

COMPLIANCE PROGRAM GUIDE



Donaldson's business is growing and becoming more complex. In addition, the federal government, the states and many countries in which Donaldson does business are increasingly requiring companies to monitor our own actions to insure conformity with applicable laws and regulations. To help employees understand what is expected of each of us and carry out our responsibilities, the Company has created a Company-wide Compliance Program comprised of (a) this Guide; (b) the Donaldson Creed; and (c) the Corporate Policies, which make up the specific compliance policies to which employees must adhere. This Compliance Program will help employees carry out their ethical aspirations and legal requirements and thereby protect important shared values at Donaldson.

All employees are responsible for compliance with all laws, standards and principles contained or referenced in Donaldson's Compliance Program. The Corporate Policies apply to all employees, officers, and directors of Donaldson Company, Inc., its subsidiaries, business units, partnerships, and joint ventures where Donaldson has a majority ownership position or exercises management control. Nothing contained in this Guide, the Compliance Program or other Company policies or procedures or any other Compliance Program communications, creates or implies an employment contract.

Donaldson is committed to conducting its business activities in an ethical and forthright manner and within the letter and spirit of all laws and regulations. This Guide is intended to help you better understand how to comply with the law and Donaldson's ethical principles and requirements. Ultimately, however, you are left to depend on your own individual judgment in deciding on the correct course of action. Remember to always use your good judgment and common sense.

REPORTING AND INVESTIGATING VIOLATIONS

If you believe someone may be violating the law, the principles or standards included in this Guide, or any applicable Corporate Policy or procedure, you should report the known or suspected violation. You may report a violation by approaching or telephoning your immediate supervisor, a member of the Donaldson Compliance Committee or an attorney in Donaldson's Legal Department, as the circumstances dictate. You may also report anonymously by calling the Donaldson Compliance Hotline at the toll-free number for your location.

DONALDSON CREED

WE BELIEVE

all people of Donaldson Company, Inc. should strive to conduct themselves in such a manner that the Company and those associated with it stand for —

Integrity

in our dealings with customers, employees, shareholders, government authorities, suppliers, neighbors and the public.

Quality

in our products and services, in our manufacturing methods and general management.

Technology

in our particular fields of research, product development, engineering, and manufacturing.

Growth

in sales, profits and strength within our areas of special interest and competence.

Progress

toward an environment where our people have increasing opportunities for contribution, fulfillment and reward.

REPORTING: To help employees understand the laws and regulations that affect the Company, the following summary of the Corporate Policies has been developed. Employees are expected to be familiar with the laws and regulations applicable to their jobs. Copies of the Corporate Policies and other Company Policies are available for employees to review. Questions regarding the interpretation of specific Corporate Policies will be resolved by the Compliance Committee, which has been established to oversee and monitor compliance with the Compliance Program. In addition, employees can anonymously ask questions by contacting the Donaldson Compliance Hotline at the toll-free number provided for your location or by sending a memorandum or letter to Donaldson's Legal Department.

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WATCH FOR

YOU AND DONALDSON

<i>EQUAL EMPLOYMENT OPPORTUNITY</i>	The Company will provide equal employment opportunity without regard to race, color, religion, sex, age, national origin, disability, veteran status, or other applicable protected class status.	Action taken against an employee on the basis of race, color, religion, sex, age, national origin, disability or veteran status, or other applicable protected class status.
<i>HARASSMENT</i>	Sexual harassment, and harassment on the basis of race, creed, color, religion, age, national origin, disability, or other applicable protected class status, is unacceptable and will not be tolerated by the Company. No one shall threaten or insinuate that any employee's submission to, or rejection of, sexual advances will affect their working conditions.	Unwelcome physical contact, suggestive comments or jokes, sexist remarks or harassment by, or of, employees, customers or others. Harassment on the basis of any other applicable protected status.
<i>PROTECTION OF COMPANY PROPERTY AND INFORMATION</i>	Information contained in the Company's records or developed by the Company is the Company's property. This intellectual property and information and Company funds and property must be adequately secured to prevent theft, destruction or unauthorized disclosure or use.	Unauthorized use or disclosure of computer software, copyrighted material or proprietary information of the Company. Improper use of Company funds. Personal use of Company property.
<i>ELECTRONIC DATA AND COMMUNICATIONS</i>	All electronic and voice communications equipment and systems are owned and maintained for the conduct of Company business, and the Company reserves the right to review and monitor the use of the systems and contents of individual communications and files.	Use of Company systems to access material that is, or in a manner that is, harassing, illegal, sexually explicit or obscene. Excessive personal use.
<i>CONFLICT OF INTEREST</i>	Employees must avoid situations and activities where their personal interests could conflict, or reasonably appear to conflict, with the interests of the Company. Certain employees will be required to complete a Conflict of Interest Questionnaire.	Excessive gifts, favors or entertainment to, or financial interests in, competitors, suppliers or customers.

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<i>ACCURATE BOOKS AND RECORDS</i>	The Company's books, records and documents submitted to other parties must be accurate and complete, and must be prepared, managed and maintained in the manner specified by the Company.	False, misleading or omitted entries. Failure to follow proper accounting procedures, or use of off-book accounts.
<i>DISCLOSURE OF INFORMATION TO THE PUBLIC, THE MEDIA AND ANALYSTS</i>	Disclosure of false or misleading information. Disclosure of confidential Company information during media interviews or public speeches.	Disclosure of information about the Company should only be made through the specifically authorized and designated spokespersons.
<i>INSIDER TRADING AND TIPPING</i>	No employee may purchase or sell Donaldson securities when in possession of material non-public information or "tip" material non-public information to others that may purchase or sell Donaldson securities.	Trading or tipping information to others, based on information not available to the public. Trading in the securities of another public company with which Donaldson is involved in a possible transaction.

YOU AND OUR BUSINESS PRACTICES IN THE MARKETPLACE

<i>FAIR COMPETITION LAWS AND COMPETITIVE PRACTICES</i>	The Company is prohibited from entering into agreements or understandings with its competitors to fix or manipulate prices of goods or services or discounts or other conditions of sale. The Company also cannot agree with competitors to allocate markets or customers or boycott certain companies.	Discussions with competitors on pricing, pricing strategies, marketing, unannounced products and services, revenues and expenses or any proprietary Company information.
<i>INTELLECTUAL PROPERTIES</i>	No employee should steal or misuse the copyrights, patents, trademarks or trade secrets owned or maintained by another person or company.	Improper means used to obtain knowledge of another company's intellectual property or violations of confidentiality obligations.
<i>PROCUREMENT</i>	Donaldson will purchase products and services based on merit, and employees should not offer or accept kickbacks or other personal gain in connection with transactions for the Company.	Kickbacks, rebates or other improper conflicts of interest.
<i>GIFTS, GRATUITIES AND ENTERTAINMENT</i>	Gifts, gratuities, meals or entertainment may be offered if they are modest in value and do not exceed local customary courtesies.	Gifts or gratuities with more than a modest value to or from suppliers, clients, franchises, distributors or consultants.

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GOVERNMENT INVESTIGATIONS AND INTERVIEWS

All government requests for an interview or documents should immediately be reported to Donaldson's Legal Department. Employees who participate in government interviews must give accurate and complete answers.

Search warrants, subpoenas, requests from government investigators or regulators for information about the Company or companies that the Company does business with.

GOVERNMENT RELATIONS — DEALING WITH GOVERNMENT REGULATORS AND EMPLOYEES

Payments, gifts, meals and other gratuities for the purpose of influencing any political official or government employee are prohibited. Offers of employment to government officials must be authorized in advance by Donaldson's Legal Department.

Cash payments, gratuities, entertainment of political officials or government employees, hiring people at the request of a government official. Misrepresentations or failure to include important information in communications with government employees.

GOVERNMENT CONTRACTS

Strict compliance with the laws and regulations which apply to government contracts is mandatory for every employee.

Gifts to contract officials or discussing future employment opportunities at the Company with contracting officials. Not following proper contract accounting procedures or the terms of the contract.

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YOU AND OUR COMMUNITY

*ENVIRONMENTAL LAWS
AND REGULATIONS*

The Company will comply with environmental laws and regulations.

Incomplete environmental recordkeeping. Unreported spills or discharges. Improper disposal of waste. Use of a non-permitted hauler or disposal facility.

*GOVERNMENT RELATIONS—
POLITICAL CONTRIBUTIONS
AND ACTIVITIES*

The Company will comply with all laws regarding political contributions

Improper political contributions.

YOU AND THE INTERNATIONAL COMMUNITY

*ANTI-BOYCOTT LAWS
AND REGULATIONS*

The Company may not do anything to comply with or support a trade boycott of a country that is not supported by the U.S. government.

Responding to a boycott request. Request to support the Arab boycott of Israel.

FOREIGN CORRUPT PRACTICES ACT

Improper payments or gifts in foreign countries to government officials, politicians or political parties are prohibited.

Questionable payments, commissions, gifts or cash payments to foreign government officials, politicians or political parties.

IMPORT (CUSTOMS)

Donaldson is committed to complying with U.S. customs laws and regulations.

Incomplete or improper documentation of entry of goods.

*INTERNATIONAL TRANSACTIONS
AND OPERATIONS*

The Company will comply with all laws and requirements applicable in any international transactions in addition to compliance with the applicable U.S. laws.

Failure to comply with the import, export, or currency exchange requirements of a third country or the export control, trade embargo or anti-boycott laws of the U.S.

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*COMPLIANCE PROGRAM
AUDITING AND MONITORING*

Employees must follow Corporate Policies, report violations and cooperate with the Company's efforts to gather information regarding compliance.

Requests to "ignore" or "forget about it" when compliance concerns are raised. Failure to report violations of the law or Donaldson's Compliance Program.

COMPLIANCE PROGRAM DISCIPLINE

Employees who violate the law, the Donaldson Compliance Program or Corporate Policies will be subject to appropriate disciplinary action.

Failure to discipline employees who violate the law or the Compliance Program.

*COMPLIANCE PROGRAM
IMPLEMENTATION AND
INTERPRETATION*

The Compliance Committee is responsible for oversight and implementation of Donaldson's Compliance Program.

Efforts to ignore or circumvent the Compliance Program.

*COMPLIANCE PROGRAM
EDUCATION AND CERTIFICATION*

Employees are required to periodically review the Compliance Program Guide, certify their understanding of their responsibility to abide by the letter and spirit of the Donaldson's Compliance Program and participate in compliance training.

Failure to certify compliance with Donaldson's Compliance Program. Failure to participate in compliance training.

*REPORTING AND
INVESTIGATION VIOLATIONS*

Employees are required to promptly report all known or suspected violations of the law, the Donaldson Compliance Program and Corporate Policies..

Employees should not delay while waiting for "hard evidence." Reports will be taken on a good-faith basis, and the appropriate individuals will be assigned to investigate. Reports may be made anonymously.

WHISTLE-BLOWERS

Employees who make a report in good faith of suspected violations of law, the Donaldson Compliance Program or Corporate Policies will not be subject to reprisals.

Any threats or intimidation of an employee who reports a suspected or actual violation of the law, the Donaldson Compliance Program or Corporate Policies.

REPORTING AND INVESTIGATING VIOLATIONS

If you believe someone may be unintentionally or intentionally violating the law, the principles or standards included in this Guide or any applicable Company policy or procedure, report the known or suspected violation. In addition, please ask any question you may have regarding compliance issues. You may report a violation or ask a compliance question by:

1. Approaching or telephoning your immediate supervisor, or manager, a member of the Donaldson Compliance Committee, or an attorney in Donaldson's Legal Department;
2. Sending a memorandum or letter to Donaldson's Corporate Compliance Committee at:
M.S. 101 Attention: General Counsel
P. O. Box 1299
Minneapolis, MN 55440-1299 U.S.A.; or
3. Sending an e-mail to Donaldson's General Counsel.

You may also report by anonymously calling the Donaldson Compliance Hotline at the toll-free number for your location.

Each report of a known or suspected violation of the law or the Compliance Program will be promptly and thoroughly investigated. If a violation has occurred, Donaldson will take reasonable actions to prevent similar violations. Remember, failing to report or condoning a violation of the law, the Donaldson Compliance Program or Corporate Policies may lead to disciplinary action up to and including dismissal.

CONFIDENTIALITY AND PROTECTION AGAINST REPRISAL

To the extent permitted by law, the Company will take reasonable precautions to maintain the confidentiality of those individuals who report suspected or known violations of the law, the Donaldson Compliance Program or Corporate Policies. This confidentiality includes both the confidentiality of the person making the report as well as the person about whom the report is made. It is essential that employees involved in investigation or who have made reports honor this commitment to confidentiality.

It is absolutely forbidden for any employee to punish or conduct reprisals against another employee who has conscientiously reported violations in good faith. The Company encourages its employees to make good-faith reports of possible violations.



YOUR RESPONSIBILITY FOR COMPLIANCE

All employees of Donaldson and employees of any Donaldson subsidiary, business unit, partnership or joint venture are expected to abide by the applicable laws, regulations, rules, and regulatory orders of every jurisdiction in which the Company operates. You are responsible for acquiring the appropriate knowledge of the requirements relating to your duties to enable you to recognize potential dangers and to know when to seek advice regarding compliance issues. You may not justify an illegal or unethical act by claiming it was ordered by a manager or that you did not know the act was improper.

MANAGEMENT RESPONSIBILITY FOR COMPLIANCE

It is the responsibility of all members of management to comply with Donaldson's Compliance Program. Managers and supervisors should also take reasonable steps to promote compliance with the law, the Company's ethical principles and the Compliance Program and Corporate Policies. Company management is responsible for ensuring employees receive adequate information and instruction to enable you to understand and comply with applicable legal and ethical requirements. Supervisors and managers are also responsible for actively encouraging employees to voice concerns, questions and issues relating to legal and ethical compliance and for resolving any issues in a timely manner.

EMPLOYEE DISCIPLINE FOR VIOLATIONS

When an employee is determined to have engaged in a violation of the law, the Donaldson Compliance Program or Corporate Policies, she or he may be subject to discipline, up to and including termination of employment. Disciplinary action may also be taken against supervisors or executives who condone, permit or fail to take appropriate action against illegal, unethical or other improper conduct.

It is the policy of the Company to apply its discipline in a consistent fashion; however, the form of discipline which is appropriate will be case-specific. Documentation of disciplinary measures for violations of the law, the principles included in this Guide, the Donaldson Compliance Program and of other applicable Corporate Policies and procedures will be retained in the disciplined employee's personnel file and will be considered during regular and promotional employee evaluations.