

Danaher Corporation

**Supplemental Reconciliation of Net Earnings from Continuing Operations and Diluted Net Earnings Per Share from Continuing Operations (GAAP) to Adjusted Net Earnings from Continuing Operations and Adjusted Diluted Net Earnings Per Share from Continuing Operations (Non-GAAP)**

**Three Months and Nine Months Ended September 26, 2008 and September 28, 2007**

(\$ in 000's except per share data)

	Three Months Ended			Nine Months Ended		
	September 26, 2008	September 28, 2007	% Change	September 26, 2008	September 28, 2007	% Change
<b>Net Earnings from Continuing Operations per GAAP</b>	<b>\$ 371,992</b>	<b>\$ 334,501</b>	<b>11.2%</b>	<b>\$ 1,011,945</b>	<b>\$ 893,773</b>	<b>13.2%</b>
After-tax charges for fair value adjustments to recorded inventory and deferred revenue balances related to the acquisition of Tektronix (\$13.0 million & \$52.7 million pre-tax for the three and nine months ended September 26, 2008, respectively)	9,727	-		39,315	-	
Gains from net reduction in income tax reserves and discrete tax benefits	(149)	(6,413)		(8,364)	(6,413)	
After-tax gain on indemnity proceeds related to litigation matter (\$12.5 million pre-tax)	-	-		-	(8,110)	
<b>Adjusted Net Earnings from Continuing Operations (Non-GAAP)</b>	<b>\$ 381,570</b>	<b>\$ 328,088</b>	<b>16.3%</b>	<b>\$ 1,042,896</b>	<b>\$ 879,250</b>	<b>18.6%</b>
<b>Diluted Net Earnings Per Share from Continuing Operations per GAAP</b>	<b>\$ 1.11</b>	<b>\$ 1.03</b>	<b>7.8%</b>	<b>\$ 3.03</b>	<b>\$ 2.75</b>	<b>10.2%</b>
After-tax charges for fair value adjustments to recorded inventory and deferred revenue balances related to the acquisition of Tektronix (\$13.0 million & \$52.7 million pre-tax for the three and nine months ended September 26, 2008, respectively)	0.03	-		0.12	-	
Gains from net reduction in income tax reserves and discrete tax benefits	-	(0.02)		(0.03)	(0.02)	
After-tax gain on indemnity proceeds related to litigation matter (\$12.5 million pre-tax)	-	-		-	(0.02)	
<b>Adjusted Diluted Net Earnings Per Share from Continuing Operations (Non-GAAP)</b>	<b>\$ 1.14</b>	<b>\$ 1.01</b>	<b>12.9%</b>	<b>\$ 3.12</b>	<b>\$ 2.71</b>	<b>15.1%</b>

Danaher Corporation

**Supplemental Reconciliation of Revenue Growth (GAAP) to Revenue Growth from Existing Businesses (Non-GAAP)**

**Three Months Ended September 26, 2008**

Components of Sales Growth	Three Months Ended September 26, 2008 vs. Comparable 2007 Period
Existing Businesses	4.0%
Acquisitions	11.0%
Impact of currency translation	2.5%
<b>Total</b>	<b>17.5%</b>

**Danaher Corporation**  
**Supplemental Reconciliation of Operating Cash Flows from Continuing Operations (GAAP) to Free**  
**Three Months Ended September 26, 2008**

**Free Cash Flows (\$ in 000's):**

	Three Months Ended September 26, 2008
Operating Cash Flows from Continuing Operations	\$ 434,743
Payments for Property, Plant & Equipment (Capital Expenditures)	<u>\$ (34,313)</u>
Free Cash Flow	<u>\$ 400,430</u>

**Notes to Non-GAAP Reconciliation Schedule**

*General*

In addition to the results provided in this release in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"), the Company has provided the following non-GAAP measures:

(1) Adjusted net earnings from continuing operations for the three months ended September 26, 2008 and September 28, 2007 and adjusted net earnings from continuing operations per diluted share for the three months ended September 26, 2008 and September 28, 2008. These measures are calculated on a basis which:

- in the 2008 period, exclude (a) certain non-cash charges related to the acquisition of Tektronix, Inc. for fair value adjustments to recorded inventory and deferred revenue balances, and (b) gains related to a reduction of income tax reserves and discrete tax benefits; and
- in the 2007 period, exclude (a) gains related to a reduction of income tax reserves and discrete tax benefits, and (b) the gain on indemnity proceeds received in connection with a litigation matter.

The Company also discloses the year-over-year percentage change in these non-GAAP measures. Collectively, these non-GAAP measures are referred to as the "non-GAAP earnings measures".

(2) Revenue growth from existing businesses (presented on a stand-alone basis), which is defined as revenue growth from businesses that have been owned for one year or more, excluding the effects of foreign currency fluctuations.

(3) Free cash flow, which is defined as operating cash flow from continuing operations less purchases of property, plant and equipment related to continuing operations.

The non-GAAP measures should be considered in addition to, and not as a replacement for or superior to, the comparable GAAP measures. Danaher's non-GAAP measures may be defined differently than similar non-GAAP measures that are used by other companies.

*Non-GAAP earnings measures and revenue growth from existing businesses*

Danaher's management believes that the non-GAAP earnings measures and revenue growth from existing businesses reflect additional ways of viewing aspects of Danaher's operations that, when viewed with and reconciled to the corresponding GAAP measures, provide a more complete understanding of Danaher's results of operations and help identify underlying trends in Danaher's business. The items that have been excluded from the non-GAAP earnings measures have been excluded because items of this nature and size occur with inconsistent frequency and for reasons that may be unrelated to Danaher's commercial performance during the period, and we believe are not indicative of Danaher's ongoing operating costs or gains in a given period. Similarly, revenue growth from existing businesses excludes items that are not completely under management's control, such as the impact of changes in foreign currency exchange rates, and items that do not reflect the underlying growth of the company, such as acquisition and divestiture activity.

Danaher's management uses these non-GAAP measures in assessing current performance against prior period performance and against forecasted performance, in forecasting financial results for future periods, and in making decisions about internal budgets, resource allocation and financial goals for its business units. Danaher's management believes that these non-GAAP measures help investors and others, if they so choose, in understanding and evaluating Danaher's current operating performance and future prospects in the same manner as management does. In addition, Danaher believes that analysts and others in the investment community use these non-GAAP measures to assess Danaher's performance against prior period performance and against forecasted performance, compare Danaher's performance to the performance of our peer companies, identify trends in Danaher's performance and provide estimates of future performance.

A general limitation of these non-GAAP measures is that use of these measures (as compared to the related GAAP measures of net earnings from continuing operations, revenue and revenue growth) may reduce comparability with other companies who may calculate similar non-GAAP measures differently. A particular limitation of the non-GAAP earnings measures is that they exclude charges that can significantly affect Danaher's results of operations and that may recur in the course of Danaher's business (though at times and in amounts that may be difficult to predict). Similarly, a particular limitation of revenue growth from existing businesses is that it excludes items that can significantly impact our revenues. Danaher management compensates, and believes that investors should compensate, for these and other limitations of these non-GAAP measures by also considering Danaher's financial results as determined in accordance with GAAP, including the GAAP measures described above in this paragraph.

#### *Free Cash Flow*

Danaher's management believes that free cash flow reflects an additional way of viewing aspects of Danaher's operations that, when viewed with and reconciled to operating cash flow from continuing operations, provides useful information to investors regarding Danaher's ability to generate cash without external financings. Danaher's management uses free cash flow to help gauge the resources available for strategic opportunities such as making acquisitions, investing in the business and strengthening the balance sheet, and uses this measure in making operating decisions, allocating financial resources and for budget planning purposes. Danaher's management believes that the free cash flow measure helps investors and others, if they so choose, in understanding and evaluating Danaher's ability to generate cash without external financings in the same manner as management does. In addition, Danaher believes that analysts and others in the investment community use free cash flow to assess the strength of Danaher's earnings performance and gauge Danaher's ability to strengthen its balance sheet, invest in the business and grow the business through acquisitions and other strategic opportunities.

A general limitation of Danaher's free cash flow measure is that use of this measure (as compared to operating cash flow from continuing operations) may reduce comparability with other companies who may calculate free cash flow differently. Another limitation of Danaher's free cash flow measure is that it does not take into account the Company's debt service requirements and other non-discretionary expenditures and therefore is not necessarily indicative of amounts of cash that may be available for discretionary uses. Danaher's management compensates, and believes that investors should compensate, for these and other limitations of Danaher's free cash flow measure by also considering Danaher's operating cash flow from continuing operations.

Danaher Corporation

Supplemental Reconciliation of Operating Profit from Continuing Operations (GAAP) to Adjusted

Operating Profit from Continuing Operations (Non-GAAP)

Three Months and Nine Months Ended September 26, 2008 and September 28, 2007

	Three Months Ended			Nine Months Ended		
	September 26, 2008	September 28, 2007	% Change	September 26, 2008	September 28, 2007	% Change
<b>Operating Profit from Continuing Operations per GAAP</b>	<b>\$ 522,140</b>	<b>\$ 462,934</b>	<b>12.8%</b>	<b>\$ 1,445,826</b>	<b>\$ 1,275,939</b>	<b>13.3%</b>
Pre-tax charges for fair value adjustments to recorded inventory and deferred revenue balances related to the acquisition of Tektronix (\$10 million & \$39 million after-tax in Q3 and YTD September 2008, respectively)	13,057	-		52,660	-	
Pre-tax gain on indemnity proceeds related to litigation matter (\$8.1 million after-tax)	-	-		-	(12,477)	
<b>Adjusted Operating Profit from Continuing Operations (Non-GAAP)</b>	<b>\$ 535,197</b>	<b>\$ 462,934</b>	<b>15.6%</b>	<b>\$ 1,498,486</b>	<b>\$ 1,263,462</b>	<b>18.6%</b>

Danaher Corporation

Supplemental Reconciliation of Operating Profit Margin Changes

Three and Nine Months Ended September 26, 2008 and September 28, 2007

	Total Company- Continuing Operations	Segments			
		Professional Instrumentation	Medical Technologies	Industrial Technologies	Tools & Components
<b>Three Months Ended September 28, 2007 Operating Profit Margins</b>	17.00%	22.70%	13.00%	17.00%	15.90%
Q3 2008 impact of operating profit margins of businesses owned for less than one year	(0.25)	(1.30)	(0.35)	(0.05)	-
Q3 2008 impact of charges for fair value adjustments to recorded inventory and deferred revenue balances related to the acquisition of Tektronix	(0.40)	(1.05)	-	-	-
Other Q3 2008 operating margin changes	(0.05)	(0.25)	(0.35)	1.25	(1.90)
<b>Three Months Ended September 26, 2008 Operating Profit Margins</b>	<b>16.30%</b>	<b>20.10%</b>	<b>12.30%</b>	<b>18.20%</b>	<b>14.00%</b>

	Total Company- Continuing Operations	Segments			
		Professional Instrumentation	Medical Technologies	Industrial Technologies	Tools & Components
<b>Nine Months Ended September 28, 2007 Operating Profit Margins</b>	16.20%	21.90%	12.20%	17.10%	13.60%
2008 impact of operating profit margins of businesses owned for less than one year	(0.25)	(1.80)	(0.30)	-	-
2008 impact of charges for fair value adjustments to recorded inventory and deferred revenue balances related to the acquisition of Tektronix	(0.55)	(1.45)	-	-	-
2007 pre-tax gain on indemnity proceeds related to litigation matter	(0.15)	-	-	(0.55)	-
2007 gains on sale of real estate	-	-	-	(0.05)	-
Other 2008 operating margin changes	(0.05)	0.35	(0.40)	0.20	(0.60)
<b>Nine Months Ended September 26, 2008 Operating Profit Margins</b>	<b>15.20%</b>	<b>19.00%</b>	<b>11.50%</b>	<b>16.70%</b>	<b>13.00%</b>

## Notes to Adjusted Operating Profit and Adjusted Operating Margin Reconciliation Schedule

In addition to the results provided in the earnings call in accordance with U.S. Generally Accepted Accounting Principles (“GAAP”), the Company has provided the non-GAAP measures of adjusted operating profit from continuing operations, and adjusted operating margins from continuing operations for the three and nine months ended September 26, 2008 and September 28, 2007.

Adjusted operating profit from continuing operations is calculated on a basis which:

- in the 2008 period, excludes certain pre-tax, non-cash charges related to the acquisition of Tektronix, Inc. for fair value adjustments to recorded inventory and deferred revenue balances; and
- in the 2007 period, excludes the pre-tax gain on indemnity proceeds received in connection with a litigation matter.

Adjusted operating margins from continuing operations is calculated on a basis which:

- in the 2008 period, excludes (1) the impact on operating margins from businesses owned for less than one year, and (2) certain pre-tax, non-cash charges related to the acquisition of Tektronix, Inc. for fair value adjustments to recorded inventory and deferred revenue balances; and
- in the 2007 period, excludes (1) the pre-tax gain on indemnity proceeds received in connection with a litigation matter, and (2) gains on the sale of real estate.

The Company also discloses the year-over-year percentage change in these non-GAAP measures. Collectively, these non-GAAP measures are referred to as the “non-GAAP earnings measures”.

The non-GAAP measures should be considered in addition to, and not as a replacement for or superior to, the comparable GAAP measures. Danaher’s non-GAAP measures may be defined differently than similar non-GAAP measures that are used by other companies.

Danaher’s management believes that the non-GAAP measures reflect additional ways of viewing aspects of Danaher’s operating performance that, when viewed with and reconciled to operating profit from continuing operations, provide a more complete understanding of Danaher’s results of operations and help identify underlying trends in Danaher’s business. The items that have been excluded from the non-GAAP earnings measures have been excluded because items of this nature and size occur with inconsistent frequency and for reasons that may be unrelated to Danaher’s commercial performance during the period, and we believe are not indicative of Danaher’s ongoing operating costs or gains in a given period.

Danaher’s management uses these non-GAAP measures in assessing current operating performance against prior period performance and against forecasted performance, in forecasting financial results for future periods, and in making decisions about internal budgets, resource allocation and financial goals for its business units. Danaher’s management believes that these non-GAAP measures help investors and others, if they so choose, in understanding and evaluating Danaher’s current operating performance and future prospects in the same manner as management does. In addition, Danaher believes that analysts and others in the investment community use these non-GAAP measures to assess Danaher’s operating performance against prior period performance and against forecasted performance, compare Danaher’s operating performance to the performance of our peer companies, identify trends in Danaher’s operating performance and provide estimates of future performance.

A general limitation of these non-GAAP measures is that use of these measures (as compared to operating profit from continuing operations and operating profit margin from continuing operations) may reduce comparability with other companies who may calculate similar non-GAAP measures differently. In addition, the non-GAAP measures exclude charges that can significantly affect Danaher’s results of operations and that may recur in the course of Danaher’s business (though at times and in amounts that may be difficult to predict). Danaher management compensates, and believes that investors should compensate, for these and other limitations of these non-GAAP measures by also considering operating profit from continuing operations and operating profit margin from continuing operations.

**Danaher Corporation**  
**Supplemental Reconciliation of Operating Cash Flows from Continuing Operations (GAAP) to Free Cash Flow (Non-GAAP)**  
**September 26, 2008**

<b>Free Cash Flows (\$ in 000's):</b>	Quarter Ended		Quarter Ended		Quarter Ended		Nine Months Ended	
	March 28, 2008	March 30, 2007	June 27, 2008	June 29, 2007	September 26, 2008	September 28, 2007	September 26, 2008	September 28, 2007
Operating Cash Flows from Continuing Operations	\$ 333,158	\$ 322,607	\$ 581,772	\$ 364,693	\$ 434,743	\$ 440,694	\$ 1,349,673	\$ 1,127,994
Payments for Property, Plant & Equipment (Capital Expenditures)	\$ (38,960)	\$ (31,170)	\$ (44,907)	\$ (38,496)	\$ (34,313)	\$ (30,520)	\$ (118,180)	\$ (100,186)
Free Cash Flow	<u>\$ 294,198</u>	<u>\$ 291,437</u>	<u>\$ 536,865</u>	<u>\$ 326,197</u>	<u>\$ 400,430</u>	<u>\$ 410,174</u>	<u>\$ 1,231,493</u>	<u>\$ 1,027,808</u>

**Ratio of Free Cash Flow to Net Earnings from Continuing Operations:**

Free Cash Flow from Above	\$ 294,198	\$ 291,437	\$ 536,865	\$ 326,197	\$ 400,430	\$ 410,174	\$ 1,231,493	\$ 1,027,808
Net Earnings from Continuing Operations	\$ 276,505	\$ 251,616	\$ 363,448	\$ 307,656	\$ 371,992	\$ 334,501	\$ 1,011,945	\$ 893,773
Free Cash Flow to Net Earnings / Conversion Ratio	<u>1.06</u>	<u>1.16</u>	<u>1.48</u>	<u>1.06</u>	<u>1.08</u>	<u>1.23</u>	<u>1.22</u>	<u>1.15</u>

In addition to the results provided in this earnings call in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"), the Company has provided the non-GAAP measures of free cash flow, which is defined as operating cash flow from continuing operations less purchases of property, plant and equipment related to continuing operations, and free cash flow to net income conversion ratio.

Free cash flow should be considered in addition to, and not as a replacement for or superior to, operating cash flow from continuing operations. Danaher's free cash flow and free cash flow to net income conversion ratio measures may be defined differently than similar non-GAAP measures that are used by other companies.

Danaher's management believes that free cash flow reflects an additional way of viewing aspects of Danaher's operations that, when viewed with and reconciled to operating cash flow from continuing operations, provides useful information to investors regarding Danaher's ability to generate cash without external financings. Danaher's management uses free cash flow to help gauge the resources available for strategic opportunities such as making acquisitions, investing in the business and strengthening the balance sheet, and uses this measure in making operating decisions, allocating financial resources and for budget planning purposes. Danaher's management believes that the free cash flow measure helps investors and others, if they so choose, in understanding and evaluating Danaher's ability to generate cash without external financings in the same manner as management does. In addition, Danaher believes that analysts and others in the investment community use free cash flow to assess the strength of Danaher's earnings performance and gauge Danaher's ability to strengthen its balance sheet, invest in the business and grow the business through acquisitions and other strategic opportunities.

A general limitation of Danaher's free cash flow measure is that use of this measure (as compared to operating cash flow from continuing operations) may reduce comparability with other companies who may calculate free cash flow differently. Another limitation of Danaher's free cash flow measure is that it does not take into account the Company's debt service requirements and other non-discretionary expenditures and therefore is not necessarily indicative of amounts of cash that may be available for discretionary uses. Danaher's management compensates, and believes that investors should compensate, for these and other limitations of Danaher's free cash flow measure by also considering Danaher's operating cash flow from continuing operations.