

DANAHER CORPORATION
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

<u>Year-Over-Year Core Operating Margin Changes</u>	Segments					
	<u>Total Company</u>	<u>Test & Measurement</u>	<u>Environmental</u>	<u>Life Sciences & Diagnostics</u>	<u>Dental</u>	<u>Industrial Technologies</u>
Three Month Period Ended July 3, 2015 Operating Profit Margins from Continuing Operations (GAAP)	18.80%	24.30%	22.50%	15.50%	14.20%	25.60%
Second quarter 2016 impact from operating profit margins of businesses that have been owned for less than one year or were disposed of during such period and did not qualify as discontinued operations	(0.30)	(0.15)	(0.35)	0.10	(0.15)	(0.35)
Costs incurred in the second quarter of 2016 related to preparation for Danaher Corporation's 2016 separation of Fortive Corporation	(0.30)	-	-	-	-	-
Year-over year core operating margin changes for second quarter 2016 (defined as all year-over-year operating margin changes other than the changes identified in the line items above) (Non-GAAP)	(0.30)	(1.95)	(1.05)	0.80	1.25	0.05
Three Month Period Ended July 1, 2016 Operating Profit Margins from Continuing Operations (GAAP)	17.90%	22.20%	21.10%	16.40%	15.30%	25.30%
Six Month Period Ended July 3, 2015 Operating Profit Margins from Continuing Operations (GAAP)	17.50%	23.30%	21.10%	14.20%	11.70%	25.10%
First half of 2016 impact from operating profit margins of businesses that have been owned for less than one year or were disposed of during such period and did not qualify as discontinued operations	(0.35)	(0.10)	(0.55)	0.10	(0.15)	(0.50)
Fair value adjustments to Nobel Biocare acquisition-related inventory incurred in the first quarter of 2015	0.20	-	-	-	1.50	-
Costs incurred in the first half of 2016 related to preparation for Danaher Corporation's 2016 separation of Fortive Corporation	(0.25)	-	-	-	-	-
Year-over year core operating margin changes for first half 2016 (defined as all year-over-year operating margin changes other than the changes identified in the line items above) (Non-GAAP)	0.10	(1.60)	(1.25)	1.40	1.85	0.20
Six Month Period Ended July 1, 2016 Operating Profit Margins from Continuing Operations (GAAP)	17.20%	21.60%	19.30%	15.70%	14.90%	24.80%

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

	<u>Three Month Period Ended</u>		<u>Three Month Period Ended</u>		<u>Six Month Period Ended</u>	
	<u>April 1, 2016</u>	<u>April 3, 2015</u>	<u>July 1, 2016</u>	<u>July 3, 2015</u>	<u>July 1, 2016</u>	<u>July 3, 2015</u>
Free Cash Flow from Continuing Operations (\$ in millions):						
Operating Cash Flows from Continuing Operations (GAAP)	\$ 772.8	\$ 529.6	\$ 1,281.8	\$ 1,101.3	\$ 2,054.6	\$ 1,630.9
Less: purchases of property, plant & equipment (capital expenditures) from continuing operations (GAAP)	(151.0)	(117.0)	(183.9)	(136.2)	(334.9)	(253.2)
Free Cash Flow from Continuing Operations (Non-GAAP)	<u>\$ 621.8</u>	<u>\$ 412.6</u>	<u>\$ 1,097.9</u>	<u>\$ 965.1</u>	<u>\$ 1,719.7</u>	<u>\$ 1,377.7</u>
Ratio of Free Cash Flow to Net Earnings (\$ in millions):						
Free Cash Flow from Continuing Operations from Above (Non-GAAP)	\$ 621.8	\$ 412.6	\$ 1,097.9	\$ 965.1	\$ 1,719.7	\$ 1,377.7
Net earnings from continuing operations (GAAP)	<u>758.4</u>	<u>558.0</u>	<u>656.7</u>	<u>715.5</u>	<u>1,415.1</u>	<u>1,273.5</u>
Free Cash Flow from Continuing Operations to Net Earnings from Continuing Operations Conversion Ratio (Non-GAAP)	<u>0.82</u>	<u>0.74</u>	<u>1.67</u>	<u>1.35</u>	<u>1.22</u>	<u>1.08</u>

Statement Regarding Non-GAAP Measures

Each of the non-GAAP measures set forth above 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 these measures provide useful information to investors by offering additional ways of viewing Danaher Corporation's ("Danaher" or the "Company") results that, when reconciled to the corresponding GAAP measure, help our investors to:

- (with respect to the non-GAAP profitability measures) understand the long-term profitability trends of our business and compare our profitability to prior and future periods and to our peers; and
- (with respect to the non-GAAP cash flow measures) understand Danaher's ability to generate cash without external financings, strengthen its balance sheet, invest in its business and grow its business through acquisitions and other strategic opportunities (although a limitation of non-GAAP cash flow measures is that they do not take into account the Company's debt service requirements and other non-discretionary expenditures).

The items excluded from the non-GAAP profitability measures set forth above have been excluded because the excluded items are of a nature and/or size that 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.