submitting a properly signed proxy card with a later date;

Voting by telephone or internet at a time following your prior telephone or internet vote; or

Voting in person at the Annual Meeting.

If your shares are held in a brokerage account in your broker's name (street name), you should contact your broker or nominee for information on how to revoke your voting instructions and provide new voting instructions.

How are the votes counted?

For Item 1, the election of Directors, you may vote for both of the nominees, withhold your vote from both of the nominees or withhold your vote from a specifically designated nominee.

For Item 2, the ratification of the appointment of our independent registered public accounting firm, you may vote (or abstain) by choosing For, Against or Abstain.

If you abstain from Item 2, your shares will be counted as present at the meeting for the purposes of determining a quorum, and they will be treated as shares not voted on the specific proposal. This means that for Item 2, abstentions have the same effect as a vote against such item.

If you hold shares in street name and do not provide voting instructions to your broker, your broker will not vote your shares on any proposal where the broker does not have discretionary authority to vote. In such a situation, the shares will be considered present at the meeting for purposes of determining a quorum, but will not be considered to be represented at the meeting for purposes of calculating the vote with respect to the matter requiring discretionary authority. New York Stock Exchange (NYSE) rules permit brokers discretionary authority to vote on Item 2 if they do not receive instructions from the street name holder of the shares. As a result, if you do not vote your street name shares, your broker has authority to vote on Item 2 on your behalf.

We use an independent inspector of elections, Broadridge Investor Communication Solutions, Inc., which tabulates the votes received.

What if I do not specify how I want my shares voted?

If you do not specify on your returned proxy card or through the telephone or internet prompts how you want to vote your shares, your shares will be voted FOR the election of both Director nominees and FOR the ratification of the appointment of the independent registered public accounting firm.

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How many shares must be present to hold the meeting?

A quorum must be present for the meeting to be valid. This means that at least a majority of the shares outstanding as of the record date must be present. We will count you as present if you:

Have properly voted your proxy by telephone, internet, or mailing of the proxy card;

Are present and vote in person at the meeting; or

Hold your shares in street name (as discussed above) and your broker uses its discretionary authority to vote your shares on Item 2.

How many votes are needed to approve each item?

Our Bylaws provide for a majority voting standard for the election of Directors in uncontested Director elections. A nominee for Director in an uncontested election will be elected to the Board if the votes cast FOR such nominee's election exceed 50% of the number of votes cast with respect to such nominee. Votes cast with respect to a nominee include votes to withhold authority. Directors will be elected by a plurality vote at a Stockholder meeting if:

The Secretary of the Company receives a notice that a Stockholder has nominated a person for election to the Board in compliance with the advance notice requirements for Stockholder nominees set forth in the Bylaws; and

Such nomination has not been withdrawn by such Stockholder prior to the 10th day preceding the date the Company first mails its notice of meeting for such meeting to the Stockholders.

In order for the proposal to ratify the appointment of the independent registered public accounting firm to be approved, the affirmative vote of a majority of the shares of the Company's Common Stock entitled to vote and represented at the meeting in person or by proxy is required.

How will voting on any other business be conducted?

We do not know of any business to be considered at the 2012 Annual Meeting of Stockholders other than the proposals described in this Proxy Statement. If any other business is properly presented at the Annual Meeting, your shares will be voted by the holders of the proxies in their discretion.

Who may attend the meeting?

All Donaldson Stockholders of record as of the close of business on September 19, 2012 may attend.

Where do I find the voting results of the meeting?

We will publish the voting results in a Form 8-K to be filed with the SEC within four business days of the meeting.

How do I submit a Stockholder proposal?

If you wish to include a proposal in the Company's Proxy Statement for its 2013 Annual Meeting of Stockholders, you must submit the proposal in writing so that it is received no later than June 6, 2013. Please send your proposal to Norm Linnell, the Company Secretary, Donaldson Company, Inc., MS 101, P.O. Box 1299, Minneapolis, MN 55440-1299.

Under our Bylaws, if you wish to nominate a Director or bring other business before the Stockholders at our 2013 Annual Meeting without having your proposal included in our Proxy Statement:

You must notify the Company Secretary of the Company in writing between July 19, 2013 and August 18, 2013.

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Your notice must contain the specific information required in our Bylaws. If you would like a copy of our Bylaws, we will send you one without charge. Please write to the Company Secretary at the address shown above.

Who pays for the cost of proxy preparation and solicitation?

The Company pays for the cost of proxy preparation and solicitation, including the reasonable charges and expenses of brokerage firms, banks or other nominees for forwarding proxy materials to street name holders. We are soliciting proxies primarily by mail, email, and the internet. In addition, our Directors, Officers and other Employees may solicit proxies by email, telephone, facsimile, or personally. These individuals will receive no additional compensation for their services other than their regular salaries.

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Set forth below is information regarding persons known by the Company to own beneficially more than 5% of the outstanding Common Stock of the Company based on the number of shares of Common Stock outstanding on September 19, 2012. Note that all shares in the table and narratives reflect the impact of the Company's two-for-one stock split that occurred during the third quarter of Fiscal 2012.

Name and Address of Beneficial Owner⁽¹⁾	Amount and Nature of Beneficial Ownership	Percent of Class
Columbia Wanger Asset Management, LLC 227 West Monroe Street, Suite 3000 Chicago, IL 60606	12,487,300 ⁽²⁾	8.4
State Farm Mutual Automobile Insurance Company One State Farm Plaza Bloomington, IL 61710	9,472,440 ⁽³⁾	6.4
Neuberger Berman Group LLC 605 Third Avenue New York, NY 10158	7,779,434 ⁽⁴⁾	5.3

- (1) Fidelity Management Trust Company, as the trustee of the Company's Retirement Savings Plan - 401(k) Profit Sharing and ESOP/PAYSOP Plan, held 8,567,753 shares, or 5.8%, of the Company's Common Stock as of September 19, 2012. Fidelity disclaims beneficial ownership of the shares claiming that it holds the shares solely for the benefit of the Employee participants, and that it does not have the power to vote or dispose of those shares except as directed by the Employee participants. Fidelity's business address is 82 Devonshire Street, Boston, MA, 02109.
- (2) Based on information provided in a Schedule 13G/A filed with the SEC on February 10, 2012, Columbia Wanger Asset Management, LLC, an investment advisor, reported that it has sole power to vote or direct the vote of 11,737,300 shares and sole power to dispose of or direct the disposition of 12,487,300 shares. The shares reported include shares held by Columbia Acorn Trust, a Massachusetts business trust that is advised by Columbia Wanger Asset Management, LLC. According to the Schedule 13G, Columbia Acorn Trust held 7.2% of the shares of the Company as of December 31, 2011.
- (3) Based on information provided in a Schedule 13G/A jointly filed with the SEC on January 31, 2012, by State Farm Mutual Automobile Insurance Company, an insurance company (Auto Company) and certain of its subsidiaries and affiliates: Auto Company reported that it has sole power to vote or direct the vote of and sole power to dispose of or direct the disposition of 6,054,000 shares; State Farm Life Insurance Company, an insurance company (SFLIC), reported that it has sole power to vote or direct the vote of and sole power to dispose of or direct the disposition of 609,600 shares; State Farm Investment Management Corp., an investment adviser and registered transfer agent (SFIMC), reported that it has sole power to vote or direct the vote of and sole power to dispose of or direct the disposition of 86,200 shares; State Farm Insurance Companies Employee Retirement Trust (SF Retirement Trust) reported that it has sole power to vote or direct the vote of and sole power to dispose of or direct the disposition of 1,810,200 shares; and State Farm Insurance Companies Savings and Thrift Plan for U.S. Employees (SF Thrift Plan) reported that it has sole power to vote or direct the vote of and sole power to dispose of or direct the disposition of 912,440 shares. Auto Company is the parent company of multiple wholly owned insurance company subsidiaries, including SFLIC. Auto Company is also the parent company of SFIMC. SFIMC serves as transfer agent and investment adviser to three Delaware business trusts that are registered investment companies. Auto Company also sponsors SF Retirement Trust and SF Thrift Plan, two qualified retirement plans, for the benefit of its employees. Auto Company has established an investment department that is directly or indirectly responsible for managing or overseeing the management of the investment and reinvestment of assets owned by each entity that has joined in filing the Schedule 13G. The investment department is responsible for voting proxies or overseeing the voting of proxies related to the shares of each entity that joined in the filing. Each insurance company included in the filing and SFIMC have established an investment committee that oversees the activities in managing that firm's assets and the trustees of the qualified plans perform a similar role in overseeing the investment of each plan's assets. Each of the reporting persons expressly disclaims beneficial ownership as to all shares as to which such person has no right to receive the proceeds of sale of the shares and disclaims that it is part of a group.

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- (4) Based on information provided in a Schedule 13G/A jointly filed with the SEC on February 14, 2012, Neuberger Berman Group LLC, a holding company (Neuberger Berman), and Neuberger Berman LLC, an investment adviser and broker-dealer, each reported that it has shared power to vote or direct the vote of 6,848,704 shares and shared power to dispose of or direct the disposition of 7,779,434 shares. Neuberger Berman may be deemed to be a beneficial owner of securities because certain affiliated persons have shared power to dispose of the securities of many unrelated clients. Neuberger Berman or its affiliated persons do not, however, have any economic interest in the securities of those clients. The holdings of affiliates of Neuberger Berman are also aggregated to comprise the holdings referenced herein. Each of Neuberger Berman, Neuberger Berman LLC and certain affiliated persons disclaim beneficial ownership of any of the securities covered by this filing.

The following table shows information regarding the beneficial ownership of the Company's Common Stock and information concerning deferred restricted stock units, deferred share units under stock option exercises and phantom stock units beneficially owned, as of September 6, 2012, by each Director, each of the Named Executive Officers (NEOs as identified on page 20) and all Executive Officers (Officers) and Directors of the Company as a group. The shares listed in the table as beneficially owned include (i) shares over which a person has sole or shared voting power, or sole or shared power to invest or dispose of the shares, whether or not a person has any economic interest in the shares; (ii) deferred stock units that have vested and been deferred, as to which the beneficial owner has no voting or investment power; and (iii) shares subject to options exercisable within 60 days of September 6, 2012. Except as otherwise indicated, the named beneficial owner has sole voting and investment power with respect to the shares held by such beneficial owner, and the shares are not subject to any pledge.

Name of Beneficial Owner	Total Amount and Nature of Beneficial Ownership of Common Shares		Percent of Common Shares	Deferred Stock Units Included in Total Amount Column (3)	Exercisable Options Included in Total Amount Column
	(1)(2)(3)(4)(5)				
William M. Cook	2,070,002		1.4	632,153	964,761
James F. Shaw	45,934		*		38,000
Tod E. Carpenter	146,521		*		95,800
Charles J. McMurray	373,436		*	26,561	193,495
Jay L. Ward	161,607		*		99,730
Thomas R. VerHage	148,490		*	48,134	92,461
F. Guillaume Bastiaens	222,976		*		120,000
Janet M. Dolan	211,089		*		109,532
Jack W. Eugster	181,772		*		63,415
Jeffrey Noddle	166,430		*		88,406
John P. Wiehoff	136,447		*		105,600
John F. Grundhofer	135,058		*		
Paul D. Miller	115,313		*		87,891
Michael J. Hoffman	98,241		*		76,800
Willard D. Oberton	71,101		*		62,400
Ajita G. Rajendra	8,756		*		4,800
All Other Officers	658,269		*	54,219	359,201
Directors and Officers as a Group	4,951,442		3.3	761,067	2,562,292

*Less than 1%

- (1) Includes all beneficially owned shares, including restricted shares, shares for Non-Employee Directors held in trust, shares underlying the units listed under the Deferred Stock Units column and the shares underlying options exercisable within 60 days, as listed under the Exercisable Options column.
- (2) Includes the following shares held in the Employee Stock Ownership and Retirement Savings Plan trust: Cook, 93,429 shares; Shaw, 3,234 shares; Carpenter, 7,528 shares; McMurray, 45,304 shares; Ward, 13,865 shares; and all Directors and Officers as a group, 190,677 shares. Voting of shares held in the Employee Stock Ownership and Retirement Savings Plan trust is passed through to the participants. Also includes the following shares held in the Deferred Compensation and 401(k) Excess Plan trust: Cook, 33,705 shares; Shaw, 422

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shares; Carpenter, 1,265 shares; McMurray, 4,987 shares; Ward, 1,749 shares; and all Directors and Officers as a group, 56,322 shares. Voting of shares held in the Deferred Compensation and 401(k) Excess Plan trust is passed through to the participants.

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- (3) Deferred stock units that have vested and been deferred are included in the beneficial ownership totals and in the percent of ownership (columns 1 and 2), however, the beneficial owner has no voting or investment power. The Deferred Stock Units column includes phantom stock units allocated to Employees earning in excess of the limits established by the Internal Revenue Code for the qualified Employee Stock Ownership Plan that distributed shares in trust for Employees during the period from 1987 to 1996. Phantom stock units are held in the following amounts: Cook, 11,271 units; and all Directors and Officers as a group, 13,000 units.

The Deferred Stock Units column also includes deferred restricted stock units under the Deferred Compensation and 401(k) Excess Plan in the following amounts: Cook, 53,063 units; and all Directors and Officers as a group, 72,944 units.

The Deferred Stock Units column also includes deferred stock units under the Deferred Compensation and 401(k) Excess Plan for exercises of stock options where the executive has previously elected to defer the receipt of the underlying shares. Deferred stock option gain units are held in the following amounts: Cook, 391,106 units; VerHage, 3,470 units; and all Directors and Officers as a group, 394,576 units.

The Deferred Stock Units column also includes deferred stock units under the Deferred Compensation and 401(k) Excess Plan for deferral of shares awarded under the long term compensation plan under the 1991 Master Stock Compensation Plan and the 2001 Master Stock Incentive Plan, where the executive has previously elected to defer the receipt of the underlying shares. Deferred stock units are held in the following amounts: Cook, 176,713 units; McMurray, 26,561 units; VerHage, 44,664 units; and all Directors and Officers as a group, 280,547 units.

- (4) Includes the following shares held in the Non-Employee Directors deferred stock account trust: Bastiaens, 18,028 shares; Dolan, 50,973 shares; Eugster, 65,801 shares; Noddle, 44,030 shares; Wiehoff, 30,447 shares; Grundhofer, 54,611 shares; Miller, 26,622 shares; Hoffman, 21,441 shares; Oberton, 6,701 shares; Rajendra, 3,756 shares; and all Directors and Officers as a group, 322,410 shares. Voting of shares held in the deferred stock account trust is passed through to the participants.
- (5) Includes 76,767 shares held in a trust of which Mr. Grundhofer is a trustee and has shared voting and investment power.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's Directors and Officers to file initial reports of ownership and reports of changes in ownership with the SEC. To the Company's knowledge, based on a review of copies of such forms and representations furnished to the Company during Fiscal 2012, all Section 16(a) filing requirements applicable to the Company's Directors and Officers were satisfied, except that Mary Lynne Perushek filed one late Form 4 to report a payroll contribution into the Company's 401(k) Excess Plan to purchase shares of Company Common Stock.

ITEM 1: ELECTION OF DIRECTORS

The Bylaws of the Company provide that the Board of Directors shall consist of not less than 3 nor more than 15 Directors and that the number of Directors may be changed from time to time by the affirmative vote of a majority of the Directors. The Board of Directors currently consists of 11 Directors. Vacancies and newly created directorships resulting from an increase in the number of Directors may be filled by a majority of the Directors then in office and the Directors so chosen will hold office until the next election of the class for which such Directors shall have been chosen and until their successors are elected and qualified. Directors are elected for a term of three years with positions staggered so that approximately one-third of the Directors are elected at each Annual Meeting of the Stockholders.

The Directors with terms expiring at the 2012 Annual Meeting of Stockholders are Jack W. Eugster, John F. Grundhofer and Admiral Paul David Miller. In accordance with the policy in our Corporate Governance Guidelines that a non-employee Director shall not be re-nominated as a Director after serving six consecutive three-year terms, Mr. Eugster (who has served six three-year terms) will be retiring from the Board and will not be standing for election at the 2012 Annual Meeting of Stockholders. Likewise, in accordance with the policy in our Corporate Governance Guidelines that provides a person shall not be nominated for election as a Director after attaining the age of 72, Mr. Grundhofer (who is 73 years old) will be retiring from the Board and will not be standing for election at the 2012 Annual Meeting of Stockholders. The Board of Directors has decided to decrease the size of the Board to 9 Directors (from 11) upon the expiration of Mr. Eugster's and Mr. Grundhofer's terms at the meeting. In order to rebalance the three Director classes, William M. Cook, who was serving a three-year term expiring in 2013, submitted his resignation as a Director serving in his current Director Class effective as of the 2012 Annual Meeting of Stockholders. The Corporate Governance Committee

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and the Board of Directors have reviewed and considered the qualifications and service of Mr. Cook and Admiral Miller and have approved their nominations to stand at the 2012 Annual Meeting of Stockholders for re-election to the Board for three-year terms expiring in 2015. Michael J. Hoffman, Willard D. Oberton and John P. Wiehoff will continue to serve their three-year terms expiring in 2013, and F. Guillaume Bastiaens, Janet M. Dolan, Jeffrey Noddle and Ajita G. Rajendra will continue to serve their three-year terms expiring in 2014.

Each of the nominees has agreed to serve as a Director if elected. The Board of Directors has no reason to believe that either of the nominees will be unavailable or unable to serve, but in the event a nominee is not a candidate at the meeting, the persons named in the proxy intend to vote in favor of the remaining nominee and such other person, if any, as they may determine.

Board Recommendation

The Board of Directors recommends that Stockholders vote **FOR** the election of Mr. Cook and Admiral Miller for three-year terms expiring in 2015.

Information Regarding Directors

The Director nominees and the Directors whose term in office will continue after the meeting have provided information about themselves in the following section. SEC rules require us to discuss briefly the specific experience, qualifications, attributes, or skills that led the Board to conclude that each Director nominee and Director should serve on our Board of Directors. This discussion is provided in a separate paragraph following each Director's biography in the *following sections*.

Nominees for Terms Expiring in 2015

Name	Principal Occupation and Business Experience and Key Attributes and Skills
William M. Cook Age 59 Director since 2004	Chairman (2005), President, and Chief Executive Officer of the Company since August 2004. Previously, Senior Vice President, International (2000-2004) and Chief Financial Officer (2001-2004); and Senior Vice President, Commercial and Industrial (1996-2000). Also a Director of IDEX Corporation and Valspar Corporation. Bill Cook brings to the Board his industry experience for the past 30 years at Donaldson where he has held a wide range of financial and business positions with global responsibilities. Bill is an experienced public company Board member having served on the Donaldson Board since 2004 and as an independent public company Director for IDEX since 2008 and Valspar since 2010. Bill also has valuable Board experience from his past service on various charitable organizations. Bill has a B.S. degree in Business Administration and an M.B.A. degree from Virginia Tech.
Admiral Paul David Miller Age 70 Director since 2001	Served as Chairman (1999-2005) of Alliant Techsystems Inc. (ATK), an aerospace and defense company, until his retirement in 2005. Previously, Chief Executive Officer (1999-2003) and President (2000-2001). Prior to his retirement from the U.S. Navy following a 30 year career, Admiral Miller served as Commander-in-Chief, U.S. Atlantic Command and NATO Supreme Allied Commander-Atlantic. Also a Director of Teledyne Technologies, Incorporated and Huntington Ingalls Industries, Inc. Paul David Miller brings to the Board his expertise in leadership, strategy, and risk management. Admiral Miller also adds the expertise and insights from his distinguished 30-year career in the United States Navy. Prior to his retirement, he was Commander-in-Chief, U.S. Atlantic Command, one of five U.S. theater commands, and served concurrently as NATO Supreme Allied Commander-Atlantic. Admiral Miller transitioned those skills successfully to the business world, including his term as CEO and Chairman of ATK. Admiral Miller is an experienced public company Board member having served on the Donaldson Board since 2001, Teledyne Technologies since 2001 and Huntington Ingalls Industries, Inc. since 2011. Admiral Miller has a Bachelor's degree from Florida State University, completed the U.S. Navy War College, and has an M.B.A. degree from the University of Georgia.

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Directors with Terms Expiring in 2013

Name	Principal Occupation and Business Experience and Key Attributes and Skills
<p>Michael J. Hoffman Age 57 Director since 2005</p>	<p>Chairman (2006), Chief Executive Officer (2005), and President (2004) of The Toro Company, a provider of outdoor maintenance and beautification products. Previously, Group Vice President (2001-2004); Vice President and General Manager (2000-2001).</p> <p>Mike Hoffman brings to the Board his expertise as a public company leader at The Toro Company where he started in 1977 and is now CEO, President and Chairman of the Board. Mike adds valuable marketing and strategic planning experience working for a company that has a strongly branded identity. Mike is an experienced public company Board member having served on the Boards of Donaldson and Toro since 2005. Mike also serves on the Boards of the Carlson School of Management at the University of Minnesota and the Minnesota Vikings Board of Advisors and is a past Board member of the Greater Twin Cities United Way. Mike has a Bachelor's degree in Marketing Management from the University of St. Thomas and an M.B.A degree from the University of Minnesota - Carlson School of Management.</p>
<p>Willard D. Oberton Age 54 Director since 2007</p>	<p>Chief Executive Officer (2002) of Fastenal Company, an industrial and construction supplies company. Previously, President (2001-2012); Chief Operating Officer (1997-2002); and Executive Vice President (2000-2001). Also a Director of Fastenal Company.</p> <p>Will Oberton brings to the Board his expertise as a public company leader at Fastenal Company. Will started at Fastenal in 1980 and served in various sales, operational, and, ultimately, management roles, until he was named President in 2001 and CEO in 2002. Will was named 2006 CEO of the Year by Morningstar, Inc. Will is an experienced public company Board member having served on Donaldson's Board since 2007 and the Fastenal Board since 1999. Will has a Marketing degree from St. Cloud Technical College.</p>
<p>John P. Wiehoff Age 51 Director since 2003</p>	<p>Chairman (2007), Chief Executive Officer (2002), and President (1999) of C.H. Robinson Worldwide, Inc., a transportation, logistics and sourcing company. Also a Director of Polaris Industries Inc.</p> <p>John Wiehoff brings to the Board his expertise as a public company leader at C.H. Robinson. John has significant public company financial experience, first as a CPA at a large public accounting firm and subsequently in various leadership positions in the financial organization at C.H. Robinson, including serving as its CFO prior to becoming CEO. John adds valuable supply chain, logistics, and international expertise working for a company that is a global provider of multimodal transportation services and logistics services. John is an experienced public company Board member having served on the C.H. Robinson Board since 2001, the Donaldson Board since 2003 and the Polaris Industries Board since 2007. John has a B.S. degree from St. John's University.</p>

Directors with Terms Expiring in 2014

Name	Principal Occupation and Business Experience and Key Attributes and Skills
<p>F. Guillaume Bastiaens Age 69 Director since 1995</p>	<p>Served as Vice Chairman (1998-2008) of Cargill, Inc., a provider of food, agricultural and risk management products and services, until his retirement in 2008.</p> <p>Bassy Bastiaens brings to the Board his international expertise acquired over many years as a global leader at Cargill, one of the world's largest international privately held companies. Bassy served as Vice Chairman of Cargill from 1998 until his retirement in 2008. He is originally from Belgium and worked in leadership positions for Cargill's processing operations in Europe and the United States, and as its Chief Technology Officer. Bassy is an experienced public company Board member having served on the Donaldson Board since 1995 and previously on the Mosaic Company Board. Bassy has a B.S. degree in Chemical Engineering from Hoger Instituut Der Kempen, Belgium.</p>

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Name	Principal Occupation and Business Experience and Key Attributes and Skills
Janet M. Dolan Age 62 Director since 1996	<p>President of Act 3 Enterprises, a consulting services company, since 2005. Served as Chief Executive Officer (1999-2005) and President (1998-2005) of Tennant Company, a manufacturer of indoor and outdoor cleaning solutions and specialty coatings, until her retirement in 2005. Also a Director of The Travelers Companies, Inc.</p> <p>Janet Dolan brings to the Board her expertise as a leader in both the private and public sectors, including as CEO and as a Director of Tennant Company prior to her retirement in 2005. Janet is an experienced public company Board member having served on Donaldson's Board since 1996 and the Travelers Board since 2001. Janet adds valuable risk management, governance, and industrial manufacturing company expertise. She also serves as Non-Executive Chair of the Board of Wenger Corporation, a private company. She also has served on the NYSE Listed Company Advisory Committee, the SEC Advisory Committee on Smaller Public Companies, and as a Director of the Minnesota Lawyers' Professional Responsibility Board. Janet has a Bachelor's degree from St. Catherine University and a J.D. degree from the William Mitchell College of Law.</p>
Jeffrey Noddle Age 66 Director since 2000	<p>Served as Executive Chairman (2009-2010) of SUPERVALU INC., a food retailer and provider of distribution and logistics support services, until his retirement in 2010. Previously served as SUPERVALU's Chairman and Chief Executive Officer (2002-2009). Also a Director of Ameriprise Financial, Inc.</p> <p>Jeff Noddle brings to the Board his public company expertise in growing and leading the third-largest grocery retail company and leading food distributor in the United States as its CEO and Chairman. Jeff provides valuable operational and supply chain insights as well as strategic leadership and human resources guidance from his more than 30 years with SUPERVALU. Jeff is an experienced public company Director having served as Chairman and Director of SUPERVALU and as a Director of Donaldson since 2000 and Ameriprise since 2005. Jeff also serves on the Board of the Carlson School of Management at the University of Minnesota, and served as Chair of the 2009 Greater Twin Cities United Way campaign. Jeff holds a Bachelor's degree from the University of Iowa.</p>
Ajita G. Rajendra Age 60 Director since 2010	<p>President and Chief Operating Officer (2011) of A.O. Smith, a global manufacturer of residential and commercial water heating equipment and electric motors. Previously, Executive Vice President (2006-2011); Senior Vice President (2005-2006); President, A.O. Smith Water Products Company (2005-2011) and Director of Industrial Distribution Group (2007-2008). Also a Director of A.O. Smith Corporation.</p> <p>Ajita Rajendra brings to the Board his public company leadership experience in his position as President and Chief Operating Officer of A.O. Smith. Ajita has valuable manufacturing experience in various categories, including consumer durables, industrial products, and appliances. Previously, Ajita has been the President of the A.O. Smith Water Products Company with global experience leading businesses and negotiating acquisitions and joint ventures. Ajita is originally from Sri Lanka, received a B.S. degree in Chemical Engineering at the Indian Institute of Technology, Delhi, India and an M.B.A. degree from Carnegie Mellon University.</p>

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CORPORATE GOVERNANCE

Board Oversight and Director Independence

Donaldson's Board believes that a primary responsibility of the Board of Directors is to provide effective governance over Donaldson's business. The Board selects the Chairman of the Board and the Chief Executive Officer and monitors the performance of senior management to whom it has delegated the conduct of the business. The Board has adopted a set of Corporate Governance Guidelines to assist in its governance, and the complete text of Donaldson's Corporate Governance Guidelines is available on the Investor Relations page of our website at www.donaldson.com under Corporate Governance.

Our Corporate Governance Guidelines provide that a significant majority of our Directors will be Non-Employee Directors who meet the independence requirements of the NYSE. The Corporate Governance Guidelines also require that our Corporate Governance, Audit, and Human Resources Committees be comprised entirely of Non-Employee Directors who meet all of the independence and experience requirements of the NYSE and SEC.

The Board has established the following independence standards consistent with the current listing standards of the NYSE for determining independence:

A Director will not be considered independent if, within the preceding three years:

- o The Director was an Employee of Donaldson, or an immediate family member of the Director was an Executive Officer of Donaldson;
- o The Director or an immediate family member of the Director has received during any 12-month period more than \$120,000 in direct compensation from us (other than Director and Committee fees and pension or other forms of deferred compensation for prior service to us);
- o An Executive Officer of Donaldson was on the compensation committee of a company which, at the same time, employed the Director or an immediate family member of the Director as an Executive Officer;
- o The Director was an Executive Officer or Employee of, or an immediate family member of the Director was an Executive Officer of, another company that does business with us and the annual revenue derived from that business by either company exceeds the greater of (i) \$1,000,000 or (ii) 2% of the annual gross revenues of such company; or
- o The Director or an immediate family member of the Director has been affiliated with or employed in a professional capacity by our independent registered public accounting firm.

The Board has evaluated the transactions and relationships between each of our Non-Employee Directors and the Company, including those companies where Directors serve as an Officer. All transactions and relationships were significantly below the thresholds described above and all involved only the ordinary course of business purchase and sale of goods and services at companies where Directors serve as an Officer. Based on this review and the information provided in response to annual questionnaires completed by each independent Director regarding employment, business, familial, compensation, and other relationships with the Company and management, the Board has determined that every Director, with the exception of Bill Cook who is an Employee Director, (i) has no material relationship with Donaldson, (ii) satisfies all of the SEC and NYSE independence standards and our Board-approved independence standards and (iii) is independent. The Board also has determined that each member of its Corporate Governance, Audit, and Human Resources Committees is an independent Director.

Policy and Procedures Regarding Transactions with Related Persons

Our Board of Directors, upon the recommendation of the Corporate Governance Committee, has adopted a written Related Person Transaction Policy. This policy delegates to our Audit Committee responsibility for reviewing, approving, or ratifying transactions with certain related persons that are required to be disclosed under the rules of the SEC. Under the policy, a related person includes any of the Directors or Officers of the Company, certain Stockholders and members of their immediate family.

Our Related Person Transaction Policy applies to transactions that involve a related person where we are a participant and the related person has a material direct or indirect interest. Certain types of transactions have been evaluated and preapproved by the Board under the policy:

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Any transaction in the ordinary course of business in which the aggregate amount involved will not exceed \$120,000;

Any transaction where the related person's interest arises solely from being a Stockholder and all Stockholders receive the same benefit on a pro rata basis; and

Any transaction with another company at which a related person's only relationship is as an Employee, Director or beneficial owner of less than 10% of that company's shares, if the aggregate amount involved does not exceed the greater of (i) \$500,000 or (ii) 1% of that company's or Donaldson's total annual revenues.

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Board Leadership Structure

Our Corporate Governance Guidelines provide that the Board does not require the separation of the offices of Chairman of the Board and CEO. Our Board has the right to exercise its judgment to choose the Chairman as it deems best for the Company at any point in time. Currently, Bill Cook serves as both Chairman of the Board and CEO. Since the position of Chairman is not held by an independent Director, the Board has provided in the Corporate Governance Guidelines that it will appoint an independent Director to serve as the Lead Director. Currently, the Chair of the Corporate Governance Committee serves as the Lead Director. The Lead Director's duties include coordinating the activities of the independent Directors, coordinating the agenda for and moderating executive sessions of the Board's independent Directors, and facilitating communications between the other members of the Board. In performing these duties, the Lead Director is expected to consult with the Chairpersons of the appropriate Board Committees and solicit their participation in order to avoid diluting the authority or responsibilities of such Committee Chairperson.

The Board and its Corporate Governance Committee have carefully assessed the issue of a division of the responsibilities of Chairman and CEO and its application specifically to Donaldson and have determined that our current Board structure ensures a strong and independent Board of Directors and provides better governance and creation of long-term value for our Stockholders. Our Board consists of ten independent Directors all of whom have served in significant management and/or Board capacities at other public companies. Bill Cook is the only Employee Director on the Board. All of our Board Committees are restricted to only the independent Directors.

The Chairman and CEO is fully accountable to the Board, its Committees, and the Lead Director. This division of power is effective in ensuring that good principles of corporate governance will continue to be followed. The independent Directors meet in executive session at every Board and Committee meeting and have the authority to ensure that the proper balance of power, authority, and transparency is maintained in all aspects of governance at Donaldson. We believe our Board leadership structure effectively supports the risk oversight function of our Board.

Risk Oversight by Board of Directors

Our Board of Directors has responsibility for the oversight of risk management. The Board either as a whole or through its Committees, regularly discusses with management the Company's risk assessments and risk management procedures and controls.

The Audit Committee has responsibility in its Charter to review the Company's strategies, processes, and controls with respect to risk assessment and risk management and assists the Board in its oversight of risk management.

The Human Resources Committee has responsibility in its Charter to review and assess risk with respect to the Company's compensation arrangements and practices, including with respect to incentive compensation.

The Corporate Governance Committee oversees risks associated with its areas of responsibility, including the risks associated with Director and CEO succession planning, Non-Employee Director compensation, and corporate governance practices.

Our Board is kept abreast of the risk oversight efforts by its Committees through regular reports to our full Board by our Committee Chairs.

Meetings and Committees of the Board of Directors

There were six meetings of the Board of Directors in Fiscal 2012. Each Director attended at least 75% of the aggregate of all meetings of the Board and its Committees on which she or he served during the year. It also is our policy that Directors are expected to attend our Annual Meeting of Stockholders. Last year, all eleven individuals then serving as Directors attended the Annual Meeting of Stockholders.

The Board of Directors has three Committees:

Audit Committee

Human Resources Committee

Corporate Governance Committee

Each of the Board Committees has a written charter, approved by the Board, establishing the authority and responsibilities of the Committee. Each Committee's charter is posted on the Investor Relations page of our website at www.donaldson.com under the Governance

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caption. The following tables provide a summary of each Committee's key areas of oversight, the number of meetings of each Committee during the last fiscal year, and the names of the Directors serving on each Committee.

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Audit Committee

Responsibilities

Appoints and replaces the independent registered public accounting firm and oversees the work of the independent auditor.

Pre-approves all auditing services and permitted non-audit services to be performed by the independent auditor, including related fees.

Reviews with management and the independent auditor our annual audited financial statements and recommends to the Board whether the audited financial statements should be included in the Company's Annual Report on Form 10-K.

Reviews with management and the independent auditor our quarterly financial statements and the associated earnings news releases.

Reviews with management and the independent auditor significant reporting issues and judgments relating to the preparation of our financial statements, including internal controls.

Reviews with management and the independent auditor our critical accounting policies and practices and major issues regarding accounting principles.

Reviews the Company's strategies, processes, and controls with respect to risk assessment and risk management and assists the Board in its oversight of risk management.

Reviews the appointment, performance, and replacement of the senior internal audit executive and reviews the CEO's and CFO's certification of internal controls and disclosure controls.

Reviews the Company's compliance programs and procedures for the receipt, retention, and handling of complaints regarding accounting, internal controls, and auditing matters.

Human Resources Committee

Responsibilities

Reviews and approves the CEO's compensation, leads an annual evaluation of the CEO's performance, and determines the CEO's compensation based on this evaluation.

Reviews and approves executive compensation plans and all equity-based plans.

Reviews and approves incentive compensation goals and performance measurements applicable to our Officers.

Reviews the Company's compensation risk analysis.

Reviews and recommends that the Compensation Discussion and Analysis be included in the Company's Proxy Statement and Form 10-K.

Number of Meetings in Fiscal 2012: 8

Directors who serve on the Committee:

Jack W. Eugster, Chair

Janet M. Dolan

Paul David Miller

Ajita G. Rajendra

John P. Wiehoff

Number of Meetings in Fiscal 2012: 3

Directors who serve on the Committee:

Jeffrey Noddle, Chair

F. Guillaume Bastiaens

Michael J. Hoffman

Willard D. Oberton

Ajita G. Rajendra

John P. Wiehoff

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Corporate Governance Committee

Responsibilities

Number of Meetings in Fiscal 2012: 2

Reviews and establishes the process for the consideration and selection of Director candidates and recommends Director candidates for election to the Board.

Reviews and recommends the size and composition of the Board.

Reviews and recommends the size, composition, and responsibilities of all Board Committees.

Reviews and recommends policies and procedures to enhance the effectiveness of the Board, including those in the Corporate Governance Guidelines.

Oversees the annual Board's self-evaluation process.

Reviews and recommends to the Board the compensation paid to the independent, Non-Employee Directors.

Directors who serve on the Committee:

John F. Grundhofer, Chair

F. Guillaume Bastiaens

Janet M. Dolan

Michael J. Hoffman

Paul David Miller

Willard D. Oberton

Corporate Governance Guidelines

Our Board has adopted a set of Corporate Governance Guidelines to assist it in carrying out its oversight responsibilities. These guidelines address a broad range of topics, including Director qualifications, Director nomination processes, term limits, Board and Committee structure and process, Board evaluations, Director education, CEO evaluation, CEO and management succession and development planning, and conflicts of interest. The complete text of the guidelines is available on the Investor Relations page of our website at www.donaldson.com under the Corporate Governance caption.

Code of Business Conduct and Ethics

All of our Directors and Employees, including our Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer, and other senior executives, are required to comply with our code of business conduct and ethics to help ensure that our business is conducted in accordance with the highest standards of legal and ethical behavior. Employees are required to bring any violations and suspected violations of the code to Donaldson's attention through management, the Company's Compliance Committee, the Company's legal counsel, or by using our confidential compliance helpline. Our toll-free U.S. compliance helpline number is 888-366-6031. Information on accessing the helpline from our international locations is available at www.donaldson.com.

The full text of our code of business conduct and ethics is posted on the Investor Relations page of our website at www.donaldson.com under the Corporate Governance caption.

Board Composition and Qualifications

Our Corporate Governance Committee oversees the process for identifying and evaluating candidates for the Board of Directors. Directors should possess the highest personal and professional ethics, integrity and values, and be committed to representing the long-term interests of the Stockholders. General and specific guidelines for Director selection and qualification standards are detailed in the Corporate Governance Guidelines. The Corporate Governance Committee will consider nominations from Stockholders under these standards if the nominations are timely received as described in this Proxy Statement.

Director Selection Process

The Bylaws of the Company provide that the Board of Directors shall consist of not less than 3 nor more than 15 Directors and that the number of Directors may be changed from time to time by the affirming vote of a majority of the Directors. The Board of Directors currently consists of 11 Directors but the Board has decided to decrease the size of the Board to 9 upon the expiration of Mr. Eugster's and Mr. Grundhofer's terms at the 2012 Annual Meeting of Stockholders. Vacancies and newly created Directorships resulting from an increase in the number of Directors may be filled by a majority of the Directors then in office and the Directors so chosen will hold office until the next election

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of the class for which such Directors shall have been chosen and until their successors are elected and qualified. Directors are elected for a term of three years with positions staggered so that approximately one-third of the Directors are elected at each Annual Meeting of the Stockholders. Based on a recommendation from the Corporate Governance Committee, each year the Board will recommend a slate of Directors to be presented for election at the Annual Meeting of Stockholders.

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The Corporate Governance Committee will consider candidates submitted by members of the Board, Director search firms, executives and our Stockholders, and the Committee will review such candidates in accordance with our Bylaws, Corporate Governance Guidelines, and applicable legal and regulatory requirements. The Corporate Governance Committee's process includes the consideration of the qualities listed in the Corporate Governance Guidelines, including that Directors should possess the highest personal and professional ethics, integrity, and values and be committed to representing the long-term interests of the Stockholders. The Corporate Governance Committee reviews and discusses Director candidates on a regular basis at its Committee meetings. In identifying and recommending candidates for nomination by the Board as a Director of Donaldson, the Corporate Governance Committee will consider appropriate criteria including current or recent experience as a Chairman of a Board, CEO or other senior Officer; business expertise, and diversity factors. Diversity is meant to be interpreted broadly. It includes race, gender, and national origin and also includes differences of professional experience, global experience, education, and other individual qualities and attributes. The Committee will work periodically with one or more nationally recognized search firms to assist in identifying strong Director candidates and will seek candidates who are minorities and/or women. The Committee also will consider general criteria such as independence, ethical standards, a proven record of accomplishment, and the ability to provide valuable perspectives and meaningful oversight. Candidates recommended by Stockholders are evaluated in accordance with the same criteria as other candidates and recommendations should be submitted by following the same procedures as required to formally nominate a candidate.

Our Bylaws provide that if a Stockholder proposes to nominate a candidate at the Annual Meeting of Stockholders, the Stockholder must give written notice of the nomination to our Corporate Secretary in compliance with the applicable deadline for submitting Stockholder proposals for the applicable Annual Meeting. The Stockholder must attend the meeting in person or by proxy. The Stockholder's notice must set forth as to each nominee all information relating to the person whom the Stockholder proposes to nominate that is required to be disclosed in solicitations of proxies for election of Directors in an election contest, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended thereunder (including such person's written consent to being named in the proxy statement as a nominee and to serving as a Director if elected). No Stockholders submitted Director nominations in connection with this year's meeting.

Independent Director Executive Sessions and Evaluations

The Chair of our Corporate Governance Committee currently is designated as Lead Director and presides over all meetings or executive sessions of the independent Directors. Our independent Directors meet in executive session without management present at each Board meeting. Likewise, all Board Committees regularly meet in executive session without management. The Board and each Committee conducted an evaluation of its performance in Fiscal 2012.

Communications with Directors

The Company's compliance helpline is in place for our Employees and others to direct their concerns to the Audit Committee, on a confidential and anonymous basis, regarding accounting, internal accounting controls, and auditing matters.

In addition, we have adopted procedures for our Stockholders, Employees, and other interested parties to communicate directly with the members of the Board of Directors. You can communicate by writing to the Chair of the Audit Committee, the Chair of the Corporate Governance Committee, the independent Directors as a group, or the full Board, in the care of the office of the Company Secretary, Donaldson Company, Inc., MS 101, P.O. Box 1299, Minneapolis, MN 55440-1299.

Written communications about accounting, internal accounting controls, and auditing matters should be addressed to the Chair of the Audit Committee. Please indicate if you would like your communication to be kept confidential from management. The procedures for communication with the Board of Directors also are posted on the Investor Relations page of our website at www.donaldson.com under Corporate Governance.

Audit Committee Expertise; Complaint-Handling Procedures

In addition to meeting the independence requirements of the NYSE and the SEC, all members of the Audit Committee have been determined by the Board to meet the financial literacy requirements of the NYSE's listing standards. The Board also has designated John P. Wiehoff as the Audit Committee financial expert as defined by SEC regulations.

In accordance with federal law, the Audit Committee has adopted procedures governing the receipt, retention, and handling of complaints regarding accounting and auditing matters. These procedures include a means for Employees to submit concerns on a confidential and anonymous basis, through the Company's compliance helpline.

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DIRECTOR COMPENSATION

Annual compensation for our Non-Employee Directors is designed to attract and retain highly qualified Non-Employee Directors and to provide equity-based compensation in order to align Director compensation with the long-term interests of our Stockholders. Directors are subject to a stock ownership requirement to own shares equal to five times their annual retainer within five years of their election as a Director. As of the end of Fiscal 2012, all Non-Employee Directors who had been a Director for five years had met their ownership requirements. Non-Employee Director compensation is comprised of annual retainers, meeting fees, and an annual stock option grant.

Our Corporate Governance Committee (Committee) assists the Board of Directors in providing oversight on Director compensation. The Committee oversees, reviews, and reports to the Board on Director compensation. The Committee annually reviews competitive market data for Non-Employee Director compensation and makes recommendations to the Board of Directors for its approval. The Committee is assisted in performing its duties by our Human Resources Department, and when needed, an independent outside executive compensation consultant.

During Fiscal 2012, a market analysis was completed by our Human Resources Department and reviewed by the Committee. This review consisted of an analysis of competitive market data from a selected peer group of companies. This peer group was consistent with the peer group used for the executive compensation review (see the Compensation Process section of the Compensation Discussion and Analysis for additional details). In reviewing this data and market trends, the Committee approved changes to our Director compensation program, which are described below. These changes will become effective January 1, 2013.

Annual Retainer

Non-Employee Directors receive an annual retainer of \$38,000. Thirty percent of the annual retainer is automatically deferred into a deferred stock account. The number of shares of stock deferred is equal to the amount of the retainer deferred divided by the stock price on the date of the retainer payment, which is January 1st. The remainder of the retainer is paid in cash unless the Director elects, prior to the year the retainer is paid, to defer all or a portion of the remaining retainer into the Donaldson Company, Inc. Compensation Plan for Non-Employee Directors.

***Changes for 2013.** The annual retainer is being increased from \$38,000 to \$53,000. The Directors will no longer receive Board meeting fees of \$2,500 per meeting. \$15,000 of the annual retainer will be automatically deferred into a deferred stock account as described above. The remainder of the retainer is paid in cash unless the Director elects, prior to the year the retainer is paid, to defer all or a portion of the remaining retainer into the Donaldson Company, Inc. Compensation Plan for Non-Employee Directors.*

The Chairs of the Board Committees receive an annual retainer as follows:

\$10,000 for the Audit Committee Chair

\$8,500 for the Human Resources Committee Chair

\$7,500 for the Corporate Governance Committee Chair

***Changes for 2013.** The annual retainers for the Chairs of the Board Committees are increasing to reflect that there will no longer be meeting fees paid for Committee attendance. The annual retainer for the Corporate Governance Committee Chair is also being increased to recognize that the Corporate Governance Committee Chair is also the Lead Director for the Board. The new retainers are:*

\$22,000 for the Audit Committee Chair

\$11,500 for the Human Resources Committee Chair

\$11,500 for the Corporate Governance Committee Chair

Also effective January 1, 2013, an annual retainer is being added for Committee membership to recognize that meeting fees will no longer be paid. The retainers approved for Committee membership are as follows:

\$12,000 for Audit Committee membership

\$3,000 for Human Resources Committee membership

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\$2,000 for Corporate Governance Committee membership

These retainers are also paid in cash unless the Director elects to defer all or a portion of the retainer into the Donaldson Company, Inc. Compensation Plan for Non-Employee Directors.

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Meeting Fees

Non-Employee Directors receive \$2,500 for each Board meeting attended. Members of the Board Committees receive the following meeting fees for each Committee meeting:

\$1,500 for Audit Committee meetings

\$1,000 for Human Resources Committee meetings

\$1,000 for Corporate Governance Committee meetings

Non-Employee Directors can elect to receive the fees in cash, deferred cash, or deferred stock. For those electing to receive deferred stock for their meeting fees, shares are deferred into the deferred stock account effective December 31st and June 30th of each year. The number of shares of stock deferred is equal to the amount of the meeting fees divided by the stock price on the effective date or on the previous business day if the effective date falls on a holiday or weekend.

Changes for 2013. Meeting fees will no longer be paid for Board or Committee meeting attendance.

Stock Options

The Company's Non-Qualified Stock Option Program for Non-Employee Directors provides an annual grant of a non-qualified stock option to purchase 7,200 (adjusted to 14,400 shares due to the March 2012 Company two-for-one stock split) shares of Common Stock to each Non-Employee Director who is a member of the Board on the first business day following January 1st of each year. The annual grant date in Fiscal 2012 was January 3, 2012. The grant price is the closing stock price on the date of grant. The options are subject to a 3-year vesting schedule so that one-third of the shares vest on the first year anniversary, one-third vest on the second year anniversary, and one-third vest on the third year anniversary, and the options have a ten-year term. The option awards granted from 1998 through 2004 include a reload option that has the same features as the reload options granted to Officers. The reload grant features are described in the Compensation and Discussion Analysis section under the Stock Option description.

Changes for 2013. Due to the March 23, 2012 two-for-one Company stock split, the Committee approved increasing the annual stock option grant to 14,400 shares to reflect the split.

Deferred Compensation

The Company sponsors the Donaldson Company, Inc. Compensation Plan for Non-Employee Directors, a non-qualified deferred compensation plan. The Plan permits the Directors to elect to receive their annual retainers and meeting fees in one or more of the following methods:

In cash on a current basis;

In cash on a deferred basis (deferred cash account); or

In Company stock on a deferred basis (deferred stock account).

Annual retainers are paid on January 1st. As predetermined by the Board, the number of shares deferred into the deferred stock account for the annual retainers is equal to the amount of the retainer deferred divided by the closing stock price on the previous business day.

Meeting fees are paid on December 31st and June 30th. As determined by the Board, the number of shares of stock deferred into the deferred stock account for meeting fees is equal to the amount of the meeting fees elected to be deferred divided by the closing stock price on December 31st and June 30th or the previous business day if December 31st or June 30th is a holiday or weekend.

Any amount deferred into a deferred cash account prior to January 1, 2011 will be credited with interest at a rate equal to the ten-year Treasury Bond rate plus two percent. Effective for deferrals made after December 31, 2010, the interest rate will be the ten-year Treasury Bond rate.

The amounts deferred into a deferred stock account will be credited with any quarterly dividends paid on the Company's Common Stock. The Company contributes shares in an amount equal to the deferred stock accounts to a trust and a Director is entitled to direct the trustee to vote all shares allocated to the Director's account. The Common Stock will be distributed to each Director following retirement pursuant to the

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Director's deferral payment election. The trust assets remain subject to the claims of the Company's creditors, and become irrevocable in the event of a Change in Control as defined under the 1991 Master Stock Compensation Plan, the 2001 Master Stock Incentive Plan, and the 2010 Master Stock Incentive Plan.

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The Fiscal 2012 compensation for our Non-Employee Directors is shown in the following table. Note that all prior year shares and per share amounts in the Director Compensation narratives and tables reflect the impact of the Company's two-for-one stock split that occurred during the third quarter of Fiscal 2012.

Name	Fees Earned or Paid in Cash ⁽¹⁾ (\$)	Stock Awards ⁽²⁾⁽³⁾ (\$)	Option Awards ⁽⁴⁾ (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ⁽⁵⁾ (\$)	All Other Compensation ⁽⁶⁾ (\$)	Total (\$)
F. Guillaume Bastiaens	37,620	19,335	139,506	0	5,702	202,163
Janet M. Dolan	48,275	11,437	155,772	0	3,109	218,593
Jack W. Eugster	8,400	63,581	170,277	1,349	8,224	251,831
John F. Grundhofer	30,579	19,607	139,506	0	1,178	190,870
Michael J. Hoffman	0	58,017	139,506	0	0	197,523
Paul David Miller	25,000	37,989	139,506	0	0	202,495
Jeffrey Noddle	50,550	13,956	205,168	0	0	269,674
Willard D. Oberton	34,200	22,793	139,506	0	0	196,499
Ajita G. Rajendra	0	67,006	139,506	0	0	206,512
John P. Wiehoff	0	67,994	139,506	0	0	207,500

- (1) The column shows the portion of the 70% of the annual retainer, the additional retainer for Chairs of a Board Committee, and the meeting fees, that each Director has elected to receive in cash. Each Director had the option to elect to receive these amounts in cash, deferred cash, or a deferred stock award.
- (2) This column represents the aggregate grant date fair value of deferred stock awards granted during Fiscal 2012 computed in accordance with FASB ASC Topic 718. This column includes the 30% of the annual retainer that is payable in a deferred stock award. It also includes all or a portion of the additional 70% of the annual retainer, Chair retainers, and meeting fees which the Directors elected to receive in a deferred stock award. All the Directors elected to receive part or all of their remaining fees in deferred stock awards. The following table lists for each Director the number of deferred stock awards granted during Fiscal 2012 in lieu of retainer and meeting fees and the grant date fair value of each deferred stock award:

Name	Retainer Fees ^(a)		December 31, 2011 Meeting Fees ^(b)		June 30, 2012 Meeting Fees ^(b)	
	Deferred Stock (#)	Grant Date Fair Value (\$)	Deferred Stock (#)	Grant Date Fair Value (\$)	Deferred Stock (#)	Grant Date Fair Value (\$)
F. Guillaume Bastiaens	568	19,335	0	0	0	0
Janet M. Dolan	336	11,437	0	0	0	0
Jack W. Eugster	1,162	39,554	250	8,510	465	15,517
John F. Grundhofer	400	13,616	176	5,991	0	0
Michael J. Hoffman	1,116	37,989	308	10,484	286	9,544
Paul David Miller	1,116	37,989	0	0	0	0
Jeffrey Noddle	410	13,956	0	0	0	0
Willard D. Oberton	530	18,041	70	2,383	71	2,369
Ajita G. Rajendra	1,116	37,989	426	14,501	435	14,516
John P. Wiehoff	1,118	38,057	454	15,454	434	14,483

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- a. The Fiscal 2012 deferred stock awards for the annual retainers were made effective January 1, 2012, the date previously established by the Board of Directors. The grant date fair values for those awards are based on the closing market price of the stock on the previous business day, December 30, 2011.
- b. The Fiscal 2012 deferred stock awards for meeting fees were made effective December 31, 2011 and June 30, 2012, the dates previously established by the Board of Directors. The grant date fair values for those awards are based on the closing market price of the stock on the previous business day, December 30, 2011 and June 29, 2012, respectively.

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- (3) The following table lists for each Director (a) the deferred stock awards that are vested and will be paid out at the deferral election date made by the Director as of July 31, 2012, and (b) the restricted stock that vests upon normal retirement from the Board, subject to the approval of the Board:

	Deferred Stock	Restricted Stock	Total
Mr. Bastiaens	18,028	17,820	35,848
Ms. Dolan	50,973	9,716	60,689
Mr. Eugster	65,801	25,700	91,501
Mr. Grundhofer	54,611	3,680	58,291
Mr. Hoffman	21,441	0	21,441
Mr. Miller	26,622	0	26,622
Mr. Noddle	44,030	0	44,030
Mr. Oberton	6,701	0	6,701
Mr. Rajendra	3,756	0	3,756
Mr. Wichoff	30,447	0	30,447

- (4) This column represents the aggregate grant date fair value of stock option awards to purchase 14,400 shares of Common Stock granted during Fiscal 2012 to each Non-Employee Director computed in accordance with FASB ASC Topic 718. Refer to Footnote J to the Consolidated Financial Statements in our Annual Report on Form 10-K for Fiscal 2012 for our policy and assumptions made in the valuation of share-based payments.

The amount included in this column for each Non-Employee Director includes \$139,506, reflecting the grant date fair value of options to purchase 14,400 shares of Common Stock granted on January 3, 2012, the grant date previously established by the Board of Directors. The exercise price for those options was the closing market price of the stock on that date. Mr. Grundhofer elected to transfer his total 14,400 award to a trust. Admiral Miller elected to transfer 6,700 of his total 14,400 award to members of his immediate family. The amount included for Ms. Dolan also includes \$16,266, reflecting the grant date fair value of one reload option granted on December 5, 2011. The amount included for Mr. Eugster also includes \$30,771, reflecting the grant date fair value of two reload options granted on October 12, 2011 and March 29, 2012. The amount included for Mr. Noddle includes \$65,662, reflecting the grant date fair value of two reload options granted on February 27, 2012.

As of July 31, 2012, the last day of our fiscal year, each of the Non-Employee Directors had the following stock options outstanding:

	Exercisable	Unexercisable
Mr. Bastiaens	120,000 shares	24,000 shares
Ms. Dolan	109,532 shares	24,000 shares
Mr. Eugster	80,321 shares	24,000 shares
Mr. Grundhofer	37,700 shares	9,600 shares
Mr. Hoffman	76,800 shares	24,000 shares
Mr. Miller	102,291 shares	13,609 shares
Mr. Noddle	88,406 shares	24,000 shares
Mr. Oberton	62,400 shares	24,000 shares
Mr. Rajendra	4,800 shares	24,000 shares

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Mr. Wiehoff	105,600 shares	24,000 shares
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(5) Includes above market interest e