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**THE BEST TEAM WINS** Outstanding associates are the foundation of a premier global enterprise. I am particularly proud of and thankful for the focus, commitment and energy exhibited by all Danaher associates throughout the past year as we faced a challenging reality head-on while continuing to deliver and outperform. I also extend that appreciation to our customers and suppliers who complete the Danaher team. I have high confidence that, as we move into 2002, our best days lie ahead of us.

I would also like to take this opportunity to thank George Sherman for his invaluable support and coaching throughout our management succession. I am grateful to him for his help.

**OUTLOOK** Danaher is prepared for 2002. We assume the industrial and technology markets we serve will soften further before they strengthen. Given this, we will continue with a watchful eye on costs while being vigilant not to miss any near-term growth opportunities. We hope that we are wrong in our economic projections but see no down-side risk in taking a conservative posture on costs as we start the year.

Longer-term, our corporate objectives remain unchanged. We intend to grow organically in the five to seven percent range with an increased percentage of our business from outside of North America. We plan to maintain our track record of upper quartile financial performance. We want to continue the superior cash flow performance that underscores both the quality of our earnings and serves as a source of funds for acquisitions. This formula is how Danaher has created superior shareholder value over time and will continue to do so in the future.

We fully intend to grow Danaher at an accelerated rate. With over \$3.3 billion of capital available to us from a combination of our current cash position, projected future cash flows over the next three years and additional debt capacity over that period, we have the means to double the size of our company approximately every four years. That gives Danaher the potential to become a \$25 billion organization by 2012. Acquisitions that strengthen existing businesses and establish new platforms will be the priority. We fully intend to evaluate transformational opportunities as they arise as we did in 2001 through our discussions with Cooper Industries. However, size alone is not our objective. Our goal is not to become a \$25 billion company, but to become a \$25 billion company with an outstanding team, a high quality portfolio and a sustainable DBS-based business model achieving superior and sustainable financial results. That's our vision of the future, the vision we're aggressively pursuing as we work to make Danaher a premier global enterprise.

Thank you for your support.



H. Lawrence Culp, Jr.