

Summary of Impact from Adjusting Items on Total Company Gross Profit, Operating Expense, Operating Income and Associated Rates

Donaldson Company, Inc. (NYSE: DCI) excludes the impact of certain matters not related to the Company's ongoing operations from its GAAP financial measures. The tables below reflect the impact of these adjusting items on gross profit, operating expenses and operating income. For a reconciliation of GAAP to non-GAAP measures, or additional detail related to the charges in each period, please reference the appendix on page two of this document or the respective press release and SEC filing for that period. These documents are located on Donaldson's Investor Relations website at IR.Donaldson.com.

* Note: Fiscal 2017 first quarter operating profit components were not affected by adjusting items.

(millions of dollars)

	Fiscal 2015 ⁽¹⁾					Fiscal 2016				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
GAAP Metrics										
Total Revenue	\$596.5	\$588.5	\$575.6	\$610.6	\$2,371.2	\$538.0	\$517.2	\$571.3	\$593.8	\$2,220.3
Gross Profit	\$209.1	\$203.1	\$194.1	\$202.3	\$808.6	\$178.1	\$170.8	\$196.6	\$209.3	\$754.8
Operating Expense	\$132.1	\$137.3	\$127.0	\$123.9	\$520.3	\$122.6	\$117.1	\$121.7	\$119.2	\$480.6
Operating Income	\$77.0	\$65.8	\$67.1	\$78.4	\$288.3	\$55.5	\$53.7	\$74.9	\$90.1	\$274.2
Adjusting Amounts										
Gross Profit	\$0.0	\$0.7	\$2.5	\$5.2	\$8.4	\$3.1	\$0.9	\$0.9	\$0.7	\$5.7
Operating Expense	\$0.0	\$3.9	\$2.6	\$1.9	\$8.5	\$6.9	\$0.7	\$3.3	\$2.8	\$13.5
Operating Income	\$0.0	\$4.6	\$5.2	\$7.1	\$16.9	\$10.0	\$1.6	\$4.1	\$3.5	\$19.2
Non-GAAP Metrics										
Adjusted Gross Profit	\$209.1	\$203.8	\$196.6	\$207.5	\$817.0	\$181.2	\$171.7	\$197.5	\$210.0	\$760.5
Adjusted Operating Expense	\$132.1	\$133.4	\$124.4	\$122.0	\$511.8	\$115.7	\$116.4	\$118.4	\$116.4	\$467.1
Adjusted Operating Income	\$77.0	\$70.4	\$72.3	\$85.5	\$305.2	\$65.5	\$55.3	\$79.0	\$93.6	\$293.4

(percent of sales ⁽²⁾)

	Fiscal 2015 ⁽¹⁾					Fiscal 2016				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
GAAP Metrics										
Gross Margin	35.0%	34.5%	33.7%	33.1%	34.1%	33.1%	33.0%	34.4%	35.2%	34.0%
Operating Expense Rate	22.1%	23.3%	22.1%	20.3%	21.9%	22.8%	22.6%	21.3%	20.1%	21.6%
Operating Margin	12.9%	11.2%	11.7%	12.8%	12.2%	10.3%	10.4%	13.1%	15.2%	12.3%
Adjusting Amounts										
Gross Margin	0.0%	0.1%	0.5%	0.9%	0.4%	0.6%	0.2%	0.2%	0.2%	0.3%
Operating Expense Rate	0.0%	0.7%	0.5%	0.3%	0.4%	1.3%	0.1%	0.6%	0.5%	0.6%
Operating Margin	0.0%	0.8%	0.9%	1.2%	0.7%	1.9%	0.3%	0.7%	0.6%	0.9%
Non-GAAP Metrics										
Adjusted Gross Margin	35.0%	34.6%	34.2%	34.0%	34.5%	33.7%	33.2%	34.6%	35.4%	34.3%
Adjusted Operating Expense Rate	22.1%	22.7%	21.6%	20.0%	21.6%	21.5%	22.5%	20.7%	19.6%	21.0%
Adjusted Operating Margin	12.9%	12.0%	12.6%	14.0%	12.9%	12.2%	10.7%	13.8%	15.8%	13.2%

(1) Sales, gross profit and operating income reflect the impact from changes to the timing of revenue in the Company's Gas Turbine Systems business. Additional detail related to this revision is provided in Note O of the Company's Annual Report on Form 10-K for the period ended July 31, 2015.

(2) Rates are calculated by dividing the applicable amount by total revenue in the respective period.

Note: All figures independently rounded.

Appendix: GAAP to non-GAAP Reconciliation of Adjusting Items for Gross Profit and Operating Expense

Donaldson Company, Inc. (NYSE: DCI) excludes the impact of certain matters not related to the Company's ongoing operations from its GAAP financial measures. The tables below itemize the adjusting items for both gross profit and operating expense that were referenced on page one of this document.

* Note: Fiscal 2017 first quarter operating profit components were not affected by adjusting items.

(millions of dollars)

	Fiscal 2015					Fiscal 2016				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Gross Profit										
GAAP Gross Profit	\$209.1	\$203.1	\$194.1	\$202.3	\$808.6	\$178.1	\$170.8	\$196.6	\$209.3	\$754.8
Restructuring and Impairment Charges	\$0.0	\$0.7	\$2.5	\$5.2	\$8.4	\$3.1	\$0.9	\$0.9	\$0.7	\$5.7
Non-GAAP Gross Profit	\$209.1	\$203.8	\$196.6	\$207.5	\$817.0	\$181.2	\$171.7	\$197.5	\$210.0	\$760.5
Operating Expense										
GAAP Operating Expense	\$132.1	\$137.3	\$127.0	\$123.9	\$520.3	\$122.6	\$117.1	\$121.7	\$119.2	\$480.6
Restructuring Charges	\$0.0	\$0.0	\$2.6	\$1.9	\$4.6	\$4.3	\$0.1	\$3.3	\$2.8	\$10.5
Pension Lump-Sum Settlement	\$0.0	\$3.9	\$0.0	\$0.0	\$3.9	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Investigation Costs	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$2.6	\$0.5	\$0.0	\$0.0	\$3.1
Non-GAAP Operating Expense	\$132.1	\$133.4	\$124.4	\$122.0	\$511.8	\$115.7	\$116.4	\$118.4	\$116.4	\$467.1
Operating Income										
GAAP Operating Income	\$77.0	\$65.8	\$67.1	\$78.4	\$288.3	\$55.5	\$53.7	\$74.9	\$90.1	\$274.2
Restructuring and Impairment Charges	\$0.0	\$0.7	\$5.2	\$7.1	\$13.0	\$7.5	\$1.0	\$4.1	\$3.5	\$16.2
Pension Lump-Sum Settlement	\$0.0	\$3.9	\$0.0	\$0.0	\$3.9	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Investigation Costs	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$2.6	\$0.5	\$0.0	\$0.0	\$3.1
Non-GAAP Operating Income	\$77.0	\$70.4	\$72.3	\$85.5	\$305.2	\$65.5	\$55.3	\$79.0	\$93.6	\$293.4

Note: All figures independently rounded.