



***DANAHER***

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**FOURTH QUARTER 2006 EARNINGS RELEASE  
JANUARY 25, 2007**



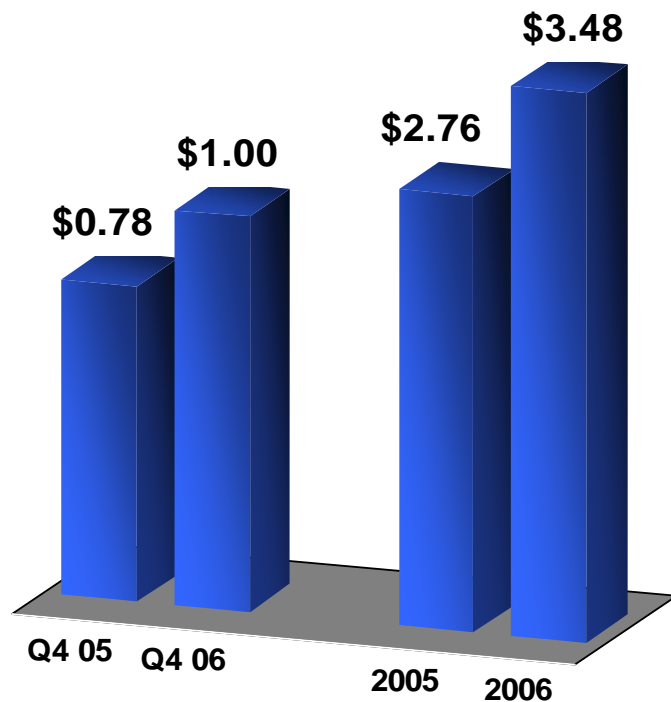
## FORWARD LOOKING STATEMENTS

Statements in this presentation that are not strictly historical, including statements regarding events or developments that we believe or anticipate will or may occur in the future. These forward-looking statements are subject to a number of risks and uncertainties, including those related to competition, our ability to develop and successfully market new products and technologies, our ability to expand our business in new geographic markets, our ability to identify, consummate and integrate appropriate acquisitions, litigation and other contingent liabilities including intellectual property matters, our compliance with applicable laws and regulations, our ability to achieve projected efficiencies, cost reductions, sales growth and earnings, economic conditions in the end-markets we sell into, commodity costs and surcharges, currency exchange rates, tax audits, and general domestic and international economic conditions. It's possible that actual results might differ materially from any forward-looking statements that we might make today. Additional information regarding the factors that may cause actual results to differ materially from these forward-looking statements is available in our SEC filings, including our 2005 Annual Report on Form 10-K and FOURTH Quarter 2006 Quarterly Report on Form 10-Q. These forward-looking statements speak only as of the date they are made, and we do not intend to update any forward looking statement.

## EARNINGS PER SHARE

**+28%**

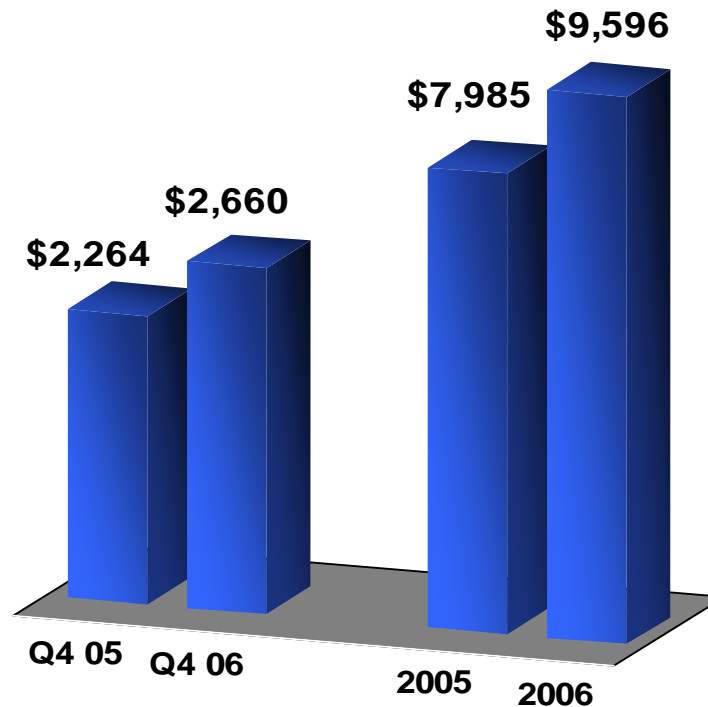
**+26%**



## REVENUES (\$M)

**+17.5%**

**+20%**

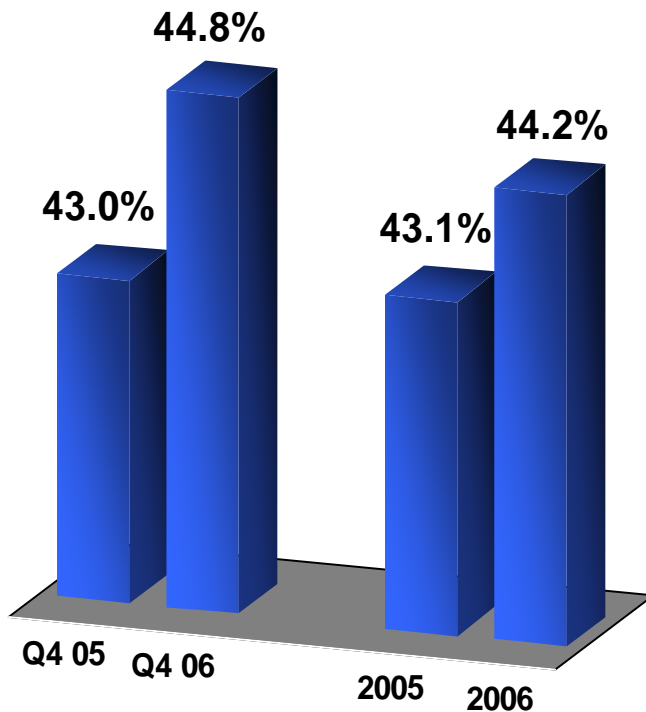


|             |      |
|-------------|------|
| Core        | 5.5% |
| Acquisition | 9.0% |
| FX          | 3.0% |

|             |       |
|-------------|-------|
| Core        | 6.5%  |
| Acquisition | 13.0% |
| FX          | 0.5%  |

## GROSS MARGINS

**+180 BPS**

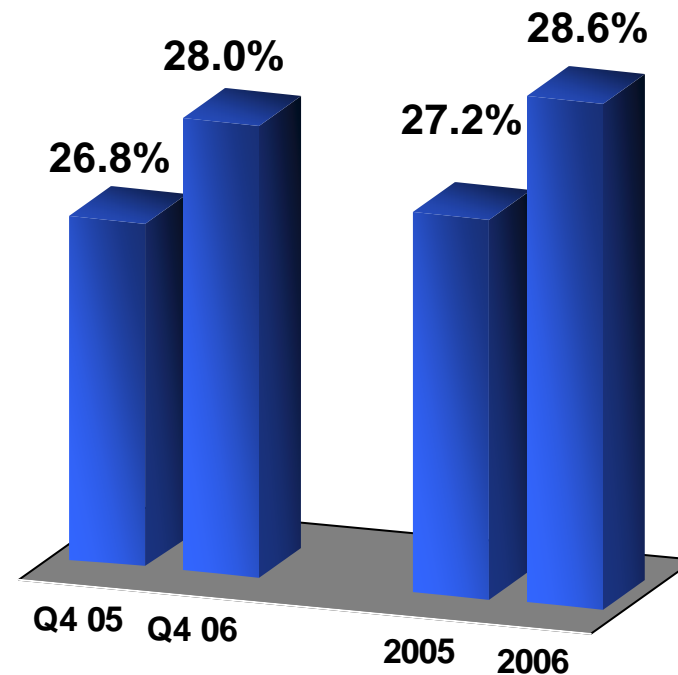


**+110 BPS**

## SG & A

**+120 BPS**

**+140 BPS**



**Stock Option Expense Impact:**

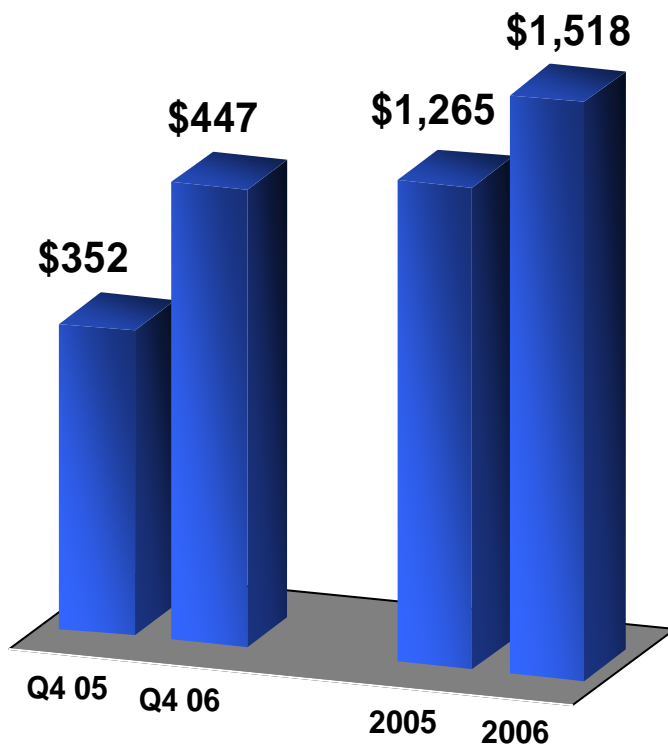
**Q4 06: 50 BPS**

**2006: 60 BPS**

## OPERATING PROFIT (\$M)

**+27%**

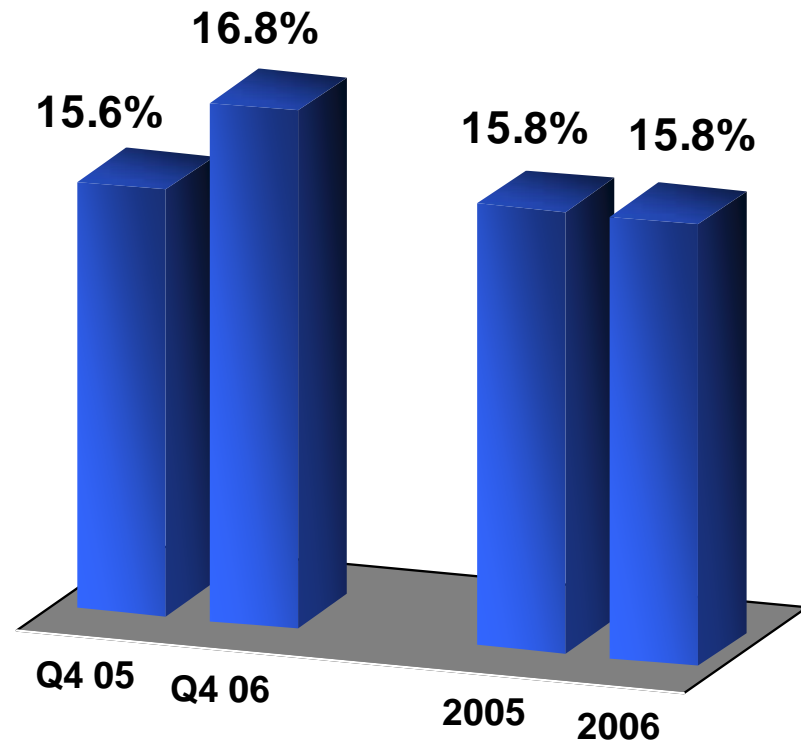
**+20%**



## OPERATING MARGINS

**+120 BPS**

**FLAT**

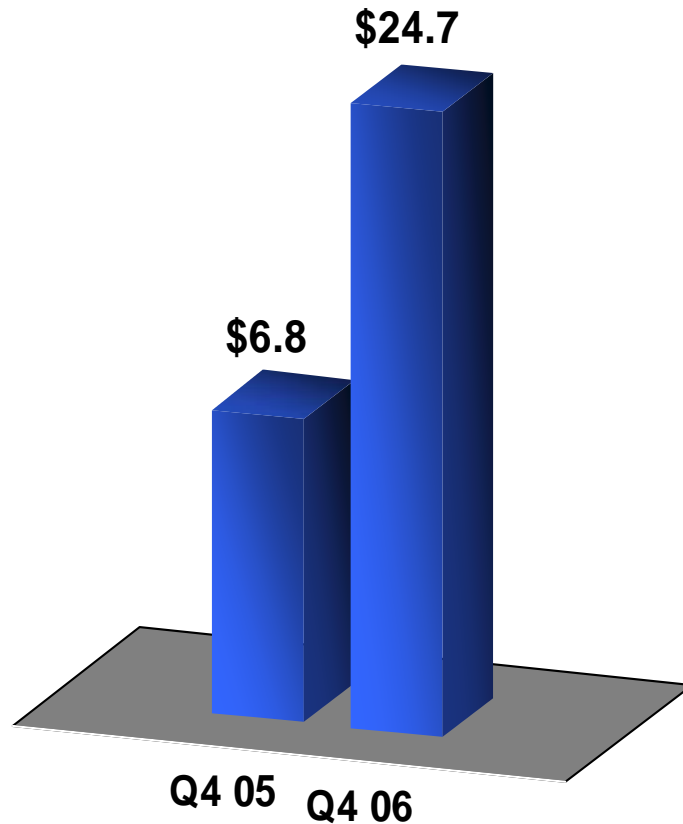


Q4 06: Acquisition Impact  
Option Expense

-40 BPS  
-50 BPS

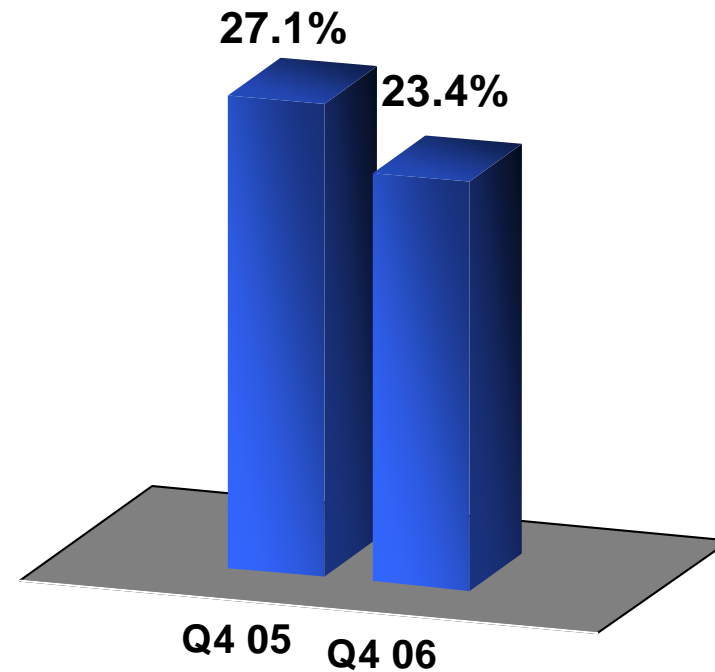
## NET INTEREST EXPENSE (\$M)

**+265%**

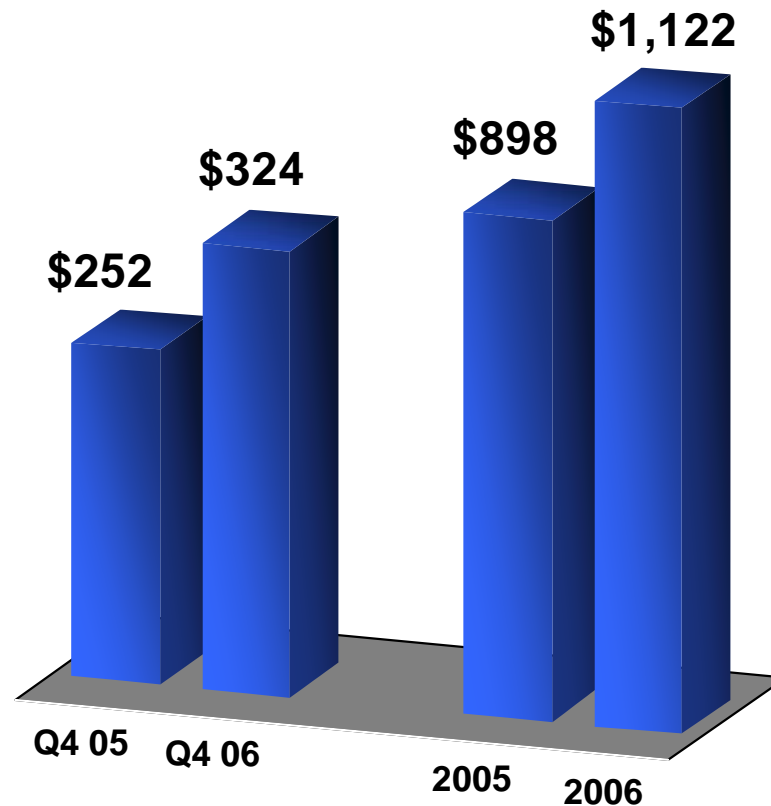


## TAX RATE

**-370 BPS**



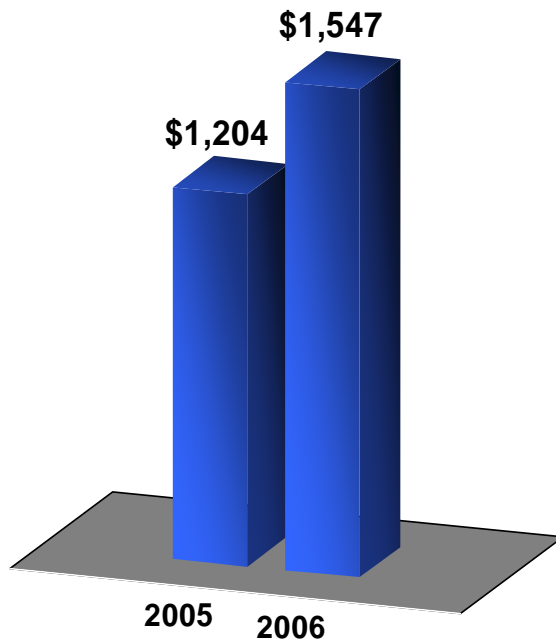
**NET INCOME (\$M)**  
**+28.5%**      **+25%**



\*2006 includes \$53M related the reduction of previously recorded tax reserves in the first half of 2006 and \$16.8M related to a reduced income tax provision in Q4

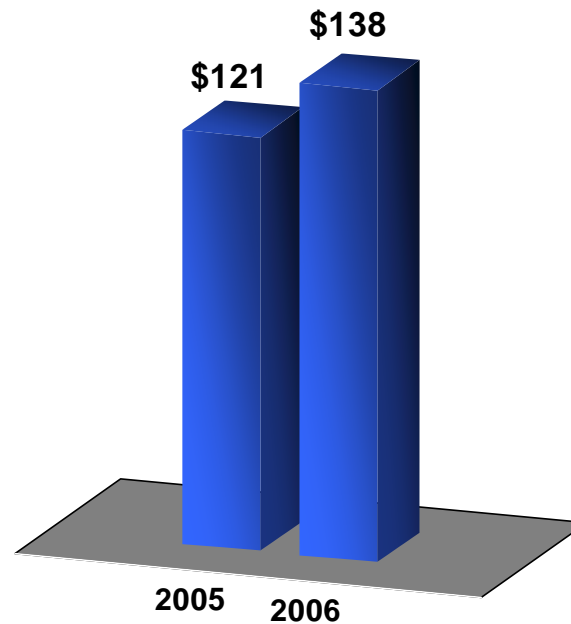
## OPERATING CASH FLOW (\$M)

**+29%**



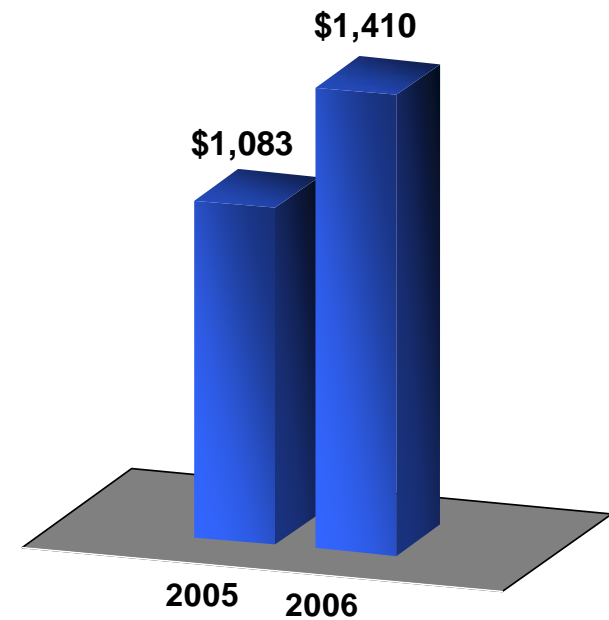
## CAP EX (\$M)

**+14%**

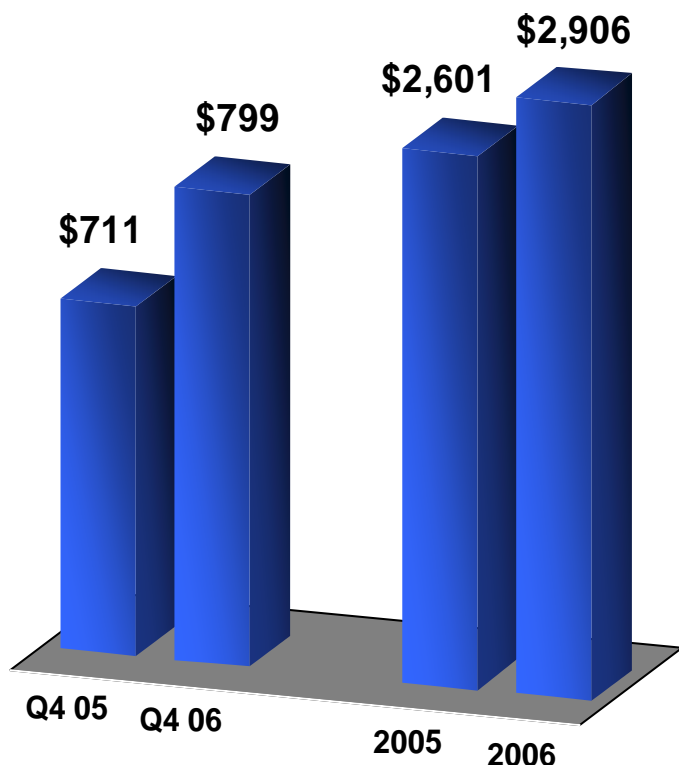


## FREE CASH FLOW (\$M)

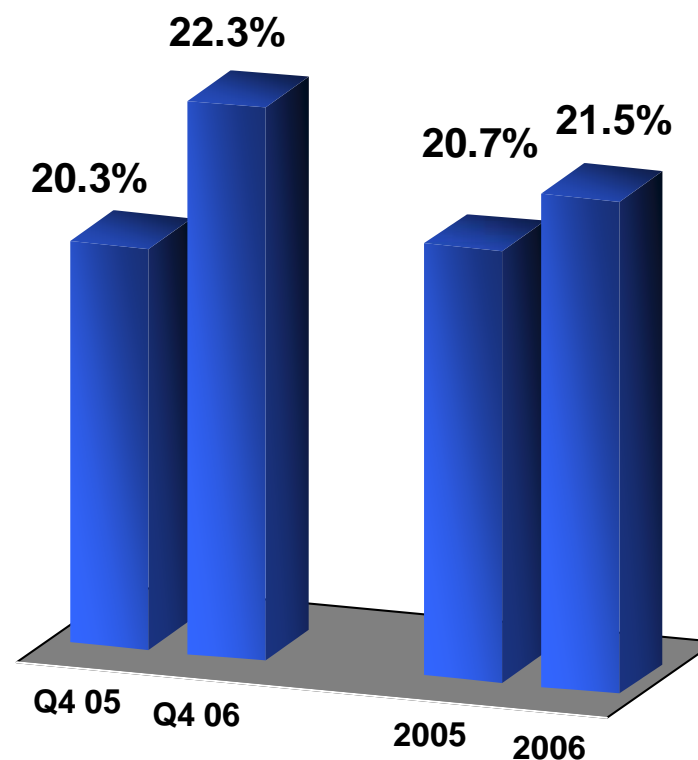
**+30%**



**REVENUES (\$M)**  
+12.5%      +12%



**OPERATING MARGINS**  
+200 BPS      +80BPS



|             |      |             |      |
|-------------|------|-------------|------|
| Core        | 6.5% | Core        | 7.5% |
| Acquisition | 3.0% | Acquisition | 4.0% |
| FX          | 3.0% | FX          | 0.5% |

Q4 06: Acquisition Impact      -20 BPS  
Option Expense      -45 BPS



## Q4 06 vs. Q4 05

Revenue Growth 11.0%



## Breakdown:

Core 6.5%

Acquisition 1.5%

FX 3.0%



## 2006 vs. 2005

Revenue Growth 10.5%



## Breakdown:

Core 8.0%

Acquisition 2.0%

FX 0.5%





### Q4 06 vs. Q4 05

**Revenue Growth 15.5%**

#### Breakdown:

**Core 6.5%**

**Acquisition 6.5%**

**FX 2.5%**



### 2006 vs. 2005

**Revenue Growth 14.5%**

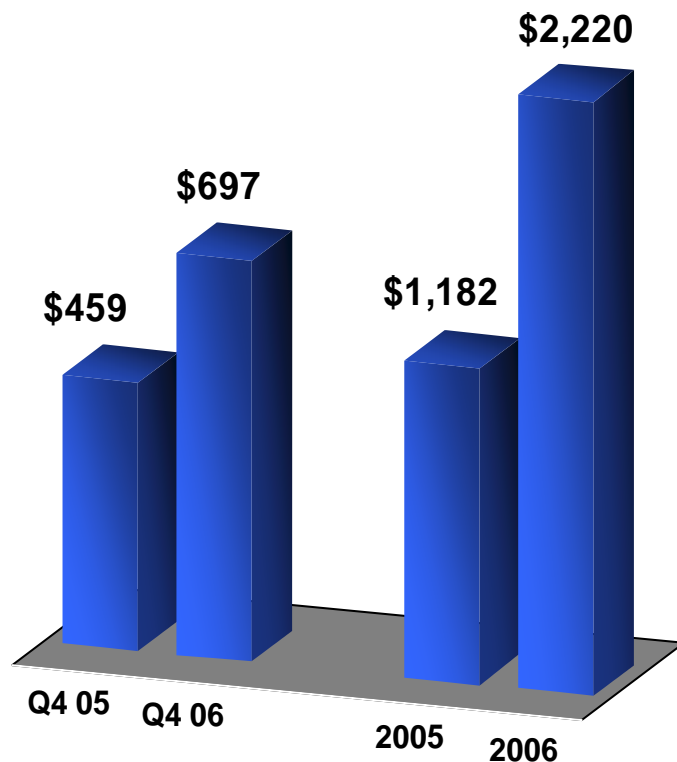
#### Breakdown:

**Core 7.0%**

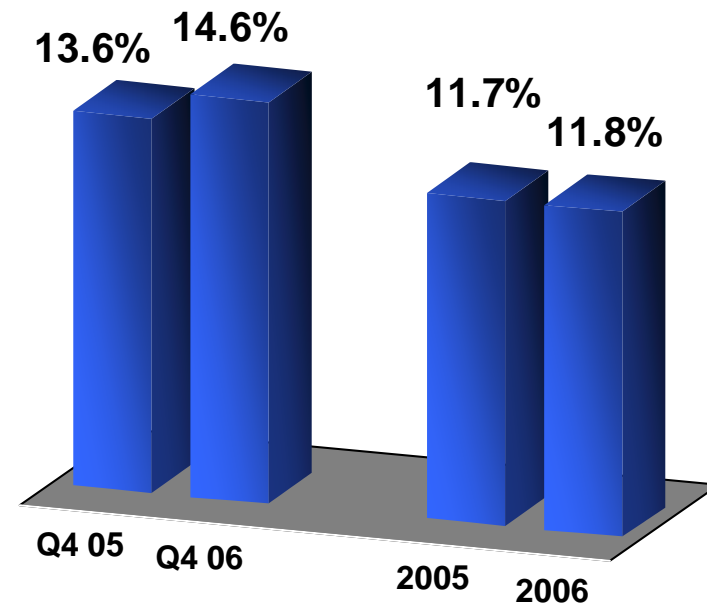
**Acquisition 7.5%**



**REVENUES (\$M)**  
+52%      +88%



**OPERATING MARGINS**  
+100 BPS      +10 BPS



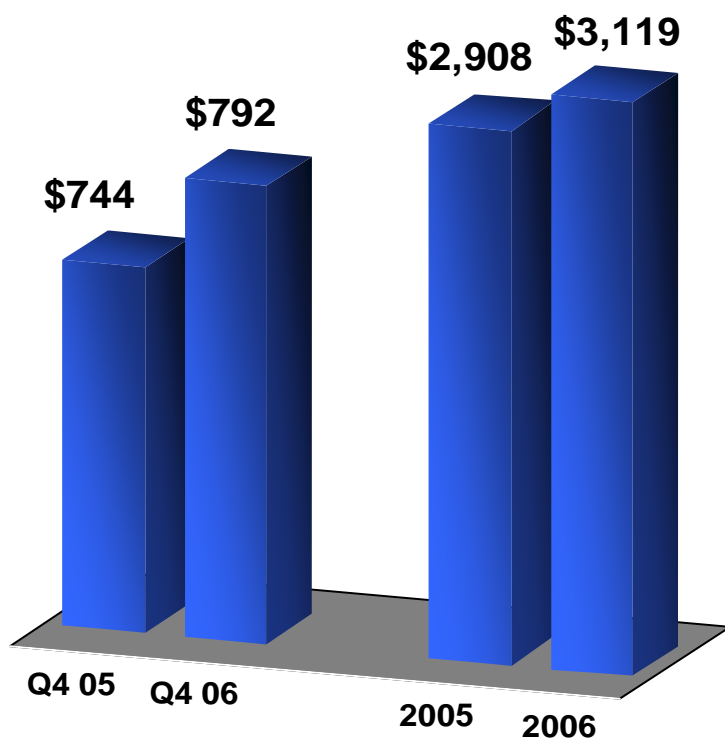
|             |       |             |       |
|-------------|-------|-------------|-------|
| Core        | 8.5%  | Core        | 8.5%  |
| Acquisition | 38.0% | Acquisition | 78.0% |
| FX          | 5.5%  | FX          | 1.5%  |

Q4 06: Acquisition Impact      -50 BPS  
Option Expense      -30 BPS

## REVENUES (\$M)

+6.5%

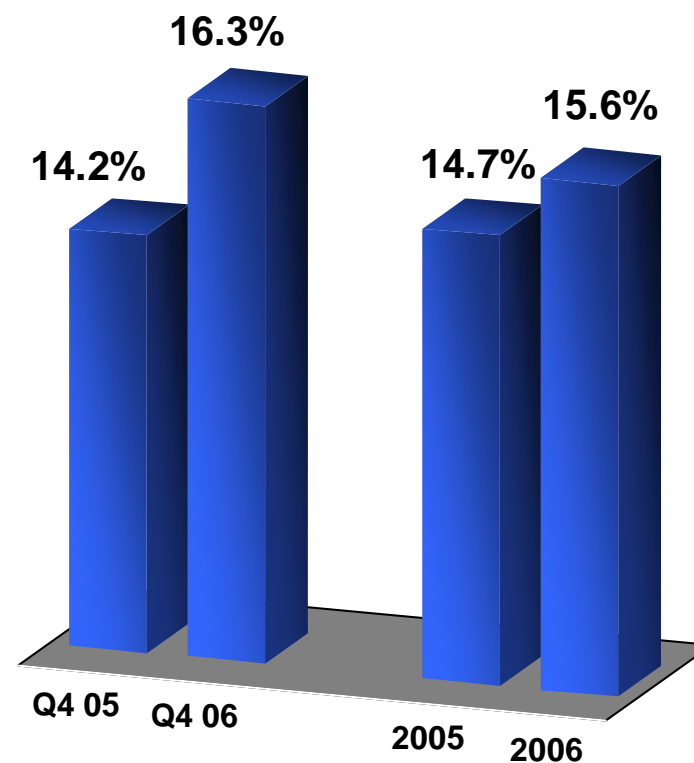
+7.5%



## OPERATING MARGINS

+210 BPS

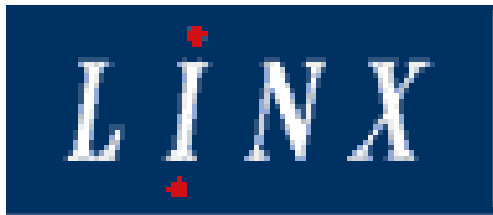
+90 BPS



|             |      |
|-------------|------|
| Core        | 3.0% |
| Acquisition | 0.5% |
| FX          | 3.0% |

|             |      |
|-------------|------|
| Core        | 6.0% |
| Acquisition | 1.0% |
| FX          | 0.5% |

|                           |         |
|---------------------------|---------|
| Q4 06: Acquisition Impact | -10 BPS |
| Option Expense            | -40 BPS |



## Q4 06 vs. Q4 05

Revenue Growth (1.5%)

### Breakdown:

Core (4.5%)

FX 3.0%

## 2006 vs. 2005

Revenue Growth 3.5%

### Breakdown:

Core 2.5%

FX 1.0%

## KOLLMORGEN

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### Q4 06 vs. Q4 05

Revenue Growth 7.5%

#### Breakdown:

Core 4.0%

FX 3.5%



### 2006 vs. 2005

Revenue Growth 6.0%

#### Breakdown:

Core 5.0%

Acquisition 0.5%

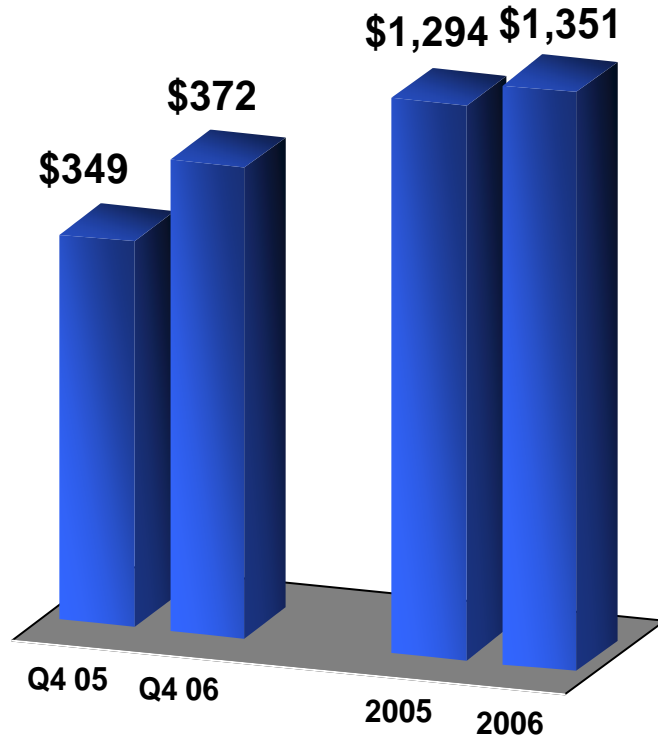
FX 0.5%



## REVENUES (\$M)

**+6.5%**

**+4.5%**



Core

6.5%

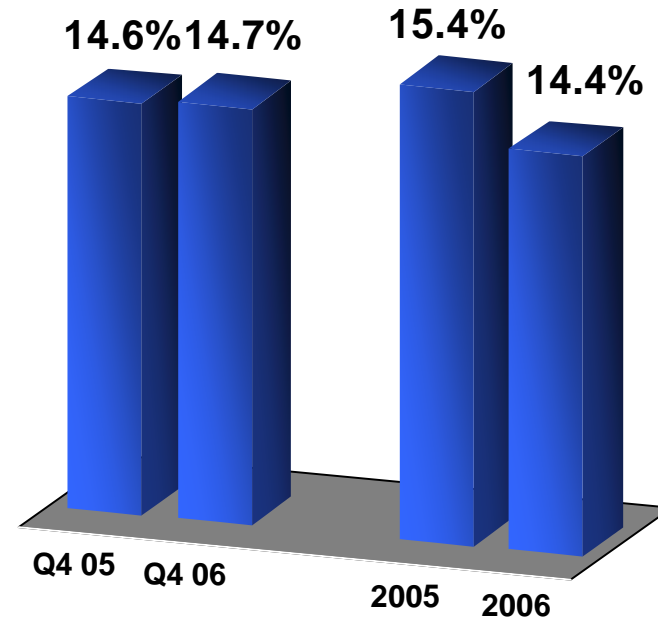
Core

4.5%

## OPERATING MARGINS

**+10 BPS**

**-100 BPS**



Q4 06: Divestiture

Option Expense

-65 BPS

-45 BPS



## Q4 06 vs. Q4 05

Revenue Growth 7.5%

Breakdown:

Core 7.5%

## 2006 vs. 2005

Revenue Growth 4.5%

Breakdown:

Core 4.5%

# Guidance

# **Q & A**



***DANAHER***

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