Danaher Corporation

Supplemental Reconciliation of Operating Cash Flows from Continuing Operations (GAAP) to Free Cash Flow From Continuing Operations (Non-GAAP)

	Quarter Ended		Quarter Ended		Quarter Ended		Quarter Ended		Full Year	
	March 29, 2013	March 30, 2012	June 28, 2013	June 29, 2012	September 27, 2013	September 28, 2012	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
Free Cash Flow from Continuing Operations ($ in millions):										
Operating Cash Flows from Continuing Operations per GAAP	$ 636.5	$ 651.4	$ 899.2	$ 1,044.5	$ 971.4	$ 975.4	$ 1,078.2	$ 830.8	$ 3,585.3	$ 3,502.1
Payments for Property, Plant & Equipment (Capital Expenditures) from Continuing Operations	(116.3)	(117.8)	(136.2)	(110.7)	(139.3)	(104.9)	(159.7)	(124.9)	(551.5)	(458.3)
Free Cash Flow from Continuing Operations	$ 520.2	$ 533.6	$ 763.0	$ 933.8	$ 832.1	$ 870.5	$ 918.5	$ 705.9	$ 3,033.8	$ 3,043.8
Ratio of Free Cash Flow to Net Earnings ($ in millions):										
Free Cash Flow from Continuing Operations from Above	$ 520.2	$ 533.6	$ 763.0	$ 933.8	$ 832.1	$ 870.5	$ 918.5	$ 705.9	$ 3,033.8	$ 3,043.8
Net Earnings from Continuing Operations	691.9	520.0	616.8	600.2	597.0	548.7	789.3	630.4	2,695.0	2,299.3
Free Cash Flow from Continuing Operations to Net Earnings from Continuing Operations Conversion Ratio	0.75	1.03	1.24	1.56	1.39	1.59	1.16	1.12	1.13	1.32

We disclose the non-GAAP measures of free cash flow from continuing operations 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 from continuing operations, 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.

DANAHER CORPORATION
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES
($ in millions except per share data)

Earnings Per Share

	Three Months Ended December 31, 2013	Year Ended December 31, 2013
Diluted Net Earnings Per Share from Continuing Operations (GAAP)	**$ 1.11**	**$ 3.80**
Gain on the sale of investment in Apex Tool Group LLC in the first quarter of 2013 ($230 million pre-tax, $144 million after-tax)	-	(0.20)
Retroactive reinstatement of certain federal tax provisions contained in the American Tax Relief Act of 2012 and other discrete tax items	-	(0.03)
Gain on sale of shares in Align Technologies, Inc. ($202 million pre-tax, $125 million after-tax)	(0.18)	(0.18)
Impairment of intangible assets associated with a technology investment in the Communications platform ($31 million pre-tax, $19 million after-tax)	0.03	0.03
Adjusted Diluted Net Earnings Per Share from Continuing Operations (Non-GAAP)	**$ 0.96**	**$ 3.42**

Core Revenue Growth

Components of Revenue Growth	Three Months Ended December 31, 2013 vs. Comparable 2012 Period	Year Ended December 31, 2013 vs. Comparable 2012 Period
Core (non-GAAP)	3.5%	2.5%
Acquisitions (non-GAAP)	3.0%	2.5%
Impact of Currency Translation (non-GAAP)	-0.5%	-0.5%
Total Revenue Growth (GAAP)	6.0%	4.5%

Adjusted Diluted Net Earnings Per Share from Continuing Operations

We disclose the non-GAAP measure of adjusted diluted net earnings per share from continuing operations, which refers to GAAP diluted net earnings per share from continuing operations, excluding the items identified in the reconciliation schedule above. This non-GAAP measure should be considered in addition to, and not as a replacement for or superior to, the comparable GAAP measure, and may not be comparable to similarly titled measures reported by other companies.

Management believes that this measure provides useful information to investors by reflecting additional ways of viewing aspects of Danaher's operations that, when reconciled to the corresponding 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 items described above have been excluded from this 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. The Company deems acquisition-related transaction costs incurred in a given period to be significant (generally relating to the Company's larger acquisitions) if it determines that such costs exceed the range of acquisition-related transaction costs typical for Danaher in a given period.

The Company estimates the tax effect of the items identified in the reconciliation schedule above by applying the Company's overall estimated effective tax rate to the pre-tax amount, unless the nature of the item and/or the tax jurisdiction in which the item has been recorded requires application of a specific tax rate or tax treatment, in which case the tax effect of such item is estimated by applying such specific tax rate or tax treatment.

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 impact from the divestiture of a product line the sales of which (prior to the divestiture) were included in sales from acquired businesses ("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 because the nature, size and number of acquisitions 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 & Diagnostic**	**Dental**	**Industrial Technologies**
Three Months Ended December 31, 2012 Operating Profit Margins From Continuing Operations (GAAP)	17.30%	18.70%	23.00%	14.20%	15.20%	18.10%
Fourth quarter 2013 impact from operating profit margins of businesses that have been owned for less than one year	(0.45)	(0.20)	(1.30)	(0.30)	-	(1.00)
2012 operating profit margin contribution from interest in Apex Tool Group LLC (which interest was divested in February 2013)	(0.35)	-	-	-	-	-
Fourth quarter 2013 impact from the impairment of intangible assets associated with a technology investment in the Communications platform	(0.60)	(3.40)	-	-	-	-
Year-over-year core operating margin changes for fourth quarter 2013 (defined as all year-over-year operating margin changes other than the changes identified in the line items above) (Non-GAAP)	1.00	1.50	0.80	2.80	(1.50)	0.20
Three Months Ended December 31, 2013 Operating Profit Margins From Continuing Operations (GAAP)	**16.90%**	**16.60%**	**22.50%**	**16.70%**	**13.70%**	**17.30%**
Year Ended December 31, 2012 Operating Profit Margins From Continuing Operations (GAAP)	17.30%	20.70%	21.30%	13.30%	14.50%	20.70%
2013 impact from operating profit margins of businesses that have been owned for less than one year	(0.40)	(0.20)	(1.00)	(0.50)	0.05	(0.40)
2012 operating profit margin contribution from interest in Apex Tool Group LLC (which interest was divested in February 2013)	(0.40)	-	-	-	-	-
2012 gain on resolution of contingencies associated with previously disposed assets	(0.05)	-	-	-	-	-
Fourth quarter 2013 impact from the impairment of intangible assets associated with a technology investment in the Communications platform	(0.15)	(0.90)	-	-	-	-
Year-over-year core operating margin changes for 2013 (defined as all year-over-year operating margin changes other than the changes identified in the line items above) (Non-GAAP)	0.80	-	0.70	1.90	0.05	0.80
Year Ended December 31, 2013 Operating Profit Margins From Continuing Operations (GAAP)	**17.10%**	**19.60%**	**21.00%**	**14.70%**	**14.60%**	**21.10%**

Operating Profit Margin From Continuing Operations Excluding the Impact from the Fourth Quarter 2013 Impairment of Intangible Assets Associated with a Technology Investment in the Communications Platform

	Test & Measurement Segment		Total Company	
	Three Months Ended December 31, 2013	**Year Ended December 31, 2013**	**Three Months Ended December 31, 2013**	**Year Ended December 31, 2013**
Operating Profit Margins From Continuing Operations (GAAP)	**16.60%**	**19.60%**	**16.90%**	**17.10%**
Fourth quarter 2013 impact from the impairment of intangible assets associated with a technology investment in the Communications platform	3.40	0.90	0.60	0.15
Operating Profit Margin From Continuing Operations Excluding the Impact from the Fourth Quarter 2013 Impairment of Intangible Assets Associated with a Technology Investment in the Communications Platform - (non-GAAP)	**20.00%**	**20.50%**	**17.50%**	**17.25%**

Gross Margin From Continuing Operations Excluding the Cost of the Fourth Quarter 2013 Productivity and Efficiency Initiatives

	Three Months Ended December 31, 2013
Gross Margin From Continuing Operations (GAAP)	**51.50%**
Fourth quarter 2013 cost of productivity and efficiency initiatives	0.40
Gross Margin From Continuing Operations Excluding the Cost of the Fourth Quarter 2013 Productivity and Efficiency Initiatives - (non-GAAP)	**51.90%**

Non-GAAP Measures

We disclose the non-GAAP measure of core operating margin changes 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 items described above have been excluded from the non-GAAP measure because items of this nature and/or size occur with inconsistent frequency, 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.

We disclose the non-GAAP measure of operating profit from continuing operations excluding the impact from the fourth quarter 2013 impairment of intangible assets associated with a technology acquisition for our Test & Measurement business and Danaher as a whole. This non-GAAP measure should be considered in addition to, and not as a replacement for or superior to, operating profit from continuing operations. Management believes that this non-GAAP measure provides useful information to investors by reflecting an additional way of viewing the operations that, when reconciled to its comparable GAAP measure, helps our investors to better understand the long-term profitability trends of the business, and facilitates easier comparisons of the business's profitability to prior and future periods. The impairment of intangible assets has been excluded from the non-GAAP measure because items of this nature occur with inconsistent frequency and we believe are not indicative of Danaher's ongoing operating costs in a given period, which we believe may obscure underlying business trends and make comparisons of long-term performance difficult.

We also disclose the non-GAAP measure of gross margin from continuing operations excluding the cost of the fourth quarter 2013 productivity and efficiency initiatives. This non-GAAP measure should be considered in addition to, and not as a replacement for or superior to, gross margin. 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 the Company, and facilitates easier comparisons of the Company's profitability to prior and future periods. The cost of the fourth quarter 2013 productivity and efficiency initiatives has been excluded from the non-GAAP measure because items of this nature and size occur with inconsistent frequency, which we believe may obscure underlying business trends and make comparisons of long-term performance difficult.