DANAHER CORPORATION
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

Adjusted Diluted Net Earnings Per Share from Continuing Operations

	Three-Month Period Ended		Nine-Month Period Ended	
	September 28, 2018	September 29, 2017	September 28, 2018	September 29, 2017
Diluted Net Earnings Per Share from Continuing Operations (GAAP)	**$ 0.93**	**$ 0.81**	**$ 2.68**	**$ 2.29**
Pretax amortization of acquisition-related intangible assets [A]	0.25	0.24	0.75	0.70
Pretax acquisition-related transaction costs deemed significant and fair value adjustments to inventory, in each case related to the acquisition of IDT and incurred in the second quarter of 2018 [B]	-	-	0.02	-
Pretax gain on resolution of acquisition-related matters recognized in the second quarter of 2018 [C]	-	-	(0.01)	-
Pretax restructuring, impairment and other related charges recorded in the second quarter of 2017 [D]	-	-	-	0.11
Tax effect of all adjustments reflected above [E]	(0.05)	(0.05)	(0.16)	(0.18)
Discrete tax adjustments and other tax-related adjustments [F]	(0.03)	-	(0.04)	(0.08)
Adjusted Diluted Net Earnings Per Share from Continuing Operations (Non-GAAP)	**$ 1.10**	**$ 1.00**	**$ 3.24**	**$ 2.84**

Forecasted Adjusted Diluted Net Earnings Per Share from Continuing Operations [1]

	Three-Month Period Ending December 31, 2018		Year Ending December 31, 2018	
	Low End	High End	Low End	High End
Forecasted Diluted Net Earnings Per Share from Continuing Operations (GAAP)	**$ 1.04**	**$ 1.07**	**$ 3.72**	**$ 3.75**
Anticipated pretax amortization of acquisition-related intangible assets [A]	0.25	0.25	1.00	1.00
Pretax acquisition-related transaction costs deemed significant and fair value adjustments to inventory, in each case related to the acquisition of IDT and incurred in the second quarter of 2018 [B]	-	-	0.02	0.02
Pretax gain on resolution of acquisition-related matters recognized in the second quarter of 2018 [C]	-	-	(0.01)	(0.01)
Pretax costs incurred in the three-month period ending December 31, 2018 related to preparation for the 2019 separation of the Dental segment ("Dental Separation") primarily related to professional fees for legal, tax, finance and information technology services [G]	0.01	0.01	0.01	0.01
Tax effect of all adjustments reflected above [E]	(0.05)	(0.05)	(0.21)	(0.21)
Discrete tax adjustments and other tax-related adjustments [F]	-	-	(0.04)	(0.04)
Forecasted Adjusted Diluted Net Earnings Per Share from Continuing Operations (Non-GAAP)	**$ 1.25**	**$ 1.28**	**$ 4.49**	**$ 4.52**

[1] These forward-looking estimates 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 discrete tax items.

Core Revenue

	% Change Three-Month Period Ended September 28, 2018 vs. Comparable 2017 Period	% Change Nine-Month Period Ended September 28, 2018 vs. Comparable 2017 Period
Total Revenue Growth from Continuing Operations (GAAP)	7.0%	9.5%
Less the impact of:		
Acquisitions	(2.0%)	(1.5%)
Currency exchange rates	1.5%	(2.0%)
Core Revenue Growth from Continuing Operations (Non-GAAP) [2]	6.5%	6.0%

[2] 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.

Free Cash Flow from Continuing Operations

	Nine-Month Period Ended	
	September 28, 2018	September 29, 2017
($ in millions):		
Operating Cash Flows from Continuing Operations (GAAP)	$ 2,784.4	$ 2,643.1
Less: payments for additions to property, plant & equipment (capital expenditures) from continuing operations (GAAP)	(441.3)	(445.8)
Plus: proceeds from sales of property, plant & equipment (capital disposals) from continuing operations (GAAP)	1.6	32.3
Free Cash Flow from Continuing Operations (Non-GAAP)	$ 2,344.7	$ 2,229.6

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(continued)

[A] 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):

	Three-Month Period Ended		Nine-Month Period Ended		Forecasted Three-Month Period Ending	Forecasted Year Ending
	September 28, 2018	September 29, 2017	September 28, 2018	September 29, 2017	December 31, 2018	December 31, 2018
Pretax	$ 174.1	$ 166.4	$ 527.5	$ 492.9	$ 177.1	$ 704.6
After-tax	139.1	131.5	420.4	391.0	141.7	562.1

[B] Acquisition-related transaction costs deemed significant ($15 million pretax as presented in this line item, $13 million after-tax), and fair value adjustments to inventory ($1 million pretax as presented in this line item, $0.8 million after-tax), in each case related to the acquisition of IDT and incurred in the second quarter of 2018. 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.

[C] Net gains on resolution of acquisition-related matters in the Life Sciences segment ($9 million pretax as presented in this line item, $7 million after-tax) for the second quarter of 2018.

[D] During the second quarter of 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."

[E] This line item reflects the aggregate tax effect of all nontax adjustments reflected in the preceding line items of the table. In addition, the footnote above indicates the after-tax amount of each individual adjustment item. Danaher estimates the tax effect of each adjustment item 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.

[F] Represents discrete income tax gains, primarily related to the release of valuation allowances associated with certain foreign operating losses ($23 million and $32 million, respectively, in the three and nine-month periods ended September 28, 2018) and (1) $35 million in the nine-month period ended September 29, 2017 and (2) equity compensation-related excess tax benefits ($16 million in the nine-month period ended September 29, 2017). 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 other periods presented, realized equity compensation-related excess tax benefits approximated the anticipated benefit and no adjustment was required.

[G] Pretax costs incurred in the three-month period ending December 31, 2018 ($10 million pretax as reported in this line item, $8 million after-tax) related to preparation for the 2019 separation of the Dental segment ("Dental Separation") primarily related to professional fees for legal, tax, finance and information technology services.

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;
- 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; and
- with respect to free cash flow (the "FCF Measure"), 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 free cash flow is that it does not take into account the Company's debt service requirements and other non-discretionary expenditures, and as a result the entire free cash flow amount is not necessarily available for discretionary expenditures).

Management uses these non-GAAP measures to measure the Company's operating and financial performance, and uses non-GAAP measures similar to Adjusted Diluted Net EPS and the FCF Measure 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.
    - 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 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.
- With respect to the FCF Measure, we exclude payments for additions to property, plant and equipment (net of the proceeds from capital disposals) to demonstrate the amount of operating cash flow for the period that remains after accounting for the Company's capital expenditure requirements.

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Year-Over-Year Core Operating Margin Changes

		Segments			
	Total Company	**Life Sciences**	**Diagnostics**	**Dental**	**Environmental and Applied Solutions**
Three-Month Period Ended September 29, 2017 Operating Profit Margins from Continuing Operations (GAAP)	**16.80%**	**17.70%**	**16.80%**	**14.70%**	**22.40%**
Third quarter 2018 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	(0.20)	(0.40)	-	(0.05)	(0.30)
Year-over year core operating profit margin changes for third quarter 2018 (defined as all year-over-year operating profit margin changes other than the changes identified in the line above) (non-GAAP)	0.50	2.30	(1.20)	(1.95)	1.60
Three-Month Period Ended September 28, 2018 Operating Profit Margins from Continuing Operations (GAAP)	**17.10%**	**19.60%**	**15.60%**	**12.70%**	**23.70%**
Nine-Month Period Ended September 29, 2017 Operating Profit Margins from Continuing Operations (GAAP)	**15.50%**	**16.60%**	**13.20%**	**14.70%**	**23.00%**
First nine months 2018 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	(0.20)	(0.30)	-	(0.10)	(0.50)
Acquisition-related transaction costs deemed significant and fair value adjustments to inventory, in each case related to the acquisition of IDT and incurred in the second quarter of 2018.	(0.10)	(0.35)	-	-	-
Second quarter 2018 gain on resolution of acquisition-related matters	0.05	0.20	-	-	-
First nine months 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	0.55	-	1.80	-	-
Year-over year core operating profit margin changes for first nine months 2018 (defined as all year-over-year operating profit margin changes other than the changes identified in the lines above) (non-GAAP)	1.00	2.55	1.60	(3.00)	0.40
Nine-Month Period Ended September 28, 2018 Operating Profit Margins from Continuing Operations (GAAP)	**16.80%**	**18.70%**	**16.60%**	**11.60%**	**22.90%**

Note: 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.