

Relentlessly

Listen. Focus. Improve. Grow.

DANAHER

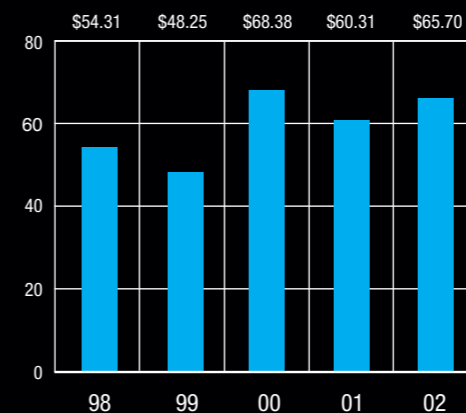
Danaher, a leading industrial company, designs, manufactures, and markets innovative products, services and technologies with strong brand names and significant market positions. Driven by strong core values and a foundation provided by the Danaher Business System, Danaher's associates are pursuing a focused strategy aimed at creating a premier global enterprise.

FINANCIAL OPERATING HIGHLIGHTS

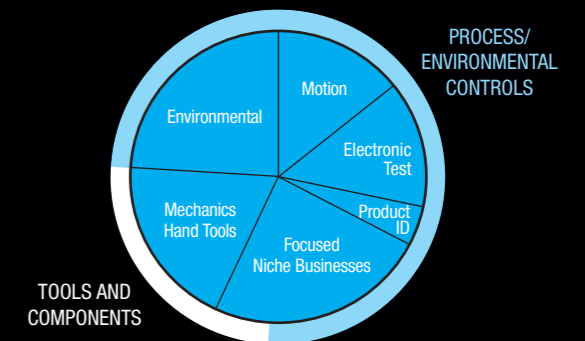
(DOLLARS IN THOUSANDS EXCEPT PER SHARE DATA AND NUMBER OF ASSOCIATES)

Year ended December 31	2002	2001
Sales	\$4,577,232	\$3,782,444
Operating Profit	\$ 701,122	\$ 502,011
Net earnings before accounting change and tax reserve reduction	\$ 434,141	\$ 297,665
Net earnings	\$ 290,391	\$ 297,665
Earnings per share before accounting change and tax reserve reduction	\$ 2.79	\$ 2.01
Earnings per share	\$ 1.88	\$ 2.01
Operating cash flow	\$ 710,347	\$ 608,471
Capital expenditures	\$ 65,430	\$ 84,457
Free cash flow (operating cash flow less capital expenditures)	\$ 644,917	\$ 524,014
Number of associates (permanent and temporary)	29,000	23,000
Total assets	\$6,029,145	\$4,820,483
Total debt	\$1,309,964	\$1,191,689
Stockholders' equity	\$3,009,599	\$2,228,586
Total debt as a percent of total capitalization	30.3%	34.8%
Return on equity before accounting change and tax reserve reduction	13.8%	13.4%

YEAR-END MARKET PRICE OF STOCK
(in dollars)



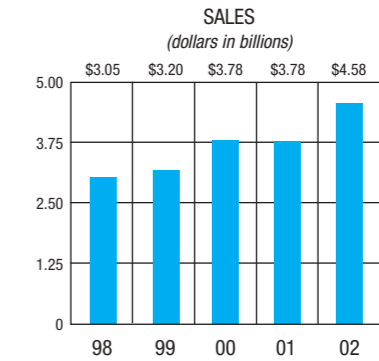
75+% OF REVENUES
FROM 5 STRATEGIC PLATFORMS



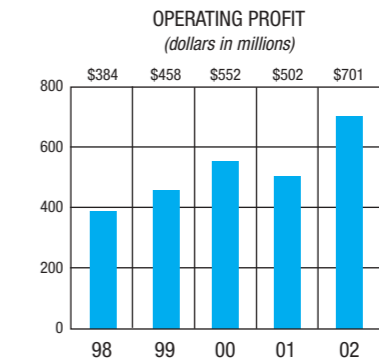
DANAHER AT-A-GLANCE



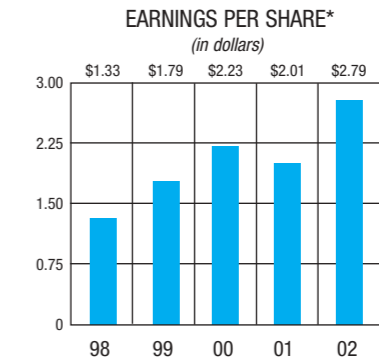
		KEY BRANDS	KEY CUSTOMERS/VERTICAL MARKETS
ELECTRONIC TEST	Fluke Corporation is a world leader in the manufacture, distribution and service of electronic test tools and software. From industrial electronic installation, maintenance and service, to precision measurement and quality control, Fluke tools help keep business and industry around the globe up and running.	Fluke, Meterman, Fluke Biomedical, Raytek	Technicians, Engineers, Metrologists, Commercial and Residential Electricians
	Fluke Networks is a leading provider of innovative solutions for ensuring data communications and Internet uptime. Fluke Networks products combine speed, accuracy and ease of use for maximizing network performance.	Fluke Networks, OptiView, MicroTools, OmniScanner, DSP	Network Engineers and Technicians, Network Installation and Maintenance Professionals, Telecommunication Technicians
ENVIRONMENTAL	Hach/Lange is a worldwide market leader in analytical instrumentation for water quality and applications. Hach/Lange provides advanced analytical systems and technical support for water quality testing with solutions for the lab, plant, and field.	Hach, Lange, Orbisphere, OTT, McCrometer, Pacific Scientific	Drinking Water Facilities, Waste Water Plants, Pharmaceuticals, Environmental Monitoring Agencies
	Gilbarco Veeder-Root enjoys a leading position providing solutions and technologies that provide convenience, control, and environmental integrity for retail fueling and adjacent markets.	Gilbarco, Veeder-Root, Red Jacket, Gasboy	Major Oil Companies, Convenience Stores, Retail Fueling Franchises, Commercial Fueling Operators
MOTION	Danaher Motion is changing the way things move through innovation in flexibility, precision, efficiency, and reliability for applications as diverse as robotics, wheelchairs, lift trucks, electric vehicles, and packaging machines.	Kollmorgen, Pacific Scientific, Thomson, Superior Electric, Portescap, Dover	Factory Automation, Medical Equipment, Aerospace and Defense, Electronic Vehicles, Lift Trucks, Health and Fitness Machines
PRODUCT IDENTIFICATION	The output of our product identification technology can be seen every day, from the lot code on a pill bottle to the expiration date on a beverage can. Videojet technology applies codes to more than one trillion products each year worldwide.	Videojet, Willett, Marsh	Consumer Packaged Goods, Pharmaceuticals, Automotive, Aerospace, Building Materials
MECHANICS HAND TOOLS	Danaher Tool Group and Matco enjoy a leading share position in the billion dollar U.S. mechanics hand tool market. Danaher is committed to deliver customer-driven innovation with new products that improve safety, strength, speed and access.	Sears Craftsman®, Armstrong, Matco, Allen™, KD-Tools, Holo-Krome, NAPA®, SATA	Sears, Professional Automotive Mechanics, NAPA, Industrial Maintenance and Repair



11% compounded annual growth rate

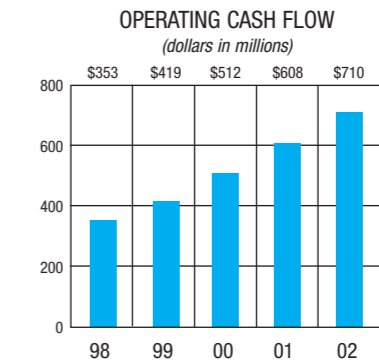


16% compounded annual growth rate



20% compounded annual growth rate

*before effect of accounting change and reduction of income tax reserves related to previously discontinued operations.



19% compounded annual growth rate

FOCUSED NICHE BUSINESSES

- Aerospace and Defense
- Industrial Control
- Power Quality
- Delta Consolidated Industries
- Hennessy Industries
- Jacobs Chuck Manufacturing Company
- Jacobs Vehicle Systems
- Joslyn Manufacturing Company

DEAR SHAREHOLDERS:



WE ARE PLEASED TO REPORT RECORD PERFORMANCE IN SALES, EARNINGS BEFORE ACCOUNTING CHANGES, AND OPERATING CASH FLOW FOR 2002. WE DELIVERED THESE RESULTS AGAINST THE BACKDROP OF A VERY CHALLENGING OPERATING ENVIRONMENT MARKED BY WEAKNESS IN THE WORLDWIDE ECONOMY AND RISING GEOPOLITICAL UNCERTAINTIES THROUGHOUT THE YEAR.

The Danaher team stayed focused on both our customers and our performance. Key highlights include:

- Revenues increased 21% v. 2001 to \$4.6 billion – putting our annualized run-rate above \$5 billion.
- Earnings per share, before the effect of accounting changes and certain tax related credits, rose to \$2.79. And just as in 2001, earnings grew amidst the ongoing industrial recession and technology depression.
- Operating cash flow grew 17% to \$710 million – our best year ever.
- Free cash flow, defined as operating cash flow less purchases of property, plant and equipment, increased 23% to \$645 million – the eleventh year in a row in which our free cash flow exceeded our net earnings.
- An exciting, new fifth strategic platform, Product Identification, was constructed with the Videojet and Willett transactions.
- Danaher stock appreciated 9% – outdistancing peers and broader market indices.

DBS

We have dedicated several pages of this annual report to a detailed description of the Danaher Business System (DBS) that we hope you find insightful for several reasons. First, DBS has been – and remains – the foundation of our performance, and we’re hopeful a deeper understanding of DBS will help you understand the strength of our company more fully. Second, “what is DBS?” remains a frequent question among shareholders who, especially in the current environment, have an interest in understanding our operating model in detail. Third, as I mentioned a year ago, we are extending the traditional reach of DBS beyond manufacturing to include non-manufacturing functions, particularly those related to innovation and growth, and we want to update you on our early progress.

I often think that “what is DBS?” is a Rorschach-like question when asked of those familiar with our company, and I am always fascinated by the answers. For me, the answer has always been simple: “it’s *who* we are and *how* we do what we do.”

DBS has evolved since its beginnings in the late 1980s to become the comprehensive operating and management system we use rigorously in each of our businesses in pursuit of our quality, delivery, cost, and innovation (QDCI) goals. The new DBS image found on pages 6 and 7 in this report details the key elements of DBS.

To me, to define DBS as merely a set of tools and processes only answers part of the question “what is DBS?” and omits the other differentiating aspect of our organization, our core values. The concept of *kaizen* is a great example. *Kaizen*, the Japanese word for continuous improvement, is most literally translated as “continuity and change for the better” and is the heart of the Toyota Production System. Once just a tool in the DBS toolbox, *kaizen* has become a fundamental part of Danaher’s culture and one of our five core values. No matter how well we perform, we know we can do better and we look to do so tomorrow.

In an environment in which investors are increasingly interested in the true sustainability of companies’ operating models and cultures, we are fortunate to be fifteen years into our efforts to build DBS. We were committed to DBS years before others cared about such concepts. And our continuously increasing commitment to the same values and concepts comes not from the greater interest shareholders have today but rather from the deep understanding we have of the power of DBS to create successes in our organization, an understanding we’ve built over many years.

In 2002 we intensified our efforts to take DBS into non-manufacturing functions, and enjoyed some early successes. We held scores of transactional process improvement (TPI) events to improve administrative functions. These TPI events drove many working capital improvements in 2002, which contributed significantly to our record cash flow performance.

We added several new tools to DBS specifically intended to improve our growth and innovation skills. Resources were added to the DBS Office to support these efforts and the results are encouraging. We also increased our funding of corporate breakthroughs, those organic growth opportunities with at least \$30 million of annualized revenue potential within three to five years and we now have 22 funded projects with over \$600 million of growth potential.

We are confident that you will find this snapshot of DBS useful in better understanding our company. I use the word snapshot intentionally, because in the spirit of *kaizen*, DBS will be different a year from now. The bedrock elements will be the same (continuity) but we know we have countless improvement opportunities (change for the better) that will be realized in the coming year, and in years to come.

BUSINESS PORTFOLIO

Our results in 2002 were also driven by the quality of Danaher’s business portfolio. Our five strategic platforms – global businesses with scale and leadership positions in attractive markets – now account for over 75% of Danaher’s revenues. The construction of these strategic platforms over the past five years has been a conscious effort to provide our larger businesses the scale and leading positions needed for outperformance in an increasingly competitive global marketplace. Our focused niche businesses also make important contributions, generating positive returns through competitive advantages in their respective markets, and providing important career development assignments for Danaher leaders.

Environmental: Hach/Lange strengthened its worldwide leadership position for analytical instrumentation used in water quality applications in 2002. Hach/Lange continues to play a key role maintaining the safety of our public water supplies, safety we no longer take for granted. Hach/Lange posted positive organic growth in the year and demonstrated again the relative resiliency of its business in soft economic conditions. The Viridor acquisition brought several key technologies especially in the area of ultrapure instrumentation where Orbisphere is a worldwide leader. Orbisphere ultrapure instrumentation assures quality and purity in the production of food and beverages. Gilbarco, acquired in February, was integrated with Veeder-Root to create a global leader in environmental instrumentation and retail automation products and services for the retail petroleum market. Early integration successes resulted in share gains against a backdrop of weak demand due to global uncertainties and higher oil prices.

Electronic Test: Fluke, a leading global brand in handheld test instrumentation, gained momentum throughout the year with new product launches and creative marketing programs. Fluke’s growth breakthrough initiative in the electrical market drove double-digit growth as we progress well toward our three-year goal of \$30 million of growth in that market. Acquired in August, Raytek enhanced Fluke’s product portfolio with its core non-contact infrared temperature technology. Raytek infrared products complement current Fluke products in commercial and industrial applications where only non-contact temperature readings can be taken – giving Fluke a leading global position in this new product category. Fluke Networks, while down for the year due to the sluggish information technology spending environment, gained market share due to the introduction of several unique products, including the OptiView Wireless

and Workgroup Analyzers, LinkRunner, WaveRunner and Optifiber, all key products for the enterprise network engineer.

Motion: The integration of our precision motion businesses under the Danaher Motion banner continued with design wins and new distribution partners providing evidence of the strength of the combined Pacific Scientific, Kollmorgen, API and Warner operations. The economic downturn affected us most dramatically in Motion so we were pleased with the stronger organic growth rates achieved during the second half of 2002. We are funding more growth breakthroughs in Motion than in any other platform. Our precision motor sales to Otis in conjunction with their Gen2 elevator enjoyed double-digit growth. As electrical lift truck manufacturers transition to more energy-efficient motor and drive solutions, we expect to win the majority of new designs which, in turn, are expected to generate in excess of \$100 million in revenues by 2005. The addition of Thomson, a U.S. leader in precision mechanical devices, strengthens our system offering for our OEM customers while providing significant strength in the North American distribution channel.

Hand Tools: We enjoyed 2% growth in Hand Tools for the year due primarily to the superior performance turned in by Matco in mobile distribution and by our Professional Tool Division and its Armstrong brand in industrial distribution. New products, such as Hi-Vis sockets and the Next Generation Ratcheting System, helped us mitigate the soft retail environment in 2002. We are excited about our agreement with Sears at year-end whereby we obtained exclusive rights to take the Craftsman brand into industrial, electrical and construction channels. This agreement gives us additional growth opportunities for 2003 and beyond.

Product Identification: Videojet joined Danaher last February and is the cornerstone of our newest platform: Product Identification. Videojet, a leading worldwide brand for marking variable product information across a broad range of consumer and industrial applications, including the pharmaceutical and food and beverage industries, saw a return to sales growth as the company refocused on core customers while aggressively implementing DBS across its operations. The addition of Willett in January 2003 raised platform revenues in excess of \$400 million and, more importantly, dramatically improved our reach into the rapidly-growing markets of Asia, Latin America and Eastern Europe.

STRATEGY AND PROSPECTS

Our annual strategic plan review with each Danaher business is a key element of DBS. We continue this discussion throughout the year, continually asking ourselves, “what game are we playing?” and “how do we win?” By doing so, we identify and address the issues and opportunities that face each of our businesses, with tailored strategies. Our Danaher-wide efforts aimed at growing our team, evolving DBS and stimulating organic growth and innovation – with specific attention on these efforts outside of North America – are integrated with each business’s strategic plan for maximum focus at the point of impact. We are excited about the strategic prospects for each of our businesses and for our corporation as a whole.

However, I characterize our near-term outlook as cautious. Despite the strong organic growth we enjoyed in the fourth quarter of 2002, we began 2003 anticipating a flat global economy unlikely to see a sustained up-tick in the near future. Accordingly, we are actively pursuing share gains and investing in our key long-term growth initiatives while retaining our generally conservative posture on expenses so as to grow earnings again in 2003 while funding our future. With over \$800 million of cash on the balance sheet at year-end, we remain well-positioned and committed to an active strategic acquisition program to complement our organic growth strategies, but will maintain our financial discipline along the way.

Our long-term view of Danaher’s future remains unchanged: our team is confident that the powerful combination of DBS and our high-quality portfolio of businesses will create superior value for shareholders as we continue the journey of becoming a premier global enterprise.

FINAL THOUGHTS

Many people – Danaher associates, suppliers and customers – helped deliver the record 2002 performance presented in this report. I am grateful for their support and contributions to our collective success. I am particularly proud of all of the Danaher associates who worked so tirelessly and diligently throughout the year with a relentless commitment to DBS. To be their leader continues to be a humbling experience. Thank you for your continued support.

Sincerely,



H. Lawrence Culp, Jr.
President and Chief Executive Officer
March 28, 2003

KEY QUESTIONS INVESTORS ARE ASKING

A Q&A with Management

Q: HOW HAS DANAHER BEEN ABLE TO OUTPERFORM DURING THE LAST TWO YEARS OF RECESSION?

A: Larry – Several reasons. First, I give a lot of credit to the Danaher team who consistently faced reality and took appropriate action. Remember, we began our preparation for the downturn back in the summer of 2000, well ahead of the actual recession. Second, DBS gives us a powerful framework in which to reduce costs while investing for share gains and growth. Third, the quality of the portfolio helped a great deal. Our Environmental, Electronic Test, Motion, Mechanics Hand Tools and Product Identification businesses are global leaders in their respective markets.

Q: HOW IS DANAHER’S APPROACH TO CONTINUOUS IMPROVEMENT DIFFERENT FROM OTHER COMPANIES?

A: Larry – We’ve been on this journey for quite some time. The cumulative experience we have in this regard is invaluable. We know what works and what doesn’t work. Toyota lets their competitors visit their factories, I think, because they know it’s very difficult to make up for lost time when it comes to continuous improvement.

DBS is led from the top of the organization. My entire senior team is committed to DBS. I teach our Policy Deployment module as often as I can because I believe it is a key element of DBS, and because I enjoy the interaction with new associates engaging DBS for the first time.

Kaizen is just a set of tools for a lot of companies. At Danaher, *kaizen* is no longer a tool, it is a core value. It’s part of our culture. And you can’t copy culture.

Q: WHAT ARE YOUR PRIORITIES GOING FORWARD?

A: Larry – We’ll continue to evolve DBS toward a broader definition beyond its manufacturing roots. We will continue to take full advantage of these economic conditions by increasing our investments in organic growth and acquisitions. Developing our organization in anticipation of our growth remains a high priority. And I would like for us to become more global than we are today with particular emphasis on our opportunities in China.

Q: WHAT IS A CORPORATE BREAKTHROUGH?

A: Larry – For us, these are our larger organic growth opportunities – in excess of \$30 million of annualized revenue potential in a three to five year period. We put particular focus on them so that we properly allocate



H. LAWRENCE CULP, JR.
President and Chief Executive Officer

both capital and talent from across Danaher to maximize our potential for success. Today, we fund 22 such projects with over \$600 million of growth potential. Not all of these projects will be successful, but having a portfolio of such investments underscores how actively we are funding organic growth during this economic downturn.

Q: WHAT DO YOU SAY TO THOSE WHO BELIEVE DANAHER IS SIMPLY AN ACQUISITION STORY?

A: Larry – The facts suggest otherwise. The best example may be my calendar. We spend a tremendous amount of time on strategy, execution and organization and talent development during the course of a year, not just acquisitions. Our free cash flow gives us the opportunity to consider investments in acquisitions and fortunately we have been successful in that regard but to characterize Danaher in that way doesn’t reconcile with how we run the company.

Q: 2002 WAS THE ELEVENTH YEAR IN A ROW YOUR FREE CASH FLOW EXCEEDED YOUR NET INCOME. HOW DOES DANAHER DO IT?

A: Pat – Free cash flow generation is a fundamental by-product of the Danaher Business System, in particular the elimination of waste. In balance sheet terms, waste can appear in the form of excess working capital or excess fixed capital. We have made a concerted effort over a long period of time to drive excess working capital out of the system as well as use our fixed capital more efficiently. The shift in our business mix towards our Process/Environmental Controls businesses, which are substantially less capital intensive than our Tools and Components businesses, has contributed to the excess of depreciation costs over capital expenditures that we have enjoyed in recent years.

Q: WILL FREE CASH FLOW CONTINUE TO EXCEED NET INCOME IN THE FUTURE?

A: Pat – We expect free cash flow will continue to exceed net income, although it is likely that the relative percentage of excess cash flow to net income will moderate. As the business climate improves, we expect to grow at higher rates, with working capital reductions, particularly accounts receivable, contributing less to free cash flow.

Q: WHAT FINANCIAL CRITERIA DO YOU USE WHEN LOOKING AT ACQUISITIONS?

A: Pat – Our primary financial criterion in looking at acquisitions is return on invested capital. Our minimum hurdle rate target is 10% after tax ROIC. We look to reach those goals in three years or less for most acquisitions. For acquisitions involving the establishment of a new platform, the timing of the 10% target threshold may be set somewhat longer but in no event beyond five years. Of course, 10% is only a minimum target and we don't expect to stop there, either with our new acquisitions or more mature businesses. While we do look at EPS accretion as a relevant measure, accretion alone is a poor substitute for ROIC, particularly in the current climate of generationally low incremental borrowing rates.

Q: HOW DID THE 2002 ACQUISITIONS FARE AGAINST THOSE METRICS?

A: Pat – We are quite pleased with the progress made to date on the 2002 acquisitions. Gilbarco, our largest single acquisition in 2002, exited the year at an ROIC rate approaching our hurdle rate, in spite of a very difficult market with sales down more than 10% for the year. Videojet, our newest platform business, exited the year at an even higher ROIC rate.



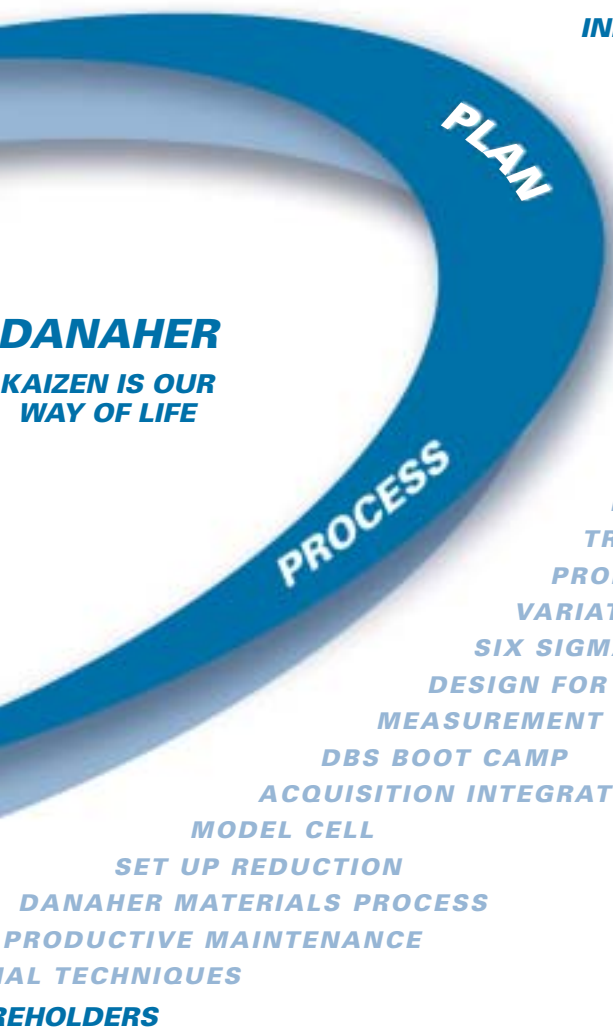
PATRICK W. ALLENDER
Executive Vice President,
Chief Financial Officer
and Secretary

WHAT IS THE DANAHER BUSINESS SYSTEM?

In the mid-1980s, a Danaher division faced with intensifying competition launched an improvement effort based on the then-new principles of lean manufacturing. The initiative succeeded beyond anyone's expectations – reinforcing the division's industry leadership as well as spawning the Danaher Business System (DBS). Since this modest beginning, DBS has evolved from a collection of manufacturing improvement tools into a philosophy, set of values, and series of management processes that collectively define *who* we are and *how* we do what we do.



Fueled by Danaher's core values, the DBS engine drives the company through a never-ending cycle of change and improvement: exceptional people develop outstanding plans and execute them using world-class tools to construct sustainable processes, resulting in superior performance. Superior performance and high expectations attract exceptional people, who continue the cycle. Guiding all efforts is a simple philosophy rooted in four customer-facing priorities: Quality, Delivery, Cost, and Innovation.



INNOVATION DEFINES OUR FUTURE

STRATEGIC PLANNING

POLICY DEPLOYMENT

VALUE STREAM MAPPING

KAIZEN EVENT BASICS

5S VISUAL MANAGEMENT

STANDARD WORK

COOPERATIVE BUSINESS PLANNING

VALUE SELLING

VOICE OF THE CUSTOMER

PRODUCT LAUNCH

DANAHER DEVELOPMENT SYSTEM

STRATEGIC SUPPLIER INTEGRATION

PRODUCTION PREPARATION PROCESS

TRANSACTIONAL PROCESS IMPROVEMENT

PROBLEM SOLVING

VARIATION REDUCTION KAIZEN

SIX SIGMA

DESIGN FOR SIX SIGMA

MEASUREMENT SYSTEM ANALYSIS

DBS BOOT CAMP

ACQUISITION INTEGRATION

MODEL CELL

SET UP REDUCTION

DANAHER MATERIALS PROCESS

PRODUCTIVE MAINTENANCE

AL TECHNIQUES

REHOLDERS

**The Danaher Business System is *Who We Are* and
How We Do What We Do.**

**On the following pages, three case studies show
DBS in action.**

Relentlessly

Listen. Focus. Improve. Grow.



How Do You Take
An Existing Brand And Make It A Leader

In A New Market?

*Relentlessly Listen To
The Voice Of Your Customer.*

Fluke is a world leader in the manufacture, distribution and service of electronic test tools and software. Since its founding in 1948, Fluke has helped define and grow a unique technology market, providing testing and troubleshooting capabilities for technicians, engineers, metrologists, and computer network professionals.

While engaged in the strategic planning process, the Fluke team identified a significant growth opportunity targeting residential and commercial contractor electricians. The channel was a natural extension of the current industrial product line that includes products such as clamp meters that safely measure electrical current in power distribution systems without having to disconnect the circuit. Success would require the disciplined focus of DBS tools for corporate breakthroughs.

Fluke began with the voice of the customer (VOC) to fully understand the unique needs

of the target market. Using web surveys and visiting job sites, Fluke captured the spoken and anticipated customer expectations that became the foundation for a compelling new product line to help contract electricians do their job better.

Within a period of 24 months, the existing clamp meter product line was revamped with a new ergonomic design for tight spaces, facilitating the launch of eight new products into the channel. High voltage products, previously used only in Europe, were also introduced in this new product set and are exceeding the company's internal projections by over 100%.

Through the VOC process, Fluke found in addition to requiring traditional electrical tools, the target market needed data-com tools not available in the electrical channel. Working with Fluke Networks, a leading provider of network monitoring technology,

data-com products were introduced under the Fluke brand – growing the business in the electrical channel more than 50% in the first year.

Developing the product line was only the first step. Using cooperative business planning (CBP), Fluke partnered with the two largest electrical wholesalers in the U.S. to help leverage Fluke's new products from a quality, delivery, and growth perspective. Fluke then turned to Europe to put CBP processes into place for Hagemeyer BV, one of the largest electrical wholesalers in the world. Success has been reflected in the results with double-digit increases with CBP partners and nine percent growth globally since 2002.

Fluke is enjoying above-average growth and enhanced brand recognition among electrical contractors worldwide as a result of relentlessly listening to its customers in this new market segment.



How Do You

Dramatically Change A Market?

*Relentlessly **FOCUS** On
Innovative Technologies.*

Danaher Motion is changing the way things move, maintaining a constant emphasis on product improvement and innovative design. Steeped in the culture of continuous improvement, Danaher Motion identified a technology conversion that would significantly impact the global lift truck market.

The technology breakthrough involved the conversion from direct current power supply to alternate current. This successful conversion would bring significant advantages such as the elimination of older higher maintenance brush motor technology as well as increased battery efficiency extending the uptime of the lift truck between charges.

The target market was clear: seven global manufacturers producing 200,000 lift trucks annually. The complexity of the initiative was daunting – a global effort that would span three continents, many product lines, and several divisions within Danaher Motion. OEM expectations included six sigma quality and world-class on-time delivery.

Policy deployment, a key DBS tool for successfully managing growth breakthroughs, provided the focus required to align all of the efforts. Specific breakthrough targets for quality, delivery, and cost actions were set early in the development process.

A variety of other DBS tools were employed. Standard Work – the best combination of people and process to maximize performance with minimum waste – replaced batch assembly production with single piece flow capability to increase productivity and capacity, and ensure high levels of product quality. Additional DBS tools were used to improve the supplier outsourcing process, identify root causes and solve customer concerns.

The end result for Danaher Motion is a more efficient, more effective motor technology – one that is meeting the needs of its customers, and generating a significant revenue opportunity for Danaher. Danaher Motion has captured significant global market share in electric lift truck power supply conversion as this technology has been adopted and now has the potential for use in other adjacent vehicle markets.



How Do You

Make A Great Partnership

Even Better?

*Relentlessly Improve Quality,
Delivery, Cost And Innovation.*

Danaher's Matco Tools is an established leader in the professional automotive tool industry, providing quality professional automotive equipment, tools and toolboxes. Since 1979, Matco has sold products directly through a network of independent franchised mobile distributors. Today, Matco distributors operate in all 50 states, the District of Columbia and Puerto Rico.

Quality, delivery, cost and innovation doesn't stop at the front door for Matco. Those same objectives are critical for the success of Matco's distributor partners. A distributor spending time on administrative concerns instead of servicing their customers is considered non-value added activity. Using its Matco Distributor Advisory Council to gather feedback, Matco identified three areas distributors felt were the

most critical in their relationship with the company: improved accuracy of ordering and shipping, reduction or elimination of backorder time, and improvement in response time to customers' questions.

With priorities in place, the Matco team began applying a number of DBS tools to improve service levels. Value stream mapping identified specific areas of improvement within the value chain between Matco and distributors. The team mapped each step, not just on paper, but physically walked through the process to understand every part of the value chain. This rigorous mapping identified non-value added activities, and paved the way for sustainable improvements and innovative solutions.

It was a process of improvement well worth the effort. Two years ago, shipping accuracy

on orders at Matco was a respectable 95%. Since applying various DBS tools to the process, that level of accuracy was 99.85% at the end of 2002. Prior to this focused effort, Matco's fill rate was running between 89% and 90%. In 2001, that rate climbed to 92%, and in 2002 it moved up to 94% – their best performance to date.

The same positive results have been achieved in Matco's four call centers. Two years ago, Matco's ability to respond to a customer's call within 20 seconds was 65%; at the end of 2002, that figure stood at 91%.

Matco has used DBS to dramatically improve customer service and delivery. Matco has created a competitive advantage for both itself and its distribution partners that has fueled above-average growth in recent years.

DIRECTORS

Mortimer M. Caplin
Senior Member
Caplin & Drysdale

Donald J. Ehrlich
Chief Executive Officer
Schwab Corporation

Mitchell P. Rales
Chairman of the Executive Committee
Danaher Corporation

Alan G. Spoon
Managing General Partner
Polaris Venture Partners

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

Walter G. Lohr, Jr.
Partner
Hogan & Hartson

Steven M. Rales
Chairman of the Board
Danaher Corporation

A. Emmet Stephenson, Jr.
Chairman of the Board
StarTek, Inc.

EXECUTIVE OFFICERS

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

Daniel L. Comas
Vice President – Corporate Development

Patrick W. Allender
Executive Vice President, Chief
Financial Officer and Secretary

James H. Dittkoff
Vice President – Finance & Tax

Philip W. Knisely
Executive Vice President

Dennis A. Longo
Vice President – Human Resources

Steven E. Simms
Executive Vice President

Robert S. Lutz
Vice President – Chief Accounting Officer

William J. Butler
Group Executive and Vice President –
Danaher Business System

Christopher C. McMahon
Vice President – Controller

Daniel A. Pryor
Vice President – Strategic Development

CORPORATE OFFICERS

Thomas P. Joyce
Vice President and Group Executive

James A. Lico
Vice President and Group Executive

Jeffrey A. Svoboda
Vice President and Group Executive

Donald E. Doles
Vice President – Corporate Procurement

Frank T. McFaden
Vice President – Treasurer

Frank Anders Wilson
Vice President – Investor Relations

MAJOR OPERATING COMPANY PRESIDENTS

PROCESS / ENVIRONMENTAL CONTROLS

MOTION

Danaher Precision Systems
Jeffrey A. Beck

General Purpose Systems
John S. Stroup

Linear Motion Systems
Gary A. Masse

Specialty Motors
William T. Fejes, Jr.

ENVIRONMENTAL

Hach/Lange
Thomas P. Joyce, Jr.

Gilbarco Veeder-Root
Scott G. Clawson

McCrometer
Kerry F. McCall

Orbisphere
Yves Ducommun

Pacific Scientific
Instruments Company
Simon R. Appleby

ELECTRONIC TEST

Fluke
James A. Lico

Fluke Networks
Chris L. Odell

PRODUCT IDENTIFICATION

Videojet Technologies, Inc.
Craig B. Purse

FOCUSED NICHE BUSINESSES

Aerospace And Defense
Kollmorgen Artus
Robert Perrin

Kollmorgen
Electro-Optical Division
H. Kenyon Bixby

Pacific Scientific Energetic
Materials Company
Thomas L. Walsh

Pacific Scientific Safety &
Aviation Group
Richard G. Knoblock

Industrial Control

Danaher Industrial
Controls Group
Lawrence D. Kingsley

Gems Sensors
Steven E. Breitzka

Power Quality

Danaher Power Solutions
Kurt F. Gallo

Jennings Technology Company
Steven J. Randazzo

Joslyn Hi-Voltage Company
Robert E. Joyce

QualiTROL Corporation
Ronald N. Meyer

TOOLS AND COMPONENTS

MECHANICS HAND TOOLS

Danaher Tool Group
Professional Tools Division
Jake R. Nichol

Danaher Tool Group Special
Markets Division
Thomas R. Sulentic

Matco Tools Corporation
Thomas N. Willis

FOCUSED NICHE BUSINESSES

Delta Consolidated Industries
Thomas N. Willis

Hennessy Industries, Inc.
Vincent E. Piacenti

Jacobs Chuck
Manufacturing Company
Vincent E. Piacenti

Jacobs Vehicle Systems
Brian E. Burnett

Joslyn Manufacturing Company
Michael J. Gallant

SHAREHOLDER INFORMATION

www.Danaher.com

ACCOUNT QUESTIONS

Our transfer agent can help you with a variety of shareholder related services including:

- Change of address
- Lost stock certificates
- Transfer of stock to another person
- Additional administrative services

CONTACTING OUR TRANSFER AGENT

Sun Trust Bank
Stock Transfer Department
Mail Code 528
P.O. Box 4625
Atlanta, Georgia 30302
Toll Free: 800-568-3476
Outside of the U.S.: 404-588-7815
Fax: 404-332-3875

INVESTOR RELATIONS

This annual report, along with a variety of other financial materials, can be viewed at www.Danaher.com.

Additional inquiries may be directed to the Danaher Investor Relations Group at:

Danaher Corporation
2099 Pennsylvania Avenue NW
Washington, D.C. 20006-1813
Phone: 202-828-0850
Fax: 202-828-0860
Email: ir@Danaher.com

ANNUAL MEETING

Danaher's annual shareholder meeting will be held on May 6, 2003 in Washington, D.C. Shareholders who would like to attend the meeting should register with Investor Relations by calling 202-828-0850 or via e-mail at ir@Danaher.com.

AUDITORS

Ernst & Young LLP
Baltimore, Maryland

STOCK LISTING

Symbol: DHR
New York and Pacific Stock Exchanges



DANAHER

2099 Pennsylvania Avenue NW
Washington, D.C. 20006

202.828.0850
www.DanaHer.com