

ARCHIVED REPORT

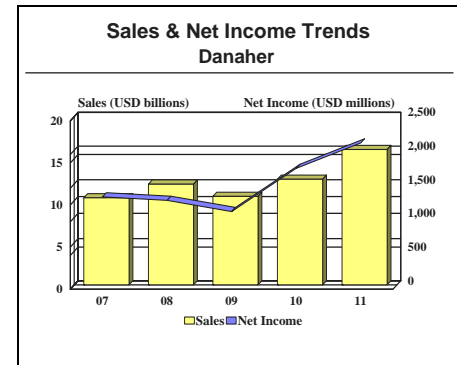
For data and forecasts on current programs please visit

www.forecastinternational.com or call +1 203.426.0800

Danaher

Outlook

- Company sold Pacific Scientific operations to Meggitt in mid-2011
- Kollmorgen Electro-Optical operations followed suit in February 2012
- This report will now be archived



Headquarters

Danaher Corporation
2099 Pennsylvania Ave
Washington, DC 20006
Telephone: + 1 (202) 828-0850
Fax: + 1 (202) 828-0860
Web site: <http://www.danaher.com>

The Danaher Corporation designs, manufactures, and markets professional, medical, industrial, and consumer products in four principal businesses: Professional Instrumentation, Industrial Technologies, Tools & Components, and Medical Technologies. In the early 1990s, Danaher consisted of a group of discrete, cyclical businesses. In the mid-1990s, the company began moving from fragmented businesses toward the creation of strategic platforms with sustainable competitive advantages and leadership positions in global markets.

In 2000, Danaher completed three significant acquisitions: American Precision Industries, the Kollmorgen Corporation, and the motion control business of the Warner Electric Company. The addition of Kollmorgen gave Danaher a foothold in the aerospace and defense industry.

In 2011, the company began divesting aerospace and defense assets as it focused on commercial operations. It divested most of its holdings in Pacific Scientific to U.K.-based Meggitt plc in 2011 and, in 2012, sold its interests in Kollmorgen Electro-Optical to L-3 Communications.

Employees numbered about 59,000 (26,000 in the U.S.) at the beginning of 2012.

Structure and Personnel

Steven M. Rales
Chairman

H. Lawrence Culp, Jr.
President and Chief Executive Officer

Daniel L. Comas
Executive Vice President, Chief Financial Officer

Thomas P. Joyce
Executive Vice President

James A. Lico

Executive Vice President

Danaher

William K. Daniel, II
Executive Vice President
James H. Ditzkoff
Senior Vice President, Finance & Tax
Jonathan P. Graham
Senior Vice President, General Counsel

Angela S. Lalor
Senior Vice President, Human Resources
Robert S. Lutz
Vice President, Chief Accounting Officer
Daniel A. Raskas
Senior Vice President, Corporate Development

Product Areas

Danaher is organized into five segments, listed below.

1. Test & Measurement
2. Environmental
3. Life Sciences & Diagnostics
4. Dental
5. Industrial Technologies
 - 5.1 Product Identification
 - 5.2 Motion
 - 5.3 Jacob Vehicle Systems
 - 5.4 Sensors and Controls

Test & Measurement. This business segment provides electronic measurement instruments, as well as monitoring, management, and optimization tools for communications networks and related services that are used in the design, development, manufacture, installation, deployment, and operation of electronics equipment and communications networks and services.

Environmental. This segment develops products that help protect the water supply and air quality and serves two primary markets: water quality and retail / commercial petroleum.

Life Sciences & Diagnostics. Life Sciences offers a range of research and clinical tools that are used by scientists to study cells and the components of cells to gain a better understanding of complex biological matters. The Diagnostics businesses provide analytical instruments, reagents, consumables, software and

services that are used to diagnose disease, make treatment decisions and monitor patients in hospitals.

Professional Instrumentation. The environmental businesses serve two main markets: water quality and retail/commercial petroleum. Danaher's electronic test businesses design, manufacture, and market a variety of compact professional test tools, as well as calibration equipment, for electrical, industrial, electronic, and calibration applications.

Dental. This segment manufactures equipment and consumables for the dental market.

Industrial Technologies. These companies produce and sell motion, position, speed, temperature, and level instruments and sensing devices; power switches and controls; communication line products; power protection products; liquid flow and quality measuring devices; quality assurance products and systems; safety devices; and electronic and mechanical counting and controlling devices.

Product Identification provides coding and marking systems, fluids, and accessories for the product identification industry.

Motion produces precision motion control equipment. Products include standard and custom motors; drives; controls; and mechanical components (such as ball screws, linear bearings, clutches/brakes, and linear actuators).

Facilities

A breakdown by major geographical area of some of the company's key defense operations and their capabilities follows.

Danaher Motion, 501 W Main St, Radford, VA 24141. This division manufactures custom high-torque DC servo motors, associated drive electronics, and electromechanical actuators for the military and aerospace industry.

Web site: <http://www.danahermotion.com>

Kollmorgen Electro-Optical, 50 Prince St, Northampton, MA 01060. Telephone: + 1 (413) 586-2330. This unit produces submarine periscopes,

specialized sighting devices, infrared imaging systems, and diamond machined components for U.S. and international navy submarines and ships, military vehicles, and aerospace. **Note:** *This operation was sold to L-3 Communications in February 2012.*

Web site: <http://www.2.1-3com.com/keo/>

Danaher

Calzoni SrL, Via Bargellino 25/A, Calderara di Reno, Bologna 40012 Italy. Calzoni designs and builds motion systems and components primarily for naval platforms, and is a leading maker of submarine masts. **Note:** *This operation was sold to L-3 Communications in February 2012.*

Web site: <http://www.calzoni.com>

Pacific Scientific Energetic Materials Company (PSEMC), 7073 West Willis Rd, Chandler, AZ 85226. Telephone: + 1 (480) 763-3000. Designs and manufactures ordnance, electronic and laser systems/components for the aerospace, defense, and commercial industries. **Note:** *This operation was not sold in April 2011 to Meggitt.*

Web site: <http://www.psemc.com/>

Corporate Overview

Through the acquisition of Kollmorgen in 2000, Danaher gained its current presence in the defense industry and enhanced its motion control business. Danaher also manufactures hand tools marketed under the Sears Craftsman brand.

New Products and Services

Mk 20 EOSS for Australian Destroyer. In July 2009, Kollmorgen Electro-Optical was awarded a contract for Mk 20 electro-optical sensor systems to be installed on Australia's Air Warfare Destroyers. The Mk 20 EOSS provides day and night vision imaging, enhanced eye-safe laser range-finding capabilities, digital stabilization, and features for integration with the latest gun weapon systems. The Mk 20 is currently on the U.S. Navy's Ticonderoga class cruisers.

DDG-1000 Stabilized Glide Slope. In June 2008, the Naval Air Warfare Center Aircraft Division, Lakehurst, New Jersey, selected the Calzoni light-emitting diode and fiber-optics technology as the components of the Stabilized Glide Slope Indicator (SGSI) system for the DDG-1000 program. The contract was awarded to a team composed of General Scientific Corporation, Calzoni, and M&T. Each of the DDG-1000 Zumwalt class destroyers will have one SGSI. SGSI is an optical device that projects colored beams of light from a ship to approaching aircraft to provide the ideal approach glide/slope. The SGSI contract represents a portion of the next-generation suite of visual landing aids that will be incorporated into the DDG-1000.

Spanish S80 Submarine Systems. In August 2006, the Spanish Navy, through Spanish shipbuilder Navantia, selected Kollmorgen Electro-Optical and its Italian subsidiary, Calzoni Srl, to provide periscopes and optronic imaging systems and hoistable masts for the Spanish Armada's new S-80 submarines. The contracts are valued at \$73.8 million. Kollmorgen and Calzoni will work in cooperation with Spanish industry partner Indra to jointly develop and build the equipment for the four air independent propulsion diesel submarines.

Sea Scout. In September 2005, Kollmorgen Electro-Optical was awarded a \$3.7 million contract for production of its SeaScout EOSS. The SeaScout is a lighter and more compact version of Kollmorgen's legacy Mk 46 optical system, which is currently aboard more than 50 U.S. naval platforms.

Plant Expansion/Organization Update

Kollmorgen Opens Groton Facility. In March 2003, Kollmorgen's Electro-Optical Division opened a new facility at the Airport Business Park in Groton, Connecticut. The facility is in addition to Kollmorgen's existing facilities in Northampton, Massachusetts, and Brattleboro, Vermont. Kollmorgen's Groton facility is used to provide on-site systems and software technical services to the U.S. Navy's ongoing submarine programs located at General Dynamics Electric Boat. It is also used to provide on-site support to deployed submarines located at the U.S. Navy's submarine base in Groton.

Mergers/Acquisitions/Divestitures

Kollmorgen Divested. In February 2012, L-3 Communications completed its \$210 million acquisition of the Kollmorgen Electro-Optical unit of Danaher Corporation. The acquired business will conduct business under the name of L-3 KEO. L-3 KEO develops and manufactures specialized equipment, including submarine photonics systems and periscopes, ship fire control systems, visual landing aids, ground electro-optical and sensor-cueing systems, and is headquartered in Northampton, Mass. The deal was first announced in December 2011.

Web site: <http://www.2.1-3com.com/keo/>

Beckman Coulter Acquired. In June 2011, Danaher completed its \$6.8 billion acquisition of Beckman Coulter. With annual revenues of approximately \$3.7 billion, Beckman Coulter develops products that simplify, automate, and innovate complex biomedical testing. Its diagnostic systems are found in hospitals and other clinical settings around the world and produce information used by physicians to diagnose

Danaher

disease, make treatment decisions, and monitor patients. Beckman Coulter will be integrated into Danaher's Life Sciences & Diagnostics segment. The deal was first announced in February 2011.

Pacific Scientific Divested. In April 2011, Meggitt plc acquired Danaher's Pacific Scientific Aerospace for \$685 million in cash. The Danaher businesses that are involved in the sale include Artus, HTL, OECO, Securaplane, Sunbank, and Thomson Aerospace & Defense. These six businesses offer fire suppression, sensing, electric power, electric actuation, and security products, with revenues balanced between civil aerospace (57%) and military business (43%). The company generated operating income of \$79 million on revenues of \$378 million in 2010. Pacific Scientific Energetic Materials Company was not part of the transaction and remains a part of Danaher.

EskoArtwork Acquisition. In January 2011, Danaher signed a definitive agreement to acquire EskoArtwork for EUR350 million (\$470 million). Headquartered in Ghent, Belgium, the firm is a full-service solutions provider for the digital packaging design and production market. EskoArtwork had sales of EUR184 million (\$247 million). Upon closing, the business will become part of Danaher's Product Identification segment.

Keithley Instruments Acquired. In December 2010, Danaher closed the \$300 acquisition of Keithley Instruments Inc. Keithley develops electronic instruments and systems geared to the specialized needs of engineers at electronics manufacturers and academic institutions for research, product development, high-performance production testing, and process monitoring.

AB SCIEX Acquired. In February 2010, Danaher completed the acquisition of AB SCIEX and Molecular Devices. AB SCIEX is a designer and manufacturer of mass spectrometers, instruments used by researchers and clinicians to identify and quantify specific molecules in complex samples. Molecular Devices supplies bioanalytical instrumentation systems and consumables that accelerate and improve research productivity and effectiveness in life science research and drug discovery. The aggregate purchase price for the combined transactions was \$1.1 billion.

Genetix Acquired. In January 2010, Danaher completed its cash takeover of the Genetix Group plc for approximately \$82 million. Genetix, headquartered in New Milton, Hampshire, U.K., provides scientists and clinicians with solutions for imaging and intelligent image analysis to facilitate development of pharmaceuticals and biotherapeutics, mainstream research, and clinical diagnostics

Tektronix Acquired. In November 2007, Danaher completed the acquisition of its indirect wholly owned subsidiary Tektronix for \$2.8 billion. Tektronix is a supplier of test, measurement, and monitoring products, solutions, and services for the communications, computer, consumer electronics, and education industries, as well as military/aerospace, semiconductor, and a broad range of other industries worldwide.

Web site: <http://www.tektronix.com>

Electrical Components Unit Sold. In July 2007, Danaher sold its power quality business to Thomas & Betts Corporation, a designer and manufacturer of electrical components used in industrial, construction, communications, and utility markets, for a cash purchase price of approximately \$280 million.

ChemTreat Acquired. In July 2007, Danaher acquired ChemTreat Inc, a provider of water treatment products and services, for a cash purchase price of approximately \$435 million, including transaction costs and net of cash acquired.

LEM Group Acquired. In December 2004, Danaher agreed to purchase LEM Instruments, a division of Swiss-based LEM Group, for approximately \$57 million in cash, including transaction costs and net of cash acquired. With primary operations in the United Kingdom and Austria, LEM Instruments produces and sells a comprehensive array of electrical measurement solutions used in both commercial and industrial applications. The business generated FY04 revenues of approximately \$45 million and is now part of Danaher's electronic test platform.

Harris Product Lines Acquired. In May 2004, Danaher Corporation purchased the telecom tools, test sets, and test systems product lines from Harris Corporation for approximately \$50 million in cash, including transaction costs and net of cash acquired. Located in Camarillo, California, these business lines generated approximately \$32 million in revenues in FY03, and became part of Danaher's electronic test platform.

McCormick Selph Acquired by Pacific Scientific. In July 2003, Pacific Scientific Energetic Materials Co acquired the assets of McCormick Selph Inc, located in Hollister, California. McCormick Selph is a leader in the linear-formed explosives market segment. Operations are now part of Pacific Scientific Energetic Materials Company.

Teaming/Competition/Joint Ventures

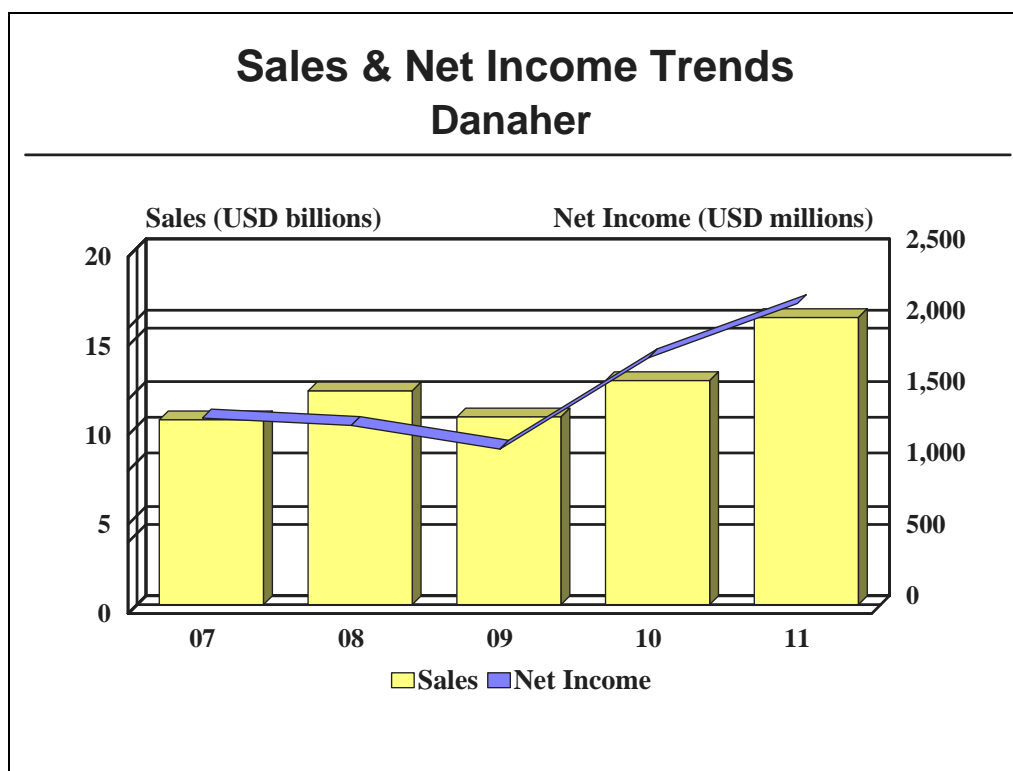
Kollmorgen, Nippon, and Tandon. In 1992, Kollmorgen, Nippon Pulse Motor of Japan, and Tandon Motors of India formed a three-way strategic alliance to

develop and produce stepper and other motors for the industrial, computer, and office automation markets.

Financial Results/Corporate Statistics

Danaher posted 2011 sales of \$16.1 billion, a 28 percent increase from 2010 sales of \$12.5 billion. Net income rose to \$2.17 billion, from 2010 results of \$1.79 billion. The company's latest full-year statistics, restated to its current presentation, are provided below.

Y/E December 31	2006	2007	2008	2009	2010	2011
(USD millions)						
Net Sales	9,466.1	10,358.3	11,980.6	10,516.7	12,550.0	16,090.5
Net Income	1,122.0	1,369.9	1,317.6	1,151.7	1,793.0	2,172.3
R&D Expenditures	440.0	601.4	725.0	600.0	774.0	1,019.0



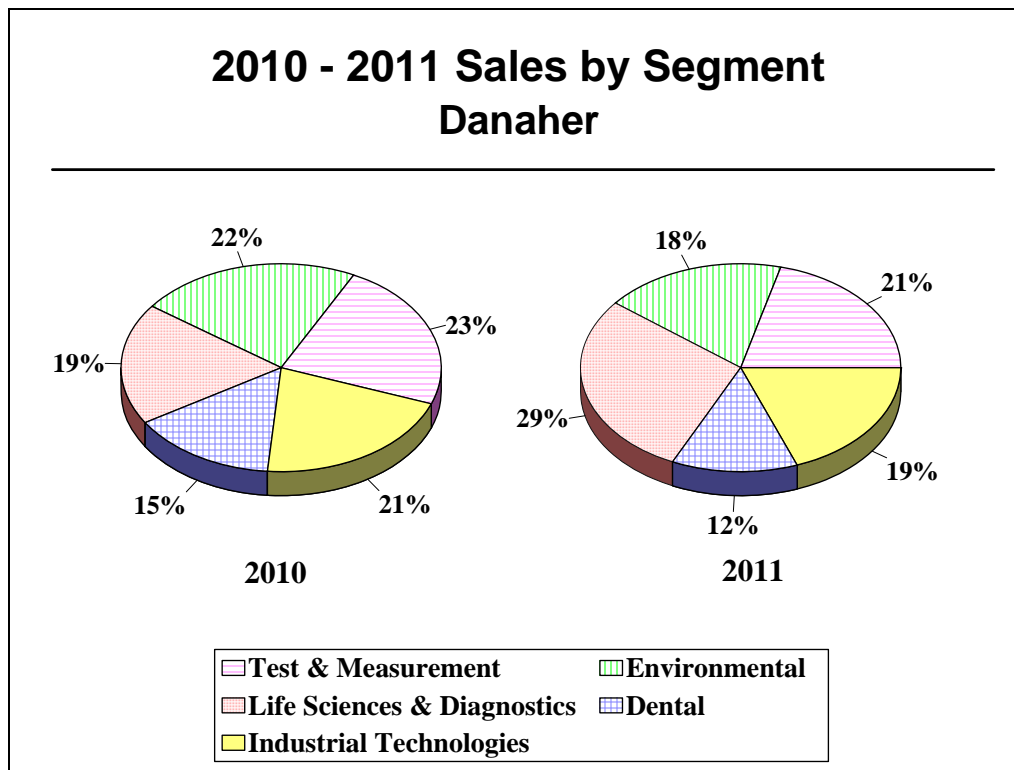
Industry Segments

A breakdown of the firm's sales by business segment for the past three years follows. In some cases, the totals may have been rounded.

SALES	2009	2010	2011
(USD millions)			
Test & Measurement	2,221.3	2,832.9	3,390.9
Environmental	2,418.7	2,738.0	2,939.6
Life Sciences & Diagnostics	1,484.9	2,298.3	4,627.4
Dental	1,657.0	1,824.6	2,011.2
Industrial Technologies	2,126.9	2,540.6	3,121.4
Other	607.9	315.6	0
TOTAL	10,516.7	12,550	16,090.5

Danaher

OPERATING INCOME	2009	2010	2011
(USD millions)			
Test & Measurement	301.4	572.9	751.2
Environmental	471.0	564.3	622.7
Life Sciences & Diagnostics	179.6	227.9	402.3
Dental	215.9	203.3	236.1
Industrial Technologies	297.5	513.3	655.0
Other	63.9	41.5	0
TOTAL	1,529.3	2,123.2	2,667.3



Strategic Outlook

Key to Danaher's recent success is the diversity of its holdings. With operations ranging from hand tools to periscopes, Danaher has spread its risk out over several markets and is not dependent on any single segment to thrive – a definite plus in the current economy.

However, the company has begun to ramp up its acquisitions in the healthcare field. The company purchased AB Sciex in early 2010 and, more recently, added Beckman Coulter to its operations in 2011. Meanwhile, it divested most of its holdings in Pacific Scientific, selling them to U.K.-based Meggitt plc.

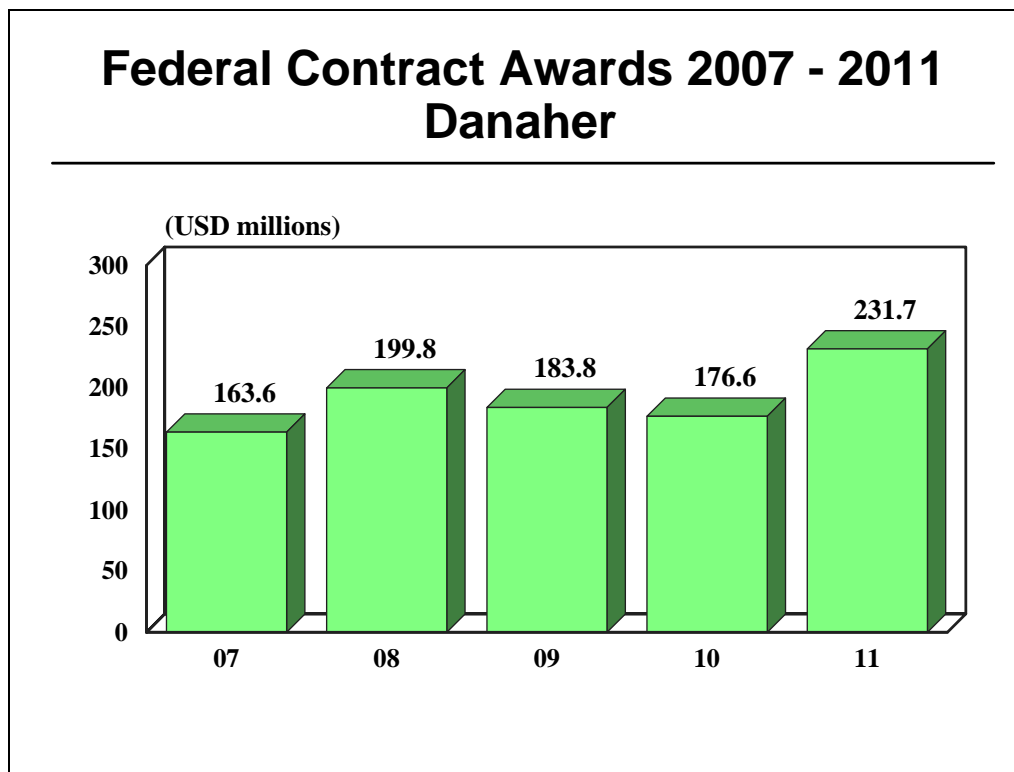
As a result, the company's interest in aerospace and defense has diminished, leading to the divestiture of its interests in Kollmorgen Electro-Optical to L-3 Communications and Pacific Scientific to Meggitt.

With the sale of these operations, the company's presence in the aerospace and defense industry has decreased substantially and thus fallen outside the scope of this service. This report will now be archived.

Prime Award Summary

The following chart and table show the dollar volume of federal prime contract awards and the company's rank (if applicable) among the top 100 recipients for 2007 through 2011. For more information, refer to Appendix I, "Recipients of Federal Contract Awards."

Danaher	2007	2008	2009	2010	2011
Rank	-	-	-	-	-
Total Federal Awards	163.6	199.8	183.8	176.6	231.7



Source: <http://www.usaspending.gov>

Program Activity

Some important aerospace and government programs currently under way at Danaher are listed below. The briefs are intended to provide a listing of programs of major importance to the company. For detailed information on or analyses of specific aerospace and defense programs or equipment, please refer to the appropriate Forecast International binder (for example, *Civil Aircraft, Military Aircraft, Military Vehicles, Warships, Missiles, Electronic Systems, and Aviation Gas Turbines*). The following are the company's business interests:

- Defense electronics
- Electro-optics
- Motors and actuators
- Missile components
- Space system components

Electronic Programs

Integrated Submarine Imaging System

Kollmorgen was awarded the contract for the production of Integrated Submarine Imaging Systems (ISIS) in 2004. ISIS provides mission-critical, all-weather capabilities for SSN-688, SSN-21, and SSGN class submarines.

Kollmorgen Mk 46 EO Director

This is an electro-optical fire control director system designed for anti-surface warfare, splash spotting, damage assessment, target surveillance/identification, naval gun fire support, mine detection, and automatic target tracking. The system was originally designed for the DDG-51 Arleigh Burke class destroyers. Production

Danaher

continues, primarily for installations on U.S. Coast Guard vessels.

Kollmorgen Model 76 Periscopes

This is a family of periscopes suitable for installation on most types of small, medium, and large submarines, mainly sold to non-U.S. markets. The Model 76 family of periscopes is used for surveillance and attack fire control. The modular construction allows for variation and mission specialization for attack as well as search. The Model 76 remains in production. Production of Type 209 and Scorpene class submarines for several nations may be the primary market driver for this system into the next decade.

Kollmorgen Non-Penetrating Periscopes

The Model 86 non-penetrating periscope will be used on the U.S. Navy's Seawolf and New Attack Submarines (NSSN), operating in an all-optronic configuration. Developed to replace traditional periscopes, Kollmorgen's Model 86 is a non-penetrating, two-stage, modular, electro-optical sensor system. Among many other advanced features, the Model 86 offers thermal imaging for day and night viewing, and color television for daylight viewing. It has a built-in, two-axis stabilization feature, intended to eliminate effects of the ship's motion and mast vibration. The system has been installed on the first Virginia class submarine of the U.S. Navy. The Spanish Navy's August 2006 order will help boost production for the international market beginning in 2011. Under the \$73.8 million order, four NPPs will be produced for the Scorpene S-80 submarine. Under the U.S. Navy Submarine Periscope procurement program, through which the NPP was

purchased along with other imaging systems, some \$394.2 million has been budgeted through 2015.

M1 Tank Optics

Kollmorgen Corporation fabricates the M939 gunner's auxiliary sight and primary sight with 3- and 10-power magnification incorporating servo-positioned reticles.

Universal Gunsight

Kollmorgen is building a prototype of a universal gunsight that may be retrofitted to the thousands of older armored vehicles now in service. The company is also working on a proprietary CO2 laser for use in range finding.

Missile Systems

Pacific Scientific Energetic Materials has the world's largest product offering of pyrotechnic devices for missile subsystems. The unit's products play a critical role in seeker, propulsion, launch systems, warhead, and control actuation. The company's igniters are in the propulsion systems of almost every missile program in the U.S. inventory.

Space Systems

Pacific Scientific Energetic Materials also provides launch system components such as the Space Shuttle SRB frangible nut, which is used in hold-down systems and other launch pad applications. Other products include initiators, which are used throughout the propulsion system for launch vehicles and the Space Shuttle, and linear, chemical, and mechanical solutions for stage separation.

U.S. Contract Awards

Below is a listing of major contracts awarded primarily to Kollmorgen from the United States government in the past several years (contracts as of press date).

Date	Award (USD millions)	Contract #	Description
2007			
5/31/07	6.6	N00024-07-C-6227	Eight UMM systems.
12/27/07	8.4	N00024-05-C-6241	Production of three ISIS.
2008			
1/25/08	5.7	N00024-06-C-6248	One BVS-1 photonics mast system.
3/10/08	6.8	N00024-07-C-6227	Nine Virginia class UMM systems.
5/16/08	9.9	N00164-08-D-GP19	Laser initiator system components for the Ground-Based Midcourse Defense System.
5/30/08	9.6	N00024-06-C-6248	Support of photonics mast systems.
6/11/08	7.0	N00024-06-C-6248	Two Virginia class UMM systems.

Danaher

Date	Award (USD millions)	Contract #	Description
7/1/08	8.9	N00024-05-C-4310	Four MK 20 electro-optical sensor systems (EOSSs) for the Navy's CG 47 class Cruiser Modernization Program (CMP), 2 EOSSs for the U.S. Coast Guard WMSL 750 class cutters, and 1 EOSS for the Surface Warfare Engineering facility.
9/29/08	13.3	N00024-05-C-6241	120,000 additional man-hours of engineering services, travel & subsistence, and engineering materials in support of the BVY-1 Integrated Submarine Imaging System (ISIS).
12/5/08	5.7	N00024-06-C-6248	One BVS-1 photonics mast system.
12/11/08	9.3	N66604-09-D-0058	Repair & support services for the BVS-1 & the photonics mast variant photonics imaging system.
12/18/08	7.6	N66604-09-D-0224	Repair, overhaul, and restoration of the Type 2,8,14,15,18, and 22 periscope systems, improved non-penetrating periscopes (INPP), Naval Electronic Surveillance System Infrared Exploitation (NESSIE) & NESSIE Gen II submarine systems, along with new technology periscope imaging systems used on Los Angeles, Seawolf, and NSSN class submarines.
2009			
4/14/09	5.6	N66604-05-C-0572	12 Type 8K Mod 4 periscope assemblies.
6/3/09	6.7	N66604-05-C-0572	Spare parts that include 12 units of infrared modules, 10 Type 8 field change kits, and one operator viewer for the ISIS.
8/27/09	7.3	N00024-07-C-6227	Eight UMM systems.
11/3/09	17.1	N00024-06-C06248	BVS-1 photonics mast sensor units.
2010			
4/2/10	9.0	N00024-05-C-4310	Six Mk 20 EOSSs.
7/7/10	22.6	N66604-10-D-3865	Repair of the BVS-1 & photonics mast variant imaging systems.
12/29/10	41.2	N00024-11-C-6293	Eight BVS-1 photonics mast systems for installation of Virginia class submarines.
2011			
1/3/11	14.7	N00024-07-C-6227	Five UMM systems for Navy submarines.
4/27/11	16.2	N00024-11-C-6293	Engineering services for the photonics mast program.
7/20/11	23.5	N00024-11-C-5447	Fiscal 2011 Mk 20 Mod 0 Electro-Optical Sensor System units.

* * *