

DANAHER CORPORATION
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

Core Revenue Growth

<u>Components of Revenue Growth</u>	Three Months Ended	Nine Months Ended
	September 26, 2014 vs. Comparable 2013 Period	September 26, 2014 vs. Comparable 2013 Period
Core (Non-GAAP)	3.0%	3.0%
Acquisitions (Non-GAAP)	2.0%	1.5%
Impact of Currency Translation (Non-GAAP)	-0.5%	0.0%
Total Revenue Growth (GAAP)	4.5%	4.5%

Core Revenue and Core Revenue Growth

We use the term “core revenue” or “sales from existing businesses” to refer to GAAP revenue from existing operations excluding (1) sales from acquired businesses recorded prior to the first anniversary of the acquisition less the amount of sales attributable to certain divested product lines not considered discontinued operations (“acquisition sales”), and (2) the impact of currency translation. The portion of GAAP revenue from existing operations attributable to currency translation is calculated as the difference between (a) the period-to-period change in revenue (excluding acquisition sales) and (b) the period-to-period change in revenue (excluding acquisition sales) after applying current period foreign exchange rates to the prior year period. We use the term “core revenue growth” to refer to the measure of comparing current period core revenue with the corresponding period of the prior year. These non-GAAP measures should be considered in addition to, and not as a replacement for or superior to, the comparable GAAP measures, and may not be comparable to similarly titled measures reported by other companies.

Management believes that these non-GAAP measures provide useful information to investors by helping identify underlying growth trends in our business and facilitating easier comparisons of our revenue performance with prior and future periods and to our peers. We exclude the effect of currency translation from these measures because currency translation is not under management’s control, is subject to volatility and can obscure underlying business trends. We exclude the effect of acquisitions and divestitures because the nature, size and number of acquisitions and divestitures can vary dramatically from period to period and between us and our peers, which we believe may obscure underlying business trends and make comparisons of long-term performance difficult.

Danaher Corporation
Reconciliation of GAAP to Non-GAAP Financial Measures

Core Operating Margin Changes

	Segments					
	Total Company	Test & Measurement	Environmental	Life Sciences & Diagnostics	Dental	Industrial Technologies
Three Months Ended September 27, 2013 Operating Profit Margins (GAAP)	17.40%	19.20%	20.70%	14.70%	16.10%	22.60%
Third quarter 2014 impact from operating profit margins of businesses that have been owned for less than one year	(0.30)	(0.55)	(1.15)	(0.20)	0.10	0.25
Year-over year core operating margin changes for third quarter 2014 (defined as all year-over-year operating margin changes other than the changes identified in the line items above.) (Non-GAAP)	0.70	(1.15)	0.85	1.20	1.00	1.45
Three Months Ended September 26, 2014 Operating Profit Margins (GAAP)	17.80%	17.50%	20.40%	15.70%	17.20%	24.30%
Nine Months Ended September 27, 2013 Operating Profit Margins (GAAP)	17.20%	20.70%	20.40%	14.00%	14.90%	22.40%
First nine-months 2014 impact from operating profit margins of businesses that have been owned for less than one year	(0.40)	(0.85)	(1.10)	(0.25)	0.05	(0.10)
Year-over year core operating margin changes for first nine months of 2014 (defined as all year-over-year operating margin changes other than the changes identified in the line items above.) (Non-GAAP)	0.70	(0.45)	0.90	1.15	0.65	1.20
Nine Months Ended September 26, 2014 Operating Profit Margins (GAAP)	17.50%	19.40%	20.20%	14.90%	15.60%	23.50%

Non-GAAP Measure

We disclose the non-GAAP measure of year-over-year core operating margin change which is defined above. This non-GAAP measure should be considered in addition to, and not as a replacement for or superior to, its comparable GAAP measure, and may not be comparable to similarly titled measures reported by other companies.

Management believes that this non-GAAP measure provides useful information to investors by reflecting an additional way of viewing Danaher's operations that, when reconciled to its comparable GAAP measure, helps our investors to better understand the long-term profitability trends of our business, and facilitates easier comparisons of our profitability to prior and future periods and to our peers. The item described above has been excluded from the non-GAAP measure because items of this nature and/or size occur with inconsistent frequency, occur for reasons that may be unrelated to Danaher's commercial performance during the period and/or we believe are not indicative of Danaher's ongoing operating costs or gains in a given period, which we believe may obscure underlying business trends and make comparisons of long-term performance difficult.

Danaher Corporation

Supplemental Reconciliation of Operating Cash Flows (GAAP) to Free Cash Flow (Non-GAAP)

	Quarter Ended		Quarter Ended		Quarter Ended		Nine Months Ended	
	March 28, 2014	March 29, 2013	June 27, 2014	June 28, 2013	September 26, 2014	September 27, 2013	September 26, 2014	September 27, 2013
Free Cash Flow (\$ in millions):								
Operating Cash Flows per GAAP	\$ 511.2	\$ 636.5	\$ 991.7	\$ 899.2	\$ 1,016.1	\$ 971.4	\$ 2,519.0	\$ 2,507.1
Payments for Property, Plant & Equipment (Capital Expenditures)	(130.9)	(116.3)	(147.7)	(136.2)	(142.8)	(139.3)	(421.4)	(391.8)
Free Cash Flow	<u>\$ 380.3</u>	<u>\$ 520.2</u>	<u>\$ 844.0</u>	<u>\$ 763.0</u>	<u>\$ 873.3</u>	<u>\$ 832.1</u>	<u>\$ 2,097.6</u>	<u>\$ 2,115.3</u>
Ratio of Free Cash Flow to Net Earnings (\$ in millions):								
Free Cash Flow from Above	\$ 380.3	\$ 520.2	\$ 844.0	\$ 763.0	\$ 873.3	\$ 832.1	\$ 2,097.6	\$ 2,115.3
Net Earnings	<u>579.7</u>	<u>691.9</u>	<u>676.4</u>	<u>616.8</u>	<u>680.6</u>	<u>597.0</u>	<u>1,936.7</u>	<u>1,905.7</u>
Free Cash Flow to Net Earnings Conversion Ratio	<u>0.66</u>	<u>0.75</u>	<u>1.25</u>	<u>1.24</u>	<u>1.28</u>	<u>1.39</u>	<u>1.08</u>	<u>1.11</u>

We disclose the non-GAAP measures of free cash flow and ratio of free cash flow to net earnings, as defined above. These non-GAAP measures should be considered in addition to, and not as a replacement for or superior to, GAAP operating cash flow, and may not be comparable to similarly titled measures used by other companies.

Danaher's management believes that these non-GAAP measures provide useful information to investors by reflecting an additional way of viewing Danaher's operations that, when reconciled to their respective GAAP measures, helps our investors to better understand the strength of Danaher's earnings as well as Danaher's ability to generate cash without external financings, strengthen its balance sheet, invest in the business and grow the business through acquisitions and other strategic opportunities. A limitation of these non-GAAP measures is that they do not take into account the Company's debt service requirements and other non-discretionary expenditures.