

**DANAHER CORPORATION**  
**RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES**

**Adjusted Diluted Net Earnings Per Share from Continuing Operations**

	Three-Month Period Ended		Six-Month Period Ended	
	June 30, 2017	July 1, 2016	June 30, 2017	July 1, 2016
<b>Diluted Net Earnings Per Share from Continuing Operations (GAAP)</b>	<b>\$ 0.79</b>	<b>\$ 0.60</b>	<b>\$ 1.48</b>	<b>\$ 1.44</b>
Pretax gain on sale of investments <sup>A</sup>	-	-	-	(0.32) <sup>A</sup>
Pretax amortization of acquisition-related intangible assets <sup>B</sup>	0.22 <sup>B</sup>	0.21 <sup>B</sup>	0.46 <sup>B</sup>	0.41 <sup>B</sup>
Pretax restructuring, impairment and other related charges recorded in the second quarter of 2017 <sup>C</sup>	0.11 <sup>C</sup>	-	0.11 <sup>C</sup>	-
Tax effect of all adjustments reflected above <sup>D</sup>	(0.08) <sup>D</sup>	(0.05) <sup>D</sup>	(0.13) <sup>D</sup>	0.02 <sup>D</sup>
Discrete and other tax-related adjustments <sup>E</sup>	(0.05) <sup>E</sup>	0.14 <sup>E</sup>	(0.08) <sup>E</sup>	0.14 <sup>E</sup>
<b>Adjusted Diluted Net Earnings Per Share from Continuing Operations (Non-GAAP)</b>	<b>\$ 0.99</b>	<b>\$ 0.90</b>	<b>\$ 1.84</b>	<b>\$ 1.69</b>

**Forecasted Adjusted Diluted Net Earnings Per Share from Continuing Operations**

	Three-Month Period Ending September 29, 2017		Year Ending December 31, 2017	
	Low End	High End	Low End	High End
<b>Forecasted Diluted Net Earnings Per Share from Continuing Operations (GAAP) <sup>1</sup></b>	<b>\$ 0.74</b>	<b>\$ 0.78</b>	<b>\$ 3.16</b>	<b>\$ 3.23</b>
Anticipated pretax amortization of acquisition-related intangible assets <sup>B</sup>	0.23 <sup>B</sup>	0.23 <sup>B</sup>	0.93 <sup>B</sup>	0.93 <sup>B</sup>
Pretax restructuring, impairment and other related charges recorded in the second quarter of 2017 <sup>C</sup>	-	-	0.11 <sup>C</sup>	0.11 <sup>C</sup>
Tax effect of all adjustments reflected above <sup>D</sup>	(0.05) <sup>D</sup>	(0.05) <sup>D</sup>	(0.22) <sup>D</sup>	(0.22) <sup>D</sup>
Discrete and other tax-related adjustments <sup>E</sup>	-	-	(0.08) <sup>E</sup>	(0.08) <sup>E</sup>
<b>Forecasted Adjusted Diluted Net Earnings Per Share from Continuing Operations (Non-GAAP) <sup>1</sup></b>	<b>\$ 0.92</b>	<b>\$ 0.96</b>	<b>\$ 3.90</b>	<b>\$ 3.97</b>

<sup>1</sup> The forward-looking estimates set forth above do not reflect future gains and charges that are inherently difficult to predict and estimate due to their unknown timing, effect and/or significance, such as certain future gains or losses on the sale of investments, acquisition or divestiture-related gains or charges and other discrete tax items (including excess tax benefits that exceed or fall below anticipated levels).

**Core Revenue Growth**

	Three-Month Period Ended June 30, 2017 vs. Comparable 2016 Period	Six-Month Period Ended June 30, 2017 vs. Comparable 2016 Period
	<b>Total Revenue Growth from Continuing Operations (GAAP)</b>	<b>6.5%</b>
<b>Components of Revenue Growth</b>		
Core (non-GAAP) <sup>2</sup>	2.0%	2.5%
Acquisitions (non-GAAP)	6.0%	5.5%
Impact of currency translation (non-GAAP)	(1.5%)	(1.5%)
Total Revenue Growth from Continuing Operations (GAAP)	6.5%	6.5%

<sup>2</sup> We use the term "core revenue" to refer to GAAP revenue from continuing operations excluding (1) sales from acquired businesses recorded prior to the first anniversary of the acquisition less the amount of sales attributable to divested businesses or product lines not considered discontinued operations ("acquisition sales") and (2) the impact of currency translation. The portion of GAAP revenue from continuing 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.

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(continued)

<sup>A</sup> Gain on sale of investments in the three-month period ended April 1, 2016 (\$223 million pretax as presented in this line item, \$140 million after-tax).

<sup>B</sup> Amortization of acquisition-related intangible assets in the following historical and forecasted periods (\$ in millions) (only the pretax amounts set forth below are reflected in the amortization line item above):

	<u>Three-Month Period Ended</u>		<u>Six-Month Period Ended</u>		<u>Forecasted</u>	
	<u>June 30, 2017</u>	<u>July 1, 2016</u>	<u>June 30, 2017</u>	<u>July 1, 2016</u>	<u>Three-Month Period Ending September 29, 2017</u>	<u>Year Ending December 31, 2017</u>
Pretax	\$ 160.3	\$ 144.2	\$ 326.4	\$ 283.4	\$ 164.2	\$ 654.8
After-tax	127.4	112.5	259.5	219.7	130.5	520.6

<sup>C</sup> During the three-month period ended June 30, 2017, the Company recorded \$76 million of pretax restructuring, impairment and other related charges (\$51 million after-tax) primarily related to the Company's strategic decision to discontinue certain product development efforts in its Diagnostics segment. As a result, the Company incurred noncash charges for the impairment of certain technology-related intangibles as well as related inventory and plant, property, and equipment with no further use totaling \$49 million. In addition, the Company incurred cash restructuring costs primarily related to employee severance and related charges totaling \$27 million. This is addressed in more detail in the "Statement Regarding Non-GAAP Measures."

<sup>D</sup> This line item reflects the aggregate tax effect of all nontax adjustments reflected in the table above. In addition, the footnotes above indicate the after-tax amount of each individual adjustment item. Danaher estimates the tax effect of the adjustment items identified in the reconciliation schedule above by applying Danaher's overall estimated effective tax rate to the pretax 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.

<sup>E</sup> Represents (1) discrete income tax gains, primarily related to expiration of statute of limitations (\$35 million in the three and six months ended June 30, 2017, respectively) (2) equity compensation-related excess tax benefits (\$16 million in the six-month period ended June 30, 2017) and (3) Separation-related tax costs related to repatriation of earnings, legal entity realignments and other discrete matters (\$99 million in the three and six-month periods ended July 1, 2016, respectively). On January 1, 2017, Danaher adopted the updated accounting guidance required by ASU 2016-09, *Compensation—Stock Compensation*, which requires income statement recognition of all excess tax benefits and deficiencies related to equity compensation. We exclude from Adjusted Diluted Net EPS any excess tax benefits that exceed the levels we believe are representative of historical experience. In the first quarter of 2017, we anticipated \$10 million of equity compensation-related excess tax benefits and realized \$26 million of excess tax benefits, and therefore we have excluded \$16 million of these benefits in the calculation of Adjusted Diluted Net Earnings per Share. In the second quarter of 2017, realized equity compensation-related excess tax benefits approximated the anticipated \$10 million benefit and no adjustment was required.

### **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 Adjusted Diluted Net EPS, 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 core revenue, identify underlying growth trends in our business and compare our revenue performance with prior and future periods and to our peers.

Management uses these non-GAAP measures to measure the Company's operating and financial performance, and uses a non-GAAP measure similar to Adjusted Diluted Net EPS in the Company's executive compensation program.

The items excluded from the non-GAAP measures set forth above have been excluded for the following reasons:

- With respect to Adjusted Diluted Net EPS:
  - We exclude the amortization of acquisition-related intangible assets because the amount and timing of such charges are significantly impacted by the timing, size, number and nature of the acquisitions we consummate. While we have a history of significant acquisition activity we do not acquire businesses on a predictable cycle, and the amount of an acquisition's purchase price allocated to intangible assets and related amortization term are unique to each acquisition and can vary significantly from acquisition to acquisition. Exclusion of this amortization expense facilitates more consistent comparisons of operating results over time between our newly acquired and long-held businesses, and with both acquisitive and non-acquisitive peer companies. We believe however that it is important for investors to understand that such intangible assets contribute to revenue generation and that intangible asset amortization related to past acquisitions will recur in future periods until such intangible assets have been fully amortized.
  - We exclude costs incurred pursuant to discrete restructuring plans that are fundamentally different (in terms of the size, strategic nature and planning requirements, as well as the inconsistent frequency, of such plans) from the ongoing productivity improvements that result from application of the Danaher Business System. Because these restructuring plans are incremental to the core activities that arise in the ordinary course of our business and we believe are not indicative of Danaher's ongoing operating costs in a given period, we exclude these costs from the calculation of Adjusted Diluted Net EPS to facilitate a more consistent comparison of operating results over time.
  - With respect to the other items excluded from Adjusted Diluted Net EPS, we exclude these items because they 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; we believe that such items may obscure underlying business trends and make comparisons of long-term performance difficult.
- With respect to core revenue, (1) we exclude the impact of currency translation because it is not under management's control, is subject to volatility and can obscure underlying business trends, and (2) we exclude the effect of acquisitions and divested product lines because the timing, size, number and nature of such transactions can vary significantly 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 Operating Cash Flows from Continuing Operations (GAAP) to Free Cash Flow from Continuing Operations (Non-GAAP)**

	Three Month Period Ended		Three Month Period Ended		Six Month Period Ended	
	March 31, 2017	April 1, 2016	June 30, 2017	July 1, 2016	June 30, 2017	July 1, 2016
<b>Free Cash Flow from Continuing Operations (\$ in millions):</b>						
Operating Cash Flows from Continuing Operations (GAAP)	\$ 560.2	\$ 607.1	\$ 1,010.5	\$ 981.4	\$ 1,570.7	\$ 1,588.5
Less: purchases of property, plant & equipment (capital expenditures) from continuing operations (GAAP)	\$ (158.6)	\$ (122.6)	\$ (147.9)	\$ (150.9)	\$ (306.5)	\$ (273.5)
Plus: proceeds from sales of property, plant & equipment (capital disposals) from continuing operations (GAAP)	0.7	0.0	29.3	5.2	30.0	5.2
Free Cash Flow from Continuing Operations (Non-GAAP)	<u>\$ 402.3</u>	<u>\$ 484.5</u>	<u>\$ 891.9</u>	<u>\$ 835.7</u>	<u>\$ 1,294.2</u>	<u>\$ 1,320.2</u>
<b>Ratio of Free Cash Flow to Net Earnings (\$ in millions):</b>						
Free Cash Flow from Continuing Operations from Above (Non-GAAP)	\$ 402.3	\$ 484.5	\$ 891.9	\$ 835.7	\$ 1,294.2	\$ 1,320.2
Net Earnings from Continuing Operations (GAAP)	<u>483.8</u>	<u>585.8</u>	<u>557.3</u>	<u>418.0</u>	<u>1,041.1</u>	<u>1,003.8</u>
Free Cash Flow from Continuing Operations to Net Earnings from Continuing Operations Conversion Ratio (Non-GAAP)	<u>0.83</u>	<u>0.83</u>	<u>1.60</u>	<u>2.00</u>	<u>1.24</u>	<u>1.32</u>

We define free cash flow as operating cash flows from continuing operations, less payments for purchases of property, plant and equipment from continuing operations (“capital expenditures”) plus the proceeds from the sale of plant, property and equipment from continuing operations (“capital disposals”). In the second quarter of 2017, we revised our definition of free cash flow to include the proceeds from capital disposals. The Company believes that this revised methodology presents a more appropriate measure of the cash generated by our operations, as the cash provided by capital disposals is largely used to fund capital expenditures. The Company has restated the previously disclosed free cash flow for prior periods to reflect the revised definition.

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<u>Year-Over-Year Core Operating Margin Changes</u>	Segments				
	Total Company	Life Sciences	Diagnostics	Dental	Environmental and Applied Solutions
<b>Three-Month Period Ended July 1, 2016 Operating Profit Margins from Continuing Operations (GAAP)</b>	<b>16.70%</b>	<b>14.50%</b>	<b>18.50%</b>	<b>15.30%</b>	<b>23.20%</b>
Second quarter 2017 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	(0.50)	0.30	(2.05)	(0.20)	(0.50)
Second quarter 2017 impact of restructuring, impairment and related charges related to the discontinuation of a product line in the Diagnostics segment	(1.70)	-	(5.30)	-	-
Year-over year core operating profit margin changes for second quarter 2017 (defined as all year-over-year operating profit margin changes other than the changes identified in the lines above) (non-GAAP)	0.70	1.20	(0.25)	0.50	1.20
<b>Three-Month Period Ended June 30, 2017 Operating Profit Margins from Continuing Operations (GAAP)</b>	<b>15.20%</b>	<b>16.00%</b>	<b>10.90%</b>	<b>15.60%</b>	<b>23.90%</b>
<b>Six-Month Period Ended July 1, 2016 Operating Profit Margins from Continuing Operations (GAAP)</b>	<b>16.20%</b>	<b>14.30%</b>	<b>17.20%</b>	<b>14.90%</b>	<b>23.00%</b>
First half of 2017 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	(0.65)	0.35	(1.95)	(0.05)	(0.50)
First half of 2017 impact of restructuring, impairment and related charges related to the discontinuation of a product line in the Diagnostics segment in the second quarter of 2017	(0.85)	-	(2.75)	-	-
Year-over year core operating profit margin changes for first half of 2017 (defined as all year-over-year operating profit margin changes other than the changes identified in the lines above) (non-GAAP)	0.30	1.45	(1.20)	(0.15)	0.90
<b>Six-Month Period Ended June 30, 2017 Operating Profit Margins from Continuing Operations (GAAP)</b>	<b>15.00%</b>	<b>16.10%</b>	<b>11.30%</b>	<b>14.70%</b>	<b>23.40%</b>

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	<b>Diagnostics Segment</b>	
	<b>Three Month Period Ended</b>	
	<b>March 31, 2017</b>	<b>June 30, 2017</b>
<b>Operating Profit Margins from Continuing Operations (GAAP)</b>	<b>11.60%</b>	<b>10.90%</b>
Second quarter 2017 impact of restructuring, impairment and related charges related to the discontinuation of a product line in the Diagnostics segment	-	5.30
<b>Operating Profit Margins from Continuing Operations Adjusted to Exclude the Charges Described Above (Non-GAAP)</b>	<b>11.60%</b>	<b>16.20%</b>
<b>Change in Operating Profit Margins from Continuing Operations Adjusted to Exclude the Charges Described Above (Non-GAAP)</b>		<b>4.60%</b>