

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 29, 2017 | September 30, 2016 | September 29, 2017 | September 30, 2016 |
| Diluted Net Earnings Per Share from Continuing Operations (GAAP) | \$ 0.81 | \$ 0.57 | \$ 2.29 | \$ 2.01 |
| Pretax amortization of acquisition-related intangible assets ^A | 0.24 | 0.20 | 0.70 | 0.61 |
| Pretax gain on sale of investments ^B | - | - | - | (0.32) |
| Pretax charge for early extinguishment of borrowings ^C | - | 0.26 | - | 0.26 |
| Pretax gain on resolution of acquisition-related matters ^D | - | (0.02) | - | (0.02) |
| Pretax restructuring, impairment and other related charges recorded in the second quarter of 2017 ^E | - | - | 0.11 | - |
| Tax effect of all adjustments reflected above ^F | (0.05) | (0.14) | (0.18) | (0.12) |
| Discrete and other tax-related adjustments ^G | - | - | (0.08) | 0.14 |
| Adjusted Diluted Net Earnings Per Share from Continuing Operations (Non-GAAP) | \$ 1.00 | \$ 0.87 | \$ 2.84 | \$ 2.56 |

Forecasted Adjusted Diluted Net Earnings Per Share from Continuing Operations

| | Three-Month Period Ending December 31, 2017 | | Year Ending December 31, 2017 | |
|--|---|----------------|----------------------------------|----------------|
| | Low End | High End | Low End | High End |
| | Forecasted Diluted Net Earnings Per Share from Continuing Operations (GAAP) ¹ | \$ 0.94 | \$ 0.98 | \$ 3.23 |
| Anticipated pretax amortization of acquisition-related intangible assets ^A | 0.23 | 0.23 | 0.93 | 0.93 |
| Pretax restructuring, impairment and other related charges recorded in the second quarter of 2017 ^E | - | - | 0.11 | 0.11 |
| Anticipated tax effect of all adjustments reflected above ^F | (0.05) | (0.05) | (0.23) | (0.23) |
| Discrete and other tax-related adjustments recorded during first nine months of 2017 ^G | - | - | (0.08) | (0.08) |
| Forecasted Adjusted Diluted Net Earnings Per Share from Continuing Operations (Non-GAAP) ¹ | \$ 1.12 | \$ 1.16 | \$ 3.96 | \$ 4.00 |

¹ 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 equity compensation-related excess tax benefits that exceed or fall below anticipated levels).

Revenue Performance

| | % Change Three- Month Period Ended September 29, 2017 vs. Comparable 2016 Period | % Change Nine-Month Period Ended September 29, 2017 vs. Comparable 2016 Period |
|---|--|--|
| Total Sales Growth (GAAP) | 9.5% | 7.5% |
| Less the impact of: | | |
| Acquisitions | (5.5%) | (5.5%) |
| Currency translation | (1.0%) | 0.5% |
| Core Revenue Growth from Continuing Operations (Non-GAAP) ² | 3.0% | 2.5% |

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.

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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 | |
|-----------|--------------------------|-----------------------|-------------------------|-----------------------|--|-------------------------------------|
| | September 29, 2017 | September 30, 2016 | September 29, 2017 | September 30, 2016 | Three-Month Period Ending December 31, 2017 | Year Ending December 31, 2017 |
| | Pretax | \$ 166.4 | \$ 143.2 | \$ 492.9 | \$ 426.6 | \$ 164.3 |
| After-tax | 131.5 | 113.1 | 391.0 | 332.8 | 129.8 | 520.8 |

^B Gain on sale of investments in nine-month period ended September 30, 2016 (\$223 million pretax as presented in this line item, \$140 million after-tax).

^C Charge for early extinguishment of borrowings for the nine-month period ended September 30, 2016 (\$179 million pretax as presented in this line item, \$112 million after-tax).

^D Gain on resolution of acquisition-related matters for the nine-month period ended September 30, 2016 (\$18 million pretax as presented in this line item, \$14 million after-tax).

^E During the nine-month period ended September 29, 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 a molecular diagnostic product line 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."

^F 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.

^G Represents (1) discrete income tax gains, primarily related to expiration of statute of limitations (\$35 million in the nine-month period ended September 29, 2017), (2) equity compensation-related excess tax benefits (\$16 million in the nine-month period ended September 29, 2017) and (3) Fortive separation-related tax costs related to repatriation of earnings, legal entity realignments and other discrete matters (\$99 million in the nine-month period ended September 30, 2016). 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 and third quarters of 2017, realized equity compensation-related excess tax benefits approximated the anticipated benefit and no adjustments were 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)

| | <u>Three Month Period Ended</u> | | <u>Three Month Period Ended</u> | | <u>Three Month Period Ended</u> | | <u>Nine Month Period Ended</u> | |
|--|---------------------------------|----------------------|---------------------------------|---------------------|---------------------------------|---------------------------|--------------------------------|---------------------------|
| | <u>March 31, 2017</u> | <u>April 1, 2016</u> | <u>June 30, 2017</u> | <u>July 1, 2016</u> | <u>September 29, 2017</u> | <u>September 30, 2016</u> | <u>September 29, 2017</u> | <u>September 30, 2016</u> |
| Free Cash Flow from Continuing Operations (\$ in millions): | | | | | | | | |
| Operating Cash Flows from Continuing Operations (GAAP) | \$ 560.2 | \$ 607.1 | \$ 1,010.5 | \$ 981.4 | \$ 1,072.4 | \$ 850.0 | \$ 2,643.1 | \$ 2,438.5 |
| Less: purchases of property, plant & equipment (capital expenditures) from continuing operations (GAAP) | \$ (158.6) | \$ (122.6) | \$ (147.9) | \$ (150.9) | \$ (139.3) | \$ (148.6) | \$ (445.8) | \$ (422.1) |
| Plus: proceeds from sales of property, plant & equipment (capital disposals) from continuing operations (GAAP) | 0.7 | 0.0 | 29.3 | 5.2 | 2.3 | 2.0 | 32.3 | 7.2 |
| 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>\$ 935.4</u> | <u>\$ 703.4</u> | <u>\$ 2,229.6</u> | <u>\$ 2,023.6</u> |
| Ratio of Free Cash Flow to Net Earnings (\$ in millions): | | | | | | | | |
| Free Cash Flow from Continuing Operations from Above (Non-GAAP) | \$ 402.3 | \$ 484.5 | \$ 891.9 | \$ 835.7 | \$ 935.4 | \$ 703.4 | \$ 2,229.6 | \$ 2,023.6 |
| Net Earnings from Continuing Operations (GAAP) | <u>483.8</u> | <u>585.8</u> | <u>557.3</u> | <u>418.0</u> | <u>572.1</u> | <u>402.6</u> | <u>1,613.2</u> | <u>1,406.4</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>1.64</u> | <u>1.75</u> | <u>1.38</u> | <u>1.44</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").

DANAHER CORPORATION
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

| <u>Year-Over-Year Core Operating Margin Changes</u> | <u>Segments</u> | | | | |
|--|----------------------|----------------------|--------------------|---------------|--|
| | <u>Total Company</u> | <u>Life Sciences</u> | <u>Diagnostics</u> | <u>Dental</u> | <u>Environmental and Applied Solutions</u> |
| Three-Month Period Ended September 30, 2016 Operating Profit Margins from Continuing Operations (GAAP) | 16.90% | 15.40% | 16.00% | 15.00% | 24.30% |
| Third 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 | (0.55) | 0.45 | (1.65) | (0.15) | (0.85) |
| Third quarter 2016 gain on resolution of acquisition-related matters | (0.40) | - | - | - | - |
| Year-over year core operating profit margin changes for third quarter 2017 (defined as all year-over-year operating profit margin changes other than the changes identified in the lines above) (non-GAAP) | 0.95 | 1.85 | 2.45 | (0.15) | (1.05) |
| Three-Month Period Ended September 29, 2017 Operating Profit Margins from Continuing Operations (GAAP) | 16.90% | 17.70% | 16.80% | 14.70% | 22.40% |
| Nine-Month Period Ended September 30, 2016 Operating Profit Margins from Continuing Operations (GAAP) | 16.40% | 14.70% | 16.80% | 14.90% | 23.40% |
| First nine months 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 | (0.60) | 0.30 | (1.85) | (0.10) | (0.60) |
| 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) | - | - |
| Third quarter 2016 gain on resolution of acquisition-related matters | (0.15) | - | - | - | - |
| Year-over year core operating profit margin changes for first nine months 2017 (defined as all year-over-year operating profit margin changes other than the changes identified in the lines above) (non-GAAP) | 0.60 | 1.60 | 0.05 | (0.10) | 0.20 |
| Nine-Month Period Ended September 29, 2017 Operating Profit Margins from Continuing Operations (GAAP) | 15.70% | 16.60% | 13.20% | 14.70% | 23.00% |

Segment EBITDA

(\$ in millions)

| | <u>Life Sciences</u> |
|--|----------------------|
| Three-Month Period Ended September 29, 2017 Life Sciences Segment Operating Profit (GAAP) | \$ 246.8 |
| Depreciation | 29.5 |
| Amortization | 76.9 |
| Segment EBITDA (Non-GAAP) ¹ | \$ 353.2 |
| Three-Month Period Ended September 29, 2017 Life Sciences Sales (GAAP) | \$ 1,392.6 |
| Segment EBITDA Margin % (Non-GAAP) | 25.4% |

(1) Management defines "Segment EBITDA" as GAAP operating income for the segment excluding (1) depreciation and (2) amortization, and defines "Segment EBITDA Margin" as Segment EBITDA divided by sales for the particular segment.