

DANAHER CORP /DE/
Form 10-Q
July 22, 2010
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended July 2, 2010

OR

TRANSITION REPORT UNDER 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)

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Delaware
(State of Incorporation)

59-1995548
(I.R.S. Employer Identification number)

2099 Pennsylvania Avenue, N.W., 12th Floor

Washington, D.C.
(Address of Principal Executive Offices)

20006
(Zip Code)

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

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 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 No

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 Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

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

The number of shares of common stock outstanding at July 16, 2010 was 652,622,896.

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(\$ in thousands)

	July 2, 2010 (unaudited)	December 31, 2009 (Note 1)
<u>ASSETS</u>		
Current Assets:		
Cash and equivalents	\$ 1,232,936	\$ 1,721,920
Trade accounts receivable, net	2,025,978	1,916,831
Inventories:		
Finished goods	606,923	474,671
Work in process	207,556	179,461
Raw material and supplies	424,214	338,884
Total inventories	1,238,693	993,016
Prepaid expenses and other current assets	547,324	588,861
Total current assets	5,044,931	5,220,628
Property, plant and equipment, net of accumulated depreciation of \$1,623,819 and \$1,570,586 respectively	1,163,335	1,143,331
Other assets	737,069	758,035
Goodwill	10,230,541	9,817,923
Other intangible assets, net	2,903,081	2,655,503
Total assets	\$ 20,078,957	\$ 19,595,420
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Current Liabilities:		
Notes payable and current portion of long-term debt	\$ 69,964	\$ 44,186
Trade accounts payable	1,223,890	1,051,487
Accrued expenses	1,698,047	1,665,287
Total current liabilities	2,991,901	2,760,960
Other liabilities	2,274,080	2,315,261
Long-term debt	2,754,966	2,889,023
Stockholders' equity:		
Common stock - \$0.01 par value	7,256	3,589
Additional paid-in capital	2,257,068	2,074,501
Retained earnings	9,851,839	9,205,142
Accumulated other comprehensive income (loss)	(58,153)	346,944
Total stockholders' equity	12,058,010	11,630,176
Total liabilities and stockholders' equity	\$ 20,078,957	\$ 19,595,420

See the accompanying Notes to Consolidated Condensed Financial Statements.

Table of Contents**DANAHER CORPORATION****CONSOLIDATED CONDENSED STATEMENTS OF EARNINGS**

(\$ and shares in thousands, except per share amounts)

(unaudited)

	Three Months Ended		Six Months Ended	
	July 2, 2010	July 3, 2009	July 2, 2010	July 3, 2009
Sales	\$ 3,310,921	\$ 2,673,609	\$ 6,403,141	\$ 5,301,353
Cost of sales	1,671,511	1,411,340	3,265,678	2,780,475
Gross profit	1,639,410	1,262,269	3,137,463	2,520,878
Operating costs and other:				
Selling, general and administrative expenses	(907,910)	(759,823)	(1,785,365)	(1,517,318)
Research and development expenses	(197,650)	(158,500)	(384,882)	(319,395)
Operating profit	533,850	343,946	967,216	684,165
Interest expense	(29,551)	(31,329)	(60,225)	(55,386)
Interest income	1,039	1,126	2,592	1,791
Earnings before income taxes	505,338	313,743	909,583	630,570
Income taxes	(132,862)	(18,049)	(236,874)	(97,164)
Net earnings	\$ 372,476	\$ 295,694	\$ 672,709	\$ 533,406
Net earnings per share:				
Basic	\$ 0.57	\$ 0.46	\$ 1.03	\$ 0.83
Diluted	\$ 0.55	\$ 0.44	\$ 1.00	\$ 0.80
Average common stock and common equivalent shares outstanding:				
Basic	652,478	639,832	650,723	639,252
Diluted	682,338	669,080	681,230	668,020

See the accompanying Notes to Consolidated Condensed Financial Statements.

Table of Contents**DANAHER CORPORATION****CONSOLIDATED CONDENSED STATEMENT OF STOCKHOLDERS' EQUITY**

(\$ and shares in thousands)

(unaudited)

	Common Stock Shares	Par Value	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Comprehensive Income
Balance, December 31, 2009	358,922	\$ 3,589	\$ 2,074,501	\$ 9,205,142	\$ 346,944	
Net earnings				672,709		\$ 672,709
Dividends declared				(26,012)		
Common stock based award activity	2,959	30	133,690			
Stock dividend	362,196	3,622	(3,622)			
Common stock issued in connection with LYONs conversion	1,537	15	52,499			
Unrealized loss on available-for-sale securities (net of tax benefit of \$13.8 million)					(25,671)	(25,671)
Decrease from translation of foreign financial statements					(379,426)	(379,426)
Balance, July 2, 2010	725,614	\$ 7,256	\$ 2,257,068	\$ 9,851,839	\$ (58,153)	\$ 267,612

See the accompanying Notes to Consolidated Condensed Financial Statements.

Table of Contents**DANAHER CORPORATION****CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS**

(\$ in thousands)

(unaudited)

	Six Months Ended	
	July 2, 2010	July 3, 2009
Cash flows from operating activities:		
Net earnings	\$ 672,709	\$ 533,406
Non-cash items:		
Depreciation	99,325	91,657
Amortization	94,362	75,089
Stock compensation expense	40,882	45,690
Change in trade accounts receivable, net	(56,910)	203,806
Change in inventories	(164,710)	91,043
Change in accounts payable	174,294	(198,414)
Change in prepaid expenses and other assets	123,371	31,393
Change in accrued expenses and other liabilities	(51,521)	(71,326)
Net cash flows from operating activities	931,802	802,344
Cash flows from investing activities:		
Payments for additions to property, plant and equipment	(92,371)	(83,943)
Proceeds from disposals of property, plant and equipment	660	2,166
Cash paid for acquisitions	(1,398,526)	(140,368)
Cash paid for other investments		(50,768)
Net cash used in investing activities	(1,490,237)	(272,913)