DANAHER CORPORATION

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

Adjusted Diluted Net Earnings Per Share from Continuing Operations

	Three-Month Period Ended		Year-Ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Diluted Net Earnings Per Share from Continuing Operations (GAAP)	**$ 1.05**	**$ 1.21**	**$ 3.74**	**$ 3.50**
Pretax amortization of acquisition-related intangible assets [A]	0.25	0.24	1.00	0.94
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 fourth quarter of 2017 and second quarter of 2018 [C]	-	(0.02)	(0.01)	(0.02)
Pretax gain on sale of investments [D]	-	(0.10)	-	(0.10)
Pretax restructuring, impairment and other related charges recorded in the second quarter of 2017 [E]	-	-	-	0.11
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 [F]	0.02	-	0.02	-
Tax effect of all adjustments reflected above [H]	(0.05)	(0.01)	(0.22)	(0.19)
Discrete tax adjustments related to the Dental Separation [I]	0.02		0.02	-
Other discrete tax adjustments and tax-related adjustments [J,K]	(0.01)	(0.13)	(0.05)	(0.21)
Adjusted Diluted Net Earnings Per Share from Continuing Operations (Non-GAAP)	**$ 1.28**	**$ 1.19**	**$ 4.52**	**$ 4.03**

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

	Three-Month Period Ending March 29, 2019		Year Ending December 31, 2019	
	Low End	High End	Low End	High End
Forecasted Diluted Net Earnings Per Share from Continuing Operations (GAAP)	**$ 0.78**	**$ 0.81**	$ 3.85	$ 3.95
Anticipated pretax amortization of acquisition-related intangible assets [A]	0.25	0.25	1.00	1.00
Pretax costs expected to be incurred in the three-month period ending March 29, 2019 and year ending December 31, 2019 related to preparation for the Dental Separation, primarily related to professional fees for legal, tax, finance and information technology services [F]	0.02	0.02	0.07	0.07
Pretax costs expected to be incurred in the three-month period ending March 29, 2019 and year ending December 31, 2019 related to establishing new independent company infrastructure in connection with the Dental Separation, primarily related to incremental salaries, benefits and rent expense [G]	-	-	0.05	0.05
Tax effect of all adjustments reflected above [H]	(0.05)	(0.05)	(0.22)	(0.22)
Forecasted Adjusted Diluted Net Earnings Per Share from Continuing Operations (Non-GAAP)	**$ 1.00**	**$ 1.03**	**$ 4.75**	**$ 4.85**

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 December 31, 2018 vs. Comparable 2017 Period	% Change Year Ended December 31, 2018 vs. Comparable 2017 Period
Total Revenue Growth from Continuing Operations (GAAP)	**5.5%**	**8.5%**
Less the impact of:		
Acquisitions and other	(2.0%)	(2.0%)
Currency exchange rates	2.0%	(0.5%)
Core Revenue Growth from Continuing Operations (Non-GAAP) [2]	**5.5%**	**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

	Year Ended			
($ in millions):	**December 31, 2018**	**December 31, 2017**		**% Increase**
Net Operating Cash Flows from Continuing Operations	**$ 4,022.0**	**$ 3,447.8**		
Net Operating Cash used in Investing Activities	**(2,949.4)**	**(843.4)**		
Net Operating Cash used in Financing Activities	**(797.4)**	**(3,098.5)**		
Net Operating Cash Flows from Continuing Operations (GAAP)	**$ 4,022.0**	**$ 3,477.8**	**≈**	**15.5%**
Less: payments for additions to property, plant & equipment (capital expenditures) from continuing operations (GAAP)	(655.7)	(619.6)		
Plus: proceeds from sales of property, plant & equipment (capital disposals) from continuing operations (GAAP)	6.3	32.6		
Free Cash Flow from Continuing Operations (Non-GAAP)	**$ 3,372.6**	**$ 2,890.8**	**≈**	**16.5%**
Net Earnings from Continuing Operations (GAAP)	**$ 2,650.9**	**$ 2,469.8**		
Free Cash Flow from Continuing Operations to Net Earnings from Continuing Operations Conversion Ratio (Non-GAAP)	**1.27**	**1.17**		

DANAHER CORPORATION
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES
(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		Year Ended		Forecasted	
					Three-Month Period Ending	Year Ending
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	March 29, 2019	December 31, 2019
Pretax	$ 178.7	$ 167.7	$ 706.2	$ 660.5	$ 179.1	$ 712.2
After-tax	143.0	132.5	563.4	523.5	144.2	573.3

[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 and net gains on resolution of acquisition-related matters in the Life Sciences and Diagnostics segments ($11 million pretax as presented in this line item, $8 million after-tax) for the three-month period and year ended December 31, 2017.

[D] Gain on sales of investments in the three-month period and year ended December 31, 2017 ($73 million pretax as presented in this line item, $46 million after-tax).

[E] 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."

[F] Pretax costs incurred (or anticipated to be incurred, as applicable) in the three-month period and year ended December 31, 2018 ($15 million pretax as reported in this line item, $14 million after-tax), the three-month period ending March 29, 2019 ($15 million pretax as reported in this line item, $14 million after-tax) and the year ending December 31, 2019 ($49 million pretax as reported in this line item, $46 million after-tax) related to preparation for the anticipated Dental Separation primarily related to professional fees for legal, tax, finance and information technology services.

[G] Pretax costs anticipated to be incurred in the three-month period ending March 29, 2019 ($3 million pretax as reported in this line item, $3 million after-tax) and year ending December 31, 2019 ($37 million pretax as reported in this line item, $30 million after-tax), related to preparation for the anticipated Dental Separation primarily related to incremental salaries, benefits and rent expense.

[H] This line item reflects the aggregate tax effect of all nontax adjustments reflected in the preceding line items of the table. In addition, each of the footnotes above indicate 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.

[I] Represents discrete income tax expense related to preparation for the anticipated Dental Separation primarily related to legal entity restructuring-related capital gains incurred in the three-month period and year ended December 31, 2018.

[J] Represents discrete income tax gains, primarily related to the release of valuation allowances associated with certain foreign operating losses and release of reserves upon the expiration of statute of limitations ($32 million in year ended December 31, 2018) and from finalizing the accounting related to the implementation of the Tax Cuts and Jobs Act as required by SAB No. 118 ($5 million in the three month period and year ended December 31, 2018).

[K] Discrete tax adjustments and other tax-related adjustments for the three-month period and year ended December 31, 2017 include:

($ in millions)	Three-Month Period Ended December 31, 2017	Year Ended December 31, 2017
Discrete income tax gains, primarily related to expiration of statute of limitations [1]	$ 94	$ 129
Impact of ASU No. 2016-09, *Compensation—Stock Compensation* [2]	-	16
Remeasurement of deferred tax assets and liabilities as a result of the Tax Cuts and Jobs Act of 2017 [3]	1,219	1,219
Transition tax on deemed repatriation of foreign earnings as a result of the Tax Cuts and Jobs Act of 2017 [4]	(1,218)	(1,218)
	$ 95	$ 146

Represents (1) discrete income tax gains, primarily related to expiration of statute of limitations ($94 million in the three-month period ended December 31, 2017 and $129 million in the year ended December 31, 2017), (2) equity compensation-related excess tax benefits ($16 million in the year ended December 31, 2017), (3) remeasurement of deferred tax assets and liabilities, net related to enactment of the Tax Cuts and Jobs Act ($1.2 billion gain in the three-month period and year ended December 31, 2017), and (4) transition tax on deemed repatriation of foreign earnings in connection with enactment of the Tax Cuts and Jobs Act ($1.2 billion provision in the three-month period and year ended December 31, 2017).

On January 1, 2017, Danaher adopted the updated accounting guidance required by ASU No. 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 subsequent quarters reflected in the table, 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;
- 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.
  - 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 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.

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		Three Month Period Ended		Three Month Period Ended		Full Year Ended		
	March 30, 2018	March 31, 2017	June 29, 2018	June 30, 2017	September 28, 2018	September 29, 2017	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	Year-over-Year Change
Cash Flows from Continuing Operations ($ in millions):											
Operating Cash Flows from Continuing Operations (GAAP)	$ 828.9	$ 560.2	$ 1,036.0	$ 1,010.5	$ 919.5	$ 1,072.4	$ 1,237.6	$ 834.7	$ 4,022.0	$ 3,477.8	
Investing Cash Flows from Continuing Operations (GAAP)	$ (122.7)	$ (163.7)	$ (2,242.6)	$ (209.2)	$ (286.7)	$ (155.0)	$ (297.4)	$ (315.5)	$ (2,949.4)	$ (843.4)	
Financing Cash Flows from Continuing Operations (GAAP)	$ (321.7)	$ (590.7)	$ 1,172.1	$ (925.0)	$ (732.7)	$ (1,028.9)	$ (915.1)	$ (553.9)	$ (797.4)	$ (3,098.5)	
Free Cash Flow from Continuing Operations ($ in millions):											
Operating Cash Flows from Continuing Operations (GAAP)	$ 828.9	$ 560.2	$ 1,036.0	$ 1,010.5	$ 919.5	$ 1,072.4	$ 1,237.6	$ 834.7	$ 4,022.0	$ 3,477.8	≈ 15.5%
Less: payments for additions to property, plant & equipment (capital expenditures) from continuing operations (GAAP)	(137.9)	(158.6)	(153.8)	(147.9)	(149.6)	(139.3)	(214.4)	(173.8)	(655.7)	(619.6)	
Plus: proceeds from sales of property, plant & equipment (capital disposals) from continuing operations (GAAP)	0.4	0.7	1.0	29.3	0.2	2.3	4.7	0.3	6.3	32.6	
Free Cash Flow from Continuing Operations (Non-GAAP)	$ 691.4	$ 402.3	$ 883.2	$ 891.9	$ 770.1	$ 935.4	$ 1,027.9	$ 661.2	$ 3,372.6	$ 2,890.8	≈ 16.5%
Ratio of Free Cash Flow to Net Earnings ($ in millions):											
Free Cash Flow from Continuing Operations from Above (Non-GAAP)	$ 691.4	$ 402.3	$ 883.2	$ 891.9	$ 770.1	$ 935.4	$ 1,027.9	$ 661.2	$ 3,372.6	$ 2,890.8	
Net Earnings from Continuing Operations (GAAP)	566.6	483.8	673.8	557.3	663.7	572.1	746.8	856.6	2,650.9	2,469.8	
Free Cash Flow from Continuing Operations to Net Earnings from Continuing Operations Conversion Ratio (Non-GAAP)	1.22	0.83	1.31	1.60	1.16	1.64	1.38	0.77	1.27	1.17	

We define free cash flow as operating cash flows from continuing operations, less payments for additions to property, plant and equipment from continuing operations (“capital expenditures”) plus the proceeds from sales of plant, property and equipment from continuing operations (“capital disposals”).

DANAHER CORPORATION
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

Year-Over-Year Core Operating Margin Changes

		Segments			
	Total Company	**Life Sciences**	**Diagnostics**	**Dental**	**Environmental & Applied Solutions**
Three-Month Period Ended December 31, 2017 Operating Profit Margins (GAAP)	**18.40%**	**20.00%**	**19.50%**	**13.10%**	**23.10%**
Fourth 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	(0.25)	(0.50)	-	(0.05)	(0.45)
Incremental year-over-year impact of fourth quarter 2018 Dental segment tradename impairments and related restructuring compared to comparable fourth quarter 2017 charges	0.35	-	-	2.60	-
Fourth quarter 2017 gain (loss) on resolution of acquisition-related matters	(0.20)	0.20	(0.90)	-	-
Fourth quarter 2018 Dental segment separation costs	(0.25)	-	-	-	-
Year-over-year core operating profit margin changes for fourth quarter 2018 (defined as all year-over-year operating profit margin changes other than the changes identified in the line above) (non-GAAP)	(0.15)	-	0.20	(1.85)	0.05
Three-Month Period Ended December 31, 2018 Operating Profit Margins (GAAP)	**17.90%**	**19.70%**	**18.80%**	**13.80%**	**22.70%**
Year Ended December 31, 2017 Operating Profit Margins (GAAP)	**16.30%**	**17.60%**	**14.90%**	**14.30%**	**23.00%**
Full year 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)	(0.35)	-	(0.10)	(0.45)
Incremental year-over-year impact of full year 2018 Dental segment tradename impairments and related restructuring compared to comparable fourth quarter 2017 charges	0.05	-	-	0.45	-
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)	(0.25)	-	-	-
Fourth quarter 2017 and second quarter 2018 gains on resolution of acquisition-related matters	-	0.20	(0.25)	-	-
Fourth quarter 2018 Dental segment separation costs	(0.05)	-	-	-	-
Full year 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	0.40	-	1.30	-	-
Year-over-year core operating profit margin changes for full year 2018 (defined as all year-over-year operating profit margin changes other than the changes identified in the lines above) (non-GAAP)	0.70	1.80	1.25	(2.45)	0.35
Year Ended December 31, 2018 Operating Profit Margins (GAAP)	**17.10%**	**19.00%**	**17.20%**	**12.20%**	**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.