

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 June 27, 2014 Operating Profit Margins (GAAP)	17.90%	18.40%	21.00%	15.80%	14.80%	23.80%
Second quarter 2015 impact from operating profit margins of businesses that have been owned for less than one year	(0.50)	-	0.05	(0.85)	(0.35)	0.15
Year-over year core operating margin changes for second quarter 2015 (defined as all year-over-year operating margin changes other than the changes identified in the line item above.) (Non-GAAP)	0.80	0.70	1.45	0.55	(0.25)	1.65
Three Months Ended July 3, 2015 Operating Profit Margins (GAAP)	18.20%	19.10%	22.50%	15.50%	14.20%	25.60%
Six Months Ended June 27, 2014 Operating Profit Margins (GAAP)	17.40%	20.30%	20.00%	14.60%	14.80%	23.20%
First half 2015 impact from operating profit margins of businesses that have been owned for less than one year	(0.65)	-	(0.50)	(1.25)	0.40	0.20
Fair value adjustments to Nobel Biocare acquisition-related inventory	(0.20)	-	-	-	(1.50)	-
Year-over year core operating margin changes for first half 2015 (defined as all year-over-year operating margin changes other than the changes identified in the line items above.) (Non-GAAP)	0.55	(0.80)	1.60	0.85	(2.00)	1.70
Six Months Ended July 3, 2015 Operating Profit Margins (GAAP)	17.10%	19.50%	21.10%	14.20%	11.70%	25.10%

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 items described above have 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.

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.

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

	Quarter Ended		Quarter Ended		Six Months Ended	
	April 3, 2015	March 28, 2014	July 3, 2015	June 27, 2014	July 3, 2015	June 27, 2014
Free Cash Flow (\$ in millions):						
Operating Cash Flows per GAAP	\$ 523.6	\$ 511.2	\$ 1,094.0	\$ 991.7	\$ 1,617.6	\$ 1,502.9
Payments for Property, Plant & Equipment (Capital Expenditures)	(119.2)	(130.9)	(138.9)	(147.7)	(258.1)	(278.6)
Free Cash Flow	<u>\$ 404.4</u>	<u>\$ 380.3</u>	<u>\$ 955.1</u>	<u>\$ 844.0</u>	<u>\$ 1,359.5</u>	<u>\$ 1,224.3</u>
Ratio of Free Cash Flow to Net Earnings (\$ in millions):						
Free Cash Flow from Above	\$ 404.4	\$ 380.3	\$ 955.1	\$ 844.0	\$ 1,359.5	\$ 1,224.3
Net Earnings	<u>569.8</u>	<u>579.7</u>	<u>695.6</u>	<u>676.4</u>	<u>1,265.4</u>	<u>1,256.1</u>
Free Cash Flow to Net Earnings Conversion Ratio	<u>0.71</u>	<u>0.66</u>	<u>1.37</u>	<u>1.25</u>	<u>1.07</u>	<u>0.97</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.