DANAHER CORP /DE/
Form 10-K
February 24, 2016
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K
(Mark One)

ý ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2015

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number: 1-8089

DANAHER CORPORATION
(Exact name of registrant as specified in its charter)

Delaware (State or Other Jurisdiction of Incorporation or Organization)	59-1995548 (I.R.S. Employer Identification Number)
2200 Pennsylvania Ave. N.W., Suite 800W Washington, D.C. (Address of Principal Executive Offices)	20037-1701 (Zip Code)

Registrant's telephone number, including area code: 202-828-0850

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange On Which Registered
Common Stock $.01 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
NONE
(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes ý No ¨

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes ¨ No ý

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ý No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ý No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K ¨.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	ý	Accelerated filer	o
Non-accelerated filer	o (Do not check if a smaller reporting company)	Smaller reporting company	o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes ¨ No ý

As of February 9, 2016, the number of shares of Registrant's common stock outstanding was 687,154,521. The aggregate market value of common stock held by non-affiliates of the Registrant on July 3, 2015 was $53.9 billion, based upon the closing price of the Registrant's common stock as quoted on the New York Stock Exchange composite tape on such date.

EXHIBIT INDEX APPEARS ON PAGE 110

DOCUMENTS INCORPORATED BY REFERENCE

Part III incorporates certain information by reference from the Registrant's proxy statement for its 2016 annual meeting of stockholders to be filed pursuant to Regulation 14A within 120 days after Registrant's fiscal year-end. With the exception of the sections of the 2016 Proxy Statement specifically incorporated herein by reference, the 2016 Proxy Statement is not deemed to be filed as part of this Form 10-K.

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INFORMATION RELATING TO FORWARD-LOOKING STATEMENTS

Certain statements included or incorporated by reference in this Annual Report, in other documents we file with or furnish to the Securities and Exchange Commission (“SEC”), in our press releases, webcasts, conference calls, materials delivered to shareholders and other communications, are “forward-looking statements” within the meaning of the United States federal securities laws. All statements other than historical factual information are forward-looking statements, including without limitation statements regarding: projections of revenue, expenses, profit, profit margins, tax rates, tax provisions, cash flows, pension and benefit obligations and funding requirements, our liquidity position or other projected financial measures; management’s plans and strategies for future operations, including statements relating to anticipated operating performance, cost reductions, restructuring activities, new product and service developments, competitive strengths or market position, acquisitions, divestitures, spin-offs, split-offs or other distributions (including the anticipated separation of Danaher into two independent companies in the third quarter of 2016), strategic opportunities, securities offerings, stock repurchases, dividends and executive compensation; growth, declines and other trends in markets we sell into; new or modified laws, regulations and accounting pronouncements; outstanding claims, legal proceedings, tax audits and assessments and other contingent liabilities; foreign currency exchange rates and fluctuations in those rates; general economic and capital markets conditions; the timing of any of the foregoing; assumptions underlying any of the foregoing; and any other statements that address events or developments that Danaher intends or believes will or may occur in the future. Terminology such as “believe,” “anticipate,” “should,” “could,” “intend,” “will,” “plan,” “expect,” “estimate,” “project,” “target,” “may,” “possible,” “potentia “positioned” and similar references to future periods are intended to identify forward-looking statements, although not all forward-looking statements are accompanied by such words. Forward-looking statements are based on assumptions and assessments made by our management in light of their experience and perceptions of historical trends, current conditions, expected future developments and other factors they believe to be appropriate. These forward-looking statements are subject to a number of risks and uncertainties, including but not limited to the risks and uncertainties set forth under “Item 1A. Risk Factors” in this Annual Report.

Forward-looking statements are not guarantees of future performance and actual results may differ materially from the results, developments and business decisions contemplated by our forward-looking statements. Accordingly, you should not place undue reliance on any such forward-looking statements. Forward-looking statements speak only as of the date of the report, document, press release, webcast, call, materials or other communication in which they are made. We do 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.

PART I

ITEM 1. BUSINESS

General

Danaher Corporation designs, manufactures and markets professional, medical, industrial and commercial products and services, which are typically characterized by strong brand names, innovative technology and major market positions. Our research and development, manufacturing, sales, distribution, service and administrative facilities are located in more than 50 countries. Our business consists of five segments: Test & Measurement; Environmental; Life Sciences & Diagnostics; Dental; and Industrial Technologies. We strive to create shareholder value through:

- delivering sales growth, excluding the impact of acquired businesses, in excess of the overall market growth for the types of products and services we provide;
- upper quartile financial performance compared to our peer companies; and
- upper quartile cash flow generation from operations compared to our peer companies.

To accomplish these goals, we use a set of growth, lean and leadership tools and processes, known as the DANAHER BUSINESS SYSTEM (“DBS”), which are designed to continuously improve business performance in the critical areas of quality, delivery, cost, growth and innovation. Within the DBS framework, we pursue a number of ongoing strategic initiatives relating to idea generation, product development and commercialization, global sourcing of materials and services, manufacturing improvement and sales and marketing.

To further these objectives we also acquire businesses that either strategically fit within our existing business portfolio or expand our portfolio into a new and attractive business area. Given the rapid pace of technological development and the specialized expertise typical of our served markets, acquisitions also provide us access to important new technologies and

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domain expertise. We believe there are many acquisition opportunities available within our targeted markets. The extent to which we consummate and effectively integrate appropriate acquisitions will affect our overall growth and operating results. We also continually assess the strategic fit of our existing businesses and may dispose of businesses that are deemed not to fit with our strategic plan or are not achieving the desired return on investment.

Danaher Corporation, originally DMG, Inc., was organized in 1969 as a Massachusetts real estate investment trust. In 1978 it was reorganized as a Florida corporation under the name Diversified Mortgage Investors, Inc. which in a second reorganization in 1980 became a subsidiary of a newly created holding company named DMG, Inc. DMG, Inc. adopted the name Danaher in 1984 and was reincorporated as a Delaware corporation in 1986. In this Annual Report, the terms "Danaher" or the "Company" refer to either Danaher Corporation or to Danaher Corporation and its consolidated subsidiaries, as the context requires.

We have announced our intention to separate our company into two independent, publicly traded companies in the third quarter of 2016. Completion of the separation will create a multi-industry, science and technology growth company that will retain the Danaher name ("New Danaher") and a diversified industrial growth company named Fortive Corporation ("Fortive"). New Danaher will consist of Danaher's existing Life Sciences & Diagnostics (including Pall Corporation ("Pall")) and Dental segments as well as the water quality and product identification businesses, which in aggregate generated approximately $16.5 billion of revenue in 2015 (adjusted to include the full annual revenues of Pall for 2015). Fortive will consist of Danaher's existing Test & Measurement segment, Industrial Technologies segment (excluding the product identification businesses) and retail/commercial petroleum business, which in aggregate generated approximately $6.0 billion of revenue in 2015. The separation is subject to final approval by Danaher's Board of Directors and other customary conditions, and will be in the form of a pro rata distribution to Danaher shareholders of 100% of the outstanding shares of Fortive.

2015 sales by geographic destination (geographic destination refers to the geographic area where the final sale to the Company's customer is made) were: North America, 47% (including 44% in the United States); Europe, 25%; Asia/Australia, 21% and all other regions, 7%. For additional information regarding sales by geography, please refer to Note 19 in the Consolidated Financial Statements included in this Annual Report. The anticipated spin-off of Fortive in the third quarter of 2016 is expected to change the geographic mix of sales for New Danaher, as the New Danaher businesses realize a higher percentage of overall sales from outside North America than the Fortive businesses.

Reportable Segments

The table below describes the percentage of our total annual revenues attributable to each of our five segments over each of the last three years ended December 31, 2015. For additional information regarding sales, operating profit and identifiable assets by segment, please refer to Note 19 in the Consolidated Financial Statements included in this Annual Report.

	2015		2014		2013	
Test & Measurement	13	%	14	%	14	%
Environmental	18	%	19	%	18	%
Life Sciences & Diagnostics	40	%	38	%	38	%
Dental	13	%	11	%	11	%
Industrial Technologies	16	%	18	%	19	%

TEST & MEASUREMENT

Our Test & Measurement segment offers essential products, software and services used to create actionable intelligence by measuring and monitoring a wide range of physical parameters in industrial applications, including electrical current, radio frequency signals, distance, pressure and temperature. 2015 sales for this segment by geographic destination were: North America, 57%; Europe, 15%; Asia/Australia, 22% and all other regions, 6%.

We established our Test & Measurement business in 1998 through the acquisition of Fluke Corporation, and have expanded the business through numerous subsequent acquisitions, including the acquisition of Tektronix in 2007 and Keithley Instruments in 2010. The Test & Measurement segment consists of the following lines of business.

Instruments

Our instruments products include a variety of compact professional test tools, thermal imaging and calibration equipment for electrical, industrial, electronic and calibration applications. These products and associated software solutions measure voltage,

current, resistance, power quality, frequency, pressure, temperature and air quality, among other parameters. Typical users of these products include electrical engineers, electricians, electronic technicians, medical technicians, and industrial service, installation and maintenance professionals. We also sell services and products that help developers and engineers convert concepts into finished products. Our test, measurement and monitoring products are used in the design, manufacturing and development of electronics, industrial, video and other advanced technologies. Typical users of these products and services include research and development engineers who design, de-bug, monitor and validate the function and performance of electronic components, subassemblies and end-products, and video equipment manufacturers, content developers and broadcasters. Products and services are marketed under a variety of brands, including AMPROBE, FLUKE, FLUKE BIOMEDICAL, FLUKE NETWORKS, KEITHLEY, MAXTEK and TEKTRONIX.

Other Businesses

- Professional Tools. We manufacture and distribute professional tools, toolboxes and automotive diagnostic equipment through our network of franchised mobile distributors, who sell primarily to professional mechanics under the MATCO brand. Professional mechanics typically select tools based on relevant innovative features and the other factors described under "—Competition."
- Wheel Service Equipment. We produce a full-line of wheel service equipment including brake lathes, tire changers, wheel balancers, and wheel weights under the AMMCO, BADA and COATS brands. Typical users of these products are automotive tire and repair shops. Sales are generally made through our direct sales personnel and independent distributors. Competition in the wheel service equipment business is based on the factors described under "—Competition."

Test & Measurement segment manufacturing facilities are located in North America, Europe, and Asia.

ENVIRONMENTAL

Our Environmental segment products and services help protect the global water supply, facilitate environmental stewardship, enhance the safety of personal data and improve business efficiencies. 2015 sales for this segment by geographic destination were: North America, 54%; Europe, 20%; Asia/Australia, 15% and all other regions, 11%. Our Environmental segment consists of the following lines of business.

Water Quality

Danaher's water quality business provides instrumentation and disinfection systems to help analyze, treat and manage the quality of ultra-pure, potable, waste, ground and ocean water in residential, commercial, industrial and natural resource applications. We entered the water quality sector in the late 1990's through the acquisitions of Dr. Lange and Hach Company, and have enhanced our geographic coverage and product and service breadth through subsequent acquisitions, including the acquisition of Trojan Technologies Inc. in 2004 and ChemTreat, Inc. in 2007. Our water quality business designs, manufactures and markets:

- a wide range of analytical instruments, software and related consumables and services that detect and measure chemical, physical, and microbiological parameters in ultra-pure, potable, waste, ground and ocean water;
- ultraviolet disinfection systems, which disinfect billions of gallons of municipal, industrial and consumer water every day in more than 35 countries; and
- industrial water treatment solutions, including chemical treatment solutions intended to address corrosion, scaling and biological growth problems in boiler, cooling water and industrial wastewater applications as well as associated analytical services.

Typical users of these products and services include professionals in municipal drinking water and wastewater treatment plants and industrial process water and wastewater treatment facilities, third party testing laboratories and environmental field operations. Customers in these industries choose suppliers based on a number of factors including the customer's existing supplier relationships, product performance and ease of use, the comprehensiveness of the supplier's product offering, after-sales service and support and the other factors described under "—Competition." Our water quality business provides products under a variety of brands, including CHEMTREAT, HACH, HACH/LANGE, MCCROMETER and TROJAN TECHNOLOGIES. Manufacturing facilities are located in North America, Europe, Asia and Latin America. Sales are made through our direct sales personnel, independent representatives and independent distributors.

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Retail/Commercial Petroleum

Danaher's retail/commercial petroleum business is a leading worldwide provider of solutions and services focused on fuel dispensing, remote fuel management, point-of-sale and payment systems, environmental compliance, vehicle tracking and fleet management. We have served the retail/commercial petroleum market since the mid-1980s through our Veeder-Root business, and have enhanced our geographic coverage and product and service breadth through various acquisitions including the acquisitions of Red Jacket in 2001, Gilbarco in 2002, the petroleum dispenser business of Larsen & Toubro in 2010 and ANGI Energy Systems in 2014. The business offers the following products:

- Retail/Commercial Petroleum. Our retail/commercial petroleum products include environmental monitoring and leak detection systems; vapor recovery equipment; fuel dispensers for petroleum and compressed natural gas; point-of-sale and secure electronic payment technologies for retail petroleum stations; submersible turbine pumps; and remote monitoring and outsourced fuel management services, including compliance services, fuel system maintenance, and inventory planning and supply chain support. Typical users of these products include independent and company-owned retail petroleum stations, high-volume retailers, convenience stores, and commercial vehicle fleets. Our retail/commercial petroleum products are marketed under a variety of brands, including ANGI, DOMS, GASBOY, GILBARCO, GILBARCO AUTOTANK and VEEDER-ROOT.
- Telematics. Our telematics products include vehicle tracking and fleet management hardware and software solutions that fleet managers use to position and dispatch vehicles, manage fuel consumption and promote vehicle safety, compliance, operating efficiency and productivity. Typical users of these solutions span a variety of industries and include businesses and other organizations that manage vehicle fleets. Our telematics products are marketed under a variety of brands, including NAVMAN WIRELESS and TELETRAC.

Customers in this line of business choose suppliers based on a number of factors including product features, performance and functionality, the supplier's geographic coverage and the other factors described under "—Competition." Sales are generally made through independent distributors and our direct sales personnel.

Manufacturing facilities are located in North America, Europe, Asia and South America. Sales are generally made through independent distributors and our direct sales personnel.

LIFE SCIENCES & DIAGNOSTICS

Our diagnostics business offers analytical instruments, reagents, consumables, software and services that hospitals, physicians' offices, reference laboratories and other critical care settings use to diagnose disease and make treatment decisions. Our life sciences business offers a broad range of research tools that scientists use to study the basic building blocks of life, including genes, proteins, metabolites and cells in order to understand the causes of disease, identify new therapies and test new drugs and vaccines. As a result of the acquisition of Pall in 2015, the business is also a leading provider of filtration, separation and purification technologies to the biopharmaceutical, food and beverage, medical, aerospace, microelectronics and general industrial segments. 2015 sales for this segment by geographic destination were: North America, 39%; Europe, 27%; Asia/Australia, 28% and all other regions, 6%.

Diagnostics

We established our diagnostics business in 2004 through the acquisition of Radiometer. We have expanded the business through numerous subsequent acquisitions, including the acquisitions of Leica Microsystems in 2005, Vision Systems in 2006, Genetix in 2009, Beckman Coulter in 2011, Iris International and Aperio Technologies in 2012, HemoCue in 2013, Devicor Medical Products in 2014 and the clinical microbiology business of Siemens Healthcare Diagnostics in 2015. The diagnostics business consists of our clinical laboratory (or clinical lab), critical care and anatomical pathology diagnostics businesses.

Our clinical lab business is a leading manufacturer and marketer of biomedical testing instrument systems, tests and supplies that are used to evaluate and analyze samples made up of body fluids, cells and other substances. The information generated is used to diagnose disease, monitor and guide treatment and therapy, assist in managing chronic disease and assess patient status in hospital, outpatient and physicians' office settings. The business offers the following products:

- our chemistry systems use electrochemical detection and chemical reactions with patient samples to detect and quantify substances of diagnostic interest in blood, urine and other body fluids. Commonly performed tests include glucose, cholesterol, triglycerides, electrolytes, proteins and enzymes, as well as tests to detect urinary tract infections and kidney and bladder disease.

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- our immunoassay systems also detect and quantify chemical substances of diagnostic interest in body fluids, particularly in circumstances where more specialized diagnosis is required. Commonly performed immunoassay tests assess thyroid function, screen and monitor for cancer and cardiac risk and provide important information in fertility and reproductive testing.
- our cellular analysis business includes hematology and flow cytometry products. The business' hematology systems use principles of physics, optics, electronics and chemistry to separate cells of diagnostic interest and then quantify and characterize them, allowing clinicians to study formed elements in blood (such as red and white blood cells and platelets). The business' flow cytometry products rapidly sort, identify, categorize and characterize multiple types of cells in suspension, allowing clinicians to determine cell types and characteristics and analyze specific cell populations based on molecular differences.
- our microbiology systems are used for the identification of bacteria and antibiotic susceptibility testing (ID/AST) from human clinical samples, to detect and quantify bacteria related to microbial infections in urine, blood, and other body fluids, and to detect infections such as urinary tract infections, pneumonia and wound infections. Our technology enables direct testing of clinical isolates to ensure reliable detection of resistance to antibiotics.
- we also offer systems and workflow solutions that allow laboratories to automate a number of steps from the pre-analytical through post-analytical stages including sample barcoding/information tracking, centrifugation, aliquotting, storage and conveyance. These systems along with the analyzers described above are controlled through laboratory level software that enables laboratory managers to monitor samples, results and lab efficiency.

Typical users of the business' clinical lab products include hospitals, physician's offices, veterinary laboratories, reference laboratories and pharmaceutical clinical trial laboratories.

Our critical care diagnostics business is a leading worldwide provider of instruments, software and related consumables and services that are used in both laboratory and point-of-care environments to rapidly measure critical parameters, including blood gases, electrolytes, metabolites and cardiac markers, as well as for anemia and high-sensitivity glucose testing. Typical users of these products include hospital central laboratories, intensive care units, hospital operating rooms, hospital emergency rooms, physician's office laboratories and blood banks.

Our anatomical pathology diagnostics business is a leading company in the anatomical pathology market, offering a comprehensive suite of instrumentation and related consumables used across the entire workflow of a pathology laboratory. Our anatomical pathology diagnostics products include minimally invasive, vacuum-assisted breast biopsy instruments; tissue embedding, processing and slicing (microtomes) instruments and related reagents and consumables; chemical and immuno-staining instruments, reagents, antibodies and consumables; slide coverslipping and slide/cassette marking instruments; and imaging instrumentation including slide scanners, microscopes, cameras and software solutions to store, share and analyze pathology images digitally. Typical users of these products include pathologists, lab managers and researchers.

Customers in the diagnostics industry select products based on a number of factors, including product quality and reliability, the scope of tests that can be performed, the accuracy and speed of the product, the product's ability to enhance productivity, total cost of ownership and access to a highly qualified service and support network as well as the other factors described under "—Competition." Our diagnostics business generally markets its products under the APERIO, BECKMAN COULTER, HEMOCUE, IRIS, LEICA BIOSYSTEMS, MAMMATOME, RADIOMETER and SURGIPATH brands. Manufacturing facilities are located in North America, Europe, Asia and Australia. The business sells to customers primarily through direct sales personnel and to a lesser extent through independent distributors.

Life Sciences

We established our life sciences business in 2005 through the acquisition of Leica Microsystems, and have expanded the business through numerous subsequent acquisitions, including the acquisitions of AB Sciex and Molecular Devices in 2010 Beckman Coulter in 2011 and Pall in 2015. The life sciences business consists of the following businesses.

Microscopy—Our microscopy business is a leading global provider of professional microscopes designed to manipulate, preserve and capture images of and enhance the user's visualization and analysis of microscopic structures. Our microscopy products include:

- laser scanning (confocal) microscopes;

- compound microscopes and related equipment;

- surgical and other stereo microscopes; and
- specimen preparation products for electron microscopy.

Typical users of these products include research, medical and surgical professionals operating in research and pathology laboratories, academic settings and surgical theaters.

Mass Spectrometry—Our mass spectrometry business is a leading global provider of high-end mass spectrometers. Mass spectrometry is a technique for identifying, analyzing and quantifying elements, chemical compounds and biological molecules, individually or in complex mixtures. Our products utilize various combinations of quadrupole, time-of-flight and ion trap technologies, and are typically used in conjunction with a liquid chromatography instrument. Our mass spectrometer systems are used in numerous applications such as drug discovery and clinical development of therapeutics as well as in basic research, clinical testing, food and beverage quality testing and environmental testing. To support our installations around the world, we provide implementation, validation, training, maintenance and support from our global services network. Typical users of our mass spectrometry products include molecular biologists, bioanalytical chemists, toxicologists, and forensic scientists as well as quality assurance and quality control technicians. We also provide high-performance bioanalytical measurement systems, including microplate readers, automated cellular screening products and associated reagents, and imaging software. Typical users of these products include biologists and chemists engaged in research and drug discovery, who use these products to determine electrical or chemical activity in cell samples.

We also offer workflow instruments and consumables that help researchers analyze genomic, protein and cellular information. Key product areas include sample preparation equipment such as centrifugation and capillary electrophoresis instrumentation and consumables; liquid handling automation instruments and associated consumables; flow cytometry instrumentation and associated antibodies and reagents; and particle characterization instrumentation. Researchers use the business' products to study biological function in the pursuit of basic research, as well as therapeutic and diagnostic development. Typical users of these products include pharmaceutical and biotechnology companies, universities, medical schools and research institutions and in some cases industrial manufacturers.

Filtration—We entered the filtration, separation and purification technologies segment in 2015 through the acquisition of Pall. Pall is a leading provider of products used to remove solid, liquid and gaseous contaminants from a variety of liquids and gases, consisting primarily of filtration consumables and to a lesser extent systems that incorporate filtration consumables and associated hardware. Pall's core materials and technologies can be applied in many ways to solve complex fluid separation challenges, and are sold across a wide array of applications in two primary business groups:

- Life Sciences. Pall's life sciences technologies facilitate the process of drug discovery, development, regulatory validation and production and are sold to biopharmaceutical, food and beverage and medical customers. In the biopharmaceutical area, we sell a broad line of filtration and purification technologies, associated hardware and engineered systems primarily to pharmaceutical and biotechnology companies for use in the development and commercialization of chemically synthesized and biologically derived drugs, plasma and vaccines. Biotechnology drugs, plasma and biologically derived vaccines in particular are filtration and purification intensive and represent a significant area of growth for Pall in the biopharmaceutical area. In the food and beverage area, we serve the filtration needs of the beer, wine, dairy, alcohol-free beverage, bottled water, and food ingredient markets, helping customers ensure the quality and safety of their products while lowering operating costs and minimizing waste. In the medical area, hospitals use our breathing circuit and intravenous filters and water filters to help control the spread of infections.
- Industrial. Virtually all of the raw materials, process fluids and waste streams that course through industry are candidates for multiple stages of filtration, separation and purification. Pall's industrial technologies enhance the quality and efficiency of manufacturing processes and keep equipment such as airplanes and manufacturing equipment running efficiently for process technologies, aerospace and microelectronics customers. The process technologies area consists of a broad range of end-markets, including producers and users of energy, oil, gas, renewable and alternative fuels, power, chemicals and water, as well as producers of mobile equipment and trucks, pulp and paper, automobiles and metals. Within these end-markets, demand is driven by end users and original equipment manufacturers ("OEM") working to increase production and efficiency, reduce costs, produce cleaner

burning fuels, conserve water, meet environmental regulations and develop alternative fuel sources. In the aerospace area, we sell filtration and fluid monitoring equipment to the aerospace industry for use on commercial and military aircraft, marine and land-based military vehicles to help protect critical systems and components. In the microelectronics area, we sell highly sophisticated filtration and purification technologies for the semiconductor, data storage, graphic arts, advanced display and electronic components markets, including contamination control solutions for chemical, gas, water, chemical mechanical polishing and photolithography processes.

Customers served by our life sciences business select products based on a number of factors, including product quality and reliability, innovation (particularly productivity and sensitivity improvements), the product's capacity to enhance productivity, product performance and ergonomics, access to a service and support network and the other factors described under "—Competition." Our life sciences business generally markets its products under the BECKMAN COULTER, LEICA MICROSYSTEMS, MOLECULAR DEVICES, PALL and SCIEX brands. Manufacturing facilities are located in Europe, Australia, Asia and North America. The business sells to customers through direct sales personnel and independent distributors.

DENTAL

Our Dental segment provides products that are used to diagnose, treat and prevent disease and ailments of the teeth, gums and supporting bone, as well as to improve the aesthetics of the human smile. We are a leading worldwide provider of a broad range of dental consumables, equipment and services, and are dedicated to driving technological innovations that help dental professionals improve clinical outcomes and enhance productivity. 2015 sales for this segment by geographic destination were: North America, 51%; Europe, 30%; Asia/Australia, 13% and all other regions, 6%.

We entered the dental business in 2004 through the acquisitions of KaVo and Gendex and have enhanced our geographic coverage and product and service breadth through subsequent acquisitions, including the acquisition of Sybron Dental Specialties in 2006, PaloDEx Group Oy in 2009 and Nobel Biocare Holding AG ("Nobel Biocare") in 2014. Today, our dental businesses develop, manufacture and market the following dental consumables and dental equipment:

- implant systems and dental prosthetics;
- orthodontic bracket systems and lab products;
- endodontic systems and related consumables;
- restorative materials and instruments including rotary burrs, impression materials, bonding agents and cements;
- infection prevention products;
- digital imaging systems and software and other visualization and magnification systems;
- air and electric handpieces and associated consumables; and
- treatment units.

Typical customers and users of these products include general dentists, dental specialists, dental hygienists, dental laboratories and other oral health professionals, as well as educational, medical and governmental entities. Dental professionals choose dental products based on a number of factors including product performance, the product's capacity to enhance productivity and the other factors described under "—Competition." Our dental products are marketed primarily under the DEXIS, GENDEX, iCAT, IMPLANT DIRECT, INSTRUMENTARIUM DENTAL, KAVO, KERR, NOBEL BIOCARE, ORMCO, PELTON & CRANE, PENTRON, SOREDEX, SYBRON ENDO and TOTAL CARE brands. Manufacturing facilities are located in Europe, North America, South America and Asia. Sales are primarily made through independent distributors and, to a lesser extent, through direct sales personnel.

INDUSTRIAL TECHNOLOGIES

Our Industrial Technologies solutions help protect the world's food supply, improve packaging design and quality, verify pharmaceutical dosages and authenticity and power innovative machines. Our product identification businesses develop and manufacture equipment, consumables and software for various printing, marking, coding, packaging, design and color management applications on consumer and industrial products. Our automation business provides electromechanical and electronic motion control products for the automation market. 2015 sales for this segment by geographic destination were: North America, 47%; Europe, 28%; Asia/Australia, 17% and all other regions, 8%. Our Industrial Technologies segment consists of the following lines of business.

Product Identification

We entered the product identification market through the acquisition of Videojet in 2002, and have expanded our product and geographic coverage through various subsequent acquisitions, including the acquisitions of Willett International Limited in 2003, Linx Printing Technologies PLC in 2005, EskoArtwork in 2011 and X-Rite in 2012. Our product identification businesses design, manufacture, and market the following products and services:

- we provide a variety of equipment used to print bar codes, date codes, lot codes and other information on primary and secondary packaging. Our equipment can apply high-quality alphanumeric codes, logos and graphics to a wide range of surfaces at a variety of line speeds, angles and locations on a product or package.
- we are a leading global supplier of integrated solutions for packaging, sign and display finishing, commercial printing and professional publishing. We provide software for artwork creation, structural design, workflow automation, quality assurance and online collaboration, flexo computer-to-plate imagers and digital finishing systems.
- we provide innovative color solutions through measurement systems, software, color standards and related services. Our expertise in inspiring, selecting, measuring, formulating, communicating and matching color helps users improve the quality and effectiveness of their products and reduce costs.

Typical users of the product identification business' products include food and beverage manufacturers, pharmaceutical manufacturers, retailers, commercial printing, packaging and mailing operations, graphic design firms, and paints, plastics and textile manufacturers. Customers in this industry choose suppliers based on a number of factors, including printer speed and accuracy, equipment uptime and reliable operation without interruption, ease of maintenance, service coverage and the other factors described under "—Competition." Our product identification products are primarily marketed under the ESKO, FOBA, LINX, PANTONE, VIDEOJET and X-RITE brands. Manufacturing facilities are located in North America, Europe, South America, and Asia. Sales are generally made through our direct sales personnel and independent distributors.

Automation

We entered the automation control industry through the acquisition of Pacific Scientific Company in 1998, and subsequently expanded our product and geographic breadth with the acquisitions of American Precision Industries, Kollmorgen Corporation and the motion businesses of Warner Electric Company in 2000 and Thomson Industries in 2002, among others. Our automation businesses provide a wide range of electromechanical and electronic motion control products (including standard and custom motors, drives and controls) and mechanical components (such as ball screws, linear bearings, clutches/brakes and linear actuators). The automation products are sold in various precision motion markets, such as the markets for packaging equipment, medical equipment, metal forming equipment, robotics and food and beverage processing applications. Customers are typically systems integrators who use our products in production and packaging lines and OEMs that integrate our products into their machines and systems. Customers in this industry choose suppliers based on a number of factors, including product performance, the breadth of the supplier's product offering, the geographic coverage offered by the supplier and the other factors described under "—Competition." Products in this business are marketed under a variety of brands, including DYNAPAR, HENGSTLER, KOLLMORGEN, PORTESCAP and THOMSON. Manufacturing facilities are located in North America, Europe, Asia and Latin America. Sales are generally made through our direct sales personnel and independent distributors.

Other Businesses

Our sensors & controls business offers devices that sense, monitor and control operational or manufacturing variables, such as temperature, pressure, level, flow, turbidity and conductivity. Users of these products span a wide variety of industrial and manufacturing markets, including medical equipment, food and beverage, marine, industrial, off-highway vehicles, building automation and semiconductors. The business also makes and sells instruments, controls and monitoring systems used by maintenance departments in electric utilities and industrial facilities to monitor assets, including transformers, generators, motors and switchgear. Our competitive advantage in the markets we serve is based on our ability to apply advanced sensing technologies to a variety of customer needs, many of which are in demanding operating environments. Our modular products and agile supply chain enable rapid customization of solutions for unique operational requirements and which meet the lead-time needs of our customers. Competition in the business is based on a number of factors, including technology, application design expertise, lead time, channels of distribution, brand awareness, as well as the other factors described under "—Competition." Products in this business are primarily marketed under a variety of brands, including ANDERSON-NEGELE, GEMS SENSORS, QUALITROL and SETRA. Sales in the segment are generally made through direct sales personnel and independent distributors.

Our energetic materials business designs, develops, manufactures and markets critical, highly-engineered energetic materials components in specialized vertical applications. Customers in this industry choose suppliers based on a number of factors, including the supplier's experience with the particular technology or application and the other factors described under "—Competition." These products are typically marketed under the PACIFIC SCIENTIFIC ENERGETIC MATERIALS COMPANY brand.

We are also a leading worldwide supplier of supplemental braking systems for commercial vehicles, selling JAKE BRAKE brand engine retarders for class 6 through 8 vehicles and bleeder and exhaust brakes for class 3 through 7 vehicles. Customers are primarily major OEMs of class 3 through class 8 vehicles, and typically choose suppliers based on their technical expertise and total cost of ownership. Sales are typically made through our direct sales personnel.

Manufacturing facilities of our sensors & controls, energetic materials and supplemental braking businesses are located in North America, South America, Europe and Asia.

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The following discussion includes information common to all of our segments.

Materials

Our manufacturing operations employ a wide variety of raw materials, including steel, copper, cast iron, electronic components, aluminum, plastics and other petroleum-based products. Prices of oil and gas also affect our costs for freight and utilities. We purchase raw materials from a large number of independent sources around the world. No single supplier is material, although for some components that require particular specifications or qualifications there may be a single supplier or a limited number of suppliers that can readily provide such components. We utilize a number of techniques to address potential disruption in and other risks relating to our supply chain, including in certain cases the use of safety stock, alternative materials and qualification of multiple supply sources. During 2015 we had no raw material shortages that had a material effect on our business. For a further discussion of risks related to the materials and components required for our operations, please refer to "Item 1A. Risk Factors."

Intellectual Property

We own numerous patents, trademarks, copyrights, trade secrets and licenses to intellectual property owned by others. Although in aggregate our intellectual property is important to our operations, we do not consider any single patent, trademark, copyright, trade secret or license to be of material importance to any segment or to the business as a whole. From time to time we engage in litigation to protect our intellectual property rights. For a discussion of risks related to our intellectual property, please refer to "Item 1A. Risk Factors." All capitalized brands and product names throughout this document are trademarks owned by, or licensed to, Danaher.

Competition

Although our businesses generally operate in highly competitive markets, our competitive position cannot be determined accurately in the aggregate or by segment since none of our competitors offer all of the same product and service lines or serve all of the same markets as we do. Because of the range of the products and services we sell and the variety of markets we serve, we encounter a wide variety of competitors, including well-established regional competitors, competitors who are more specialized than we are in particular markets, as well as larger companies or divisions of larger companies with substantial sales, marketing, research, and financial capabilities. We are facing increased competition in a number of our served markets as a result of the entry of new, large companies into certain markets, the entry of competitors based in low-cost manufacturing locations, and increasing consolidation in particular markets. The number of competitors varies by product and service line. Our management believes that we have a market leadership position in many of the markets we serve. Key competitive factors vary among our businesses and product and service lines, but include the specific factors noted above with respect to each particular business and typically also include price, quality, delivery speed, service and support, innovation, distribution network, breadth of product, service and software offerings and brand name recognition. For a discussion of risks related to competition, please refer to "Item 1A. Risk Factors."

Seasonal Nature of Business

General economic conditions impact our business and financial results, and certain of our businesses experience seasonal and other trends related to the industries and end markets that they serve. For example, European sales are often weaker in the summer months, sales to the United States government are typically stronger in the third calendar quarter, medical and capital

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equipment sales are often stronger in the fourth calendar quarter and sales to OEMs are often stronger immediately preceding and following the launch of new products. However, as a whole, we are not subject to material seasonality.

Working Capital

We maintain an adequate level of working capital to support our business needs. There are no unusual industry practices or requirements relating to working capital items. In addition, our sales and payment terms are generally similar to those of our competitors.

Backlog

The following sets forth the unfulfilled orders attributable to each of our five segments as of December 31 ($ in millions):

	2015	2014
Test & Measurement	$174.2	$170.6
Environmental	655.6	643.1
Life Sciences & Diagnostics	1,188.6	447.2
Dental	49.8	67.5
Industrial Technologies	600.8	638.1
Total	$2,669.0	$1,966.5

We expect that a large majority of the unfilled orders as of December 31, 2015 will be delivered to customers within three to four months of such date. Given the relatively short delivery periods and rapid inventory turnover that are characteristic of most of our products and the shortening of product life cycles, we believe that backlog is indicative of short-term revenue performance but not necessarily a reliable indicator of medium or long-term revenue performance.

Employee Relations

As of December 31, 2015, we employed approximately 81,000 persons, of whom approximately 32,000 were employed in the United States and approximately 49,000 were employed outside of the United States. Of our United States employees, approximately 1,700 were hourly-rated, unionized employees. Outside the United States, we have government-mandated collective bargaining arrangements and union contracts in certain countries, particularly in Europe where many of our employees are represented by unions and/or works councils. For a discussion of risks related to employee relations, please refer to "Item 1A. Risk Factors."

Research and Development

The following sets forth our research and development expenditures over each of the last three years ended December 31, by segment and in the aggregate ($ in millions):

	2015	2014	2013
Test & Measurement	$208.1	$214.1	$216.3
Environmental	188.6	182.7	166.8
Life Sciences & Diagnostics	554.6	506.5	476.4
Dental	133.8	82.4	75.3
Industrial Technologies	154.0	171.3	169.6
Total	$1,239.1	$1,157.0	$1,104.4

We conduct research and development activities for the purpose of developing new products, enhancing the functionality, effectiveness, ease of use and reliability of our existing products and expanding the applications for which uses of our products are appropriate. Our research and development efforts include internal initiatives and those that use licensed or acquired technology. The Company generally conducts research and development activities on a business-by-business basis, primarily in North America, Europe and Asia, although it does conduct certain research and development activities on a centralized basis. We anticipate that we will continue to make significant expenditures for research and development as we seek to provide a continuing flow of innovative products to maintain and improve our competitive position. For a discussion of the risks related to the need to develop and commercialize new products and product enhancements, please refer to "Item 1A. Risk Factors." Customer-sponsored research and development was not significant in 2015, 2014 or 2013.

Government Contracts

Although the substantial majority of our revenue in 2015 was from customers other than governmental entities, each of our segments has agreements relating to the sale of products to government entities. As a result, we are subject to various statutes and regulations that apply to companies doing business with governments. For a discussion of risks related to government contracting requirements, please refer to "Item 1A. Risk Factors."

Regulatory Matters

We face extensive government regulation both within and outside the United States relating to the development, manufacture, marketing, sale and distribution of our products, software and services. The following sections describe certain significant regulations that we are subject to. These are not the only regulations that our businesses must comply with. For a description of the risks related to the regulations that our businesses are subject to, please refer to "Item 1A. Risk Factors."

Environmental Laws and Regulations

For a discussion of the environmental laws and regulations that our operations, products and services are subject to and other environmental contingencies, please refer to Note 16 in the Consolidated Financial Statements included in this Annual Report. For a discussion of risks related to compliance with environmental and health and safety laws and risks related to past or future releases of, or exposures to, hazardous substances, please refer to "Item 1A. Risk Factors."

Medical Device and Other Health Care Regulations

Certain of our products are classified as medical devices under the United States Food, Drug, and Cosmetic Act (the "FDCA"). The FDCA requires these products, when sold in the United States, to be safe and effective for their intended use and to comply with the regulations administered by the United States Food and Drug Administration ("FDA"). Our medical device products are also regulated by comparable agencies in non-U.S. countries where our products are sold. The FDA's regulatory requirements include:

- Establishment Registration. We must register with the FDA each facility where regulated products are developed or manufactured. The FDA periodically inspects these facilities.
- Marketing Authorization. We must obtain FDA authorization to begin marketing a regulated, 510(k)-non-exempted product in the United States. For some of our products, this authorization is obtained by submitting a 510(k) pre-market notification, which generally provides data on the performance of the product to allow the FDA to determine substantial equivalence to a product already in commercial distribution in the United States. Other of our products must go through a formal pre-market approval process which includes the review of non-clinical laboratory studies and clinical investigations, as well as an inspection by the FDA prior to market approval.
- Quality Systems. We are required to establish a quality system that includes procedures for ensuring regulated products are developed, manufactured and distributed in accordance with specified standards. We also must establish procedures for investigating and responding to customer complaints regarding the performance of regulated products.
- Labeling. The labeling for the products must contain specified information. In some cases, the FDA must review and approve the labeling and any quality assurance protocols specified in the labeling.
- Imports and Exports. The FDCA establishes requirements for importing products into and exporting products from the United States. In general, any limitations on importing and exporting products apply only to products that have not received marketing authorization.
- Post-Market Reporting. After regulated products have been distributed to customers, we may receive product complaints requiring us to investigate and report to the FDA certain events involving the products. We also must notify the FDA when we conduct recalls involving our products.

In the European Union, a single regulatory approval process exists, and conformity with such approval process is represented by the CE mark. To obtain a CE mark, medical devices must meet minimum standards of performance, safety, and quality (known as the essential requirements), and then, according to their classification, comply with one or more of a selection of conformity assessment routes. An organization accredited by an EU Member State to certify whether a product meets the essential requirements, also known as a notified body, assesses the quality management systems of the device's manufacturer

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and the device's conformity to the essential and other requirements within the medical device directive or in vitro diagnostic directive. Our medical device companies are also subject to inspection by notified bodies for compliance. The competent authorities of the EU countries, generally in the form of their ministries or departments of health, oversee the clinical research for medical devices and are responsible for market surveillance of products once they are placed on the market. We are required to report device failures and injuries potentially related to product use to these authorities in a timely manner.

A number of other countries, including Australia, Brazil, Canada, China and Japan, have also adopted or are in the process of adopting regulations and standards for medical devices sold in those countries.

We are also subject to various health care related laws regulating fraud and abuse, pricing and sales and marketing practices and the privacy and security of health information, including the United States federal regulations described below. Many states, foreign countries and supranational bodies have also adopted laws and regulations similar to, and in some cases more stringent than, the federal regulations discussed above and below.

- The Federal Anti-Kickback Statute prohibits persons from knowingly and willfully soliciting, offering, receiving or providing remuneration, directly or indirectly, in exchange for or to induce either the referral of an individual, or the furnishing or arranging for a good or service, for which payment may be made under a federal health care program, such as Medicare or Medicaid.
- The Health Insurance Portability and Accountability Act of 1996 ("HIPAA") prohibits knowingly and willfully (1) executing a scheme to defraud any health care benefit program, including private payors, or (2) falsifying, concealing or covering up a material fact or making any materially false, fictitious or fraudulent statement in connection with the delivery of or payment for health care benefits, items or services. In addition, HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009, also restricts the use and disclosure of patient-identifiable health information, mandates the adoption of standards relating to the privacy and security of patient-identifiable health information and requires us to report certain security breaches with respect to such information.
- The False Claims Act imposes liability on any person or entity that, among other things, knowingly presents, or causes to be presented, a false or fraudulent claim for payment by a federal health care program. The qui tam provisions of the False Claims Act allow a private individual to bring actions on behalf of the federal government alleging that the defendant has submitted a false claim to the federal government, and to share in any monetary recovery.
- The Physician Payments Sunshine Act requires manufacturers of medical devices covered under Medicare and Medicaid to record transfers of value to physicians and teaching hospitals and to report this data to the Centers for Medicare and Medicaid Services for subsequent public disclosure. Similar reporting requirements have also been enacted on the state level, and an increasing number of countries worldwide either have adopted or are considering similar laws requiring transparency of interactions with health care professionals.

In addition, certain of our products utilize radioactive material, and we are subject to federal, state, local and non-U.S. regulations governing the management, storage, handling and disposal of these materials. For a discussion of risks related to our regulation by the FDA and comparable agencies of other countries, and the other regulatory regimes referenced above, please refer to "Item 1A. Risk Factors."

Export/Import Compliance

We are required to comply with various U.S. export/import control and economic sanctions laws, including:

- the International Traffic in Arms Regulations administered by the U.S. Department of State, Directorate of Defense Trade Controls, which, among other things, imposes license requirements on the export from the United States of defense articles and defense services (which are items specifically designed or adapted for a military application and/or listed on the United States Munitions List);
- the Export Administration Regulations administered by the U.S. Department of Commerce, Bureau of Industry and Security, which, among other things, impose licensing requirements on the export or re-export of certain dual-use goods, technology and software (which are items that potentially have both commercial and military applications);

- the regulations administered by the U.S. Department of Treasury, Office of Foreign Assets Control, which implement economic sanctions imposed against designated countries, governments and persons based on United States foreign policy and national security considerations; and
- the import regulatory activities of the U.S. Customs and Border Protection.

Other nations' governments have implemented similar export and import control regulations, which may affect our operations or transactions subject to their jurisdictions. For a discussion of risks related to export/import control and economic sanctions laws, please refer to "Item 1A. Risk Factors."

International Operations

Our products and services are available worldwide, and our principal markets outside the United States are in Europe and Asia. We also have operations around the world, and this geographic diversity allows us to draw on the skills of a worldwide workforce, provides greater stability to our operations, allows us to drive economies of scale, provides revenue streams that may help offset economic trends that are specific to individual economies and offers us an opportunity to access new markets for products. In addition, we believe that our future growth depends in part on our ability to continue developing products and sales models that successfully target emerging markets (also referred to in this Report as "high-growth markets"). The Company defines high-growth markets as developing markets of the world experiencing rapid growth in gross domestic product and infrastructure which includes Eastern Europe, the Middle East, Africa, Latin America and Asia (with the exception of Japan and Australia).

The table below describes annual revenue derived from customers outside the United States as a percentage of total annual revenue for the year ended December 31, by segment and in the aggregate, based on geographic destination:

	2015		2014		2013	
Test & Measurement	46	%	48	%	49	%
Environmental	50	%	54	%	57	%
Life Sciences & Diagnostics	63	%	65	%	65	%
Dental	54	%	54	%	53	%
Industrial Technologies	56	%	57	%	57	%
Total percentage of revenue derived from customers outside of the United States	56	%	58	%	58	%

The table below describes long-lived assets located outside the United States as of December 31, as a percentage of total long-lived assets, by segment and in the aggregate (including assets held for sale):

	2015		2014		2013	
Test & Measurement	20	%	18	%	20	%
Environmental	35	%	37	%	38	%
Life Sciences & Diagnostics	52	%	45	%	48	%
Dental	40	%	46	%	33	%
Industrial Technologies	37	%	34	%	37	%
Total percentage of long-lived assets located outside of the United States	46	%	39	%	39	%

For additional information related to revenues and long-lived assets by country, please refer to Note 19 to the Consolidated Financial Statements and for information regarding deferred taxes by geography, please refer to Note 12 to the Consolidated Financial Statements.

The manner in which our products and services are sold outside the United States differs by business and by region. Most of our sales in non-U.S. markets are made by our subsidiaries located outside the U.S., though we also sell directly from the U.S. into non-U.S. markets through various representatives and distributors and, in some cases, directly. In countries with low sales volumes, we generally sell through representatives and distributors.

Financial information about our international operations is contained in Note 19 of the Consolidated Financial Statements and information about the effects of foreign currency fluctuations on our business is set forth in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations." For a discussion of risks related to our non-U.S. operations and foreign currency exchange, please refer to "Item 1A. Risk Factors."

Major Customers

No customer accounted for more than 10% of consolidated sales in 2015, 2014 or 2013.

Available Information

We maintain an internet website at www.danaher.com. We make available free of charge on the website our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K and amendments to those reports, filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after filing such material with, or furnishing such material to, the SEC. Our Internet site and the information contained on or connected to that site are not incorporated by reference into this Form 10-K.

ITEM 1A. RISK FACTORS

You should carefully consider the risks and uncertainties described below, together with the information included elsewhere in this Annual Report on Form 10-K and other documents we file with the SEC. The risks and uncertainties described below are those that we have identified as material, but are not the only risks and uncertainties facing us. Our business is also subject to general risks and uncertainties that affect many other companies, such as market conditions, economic conditions, geopolitical events, changes in laws or accounting rules, fluctuations in interest rates, terrorism, wars or conflicts, major health concerns, natural disasters or other disruptions of expected business conditions. Additional risks and uncertainties not currently known to us or that we currently believe are immaterial also may impair our business, including our results of operations, liquidity and financial condition.

We are pursuing a plan to separate into two independent publicly traded companies. The proposed separation may not be completed on the currently contemplated timeline or at all and may not achieve the intended benefits.

We have announced a plan to separate into two independent public companies in the third quarter of 2016 through a spin-off of certain of our businesses. Unanticipated developments, including possible delays in obtaining various tax rulings, regulatory approvals or clearances and trade qualifications, uncertainty of the financial markets and challenges in establishing infrastructure or processes, could delay or prevent the proposed separation or cause the proposed separation to occur on terms or conditions that are less favorable and/or different than expected. Even if the transaction is completed, we may not realize some or all of the anticipated benefits from the spin-off. Expenses incurred to accomplish the proposed separation may be significantly higher than what we currently anticipate. Executing the proposed separation also requires significant time and attention from management, which could distract them from other tasks in operating our business. Following the proposed separation, the combined value of the common stock of the two publicly-traded companies may not be equal to or greater than what the value of our common stock would have been had the proposed separation not occurred.

Conditions in the global economy, the markets we serve and the financial markets may adversely affect our business and financial statements.

Our business is sensitive to general economic conditions. Slower global economic growth, actual or anticipated default on sovereign debt, volatility in the currency and credit markets, high levels of unemployment or underemployment, reduced levels of capital expenditures, changes in government fiscal and monetary policies, changes in capital requirements for financial institutions, government deficit reduction and budget negotiation dynamics, sequestration, austerity measures and other challenges that affect the global economy adversely affect the Company and its distributors, customers and suppliers, including having the effect of:

- reducing demand for our products (in this Item 1A, references to products also includes software) and services,
- limiting the financing available to our customers and suppliers, increasing order cancellations and resulting in longer sales cycles and slower adoption of new technologies;
- increasing the difficulty in collecting accounts receivable and the risk of excess and obsolete inventories;
- increasing price competition in our served markets;
- supply interruptions, which could disrupt our ability to produce our products;

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- increasing the risk of impairment of goodwill and other long-lived assets, and the risk that we may not be able to fully recover the value of other assets such as real estate and tax assets; and
- increasing the risk that counterparties to our contractual arrangements will become insolvent or otherwise unable to fulfill their contractual obligations which, in addition to increasing the risks identified above, could result in preference actions against us.

Although we have been able to continue accessing the commercial paper and other capital markets through the date of this report, there can be no assurances that such markets will remain available to us or that the lenders participating in our revolving credit facilities will be able to provide financing in accordance with their contractual obligations.
If growth in the global economy or in any of the markets we serve slows for a significant period, if there is significant deterioration in the global economy or such markets or if improvements in the global economy don't benefit the markets we serve, our business and financial statements could be adversely affected.
Our restructuring actions could have long-term adverse effects on our business.
In recent years, we have implemented multiple, significant restructuring activities across our businesses to adjust our cost structure, and we may engage in similar restructuring activities in the future. These restructuring activities and our regular ongoing cost reduction activities (including in connection with the integration of acquired businesses) reduce our available talent, assets and other resources and could slow improvements in our products and services, adversely affect our ability to respond to customers and limit our ability to increase production quickly if demand for our products increases. In addition, delays in implementing planned restructuring activities or other productivity improvements, unexpected costs or failure to meet targeted improvements may diminish the operational or financial benefits we expect to realize from such actions. Any of the circumstances described above could adversely impact our business and financial statements.
Our growth could suffer if the markets into which we sell our products and services decline, do not grow as anticipated or experience cyclicality.
Our growth depends in part on the growth of the markets which we serve, and visibility into our markets is limited (particularly for markets into which we sell through distribution). Our quarterly sales and profits depend substantially on the volume and timing of orders received during the fiscal quarter, which are difficult to forecast. Any decline or lower than expected growth in our served markets could diminish demand for our products and services, which would adversely affect our financial statements. Certain of our businesses operate in industries that may experience periodic, cyclical downturns. In addition, in certain of our businesses demand depends on customers' capital spending budgets as well as government funding policies, and matters of public policy and government budget dynamics as well as product and economic cycles can affect the spending decisions of these entities. Demand for our products and services is also sensitive to changes in customer order patterns, which may be affected by announced price changes, changes in incentive programs, new product introductions and customer inventory levels. Any of these factors could adversely affect our growth and results of operations in any given period.
We face intense competition and if we are unable to compete effectively, we may experience decreased demand and decreased market share. Even if we compete effectively, we may be required to reduce prices for our products and services.
Our businesses operate in industries that are intensely competitive and have been subject to increasing consolidation. Because of the range of the products and services we sell and the variety of markets we serve, we encounter a wide variety of competitors; please see “Item 1. Business - Competition” for additional details. In order to compete effectively, we must retain longstanding relationships with major customers and continue to grow our business by establishing relationships with new customers, continually developing new products and services to maintain and expand our brand recognition and leadership position in various product and service categories and penetrating new markets, including high-growth markets. Our failure to compete effectively and/or pricing pressures resulting from competition may adversely impact our financial statements, and our expansion into new markets may result in greater-than-expected risks, liabilities and expenses.

Our growth depends in part on the timely development and commercialization, and customer acceptance, of new and enhanced products and services based on technological innovation.

We generally sell our products and services in industries that are characterized by rapid technological changes, frequent new product introductions and changing industry standards. If we do not develop innovative new and enhanced products and services on a timely basis, our offerings will become obsolete over time and our competitive position and financial statements will suffer. Our success will depend on several factors, including our ability to:

- correctly identify customer needs and preferences and predict future needs and preferences;
- allocate our research and development funding to products and services with higher growth prospects;
- anticipate and respond to our competitors' development of new products and services and technological innovations;
- differentiate our offerings from our competitors' offerings and avoid commoditization;
- innovate and develop new technologies and applications, and acquire or obtain rights to third-party technologies that may have valuable applications in our served markets;
- obtain adequate intellectual property rights with respect to key technologies before our competitors do;
- successfully commercialize new technologies in a timely manner, price them competitively and cost-effectively manufacture and deliver sufficient volumes of new products of appropriate quality on time;
- obtain necessary regulatory approvals of appropriate scope, including with respect to medical device products by demonstrating satisfactory clinical results where applicable; and
- stimulate customer demand for and convince customers to adopt new technologies.

In addition, if we fail to accurately predict future customer needs and preferences or fail to produce viable technologies, we may invest heavily in research and development of products and services that do not lead to significant revenue, which would adversely affect our profitability. Even if we successfully innovate and develop new and enhanced products and services, we may incur substantial costs in doing so, and our profitability may suffer. In addition, promising new offerings may fail to reach the market or realize only limited commercial success because of real or perceived efficacy or safety concerns, failure to achieve positive clinical outcomes or uncertainty over third-party reimbursement.

Our reputation, ability to do business and financial statements may be impaired by improper conduct by any of our employees, agents or business partners.

We cannot provide assurance that our internal controls and compliance systems will always protect us from acts committed by employees, agents or business partners of ours (or of businesses we acquire or partner with) that would violate U.S. and/or non-U.S. laws, including the laws governing payments to government officials, bribery, fraud, kickbacks and false claims, pricing, sales and marketing practices, conflicts of interest, competition, export and import compliance, money laundering and data privacy. In particular, the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act and similar anti-bribery laws in other jurisdictions generally prohibit companies and their intermediaries from making improper payments to government officials for the purpose of obtaining or retaining business, and we operate in many parts of the world that have experienced governmental corruption to some degree. Any such improper actions or allegations of such acts could damage our reputation and subject us to civil or criminal investigations in the U.S. and in other jurisdictions and related shareholder lawsuits, could lead to substantial civil and criminal, monetary and non-monetary penalties and could cause us to incur significant legal and investigatory fees. In addition, we rely on our suppliers to adhere to our supplier standards of conduct, and material violations of such standards of conduct could occur that could have a material effect on our financial statements.

Any inability to consummate acquisitions at our historical rate and at appropriate prices could negatively impact our growth rate and stock price.

Our ability to grow revenues, earnings and cash flow at or above our historic rates depends in part upon our ability to identify and successfully acquire and integrate businesses at appropriate prices and realize anticipated synergies. We may not be able to consummate acquisitions at rates similar to the past, which could adversely impact our growth rate and our stock price. Promising acquisitions are difficult to identify and complete for a number of reasons, including high valuations, competition among prospective buyers, the availability of affordable funding in the capital markets and the need to satisfy applicable closing conditions and obtain antitrust and other regulatory approvals on acceptable terms. In addition, competition for

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acquisitions may result in higher purchase prices. Changes in accounting or regulatory requirements or instability in the credit markets could also adversely impact our ability to consummate acquisitions.

Our acquisition of businesses (including our recent acquisition of Pall), joint ventures and strategic relationships could negatively impact our financial statements.

As part of our business strategy we acquire businesses and enter into joint ventures and other strategic relationships in the ordinary course, some of which may be material; please see “Management's Discussion and Analysis of Financial Condition and Results of Operations” (“MD&A”) for additional details. In particular, as of the date of this report the acquisition of Pall in 2015 is Danaher’s largest acquisition and has expanded Danaher’s business into new markets. Acquisitions, joint ventures and strategic relationships involve a number of financial, accounting, managerial, operational, legal, compliance and other risks and challenges, including the following, any of which could adversely affect our financial statements:

- any acquired business, technology, service or product could under-perform relative to our expectations and the price that we paid for it, or not perform in accordance with our anticipated timetable.
- we may incur or assume significant debt in connection with our acquisitions, joint ventures or strategic relationships.
- acquisitions, joint ventures or strategic relationships could cause our financial results to differ from our own or the investment community's expectations in any given period, or over the long-term.
- pre-closing and post-closing earnings charges could adversely impact operating results in any given period, and the impact may be substantially different from period to period.
- acquisitions, joint ventures or strategic relationships could create demands on our management, operational resources and financial and internal control systems that we are unable to effectively address.
- we could experience difficulty in integrating personnel, operations and financial and other controls and systems and retaining key employees and customers.
- we may be unable to achieve cost savings or other synergies anticipated in connection with an acquisition, joint venture or strategic relationship.
- we may assume by acquisition, joint venture or strategic relationship unknown liabilities, known contingent liabilities that become realized, known liabilities that prove greater than anticipated, internal control deficiencies or exposure to regulatory sanctions resulting from the acquired company's activities. The realization of any of these liabilities or deficiencies may increase our expenses, adversely affect our financial position or cause us to fail to meet our public financial reporting obligations.
- in connection with acquisitions and joint ventures, we often enter into post-closing financial arrangements such as purchase price adjustments, earn-out obligations and indemnification obligations, which may have unpredictable financial results.
- as a result of our acquisitions, we have recorded significant goodwill and other intangible assets on our balance sheet. If we are not able to realize the value of these assets, we may be required to incur charges relating to the impairment of these assets.
- we may have interests that diverge from those of our joint venture partners or other strategic partners and we may not be able to direct the management and operations of the joint venture or other strategic relationship in the manner we believe is most appropriate, exposing us to additional risk.

The indemnification provisions of acquisition agreements by which we have acquired companies may not fully protect us and as a result we may face unexpected liabilities.

Certain of the acquisition agreements by which we have acquired companies require the former owners to indemnify us against certain liabilities related to the operation of the company before we acquired it. In most of these agreements, however, the liability of the former owners is limited and certain former owners may be unable to meet their indemnification responsibilities. We cannot assure you that these indemnification provisions will protect us fully or at all, and as a result we may face unexpected liabilities that adversely affect our financial statements.

Divestitures or other dispositions could negatively impact our business, and contingent liabilities from businesses that we have sold could adversely affect our financial statements.

We continually assess the strategic fit of our existing businesses and may divest, spin-off, split-off or otherwise dispose of businesses that are deemed not to fit with our strategic plan or are not achieving the desired return on investment. These transactions pose risks and challenges that could negatively impact our business. For example, when we decide to sell or otherwise dispose of a business or assets, we may be unable to do so on satisfactory terms within our anticipated timeframe or at all, and even after reaching a definitive agreement to sell or dispose a business the sale is typically subject to satisfaction of pre-closing conditions which may not become satisfied. In addition, divestitures or other dispositions may dilute the Company's earnings per share, have other adverse financial and accounting impacts and distract management, and disputes may arise with buyers. In addition, we have retained responsibility for and/or have agreed to indemnify buyers against some known and unknown contingent liabilities related to a number of businesses we have sold or disposed. The resolution of these contingencies has not had a material effect on our financial statements but we cannot be certain that this favorable pattern will continue.

Certain of our businesses are subject to extensive regulation by the U.S. FDA and by comparable agencies of other countries, as well as laws regulating fraud and abuse in the health care industry and the privacy and security of health information. Failure to comply with those regulations could adversely affect our reputation and financial statements.

Certain of our products are medical devices and other products that are subject to regulation by the U.S. FDA, by comparable agencies of other countries and regions and by regulations governing radioactive or other hazardous materials (or the manufacture and sale of products containing such materials). We cannot guarantee that we will be able to obtain regulatory clearance or approvals (such as 510(k) clearance) for our new products or modifications to (or additional indications or uses of) existing products within our anticipated timeframe or at all, and if we do obtain such clearance or approval it may be time-consuming, costly and subject to restrictions. Our ability to obtain such regulatory clearances or approvals will depend on many factors, for example our ability to obtain the necessary clinical trial results, and the process for obtaining such clearances or approvals could change over time and may require the withdrawal of products from the market until such clearances are obtained. Failure to obtain such regulatory clearances or approvals before marketing our products (or before implementing modifications to or promoting additional indications or uses of our products), other violations of these regulations, real or perceived efficacy or safety concerns or trends of adverse events with respect to our products (even after obtaining clearance for distribution) and unfavorable or inconsistent clinical data from existing or future clinical trials can lead to FDA Form 483 Inspectional Observations, warning letters, notices to customers, declining sales, loss of customers, loss of market share, recalls, seizures of adulterated or misbranded products, injunctions, administrative detentions, refusals to permit importations, partial or total shutdown of production facilities or the implementation of operating restrictions, narrowing of permitted uses for a product, suspension or withdrawal of approvals and pre-market notification rescissions. We are also subject to various laws regulating fraud and abuse, pricing and sales and marketing practices in the health care industry and the privacy and security of health information, including the federal regulations described in “Item 1. Business - Regulatory Matters.” Many states and foreign countries have also adopted laws and regulations similar to, and in some cases more stringent than, such federal regulations. For more information regarding regulations we are subject to please see “Item 1. Business - Regulatory Matters.”

Failure to comply with the regulations described above could result in the adverse effects referenced below under “Our businesses are subject to extensive regulation; failure to comply with those regulations could adversely affect our financial statements and reputation.” Compliance with these and other regulations may also require us to incur significant expenses.

The health care industry and related industries that we serve have undergone, and are in the process of undergoing, significant changes in an effort to reduce costs, which could adversely affect our financial statements.

The health care industry and related industries that we serve have undergone, and are in the process of undergoing, significant changes in an effort to reduce costs, including the following:

- many of our customers, and the end-users to whom our customers supply products, rely on government funding of and reimbursement for health care products and services and research activities. The U.S. Patient Protection and Affordable Care Act, as amended by the Health Care and Education Affordability Reconciliation Act (collectively, the “PPACA”), health care austerity measures in other countries and other potential health care reform changes and government austerity measures may reduce the amount of government funding or reimbursement available to customers or end-users of our products and services and/or the volume of medical procedures using our products and services. Global economic uncertainty or deterioration can also adversely impact government funding and reimbursement.

- governmental and private health care providers and payors around the world are increasingly utilizing managed care for the delivery of health care services, forming group purchasing organizations to improve their purchasing leverage and using competitive bid processes to procure health care products and services.

These changes as well as other impacts from market demand, government regulations, third party coverage and reimbursement policies and societal pressures have increased our tax liabilities and may cause participants in the health care industry and related industries that we serve to purchase fewer of our products and services, reduce the prices they are willing to pay for our products or services, reduce the amounts of reimbursement and funding available for our products and services from governmental agencies or third-party payors, reduce the volume of medical procedures that use our products and services and increase our compliance and other costs. In addition, we may be unable to enter into contracts with group purchasing organizations and integrated health networks on terms acceptable to us, and even if we do enter into such contracts they may be on terms that negatively affect our current or future profitability. All of the factors described above could adversely affect our financial statements.

Our operations, products and services expose us to the risk of environmental, health and safety liabilities, costs and violations that could adversely affect our reputation and financial statements.

Our operations, products and services are subject to environmental laws and regulations, which impose limitations on the discharge of pollutants into the environment and establish standards for the use, generation, treatment, storage and disposal of hazardous and non-hazardous wastes. We must also comply with various health and safety regulations in the United States and abroad in connection with our operations. We cannot assure you that our environmental, health and safety compliance program has been or will at all times be effective. Failure to comply with any of these laws could result in civil and criminal, monetary and non-monetary penalties and damage to our reputation. In addition, we cannot provide assurance that our costs of complying with current or future environmental protection and health and safety laws will not exceed our estimates or adversely affect our financial statements.

In addition, we may incur costs related to remedial efforts or alleged environmental damage associated with past or current waste disposal practices or other hazardous materials handling practices. We are also from time to time party to personal injury or other claims brought by private parties alleging injury due to the presence of or exposure to hazardous substances. We may also become subject to additional remedial, compliance or personal injury costs due to future events such as changes in existing laws or regulations, changes in agency direction or enforcement policies, developments in remediation technologies, changes in the conduct of our operations and changes in accounting rules. For additional information regarding these risks, please refer to Note 16 to the Consolidated Financial Statements. We cannot assure you that our liabilities arising from past or future releases of, or exposures to, hazardous substances will not exceed our estimates or adversely affect our reputation and financial statements or that we will not be subject to additional claims for personal injury or remediation in the future based on our past, present or future business activities. However, based on the information we currently have we do not believe that it is reasonably possible that any amounts we may be required to pay in connection with environmental matters in excess of our reserves as of December 31, 2015 will have a material effect on our financial statements.

Our businesses are subject to extensive regulation; failure to comply with those regulations could adversely affect our financial statements and reputation.

In addition to the environmental, health, safety, health care, medical device, anticorruption and other regulations noted above, our businesses are subject to extensive regulation by U.S. and non-U.S. governmental and self-regulatory entities at the supranational, federal, state, local and other jurisdictional levels, including the following:

- we are required to comply with various import laws and export control and economic sanctions laws, which may affect our transactions with certain customers, business partners and other persons and dealings between our employees and between our subsidiaries. In certain circumstances, export control and economic sanctions regulations may prohibit the export of certain products, services and technologies. In other circumstances, we may be required to obtain an export license before exporting the controlled item. Compliance with the various import laws that apply to our businesses can restrict our access to, and increase the cost of obtaining, certain products and at times can interrupt our supply of imported inventory.
- we also have agreements to sell products and services to government entities and are subject to various statutes and regulations that apply to companies doing business with government entities. The laws governing government contracts differ from the laws governing private contracts. For example, many government contracts contain pricing

and other terms and conditions that are not applicable to private contracts. Our agreements with government entities may be subject to termination, reduction or modification at the convenience of the government or in the event of changes in government requirements, reductions in federal spending and other factors, and we may underestimate our costs of performing under the contract. In certain cases, a governmental entity may require us to pay back amounts it has paid to us. Government contracts that have been awarded to us following a bid process could become the subject of a bid protest by a losing bidder, which could result in loss of the contract. We are also subject to investigation and audit for compliance with the requirements governing government contracts.

These are not the only regulations that our businesses must comply with. The regulations we are subject to have tended to become more stringent over time and may be inconsistent across jurisdictions. We, our representatives and the industries in which we operate may at times be under review and/or investigation by regulatory authorities. Failure to comply (or any alleged or perceived failure to comply) with the regulations referenced above or any other regulations could result in civil and criminal, monetary and non-monetary penalties, and any such failure or alleged failure (or becoming subject to a regulatory enforcement investigation) could also damage our reputation, disrupt our business, limit our ability to manufacture, import, export and sell products and services, result in loss of customers and disbarment from selling to certain federal agencies and cause us to incur significant legal and investigatory fees. Compliance with these and other regulations may also affect our returns on investment, require us to incur significant expenses or modify our business model or impair our flexibility in modifying product, marketing, pricing or other strategies for growing our business. Our products and operations are also often subject to the rules of industrial standards bodies such as the International Standards Organization, and failure to comply with these rules could result in withdrawal of certifications needed to sell our products and services and otherwise adversely impact our financial statements. For additional information regarding these risks, please refer to “Item 1. Business - Regulatory Matters.”

We may be required to recognize impairment charges for our goodwill and other intangible assets.

As of December 31, 2015, the net carrying value of our goodwill and other intangible assets totaled approximately $36.3 billion. In accordance with generally accepted accounting principles, we periodically assess these assets to determine if they are impaired. Significant negative industry or economic trends, disruptions to our business, inability to effectively integrate acquired businesses, unexpected significant changes or planned changes in use of our assets, changes in the structure of our business, divestitures, market capitalization declines, or increases in associated discount rates may impair our goodwill and other intangible assets. Any charges relating to such impairments would adversely affect our results of operations in the periods recognized.

Foreign currency exchange rates may adversely affect our financial statements.

Sales and purchases in currencies other than the U.S. dollar expose us to fluctuations in foreign currencies relative to the U.S. dollar and may adversely affect our financial statements. Increased strength of the U.S. dollar increases the effective price of our products sold in U.S. dollars into other countries, which may require us to lower our prices or adversely affect sales to the extent we do not increase local currency prices. Decreased strength of the U.S. dollar could adversely affect the cost of materials, products and services we purchase overseas. Sales and expenses of our non-U.S. businesses are also translated into U.S. dollars for reporting purposes and the strengthening or weakening of the U.S. dollar could result in unfavorable translation effects. In addition, certain of our businesses may invoice customers in a currency other than the business' functional currency, and movements in the invoiced currency relative to the functional currency could also result in unfavorable translation effects. The Company also faces exchange rate risk from its investments in subsidiaries owned and operated in foreign countries.

Changes in our tax rates or exposure to additional income tax liabilities or assessments could affect our profitability. In addition, audits by tax authorities could result in additional tax payments for prior periods.

We are subject to income taxes in the U.S. and in various non-U.S. jurisdictions. Please see the MD&A for a discussion of the factors that may adversely affect our effective tax rate and decrease our profitability in any period. The impact of these factors may be substantially different from period to period. In addition, the amount of income taxes we pay is subject to ongoing audits by U.S. federal, state and local tax authorities and by non-U.S. tax authorities, such as the audits described in the MD&A and the Company's financial statements. Due to the potential for changes to tax laws (or changes to the interpretation thereof) and the ambiguity of tax laws, the subjectivity of factual interpretations, the complexity of our intercompany arrangements and other factors, our estimates of income tax liabilities may differ from actual payments or assessments. If these audits result in payments or assessments different from our reserves, our future results may include unfavorable adjustments to our tax liabilities and our financial statements could be adversely affected. If we determine to repatriate earnings from foreign jurisdictions that have been considered permanently re-invested under existing accounting standards, it could also increase our effective tax rate. In addition, any significant change to the tax system in the U.S. or in other jurisdictions, including changes in the taxation of international income, could adversely affect our financial statements.

We are subject to a variety of litigation and other legal and regulatory proceedings in the course of our business that could adversely affect our financial statements.

We are subject to a variety of litigation and other legal and regulatory proceedings incidental to our business (or the business operations of previously owned entities), including claims for damages arising out of the use of products or services and claims relating to intellectual property matters, employment matters, tax matters, commercial disputes, competition and sales and trading practices, environmental matters, personal injury, insurance coverage and acquisition or divestiture-related matters, as well as regulatory investigations or enforcement. We may also become subject to lawsuits as a result of past or future acquisitions or as a result of liabilities retained from, or representations, warranties or indemnities provided in connection with, divested businesses. These lawsuits may include claims for compensatory damages, punitive and consequential damages and/or injunctive relief. The defense of these lawsuits may divert our management's attention, we may incur significant expenses in defending these lawsuits, and we may be required to pay damage awards or settlements or become subject to equitable remedies that could adversely affect our operations and financial statements. Moreover, any insurance or indemnification rights that we may have may be insufficient or unavailable to protect us against such losses. In addition, developments in proceedings in any given period may require us to adjust the loss contingency estimates that we have recorded in our financial statements, record estimates for liabilities or assets previously not susceptible of reasonable estimates or pay cash settlements or judgments. Any of these developments could adversely affect our financial statements in any particular period. We cannot assure you that our liabilities in connection with litigation and other legal and regulatory proceedings will not exceed our estimates or adversely affect our financial statements and reputation. However, based on our experience, current information and applicable law, we do not believe that it is reasonably possible that any amounts we may be required to pay in connection with litigation and other legal and regulatory proceedings in excess of our reserves as of December 31, 2015 will have a material effect on our financial statements.

If we do not or cannot adequately protect our intellectual property, or if third parties infringe our intellectual property rights, we may suffer competitive injury or expend significant resources enforcing our rights.

We own numerous patents, trademarks, copyrights, trade secrets and other intellectual property and licenses to intellectual property owned by others, which in aggregate are important to our business. The intellectual property rights that we obtain, however, may not be sufficiently broad or otherwise may not provide us a significant competitive advantage, and patents may not be issued for pending or future patent applications owned by or licensed to us. In addition, the steps that we and our licensors have taken to maintain and protect our intellectual property may not prevent it from being challenged, invalidated, circumvented, designed-around or becoming subject to compulsory licensing, particularly in countries where intellectual property rights are not highly developed or protected. In some circumstances, enforcement may not be available to us because an infringer has a dominant intellectual property position or for other business reasons, or countries may require compulsory licensing of our intellectual property. We also rely on nondisclosure and noncompetition agreements with employees, consultants and other parties to protect, in part, trade secrets and other proprietary rights. There can be no assurance that these agreements will adequately protect our trade secrets and other proprietary rights and will not be breached, that we will have adequate remedies for any breach, that others will not independently develop substantially equivalent proprietary information or that third parties will not otherwise gain access to our trade secrets or other proprietary rights. Our failure to obtain or maintain intellectual property rights that convey competitive advantage, adequately protect our intellectual property or detect or prevent circumvention or unauthorized use of such property and the cost of enforcing our intellectual property rights could adversely impact our competitive position and financial statements.

Third parties may claim that we are infringing or misappropriating their intellectual property rights and we could suffer significant litigation expenses, losses or licensing expenses or be prevented from selling products or services.

From time to time, we receive notices from third parties alleging intellectual property infringement or misappropriation. Any dispute or litigation regarding intellectual property could be costly and time-consuming due to the complexity of many of our technologies and the uncertainty of intellectual property litigation. Our intellectual property portfolio may not be useful in asserting a counterclaim, or negotiating a license, in response to a claim of infringement or misappropriation. In addition, as a result of such claims of infringement or misappropriation, we could lose our rights to critical technology, be unable to license critical technology or sell critical products and services, be required to pay substantial damages or license fees with respect to the infringed rights or be required to redesign our products at substantial cost, any of which could adversely impact our competitive position and financial statements. Even if we successfully defend against claims of infringement or misappropriation, we may incur significant costs and diversion of management attention and resources, which could adversely affect our financial statements.

Defects and unanticipated use or inadequate disclosure with respect to our products (including software) or services could adversely affect our business, reputation and financial statements.

Manufacturing or design defects or "bugs" in, unanticipated use of, safety or quality issues (or the perception of such issues) with respect to, or inadequate disclosure of risks relating to the use of products and services that we make or sell (including items that we source from third parties) can lead to personal injury, death, property damage or other liability. These events could lead to recalls or safety alerts, result in the removal of a product or service from the market and result in product liability or similar claims being brought against us. Recalls, removals and product liability and similar claims (regardless of their validity or ultimate outcome) can result in significant costs, as well as negative publicity and damage to our reputation that could reduce demand for our products and services.

The manufacture of many of our products is a highly exacting and complex process, and if we directly or indirectly encounter problems manufacturing products, our reputation, business and financial statements could suffer.

The manufacture of many of our products is a highly exacting and complex process, due in part to strict regulatory requirements. Problems may arise during manufacturing for a variety of reasons, including equipment malfunction, failure to follow specific protocols and procedures, problems with raw materials, natural disasters and environmental factors, and if not discovered before the product is released to market could result in recalls and product liability exposure. Because of the time required to approve and license certain regulated manufacturing facilities, an alternative manufacturer may not be available on a timely basis to replace such production capacity. Any of these manufacturing problems could result in significant costs and liability, as well as negative publicity and damage to our reputation that could reduce demand for our products.

Our indebtedness may limit our operations and our use of our cash flow, and any failure to comply with the covenants that apply to our indebtedness could adversely affect our liquidity and financial statements.

As of December 31, 2015, we had approximately $12.9 billion in outstanding indebtedness. In addition, we had the ability to incur approximately an additional $2.0 billion of indebtedness in direct borrowings or under our outstanding commercial paper facilities based on the amounts available under our $6.0 billion of credit facilities which were not being used to backstop outstanding commercial paper balances as of December 31, 2015. Our debt level and related debt service obligations can have negative consequences, including (1) requiring us to dedicate significant cash flow from operations to the payment of principal and interest on our debt, which reduces the funds we have available for other purposes such as acquisitions and capital investment; (2) reducing our flexibility in planning for or reacting to changes in our business and market conditions; and (3) exposing us to interest rate risk since a portion of our debt obligations are at variable rates. We may incur significantly more debt in the future, particularly to finance acquisitions, and there can be no assurance that our cost of funding will not substantially increase.

Our current revolving credit facilities and long-term debt obligations also impose certain restrictions on us; for more information please refer to the MD&A. If we breach any of these restrictions and do not obtain a waiver from the lenders, subject to applicable cure periods the outstanding indebtedness (and any other indebtedness with cross-default provisions) could be declared immediately due and payable, which would adversely affect our liquidity and financial statements. In addition, any failure to maintain the credit ratings assigned to us by independent rating agencies would adversely affect our cost of funds and could adversely affect our liquidity and access to the capital markets. If we add new debt, the risks described above could increase.

Adverse changes in our relationships with, or the financial condition, performance, purchasing patterns or inventory levels of, key distributors and other channel partners could adversely affect our financial statements.

Certain of our businesses sell a significant amount of their products to key distributors and other channel partners that have valuable relationships with customers and end-users. Some of these distributors and other partners also sell our competitors' products or compete with us directly, and if they favor competing products for any reason they may fail to market our products effectively. Adverse changes in our relationships with these distributors and other partners, or adverse developments in their financial condition, performance or purchasing patterns, could adversely affect our financial statements. The levels of inventory maintained by our distributors and other channel partners, and changes in those levels, can also significantly impact our results of operations in any given period. In addition, the consolidation of distributors and customers in certain of our served industries could adversely impact our profitability.

Our financial results are subject to fluctuations in the cost and availability of commodities that we use in our operations.

As discussed in “Item 1. Business - Materials,” our manufacturing and other operations employ a wide variety of components, raw materials and other commodities. Prices for and availability of these components, raw materials and other commodities have fluctuated significantly in the past. Any sustained interruption in the supply of these items could adversely affect our business. In addition, due to the highly competitive nature of the industries that we serve, the cost-containment efforts of our customers and the terms of certain contracts we are party to, if commodity prices rise we may be unable to pass along cost increases through higher prices. If we are unable to fully recover higher commodity costs through price increases or offset these increases through cost reductions, or if there is a time delay between the increase in costs and our ability to recover or offset these costs, we could experience lower margins and profitability and our financial statements could be adversely affected.

If we cannot adjust our manufacturing capacity or the purchases required for our manufacturing activities to reflect changes in market conditions and customer demand, our profitability may suffer. In addition, our reliance upon sole or limited sources of supply for certain materials, components and services could cause production interruptions, delays and inefficiencies.

We purchase materials, components and equipment from third parties for use in our manufacturing operations. Our income could be adversely impacted if we are unable to adjust our purchases to reflect changes in customer demand and market fluctuations, including those caused by seasonality or cyclicality. During a market upturn, suppliers may extend lead times, limit supplies or increase prices. If we cannot purchase sufficient products at competitive prices and quality and on a timely enough basis to meet increasing demand, we may not be able to satisfy market demand, product shipments may be delayed, our costs may increase or we may breach our contractual commitments and incur liabilities. Conversely, in order to secure supplies for the production of products, we sometimes enter into noncancelable purchase commitments with vendors, which could impact our ability to adjust our inventory to reflect declining market demands. If demand for our products is less than we expect, we may experience additional excess and obsolete inventories and be forced to incur additional charges and our profitability may suffer.

In addition, some of our businesses purchase certain requirements from sole or limited source suppliers for reasons of quality assurance, cost effectiveness, availability or uniqueness of design. If these or other suppliers encounter financial, operating or other difficulties or if our relationship with them changes, we might not be able to quickly establish or qualify replacement sources of supply. The supply chains for our businesses could also be disrupted by supplier capacity constraints, bankruptcy or exiting of the business for other reasons, decreased availability of key raw materials or commodities and external events such as natural disasters, pandemic health issues, war, terrorist actions, governmental actions and legislative or regulatory changes. Any of these factors could result in production interruptions, delays, extended lead times and inefficiencies.

Because we cannot always immediately adapt our production capacity and related cost structures to changing market conditions, our manufacturing capacity may at times exceed or fall short of our production requirements. Any or all of these problems could result in the loss of customers, provide an opportunity for competing products to gain market acceptance and otherwise adversely affect our profitability.

Changes in governmental regulations may reduce demand for our products or services or increase our expenses.

We compete in markets in which we and our customers must comply with supranational, federal, state, local and other jurisdictional regulations, such as regulations governing health and safety, the environment, food and drugs, privacy and electronic communications. We develop, configure and market our products and services to meet customer needs created by these regulations. These regulations are complex, change frequently, have tended to become more stringent over time and may be inconsistent across jurisdictions. Any significant change in any of these regulations (or in the interpretation or application thereof) could reduce demand for, increase our costs of producing or delay the introduction of new or modified products and services, or could restrict our existing activities, products and services. In addition, in certain of our markets our growth depends in part upon the introduction of new regulations. In these markets, the delay or failure of governmental and other entities to adopt or enforce new regulations, or the adoption of new regulations which our products and services are not positioned to address, could adversely affect demand. In addition, regulatory deadlines may result in substantially different levels of demand for our products and services from period to period.

Work stoppages, union and works council campaigns and other labor disputes could adversely impact our productivity and results of operations.

We have a number of U.S. collective bargaining units and various non-U.S. collective labor arrangements. We are subject to potential work stoppages, union and works council campaigns and other labor disputes, any of which could adversely impact our productivity, results of operations and reputation.

International economic, political, legal, compliance and business factors could negatively affect our financial statements.

In 2015, approximately 56% of our sales were derived from customers outside the U.S. In addition, many of our manufacturing operations, suppliers and employees are located outside the U.S. Since our growth strategy depends in part on our ability to further penetrate markets outside the U.S. and increase the localization of our products and services, we expect to continue to increase our sales and presence outside the U.S., particularly in the high-growth markets. Our international business (and particularly our business in high-growth markets) is subject to risks that are customarily encountered in non-U.S. operations, including:

- interruption in the transportation of materials to us and finished goods to our customers;
- differences in terms of sale, including payment terms;
- local product preferences and product requirements;
- changes in a country's or region's political or economic conditions, such as the devaluation of particular currencies;
- trade protection measures, embargoes and import or export restrictions and requirements;
- unexpected changes in laws or regulatory requirements, including negative changes in tax laws;
- limitations on ownership and on repatriation of earnings and cash;
- the potential for nationalization of enterprises;
- changes in medical reimbursement policies and programs;
- limitations on legal rights and our ability to enforce such rights;
- difficulty in staffing and managing widespread operations;
- differing labor regulations;
- difficulties in implementing restructuring actions on a timely or comprehensive basis; and
- differing protection of intellectual property.

Any of these risks could negatively affect our financial statements and growth.

If we suffer loss to our facilities, supply chains, distribution systems or information technology systems due to catastrophe or other events, our operations could be seriously harmed.

Our facilities, supply chains, distribution systems and information technology systems are subject to catastrophic loss due to fire, flood, earthquake, hurricane, public health crisis, war, terrorism or other natural or man-made disasters. If any of these facilities, supply chains or systems were to experience a catastrophic loss, it could disrupt our operations, delay production and shipments, result in defective products or services, damage customer relationships and our reputation and result in legal exposure and large repair or replacement expenses. The third-party insurance coverage that we maintain will vary from time to time in both type and amount depending on cost, availability and our decisions regarding risk retention, and may be unavailable or insufficient to protect us against losses.

A significant disruption in, or breach in security of, our information technology systems could adversely affect our business.

We rely on information technology systems, some of which are managed by third parties, to process, transmit and store electronic information (including sensitive data such as confidential business information and personally identifiable data relating to employees, customers and other business partners), and to manage or support a variety of critical business processes and activities. These systems may be damaged, disrupted or shut down due to attacks by computer hackers, computer viruses, employee error or malfeasance, power outages, hardware failures, telecommunication or utility failures, catastrophes or other unforeseen events, and in any such circumstances our system redundancy and other disaster recovery planning may be ineffective or inadequate. In addition, security breaches of our systems (or the systems of our customers, suppliers or other business partners) could result in the misappropriation, destruction or unauthorized disclosure of confidential information or personal data belonging to us or to our employees, partners, customers or suppliers. Like many multinational corporations, our information technology systems have been subject to computer viruses, malicious codes, unauthorized access and other cyber-attacks and we expect to be subject to similar attacks in the future as such attacks become more sophisticated and frequent. Any of the attacks, breaches or other disruptions or damage described above could interrupt our operations, delay production

and shipments, result in theft of our and our customers' intellectual property and trade secrets, damage customer and business partner relationships and our reputation or result in defective products or services, legal claims and proceedings, liability and penalties under privacy laws and increased costs for security and remediation, each of which could adversely affect our business and financial statements.

Our defined benefit pension plans are subject to financial market risks that could adversely affect our financial statements.

The performance of the financial markets and interest rates impact our defined benefit pension plan expenses and funding obligations. Significant changes in market interest rates, decreases in the fair value of plan assets, investment losses on plan assets and changes in discount rates may increase our funding obligations and adversely impact our financial statements. In addition, upward pressure on the cost of providing health care coverage to current employees and retirees may increase our future funding obligations and adversely affect our financial statements.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

Our corporate headquarters are located in Washington, D.C. in a facility that we lease. As of December 31, 2015, we had facilities in over 50 countries, including approximately 336 significant manufacturing and distribution facilities. 160 of these facilities are located in the United States in over 25 states and 176 are located outside the United States in over 30 other countries, primarily in Europe and to a lesser extent in Asia, the rest of North America, South America and Australia. These facilities cover approximately 30 million square feet, of which approximately 18 million square feet are owned and approximately 12 million square feet are leased. Particularly outside the United States, facilities often serve more than one business segment and may be used for multiple purposes, such as administration, sales, manufacturing, warehousing and/or distribution. The number of significant facilities by business segment is:

- Test & Measurement, 38;
- Environmental, 46;
- Life Sciences & Diagnostics, 143;
- Dental, 48; and
- Industrial Technologies, 61.

We consider our facilities suitable and adequate for the purposes for which they are used and do not anticipate difficulty in renewing existing leases as they expire or in finding alternative facilities. We believe our properties and equipment have been well-maintained. Please refer to Note 15 in the Consolidated Financial Statements included in this Annual Report for additional information with respect to our lease commitments.

ITEM 3. LEGAL PROCEEDINGS

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

EXECUTIVE OFFICERS OF THE REGISTRANT

Set forth below are the names, ages, positions and experience of our executive officers as of February 9, 2016. All of our executive officers hold office at the pleasure of our Board of Directors. Unless otherwise stated, the positions indicated are Danaher positions.

Name	Age	Position	Officer Since
Steven M. Rales	64	Chairman of the Board	1984
Mitchell P. Rales	59	Chairman of the Executive Committee	1984
Thomas P. Joyce, Jr.	55	Chief Executive Officer and President	2002
Daniel L. Comas	52	Executive Vice President and Chief Financial Officer	1996
William K. Daniel II	51	Executive Vice President	2006
James A. Lico	50	Executive Vice President	2002
Brian W. Ellis	49	Senior Vice President – General Counsel	2016
William H. King	48	Senior Vice President – Strategic Development	2005
Angela S. Lalor	50	Senior Vice President – Human Resources	2012
Robert S. Lutz	58	Senior Vice President – Chief Accounting Officer	2002
Daniel A. Raskas	49	Senior Vice President – Corporate Development	2004

Steven M. Rales is a co-founder of Danaher and has served on Danaher’s Board of Directors since 1983, serving as Danaher’s Chairman of the Board since 1984. He was also CEO of the Company from 1984 to 1990. Mr. Rales is a brother of Mitchell P. Rales.

Mitchell P. Rales is a co-founder of Danaher and has served on Danaher’s Board of Directors since 1983, serving as Chairman of the Executive Committee of Danaher since 1984. He was also President of the Company from 1984 to 1990. Mr. Rales is also a member of the board of directors of Colfax Corporation, and is a brother of Steven M. Rales.

Thomas P. Joyce, Jr. has served on Danaher’s Board of Directors and as Danaher’s President and Chief Executive Officer since September 2014 after serving as Executive Vice President from 2006 to April 2014 and as Executive Vice President - CEO Designate from April 2014 to September 2014.

Daniel L. Comas has served as Executive Vice President and Chief Financial Officer since 2005.

William K. Daniel II has served as Executive Vice President since 2008.

James A. Lico has served as Executive Vice President since 2005. The Company has announced that Mr. Lico will serve as President and Chief Executive Officer and as a director of Fortive Corporation when it is spun-off from the Company in 2016.

Brian W. Ellis has served as Senior Vice President – General Counsel since joining Danaher in January 2016. Prior to joining Danaher, Mr. Ellis served for over five years in progressively more responsible positions in the legal department of Medtronic, Inc., a medical device company, including most recently as Vice President and General Counsel of Medtronic’s Restorative Therapies Group.

William H. King has served as Senior Vice President – Strategic Development since May 2014 after serving as Vice President - Strategic Development from 2005 until May 2014.

Angela S. Lalor has served as Senior Vice President – Human Resources since joining Danaher in April 2012. Prior to joining Danaher, Ms. Lalor served for 22 years in a series of progressively more responsible positions in the human resources department of 3M Company, a global manufacturing company, including most recently as Senior Vice President, Human Resources.

Robert S. Lutz has served as Senior Vice President – Chief Accounting Officer since February 2010.

Daniel A. Raskas has served as Senior Vice President – Corporate Development since February 2010.

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PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock is traded on the New York Stock Exchange under the symbol DHR. As of February 9, 2016, there were approximately 2,900 holders of record of our common stock. The high and low common stock prices per share as reported on the New York Stock Exchange, and the dividends declared per share, in each case for the periods described below, were as follows:

	2015				2014			
	High	Low	Dividends Per Share		High	Low	Dividends Per Share	
First quarter	$88.10	$81.25	$0.135	[a]	$78.80	$71.89	$0.100	[b]
Second quarter	$90.25	$81.59	$0.135		$81.14	$71.75	$0.100	
Third quarter	$92.92	$82.30	$0.135		$80.00	$73.02	$0.100	
Fourth quarter	$97.62	$86.52	$0.135		$87.49	$70.12	$0.100	

[a] The Company increased its quarterly dividend rate in the first quarter of 2015 to $0.135 per share.
[b] The Company increased its quarterly dividend rate in the first quarter of 2014 to $0.10 per share.

Our payment of dividends in the future will be determined by our Board of Directors and will depend on business conditions, our earnings and other factors.

Issuer Purchases of Equity Securities

On July 16, 2013, the Company's Board of Directors approved a new repurchase program (the "Repurchase Program") authorizing the repurchase of up to 20 million shares of the Company's common stock from time to time on the open market or in privately negotiated transactions. There is no expiration date for the Repurchase Program, and the timing and amount of any shares repurchased under the program will be determined by the Company's management based on its evaluation of market conditions and other factors. The Repurchase Program may be suspended or discontinued at any time. Any repurchased shares will be available for use in connection with the Company's equity compensation plans (or any successor plan) and for other corporate purposes. As of December 31, 2015, 20 million shares remained available for repurchase pursuant to the Repurchase Program. The Company expects to fund any future stock repurchases using the Company's available cash balances or proceeds from the issuance of commercial paper.

Except in connection with the disposition of the Company's communications business to NetScout Systems, Inc. ("NetScout"), neither the Company nor any "affiliated purchaser" repurchased any shares of Company common stock during 2015, 2014 or 2013. Refer to Note 3 to the Consolidated Financial Statements for discussion of the 26 million shares of Danaher common stock tendered to and repurchased by the Company in connection with the disposition of the Company's communications business to NetScout.

Recent Issuances of Unregistered Securities

During the fourth quarter of 2015, holders of certain of the Company's Liquid Yield Option Notes due 2021 ("LYONs") converted such LYONs into an aggregate of 113,166 shares of Danaher common stock, par value $0.01 per share. In each case, the shares of common stock were issued solely to existing security holders upon conversion of the LYONs pursuant to the exemption from registration provided under Section 3(a)(9) of the Securities Act of 1933, as amended.

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ITEM 6. SELECTED FINANCIAL DATA

($ in millions, except per share information)

	2015		2014		2013		2012		2011	
Sales	$20,563.1		$19,154.0		$18,283.1		$17,474.8		$15,418.8	
Operating profit	3,469.1		3,346.6		3,120.5		2,979.6		2,479.4	
Net earnings from continuing operations	2,598.7	(b)	2,543.1	(c)	2,590.6	(d)	2,181.3		1,798.6	
Earnings from discontinued operations, net of income taxes	758.7	(a)	55.3		104.4		210.9	(e)	373.7	(f)
Net earnings	$3,357.4	(a) (b)	$2,598.4	(c)	$2,695.0	(d)	$2,392.2	(e)	$2,172.3	(f)
Net earnings per share from continuing operations:										
Basic	$3.72	(b)	$3.62	(c)	$3.72	(d)	$3.15		$2.66	
Diluted	3.67	(b)	3.56	(c)	3.65	(d)	3.07		2.58	
Net earnings per share from discontinued operations:										
Basic	$1.09	(a)	$0.08		$0.15		$0.30	(e)	$0.55	(f)
Diluted	1.07	(a)	0.08		0.15		0.30	(e)	0.53	(f)
Net earnings per share:										
Basic	$4.81	(a) (b)	$3.70	(c)	$3.87	(d)	$3.45	(e)	$3.21	(f)
Diluted	4.74	(a) (b)	3.63	(c) *	3.80	(d)	3.36	(e) *	3.11	(f)
Dividends declared per share	$0.54	(g)	$0.40	(h)	$0.10		$0.10		$0.09	
Total assets	$48,222.2		$36,991.7		$34,672.2		$32,941.0		$29,949.5	
Total debt	$12,870.4		$3,473.4		$3,499.0		$5,343.1		$5,305.2	

(a) Includes $767 million after-tax gain ($1.08 per diluted share) on disposition of the Company's communications business. Refer to Note 3 of the Notes in the Consolidated Financial Statements for additional information.

(b) Includes $12 million ($8 million after-tax or $0.01 per diluted share) gain on sale of certain marketable equity securities. Refer to Note 13 in the Consolidated Financial Statements for additional information.

(c) Includes $34 million ($26 million after-tax or $0.04 per diluted share) gain on sale of the Company's electric vehicle systems ("EVS")/hybrid product line and $123 million ($77 million after-tax or $0.11 per diluted share) gain on sale of certain marketable equity securities. Refer to Notes 3 and 13, respectively, in the Consolidated Financial Statements for additional information.

(d) Includes $230 million ($144 million after-tax or $0.20 per diluted share) gain on sale of the Company's investment in the Apex Tool Group, LLC ("Apex") joint venture and $202 million ($125 million after-tax or $0.18 per diluted share) gain on sale of certain marketable equity securities. Refer to Notes 3 and 13, respectively, in the Consolidated Financial Statements for additional information.

(e) Includes $149 million ($94 million after-tax or $0.13 per diluted share) gain on sale of the Company's Accu-Sort and Kollmorgen Electro-Optical businesses.

(f) Includes $328 million ($202 million after-tax or $0.29 per diluted share) gain on sale of the Company's Pacific Scientific Aerospace business.

(g) The Company increased its quarterly dividend rate in 2015 to $0.135 per share.

(h) The Company increased its quarterly dividend rate in 2014 to $0.10 per share.

* Net earnings per share amounts do not add due to rounding.

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is designed to provide a reader of Danaher's financial statements with a narrative from the perspective of Company management. The Company's MD&A is divided into five sections:

- Overview
- Results of Operations
- Liquidity and Capital Resources
- Critical Accounting Estimates
- New Accounting Standards

OVERVIEW

General

Please see "Item 1. Business – General" for a discussion of Danaher's objectives and methodologies for delivering shareholder value. Danaher is a multinational corporation with global operations. During 2015, approximately 56% of Danaher's sales were derived from customers outside the United States. As a diversified, global business, Danaher's operations are affected by worldwide, regional and industry-specific economic and political factors. Danaher's geographic and industry diversity, as well as the range of its products and services, typically help limit the impact of any one industry or the economy of any single country on the consolidated operating results. Given the broad range of products manufactured, software and services provided and geographies served, management does not use any indices other than general economic trends to predict the overall outlook for the Company. The Company's individual businesses monitor key competitors and customers, including to the extent possible their sales, to gauge relative performance and the outlook for the future.

As a result of the Company's geographic and industry diversity, the Company faces a variety of opportunities and challenges, including rapid technological development (particularly with respect to computing, mobile connectivity, communications and digitization) in most of the Company's served markets, the expansion and evolution of opportunities in high-growth markets, trends and costs associated with a global labor force, consolidation of the Company's competitors and increasing regulation. The Company operates in a highly competitive business environment in most markets, and the Company's long-term growth and profitability will depend in particular on its ability to expand its business in high-growth geographies and high-growth market segments, identify, consummate and integrate appropriate acquisitions, develop innovative and differentiated new products, services and software with higher gross profit margins, expand and improve the effectiveness of the Company's sales force, continue to reduce costs and improve operating efficiency and quality, and effectively address the demands of an increasingly regulated environment. The Company is making significant investments, organically and through acquisitions, to address the rapid pace of technological change in its served markets and to globalize its manufacturing, research and development and customer-facing resources (particularly in high-growth markets) in order to be responsive to the Company's customers throughout the world and improve the efficiency of the Company's operations.

Business Performance and Outlook

While differences exist among the Company's businesses, on an overall basis, demand for the Company's products, software and services increased in 2015 as compared to 2014 resulting in aggregate year-over-year sales growth from existing businesses of 3.0%. The Company's continued investments in sales growth initiatives and the other business-specific factors discussed below also contributed to year-over-year sales growth. Geographically, both high-growth and developed markets contributed to year-over-year sales growth from existing businesses during 2015. Sales growth rates from existing businesses in high-growth markets grew at a mid-single digit rate in 2015 as compared to 2014 led by strength in China and India, partially offset by weakness in Russia and Latin America. High-growth markets represented approximately 27% of the Company's total sales in 2015. Sales from existing businesses in developed markets grew at a low-single digit rate in 2015 as compared to 2014 and were driven by North America and Western Europe. While individual business results will vary, the Company expects sales from existing businesses to continue to grow on a year-over-year basis during 2016 at a level in line with the growth levels experienced in 2015 but remains cautious about challenges due to macro-economic and geopolitical uncertainties,

including global uncertainties related to monetary and fiscal policies.
The acquisition of Pall, as further discussed below, provides additional sales and earnings growth opportunities for the Company's Life Sciences and Diagnostics segment by expanding the segment's geographic and product line diversity,

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including new and complementary product and service offerings in the area of filtration, separation and purification technologies, and through the potential acquisition of complementary businesses. As Pall is integrated into the Company, the Company also expects to realize significant cost synergies through the application of the Danaher Business System and the combined purchasing power of the Company and Pall.

Danaher Separation

On May 13, 2015, the Company announced its intention to separate into two independent, publicly traded companies (the “Separation”). Completion of the Separation will create:

- a multi-industry, science and technology growth company that will retain the Danaher name and consist of Danaher’s existing Life Sciences & Diagnostics (including Pall) and Dental segments and water quality as well as the product identification businesses, which in aggregate generated approximately $16.5 billion of revenue in 2015 (adjusted to include the full annual revenues of Pall for 2015); and
- a diversified industrial growth company (Fortive Corporation (“Fortive”)) that will consist of Danaher’s existing Test & Measurement segment, Industrial Technologies segment (excluding the product identification businesses) and retail/commercial petroleum business, which in aggregate generated approximately $6.0 billion of revenue in 2015.

The transaction is expected to occur through a tax-free separation. The Company is targeting to complete the Separation in the third quarter of 2016, subject to final approval by Danaher’s Board of Directors and other customary conditions. The Separation will be in the form of a pro rata distribution to Danaher shareholders of 100% of the outstanding shares of Fortive.

Acquisitions

On August 31, 2015, Pentagon Merger Sub, Inc., a New York corporation and an indirect, wholly-owned subsidiary of the Company, acquired all of the outstanding shares of common stock of Pall, a New York corporation, for $127.20 per share in cash, for a total purchase price of approximately $13.6 billion, net of assumed debt of $417 million and acquired cash of approximately $1.2 billion (the “Pall Acquisition”). Pall is a leading global provider of filtration, separation and purification solutions that remove contaminants or separate substances from a variety of solids, liquids and gases, and is now part of the Company’s Life Sciences & Diagnostics segment. In its fiscal year ended July 31, 2015, Pall generated consolidated revenues of approximately $2.8 billion. Pall serves customers in the biopharmaceutical, food and beverage and medical markets as well as the process technologies, aerospace and microelectronics markets.

The Company financed the approximately $13.6 billion acquisition price of Pall with approximately $2.5 billion of available cash, approximately $8.1 billion of net proceeds from the issuance and sale of U.S. dollar and Euro-denominated commercial paper and €2.7 billion (approximately $3.0 billion based on currency exchange rates as of the date of issuance) of net proceeds from the issuance and sale of Euro-denominated senior unsecured notes. Subsequent to the Pall Acquisition, the Company used the approximately $2.0 billion of net proceeds from the issuance of U.S. dollar-denominated senior unsecured notes and the approximately CHF 755 million ($732 million based on currency exchange rates as of date of issuance) of net proceeds, including the related premium, from the issuance and sale of Swiss franc-denominated senior unsecured bonds to repay a portion of the commercial paper issued to finance the Pall Acquisition.

In addition to the Pall Acquisition, during 2015 the Company acquired 11 businesses for total consideration of approximately $727 million in cash, net of cash acquired. The businesses acquired complement existing units of each of the Company’s five segments. The aggregate annual sales of these 11 businesses at the time of their respective acquisitions, in each case based on the company’s revenues for its last completed fiscal year prior to the acquisition, were approximately $375 million.

Disposition of Communications Business

In July 2015, the Company consummated the split-off of the majority of its Test & Measurement segment’s communications business (other than the data communications cable installation business and the communication service provider business of Fluke Networks which are now part of the instruments business of the Company’s Test & Measurement segment) to Danaher shareholders who elected to exchange Danaher shares for ownership interests in the communications business, and the subsequent merger of the communications business with a subsidiary of NetScout. Danaher shareholders who participated in the exchange offer tendered 26 million shares of Danaher

common stock (valued at approximately $2.3 billion based on the closing price of Danaher's common stock on the date of tender) and received 62.5 million shares of NetScout common stock which represented approximately 60% of the shares of NetScout common stock outstanding following the combination.
The accounting requirements for reporting the disposition of the communications business as a discontinued operation were met when the separation and merger were completed. Accordingly, the accompanying consolidated financial statements for all periods presented reflect this business as discontinued operations. The Company allocated a portion of the consolidated interest

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expense to discontinued operations based on the ratio of the discontinued business' net assets to the Company's consolidated net assets. The Company recorded an aggregate after-tax gain on the disposition of this business of $767 million, or $1.08 per diluted share, in its 2015 results in connection with the closing of this transaction representing the value of the 26 million shares of Company common stock tendered for the communications business in excess of the carrying value of the business' net assets. This gain was included in the results of discontinued operations for the year ended December 31, 2015 and included $47 million of charges recorded in the fourth quarter of 2015 resulting from the reconciliation of deferred income tax balances used in calculating the gain recorded in the third quarter of 2015. The communications business had revenues of $346 million in 2015 prior to the disposition and $760 million in 2014.

For a discussion of the Company's 2014 and 2013 acquisition and divestiture activity, refer to "Liquidity and Capital Resources — Investing Activities".

Sale of Investments

During 2015, the Company received cash proceeds of $43 million from the sale of certain marketable equity securities and recorded a pretax gain related to these sales of $12 million ($8 million after-tax or $0.01 per diluted share).

For a discussion of the Company's 2014 and 2013 sale of investments activity, refer to "Liquidity and Capital Resources — Investing Activities".

RESULTS OF OPERATIONS

Consolidated sales for the year ended December 31, 2015 increased 7.5% compared to 2014. Sales from existing businesses contributed 3.0% growth and sales from acquired businesses contributed 10.5% growth on a year-over-year basis. The impact of currency translation reduced reported sales by 6.0% as the U.S. dollar was, on average, stronger against other major currencies during 2015 as compared to exchange rate levels during 2014.

Consolidated sales for the year ended December 31, 2014 increased 5.0% compared to 2013. Sales from existing businesses contributed 4.0% growth and sales from acquired businesses contributed 1.5% growth on a year-over-year basis. The impact of currency translation reduced reported sales by 0.5% as the U.S. dollar was, on average, stronger against other major currencies during 2014 as compared to exchange rate levels during 2013.

In this report, references to sales from existing businesses refers to sales from continuing operations calculated according to generally accepted accounting principles in the United States ("GAAP") but excluding (1) sales from acquired businesses and (2) the impact of currency translation. References to sales or operating profit attributable to acquisitions or acquired businesses refer to GAAP sales or operating profit, as applicable, from acquired businesses recorded prior to the first anniversary of the acquisition less the amount of sales and operating profit, as applicable, attributable to divested product lines not considered discontinued operations. The portion of revenue attributable to currency translation is calculated as the difference between (a) the period-to-period change in revenue (excluding sales from acquired businesses) and (b) the period-to-period change in revenue (excluding sales from acquired businesses) after applying current period foreign exchange rates to the prior year period. Sales from existing businesses should be considered in addition to, and not as a replacement for or superior to, sales, and may not be comparable to similarly titled measures reported by other companies. Management believes that reporting the non-GAAP financial measure of sales from existing businesses provides useful information to investors by helping identify underlying growth trends in our business and facilitating easier comparisons of our revenue performance with our performance in prior and future periods and to our peers. The Company excludes the effect of currency translation from sales from existing businesses because currency translation is not under management's control, is subject to volatility and can obscure underlying business trends, and excludes the effect of acquisitions and divestiture related items because the nature, size and number of acquisitions and divestitures can vary dramatically from period to period and between the Company and its peers and can also obscure underlying business trends and make comparisons of long-term performance difficult.

References to sales volume refer to the impact of both price and unit sales.

Operating profit margins were 16.9% for the year ended December 31, 2015 as compared to 17.5% in 2014. The following factors impacted year-over-year operating profit margin comparisons.

2015 vs. 2014 operating profit margin comparisons were favorably impacted by:

•

Higher 2015 sales volumes from existing businesses and incremental year-over-year cost savings associated with the restructuring actions and continuing productivity improvement initiatives taken in 2014 and 2015, net of incremental year-over-year costs associated with various product development, sales and marketing growth investments and the effect of a stronger U.S. dollar in 2015 - 75 basis points

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- Lower year-over-year costs associated with restructuring actions and continuing productivity improvement initiatives - 25 basis points

2015 vs. 2014 operating profit margin comparisons were unfavorably impacted by:

- Acquisition related charges associated with Pall, including transaction costs deemed significant, change in control payments, and fair value adjustments to acquired inventory and deferred revenue, net of the positive impact of freezing pension benefits - 65 basis points
- The incremental net dilutive effect in 2015 of acquired businesses, including Pall, net of the positive effect of the product line disposition in the third quarter of 2014 - 85 basis points
- Charges associated with the anticipated 2016 Separation - 10 basis points

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 the Company in a given period.

Operating profit margins were 17.5% for the year ended December 31, 2014 as compared to 17.1% in 2013. The following factors impacted year-over-year operating profit margin comparisons.

2014 vs. 2013 operating profit margin comparisons were favorably impacted by:

- Higher 2014 sales volumes from existing businesses and incremental year-over-year cost savings associated with the restructuring actions and continuing productivity improvement initiatives taken in 2013 and 2014, net of incremental year-over-year costs associated with various product development, sales and marketing growth investments - 95 basis points

2014 vs. 2013 operating profit margin comparisons were unfavorably impacted by:

- Incremental year-over-year costs associated with restructuring actions and continuing productivity improvement initiatives - 15 basis points
- The incremental net dilutive effect in 2014 of acquired businesses and acquisition-related charges recorded in 2014 associated with the Nobel Biocare acquisition, including transaction costs deemed significant and fair value adjustments to acquired inventory, net of the positive effect of the product line disposition in the third quarter of 2014 - 40 basis points

Business Segments

Sales by business segment for the years ended December 31 are as follows ($ in millions):

	2015	2014	2013
Test & Measurement	$2,654.8	$2,702.1	$2,582.4
Environmental	3,635.4	3,547.3	3,316.9
Life Sciences & Diagnostics	8,213.1	7,185.7	6,856.4
Dental	2,736.8	2,193.1	2,094.9
Industrial Technologies	3,323.0	3,525.8	3,432.5
Total	$20,563.1	$19,154.0	$18,283.1

TEST & MEASUREMENT

The Company's Test & Measurement segment offers essential products, software and services used to create actionable intelligence by measuring and monitoring a wide range of physical parameters in industrial applications, including electrical current, radio frequency signals, distance, pressure and temperature. The Company's instruments products include a variety of compact professional test tools, thermal imaging and calibration equipment for electrical, industrial, electronic and calibration applications. These products and associated software solutions measure voltage, current, resistance, power quality, frequency, pressure, temperature and air quality, among other parameters. The Company also sells services and products that help developers and engineers convert concepts into finished products. The Company's test, measurement and monitoring products are used in the design, manufacturing and development of electronics, industrial, video and other advanced technologies. Also

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included in the Test & Measurement segment are the Company's professional tools and wheel service equipment businesses. As a result of the July 2015 split-off of the Company's communications business, which was previously reported as part of the Test & Measurement segment, all current year and prior year results of the segment have been adjusted to exclude the results of this discontinued operation. See Note 3 to the Consolidated Financial Statements for additional information related to the disposition of the communications business.

Test & Measurement Selected Financial Data

	For the Year Ended December 31		
($ in millions)	2015	2014	2013
Sales	$2,654.8	$2,702.1	$2,582.4
Operating profit	614.4	573.2	515.1
Depreciation	25.6	26.7	24.9
Amortization	54.6	56.8	65.8
Operating profit as a % of sales	23.1 %	21.2 %	19.9 %
Depreciation as a % of sales	1.0 %	1.0 %	1.0 %
Amortization as a % of sales	2.1 %	2.1 %	2.5 %

Components of Sales Growth

	2015 vs. 2014	2014 vs. 2013
Existing businesses	2.5 %	3.5 %
Acquisitions	— %	1.5 %
Currency exchange rates	(4.5)%	(0.5)%
Total	(2.0)%	4.5 %

2015 Compared to 2014

Price increases in the segment contributed 1.0% to sales growth on a year-over-year basis during 2015 as compared to 2014 and are reflected as a component of the change in sales from existing businesses.

Sales from existing businesses in the segment's instruments business were flat during 2015 as compared to 2014, due to increased year-over-year sales of calibration, thermography and biomedical products, primarily from sales in developed markets offset by year-over-year declines in sales in the government and the semi-conductor end-markets. Industrial end-market sales were essentially flat for the year but slowed during the second half of 2015 reflecting lower overall point of sale demand. Geographically, growth continued to be strong in Western Europe and China while demand remained weak in Russia and Latin America.

Sales from existing businesses in the segment's mobile tool and wheel service businesses grew at a low-double digit rate during 2015 as compared to 2014 due to continued strong demand for tool storage solutions as well as increases in the number of franchisees, primarily in the United States.

Operating profit margins increased 190 basis points during 2015 as compared to 2014. The following factors favorably impacted year-over-year operating profit margin comparisons.

- Higher 2015 sales volumes from existing businesses as well as incremental year-over-year cost savings associated with the restructuring actions and continuing productivity improvement initiatives taken in 2014 and 2015, net of incremental year-over-year costs associated with various new product development, sales and marketing growth investments and the effect of a stronger U.S. dollar in 2015 - 135 basis points
- Reimbursement of costs related to finance and accounting, information technology and other services provided under a transition services agreement entered into with NetScout in connection with the disposition of the communications business (see Note 3 to the Consolidated Financial Statements) - 45 basis points
- Lower year-over-year costs associated with restructuring actions and continuing productivity improvement initiatives - 10 basis points

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2014 Compared to 2013

Price increases in the segment contributed 0.5% to sales growth on a year-over-year basis during 2014 as compared to 2013 and are reflected as a component of the change in sales from existing businesses.

Sales from existing businesses in the segment's instruments business grew at a low-single digit rate during 2014 as compared to 2013, due to increased year-over-year sales of electrical and calibration products, primarily from strong sales of new product offerings. Geographically, growth was led by increased demand in North America, China, and Western Europe.

Sales from existing businesses in the segment's mobile tool and wheel service businesses grew during 2014 as compared to 2013.

Operating profit margins increased 130 basis points during 2014 as compared to 2013. The following factors impacted year-over-year operating profit margin comparisons.

2014 vs. 2013 operating profit margin comparisons were favorably impacted by:

- Higher sales volumes from existing businesses as well as incremental year-over-year cost savings associated with the restructuring actions and continuing productivity improvement initiatives taken in 2014 and 2013, net of incremental year-over-year costs associated with various new product development, sales and marketing growth investments - 155 basis points

2014 vs. 2013 operating profit margin comparisons were unfavorably impacted by:

- Incremental year-over-year costs associated with restructuring actions and continuing productivity improvement initiatives - 10 basis points
- The incremental net dilutive effect in 2014 of acquired businesses - 15 basis points

ENVIRONMENTAL

The Company's Environmental segment products and services help protect the global water supply, facilitate environmental stewardship, enhance the safety of personal data and improve business efficiencies. The Company's water quality business provides instrumentation and disinfection systems to help analyze, treat and manage the quality of ultra-pure, potable, waste, ground and ocean water in residential, commercial, industrial and natural resource applications. The Company's retail/commercial petroleum business is a leading worldwide provider of solutions and services focused on fuel dispensing, remote fuel management, point-of-sale and payment systems, environmental compliance, vehicle tracking and fleet management.

Environmental Selected Financial Data

	For the Year Ended December 31		
($ in millions)	2015	2014	2013
Sales	$3,635.4	$3,547.3	$3,316.9
Operating profit	782.4	705.2	696.5
Depreciation	52.8	49.7	34.4
Amortization	37.0	36.0	28.3
Operating profit as a % of sales	21.5 %	19.9 %	21.0 %
Depreciation as a % of sales	1.5 %	1.4 %	1.0 %
Amortization as a % of sales	1.0 %	1.0 %	0.9 %

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Components of Sales Growth

	2015 vs. 2014	2014 vs. 2013
Existing businesses	5.0 %	4.5 %
Acquisitions	3.5 %	3.5 %
Currency exchange rates	(6.0)%	(1.0)%
Total	2.5 %	7.0 %

2015 Compared to 2014

Price increases in the segment contributed 0.5% to sales growth on a year-over-year basis during 2015 as compared with 2014 and are reflected as a component of the change in sales from existing businesses.

Sales from existing businesses in the segment's water quality businesses grew at a mid-single digit rate during 2015 as compared with 2014. Sales growth in the analytical instrumentation product line continued to be led by strong sales of instruments and related consumables and services in North America, primarily in the U.S. municipal end market, Europe and China (although growth slowed sequentially in China during the fourth quarter of 2015, partly due to delays in government projects). Year-over-year sales growth in the business' chemical treatment solutions product line was due to continued growth in the United States as well as continued business expansion in Latin America. Sales in the business' ultraviolet water disinfection product line grew on a year-over-year basis due to continued demand in industrial disinfection end markets in the United States and municipal end markets in the United States and Western Europe.

Sales from existing businesses in the segment's retail petroleum business grew at a mid-single digit rate during 2015 as compared with 2014, as year-over-year demand for the business' dispenser systems, service and point-of-sale systems continued to be strong, primarily in North America. Customers, predominantly in the United States, have begun to upgrade point-of-sale systems to comply with deadlines for enhanced security requirements based on the Europay, MasterCard and Visa ("EMV") global standard and the Company expects this trend to continue to drive growth for the next several years. This growth was partially offset by lower year-over-year sales of retail petroleum products in the Middle East, Russia and Western Europe, largely due to softness in demand from integrated oil companies.

Operating profit margins increased 160 basis points during 2015 as compared to 2014. The following factors impacted year-over-year operating profit margin comparisons.

2015 vs. 2014 operating profit margin comparisons were favorably impacted by:

- Higher 2015 sales volumes from existing businesses and incremental year-over-year cost savings associated with the restructuring actions and continuing productivity improvement initiatives taken in 2014 and 2015, net of incremental year-over-year costs associated with various product development, sales and marketing growth investments and the effect of a stronger U.S. dollar in 2015 - 135 basis points
- Lower year-over-year costs associated with restructuring actions and continuing productivity improvement initiatives - 70 basis points

2015 vs. 2014 operating profit margin comparisons were unfavorably impacted by:

- The incremental net dilutive effect in 2015 of acquired businesses - 45 basis points

2014 Compared to 2013

Price increases in the segment contributed 0.5% to sales growth on a year-over-year basis during 2014 as compared with 2013 and are reflected as a component of the change in sales from existing businesses.

Sales from existing businesses in the segment's water quality business grew at a mid-single digit rate during 2014 as compared with 2013. Sales growth in the analytical instrumentation product line was led primarily by continued strong sales of instruments and related consumables and service in North America, China, Europe and Latin America. Sales in the business' chemical treatment solutions product line grew on a year-over-year basis due primarily to continued sales force investments in the U.S. market, and to a lesser extent, continued international expansion. Year-over-year sales in the business' ultraviolet water disinfection product line declined during 2014 due to continued weak demand in municipal end markets, primarily in North America and Western Europe.

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Sales from existing businesses in the segment's retail petroleum equipment business grew at a mid-single digit rate during 2014 as compared with 2013. Demand for the business' dispenser systems was particularly strong in North America and China during 2014. Continued strong demand for point-of-sale systems, service and vapor recovery products in most major geographies also contributed to year-over-year sales growth.

Operating profit margins declined 110 basis points during 2014 as compared to 2013. The following factors impacted year-over-year operating profit margin comparisons.

2014 vs. 2013 operating profit margin comparisons were favorably impacted by:

- Higher 2014 sales volumes from existing businesses and incremental year-over-year cost savings associated with the restructuring actions and continuing productivity improvement initiatives taken in 2013 and 2014, net of incremental year-over-year costs associated with various product development, sales and marketing growth investments - 35 basis points

2014 vs. 2013 operating profit margin comparisons were unfavorably impacted by:

- Incremental year-over-year costs associated with restructuring actions and continuing productivity improvement initiatives - 50 basis points
- The incremental net dilutive effect in 2014 of acquired businesses - 95 basis points

Depreciation as a percentage of sales increased during 2014 as compared to 2013 primarily as a result of investments in assets leased to customers, largely in businesses acquired during the second half of 2013. The inclusion of a full year of depreciation expense in 2014 and continued investments in such assets drove the increase.

LIFE SCIENCES & DIAGNOSTICS

The Company's diagnostics business offers analytical instruments, reagents, consumables, software and services that hospitals, physicians' offices, reference laboratories and other critical care settings use to diagnose disease and make treatment decisions. The Company's life sciences business offers a broad range of research tools that scientists use to study the basic building blocks of life, including genes, proteins, metabolites and cells in order to understand the causes of disease, identify new therapies and test new drugs and vaccines. The Company through its newly acquired Pall business is also a leading provider of products used to remove solid, liquid and gaseous contaminants from a variety of liquids and gases, consisting primarily of filtration consumables and to a lesser extent systems that incorporate filtration consumables and associated hardware.

Life Sciences & Diagnostics Selected Financial Data

	For the Year Ended December 31		
($ in millions)	2015	2014	2013
Sales	$8,213.1	$7,185.7	$6,856.4
Operating profit	1,088.5	1,105.9	1,009.8
Depreciation	392.6	371.9	363.3
Amortization	267.5	167.1	154.0
Operating profit as a % of sales	13.3 %	15.4 %	14.7 %
Depreciation as a % of sales	4.8 %	5.2 %	5.3 %
Amortization as a % of sales	3.3 %	2.3 %	2.2 %

Components of Sales Growth

	2015 vs. 2014	2014 vs. 2013
Existing businesses	3.5 %	4.5 %
Acquisitions	17.5 %	2.0 %
Currency exchange rates	(6.5)%	(1.5)%
Total	14.5 %	5.0 %

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2015 Compared to 2014

Price increases in the segment contributed 0.5% to sales growth on a year-over-year basis during 2015 as compared with 2014 and are reflected as a component of the change in sales from existing businesses.

Sales from existing businesses in the segment's diagnostics business grew at a mid-single digit rate during 2015 as compared to 2014. Demand in the clinical business increased on a year-over-year basis led by growth in the urinalysis and immunoassay consumable products primarily from continuing strong demand in China and other high-growth markets. Continued strong consumable sales in 2015 related to the installed base of blood gas instruments in developed markets as well as strong instrument placement particularly in China and the Middle East drove the majority of the year-over-year sales growth in the critical care diagnostic business. Increased demand for advanced staining systems and consumables as well as probes primarily in North America and China drove the majority of the year-over-year sales growth in the anatomical pathology diagnostics business.

Sales from existing businesses in the segment's life sciences business grew at a low-single digit rate during 2015 as compared to 2014. Geographically, sales grew on a year-over-year basis in North America and Western Europe partially offset by declines in the Middle East and Brazil. Sales of the business' broad range of mass spectrometers continued to grow on a year-over-year basis led by strong sales growth in the clinical markets in North America, Western Europe and China. Sales of confocal and stereo microscopy products decreased on a year-over-year basis led by declines in Western Europe and high-growth markets which were partially offset by growth in surgical microscopy products, primarily in North America. Year-over-year demand for the business' flow cytometry and sample preparation product lines grew in 2015, led by increases in demand in North America, Western Europe and China.

The Pall Acquisition provides additional sales and earnings growth opportunities for the segment by expanding geographic and product line diversity, including new product and service offerings in the areas of filtration, separation and purification, and through the potential acquisition of complementary businesses. As Pall is integrated into the Company over the next several years, the Company expects to realize approximately $300 million in annual cost savings as compared to Pall's annual expense level prior to acquisition, through the application of the Danaher Business System and the combined purchasing power of the Company and Pall.

Operating profit margins decreased 210 basis points during 2015 as compared to 2014. The following factors impacted year-over-year operating profit margin comparisons.

2015 vs. 2014 operating profit margin comparisons were favorably impacted by:

- Higher 2015 sales volumes from existing businesses and incremental year-over-year cost savings associated with the restructuring actions and continuing productivity improvement initiatives taken in 2014 and 2015, net of incremental year-over-year costs associated with various product development, sales and marketing growth investments and the effect of a stronger U.S. dollar in 2015 - 35 basis points
- Lower year-over-year costs associated with restructuring actions and continuing productivity improvement initiatives - 30 basis points

2015 vs. 2014 operating profit margin comparisons were unfavorably impacted by:

- Acquisition-related charges associated with Pall, including transaction costs deemed significant, change in control payments, and fair value adjustments to acquired inventory and deferred revenue, net of the positive impact of freezing pension benefits - 155 basis points
- The incremental net dilutive effect in 2015 of acquired businesses (including Pall) - 120 basis points

Depreciation and amortization expense increased during 2015 as compared to 2014 due primarily to the impact of recently acquired businesses, particularly Pall, and the resulting increase in depreciable and amortizable assets.

2014 Compared to 2013

Year-over-year price increases in the segment had a negligible impact during 2014.

Sales from existing businesses in the segment's diagnostics business grew at a mid-single digit rate during 2014 as compared to 2013. Demand in the clinical business increased on a year-over-year basis led by continuing strong demand in China and other high-growth markets and a return to growth in North America. Continued strong global consumable sales in 2014 related to the installed base of critical care instruments drove the majority of the year-over-year sales growth in the critical care diagnostic

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business, which was led by China and other high-growth markets as well as modest increases in Western Europe. Increased demand for advanced staining systems and consumables across all major geographies drove the majority of the year-over-year sales growth in the anatomical pathology diagnostics business. Slight overall increases in demand for core histology instruments, led by North America, also contributed to this growth.

Sales from existing businesses in the segment's life sciences business grew at a mid-single digit rate during 2014 as compared to 2013 due primarily to continued strong demand for the business' recently introduced products. Geographically, sales grew on a year-over-year basis in North America and Western Europe but declined in China and Japan. Sales of the business' broad range of mass spectrometers continued to grow on a year-over-year basis led by strong sales growth in the applied markets in North America and Western Europe. Sales of confocal, stereo and surgical microscopy products increased on a year-over-year basis led by strong demand in the developed markets. Year-over-year demand for the business' cellular analysis and sample preparation product lines grew at a low single digit rate in 2014, led by increases in demand in North America and Western Europe that, were largely offset by sales declines in China and Japan.

Operating profit margins increased 70 basis points during 2014 as compared to 2013. The following factors impacted year-over-year operating profit margin comparisons.

2014 vs. 2013 operating profit margin comparisons were favorably impacted by:

- Higher 2014 sales volumes from existing businesses and incremental year-over-year cost savings associated with the restructuring actions and continuing productivity improvement initiatives taken in 2013 and 2014, net of incremental year-over-year costs associated with various product development, sales and marketing growth investments - 110 basis points

2014 vs. 2013 operating profit margin comparisons were unfavorably impacted by:

- Incremental year-over-year costs associated with restructuring actions and continuing productivity improvement initiatives - 20 basis points
- The incremental net dilutive effect in 2014 of acquired businesses - 20 basis points

DENTAL

The Company's Dental segment provides products that are used to diagnose, treat and prevent disease and ailments of the teeth, gums and supporting bone, as well as to improve the aesthetics of the human smile. The Company is a leading worldwide provider of a broad range of dental consumables, equipment and services, and is dedicated to driving technological innovations that help dental professionals improve clinical outcomes and enhance productivity.

Dental Selected Financial Data

	For the Year Ended December 31		
($ in millions)	2015	2014	2013
Sales	$2,736.8	$2,193.1	$2,094.9
Operating profit	370.4	304.4	304.9
Depreciation	50.0	35.9	35.1
Amortization	82.0	49.1	48.2
Operating profit as a % of sales	13.5 %	13.9 %	14.6 %
Depreciation as a % of sales	1.8 %	1.6 %	1.7 %
Amortization as a % of sales	3.0 %	2.2 %	2.3 %

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Components of Sales Growth

	2015 vs. 2014	2014 vs. 2013
Existing businesses	— %	3.0 %
Acquisitions	32.5 %	3.0 %
Currency exchange rates	(7.5)%	(1.5)%
Total	25.0 %	4.5 %

2015 Compared to 2014

Price increases in the segment contributed 0.5% to sales growth on a year-over-year basis during 2015 as compared with 2014 and are reflected as a component of the change in sales from existing businesses.

Sales from existing businesses were flat on a year-over-year basis as increased demand for dental treatment units and consumable products, including orthodontic products, primarily in China and other high-growth markets, was offset by softness in demand for imaging products, largely due to destocking in the North American distribution channel, and weaker demand in Western Europe. Management believes the destocking impact will be less significant in 2016 as compared to 2015. Lower year-over-year demand for dental equipment in the Middle East due to slower project activity during 2015 also adversely impacted year-over-year performance. The acquisition of Nobel Biocare in December 2014 has provided additional sales and earnings growth opportunities for the Company's Dental segment by expanding the businesses' geographic and product line diversity, including new and complementary product and service offerings in the area of implant based tooth replacements.

Operating profit margins declined 40 basis points during 2015 as compared to 2014. The following factors impacted year-over-year operating profit margin comparisons.

2015 vs. 2014 operating profit margin comparisons were favorably impacted by:

- Incremental year-over-year cost savings associated with the restructuring actions and continuing productivity improvement initiatives taken in 2014 and 2015, net of incremental year-over-year costs associated with various product development, sales and marketing growth investments and the effect of a stronger U.S. dollar in 2015 - 45 basis points
- Lower year-over-year costs associated with restructuring actions and continuing productivity improvement initiatives - 10 basis points

2015 vs. 2014 operating profit margin comparisons were unfavorably impacted by:

- The incremental net dilutive effect in 2015 of acquired businesses - 95 basis points

Depreciation and amortization increased during 2015 as compared with 2014 due primarily to the impact of recently acquired businesses, primarily Nobel Biocare.

2014 Compared to 2013

Price increases in the segment contributed 0.5% to sales growth on a year-over-year basis during 2014 as compared with 2013 and are reflected as a component of the change in sales from existing businesses.

Sales from existing businesses grew on a year-over-year basis as a result of increased demand for all major product categories, with strong sales of imaging products, instruments and implant products, along with modest growth in dental consumables. Geographically, year-over-year sales grew in Europe and high-growth markets, specifically China and the Middle East.

Operating profit margins declined 70 basis points during 2014 as compared to 2013. The following factors impacted year-over-year operating profit margin comparisons.

2014 vs. 2013 operating profit margin comparisons were favorably impacted by:

- Higher 2014 sales volumes from existing businesses and incremental year-over-year cost savings associated with the restructuring actions and continuing productivity improvement initiatives taken in 2013 and 2014, net of incremental year-over-year costs associated with various product development, sales and marketing growth investments - 80 basis points

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2014 vs. 2013 operating profit margin comparisons were unfavorably impacted by:

- Incremental year-over-year costs associated with restructuring actions and continuing productivity improvement initiatives - 35 basis points
- The incremental net dilutive effect in 2014 of acquired businesses - 40 basis points
- Acquisition-related charges recorded in 2014 associated with the Nobel Biocare acquisition, including transaction costs deemed significant and fair value adjustments to acquired inventory - 75 basis points

INDUSTRIAL TECHNOLOGIES

The Company's Industrial Technologies segment solutions help protect the world's food supply, improve packaging design and quality, verify pharmaceutical dosages and authenticity and power innovative machines. The Company's product identification businesses develop and manufacture equipment, consumables and software for various printing, marking, coding, packaging, design and color management applications on consumer and industrial products. The Company's automation business provides electromechanical and electronic motion control products and mechanical components for the automation market. In addition to the product identification and automation strategic lines of business, the segment also includes the Company's sensors and controls, energetic materials and engine retarder businesses.

Industrial Technologies Selected Financial Data

	For the Year Ended December 31		
($ in millions)	2015	2014	2013
Sales	$3,323.0	$3,525.8	$3,432.5
Operating profit	799.3	801.3	722.9
Depreciation	44.3	46.2	46.6
Amortization	36.7	42.6	42.6
Operating profit as a % of sales	24.1%	22.7%	21.1%
Depreciation as a % of sales	1.3%	1.3%	1.4%
Amortization as a % of sales	1.1%	1.2%	1.2%

Components of Sales Growth

	2015 vs. 2014	2014 vs. 2013
Existing businesses	1.5%	4.0%
Acquisitions (divestitures), net	(1.5)%	(1.0)%
Currency exchange rates	(5.5)%	(0.5)%
Total	(5.5)%	2.5%

2015 Compared to 2014

Price increases in the segment contributed 1.0% to sales growth on a year-over-year basis during 2015 as compared with 2014 and are reflected as a component of the change in sales from existing businesses.

Sales from existing businesses in the segment's product identification businesses grew at a mid-single digit rate during 2015 as compared with 2014, due to continued increased demand for marking and coding equipment and related consumables as well as packaging and color solutions. Geographically, year-over-year sales growth was led by North America and Europe (although North America declined slightly in the fourth quarter of 2015), but was partly offset by softer demand for the business' packaging and color solutions in Brazil and Russia.

Sales from existing businesses in the segment's automation business increased slightly during 2015 as compared to 2014. A strong increase in year-over-year demand in technology and defense related end-markets in North America and distribution-related end markets in Europe, was largely offset by lower demand in North American distribution and industrial automation related end-markets as well as agricultural-related end markets in North America and Europe. During the third quarter of 2014, the Company sold its electric vehicle systems ("EVS")/hybrid product line. The impact of this divestiture is reflected in "Acquisitions (divestitures), net" in the Components of Sales Growth table above as the disposition was not deemed a

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discontinued operation for financial reporting purposes. See Note 3 to the Consolidated Financial Statements for additional information related to this transaction.

Sales from existing businesses in the segment's other businesses collectively declined at a low-single digit rate during 2015 as compared with 2014. Sales in the segment's energetic materials and sensors and controls businesses declined on a year-over-year basis, while sales in the segment's engine retarder business were essentially flat on a year-over-year basis.

Operating profit margins increased 140 basis points during 2015 as compared to 2014. Year-over-year operating profit margin comparisons were favorably impacted by:

- Higher 2015 sales volumes from existing businesses and incremental year-over-year cost savings associated with the restructuring actions and continuing productivity improvement initiatives taken in 2014 and 2015, net of incremental year-over-year costs associated with various product development, sales and marketing growth investments - 120 basis points
- Lower year-over-year costs associated with restructuring actions and continuing productivity improvement initiatives - 20 basis points
- The incremental net dilutive effect in 2015 of acquired businesses was fully offset by the positive effect of the product line disposition in the third quarter of 2014

2014 Compared to 2013

Price increases in the segment contributed 1.0% to sales growth on a year-over-year basis during 2014 as compared with 2013 and are reflected as a component of the change in sales from existing businesses.

Sales from existing businesses in the segment's product identification businesses grew at a mid-single digit rate during 2014 as compared to 2013. Continued increased demand for marking and coding equipment and related consumables as well as packaging and color solutions was partially offset by continued lower year-over-year demand in consumer electronics-related equipment. Geographically, year-over-year sales growth was led by North America and Europe.

Sales from existing businesses in the segment's automation business grew at a low-single digit rate during 2014 as compared to 2013. Improved year-over-year demand in industrial automation, in North America distribution and in medical related end-markets was partially offset by lower year-over-year demand in technology, agricultural and defense-related end-markets and the effect of exiting certain low-margin original equipment manufacturer product lines which negatively impacted the first half of 2014. Geographically, strong year-over-year demand in China and other high-growth markets as well as moderate sales growth in North America, more than offset year-over-year sales declines in Europe.

Sales from existing businesses in the segment's other businesses collectively grew at a mid-single digit rate during 2014 as compared to 2013, primarily due to strong demand in the segment's engine retarder business, and to a lesser extent, continued improving demand in the segment's sensors and controls businesses.

Operating profit margins increased 160 basis points during 2014 as compared to 2013. Year-over-year operating profit margin comparisons were favorably impacted by:

- Higher 2014 sales volumes from existing businesses and incremental year-over-year cost savings associated with the restructuring actions and continuing productivity improvement initiatives taken in 2013 and 2014, net of incremental year-over-year costs associated with various product development, sales and marketing growth investments - 115 basis points
- Lower year-over-year costs associated with restructuring actions and continuing productivity improvement initiatives - 45 basis points
- The incremental net dilutive effect in 2014 of acquired businesses was fully offset by the positive effect of the product line disposition in the third quarter of 2014

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COST OF SALES AND GROSS PROFIT

	For the Year Ended December 31		
($ in millions)	2015	2014	2013
Sales	$20,563.1	$19,154.0	$18,283.1
Cost of sales	9,800.6	9,261.4	8,941.1
Gross profit	10,762.5	9,892.6	9,342.0
Gross profit margin	52.3 %	51.6 %	51.1 %

The year-over-year increase in cost of sales during 2015 as compared with 2014, is due primarily to the impact of higher year-over-year sales volumes, including sales volumes from recently acquired businesses, and 2015 acquisition-related charges associated with fair value adjustments to acquired inventory and deferred revenue in connection with the acquisition of Pall and Nobel Biocare during the third quarter of 2015 and the fourth quarter of 2014, respectively, which increased cost of sales by $111 million during 2015. These factors were partially offset by lower year-over-year costs associated with restructuring actions and continuing productivity improvement initiatives and incremental year-over-year cost savings associated with the restructuring actions and continuing productivity improvements taken in 2014 and 2015.

The year-over-year increase in cost of sales during 2014 as compared with 2013, is due primarily to the impact of higher year-over-year sales volumes, acquisition-related charges associated with fair value adjustments to acquired inventory in connection with the acquisition of Nobel Biocare during the fourth quarter of 2014 and incremental year-over-year costs associated with restructuring actions and continuing productivity improvement initiatives, partially offset by incremental year-over-year cost savings associated with the restructuring actions and continuing productivity improvements taken in 2013 and 2014.

Gross profit margins increased 70 basis points on a year-over-year basis during 2015 as compared with 2014, due primarily to the favorable impact of higher year-over-year sales volumes, higher gross profit margins of recently acquired businesses and incremental year-over-year cost savings associated with the restructuring actions and continuing productivity improvements taken in 2014 and 2015. These positive factors more than offset the 2015 acquisition-related charges associated with fair value adjustments to acquired inventory and deferred revenue in connection with the acquisition of Pall and Nobel Biocare during the third quarter of 2015 and the fourth quarter of 2014, respectively, which adversely impacted gross profit margins comparisons by 30 basis points during 2015 as compared with 2014.

Gross profit margins increased 50 basis points on a year-over-year basis during 2014 as compared with 2013, due primarily to the favorable impact of higher year-over-year sales volumes and incremental year-over-year cost savings associated with the restructuring actions and continuing productivity improvements taken in 2013 and 2014, partially offset by acquisition-related charges associated with fair value adjustments to acquired inventory in connection with the acquisition of Nobel Biocare during the fourth quarter of 2014 and incremental year-over-year costs associated with restructuring actions and continuing productivity improvement initiatives.

OPERATING EXPENSES

	For the Year Ended December 31		
($ in millions)	2015	2014	2013
Sales	$20,563.1	$19,154.0	$18,283.1
Selling, general and administrative (“SG&A”) expenses	6,054.3	5,389.0	5,117.1
Research and development (“R&D”) expenses	1,239.1	1,157.0	1,104.4
SG&A as a % of sales	29.4 %	28.1 %	28.0 %
R&D as a % of sales	6.0 %	6.0 %	6.0 %

Selling, general and administrative expenses as a percentage of sales increased 130 basis points on a year-over-year basis for 2015 compared with 2014. The increase in selling, general and administrative expenses as a percentage of sales from 2014 to 2015 was driven by continued investments in sales and marketing growth initiatives and higher relative spending levels at recently acquired businesses. In addition, costs incurred in connection with the Separation adversely impacted year-over-year comparisons by 10 basis points. Change in control payments to Pall employees in connection with the Pall Acquisition, as well as associated transaction costs and amortization charges associated with acquisition-related intangible assets, net of the positive impact of freezing pension benefits, adversely impacted selling, general and administrative expenses as a percentage of sales by 20 basis points during 2015. These increases were partially offset by the benefit of increased leverage of the Company's

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general and administrative cost base resulting from higher 2015 sales, lower year-over-year costs associated with restructuring actions and continuing productivity improvement initiatives and incremental year-over-year cost savings associated with the restructuring actions and continuing productivity improvements taken in 2014 and 2015.

Selling, general and administrative expenses as a percentage of sales increased 10 basis points on a year-over-year basis for 2014 compared with 2013. The increase in selling, general and administrative expenses as a percentage of sales from 2013 to 2014 reflects incremental year-over-year investments in the Company's sales and marketing growth initiatives, higher corporate expenses and incremental year-over-year costs associated with restructuring actions and continuing productivity improvement initiatives. In addition, transaction costs incurred in connection with the closing of the Nobel Biocare acquisition during the fourth quarter of 2014 unfavorably impacted the year-over-year comparison by approximately five basis points. These increases were partially offset by the benefit of increased leverage of the Company's general and administrative cost base resulting from higher 2014 sales and incremental year-over-year cost savings associated with 2013 and 2014 restructuring actions.

Research and development expenses (consisting principally of internal and contract engineering personnel costs) as a percentage of sales remained flat in 2015 as compared with 2014 and 2013.

OTHER INCOME

During 2015, the Company received cash proceeds of $43 million from the sale of certain marketable equity securities and recorded a pretax gain related to these sales of $12 million ($8 million after-tax or $0.01 per diluted share).

During 2014, the Company received cash proceeds of $167 million from the sale of certain marketable equity securities and recorded a pretax gain related to these sales of $123 million ($77 million after-tax or $0.11 per diluted share). In addition, the Company completed the divestiture of its EVS/hybrid product line for a sale price of $87 million in cash in August 2014. This product line, which was part of the Industrial Technologies segment, had revenues of approximately $60 million in 2014 prior to the divestiture and approximately $100 million in 2013. Operating results of the product line were not significant to segment or overall Company reported results. The Company recorded a pretax gain on the sale of the product line of $34 million ($26 million after-tax or $0.04 per diluted share) in its third quarter 2014 results. Subsequent to the sale, the Company has no continuing involvement in the EVS/hybrid product line.

During the fourth quarter of 2013, the Company sold 5 million of the 8 million shares of Align Technology, Inc. ("Align") common stock that the Company received in 2009 as a result of a settlement between Align and Ormco Corporation, a wholly-owned subsidiary of the Company. The Company received cash proceeds of $251 million from the sale of these marketable equity securities and recorded a pretax gain of $202 million ($125 million after-tax or $0.18 per diluted share).

On July 4, 2010, the Company entered into a joint venture with Cooper Industries, plc ("Cooper"), combining certain of the Company's hand tool businesses with Cooper's Tools business to form a new entity, Apex Tool Group, LLC ("Apex"). Each of Cooper and the Company had owned a 50% interest in Apex, had an equal number of representatives on Apex's Board of Directors and neither joint venture partner controlled the significant operating and financing activities of Apex. The Company had accounted for its investment in the joint venture based on the equity method of accounting.

In February 2013, the Company and Cooper sold Apex to an unrelated third party for approximately $1.6 billion. The Company received $797 million from the sale, consisting of cash of $759 million (including $67 million of dividends received prior to closing) and a note receivable of $38 million (which has been subsequently collected). The Company recognized a pretax gain of $230 million ($144 million after-tax or $0.20 per diluted share) in its first quarter 2013 results in connection with this transaction. The Company's share of the 2013 earnings generated by Apex prior to the closing of the sale was insignificant. Subsequent to the sale of its investment in Apex, the Company has no continuing involvement in Apex's operations.

INTEREST COSTS

Interest expense of $163 million for 2015 was $44 million higher than in 2014, due primarily to the higher interest costs associated with the debt issued in connection with the Pall Acquisition. For a further description of the Company's debt as of December 31, 2015 see Note 9 to the Consolidated Financial Statements. Interest expense of $119 million in 2014 was $22 million lower than the 2013 interest expense of $141 million due primarily to the repayment of the $400 million principal amount of 1.3% senior unsecured notes due 2014 upon maturity in June 2014 in addition to the repayment of the €500 million principal amount of Eurobond notes due 2013 and the $300 million principal amount of floating rate senior notes due 2013 upon maturity in July and June 2013, respectively.

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INCOME TAXES

General

Income tax expense and deferred tax assets and liabilities reflect management's assessment of future taxes expected to be paid on items reflected in the Company's financial statements. The Company records the tax effect of discrete items and items that are reported net of their tax effects in the period in which they occur.

The Company's effective tax rate can be affected by changes in the mix of earnings in countries with differing statutory tax rates (including as a result of business acquisitions and dispositions), changes in the valuation of deferred tax assets and liabilities, accruals related to contingent tax liabilities and period-to-period changes in such accruals, the results of audits and examinations of previously filed tax returns (as discussed below), the expiration of statutes of limitations, the implementation of tax planning strategies, tax rulings, court decisions, settlements with tax authorities and changes in tax laws, including legislative policy changes that may result from the Organization for Economic Co-operation and Development's initiative on Base Erosion and Profit Shifting. For a description of the tax treatment of earnings that are planned to be reinvested indefinitely outside the United States, refer to "—Liquidity and Capital Resources – Cash and Cash Requirements" below.

The amount of income taxes the Company pays is subject to ongoing audits by federal, state and foreign tax authorities, which often result in proposed assessments. Management performs a comprehensive review of its global tax positions on a quarterly basis. Based on these reviews, the results of discussions and resolutions of matters with certain tax authorities, tax rulings and court decisions and the expiration of statutes of limitations, reserves for contingent tax liabilities are accrued or adjusted as necessary. For a discussion of risks related to these and other tax matters, please refer to "Item 1A. Risk Factors".

Year-Over-Year Changes in the Tax Provision and Effective Tax Rate

The Company's effective tax rate related to continuing operations for the years ended December 31, 2015, 2014 and 2013 was 21.8%, 25.2% and 24.2%, respectively.

The Company's effective tax rate for each of 2015, 2014 and 2013 differs from the U.S. federal statutory rate of 35.0% due principally to the Company's earnings outside the United States that are indefinitely reinvested and taxed at rates lower than the U.S. federal statutory rate. The effective tax rate of 21.8% in 2015 includes net tax benefits from foreign exchange losses, releases of valuation allowances related to foreign operating losses and the release of reserves upon the expiration of statutes of limitation, partially offset by changes in estimates associated with prior period uncertain tax positions and other matters. The effective tax rate of 25.2% in 2014 includes tax expense for audit settlements in various jurisdictions, partially offset by the release of valuation allowances and the release of reserves upon the expiration of statutes of limitation. The effective tax rate of 24.2% in 2013 includes recognition of tax benefits associated with favorable resolutions of certain international and domestic uncertain tax positions and the lapse of certain statutes of limitations, partially offset by adjustments of reserve estimates related to prior period uncertain tax positions. The matters referenced above have been treated as discrete items in the periods they occurred and in the aggregate reduced the provision for income taxes by approximately 140 and 20 basis points in 2015 and 2013, respectively, and increased the provision for income taxes by approximately 170 basis points in 2014.

The Company conducts business globally, and files numerous consolidated and separate income tax returns in the United States federal, state and foreign jurisdictions. The countries in which the Company has a significant presence that have significantly lower statutory tax rates than the United States include China, Denmark, Germany, Singapore, Switzerland and the United Kingdom. The Company's ability to obtain a tax benefit from lower statutory tax rates outside of the United States is dependent on its levels of taxable income in these foreign countries and the amount of foreign earnings which are indefinitely reinvested in those countries. The Company believes that a change in the statutory tax rate of any individual foreign country would not have a material effect on the Company's consolidated financial statements given the geographic dispersion of the Company's taxable income.

The Company and its subsidiaries are routinely examined by various domestic and international taxing authorities. The Internal Revenue Service ("IRS") has completed examinations of certain of the Company's federal income tax returns through 2009 and is currently examining certain of the Company's federal income tax returns for 2010 through 2013. In addition, the Company has subsidiaries in Belgium, Brazil, Canada, China, Denmark, Finland, France, Germany, India, Italy, Japan, Singapore, Sweden, the United Kingdom and various other countries, states and provinces that are currently under audit for years ranging from 2003 through 2014.

Tax authorities in Denmark have raised significant issues related to interest accrued by certain of the Company's subsidiaries. On December 10, 2013, the Company received assessments from the Danish tax authority ("SKAT") totaling approximately DKK 1.2 billion (approximately $180 million based on exchange rates as of December 31, 2015) including interest through December 31, 2015, imposing withholding tax relating to interest accrued in Denmark on borrowings from certain of the

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Company’s subsidiaries for the years 2004-2009. If the SKAT claims are successful, it is likely that the Company would be assessed additional amounts for years 2010-2012 totaling approximately DKK 700 million (approximately $102 million based on exchange rates as of December 31, 2015). Management believes the positions the Company has taken in Denmark are in accordance with the relevant tax laws and intends to vigorously defend its positions. The Company appealed these assessments with the National Tax Tribunal in 2014 and intends on pursuing this matter through the European Court of Justice should this appeal be unsuccessful. The ultimate resolution of this matter is uncertain, could take many years, and could result in a material adverse impact to the Company’s financial statements, including its effective tax rate.

As previously disclosed, German tax authorities had raised issues related to the deductibility and taxability of interest accrued by certain of the Company’s subsidiaries. In the fourth quarter of 2014, the Company entered into a settlement agreement with the German tax authorities to resolve these open matters through 2014. The Company recorded €49 million (approximately $60 million based on exchange rates as of December 31, 2014) of expense for taxes and interest related to this settlement during the fourth quarter of 2014.

The Company’s effective tax rate for 2016 is expected to be approximately 23% to 24%. This anticipated rate reflects the benefit from the research and experimentation credit in the United States which was permanently extended in 2015.

DISCONTINUED OPERATIONS

As further discussed in Note 3 to the Consolidated Financial Statements, discontinued operations includes the results of the Company’s Test & Measurement segment’s communications business (other than the data communications cable installation business and the communication service provider business of Fluke Networks which are now part of the instruments business of the Company’s Test & Measurement segment) which was disposed of during the third quarter of 2015. All periods presented have been restated to reflect the communications business within discontinued operations.

In 2015, earnings from operations of discontinued business, net of tax, were $759 million and reflected the operating results of the communications business as well as the gain on the sale of the communications business. In 2014 and 2013, earnings from operations of discontinued businesses, net of tax, were $55 million and $104 million, respectively and reflected the operations of the communications business.

COMPREHENSIVE INCOME

Comprehensive income increased by approximately $1.5 billion in 2015 as compared to 2014, primarily due to the impact of increases in net earnings, foreign currency translation adjustments resulting from the strengthening of the U.S. dollar compared to most major currencies during the year but at a lower rate than in the prior year, and pension and postretirement plan benefit adjustments. The Company recorded a foreign currency translation loss of approximately $1.0 billion for 2015 compared to a translation loss of approximately $1.2 billion for 2014. The Company recorded a pension and postretirement plan benefit gain of $81 million for 2015 compared to a loss of $361 million for 2014.

Comprehensive income decreased by approximately $2.0 billion in 2014 as compared to 2013, primarily due to the impact of foreign currency translation adjustments resulting from the strengthening of the U.S. dollar compared to most major currencies during the year, in addition to the impact from pension and postretirement plan benefit adjustments. The Company recorded a foreign currency translation loss of approximately $1.2 billion for 2014 compared to a translation loss of $62 million for 2013. Pension and postretirement plan benefit adjustments resulted in a loss of $361 million in 2014 compared to a gain of $289 million in 2013.

INFLATION

The effect of inflation on the Company’s revenues and net earnings was not significant in any of the years ended December 31, 2015, 2014 or 2013.

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FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed to market risk from changes in interest rates, foreign currency exchange rates, credit risk, equity prices and commodity prices, each of which could impact its financial statements. The Company generally addresses its exposure to these risks through its normal operating and financing activities. In addition, the Company's broad-based business activities help to reduce the impact that volatility in any particular area or related areas may have on its operating profit as a whole.

Interest Rate Risk

The Company manages interest cost using a mixture of fixed-rate and variable-rate debt. A change in interest rates on long-term debt impacts the fair value of the Company's fixed-rate long-term debt but not the Company's earnings or cash flow because the interest on such debt is fixed. Generally, the fair market value of fixed-rate debt will increase as interest rates fall and decrease as interest rates rise. As of December 31, 2015, an increase of 100 basis points in interest rates would have decreased the fair value of the Company's fixed-rate long-term debt (excluding the LYONs, which have not been included in this calculation as the value of this convertible debt is primarily derived from the value of its underlying common stock) by approximately $445 million.

As of December 31, 2015, the Company's variable-rate debt obligations consisted primarily of U.S. dollar and Euro-based commercial paper borrowings (refer to Note 9 to the Consolidated Financial Statements for information regarding the Company's outstanding commercial paper balances as of December 31, 2015). As a result, the Company's primary interest rate exposure results from changes in short-term interest rates. As these shorter duration obligations mature, the Company anticipates issuing additional short-term commercial paper obligations to refinance all or part of these borrowings. In 2015, the average annual interest rate associated with outstanding commercial paper borrowings was approximately 20 basis points. A hypothetical increase of this average to 40 basis points would have increased the Company's interest expense by $7 million.

Currency Exchange Rate Risk

The Company faces transactional exchange rate risk from transactions with customers in countries outside the United States and from intercompany transactions between affiliates. Transactional exchange rate risk arises from the purchase and sale of goods and services in currencies other than Danaher's functional currency or the functional currency of its applicable subsidiary. The Company also faces translational exchange rate risk related to the translation of financial statements of its foreign operations into U.S. dollars, Danaher's functional currency. Costs incurred and sales recorded by subsidiaries operating outside of the United States are translated into U.S. dollars using exchange rates effective during the respective period. As a result, the Company is exposed to movements in the exchange rates of various currencies against the U.S. dollar. In particular, the Company has more sales in European currencies than it has expenses in those currencies. Therefore, when European currencies strengthen or weaken against the U.S. dollar, operating profits are increased or decreased, respectively. The effect of a change in currency exchange rates on the Company's net investment in international subsidiaries is reflected in the accumulated other comprehensive income component of stockholders' equity. A 10% depreciation in major currencies relative to the U.S. dollar as of December 31, 2015 would have resulted in a reduction of stockholders' equity of approximately $1.4 billion.

Currency exchange rates negatively impacted 2015 reported sales by 6.0% on a year-over-year basis as the U.S. dollar was, on average, stronger against most major currencies during 2015 as compared to exchange rate levels during 2014. If the exchange rates in effect as of December 31, 2015 were to prevail throughout 2016, currency exchange rates would adversely impact 2016 estimated sales by approximately 1.5% relative to the Company's performance in 2015. Additional strengthening of the U.S. dollar against other major currencies would further adversely impact the Company's sales and results of operations on an overall basis. Any weakening of the U.S. dollar against other major currencies would positively impact the Company's sales and results of operations.

The Company has generally accepted the exposure to exchange rate movements without using derivative financial instruments to manage this risk. Both positive and negative movements in currency exchange rates against the U.S. dollar will therefore continue to affect the reported amount of sales, profit, and assets and liabilities in the Company's Consolidated Financial Statements.

On April 2, 2014, the Company terminated the Japanese Yen/U.S. dollar currency swap agreement that had been acquired in connection with a prior business acquisition. The currency swap agreement initially required the Company to purchase approximately 184 million Japanese Yen (JPY/¥) at a rate of $1/¥102.25 on a monthly basis through June 1, 2018. The currency swap did not qualify for hedge accounting, and as a result, changes in the fair value of the currency swap were reflected in selling, general and administrative expenses in the accompanying Consolidated Statements of Earnings each reporting period. The fair value of the currency swap as of the termination date was not significant and the fair value had not

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changed significantly during 2014 prior to the swap being terminated. During the year ended December 31, 2013, the Company recorded pretax income of $14 million related to changes in the fair value of this currency swap.

Credit Risk

The Company is exposed to potential credit losses in the event of nonperformance by counterparties to its financial instruments. Financial instruments that potentially subject the Company to credit risk consist of cash and temporary investments, receivables from customers and derivatives. The Company places cash and temporary investments with various high-quality financial institutions throughout the world and exposure is limited at any one institution. Although the Company typically does not obtain collateral or other security to secure these obligations, it does regularly monitor the third party depository institutions that hold its cash and cash equivalents. The Company's emphasis is primarily on safety and liquidity of principal and secondarily on maximizing yield on those funds.

In addition, concentrations of credit risk arising from receivables from customers are limited due to the diversity of the Company's customers. The Company's businesses perform credit evaluations of their customers' financial conditions as appropriate and also obtain collateral or other security when appropriate.

The Company enters into derivative transactions infrequently and, with the exception of the Yen swap noted above, such transactions are generally insignificant to the Company's financial condition and results of operations. These transactions are entered into only with high-quality financial institutions and exposure at any one institution is limited.

Equity Price Risk

The Company's available-for-sale investment portfolio includes publicly traded equity securities that are sensitive to fluctuations in market price. Changes in equity prices would result in changes in the fair value of the Company's available-for-sale investments due to the difference between the current market price and the market price at the date of purchase or issuance of the equity securities. A 10% decline in the value of these equity securities as of December 31, 2015 would have reduced the fair value of the Company's available-for-sale investment portfolio by $34 million.

Commodity Price Risk

For a discussion of risks relating to commodity prices, refer "Item 1A. Risk Factors."

LIQUIDITY AND CAPITAL RESOURCES

Management assesses the Company's liquidity in terms of its ability to generate cash to fund its operating, investing and financing activities. The Company continues to generate substantial cash from operating activities and believes that its operating cash flow and other sources of liquidity will be sufficient to allow it to continue investing in existing businesses, consummating strategic acquisitions, paying interest and servicing debt and managing its capital structure on a short and long-term basis.

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Following is an overview of the Company's cash flows and liquidity for the years ended December 31:

Overview of Cash Flows and Liquidity

($ in millions)	2015	2014	2013
Total operating cash flows provided by continuing operations	$3,828.0	$3,618.0	$3,467.4
Cash paid for acquisitions	$(14,305.0)	$(3,128.4)	$(882.5)
Payments for additions to property, plant and equipment	(633.0)	(580.6)	(538.1)
Payments for purchases of investments	(87.1)	—	—
Proceeds from sales of investments and a product line	43.0	253.8	958.6
All other investing activities	69.9	30.3	(2.4)
Total investing cash used in discontinued operations	(38.8)	(19.4)	(88.1)
Net cash used in investing activities	$(14,951.0)	$(3,444.3)	$(552.5)
Proceeds from the issuance of common stock	$249.0	$132.9	$177.4
Payment of dividends	(354.1)	(227.7)	(52.1)
Net proceeds from (repayments of) borrowings (maturities of 90 days or less)	3,511.2	312.2	(763.3)
Proceeds from borrowings (maturities longer than 90 days)	5,682.9	—	—
Repayments of borrowings (maturities longer than 90 days)	(35.5)	(414.7)	(967.8)
All other financing activities	(3.3)	(20.9)	—
Net cash provided by (used in) used in financing activities	$9,050.2	$(218.2)	$(1,605.8)

- Operating cash flows from continuing operations increased $210 million, or approximately 6%, during 2015 as compared to 2014, due primarily to higher net earnings which also included higher noncash charges for depreciation, amortization, stock compensation and acquisition related costs. Lower levels of investment in working capital during 2015 compared with 2014 also contributed to the increase in operating cash flows for the year.
- Cash paid for acquisitions constituted the most significant use of cash during 2015. The Company acquired 12 businesses during 2015, including the acquisition of Pall, for total consideration (including assumed debt and net of cash acquired) of approximately $14.3 billion.
- The Company financed the approximately $13.6 billion acquisition price of Pall with approximately $2.5 billion of available cash, approximately $8.1 billion of net proceeds from the issuance and sale of U.S. dollar and Euro-denominated commercial paper and €2.7 billion (approximately $3.0 billion based on currency exchange rates as of the date of issuance) of net proceeds from the issuance and sale of Euro-denominated senior unsecured notes. Subsequent to the Pall Acquisition, the Company used the approximately $2.0 billion of net proceeds from the issuance of U.S. dollar-denominated senior unsecured notes and the approximately CHF 755 million ($732 million based on currency exchange rates as of the date of issuance) of net proceeds, including the related premium from the issuance and sale of Swiss franc-denominated senior unsecured bonds, to repay a portion of the commercial paper issued to finance a portion of the Pall Acquisition.
- As of December 31, 2015, the Company held approximately $791 million of cash and cash equivalents.

Operating Activities

Cash flows from operating activities can fluctuate significantly from period to period as working capital needs and the timing of payments for income taxes, restructuring activities, pension funding and other items impact reported cash flows.

Operating cash flows from continuing operations were approximately $3.8 billion for 2015, an increase of $210 million, or approximately 6%, as compared to 2014. The year-over-year change in operating cash flows from 2014 to 2015 was primarily attributable to the following factors:

- 2015 operating cash flows benefited from higher net earnings as compared to 2014 excluding in both years the impact of gains included in other nonoperating income. These nonoperating gains, which include gains from sales of

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investments, product lines and discontinued operations, are reflected in the investing activities section of the Statement of Cash Flows and, therefore, do not contribute to operating cash flows.

- The aggregate of trade accounts receivable, inventories and trade accounts payable provided $172 million in operating cash flows during 2015, compared to $45 million provided in 2014. The amount of cash flow generated from or used by the aggregate of trade accounts receivable, inventories and trade accounts payable depends upon how effectively the Company manages the cash conversion cycle, which effectively represents the number of days that elapse from the day it pays for the purchase of raw materials and components to the collection of cash from its customers and can be significantly impacted by the timing of collections and payments in a period.
- The aggregate of prepaid expenses and other assets and accrued expenses and other liabilities provided $31 million in operating cash flows during 2015, compared to $18 million used in 2014. The timing of cash payments for income taxes and various employee related liabilities, including with respect to recently acquired companies, drove the majority of this change.
- Net earnings from continuing operations for 2015 reflected an increase of $162 million of depreciation and amortization expense as compared to 2014. Amortization expense primarily relates to the amortization of intangible assets acquired in connection with acquisitions. Depreciation expense relates to both the Company's manufacturing and operating facilities as well as instrumentation leased to customers under operating-type lease arrangements. Depreciation and amortization are noncash expenses that decrease earnings without a corresponding impact to operating cash flows.

Operating cash flows from continuing operations were approximately $3.6 billion for 2014, an increase of $151 million, or 4% as compared to 2013. This increase was primarily attributable to the increase in operating profit in 2014 as compared to 2013.

Investing Activities

Cash flows relating to investing activities consist primarily of cash used for acquisitions and capital expenditures, including instruments leased to customers, cash used for investments and cash proceeds from divestitures of businesses or assets.

Net cash used in investing activities was approximately $15.0 billion during 2015 compared to approximately $3.4 billion and $553 million of net cash used in 2014 and 2013, respectively.

Acquisitions, Divestitures and Sale of Investments

2015 Acquisitions, Divestitures and Sale of Investments

For a discussion of the Company's 2015 acquisitions, divestitures and the sale of certain marketable equity securities, refer to "—Overview."

2014 Acquisitions, Divestitures and Sale of Investments

In December 2014, the Company successfully completed its tender offer for the outstanding shares of common stock of Nobel Biocare and acquired substantially all of the Nobel shares, with the remainder of the Nobel shares acquired in 2015 pursuant to a squeeze-out transaction, for an aggregate cash purchase price of approximately CHF 1.9 billion (approximately $1.9 billion based on exchange rates as of the date the shares of common stock were acquired) including debt assumed and net of cash acquired. Headquartered in Zurich, Switzerland, Nobel Biocare is a world leader in the field of innovative implant-based dental restorations with a portfolio of solutions that include dental implant systems, high-precision individualized prosthetics, biomaterials and digital diagnostics, treatment planning and guided surgery. Nobel Biocare had revenues of €567 million in 2013 (approximately $780 million based on exchange rates as of December 31, 2013), and is now part of the Company's Dental segment. The Company financed the acquisition of Nobel Biocare from available cash.

In addition to the acquisition of Nobel Biocare, during 2014 the Company acquired 16 businesses for total consideration of approximately $1.3 billion in cash, net of cash acquired. The businesses acquired complement existing units of the Test & Measurement, Environmental, Life Sciences & Diagnostics and Dental segments. The aggregate annual sales of these 16 businesses at the time of their respective acquisitions, in each case based on the company's revenues for its last completed fiscal year prior to the acquisition, were approximately $420 million.

In August 2014, the Company completed the divestiture of its electric vehicle systems ("EVS")/hybrid product line for a sale price of $87 million in cash. This product line, which was part of the Industrial Technologies segment, had revenues of approximately $60 million in 2014 prior to the divestiture and approximately $100 million in 2013. Operating results of the product line were not significant to segment or overall Company reported results in 2014. The Company recorded a pretax gain

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on the sale of the product line of $34 million ($26 million after-tax or $0.04 per diluted share) in its third quarter 2014 results. Subsequent to the sale, the Company has no continuing involvement in the EVS/hybrid product line. In accordance with ASU No. 2014-08, Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity, which the Company adopted at the beginning of the third quarter of 2014, the divestiture of the EVS/hybrid product line was not classified as a discontinued operation in this Form 10-K since the disposition does not represent a strategic shift that will have a major effect on the Company's operations and financial statements.
During 2014, the Company received cash proceeds of $167 million from the sale of certain marketable equity securities and recorded a pretax gain related to these sales of $123 million ($77 million after-tax or $0.11 per diluted share).
2013 Acquisitions, Divestitures and Sale of Investments
During 2013, the Company acquired 12 businesses for total consideration of $883 million in cash, net of cash acquired. The businesses acquired complement existing units of the Industrial Technologies, Life Sciences & Diagnostics, Environmental and Test & Measurement segments. The aggregate annual sales of these 12 businesses at the time of their respective acquisitions, in each case based on the company's revenues for its last completed fiscal year prior to the acquisition, were approximately $300 million.
During the fourth quarter of 2013, the Company sold approximately 5 million of the approximately 8 million shares of Align common stock that the Company received in 2009 as a result of a settlement between Align and Ormco. The Company received cash proceeds of $251 million from the sale of these securities and recorded a pretax gain of $202 million ($125 million after-tax or $0.18 per diluted share).
On July 4, 2010, the Company entered into a joint venture with Cooper, combining certain of the Company's hand tool businesses with Cooper's Tools business to form a new entity, Apex. In February 2013, the Company and Cooper sold Apex to an unrelated third party for approximately $1.6 billion. The Company received $797 million from the sale, consisting of cash of $759 million (including $67 million of dividends received prior to closing) and a note receivable of $38 million (which has been subsequently collected). The Company recognized a pretax gain of $230 million ($144 million after-tax or $0.20 per diluted share) in its first quarter 2013 results in connection with this transaction.
Capital Expenditures
Capital expenditures are made primarily for increasing capacity, replacing equipment, supporting new product development, improving information technology systems and the manufacture of instruments that are used in operating-type lease arrangements that certain of the Company's businesses enter into with customers. Capital expenditures totaled $633 million in 2015, $581 million in 2014 and $538 million in 2013. The increase in capital spending in 2015 is due to continued investments in other operating assets, including operating assets at newly acquired businesses such as Nobel Biocare and Pall, partially offset by year-over-year differences in the timing of investments in equipment leased to customers. The increase in capital spending in 2014 is due primarily to increases in equipment leased to customers. In 2016, the Company expects capital spending (including with respect to the Fortive businesses that the Company anticipates spinning-off in 2016) to be approximately $750 million, though actual expenditures will ultimately depend on business conditions.
Financing Activities
Cash flows from financing activities consist primarily of cash flows associated with the issuance and repayments of commercial paper and other debt, issuances and repurchases of common stock, excess tax benefits from stock-based compensation, and payments of cash dividends to shareholders. Financing activities provided cash of approximately $9.1 billion during 2015 compared to $218 million of cash used during 2014. Cash provided by financing activities in 2015 primarily relates to the approximately $5.0 billion of proceeds from the sale of U.S. dollar and Euro-denominated senior unsecured notes, $732 million of proceeds from the sale of Swiss franc-denominated senior unsecured bonds and approximately $5.7 billion of proceeds from the sale of U.S. dollar and Euro-denominated commercial paper, in each case related to the financing of the Pall Acquisition. U.S. and Euro-denominated commercial paper outstanding at any one time during the year ended December 31, 2015 had balances ranging from $450 million to approximately $9.8 billion, carried interest at annual rates ranging between -0.03% and 0.5% and had original maturities between one and 182 days.

Total debt was approximately $12.9 billion and $3.5 billion as of December 31, 2015 and 2014, respectively. The Company had the ability to incur approximately an additional $2.0 billion of indebtedness in direct borrowings or under our outstanding commercial paper facilities based on the amounts available under the Company's $6.0 billion of credit facilities which were not being used to backstop outstanding commercial paper balances as of December 31, 2015. Refer to Note 9 to the Consolidated Financial Statements for information regarding the Company's financing activities and indebtedness, including the Company's outstanding debt as of December 31, 2015, the financing for the Pall Acquisition and the Company's commercial paper program and related credit facilities.

Shelf Registration Statement

The Company has filed a "well-known seasoned issuer" shelf registration statement on Form S-3 with the SEC that registers an indeterminate amount of debt securities, common stock, preferred stock, warrants, depositary shares, purchase contracts and units for future issuance. The Company utilized this shelf registration statement for the offering and sale of the U.S. dollar and Euro-denominated senior unsecured notes issued to finance the Pall Acquisition. The Company expects to use net proceeds realized by the Company from future securities sales off this shelf registration statement for general corporate purposes, including without limitation repayment or refinancing of debt or other corporate obligations, acquisitions, capital expenditures, share repurchases and dividends and working capital.

Stock Repurchase Program

On July 16, 2013, the Company's Board of Directors approved a new repurchase program (the "Repurchase Program") authorizing the repurchase of up to 20 million shares of the Company's common stock from time to time on the open market or in privately negotiated transactions. There is no expiration date for the Repurchase Program, and the timing and amount of any shares repurchased under the program will be determined by the Company's management based on its evaluation of market conditions and other factors. The Repurchase Program may be suspended or discontinued at any time. Any repurchased shares will be available for use in connection with the Company's equity compensation plans (or any successor plan) and for other corporate purposes. As of December 31, 2015, 20 million shares remained available for repurchase pursuant to the Repurchase Program. The Company expects to fund any future stock repurchases using the Company's available cash balances or proceeds from the issuance of commercial paper.

Except in connection with the disposition of the Company's communications business to NetScout, neither the Company nor any "affiliated purchaser" repurchased any shares of Company common stock during 2015, 2014 or 2013. Refer to Note 3 to the Consolidated Financial Statements for discussion of the 26 million shares of Danaher common stock tendered to and repurchased by the Company in connection with the disposition of the Company's communications business to NetScout.

Dividends

The Company declared a regular quarterly dividend of $0.135 per share that was paid on January 29, 2016 to holders of record on December 21, 2015. Aggregate cash payments for dividends during 2015 were $354 million. Dividend payments were higher in 2015 as compared to 2014 as the Company increased its quarterly dividend rate in the first quarter of 2015 to $0.135 per share.

Cash and Cash Requirements

As of December 31, 2015, the Company held approximately $791 million of cash and cash equivalents that were invested in highly liquid investment-grade debt instruments with a maturity of 90 days or less with an approximate weighted average annual interest rate of 0.01%. Of this amount, $36 million was held within the United States and $755 million was held outside of the United States. The Company will continue to have cash requirements to support working capital needs, capital expenditures and acquisitions, pay interest and service debt, pay taxes and any related interest or penalties, fund its restructuring activities and pension plans as required, repurchase shares of the Company's common stock, pay dividends to shareholders and support other business needs. With respect to the Company's other cash requirements, the Company generally intends to use available cash and internally generated funds to meet these cash requirements, but in the event that additional liquidity is required, particularly in connection with acquisitions, the Company may also borrow under its commercial paper programs or credit facilities, enter into new credit facilities and either borrow directly thereunder or use such credit facilities to backstop additional borrowing capacity under its commercial paper programs and/or access the capital markets. The Company also may from time to time access the capital markets, including to take advantage of favorable interest rate environments or other market conditions.

While repatriation of some cash held outside the United States may be restricted by local laws, most of the Company's foreign cash balances could be repatriated to the United States but, under current law, would be subject to U.S. federal income taxes, less applicable foreign tax credits. For most of its foreign subsidiaries, the Company makes an election regarding the amount of earnings intended for indefinite reinvestment, with the balance available to be repatriated to the United States. The Company has recorded a deferred tax liability for the funds that are available to be repatriated to the United States. No provisions for U.S. income taxes have been made with respect to earnings that are planned to be reinvested indefinitely outside the United States, and the amount of U.S. income taxes that may be applicable to such earnings is not readily determinable given the various tax planning alternatives the Company could employ if it repatriated these earnings. The cash that the

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Company's foreign subsidiaries hold for indefinite reinvestment is generally used to finance foreign operations and investments, including acquisitions. As of December 31, 2015, the total amount of earnings planned to be reinvested indefinitely and the basis difference in investments outside of the United States for which deferred taxes have not been provided was approximately $23.5 billion. As of December 31, 2015, management believes that it has sufficient liquidity to satisfy its cash needs, including its cash needs in the United States.

During 2015, the Company contributed $49 million to its U.S. defined benefit pension plan and $53 million to its non-U.S. defined benefit pension plans. During 2016, the Company's cash contribution requirements for its U.S. and its non-U.S. defined benefit pension plans (including any pension plans to be assumed by the Fortive businesses that the Company anticipates spinning-off in 2016) are expected to be approximately $40 million and $55 million, respectively. The ultimate amounts to be contributed depend upon, among other things, legal requirements, underlying asset returns, the plan's funded status, the anticipated tax deductibility of the contribution, local practices, market conditions, interest rates and other factors.

Contractual Obligations

The following table sets forth, by period due or year of expected expiration, as applicable, a summary of the Company's contractual obligations as of December 31, 2015 under (1) long-term debt obligations, (2) leases, (3) purchase obligations and (4) other long-term liabilities reflected on the Company's balance sheet under GAAP. The amounts presented in the table below include $971 million of noncurrent gross unrecognized tax benefits. However, the timing of these liabilities is uncertain, and therefore, they have been included in the "More Than 5 Years" column in the table below. Refer to Note 12 to the Consolidated Financial Statements for additional information on unrecognized tax benefits. Certain of the Company's acquisitions also involve the potential payment of contingent consideration. The table below does not reflect any such obligations, as the timing and amounts of any such payments are uncertain. Refer to "—Off-Balance Sheet Arrangements" for a discussion of other contractual obligations that are not reflected in the table below.

($ in millions)	Total	Less Than One Year	1-3 Years