

**Fifteen** consecutive record earnings years

**About the Company** Donaldson Company, Inc., is a leading worldwide manufacturer of filtration systems and replacement parts. The company's product mix includes air and liquid filters and exhaust and emission control products for mobile equipment; in-plant air cleaning systems; compressed air and gas purification systems; air intake systems for industrial gas turbines; and specialized filters for such diverse applications as computer disk drives, semiconductor processing and fuel cell contamination control. Products are manufactured at over 30 Donaldson plants around the world and through three joint ventures.

Our financial objective is to create shareholder value through superior share price appreciation built on consistent growth in earnings per share coupled with above-average return on investment. Growth will come from aggressively pursuing new opportunities in our existing and related markets. Consistent earnings growth will be facilitated by our diversified portfolio of related filtration businesses around the world.

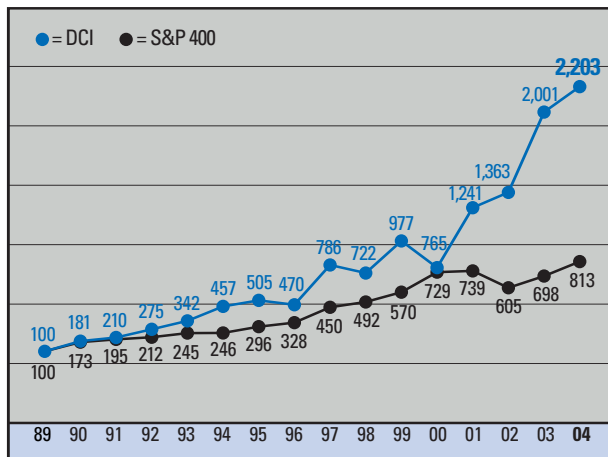
**Mission Statement** To provide superior return for our shareholders, through consistent, long-term earnings growth built on global leadership in filtration solutions, thereby creating security and opportunity for our employees.

**< 16% = 21%**

**X Sixteen percent average EPS growth = Twenty-one percent average annual return to shareholders**

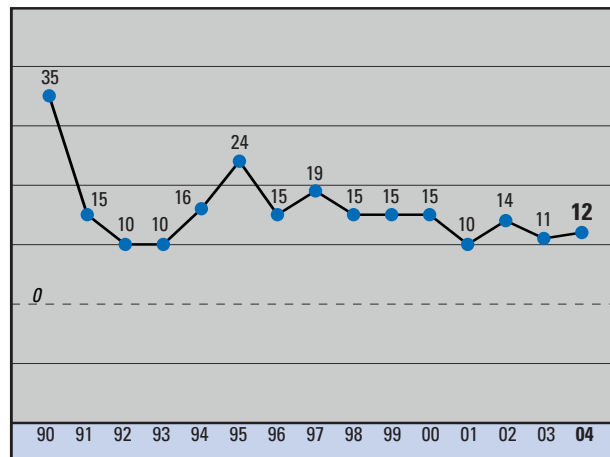
**Long-Term Performance**

Year ended July 31 (cumulative total return)



**15 Consecutive Years of Record EPS Growth**

(annual EPS % change)



Dear Shareholders:

**When Louis XIV died, the transition to the new monarch was announced with, "The King is dead. Long live the King!" In the transition from one regime to the next, it was the institution that mattered; the individual was just an interesting detail.**



Donaldson is engaged in its own leadership transition, just the fifth one in its almost 90-year history. Drawing a parallel to Louis XIV is surely a little thin, but the point is the same. Our success isn't the product of whoever happens to be CEO at any moment. Donaldson is built on a simple, clear strategy and the commitment of a lot of people, all around the world, to the belief that we can build an enduring, prosperous institution that will offer security and opportunity to its people, by staying single-mindedly focused on delivering value for our shareholders.

We just posted our 15th consecutive earnings record. Fifteen consecutive records, averaging 16 percent per year, providing our shareholders with a compound annual return of 21 percent. A long term return of 21 percent for holding stock in a company that makes filters for diesel engines, various manufacturing processes and a number of other, mostly mundane applications? Unlikely.

My predecessor, Bill Hodder, began the evolution of the modern-day Donaldson more than 20 years ago by articulating a new strategy, a new vision of what Donaldson could be, then having the grit to persist with that vision for the five or six years that it took to gain traction. That persistence and determination provided the seed capital that funded the company's metamorphosis from a mostly diesel engine-focused, mostly North American, cyclical performer into a broad portfolio of filter businesses, with more than half its revenue, profits, manufacturing resources and employees outside the U.S. and an earnings growth record matched by very few.

At its heart, it was a simple idea: if we take care of the shareholders, the company and its people will prosper. We explicitly recognize the impersonality of the challenge. We accept that investors don't care about how hard we try or about the obstacles that impede success. Our task has been, and is, to deliver consistent earnings growth – to decide on how to configure the company and on which priorities to embrace – and then to execute. No excuses. No time-outs. Then the only hard part is to find the right people, willing to sign up to play in this game that offers no respite and little time for celebration of success.

I had the great luxury of being able to pick my key team in 1994 when my run started. I have been blessed with an extraordinarily committed, capable and selfless foursome in Bill Cook, Jim Giertz, Nick Priadka and Lowell Schwab, the four Senior Vice Presidents who have provided our key leadership. I know, and they'll be the first to agree, that it was my lucky day when I picked them. Worked out pretty well for the company, too.

In our matrix management structure, characterized as it is by often-maddening interdependence among the key players, these four found ways to merge their individual responsibilities and needs with those of the company. They came to play, every day, and they played hard. Individually they're pretty darned good; together, they have been remarkable.

Bill Cook took over as CEO last August first. Bill has been with Donaldson for 24 years, the last 13 reporting directly to me. He has proven that he has the vision, experience and leadership to continue the execution of our strategy and to deliver on the promise of the franchise that we've built. The same exceptional board of outside directors, which has guided this company with great wisdom and discipline and been invaluable in making me a more capable CEO, now stands behind Bill Cook.

I will continue as Chairman of the Board until August 2005 to assist in the transition to the new executive team. After that I will leave the company and the board. My thanks to all of Donaldson's employees, our board and our shareholders – this has been a marvelous experience. I am confident that Donaldson, and your investment, is in strong hands.

A handwritten signature in black ink, appearing to read "Bill Van Dyke". The signature is fluid and cursive.

Bill Van Dyke

# Industrial Products Segment

2004 Sales \$603 Million



Gas Turbine Systems



Special Applications



Industrial Filtration Solutions



	Industrial Filtration Solutions	Gas Turbine Systems	Special Applications
Products	<p>The Industrial Filtration Solutions group (IFS) provides a broad range of filtration products to industrial end-use customers under the master brand of Donaldson and three specialized product brands: Torit, Ultrafilter and Torit/DCE. Also, a full line of replacement filters and parts is offered.</p> <p>IFS offers complete solutions to:</p> <ul style="list-style-type: none"> <li>(1) control and capture airborne dust, fumes and mist;</li> <li>(2) provide clean, dry and oil-free compressed air and gas; and</li> <li>(3) provide clean bulk oil, fuel, hydraulic fluid and other process liquids for industrial applications.</li> </ul>	<p>Donaldson provides complete systems to deliver clean air to gas-fired turbines. Products include self-cleaning filter units, static air filter units, inlet ducting and silencing, evaporative coolers, chiller coils, inlet heating and anti-icing systems. Also, a full line of replacement filters and parts is offered.</p>	<p>Donaldson provides a wide range of high efficiency media, filters and filtration systems for various commercial and industrial applications.</p>
Applications	<p>IFS products are applied in a wide variety of industrial segments including pharmaceutical, bulk food handling, metalworking, mining, cement, plastics, glass and wood.</p> <p><b>Industrial Air Filtration</b> Industrial Air Filtration manufactures collectors and replacement filters that capture a broad spectrum of dust, mist or fume particles that create maintenance and air quality problems in manufacturing environments.</p> <p><b>Compressed Air and Gas Purification</b> Air intake filters, oil filters and air/oil separators keep compressor room equipment running efficiently. Air dryers and point-of-use compressed air filters deliver clean, dry compressed air and gas throughout manufacturing facilities.</p> <p><b>Industrial Liquid Filtration</b> Hydraulic filters protect manufacturing equipment by removing particulate contaminants that cause wear and damage to engines, motors and moving parts. Process liquid filters purify a variety of industrial process liquids.</p>	<p>Essentially all combustion gas turbines require inlet air filtration and noise attenuation systems. These turbines provide base electricity, peaking capacity and remote power generation for special applications such as pipelines and off-shore oil drilling platforms.</p>	<p>Products for the <b>disk drive</b> market include particulate filters, desiccant filters and chemical adsorbing filters. Customers include major disk drive manufacturers such as IBM, Seagate and Western Digital.</p> <p>Products for <b>special market</b> applications include air filter systems for semiconductor processing facilities, contamination control devices for fuel cells, as well as other filters for process-critical applications.</p>
2004 Sales	<b>\$370 Million</b>	<b>\$118 Million</b>	<b>\$115</b>
Routes to Market	<p>IFS products and services are provided through multiple channels. Dedicated Donaldson field sales representatives and service technicians sell directly to end-users. A network of distributors, dealers, resellers, installers and engineering firms are utilized to help expand IFS coverage</p> <p>in specific markets and geographies. Strong OEM relationships also help incorporate IFS products into total system configurations.</p>	<p>Products are primarily sold to gas turbine OEMs (e.g., General Electric, Solar and Siemens Westinghouse). Replacement parts are sold directly to end-users.</p>	<p>Disk drive filters are sold to disk drive manufacturers by a direct sales force supported by product development and application engineers.</p> <p>Special market products are sold to OEMs and directly to end-users.</p>

# Engine Products Segment

2004 Sales **\$812 Million**



Aftermarket



Off-Road Equipment



Trucks

		Off-Road Equipment	Trucks	Aftermarket
	<b>End-Markets</b>	Products sold to agricultural, construction, mining, aerospace and defense equipment manufacturers.	Products sold to manufacturers of light-, medium- and heavy-duty trucks.	Broad line of replacement filters and hard parts for all of the equipment applications noted at left.
Donaldson sells <b>expanded PTFE membrane and laminates</b> . Primary applications for this membrane are industrial dust collection, product recovery applications, air pollution control and specialty fabrics.	<b>Representative Customers</b>	Caterpillar, John Deere, Komatsu, CNH, Volvo Construction Equipment, General Dynamics and Stewart & Stevenson	Freightliner, PACCAR, Volvo, Scania, International, Mitsubishi, Ford and General Motors	Original equipment dealers (such as Freightliner dealers or PACCAR dealers), independent distributors and private label accounts.
<b>Million</b>	<b>2004 Sales</b>	<b>\$245 Million</b>	<b>\$156 Million</b>	<b>\$411 Million</b>
Membrane and laminates are sold to various filter and garment manufacturers.	<b>Product Families</b>	<b>Engine Intake Air Filtration Systems</b> ✓ <b>Exhaust Systems</b> ✓ <b>Hydraulic Filtration Systems</b> ✓ <b>Lube, Fuel and Coolant Filtration Systems</b> ✓ <b>Cabin Air Filters</b> ✓	✓ ✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓

Dear Shareholders,

**Our fiscal 2004 was a year of significant challenges. These included sharply higher steel costs, multiple plant expansions and start-ups, and a significant unexpected surge in our customer demand. All of these tested the strength of our business model. The good news is that we did it!**



We were able to overcome all of the hurdles and deliver our 15<sup>th</sup> consecutive record year of earnings growth. From our perspective this was no small feat, and, as a result, we are particularly proud of *Year 15*.

The improvement in our general business conditions was very good news after the weak economic environment of the last few years. In the past year, we invested in our businesses to capture the emerging revenue opportunities by adding sales and engineering resources, and in most of our plants we added people and shifts to meet the rapid order growth. This included our operations in Japan, where we were able to fulfill a significant spike in demand as we consolidated operations from two plants into one. Finally, the global steel crisis – and the significant cost increases that resulted – hit us hard about mid year, resulting in the need to adjust the prices to our customers and to redouble our cost reduction efforts.

In spite of these challenges, fiscal 2004 earnings per share (EPS) grew 12 percent to \$1.18 per share, our 15<sup>th</sup> consecutive record EPS year. Revenue, also a new record, was \$1.4 billion, up 16 percent.

#### A Bright Outlook for Fiscal 2005

We believe the wind is at our back as we enter fiscal 2005. We have near-record order backlogs: our total and 90-day backlogs are up 20 percent and 14 percent, respectively, compared to this time a year ago. We view this as evidence that the strength underlying this past year's sales growth has not dissipated. This strength is broad based, as it extends across the majority of our business units.

Our engine business set another revenue record this past year, with sales of \$832 million, up almost 22 percent; and we expect another strong year in fiscal 2005. We anticipate the heavy truck build rate at our North American customers will continue growing in 2005, driven by the need for trucking fleets to both replace old trucks and add capacity. Obviously, this will benefit our truck filter business. We're also seeing continued growth in our off-road business, the result of worldwide strength in all three of the off-road end markets we serve – construction, agriculture and mining equipment production. Meanwhile, our replacement filter business is benefiting from the uptrend in both truck and off-road equipment utilization.

## Financial Highlights

Donaldson Company, Inc. and Subsidiaries

Year ended July 31	2004	2003	% change
Net sales	\$1,414,980	\$1,218,252	16.1%
Net earnings	106,317	95,314	11.5%
Return on sales	7.5%	7.8%	(0.3) pts.
Return on average shareholders' equity	21.3%	23.0%	(1.7) pts.
Long-term capitalization ratio	11.4%	19.0%	(7.6) pts.
Diluted earnings per share	\$ 1.18	\$ 1.05	12.4%
Dividends paid per share	\$ 0.205	\$ 0.175	17.1%
Shareholders' equity per share	\$ 6.38	\$ 5.16	23.6%
Diluted shares outstanding	90,430	90,470	0.0%
Employees at year-end	10,289	9,195	11.9%



On the industrial side of our company, our disk drive filter business posted a record revenue year in 2004. Market forecasts show continued growth for disk drives and, therefore, our filters. To meet the growing demand and to be closer to our customers, we will complete construction of a new plant in Thailand during the coming year.

Overall, our industrial air, compressed air and hydraulic filtration businesses continue to benefit from the improvements in both the North American and Asian markets and the recovery now evident in Europe. For example, as we began our new fiscal year, our 90-day order backlog in industrial air filtration is up more than 30 percent from a year ago.

The outlook for our gas turbine filter business also improved. At the beginning of fiscal 2004, we expected our turbine filter business to be down 30 to 35 percent. Instead, improving conditions in the international market for gas turbines, including some unanticipated business in Iraq, caused us to increase our forecast twice. In the fourth quarter, we saw our first positive year-over-year sales comparison in two years. While we expect this business to be stable in 2005, we are encouraged that the North American market contraction appears to be over, and we've successfully weathered this downturn.

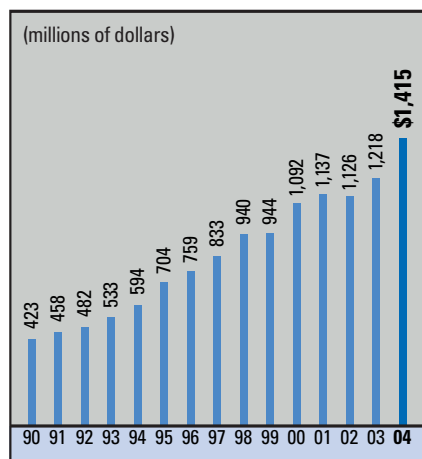
Our worldwide growth has driven the need for increased production capacity in a number of our plants. In addition to our new disk drive filter plant in Thailand, we're expanding our Italian facility for oil and hydraulic filters. We're adding another production line to our new plant in the Czech Republic for air filters, and we're expanding our Australian facility to keep

up with demand for replacement filters. Finally, we'll be breaking ground again in China this year for what will be our fifth Chinese plant. This facility will make air filtration products for diesel engines to serve China and the surrounding markets in Asia. We've also significantly expanded production in many of our 13 U.S. plants and have added about 250 production jobs in the U.S. during the past 12 months. With our increased production volumes, we are now achieving meaningful operating leverage in our manufacturing plants, helping to offset the ongoing impact of the steel and other commodity cost increases.

As I write this letter, I am close to completing my 24<sup>th</sup> year with Donaldson, but only my second month as CEO. I am struck with the realization that I am assuming my new responsibilities at a wonderful time, given the widespread strengths and strong prospects for this company. Our well-tuned and time-tested business model driven by 10,000 committed employees really works... *Year 15* is our best evidence of the success of this strategy. We remain committed to using our diversified portfolio of filtration businesses to deliver consistent, long-term earnings growth with above average returns to you, our shareholders. Our target for fiscal 2005 is our 16<sup>th</sup> consecutive record earnings year, with at least a 10 percent increase over our 2004 record.

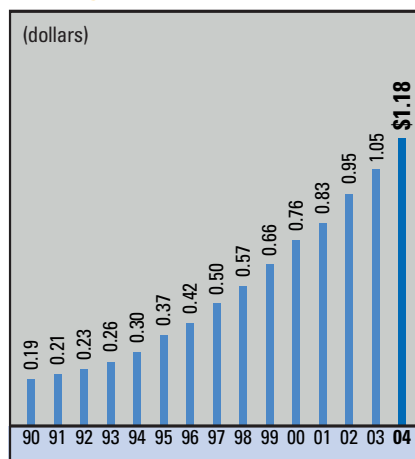
Sincerely,  
**Bill Cook**

### Net Sales



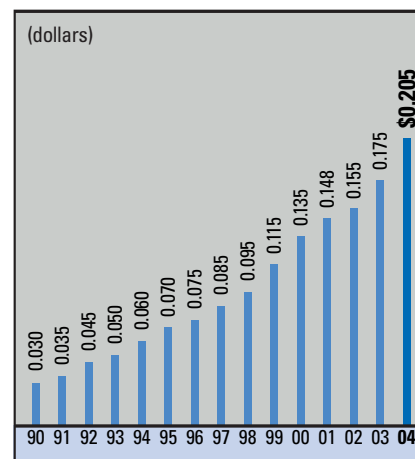
Sales have grown 9 percent per year, on average, over the last 15 years.

### Earnings Per Share



Earnings per share were up 12.4 percent in 2004, the 15<sup>th</sup> consecutive record year of earnings growth.

### Dividends Per Share



Dividends per share increased 17 percent in 2004. The company distributes between 20 and 25 percent of the prior three years' average net income through regular quarterly dividends.

## Fifteen-Year Comparison of Results

Donaldson Company, Inc. and Subsidiaries  
(Millions of dollars, except per share amounts)

	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
<b>Operating Results</b>															
Net sales	\$1,415.0	\$1,218.3	\$1,126.0	\$1,137.0	\$1,092.3	\$ 944.1	\$ 940.4	\$ 833.3	\$ 758.6	\$ 704.0	\$ 593.5	\$ 533.3	\$ 482.1	\$ 457.7	\$ 422.9
Gross margin	\$ 450.4	\$ 391.2	\$ 349.5	\$ 341.7	\$ 327.5	\$ 275.7	\$ 263.3	\$ 250.3	\$ 222.9	\$ 198.0	\$ 166.6	\$ 152.2	\$ 133.6	\$ 129.9	\$ 121.5
Gross margin percentage	31.8%	32.1%	31.0%	30.1%	30.0%	29.2%	28.0%	30.0%	29.4%	28.1%	28.1%	28.5%	27.7%	28.4%	28.7%
Operating income	\$ 141.6	\$ 131.8	\$ 123.8	\$ 112.1	\$ 105.6	\$ 88.4	\$ 86.8	\$ 82.7	\$ 75.6	\$ 65.5	\$ 52.1	\$ 45.2	\$ 41.2	\$ 41.3	\$ 44.4
Operating income percentage	10.0%	10.8%	11.0%	9.9%	9.7%	9.4%	9.2%	9.9%	10.0%	9.3%	8.8%	8.5%	8.6%	9.0%	10.5%
Interest expense	\$ 5.0	\$ 5.9	\$ 6.5	\$ 11.6	\$ 9.9	\$ 7.0	\$ 4.7	\$ 2.4	\$ 2.9	\$ 3.1	\$ 3.4	\$ 2.7	\$ 2.7	\$ 3.5	\$ 3.7
Earnings before income taxes	\$ 141.8	\$ 130.6	\$ 119.0	\$ 104.9	\$ 100.3	\$ 89.2	\$ 86.4	\$ 79.1	\$ 71.1	\$ 63.2	\$ 50.2	\$ 44.7	\$ 41.7	\$ 39.4	\$ 34.9
Income taxes	\$ 35.5	\$ 35.3	\$ 32.1	\$ 29.4	\$ 30.1	\$ 26.8	\$ 29.4	\$ 28.5	\$ 27.7	\$ 24.6	\$ 18.2	\$ 16.5	\$ 16.0	\$ 15.3	\$ 13.8
Effective income tax rate	25.0%	27.0%	27.0%	28.0%	30.0%	30.0%	34.0%	36.0%	38.9%	39.0%	36.3%	36.9%	38.2%	38.9%	39.7%
Net earnings	\$ 106.3	\$ 95.3	\$ 86.9	\$ 75.5	\$ 70.2	\$ 62.4	\$ 57.1	\$ 50.6	\$ 43.4	\$ 38.5	\$ 31.9 <sup>(1)</sup>	\$ 28.2	\$ 25.8	\$ 24.0	\$ 21.0
Return on sales	7.5%	7.8%	7.7%	6.6%	6.4%	6.6%	6.1%	6.1%	5.7%	5.5%	5.4%	5.3%	5.3%	5.3%	5.0%
Return on average shareholders' equity	21.3%	23.0%	24.8%	25.2%	25.9%	24.1%	22.8%	21.4%	19.3%	18.8%	17.6%	16.9%	17.2%	18.0%	17.8%
Return on investment	18.1%	18.3%	19.2%	19.1%	19.4%	19.0%	20.5%	20.8%	18.5%	17.6%	16.0%	15.0%	14.8%	14.9%	14.2%
<b>Financial Position</b>															
Total assets	\$1,001.6	\$ 882.0	\$ 850.1	\$ 706.8	\$ 677.5	\$ 542.2	\$ 513.0	\$ 467.5	\$ 402.9	\$ 381.0	\$ 337.4	\$ 300.2	\$ 286.3	\$ 253.2	\$ 245.9
Current assets	\$ 557.4	\$ 454.7	\$ 456.5	\$ 407.2	\$ 383.3	\$ 326.4	\$ 300.8	\$ 283.4	\$ 250.8	\$ 247.9	\$ 220.3	\$ 196.0	\$ 187.4	\$ 169.4	\$ 168.5
Current liabilities	\$ 275.5	\$ 214.1	\$ 273.3	\$ 217.3	\$ 243.6	\$ 142.1	\$ 165.1	\$ 177.3	\$ 138.6	\$ 123.7	\$ 115.8	\$ 93.7	\$ 90.0	\$ 77.5	\$ 79.9
Working capital	\$ 281.9	\$ 240.6	\$ 183.2	\$ 189.9	\$ 139.8	\$ 184.3	\$ 135.7	\$ 106.0	\$ 112.2	\$ 124.2	\$ 104.6	\$ 102.3	\$ 97.4	\$ 91.9	\$ 88.6
Current ratio	2.0	2.1	1.7	1.9	1.6	2.3	1.8	1.6	1.8	2.0	1.9	2.1	2.1	2.2	2.1
Current debt	\$ 54.1	\$ 14.8	\$ 60.9	\$ 59.4	\$ 85.3	\$ 20.7	\$ 45.9	\$ 42.7	\$ 13.1	\$ 20.8	\$ 17.0	\$ 7.6	\$ 11.4	\$ 6.4	\$ 11.4
Long-term debt	\$ 70.9	\$ 105.2	\$ 104.6	\$ 99.3	\$ 92.6	\$ 86.7	\$ 51.6	\$ 4.2	\$ 10.0	\$ 10.2	\$ 16.0	\$ 18.9	\$ 23.5	\$ 25.7	\$ 28.3
Total debt	\$ 124.9	\$ 120.0	\$ 165.4	\$ 158.7	\$ 178.0	\$ 107.4	\$ 97.4	\$ 46.9	\$ 23.2	\$ 31.0	\$ 33.0	\$ 26.5	\$ 34.9	\$ 32.1	\$ 39.7
Shareholders' equity	\$ 549.3	\$ 447.4	\$ 382.6	\$ 319.1	\$ 280.2	\$ 262.8	\$ 255.7	\$ 243.9	\$ 228.9	\$ 221.2	\$ 189.7	\$ 174.0	\$ 160.3	\$ 138.9	\$ 128.8
Long-term capitalization ratio	11.4%	19.0%	21.5%	23.7%	24.9%	24.8%	16.8%	1.7%	4.2%	4.4%	7.8%	9.8%	12.8%	15.6%	18.0%
Property, plant and equipment, net	\$ 261.5	\$ 255.4	\$ 240.9	\$ 207.7	\$ 204.5	\$ 182.2	\$ 178.9	\$ 154.6	\$ 124.9	\$ 110.6	\$ 99.6	\$ 90.5	\$ 84.9	\$ 72.9	\$ 68.3
Net expenditures on property, plant and equipment	\$ 43.0	\$ 33.3	\$ 40.5	\$ 38.9	\$ 36.4	\$ 29.5	\$ 54.7	\$ 47.3	\$ 39.3	\$ 25.3	\$ 24.6	\$ 15.0	\$ 15.5	\$ 16.2	\$ 16.1
Depreciation and amortization	\$ 41.6	\$ 37.6	\$ 31.8	\$ 38.6	\$ 34.3	\$ 27.7	\$ 25.3	\$ 21.5	\$ 21.7	\$ 20.5	\$ 16.4	\$ 14.8	\$ 14.0	\$ 12.2	\$ 10.9
<b>Shareholder Information</b>															
Net earnings per share – assuming dilution	\$ 1.18	\$ 1.05	\$ 0.95	\$ 0.83	\$ 0.76	\$ 0.66	\$ 0.57	\$ 0.50	\$ 0.42	\$ 0.37	\$ 0.30 <sup>(1)</sup>	\$ 0.26	\$ 0.23	\$ 0.21	\$ 0.19
Dividends paid per share	\$ 0.205	\$ 0.175	\$ 0.155	\$ 0.148	\$ 0.135	\$ 0.115	\$ 0.095	\$ 0.085	\$ 0.075	\$ 0.070	\$ 0.060	\$ 0.050	\$ 0.045	\$ 0.035	\$ 0.030
Shareholders' equity per share	\$ 6.38	\$ 5.16	\$ 4.36	\$ 3.59	\$ 3.14	\$ 2.84	\$ 2.64	\$ 2.47	\$ 2.26	\$ 2.11	\$ 1.79	\$ 1.59	\$ 1.45	\$ 1.25	\$ 1.12
Shares outstanding (000s)	86,112	86,679	87,769	88,766	89,315	92,395	96,763	98,904	101,300	104,740	106,040	109,128	110,276	110,956	115,456
Common stock price range, per share															
High	\$ 30.75	24.59	22.50	16.53	12.41	12.94	13.59	10.19	7.00	7.00	6.53	5.03	3.97	3.28	2.91
Low	\$ 23.50	14.96	13.47	9.57	9.57	7.22	9.28	6.31	5.97	5.47	4.56	3.50	2.59	2.03	1.41

1) Excludes the cumulative effect of an accounting change of \$2,206, or \$0.04 per share in 1994



## Corporate Officers

**William G. Van Dyke**, 59  
Chairman  
32 years service

**William M. Cook**, 51  
President and  
Chief Executive Officer  
24 years service

**James R. Giertz**, 47  
Senior Vice President,  
Commercial and Industrial  
11 years service

**Nickolas Priadka**, 58  
Senior Vice President,  
International  
35 years service

**Lowell F. Schwab**, 56  
Senior Vice President,  
Engine Systems and Parts  
25 years service

**Dale M. Couch**, 61  
Vice President and  
General Manager,  
Asia Pacific  
7 years service

**Norman C. Linnell**, 45  
Vice President,  
General Counsel  
and Secretary  
9 years service

**Charles J. McMurray**, 50  
Vice President,  
Human Resources  
24 years service

**Geert Henk Touw**, 58  
Vice President and  
General Manager,  
Europe/Africa/Middle East  
18 years service

**William I. Vann**, 58  
Vice President,  
Operations  
37 years service

**Thomas R. VerHage**, 51  
Vice President and  
Chief Financial Officer  
1 year service

## Board of Directors

**F. Guillaume Bastiaens**, 61  
Vice Chairman,  
Cargill, Inc., Minneapolis  
(Agribusiness)  
Director since 1995 (1) (3)

**William M. Cook**, 51  
President and  
Chief Executive Officer,  
Donaldson Company, Inc.  
Director since 2004

**Janet M. Dolan**, 54  
President and  
Chief Executive Officer,  
Tennant Company, Minneapolis  
(Manufacturing)  
Director since 1996 (2) (3)

**Jack W. Eugster**, 59  
Non-Executive Chairman,  
ShopKo Stores, Inc.,  
Green Bay, WI  
(Specialty Discount Retailer)  
Director since 1993 (1) (2\*)

**John F. Grundhofer**, 65  
Chairman Emeritus  
U.S. Bancorp, Minneapolis  
(Financial Services)  
Director since 1997 (1) (3\*)

**Kendrick B. Melrose**, 64  
Chairman and  
Chief Executive Officer,  
The Toro Company, Minneapolis  
(Manufacturing)  
Director since 1991 (1) (2)

**Paul David Miller**, 62  
Chairman,  
Alliant Techsystems Inc.,  
Minneapolis (Defense)  
Director since 2001 (2) (3)

**Jeffrey Noddle**, 58  
Chairman, President and  
Chief Executive Officer,  
SUPERVALU INC., Minneapolis  
(Food Retailer and Distributor)  
Director since 2000 (1\*) (2)

**William G. Van Dyke**, 59  
Chairman,  
Donaldson Company, Inc.  
Director since 1994

**John P. Wiehoff**, 43  
Chief Executive Officer  
and President  
C. H. Robinson Worldwide, Inc.,  
Minneapolis  
(Transportation and Logistics)  
Director since 2003 (2) (3)

(1) Human Resources Committee

(2) Audit Committee

(3) Corporate Governance Committee

(\*) Committee Chairperson

## Safe Harbor Statement

The Company desires to take advantage of the "Safe Harbor" provisions of the Private Securities Litigation Reform Act of 1995 and is making this cautionary statement in connection with such safe harbor legislation. Some of the information provided in this annual report constitutes forward-looking statements which reflect the Company's current views with respect to future events and financial performance, but involve uncertainties that could significantly impact results. All forecasts and projections are "forward-looking" statements and are based on management's current expectations of the Company's near-term results. There can be no assurance that actual results will not differ materially from its expectations. For a more detailed explanation of the safe harbor statement and the risks, see Exhibit 99, which is part of the Company's Form 10-K filed with the SEC.

## Corporate and Shareholder Information

### NYSE Listing

The common shares of Donaldson Company, Inc. are traded on the New York Stock Exchange, under the symbol DCI.

### Shareholder Information

For any concerns relating to your current or prospective shareholdings, please contact Shareowner Services at (800) 468-9716 or (651) 450-4064.

### Dividend Reinvestment Plan

As of September 28, 2004, 1,142 of Donaldson Company's approximately 1,902 shareholders of record were participating in the Dividend Reinvestment Plan. Under the plan, shareholders can invest Donaldson Company dividends in additional shares of company stock. They may also make periodic voluntary cash investments for the purchase of company stock.

Both alternatives are provided without service charges or brokerage commissions. Shareholders may obtain a brochure giving further details by writing Wells Fargo Bank, N.A., Shareowner Services, P.O. Box 64854, St. Paul, MN 55164-0854.

### Annual Meeting

The annual meeting of shareholders will be held at 9 a.m. on Friday, November 19, 2004, at Donaldson Company, Inc., 1400 West 94th Street, Bloomington, Minnesota. Shareholders are welcome to attend.

### Investor Relations

You can access investor relations information, including our SEC filings, on our website at [www.donaldson.com](http://www.donaldson.com). For investor inquiries, contact Rich Sheffer, Director of Investor Relations at (952) 887-3753 or [rsheffer@mail.donaldson.com](mailto:rsheffer@mail.donaldson.com).

### Auditors

PricewaterhouseCoopers LLP  
Minneapolis, Minnesota

### Public and Investor Relations Counsel

The Carideo Group, Inc.  
Minneapolis, Minnesota

### Transfer Agent and Registrar

Wells Fargo Bank, N.A.  
South St. Paul, Minnesota



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