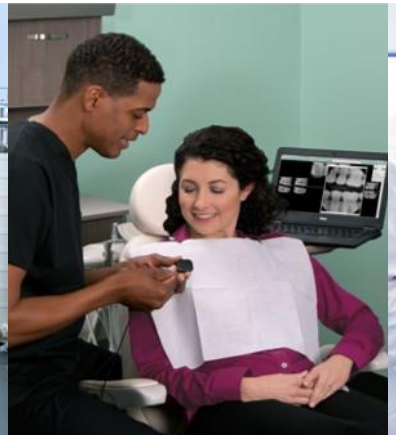
DANAHER



THIRD QUARTER 2017 EARNINGS RELEASE

October 19, 2017

Forward Looking Statements

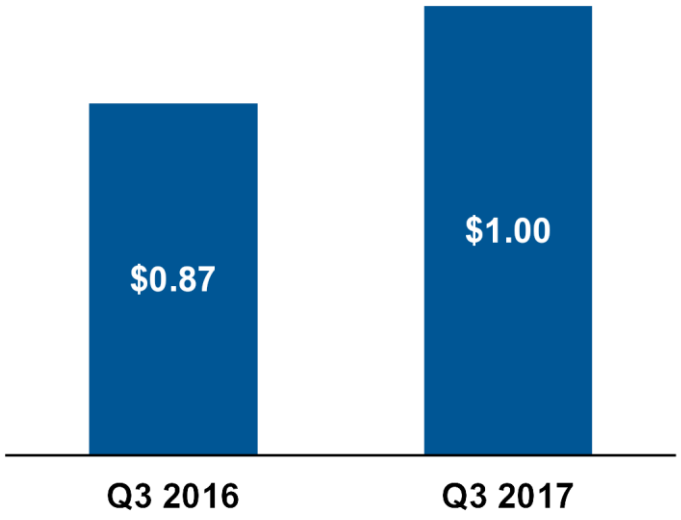
Statements in this presentation that are not strictly historical, including any statements regarding events or developments that we believe or anticipate will or may occur in the future are "forward-looking" statements within the meaning of the federal securities laws. There are a number of important factors that could cause actual results, developments and business decisions to differ materially from those suggested or indicated by such forward-looking statements and you should not place undue reliance on any such forward-looking statements. These factors include, among other things deterioration of or instability in the economy, the markets we serve and the financial markets, contractions or growth rates and cyclicality of markets we serve, competition, our ability to develop and successfully market new products and technologies and expand into new markets, the potential for improper conduct by our employees, agents or business partners, our compliance with applicable laws and regulations (including regulations relating to medical devices and the health care industry), our ability to effectively address cost reductions and other changes in the health care industry, our ability to successfully identify, consummate and integrate appropriate acquisitions and successfully complete divestitures and other dispositions, our ability to integrate the recent acquisitions of Pall Corporation and Cepheid and achieve the anticipated benefits of such transactions, contingent liabilities relating to acquisitions and divestitures (including tax-related and other contingent liabilities relating to the distributions of each of Fortive Corporation and our communications business), security breaches or other disruptions of our information technology systems or violations of data privacy laws, the impact of our restructuring activities on our ability to grow, risks relating to potential impairment of goodwill and other intangible assets, currency exchange rates, tax audits and changes in our tax rate and income tax liabilities, changes in tax laws applicable to multinational companies, litigation and other contingent liabilities including intellectual property and environmental, health and safety matters, the rights of the United States government to use, disclose and license certain intellectual property we license if we fail to commercialize it, risks relating to product, service or software defects, product liability and recalls, risks relating to product manufacturing, the impact of our debt obligations on our operations and liquidity, our relationships with and the performance of our channel partners, uncertainties relating to collaboration arrangements with third parties, commodity costs and surcharges, our ability to adjust purchases and manufacturing capacity to reflect market conditions, reliance on sole sources of supply, the impact of deregulation on demand for our products and services, labor matters, international economic, political, legal, compliance and business factors (including the impact of the UK's decision to leave the EU), disruptions relating to man-made and natural disasters, and pension plan costs. 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 2016 Annual Report on Form 10-K and Quarterly Report on Form 10-Q for the third quarter of 2017. These forward-looking statements speak only as of the date of this presentation and except to the extent required by applicable law, the Company does not assume any obligation to update or revise any forward-looking statement, whether as a result of new information, future events and developments or otherwise.

With respect to the non-GAAP financial measures of adjusted diluted net earnings per share, core revenue growth, year-over-year core operating margin changes and free cash flow referenced in the following presentation, the accompanying information required by SEC Regulation G can be found in the "Investors" section of Danaher's web site under the heading "Financial Reports" and subheading "Quarterly Earnings," and can also be found at the end of this presentation. In addition, in addressing various financial metrics the presentation describes certain of the more significant factors that impacted year-over-year performance. For additional factors that impacted year-over-year performance, please refer to our earnings release and the other related presentation materials supplementing today's call, all of which are available in the "Investors" section of Danaher's web site under the heading "Financial Reports" and subheading "Quarterly Earnings," as well as our 2016 Annual Report on Form 10-K and Quarterly Report on Form 10-Q for the third quarter of 2017. In this presentation, all figures relate to Danaher's continuing operations and revenue amounts are in millions.

Third Quarter 2017 Performance Summary

ADJUSTED DILUTED NET EARNINGS PER SHARE

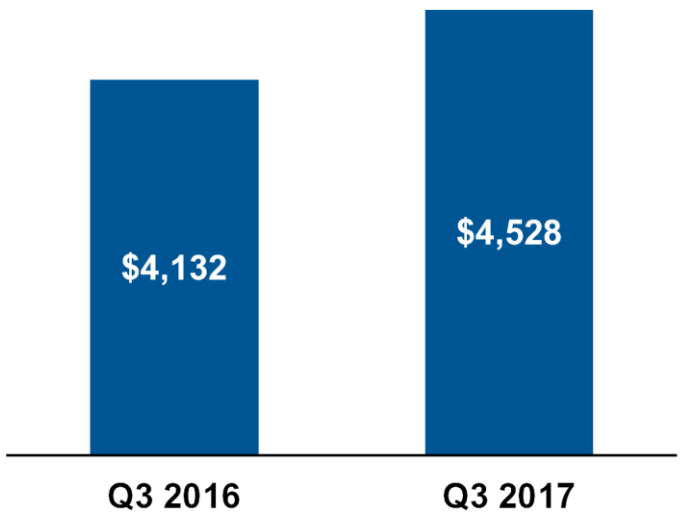
+15.0%



REVENUE

+9.5%

Core +3.0%
Acquisitions +5.5%
FX +1.0%



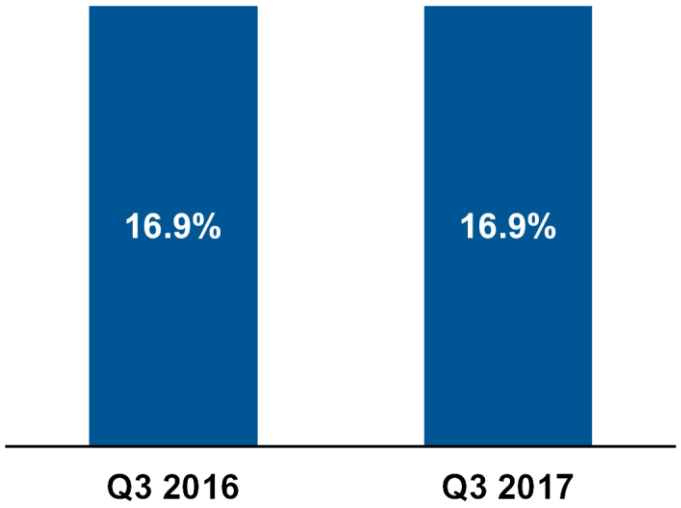
Throughout this presentation, for the definitions of "Adjusted Diluted Net Earnings Per Share," and with respect to revenue performance, "Acquisitions," "Core," and "FX," please refer to the accompanying information required by Regulation G, located at the end of this presentation.

Third Quarter 2017 Performance Summary

OPERATING PROFIT MARGIN

Flat

Core +95 bps
Acquisitions -55 bps
Other -40 bps



GROSS MARGINS

Q3 2016 – 55.3%

Q3 2017 – 56.0%

+70 bps

SG&A

(as a % of Revenue)

Q3 2016 – 32.6%

Q3 2017 – 32.9%

+30 bps

R&D

(as a % of Revenue)

Q3 2016 – 5.8%

Q3 2017 – 6.2%

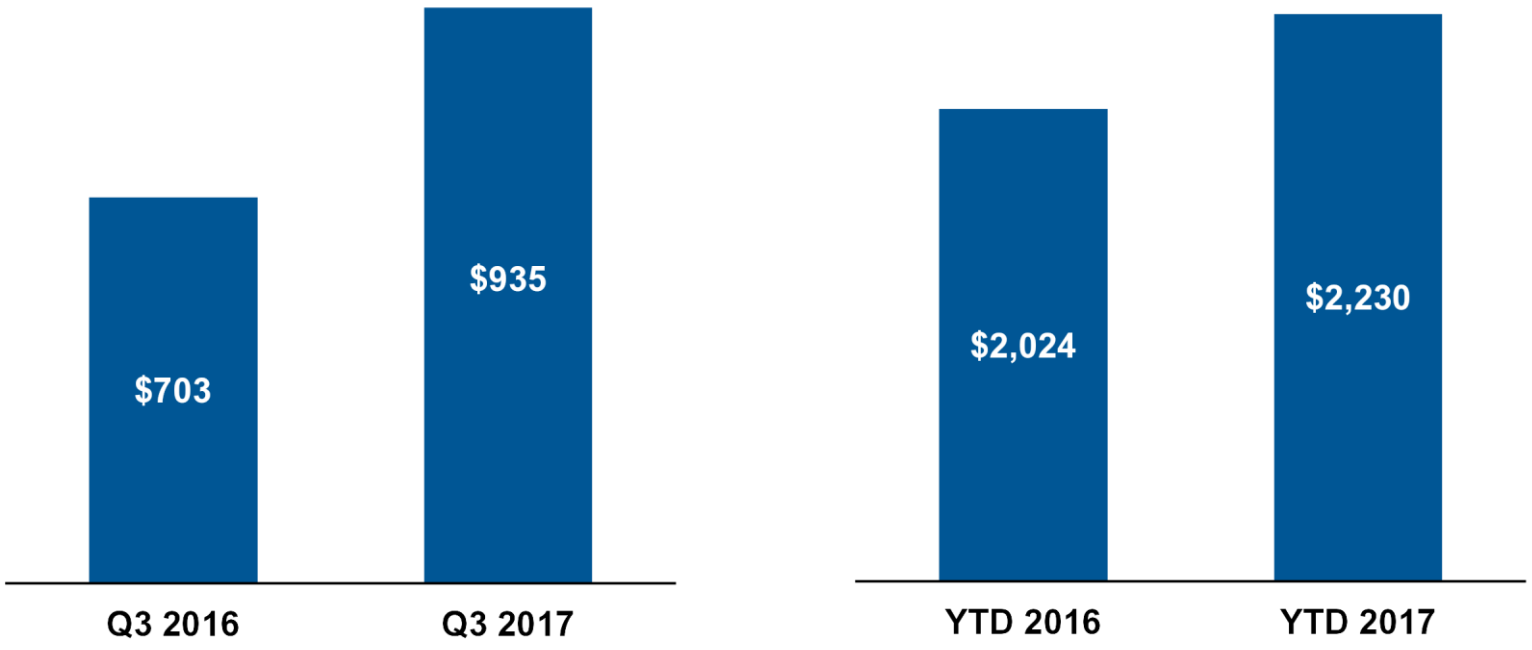
+40 bps

Throughout this presentation when referred to in connection with operating profit margins, "Acquisitions" refers to the impact of businesses owned for less than one year or disposed of during such period and not treated as discontinued operations, "Other" refers to certain acquisition-specific charges and gains, and "Core" refers to all other year-over-year operating profit margin changes; for further description of these items, please refer to the accompanying information required by Regulation G, located at the end of this presentation.

Third Quarter 2017 Performance Summary

FREE CASH FLOW PERFORMANCE

($ in millions)



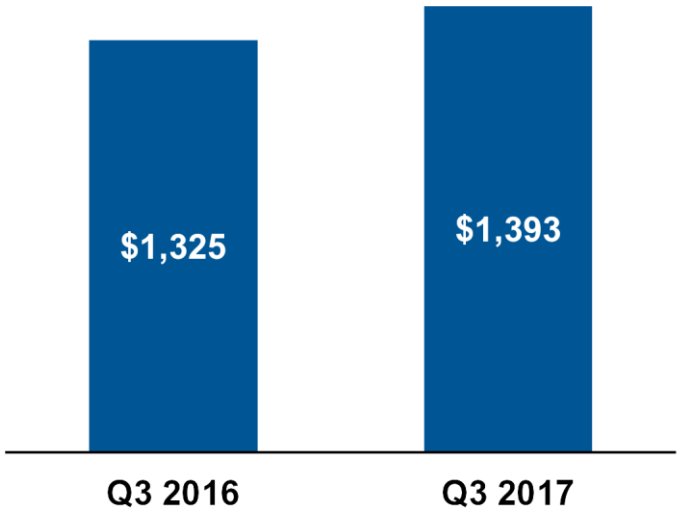
For the definition of "Free Cash Flow," please refer to the accompanying information required by Regulation G, located at the end of this presentation.

Third Quarter 2017
Life Sciences

REVENUE

+5.0%

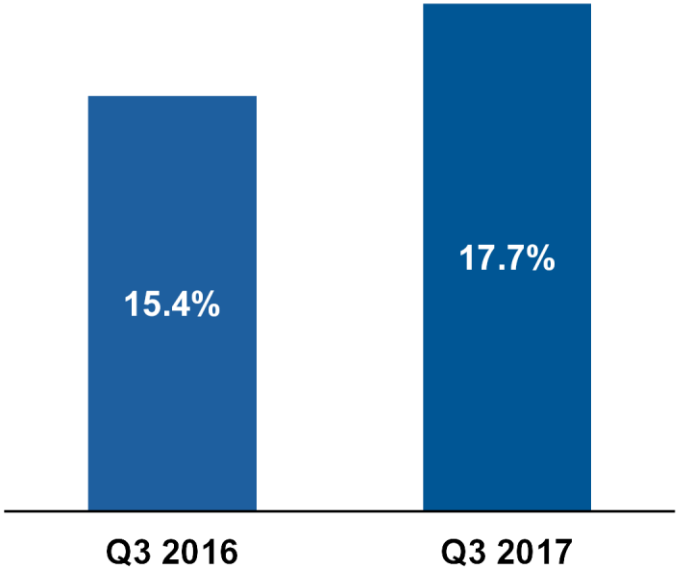
Core +3.0%
Acquisitions +1.0%
FX +1.0%



OPERATING PROFIT MARGIN

+230 bps

Core +185 bps
Acquisitions +45 bps



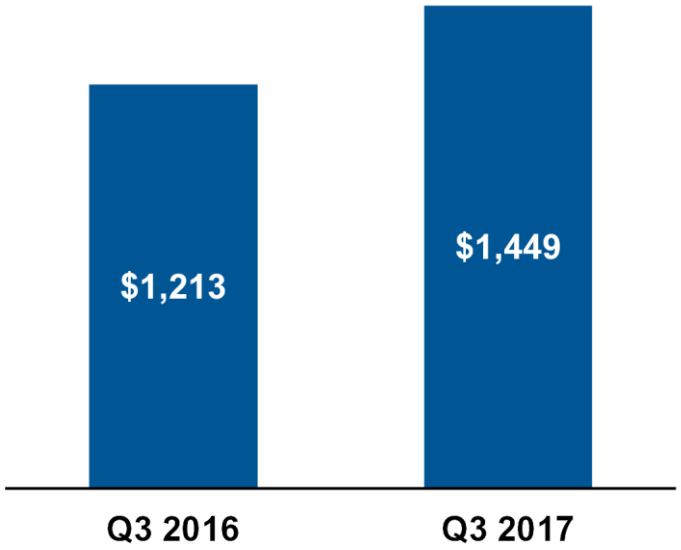
BECKMAN COULTER Life Sciences · PALL · SCIEX · phenomenex · Leica MICROSYSTEMS · MOLECULAR DEVICES

Third Quarter 2017
Diagnostics

REVENUE

+19.5%

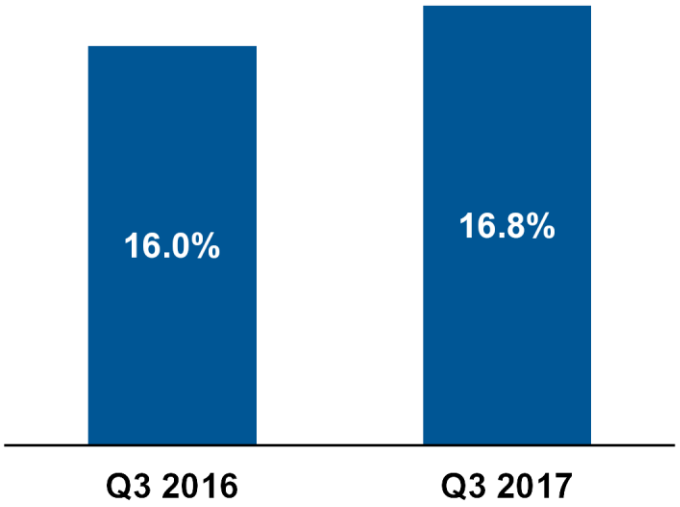
Core +4.0%
Acquisitions +15.0%
FX +0.5%



OPERATING PROFIT MARGIN

+80 bps

Core +245 bps
Acquisitions -165 bps



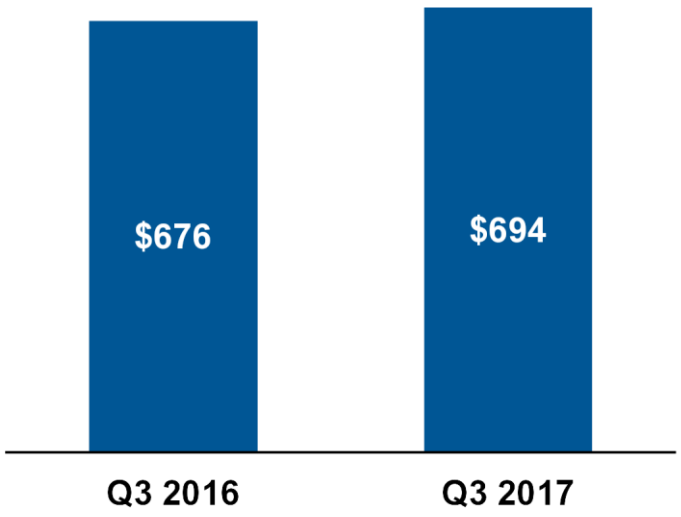
BECKMAN COULTER
Leica BIOSYSTEMS
RADIOMETER
Cepheid

Third Quarter 2017
Dental

REVENUE

+2.5%

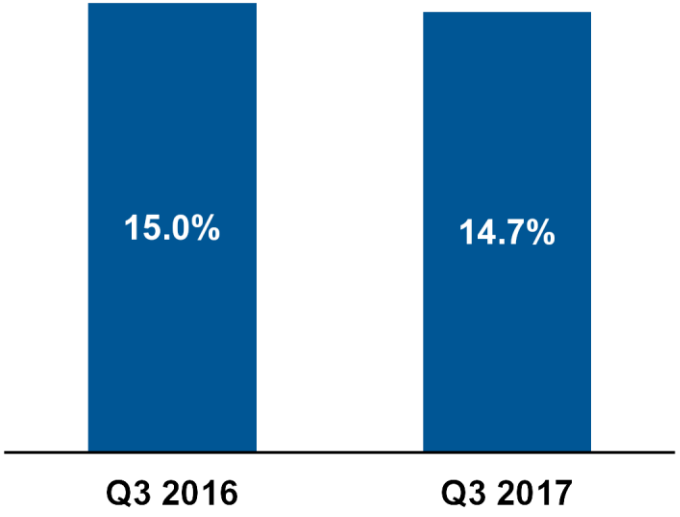
Core +1.0%
Acquisitions —%
FX +1.5%



OPERATING PROFIT MARGIN

-30 bps

Core -15 bps
Acquisitions -15 bps



KAVO Kerr

Nobel Biocare

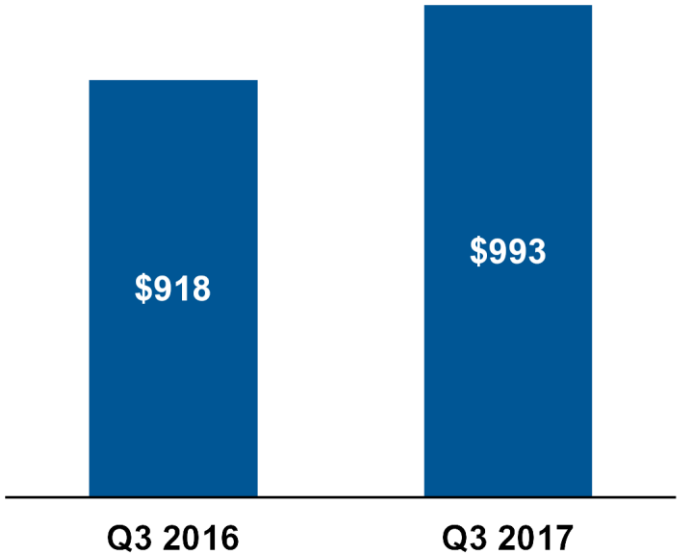
Ormco

Third Quarter 2017
Environmental & Applied Solutions

REVENUE

+8.0%

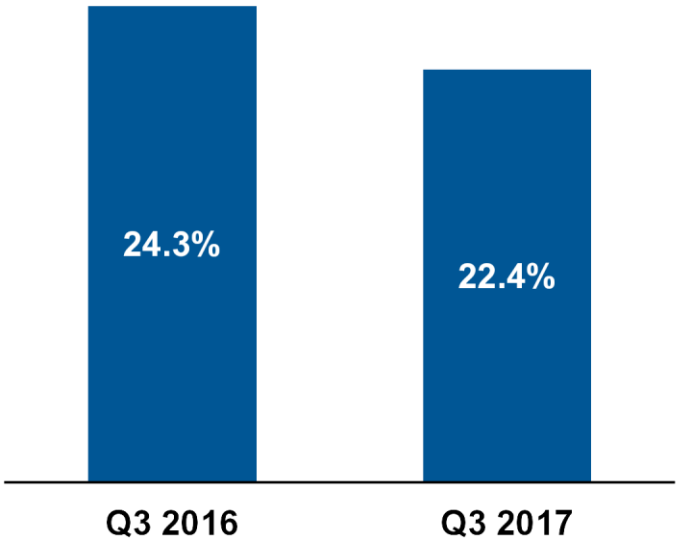
Core +3.0%
Acquisitions +3.0%
FX +2.0%



OPERATING PROFIT MARGIN

-190 bps

Core -105 bps
Acquisitions -85 bps



HACH Be Right™ ChemTreat TROJAN technologies™ VIDEOJET ESKO x-rite

Guidance

DANAHER

Q & A

DANAHER

Non-GAAP Reconciliations

Adjusted Diluted Net Earnings Per Share from Continuing Operations

	Three-Month Period Ended	
	September 29, 2017	September 30, 2016
Diluted Net Earnings Per Share from Continuing Operations (GAAP)	**$ 0.81**	**$ 0.57**
Pretax amortization of acquisition-related intangible assets [A]	0.24	0.20
Pretax gain on sale of investments [B]	-	-
Pretax charge for early extinguishment of borrowings [C]	-	0.26
Pretax gain on resolution of acquisition-related matters [D]	-	(0.02)
Pretax restructuring, impairment and other related charges recorded in the second quarter of 2017 [E]	-	-
Tax effect of all adjustments reflected above [F]	(0.05)	(0.14)
Discrete and other tax-related adjustments [G]	-	-
Adjusted Diluted Net Earnings Per Share from Continuing Operations (Non-GAAP)	**$ 1.00**	**$ 0.87**

Year-Over-Year Core Operating Margin Changes

		Segments			
	Total Company	Life Sciences	Diagnostics	Dental	Environmental and Applied Solutions
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%**

Revenue Performance

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

[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.

Non-GAAP Reconciliations

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		Nine Month Period Ended	
	March 31, 2017	April 1, 2016	June 30, 2017	July 1, 2016	September 29, 2017	September 30, 2016	September 29, 2017	September 30, 2016
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)	$ 402.3	$ 484.5	$ 891.9	$ 835.7	$ 935.4	$ 703.4	$ 2,229.6	$ 2,023.6
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)	483.8	585.8	557.3	418.0	572.1	402.6	1,613.2	1,406.4
Free Cash Flow from Continuing Operations to Net Earnings from Continuing Operations Conversion Ratio (Non-GAAP)	0.83	0.83	1.60	2.00	1.64	1.75	1.38	1.44

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").

Non-GAAP Reconciliations

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		Nine-Month Period Ended		Forecasted	
					Three-Month Period Ending	Year Ending
	September 29, 2017	September 30, 2016	September 29, 2017	September 30, 2016	December 31, 2017	December 31, 2017
Pretax	$ 166.4	$ 143.2	$ 492.9	$ 426.6	$ 164.3	$ 657.2
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