

DONALDSON CO INC
Form 8-K
October 04, 2005

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

Current Report Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): September 30, 2005

DONALDSON COMPANY, INC.

(Exact name of registrant as specified in its charter)

Delaware

1-7891

41-0222640

(State or other jurisdiction
of incorporation)

(Commission file number)

(I.R.S. Employer
Identification No.)

1400 West 94th Street
Minneapolis, MN 55431

(Address of principal executive offices)

(952) 887-3131

Registrant's telephone number, including area code

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry into a Material Definitive Agreement.

On September 30, 2005, the Human Resources Committee of the Board of Directors of Donaldson Company, Inc. approved the payment of annual performance awards to the Company's executive officers for the fiscal year ended July 31, 2005 under the Company's cash incentive plan and the long term compensation plan under the 2001 Master Stock Incentive Plan. The following table sets forth the bonus amounts paid out in cash and the cash value of the long term compensation plan awards paid out in Company stock for fiscal 2005 for the executive officers who will be included as the named executive officers in the Company's 2005 proxy statement.

| Name and Principal Position | Fiscal Year | Bonus (\$) | LTIP Payouts (\$) |
|---|-------------|------------|-------------------|
| William G. Van Dyke Former Chairman | 2005 | 753,945 | 1,443,985 |
| William M. Cook Chairman, Chief Executive Officer and President | 2005 | 586,520 | 522,132 |
| Lowell F. Schwab Senior Vice President, Engine Systems and Parts | 2005 | 240,979 | 431,961 |
| Nickolas Priadka Former Senior Vice President, International | 2005 | 238,243 | 526,528 |
| James R. Giertz Senior Vice President, Commercial and Industrial | 2005 | 203,834 | 222,152 |

The cash bonus payments were based on the Company's achievement of performance goals relating to earnings per share, and sales, profits and return on investment targets for the Company and its business units. The bonus payments for Mr. Van Dyke and Mr. Cook were based on the achievement of performance goals for earnings per share for the Company. The bonus payments for Mr. Schwab, Mr. Priadka and Mr. Giertz were based on a combination of the Company's achievement of performance goals relating to earnings per share and sales, profits and return on investment targets for the Company and their respective business units.

The long term compensation awards were based on the Company's achievement of performance goals relating to a target for three-year compounded growth in net sales and after-tax return on investment, with an increase to the award for achievement of a three-year earnings per share goal. The named executive officers had previously designated to either receive payment of their respective awards in shares or to have the award of shares deferred under the Company's Deferred Compensation and 401k Excess Plan. Payment in the form of the Company's common stock was received by the following named officers: Mr. Van Dyke (47,297 shares); Mr. Schwab (14,148 shares); and Mr. Giertz (7,276 shares). Mr. Cook and Mr. Priadka deferred their awards and instead received a credit of phantom stock under the Company's Deferred Compensation and 401k Excess Plan, which units will be paid in shares at the deferral election date previously selected by the officer. The dollar value of the awards listed in the table were calculated using the closing share price on September 30, 2005, the date of the written approval by the Human Resources Committee.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

Date: October 4, 2005

DONALDSON COMPANY, INC.

By: /s/ Norman C. Linnell

Name: Norman C. Linnell
Title: Vice President, General Counsel
and Secretary

SIGNATURE