

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**AMENDMENT NO. 2  
TO  
FORM 10**

**GENERAL FORM FOR REGISTRATION OF SECURITIES  
Pursuant to Section 12(b) or (g) of the Securities Exchange Act of 1934**

**Fortive Corporation**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**47-5654583**  
(I.R.S. employer  
identification number)

**6920 Seaway Blvd**  
**Everett, WA**  
(Address of principal executive offices)

**98203**  
(Zip code)

**Registrant's telephone number, including area code: (425) 446 - 5000**

**Securities to be registered pursuant to Section 12(b) of the Act:**

**Title of each class  
to be so registered**  
Common stock, par value \$0.01 per share

**Name of each exchange on which  
each class is to be registered**  
New York Stock Exchange

**Securities to be registered pursuant to Section 12(g) of the Act: None**

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

---

**FORTIVE CORPORATION**

**INFORMATION REQUIRED IN REGISTRATION STATEMENT**

**CROSS-REFERENCE SHEET BETWEEN INFORMATION STATEMENT  
AND ITEMS OF FORM 10**

Certain information required to be included herein is incorporated by reference to specifically identified portions of the body of the information statement of Fortive Corporation (“Fortive”) filed herewith as Exhibit 99.1. None of the information contained in the information statement shall be incorporated by reference herein or deemed to be a part hereof, unless such information is specifically incorporated by reference.

**Item 1. *Business.***

The information required by this item is contained under the sections of the information statement entitled “Information Statement Summary,” “Cautionary Statement Concerning Forward-Looking Statements,” “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Business,” “Certain Relationships and Related Person Transactions” and “Where You Can Find More Information.” Those sections are incorporated herein by reference.

**Item 1A. *Risk Factors.***

The information required by this item is contained under the sections of the information statement entitled “Risk Factors” and “Cautionary Statement Concerning Forward-Looking Statements.” Those sections are incorporated herein by reference.

**Item 2. *Financial Information.***

The information required by this item is contained under the sections of the information statement entitled “Selected Historical Combined Financial Data,” “Capitalization,” “Unaudited Pro Forma Combined Financial Statements” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” Those sections are incorporated herein by reference.

**Item 3. *Properties.***

The information required by this item is contained under the section of the information statement entitled “Business—Properties.” That section is incorporated herein by reference.

**Item 4. *Security Ownership of Certain Beneficial Owners and Management.***

The information required by this item is contained under the section of the information statement entitled “Security Ownership of Certain Beneficial Owners and Management.” That section is incorporated herein by reference.

---

**Item 5. *Directors and Executive Officers.***

The information required by this item is contained under the section of the information statement entitled “Management.” That section is incorporated herein by reference.

**Item 6. *Executive Compensation.***

The information required by this item is contained under the sections of the information statement entitled “Compensation Discussion and Analysis,” “Management—Compensation Committee Interlocks and Insider Participation” and “Director Compensation.” Those sections are incorporated herein by reference.

**Item 7. *Certain Relationships and Related Transactions.***

The information required by this item is contained under the sections of the information statement entitled “Management” and “Certain Relationships and Related Person Transactions.” Those sections are incorporated herein by reference.

**Item 8. *Legal Proceedings.***

The information required by this item is contained under the section of the information statement entitled “Business—Legal Proceedings.” That section is incorporated herein by reference.

**Item 9. *Market Price of, and Dividends on, the Registrant’s Common Equity and Related Stockholder Matters.***

The information required by this item is contained under the sections of the information statement entitled “Risk Factors,” “Dividend Policy,” “Capitalization,” “The Separation and Distribution” and “Description of Fortive’s Capital Stock.” Those sections are incorporated herein by reference.

**Item 10. *Recent Sales of Unregistered Securities.***

The information required by this item is contained under the sections of the information statement entitled “Description of Material Indebtedness” and “Description of Fortive’s Capital Stock—Sale of Unregistered Securities.” Those sections are incorporated herein by reference.

**Item 11. *Description of Registrant’s Securities to Be Registered.***

The information required by this item is contained under the sections of the information statement entitled “Risk Factors,” “Dividend Policy,” “The Separation and Distribution” and “Description of Fortive’s Capital Stock.” Those sections are incorporated herein by reference.

**Item 12. *Indemnification of Directors and Officers.***

The information required by this item is contained under the section of the information statement entitled “Description of Fortive’s Capital Stock—Limitations on Liability, Indemnification of Officers and Directors and Insurance.” That section is incorporated herein by reference.

**Item 13. Financial Statements and Supplementary Data.**

The information required by this item is contained under the section of the information statement entitled “Index to Financial Statements” and the financial statements referenced therein. That section is incorporated herein by reference.

**Item 14. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.**

None.

**Item 15. Financial Statements and Exhibits.**

**(a) Financial Statements and Schedule**

The information required by this item is contained under the section of the information statement entitled “Index to Financial Statements and Schedule” and the financial statements referenced therein. That section is incorporated herein by reference.

**(b) Exhibits**

See below.

The following documents are filed as exhibits hereto:

Exhibit Number	Exhibit Description
2.1	Form of Separation and Distribution Agreement by and between Danaher Corporation and Fortive Corporation†
3.1	Form of Amended and Restated Certificate of Incorporation of Fortive Corporation**
3.2	Form of Amended and Restated Bylaws of Fortive Corporation**
10.1	Form of Transition Services Agreement by and between Danaher Corporation and Fortive Corporation†
10.2	Form of Employee Matters Agreement by and between Danaher Corporation and Fortive Corporation†
10.3	Form of Tax Matters Agreement by and between Danaher Corporation and Fortive Corporation†
10.4	Form of Intellectual Property Matters Agreement by and between Danaher Corporation and Fortive Corporation†
10.5	Form of DBS License Agreement by and between Danaher Corporation and Fortive Corporation†
10.6	Offer of Employment Letter, dated November 16, 2015, between TGA Employment Services LLC and Chuck McLaughlin.†
10.7	Offer of Employment Letter, dated November 20, 2015, between TGA Employment Services LLC and Patrick Byrne†
10.8	Offer of Employment Letter, dated November 11, 2015, between TGA Employment Services LLC and Pat Murphy†
10.9	Offer of Employment Letter, dated February 10, 2016, between TGA Employment Services LLC and Martin Gafinowitz†
10.10	Form of Indemnification Agreement**
10.11	Form of Fortive Corporation Restricted Stock Unit Agreement**
10.12	Form of Fortive Corporation Non-Employee Directors Restricted Stock Unit Agreement**
10.13	Form of Fortive Corporation Restricted Stock Grant Agreement**
10.14	Form of Fortive Corporation Performance Stock Unit Agreement**
10.15	Form of Fortive Corporation Non-Employee Directors Stock Option Agreement**
10.16	Form of Fortive Corporation Stock Option Agreement**
21.1	Subsidiaries of Fortive Corporation*
99.1	Information Statement of Fortive Corporation, preliminary and subject to completion, dated April 7, 2016**

\* To be filed by amendment.

\*\* Filed herewith.

† Previously filed.

---

**SIGNATURES**

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

Fortive Corporation

By: \_\_\_\_\_ /s/ James A. Lico  
Name: James A. Lico  
Title: *President and Chief Executive Officer*

Date: April 7, 2016

**FORM OF  
AMENDED AND RESTATED  
CERTIFICATE OF INCORPORATION**

**OF**

**FORTIVE CORPORATION  
(a Delaware corporation)**

Fortive Corporation (the "Corporation"), a corporation organized and existing under the General Corporation Law of the State of Delaware (the "DGCL"), hereby certifies as follows:

1. The name of the Corporation is Fortive Corporation. The Corporation was originally incorporated under the name TGA Holding Corp. The original Certificate of Incorporation of the Corporation was filed with the office of the Secretary of State of the State of Delaware on November 10, 2015, and it was amended by a Certificate of Amendment to the Certificate of Incorporation, filed with the office of the Secretary of State of the State of Delaware on December 2, 2015, changing the Corporation's name from TGA Holding Corp. to Fortive Corporation.

2. This Amended and Restated Certificate of Incorporation, which restates and amends the Certificate of Incorporation of the Corporation, has been duly adopted in accordance with the provisions of Sections 242 and 245 of the DGCL by the board of directors ("Board") and sole stockholder of the Corporation, acting by written consent in lieu of a meeting in accordance with Section 228 of the DGCL.

3. The Certificate of Incorporation of the Corporation is hereby amended and restated in its entirety to read as follows:

**ARTICLE I**

**NAME**

Section 1.01 Name. The name of the corporation is Fortive Corporation (the "Corporation").

**ARTICLE II**

**REGISTERED OFFICE AND REGISTERED AGENT**

Section 2.01 Registered Address. The address of the registered office of the Corporation in the State of Delaware is 1209 Orange Street, Wilmington, Delaware 19801. The name of the registered agent of the Corporation is The Corporation Trust Company.

---

### ARTICLE III

#### CORPORATE PURPOSE

Section 3.01 Corporate Purpose. The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the DGCL.

### ARTICLE IV

#### CAPITAL STOCK

Section 4.01 Authorized Capital Stock. The total number of shares of all classes of capital stock that the Corporation is authorized to issue is [●], consisting of: (i) [●] shares of common stock, par value \$.01 per share (the "Common Stock"), and (ii) [●] shares of preferred stock, par value \$.01 per share (the "Preferred Stock").

Section 4.02 Common Stock. The powers, preferences and relative participating, optional or other special rights, and the qualifications, limitations and restrictions of the Common Stock are as follows:

(a) Ranking. The voting, dividend and liquidation rights of the holders of the Common Stock are subject to and qualified by the rights of the holders of the Preferred Stock of any series as may be designated by the Board upon any issuance of the Preferred Stock of any series.

(b) Voting. Each share of Common Stock shall entitle the holder thereof to one vote in person or by proxy for each share on all matters on which such stockholders are entitled to vote. Except as expressly set forth in the applicable Certificate of Designations with respect to any such series of Preferred Stock, the holders of Common Stock shall not be entitled to vote on any amendment to this Certificate of Incorporation (including any Certificate of Designations) that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together as a class with the holders of one or more other such series, to vote thereon.

(c) Dividends. The holders of shares of Common Stock shall be entitled to receive ratably such dividends and other distributions in cash, stock or property of the Corporation when, as and if declared thereon by the Board in its sole discretion from time to time out of assets or funds of the Corporation legally available therefor, subject to any preferential rights of any then outstanding Preferred Stock and any other provisions of this Certificate of Incorporation, as may be amended from time to time.

(d) Liquidation. Upon the dissolution, liquidation or winding up of the affairs of the Corporation, whether voluntary or involuntary, after payment or provision for payment of the debts and other liabilities of the Corporation, holders of Common Stock shall be entitled to receive all remaining assets of the Corporation available for distribution to its stockholders, ratably in proportion to the number of shares of Common Stock held by them and subject to any preferential rights of any then outstanding Preferred Stock.

---

(e) No Preemptive or Subscription Rights. No holder of shares of Common Stock shall be entitled to preemptive or subscription rights.

(f) Recapitalization. Upon this Certificate of Incorporation of the Corporation becoming effective at [●] [am/pm] on [●], 2016, the date of filing with the Secretary of State of the State of Delaware, pursuant to the DGCL (the "Effective Time"), the 100 shares of the Common Stock, par value \$0.01 per share, issued and outstanding immediately prior to the Effective Time, shall thereafter constitute [●] shares of Common Stock.]

Section 4.03 Preferred Stock. The Board is hereby expressly authorized to provide, out of the unissued shares of Preferred Stock, for the issuance of all or any of the shares of Preferred Stock in one or more series and, with respect to each such series, to fix the number of shares constituting such series and the designation of such series, the voting powers, full or limited, if any, of the shares of such series, and the preferences and relative, participating, optional or other special rights, if any, and any qualifications, limitations or restrictions thereof, of the shares of such series. The powers, preferences and relative, participating, optional and other special rights of each series of preferred stock, and the qualifications, limitations or restrictions thereof, if any, may differ from those of any and all other series at any time outstanding.

The authority of the Board with respect to each series of Preferred Stock shall include, but not be limited to, the determination of the following:

- (a) the designation of the series, which may be by distinguishing number, letter or title;
- (b) the number of shares of the series, which number the board of directors may thereafter increase or decrease, but not below the number of shares thereof then outstanding;
- (c) the entitlement to receive dividends (which may be cumulative or non-cumulative) at such rates, on such conditions, and at such times and payable in preference to, or in such relation to, the dividends payable on any other class or classes or any other series of capital stock;
- (d) the redemption rights and price or prices, if any, for shares of the series;
- (e) the terms and amount of any sinking fund, if any, provided for the purchase or redemption of shares of the series;
- (f) the amounts payable on, and the preferences, if any, of shares of the series in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation;
- (g) whether the shares of the series shall be convertible into or exchangeable for, shares of any other class or series, or any other security, of the Corporation or any other corporation, and, if so, the specification of such other class or series or such other security, the conversion or exchange price or prices or rate or rates, any adjustments thereof, the date or dates at which such shares shall be convertible or exchangeable and all other terms and conditions upon which such conversion or exchange may be made;



---

(h) restrictions on the issuance of shares of the same series or any other class or series;

(i) the voting rights, if any, of the holders of shares of the series generally or upon specified events; and

(j) any other powers, preferences and relative, participating, optional or other special rights of each series of Preferred Stock, and any qualifications, limitations or restrictions of such shares,

all as may be determined from time to time by the board of directors and stated in the resolution or resolutions providing for the issuance of such Preferred Stock.

Without limiting the generality of the foregoing, the resolutions providing for issuance of any series of Preferred Stock may provide that such series shall be superior or rank equally or be junior to any other series of Preferred Stock to the extent permitted by law.

## ARTICLE V

### **BOARD OF DIRECTORS**

Section 5.01 Election of Directors. Election of directors need not be by written ballot unless the Bylaws of the Corporation shall so require.

Section 5.02 Annual Meeting. The annual meeting of the stockholders for the election of directors and for the transaction of such business as may properly come before the meeting shall be held at such date, time and place, if any, as shall be determined solely by the resolution of the Board in its sole and absolute discretion.

Section 5.03 Number of Directors. The business and affairs of the Corporation shall be managed by, or under the direction of, the Board. Subject to the rights of holders of Preferred Stock, if any, the Board shall consist of not less than three (3) or greater than fifteen (15), the exact number of which shall be fixed from time to time exclusively pursuant to a resolution adopted by the affirmative vote of a majority of the entire Board, and subject to the rights of the holders of the Preferred Stock, if any, the exact number may be increased or decreased by such a resolution (but not to less than three (3) or greater than fifteen (15)).

Section 5.04 Classes of Directors. Other than those directors, if any, elected by the holders of any series of Preferred Stock, the Board shall be and is divided into three classes, as nearly equal in number as possible, designated as: Class I, Class II and Class III. In case of any increase or decrease, from time to time, in the number of directors, the number of directors in each class shall be apportioned as nearly equal as possible. No decrease in the number of directors shall shorten the term of any incumbent director.

Section 5.05 Terms of Office. Except for the terms of such additional directors, if any, as elected by the holders of any series of Preferred Stock, each director shall serve for a term ending on the date of the third annual meeting of stockholders following the annual meeting at which the director was elected. The term of the initial Class I directors shall terminate at the

---

annual meeting of stockholders to be held in 2017; the term of the initial Class II directors shall terminate on the date of the annual meeting of stockholders to be held in 2018; and the term of the initial Class III directors shall terminate on the date of the annual meeting of stockholders to be held in 2018 or, in each case, upon such director's earlier death, resignation or removal. At each succeeding annual meeting of stockholders beginning with the first annual meeting of stockholders to be held in 2017, successors to the class of directors whose term expires at that annual meeting shall be elected for a term of office to expire at the third succeeding annual meeting of stockholders after their election and until his or her respective successor has been duly elected and qualified. If the number of directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible, and any additional director of any class elected to fill a vacancy resulting from an increase in such class or from the removal from office, death, disability, resignation or disqualification of a director or other cause shall hold office for a term that shall coincide with the remaining term of that class, but in no case will a decrease in the number of directors have the effect of removing or shortening the term of any incumbent director.

Section 5.06 Vacancies. Subject to the rights of the holders of any series of Preferred Stock, vacancies on the Board by any reason, including by death, resignation, retirement, disqualification, removal from office, or otherwise, and any newly created directorships resulting from any increase in the authorized number of directors shall be solely filled by a majority of the directors then in office, in their sole discretion, even though less than a quorum, or by a sole remaining director, in his or her sole discretion, and shall not be filled by the stockholders. A director elected to fill a vacancy or a newly created directorship shall hold office until the next election of the class for which such director shall have been chosen, subject to the election and qualification of a successor and to such director's earlier death, resignation or removal.

Section 5.07 Authority. In addition to the powers and authority hereinbefore or by statute expressly conferred upon them, the directors are hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the Corporation, subject, nevertheless, to the provisions of the DGCL, this Certificate of Incorporation, and any Bylaws of the Corporation adopted by the stockholders; provided, however, that no Bylaws hereafter adopted by the stockholders shall invalidate any prior act of the directors which would have been valid if such Bylaws had not been adopted.

Section 5.08 Advance Notice. Advance notice of stockholder nominations for the election of directors shall be given in the manner and to the extent provided in the Bylaws of the Corporation.

## ARTICLE VI

### STOCKHOLDERS

Section 6.01 Cumulative Voting. No holder of Common Stock of the Corporation shall be entitled to exercise any right of cumulative voting.

---

Section 6.02 Stockholder Action. Subject to the terms of any series of Preferred Stock, any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of the stockholders of the Corporation, and the ability of the stockholders to consent in writing to the taking of any action in lieu of a meeting is hereby specifically denied.

Section 6.03 Special Meetings. Unless otherwise required by law or the terms of any resolution or resolutions adopted by the Board providing for the issuance of a class or series of the Preferred Stock, special meetings of stockholders, for any purpose or purposes, may be called by the Secretary upon a written request delivered to the Secretary by (i) the Board as set forth in the Corporation's Bylaws, (ii) the Chairman of the Board or (iii) the Chief Executive Officer of the Corporation. The ability of the stockholders to call a special meeting of stockholders is hereby specifically denied. At a special meeting of stockholders, only such business shall be conducted as shall be specified in the notice of meeting (or any supplement thereto).

## ARTICLE VII

### LIMITATION ON LIABILITY; INDEMNIFICATION

Section 7.01 Limitation on Liability. To the fullest extent permitted by the DGCL, as it now exists and as it may hereafter be amended, no director of the Corporation shall be personally liable to the Corporation or any of its stockholders for monetary damages for breach of a fiduciary duty as a director, except for liability of a director (a) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (b) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (c) under Section 174 of the DGCL, or (d) for any transaction from which the director derived an improper personal benefit; provided that if the DGCL shall be amended or modified to provide for exculpation for any director in any circumstances where exculpation is prohibited pursuant to any of the preceding clauses (a) through (d), then such directors shall be entitled to exculpation to the maximum extent permitted by such amendment or modification. No amendment to, modification of or repeal of this Section 7.01 shall apply to or have any adverse effect on any right or protection of, or any limitation of the liability of, a director of the Corporation existing at the time of such repeal or modification with respect to acts or omissions of such director occurring prior to such amendment, modification or repeal.

Section 7.02 Indemnification. The Corporation shall indemnify to the full extent authorized or permitted by law any person made, or threatened to be made, a party to any action or proceeding (whether civil or criminal or otherwise) by reason of the fact that he, his testator or intestate, is or was a director or officer of the Corporation or by reason of the fact that such director or officer, at the request of the Corporation, is or was serving any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, in any capacity. Nothing contained herein shall affect any rights to indemnification to which employees other than directors and officers may be entitled by law.

---

The Corporation may purchase and maintain insurance on behalf of any person who is or was a director or officer of the Corporation, or is or was a director, officer or employee of the Corporation serving at the request of the Corporation as a director, manager, officer, employee, trustee or agent of, or in a fiduciary capacity with respect to, another corporation, limited liability company, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Corporation would have the power or the obligation to indemnify such person against such liability under the provisions of this Section 7.02.

The right of indemnification provided in this Section 7.02 shall not be exclusive, and shall be in addition to any other right to which any person may otherwise be entitled by law, statute, under the Bylaws of the Corporation, or under any agreement, vote of stockholders or disinterested directors, or otherwise. Any amendment, repeal or modification of this Section 7.02 shall not adversely affect any right or protection hereunder of any person in respect of any act or omission occurring prior to the time of such repeal or modification.

## ARTICLE VIII

### FORUM SELECTION

Section 8.01 Forum Selection. Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall, be the sole and exclusive forum for: (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim for breach of a fiduciary duty owed by any director, officer or other employee of the Corporation to the Corporation or the Corporation's stockholders, (iii) any action asserting a claim arising pursuant to any provision of the DGCL, or (iv) any action asserting a claim governed by the internal affairs doctrine; provided, however, that, in the event that the Court of Chancery of the State of Delaware lacks subject matter jurisdiction over any such action or proceeding, the sole and exclusive forum for such action or proceeding shall be another state or federal court located within the State of Delaware, in each such case, unless the Court of Chancery (or such other state or federal court located within the State of Delaware, as applicable) has dismissed a prior action by the same plaintiff asserting the same claims because such court lacked personal jurisdiction over an indispensable party named as a defendant therein. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Company shall be deemed to have notice of and consented to the provisions of this Section 8.01 of Article VIII. Failure to enforce the foregoing provisions would cause the Corporation irreparable harm and the Corporation shall be entitled to equitable relief, including injunction and specific performance, to enforce the forgoing provisions.

## ARTICLE IX

### AMENDMENT

Section 9.01 Certificate of Incorporation. The Corporation shall have the right, from time to time, to amend, alter, change or repeal any provision of this Certificate of Incorporation in any manner now or hereafter provided by this Certificate of Incorporation, the

---

Bylaws of the Corporation or the DGCL, and all rights, preferences, privileges and powers of any kind conferred upon any director or stockholder of the Corporation by this Certificate of Incorporation or any amendment thereof are conferred subject to such right. Notwithstanding anything contained in this Certificate of Incorporation to the contrary (and in addition to any vote required by law), the affirmative vote of the holders of at least 80% of the voting power of the shares entitled to vote for the election of directors shall be required to amend, alter, change, or repeal or to adopt any provision inconsistent with Article V, Article VI, Article VII and this Article IX.

Section 9.02 Bylaws. In furtherance and not in limitation of the powers conferred by law, the Board is expressly authorized and empowered, without the assent or vote of the stockholders, to adopt, amend and repeal the Bylaws of the Corporation. Any adoption, amendment or repeal of the Bylaws of the Corporation by the Board shall require the approval by the majority of the entire Board. The stockholders shall also have power to adopt, amend or repeal the Bylaws of the Corporation; provided, however, that, in addition to any vote of the holders of any class or series of stock of the Corporation required by law or by this Certificate of Incorporation, the affirmative vote of the holders of at least 80% of the voting power of the shares entitled to vote for the election of directors shall be required to amend, repeal or adopt any provision of the Bylaws of the Corporation.

[SIGNATURE PAGE FOLLOWS]

---

IN WITNESS WHEREOF, the undersigned has executed this Amended and Restated Certificate of Incorporation as of this [ ] day of [ ], 2016.

FORTIVE CORPORATION

By: \_\_\_\_\_

Name: James A. Lico

Title: President and Chief Executive Officer

**FORM OF  
AMENDED AND RESTATED BYLAWS  
OF  
FORTIVE CORPORATION  
(a Delaware corporation)**

**Effective [●], 2016**

---

## TABLE OF CONTENTS

### ARTICLE I

#### OFFICES

Section 1.01	Registered Office	1
Section 1.02	Other Offices	1

### ARTICLE II

#### MEETINGS OF THE STOCKHOLDERS

Section 2.01	Place of Meetings	1
Section 2.02	Annual Meeting	1
Section 2.03	Special Meetings	1
Section 2.04	Record Date	2
Section 2.05	Notice of Meetings	2
Section 2.06	List of Stockholders	2
Section 2.07	Quorum	3
Section 2.08	Adjournments	3
Section 2.09	Conduct of Meetings	3
Section 2.10	Voting; Proxy	4
Section 2.11	Advance Notice of Stockholder Nominations and Proposals	4
Section 2.12	Consent of Stockholders in Lieu of Meeting	8
Section 2.13	Inspectors at Meetings of Stockholders	8

### ARTICLE III

#### BOARD OF DIRECTORS

Section 3.01	General Powers	8
Section 3.02	Number; Term of Office	9
Section 3.03	Newly Created Directorships and Vacancies	9
Section 3.04	Resignation and Removal of Directors	9
Section 3.05	Compensation	10
Section 3.06	Regular Meetings	10
Section 3.07	Special Meetings	10
Section 3.08	Telephone Meetings	10
Section 3.09	Adjourned Meetings	10
Section 3.10	Notices	10
Section 3.11	Waiver of Notice	11
Section 3.12	Organization	11
Section 3.13	Quorum of Directors	11
Section 3.14	Action By Majority Vote	11
Section 3.15	Action Without Meeting	11



Section 3.16	Interested Directors; Quorum	11
Section 3.17	Committees of the Board	12
ARTICLE IV		
OFFICERS		
Section 4.01	Positions and Election	13
Section 4.02	Term	13
Section 4.03	Resignation	13
Section 4.04	Vacancies	13
Section 4.05	Chief Executive Officer; President	13
Section 4.06	Vice Presidents	13
Section 4.07	Secretary; Assistant Secretary	13
Section 4.08	Treasurer; Assistant Treasurer	14
Section 4.09	Delegation of Authority	14
Section 4.10	Voting Securities Owned by the Corporation	14
Section 4.11	Chair of the Board	14
ARTICLE V		
STOCK CERTIFICATES AND THEIR TRANSFER		
Section 5.01	Certificates Representing Shares	14
Section 5.02	Transfers of Stock	15
Section 5.03	Transfer Agents and Registrars	15
Section 5.04	Lost, Stolen or Destroyed Certificates	15
Section 5.05	Dividend Record Date	15
Section 5.06	Record Owners	15
ARTICLE VI		
GENERAL PROVISIONS		
Section 6.01	Corporate Seal	16
Section 6.02	Fiscal Year	16
Section 6.03	Contracts	16
Section 6.04	Checks, Notes, Drafts, Etc	16
Section 6.05	Dividends	16
Section 6.06	Conflict With Applicable Law or Certificate of Incorporation	16
ARTICLE VII		
INDEMNIFICATION		
Section 7.01	Power to Indemnify in Actions, Suits or Proceedings other Than Those by or in the Right of the Corporation	17

---

Section 7.02	Power to Indemnify in Actions, Suits or Proceedings by or in the Right of the Corporation	17
Section 7.03	Authorization of Indemnification	17
Section 7.04	Good Faith Defined	18
Section 7.05	Indemnification by a Court	18
Section 7.06	Expenses Payable in Advance	18
Section 7.07	Non-exclusivity of Indemnification and Advancement of Expenses	19
Section 7.08	Insurance	19
Section 7.09	Certain Definitions for Purposes of Article VII	19
Section 7.10	Limitations	19
Section 7.11	Survival of Indemnification and Advancement of Expenses	19
Section 7.12	Savings Clause	20

ARTICLE VIII

AMENDMENTS

Section 8.01	Amendments	20
--------------	------------	----

---

**FORM OF**  
**AMENDED AND RESTATED BYLAWS**  
**OF**  
**FORTIVE CORPORATION**  
(a Delaware corporation)

**ARTICLE I**

**OFFICES**

Section 1.01 Registered Office. The address of the registered office of Fortive Corporation (the “Corporation”) in the State of Delaware is 1209 Orange Street, Wilmington, Delaware 19801. The name of the registered agent of the Corporation is The Corporation Trust Company.

Section 1.02 Other Offices. The Corporation may also have offices at such other places within or without the State of Delaware as the board of directors of the Corporation (the “Board”) may from time to time determine or the business of the Corporation may from time to time require.

**ARTICLE II**

**MEETINGS OF THE STOCKHOLDERS**

Section 2.01 Place of Meetings. All meetings of the stockholders shall be held at such place, if any, either within or without the State of Delaware, as shall be designated from time to time by resolution of the Board and stated in the notice of meeting.

Section 2.02 Annual Meeting. The annual meeting of the stockholders for the election of directors and for the transaction of such other business as may properly come before the meeting shall be held at such date, time and place, if any, as shall be determined by the Board and stated in the notice of the meeting. The Board may postpone, reschedule or cancel any annual meeting previously scheduled by the Board.

Section 2.03 Special Meetings. Unless otherwise required by law or by the certificate of incorporation of the Corporation, as amended and restated from time to time (the “Certificate of Incorporation”), and subject to the rights of the holders of preferred stock, a special meeting of stockholders, for any purpose or purposes, may be called by the Secretary upon a written request delivered to the Secretary by (a) the Board pursuant to a resolution adopted by a majority of the entire Board, (b) the Chairman of the Board or (c) the Chief Executive Officer of the Corporation. The ability of the stockholders to call a special meeting of stockholders is hereby specifically denied. At a special meeting of stockholders, only such business shall be conducted as shall be specified in the notice of meeting (or any supplement thereto). The Board may postpone, reschedule or cancel any special meeting of stockholders previously scheduled by the Board

---

Business transacted at all special meetings shall be limited to the matters specifically stated in the Corporation's notice of special meeting (or any supplement thereto). Nothing herein shall prohibit the Board from submitting additional matters to stockholders at any such special meeting. Special meetings shall be held within or without the State of Delaware, as the Board shall designate.

Section 2.04 Record Date. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of the stockholders or any adjournment thereof, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board, and which record date shall not be more than sixty (60) nor less than ten (10) days before the date of such meeting. If no record date is fixed by the Board, the record date for determining stockholders entitled to notice of or to vote at a meeting of the stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of the stockholders shall apply to any adjournment of the meeting; provided, however, that the Board may fix a new record date for the adjourned meeting.

Section 2.05 Notice of Meetings. Whenever stockholders are required or permitted to take any action at a meeting, a notice of the place, if any, date, hour, and means of remote communication, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting shall be given by the Corporation not less than ten (10) days nor more than sixty (60) days before the meeting (unless otherwise required by law) to every stockholder entitled to vote at the meeting. Notices of special meetings shall also specify the purpose or purposes for which the meeting has been called. Except as otherwise provided herein or permitted by applicable law, notice to stockholders shall be in writing and delivered personally or mailed (including by electronic transmission in accordance with applicable law) to the stockholders at their address appearing on the books of the Corporation. Notice by mail is deemed given when deposited in the United States mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the records of the Corporation, and notice by electronic transmission shall be deemed given pursuant Section 232(b) of the General Corporation Law of the State of Delaware (the "DGCL"). Any stockholder may waive notice of any meeting, either before or after the meeting. The attendance of any stockholder at any meeting shall constitute a waiver of notice of such meeting, except when the stockholder attends for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Any stockholder so waiving notice of the meeting shall be bound by the proceedings of the meeting in all respects as if due notice thereof had been given.

Section 2.06 List of Stockholders. The Secretary shall prepare, or have prepared, at least ten (10) days before every meeting of the stockholders, a complete list of the stockholders entitled to vote at any meeting of stockholders, arranged in alphabetical order, and showing the address of each stockholder and the number of shares of each class of capital stock

---

of the Corporation registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting at the principal place of business of the Corporation. If the meeting is to be held at a place, the list shall also be produced and kept at the time and place of the meeting the whole time thereof and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting. Except as provided by applicable law, the stock ledger of the Corporation shall be the only evidence as to who are the stockholders entitled to examine the stock ledger and the list of stockholders or to vote in person or by proxy at any meeting of stockholders.

Section 2.07 Quorum. Unless otherwise required by law, the Certificate of Incorporation or these Bylaws, at each meeting of the stockholders, a majority in voting power of the shares of the Corporation issued and outstanding and entitled to vote at the meeting, present in person or represented by proxy, shall constitute a quorum. A quorum, once established, shall not be broken by the subsequent withdrawal of enough votes to leave less than a quorum. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the chair of the meeting shall have power to adjourn the meeting from time to time, in the manner provided in Section 2.08, until a quorum shall be present or represented.

Section 2.08 Adjournments. Any meeting of the stockholders, annual or special, may be adjourned from time to time to reconvene at the same or some other place, if any, and notice need not be given of any such adjourned meeting if the time, place, if any, thereof and the means of remote communication, if any, are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting in accordance with the requirements of Section 2.05 shall be given to each stockholder of record entitled to vote at the meeting.

Section 2.09 Conduct of Meetings. The Board may adopt by resolution such rules and regulations for the conduct of the meeting of the stockholders as it shall deem appropriate. At every meeting of the stockholders, the Chair of the Board, or in his or her absence or inability to act, the Chief Executive Officer, or, in his or her absence or inability to act, the person whom the Board shall appoint, shall act as chair of, and preside at, the meeting. The Secretary or, in his or her absence or inability to act, the person whom the chair of the meeting shall appoint secretary of the meeting, shall act as secretary of the meeting and keep the minutes thereof. Except to the extent inconsistent with such rules and regulations as adopted by the Board, the chair of any meeting of the stockholders shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chair, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board or prescribed by the chair of the meeting, may include, without limitation, the following: (a) the establishment of an agenda or order of business for the meeting; (b) the determination of when the polls shall open and close for any given matter to be voted on at the meeting; (c) rules and procedures for maintaining order at the meeting and the

---

safety of those present; (d) limitations on attendance at or participation in the meeting to stockholders of record of the corporation, their duly authorized and constituted proxies or such other persons as the chair of the meeting shall determine; (e) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (f) limitations on the time allotted to questions or comments by participants. The chair shall have the power to adjourn any meeting of the stockholders from time to time to reconvene at the same or some other place, and notice need not be given of any such adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken.

Section 2.10 Voting; Proxy. Unless otherwise required by law, the Certificate of Incorporation or these Bylaws, any question brought before any meeting of the stockholders, other than the election of directors, shall be decided by the affirmative vote of the holders of a majority of the total number of votes of the Corporation's capital stock represented at the meeting and entitled to vote on such question, voting as a single class. Unless otherwise provided in the Certificate of Incorporation, and subject to Section 2.04, each stockholder represented at a meeting of the stockholders shall be entitled to cast one (1) vote for each share of the capital stock entitled to vote thereat held by such stockholder. Such votes may be cast in person or by proxy as provided in this Section 2.10. The Board, in its discretion, or the officer of the Corporation presiding at a meeting of the stockholders, in such officer's discretion, may require that any votes cast at such meeting shall be cast by written ballot.

Except as provided in Section 3.03, directors shall be elected by a majority of the votes cast at the annual meeting of stockholders. Directors need not be stockholders. Notwithstanding the foregoing, directors shall be elected by a plurality of the votes cast for properly nominated and qualified candidates at any meeting of stockholders for which (i) the Secretary of the Corporation receives a notice that a stockholder has nominated a person for election to the Board in compliance with the advance notice requirements for stockholder nominees for director set forth in Section 2.11 of these Bylaws and (ii) such nomination has not been withdrawn by such stockholder on or before the tenth day before the Corporation first mails its notice of meeting for such meeting to the stockholders. If directors are to be elected by a plurality of the votes cast, stockholders shall not be permitted to vote against a nominee. For purposes of this Section 2.10, a "majority of the votes cast" shall mean that the number of votes cast "for" a director's election exceeds the number of votes cast "against" such director's election. Abstentions and broker non-votes are not counted as votes cast either "for" or "against" a director's election.

Each stockholder entitled to vote at a meeting of the stockholders may authorize another person or persons to act for such stockholder by proxy filed with the Secretary before or at the time of the meeting, but no such proxy shall be voted or acted upon after three (3) years from its date, unless such proxy provides for a longer period

Section 2.11 Advance Notice of Stockholder Nominations and Proposals.

(a) Timely Notice. At a meeting of the stockholders, only such nominations of persons for the election of directors and such other business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, nominations or such other business must be: (i) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board or any committee thereof, (ii)

---

otherwise properly brought before the meeting by or at the direction of the Board or any committee thereof, or (iii) otherwise properly brought before an annual meeting by a stockholder who: (A) is a stockholder of record of the Corporation at the time such notice of meeting is delivered and at the time the notice required hereunder is delivered to the Secretary, (B) is entitled to vote at the meeting, and (C) complies with the notice procedures and disclosure requirements set forth in this Section 2.11. In addition, any proposal of business (other than the nomination of persons for election to the Board) must be a proper matter for stockholder action. For business (including, but not limited to, director nominations) to be properly brought before an annual meeting by a stockholder, the stockholder or stockholders of record intending to propose the business (the "Proposing Stockholder") must have given timely notice thereof pursuant to this Section 2.11(a) or Section 2.11(c), below, as applicable, in writing to the Secretary even if such matter is already the subject of any notice to the stockholders or Public Disclosure from the Board. To be timely, a Proposing Stockholder's notice must be delivered to or mailed and received at the principal executive offices of the Corporation: (x) not later than the close of business on the 90<sup>th</sup> day, nor earlier than the close of business on the 120<sup>th</sup> day in advance of the anniversary of the previous year's annual meeting if such meeting is to be held on a day that is within 30 days before or after the anniversary of the previous year's annual meeting; and (y) with respect to any other annual meeting of stockholders, not later than the close of business on the tenth (10<sup>th</sup>) day following the date of Public Disclosure of the date of such meeting. In no event shall any adjournment or postponement of an annual meeting, or the Public Disclosure thereof, commence a new notice time period (or extend any notice time period). For purpose of timely notice at the 2017 annual meeting of stockholders of the Corporation, a Proposing Stockholder's notice must be delivered to or mailed and received at the principal executive offices of the Corporation not later than the close of business on February 1, 2017, nor earlier than the close of business on January 2, 2017.

(b) Stockholder Nominations. For the nomination of any person or persons for election to the Board whether at an annual meeting or a properly called special meeting of stockholders, a Proposing Stockholder's notice to the Secretary shall set forth (i) the name, age, business address and residence address of each nominee proposed in such notice, (ii) the principal occupation or employment of each such nominee, (iii) (A) the number of shares of capital stock of the Company which are owned of record and beneficially by each such nominee and any affiliates or associates of such nominee (if any) and (B) a description of any agreement, arrangement or understanding of the type described in clause (vi)(C) or (vi)(D) of this section, but as it relates to each such nominee rather than the Proposing Stockholder, (iv) (A) if any such nominee is a party to any compensatory, payment or other financial agreement, arrangement or understanding with any person or entity other than the Company, or has received any compensation or other payment from any person or entity other than the Company, in each case in connection with candidacy or service as a director of the Company, a detailed description of such agreement, arrangement or understanding and its terms or of any such compensation received and (B) such other information concerning each such nominee as would be required to be disclosed in a proxy statement soliciting proxies for the election of such nominee as a director in an election contest (even if an election contest is not involved) or that is otherwise required to be disclosed, under Section 14(a) of the Exchange Act and the rules and regulations promulgated thereunder, (v) the consent of the nominee to being named in the proxy statement as a nominee and to serving as a director if elected and a representation by the nominee to the effect that, if elected, the nominee will agree to and abide by all policies of the Board and, to the extent

---

applicable to Directors, all policies of the Company, in each case, as may be in place at any time and from time to time, and (vi) as to the Proposing Stockholder: (A) the name and address of the Proposing Stockholder as they appear on the Company's books and of the beneficial owner, if any, on whose behalf the nomination is being made, (B) the class and number of shares of the Company which are owned by the Proposing Stockholder (beneficially and of record) and owned by the beneficial owner, if any, on whose behalf the nomination is being made, as of the date of the Proposing Stockholder's notice, (C) a description of any agreement, arrangement or understanding with respect to such nomination between or among the Proposing Stockholder and any of its affiliates or associates, and any others (including their names) acting in concert with any of the foregoing, (D) a description of any agreement, arrangement or understanding (including any derivative or short positions, profit interests, options, hedging transactions, and borrowed or loaned shares) that has been entered into as of the date of the Proposing Stockholder's notice by, or on behalf of, the Proposing Stockholder or any of its affiliates or associates, the effect or intent of which is to mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of the Proposing Stockholder or any of its affiliates or associates with respect to shares of stock of the Company, (E) a representation that the Proposing Stockholder is a holder of record of shares of the Company entitled to vote at the meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice, (F) a representation whether the Proposing Stockholder intends to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Company's outstanding capital stock required to approve the election of the nominee and/or otherwise to solicit proxies from stockholders in support of such election and (G) and, with respect to (B), (C) and (D) above, a representation that the Proposing Stockholder will promptly notify the Company in writing of the same as of the record date for the meeting promptly following the later of the record date or the date notice of the record date is first publicly disclosed. The Company may require any proposed nominee to furnish such other information as it may reasonably require to determine the eligibility of such proposed nominee to serve as an independent director of the Company or that could be material to a reasonable stockholder's understanding of the independence, or lack thereof, of such nominee.

(c) Other Stockholder Proposals. For all business other than director nominations, a Proposing Stockholder's notice to the Secretary shall set forth as to each matter the Proposing Stockholder proposes to bring before the annual meeting or properly called special meeting, as the case may be: (i) a brief description of the business desired to be brought before the meeting and the reasons for conducting such business at the meeting, (ii) any other information relating to such stockholder and beneficial owner, if any, on whose behalf the proposal is being made, required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for the proposal and pursuant to and in accordance with Section 14(a) of the Exchange Act and the rules and regulations promulgated thereunder, (iii) a description of all agreements, arrangements, or understandings between or among such Proposing Stockholder, or any affiliates or associates of such Proposing Stockholder, and any other person or persons (including their names) in connection with the proposal of such business and any material interest of such Proposing Stockholder or any affiliates or associates of such Proposing Stockholder, in such business, including any anticipated benefit therefrom to such Proposing Stockholder, or any affiliates or associates of such Proposing Stockholder and (iv) the information required by Section 2.11(b)(vi) above.



---

(d) Proxy Rules. The foregoing notice requirements of Section 2.11(c) shall be deemed satisfied by a stockholder with respect to inclusion in the proxy statement referenced below of a proposal with respect to business other than a nomination if the stockholder has notified the Corporation of his, her or its intention to present such proposal at an annual meeting in compliance with Rule 14(a)-8 of the Exchange Act and such stockholder's proposal has been included in a proxy statement that has been prepared by the Corporation to solicit proxies for such annual meeting.

(e) Special Meetings of Stockholders. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Nominations of persons for election to the Board may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Corporation's notice of meeting (x) by or at the direction of the Board or any committee thereof or (y) provided that the Board has determined that directors shall be elected at such meeting, by any stockholder of the Corporation who is a stockholder of record at the time the notice provided for in this Section 2.11 is delivered to the Secretary, who is entitled to vote at the meeting and upon such election and who complies with the notice procedures set forth in this Section 2.11. If the Corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board, any such stockholder entitled to vote in such election of directors may nominate a person or persons (as the case may be) for election to such position(s) as specified in the Corporation's notice of meeting, if the stockholder's notice required by this Section 2.10 shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the tenth (10<sup>th</sup>) day following the day on which notice of the date of the special meeting was mailed or Public Disclosure of the date of the special meeting was made, whichever first occurs. In no event shall any adjournment or postponement of a special meeting, or the Public Disclosure thereof, commence a new time period (or extend any notice time period).

(f) Effect of Noncompliance. Notwithstanding anything in these Bylaws to the contrary: (i) no nominations shall be made or business shall be conducted at any annual meeting or special meeting except in accordance with the procedures set forth in this Section 2.11, and (ii) unless otherwise required by law, if a Proposing Stockholder intending to propose business or make nominations at an annual meeting or special meeting pursuant to this Section 2.11 does not provide the information required under this Section 2.11 to the Corporation in accordance with the applicable timing requirements set forth in these Bylaws, or the Proposing Stockholder (or a qualified representative of the Proposing Stockholder) does not appear at the meeting to present the proposed business or nominations, such business or nominations shall not be considered, notwithstanding that proxies in respect of such business or nominations may have been received by the Corporation.

(g) For purposes of this Section 2.11:

(i) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

(ii) "Public Disclosure" shall mean a disclosure made in a press release reported by the Dow Jones News Services, The Associated Press or

---

a comparable national news service or in a document filed by the Company with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

Section 2.12 Consent of Stockholders in Lieu of Meeting. Except as otherwise expressly provided by the terms of any series of preferred stock permitting the holders of such series of preferred stock to act by written consent, any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual meeting of the stockholders or special meeting of stockholders, and the ability of the stockholders to consent in writing to the taking of any action is hereby specifically denied.

Section 2.13 Inspectors at Meetings of Stockholders. The Board, by resolution, the Chair or Chief Executive Officer, in advance of any meeting of stockholders, shall appoint one or more inspectors, who may be employees of the Corporation, to act at the meeting or any adjournment thereof and make a written report thereof. The Board may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting. Unless otherwise required by law, inspectors may be officers, employees or agents of the Corporation. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. The inspectors shall have the duties prescribed by law, and shall (a) ascertain the number of shares outstanding and the voting power of each, (b) determine the shares represented at the meeting, the existence of a quorum and the validity of proxies and ballots, (c) count all votes and ballots, (d) determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors and (e) certify their determination of the number of shares represented at the meeting and their count of all votes and ballots. The inspectors may appoint or retain other persons or entities to assist the inspectors in the performance of their duties. Unless otherwise provided by the Board, the date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at the meeting. No ballot, proxies, votes or any revocation thereof or change thereto, shall be accepted by the inspectors after the closing of the polls unless the Court of Chancery of the State of Delaware upon application by a stockholder shall determine otherwise. In determining the validity and counting of proxies and ballots cast at any meeting of stockholders, the inspectors may consider such information as is permitted by applicable law. No person who is a candidate for office at an election may serve as an inspector at such election.

### ARTICLE III

#### BOARD OF DIRECTORS

Section 3.01 General Powers. The business and affairs of the Corporation shall be managed by or under the direction of the Board which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or by these Bylaws required to be exercised or done by the stockholders.

---

Section 3.02 Number; Term of Office. The number of directors of the Corporation shall be fixed from time to time by resolution of the Board but shall not be less than three (3) nor more than fifteen (15). The directors shall be divided into three classes, designated Class I, Class II and Class III. Each class shall consist, as nearly as may be possible, of one-third of the total number of directors constituting the entire Board. The term of the initial Class I directors shall terminate on the date of the annual meeting of stockholders to be held in 2017; the term of the initial Class II directors shall terminate on the date of the annual meeting of stockholders to be held in 2018; and the term of the initial Class III directors shall terminate on the date of the annual meeting of stockholders to be held in 2018 or, in each case, upon such director's earlier death, resignation or removal. At each succeeding annual meeting of stockholders beginning with the annual meeting of stockholders to be held in 2017 successors to the class of directors whose term expires at that annual meeting shall be elected for a term of office to expire at the third succeeding annual meeting of stockholders after their election and until his or her respective successor has been duly elected and qualified. If the number of directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible, and any additional director of any class elected to fill a vacancy resulting from an increase in such class or from the removal from office, death, disability, resignation or disqualification of a director or other cause shall hold office for a term that shall coincide with the remaining term of that class, but in no case will a decrease in the number of directors have the effect of removing or shortening the term of any incumbent director.

If an incumbent director is not reelected, the director shall offer his or her resignation promptly to the Board. Within 90 days following certification of the election results, the Board shall act on the offered resignation. In determining whether to accept the offered resignation, the Board shall consider any recommendation of the Governance and Nominating Committee, the factors considered by that committee and any additional information and factors that the Board believes to be relevant. Any director who tenders his or her resignation pursuant to this provision shall not participate in the Governance and Nominating Committee recommendation or Board's action regarding whether to accept the offered resignation.

Section 3.03 Newly Created Directorships and Vacancies. Subject to the terms of any one or more series of preferred stock entitled to elect directors, any newly created directorships resulting from an increase in the authorized number of directors and any vacancies occurring in the Board shall be filled solely by a majority of the remaining members of the Board, although less than a quorum, or by a sole remaining director. A director appointed to fill a vacancy on the Board shall hold office until the earlier of the expiration of the term of office of the director whom he or she has replaced, a successor is duly elected and qualified or the earlier of such director's death, resignation or removal.

Section 3.04 Resignation and Removal of Directors. Any director may resign from the Board or any committee thereof at any time by notice given in writing or by electronic transmission to the Chair of the Board, the Chief Executive Officer or the Secretary of Corporation and, in the case of any committee, to the chair of such committee. Such resignation shall take effect at the date of receipt of such notice by the Corporation or at such later time as is therein specified, and acceptance of such resignation shall not be necessary to make it effective.

---

Except as otherwise required by applicable law and subject to the rights, if any, of the holders of shares of preferred stock then outstanding, any director or the entire Board may be removed from office at any time, but only for cause and only by the affirmative vote of the holders of at least a majority of the voting power of the Corporation's then outstanding capital stock entitled to vote generally in the election of directors. Any director serving on a committee of the Board may be removed from such committee at any time by the Board.

Section 3.05 Compensation. The directors may be paid their expenses, if any, of attendance at each meeting of the Board and may be paid a fixed sum for attendance at each meeting of the Board or a stated salary for services as a director, payable in cash or securities. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for services as committee members.

Section 3.06 Regular Meetings. Regular meetings of the Board may be held without notice at such times and at such places as may be determined from time to time by the Board or its chair.

Section 3.07 Special Meetings. Special meetings of the Board may be held at such times and at such places as may be determined by the chair or the Chief Executive Officer at least twenty-four (24) hours' notice to each director given by one of the means specified in Section 3.10 hereof other than by mail or on at least three (3) days' notice if given by mail. Special meetings shall be called by the chair or the Chief Executive Officer in like manner and on like notice on the written request of a majority of the directors.

Section 3.08 Telephone Meetings. Unless otherwise provided in the Certification of Incorporation or the Bylaws, the Board or Board committee meetings may be held by means of telephone conference or other communications equipment by means of which all persons participating in the meeting can hear each other and be heard. Participation by a director in a meeting pursuant to this Section 3.08 shall constitute presence in person at such meeting.

Section 3.09 Adjourned Meetings. A majority of the directors present at any meeting of the Board, including an adjourned meeting, whether or not a quorum is present, may adjourn and reconvene such meeting to another time and place. At least twenty-four (24) hours' notice of any adjourned meeting of the Board shall be given to each director whether or not present at the time of the adjournment, if such notice shall be given by one of the means specified in Section 3.10 hereof other than by mail, or at least three (3) days' notice if by mail. Any business may be transacted at an adjourned meeting that might have been transacted at the meeting as originally called.

Section 3.10 Notices. Subject to Section 3.07, Section 3.09 and Section 3.11 hereof, whenever notice is required to be given to any director by applicable law, the Certificate of Incorporation or these Bylaws, such notice shall be deemed given effectively if given in person or by telephone, mail addressed to such director at such director's address as it appears on the records of the Corporation, facsimile, e-mail or by other means of electronic transmission.

---

Section 3.11 Waiver of Notice. Whenever notice to directors is required by applicable law, the Certificate of Incorporation or these Bylaws, a waiver thereof, in writing signed by, or by electronic transmission by, the director entitled to the notice, whether before or after such notice is required, shall be deemed equivalent to notice. Attendance by a director at a meeting shall constitute a waiver of notice of such meeting except when the director attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business on the ground that the meeting was not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special Board or committee meeting need be specified in any waiver of notice.

Section 3.12 Organization. At each meeting of the Board, or any committee thereof, the chair, or in his or her absence, another director selected by the Board or the committee, as applicable, shall preside. Except as provided below, the Secretary shall act as secretary at each meeting of the Board and of each committee thereof. If the Secretary is absent from any meeting of the Board or any committee thereof, an Assistant Secretary shall perform the duties of secretary at such meeting; and in the absence from any such meeting of the Secretary and Assistant Secretaries, the person presiding at the meeting may appoint any person to act as secretary of the meeting. Notwithstanding the foregoing, the members of each committee of the Board may appoint any person to act as secretary of any meeting of such committee and the Secretary or any Assistant Secretary of the Corporation may, but need not if such committee so elects, serve in such capacity.

Section 3.13 Quorum of Directors. The presence of a majority of the Board or any Board committee shall be necessary and sufficient to constitute a quorum for the transaction of business at any meeting of the Board or committee, as applicable.

Section 3.14 Action By Majority Vote. Except as otherwise expressly required by these Bylaws, the Certificate of Incorporation or by applicable law, the vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board.

Section 3.15 Action Without Meeting. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board or of any committee thereof may be taken without a meeting if all directors or members of such committee, as the case may be, consent thereto in writing or by electronic transmission, and the writings or electronic transmissions are filed with the minutes of proceedings of the Board or committee in accordance with applicable law.

Section 3.16 Interested Directors: Quorum.

(a) No contract or other transaction between the Corporation and one or more of its directors, or between the Corporation and any other corporation, partnership, association, or other organization in which one or more of the directors of the Corporation is a director or officer, or has a financial interest, shall be void or voidable, because the director is present at or

---

participates in the meeting of the board or committee thereof which authorizes the contract or transaction, or solely because such director's vote is counted for such purpose, if:

(i) the material facts as to such director's relationship or interest and as to the contract or transaction are disclosed or are known to the Board or the committee, and the Board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested Directors be less than a quorum;

(ii) the material facts as to such director's relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or

(iii) the contract or transaction is fair as to the Company as of the time it is authorized, approved or ratified, by the Board, a committee thereof, or the stockholders; and

(b) Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board or of a committee which authorizes the contract or transaction.

Section 3.17 Committees of the Board. The Board may designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. Subject to the rules and regulations of any securities exchange or quotation system on which the securities of the Corporation are listed for trading, if a member of a committee shall be absent from any meeting, or disqualified from voting thereat, the remaining member or members present at the meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent permitted by applicable law and provided in the resolution establishing such committee, shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Corporation and may authorize the seal of the Corporation to be affixed to all papers that may require it to the extent so authorized by the Board. Unless the Board provides otherwise, at all meetings of such committee, a majority of the then authorized members of the committee shall constitute a quorum for the transaction of business, and the vote of a majority of the members of the committee present at any meeting at which there is a quorum shall be the act of the committee. Each committee shall keep regular minutes of its meetings. Unless the Board provides otherwise, each committee designated by the Board may make, alter and repeal rules and procedures for the conduct of its business. In the absence of such rules and procedures each committee shall conduct its business in the same manner as the Board conducts its business pursuant to this Article III. Notwithstanding anything to the contrary contained in this Article III, any resolution of the Board establishing or directing any committee of the Board or establishing or amending the charter of any such committee may establish requirements or procedures relating to the governance and/or operation of such committee that are different from, or in addition to, those set forth in these Bylaws and, to the extent that there is any inconsistency between these Bylaws and any such resolution or charter, the terms of such resolution or charter shall be controlling.

---

## ARTICLE IV

### OFFICERS

Section 4.01 Positions and Election. The officers of the Corporation shall consist of a Chief Executive Officer, a President, a Secretary, a Treasurer and such other officers with such other titles as the Board shall determine, including one or more Vice Presidents, Assistant Treasurers and Assistant Secretaries. The Board may appoint such other officers as it may deem appropriate. Any two or more offices may be held by the same person. Officers may, but need not, be directors or stockholders of the Corporation. The salaries of all officers shall be fixed by the Board.

Section 4.02 Term. Each officer of the Corporation shall hold office until such officer's successor is duly elected and qualified or until such officer's earlier death, resignation or removal. The Board may remove any officer at any time with or without cause by the majority vote of the members of the Board.

Section 4.03 Resignation. Any officer of the Corporation may resign at any time by giving written notice of his or her resignation to the Chief Executive Officer, the President or the Secretary. Such resignation shall be effective upon receipt unless such notice provides that the resignation is effective at some later time or upon the occurrence of some later event.

Section 4.04 Vacancies. A vacancy occurring in any office shall be filled in the same manner as provide for the election or appointment to such office.

Section 4.05 Chief Executive Officer; President. Unless the Board has designated another person as the Corporation's Chief Executive Officer, the President shall be the Chief Executive Officer of the Corporation. The Chief Executive Officer shall have general charge and supervision of the business of the Corporation subject to the direction of the Board, and shall perform all duties and have all powers that are commonly incident to the office of chief executive or that are delegated to such officer by the Board. The President shall perform such other duties and shall have such other powers as the Board or the Chief Executive Officer (if the President is not the Chief Executive Officer) may from time to time prescribe.

Section 4.06 Vice Presidents. Each Vice President shall have such powers and perform such duties as may be assigned to him or her from time to time by the Board or the Chief Executive Officer (or the President if there is no Chief Executive Officer). The Board may assign to any Vice President the title of Executive Vice President, Senior Vice President or any other title selected by the Board.

Section 4.07 Secretary; Assistant Secretary. The Secretary, or an Assistant Secretary, shall attend all sessions of the Board and all meetings of the stockholders and record all votes and the minutes of all proceedings in a book to be kept for that purpose, and shall perform like duties for committees when required. He or she shall give, or cause to be given, notice of all meetings of the stockholders and meetings of the Board, and shall perform such other duties as may be assigned by the Board. The Secretary, or an Assistant Secretary, shall keep in safe custody the seal of the Corporation and have authority to affix the seal to all documents requiring it and attest to the same.

---

Section 4.08 Treasurer; Assistant Treasurer. The Treasurer, or an Assistant Treasurer, shall have the custody of the corporate funds and other property of the Corporation, except as otherwise provided by the Board, and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board. The Treasurer, or an Assistant Treasurer, shall disburse the funds of the Corporation as may be ordered by the Board, taking proper vouchers for such disbursements, and whenever requested by the Board, shall render an account of all his or her transactions as treasurer and of the financial condition of the Corporation, and shall perform such other duties as may be assigned by the Board.

Section 4.09 Delegation of Authority. The Board may from time to time delegate the powers or duties of any officer to any other officer or agent, notwithstanding the provisions herein.

Section 4.10 Voting Securities Owned by the Corporation. Powers of attorney, proxies, waivers of notice of meeting, consents and other instruments relating to securities owned by the Corporation may be executed in the name of and on behalf of the Corporation by the Chief Executive Officer, any President, any Vice President or any other officer authorized to do so by the Board and any such officer may, in the name of and on behalf of the Corporation, take all such action as any such officer may deem advisable to vote in person or by proxy at any meeting of security holders of any corporation in which the Corporation may own securities and at any such meeting shall possess and may exercise any and all rights and power incident to the ownership of such securities and which, as the owner thereof, the Corporation might have exercised and possessed if present. The Board may, by resolution, from time to time confer like powers upon any other person or persons.

Section 4.11 Chair of the Board. The Board, in its discretion, may choose a Chair (who shall be a director but need not be elected as an officer). The Chair of the Board shall preside at all meetings of the stockholders, the Board. The Chair of the Board shall perform such other duties and may exercise such other powers as may from time to time be assigned by these Bylaws or by the Board.

## ARTICLE V

### STOCK CERTIFICATES AND THEIR TRANSFER

Section 5.01 Certificates Representing Shares. The shares of stock of the Corporation shall be represented by certificates; provided that the Board may provide by resolution or resolutions that some or all of any class or series shall be uncertificated shares that may be evidenced by a book-entry system maintained by the registrar of such stock. If shares are represented by certificates, such certificates shall be in the form, other than bearer form, approved by the Board. The certificates representing shares of stock of each class shall be signed by, or in the name of, the Corporation by the chair, any vice chair, the president or any vice



---

president, and by the secretary, any assistant secretary, the treasurer or any assistant treasurer. Any or all such signatures may be facsimiles. Although any officer, transfer agent or registrar whose manual or facsimile signature is affixed to such a certificate ceases to be such officer, transfer agent or registrar before such certificate has been issued, it may nevertheless be issued by the Corporation with the same effect as if such officer, transfer agent or registrar were still such at the date of its issue.

Section 5.02 Transfers of Stock. Stock of the Corporation shall be transferable in the manner prescribed by law and in these Bylaws. Transfers of stock shall be made on the books of the Corporation only by the holder of record thereof, by such person's attorney lawfully constituted in writing and, in the case of certificated shares, upon the surrender of the certificate thereof, which shall be cancelled before a new certificate or uncertificated shares shall be issued. No transfer of stock shall be valid as against the Corporation for any purpose until it shall have been entered in the stock records of the Corporation by an entry showing from and to whom transferred.

Section 5.03 Transfer Agents and Registrars. The Board may appoint, or authorize any officer or officers to appoint, one or more transfer agents and one or more registrars.

Section 5.04 Lost, Stolen or Destroyed Certificates. The Corporation may issue a new certificate or uncertificated shares in place of any previously issued certificate alleged to have been lost, stolen or destroyed, upon such terms and conditions as the Board may prescribe, including the presentation of reasonable evidence of such loss, theft or destructions and the giving of such indemnity and posting of such bond sufficient to indemnify the Corporation or the transfer agent or registrar against any claim that may be made against them.

Section 5.05 Dividend Record Date. In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than sixty (60) days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board adopts the resolution relating thereto.

Section 5.06 Record Owners. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise required by law.

---

## ARTICLE VI

### GENERAL PROVISIONS

Section 6.01 Corporate Seal. The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal, Delaware". The seal of the Corporation shall be in such form as shall be approved by the Board. The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise, as may be prescribed by law or custom or by the Board.

Section 6.02 Fiscal Year. Except as from time to time otherwise designated by the Board, the fiscal year of the Corporation shall end on December 31.

Section 6.03 Contracts. Except as otherwise provide in these Bylaws, the Board may authorize any officer or officers to enter into any contract or to execute or deliver any instrument on behalf of the Corporation and such authority may be general or limited to specific instances. Any officer so authorized may, unless the authorizing resolution otherwise provides, delegate such authority to one or more subordinate officers, employees or agents, and such delegation may provide for further delegation.

Section 6.04 Checks, Notes, Drafts, Etc. All checks, notes, drafts or other orders for the payment of money of the Corporation shall be signed, endorsed or accepted in the name of the Corporation by such officer, officers, person or persons as from time to time may be designated by the Board or by an officer or officers authorized by the Board to make such designation.

Section 6.05 Dividends. Dividends upon the capital stock of the Corporation, subject to the requirements of the DGCL and the provisions of the Certificate of Incorporation, if any, may be declared by the Board at any regular or special meeting of the Board (or any action by written consent in lieu thereof in accordance with Section 3.16), and may be paid in cash, in property, or in shares of the Corporation's capital stock. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Board from time to time, in its absolute discretion, deems proper as a reserve or reserves to meet contingencies, or for purchasing any of the shares of capital stock, warrants, rights, options, bonds, debentures, notes, scrip or other securities or evidences of indebtedness of the Corporation, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for any proper purpose, and the Board may modify or abolish any such reserve.

Section 6.06 Conflict With Applicable Law or Certificate of Incorporation. These Bylaws are adopted subject to any applicable law and the Certificate of Incorporation. Whenever these Bylaws may conflict with any applicable law or the Certificate of Incorporation, such conflict shall be resolved in favor of such law or the Certificate of Incorporation.

---

## ARTICLE VII

### INDEMNIFICATION

Section 7.01 Power to Indemnify in Actions, Suits or Proceedings other Than Those by or in the Right of the Corporation. Subject to Section 7.03, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he or she is or was a director or officer of the Corporation, or is or was serving at the request of the Corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful

Section 7.02 Power to Indemnify in Actions, Suits or Proceedings by or in the Right of the Corporation. Subject to Section 7.03, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he or she is or was a director or officer of the Corporation, or is or was serving at the request of the Corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection with the defense or settlement of such action or suit if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation; except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

Section 7.03 Authorization of Indemnification. Any indemnification under this Article VII (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the present or former director or officer is proper in the circumstances because he or she has met the applicable standard of conduct set forth in Section 7.01 or Section 7.02, as the case may be. Such determination shall be made (1) by a majority vote of the directors who are not parties to such action, suit or proceeding, even though less than a quorum, or (2) by a committee of such directors designated by majority vote of such directors, even though less than a quorum, or (3) if there are no such directors, or if

---

such directors so direct, by independent legal counsel in a written opinion, or (4) by the stockholders. To the extent, however, that a present or former director or officer of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding described above, or in defense of any claim, issue or matter therein, he or she shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection therewith, without the necessity of authorization in the specific case. Any person seeking indemnification from the Corporation under this Article VII must notify the Corporation in writing as soon as practicable of any action, suit, proceeding or investigation involving such person for which indemnity will or could be sought.

Section 7.04 Good Faith Defined. For purposes of any determination under Section 7.03, to the extent permitted by law, a person shall be deemed to have acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation, or, with respect to any criminal action or proceeding, to have had no reasonable cause to believe his or her conduct was unlawful, if his or her action is based on the records or books of account of the Corporation or another enterprise, or on information supplied to him or her by the officers of the Corporation or another enterprise in the course of their duties, or on the advice of legal counsel for the Corporation or another enterprise or on information or records given or reports made to the Corporation or another enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Corporation or another enterprise. The term "another enterprise" as used in this Section 4 shall mean any other corporation or any partnership, joint venture, trust or other enterprise of which such person is or was serving at the request of the Corporation as a director or officer. The provisions of this Section 7.04 shall not be deemed to be exclusive or to limit in any way the circumstances in which a person may be deemed to have met the applicable standard of conduct set forth in Section 7.01 or Section 7.02, as the case may be.

Section 7.05 Indemnification by a Court. Notwithstanding any contrary determination in the specific case under Section 7.03, and notwithstanding the absence of any determination thereunder, any director or officer may apply to any court of competent jurisdiction in the State of Delaware for indemnification to the extent otherwise permissible under Section 7.01 and Section 7.02. The basis of such indemnification by a court shall be a determination by such court that indemnification of the director or officer is proper in the circumstances because he or she has met the applicable standards of conduct set forth in Section 7.01 or Section 7.02, as the case may be. Notice of any application for indemnification pursuant to this Section 7.05 shall be given to the Corporation promptly upon the filing of such application.

Section 7.06 Expenses Payable in Advance. Expenses (including attorneys' fees) incurred in defending any civil, criminal, administrative or investigative action, suit or proceeding shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the director or officer to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by the Corporation as authorized in this Article VII (which undertaking shall be accepted without reference to the financial ability of the person to make such repayment); provided, however, that, with respect to persons who are not directors, no advancement of expenses shall be made under this Article VII if the Corporation shall determine that (i) such

---

person did not act in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Corporation, or (ii) with respect to any criminal action or proceeding, such person had reasonable cause to believe his or her conduct was unlawful. A director or officer seeking advancement of expenses shall submit to the Corporation a written request.

Section 7.07 Non-exclusivity of Indemnification and Advancement of Expenses. The indemnification and advancement of expenses provided by or granted pursuant to this Article VII shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any Bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office, it being the policy of the Corporation that indemnification of the persons specified in Section 7.01 and Section 7.02 shall be made to the fullest extent permitted by law. The provisions of this Article VII shall not be deemed to preclude the indemnification of any person who is not specified in Section 7.01 or Section 7.02 but whom the Corporation has the power or obligation to indemnify under the provisions of the General Corporation Law of the State of Delaware, or otherwise.

Section 7.08 Insurance. The Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify him or her against such liability under the provisions of this Article VII.

Section 7.09 Certain Definitions for Purposes of Article VII. Terms used in this Article VII and defined in Section 145(h) or Section 145(i) of the General Corporation Law of the State of Delaware shall have the respective meanings assigned to such terms in such Section 145(h) or Section 145(i).

Section 7.10 Limitations. Notwithstanding anything to the contrary in this Article VII, the Corporation shall not be required to indemnify any person pursuant to this Article VII in connection with a proceeding (or part thereof) initiated by that person unless (1) the initiation thereof was approved by the Board of Directors of the Corporation or (2) the initiation thereof was in connection with successfully establishing that person's right to indemnification or advancement of expenses under this Article VII. Notwithstanding anything to the contrary in this Article VII, the Corporation shall not indemnify a person to the extent such person has been reimbursed from the proceeds of insurance, and in the event the Corporation makes any indemnification payments to a person and such person is subsequently reimbursed from the proceeds of insurance, such person shall promptly refund indemnification payments to the Corporation to the extent of such insurance reimbursement.

Section 7.11 Survival of Indemnification and Advancement of Expenses. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VII shall continue as to a person who has ceased to be a director or officer and shall inure to the benefit of the heirs, executors and administrators of such a person. A right to indemnification and

---

to advancement of expenses arising under this Article VII shall not be eliminated or impaired by an amendment to such provision after the occurrence of the act or omission that is the subject of the civil, criminal, administrative or investigative action, suit or proceeding for which indemnification or advancement of expenses is sought.

Section 7.12 Savings Clause. If this Article VII or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify each director or officer to the fullest extent permitted by any applicable portion of this Article VII that shall not have been invalidated.

## **ARTICLE VIII**

### **AMENDMENTS**

Section 8.01 Amendments. These Bylaws may be amended, altered, changed, adopted and repealed or new bylaws adopted by the Board or by the stockholders as expressly provided in the Certificate of Incorporation.

## INDEMNIFICATION AGREEMENT

This Agreement is made as of the \_\_ day of \_\_\_\_\_ 20\_\_, by and between Fortive Corporation, a Delaware corporation (the "Corporation"), and the individual whose signature is set forth on the signature line below (the "Indemnitee"), a director or officer of the Corporation.

WHEREAS, it is essential to the Corporation to retain and attract as directors and officers the most capable persons available; and

WHEREAS, the Corporation and Indemnitee recognize the continued difficulty in obtaining appropriate liability insurance coverage for the Corporation's directors and officers in light of the significant and continual increases in the cost of such insurance and the general trend of insurance companies to reduce the scope of coverage of such insurance; and

WHEREAS, the Corporation and Indemnitee further recognize the increase in corporate litigation in general, subjecting directors and officers to expensive litigation risks at the same time as the availability, cost and scope of coverage of liability insurance provide increasing challenges to the Corporation; and

WHEREAS, the Section 145 of the General Corporation Law of Delaware, under which the Corporation is organized ("Section 145"), empowers the Corporation to indemnify by agreement its officers, directors, employees and agents, and persons who serve, at the request of the Corporation, as directors, officers, employees or agents of other corporations or enterprises, and expressly provides that the indemnification provided by Section 145 is not exclusive;

WHEREAS, it is the express policy of the Corporation to indemnify its directors and officers; and

WHEREAS, the Corporation desires the Indemnitee to serve, or continue to serve, as a director or officer of the Corporation.

NOW THEREFORE, the Corporation and the Indemnitee do hereby agree as follows:

1. Agreement to Serve. The Indemnitee agrees to serve or continue to serve as a director or officer of the Corporation for so long as the Indemnitee is duly elected or appointed or until the effective date of Indemnitee's resignation, if earlier.

2. Definitions. As used in this Agreement:

(a) The term "Change in Control" shall mean the earliest to occur after the date of this Agreement of any one of the following:

(i) any Person (as defined below) is or becomes the Beneficial Owner (as defined below), directly or indirectly, of securities of the Corporation representing thirty percent (30%) or more of the combined voting power of the Corporation's then outstanding securities;

---

(ii) during any period of two (2) consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Board of Directors of the Corporation (the "Board"), and any new director (other than (x) any director designated by a person who has entered into an agreement with the Corporation to effect a transaction described in Sections 2(a)(i), 2(a)(iii), 2(a)(iv) or 2(a)(v), and (y) any director whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person) whose election by the Board or nomination for election by the Corporation's stockholders was approved by a vote of at least a majority of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a least a majority of the members of the Board;

(iii) the effective date of a merger or consolidation of the Corporation with any other entity, other than a merger or consolidation which would result in the voting securities of the Corporation outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 50% of the combined voting power of the voting securities of the surviving entity outstanding immediately after such merger or consolidation and with the power to elect at least a majority of the board of directors or other governing body of such surviving entity;

(iv) the effective date of the sale or disposition by the Corporation of all or substantially all of the Corporation's assets; and

(v) the approval by the stockholders of the Corporation of a complete liquidation or dissolution of the Corporation.

For purposes of this Section 2(a), the following terms shall have the following meanings:

(A) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

(B) "Person" shall have the meaning as set forth in Sections 13(d) and 14(d) of the Exchange Act; provided, however, that Person shall exclude (i) the Corporation, (ii) any trustee or other fiduciary holding securities under an employee benefit plan of the Corporation, (iii) any corporation owned, directly or indirectly, by the stockholders of the Corporation in substantially the same proportions as their ownership of stock of the Corporation, and (iv) Steven Rales, Mitchell Rales and their respective controlled affiliates.

(C) "Beneficial Owner" shall have the meaning given to such term in Rule 13d-3 under the Exchange Act; provided, however, that Beneficial Owner shall exclude any Person otherwise becoming a Beneficial Owner by reason of the stockholders of the Corporation approving a merger of the Corporation with another entity.



---

(b) The term “Corporate Status” shall mean the status of a person who is or was, or has agreed to become, a director or officer of the Corporation, or is or was serving, or has agreed to serve, at the request of the Corporation, as a director, officer, fiduciary, partner, trustee, member or employee of, or in a similar capacity with, any Enterprise.

(c) The term “Enterprise” shall mean the Corporation and any other corporation, partnership, joint venture, trust, limited liability company, employee benefit plan or other enterprise of which Indemnitee is or was serving, or has agreed to serve, at the request of the Corporation as a director, officer, fiduciary, partner, trustee, member or employee, or in any similar capacity.

(d) The term “Expenses” shall include, without limitation, attorneys’ fees, retainers, court costs, transcript costs, fees and expenses of experts, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees and other disbursements or expenses of the types customarily incurred in connection with investigations, judicial or administrative proceedings or appeals, but shall not include the amount of judgments, fines or penalties against Indemnitee or amounts paid in settlement.

(e) References to “fines” shall include any excise tax assessed with respect to any employee benefit plan; references to “serving at the request of the Corporation” shall include any service as a director, officer, fiduciary, partner, trustee, member or employee of the Corporation which imposes duties on, or involves services by, such person with respect to an employee benefit plan, its participants, or beneficiaries; and a person who acted in good faith and in a manner such person reasonably believed to be in the interests of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner “not opposed to the best interests of the Corporation” as referred to in this Agreement.

(f) The term “Independent Counsel” shall mean a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither currently is, nor in the past five years has been, retained to represent: (i) the Corporation or the Indemnitee in any matter material to either such party or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term “Independent Counsel” shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Corporation or the Indemnitee in an action to determine the Indemnitee’s rights under this Agreement. The Corporation agrees to fully indemnify the Independent Counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

(g) The term “Proceeding” shall include any threatened, pending or completed action, suit, arbitration, alternative dispute resolution proceeding, administrative hearing or other proceeding, whether brought by or in the right of the Corporation or otherwise and whether of a civil, criminal, administrative or investigative nature, and any appeal therefrom.

3. Indemnity of Indemnitee. Subject to Sections 6, 7 and 9, the Corporation shall indemnify the Indemnitee in connection with any Proceeding as to which the Indemnitee is, was or is threatened to be made a party (or is otherwise involved) by reason of the Indemnitee’s Corporate Status, to the fullest extent permitted by law (as such may be amended from time to time). In furtherance of the foregoing and without limiting the generality thereof:

---

(a) Indemnification in Third-Party Proceedings. The Corporation shall indemnify the Indemnitee in accordance with the provisions of this Section 3(a) if the Indemnitee was or is a party to or is threatened to be made a party to any Proceeding (other than a Proceeding by or in the right of the Corporation to procure a judgment in its favor or a Proceeding referred to in Section 6 below) by reason of the Indemnitee's Corporate Status or by reason of any action alleged to have been taken or omitted in connection therewith, against all Expenses, judgments, fines, penalties and amounts paid in settlement actually and reasonably incurred by or on behalf of the Indemnitee in connection with such Proceeding, if the Indemnitee acted in good faith and in a manner which the Indemnitee reasonably believed to be in, or not opposed to, the best interests of the Corporation and, with respect to any criminal Proceeding, had no reasonable cause to believe that his or her conduct was unlawful.

(b) Indemnification in Proceedings by or in the Right of the Corporation. The Corporation shall indemnify the Indemnitee in accordance with the provisions of this Section 3(b) if the Indemnitee was or is a party to or threatened to be made a party to any Proceeding by or in the right of the Corporation to procure a judgment in its favor (other than a Proceeding referred to in Section 6 below) by reason of the Indemnitee's Corporate Status or by reason of any action alleged to have been taken or omitted in connection therewith, against all Expenses actually and reasonably incurred by or on behalf of the Indemnitee in connection with the defense or settlement of such Proceeding, if the Indemnitee acted in good faith and in a manner which the Indemnitee reasonably believed to be in, or not opposed to, the best interests of the Corporation, except that, if applicable law so requires, no indemnification shall be made under this Section 3(b) in respect of any claim, issue, or matter as to which the Indemnitee shall have been adjudged by a court of competent jurisdiction to be liable to the Corporation, unless, and only to the extent, that the Court of Chancery of Delaware or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of such liability but in view of all the circumstances of the case, the Indemnitee is fairly and reasonably entitled to indemnity for such Expenses as the Court of Chancery or such other court shall deem proper.

4. Indemnification of Expenses of Successful Party. Notwithstanding any other provision of this Agreement, to the extent that the Indemnitee has been successful, on the merits or otherwise, in defense of any Proceeding or in defense of any claim, issue or matter therein (other than a Proceeding referred to in Section 6), the Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by or on behalf of the Indemnitee in connection therewith. For purposes of this Section and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

5. Indemnification for Expenses of a Witness. To the extent that the Indemnitee is, by reason of the Indemnitee's Corporate Status, a witness, or is made (or asked) to respond to discovery requests, in any Proceeding to which the Indemnitee is not a party, the Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by or on behalf of the Indemnitee in connection therewith.

---

6. Exceptions to Right of Indemnification. Notwithstanding anything to the contrary in this Agreement, the Corporation shall not indemnify the Indemnitee under this Agreement:

(a) in connection with a Proceeding (or part thereof) initiated by the Indemnitee unless the initiation thereof was (i) approved by the Board, or (ii) in connection with successfully establishing Indemnitee's right to indemnification or advancement of Expenses under this Agreement;

(b) for an accounting or disgorgement of profits pursuant to Section 16(b) of the Securities Exchange Act of 1934, as amended, or similar provisions of federal, state or local statutory law or common law, if Indemnitee is held liable therefor;

(c) for any reimbursement of the Corporation by Indemnitee of any bonus or other incentive-based or equity-based compensation or of any profits realized by Indemnitee from the sale of securities of the Corporation, as required in each case under the Securities Exchange Act of 1934, as amended (including any such reimbursements that arise from an accounting restatement of the Corporation pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), or the payment to the Corporation of profits arising from the purchase and sale by Indemnitee of securities in violation of Section 306 of the Sarbanes-Oxley Act), if Indemnitee is held liable therefor; or

(d) to the extent the Indemnitee is reimbursed from the proceeds of insurance, and in the event the Corporation makes any indemnification payments to the Indemnitee and the Indemnitee is subsequently reimbursed from the proceeds of insurance, the Indemnitee shall promptly refund such indemnification payments to the Corporation to the extent of such insurance reimbursement.

7. Notification and Defense of Claim.

(a) The Indemnitee shall notify the Corporation in writing as soon as practicable of any Proceeding for which indemnity will or could be sought and provide the Corporation with a copy of any summons, citation, subpoena, complaint, indictment, information or other document relating to such Proceeding with which Indemnitee is served. The failure to so notify the Corporation will not relieve the Corporation from any liability that it may have to Indemnitee except to the extent the failure adversely affects the Corporation's rights, legal position, ability to defend or ability to obtain insurance coverage with respect to such proceeding. The Corporation will be entitled to participate in any such Proceeding at its own expense. Indemnitee shall have the right to engage Indemnitee's own counsel in connection with such Proceeding. Indemnitee's counsel shall cooperate reasonably with the Corporation's counsel to minimize the cost of defending claims against the Corporation and Indemnitee.

(b) The Corporation shall not be required to indemnify the Indemnitee under this Agreement for any amounts paid in settlement of any Proceeding effected without its written consent. The Corporation shall not settle any Proceeding in any manner that would impose any penalty or limitation on the Indemnitee without the Indemnitee's written consent. Neither the Corporation nor the Indemnitee will unreasonably withhold or delay their consent to any proposed settlement.

---

8. Advancement of Expenses. Subject to the provisions of Section 9, any Expenses actually and reasonably incurred by or on behalf of the Indemnitee in connection with a Proceeding for which indemnity could be sought under this Agreement shall be paid by the Corporation in advance of the final disposition of such Proceeding; provided, however, that the payment of such Expenses incurred by or on behalf of the Indemnitee in advance of the final disposition of such Proceeding shall be made only upon receipt of an undertaking by or on behalf of the Indemnitee to repay all amounts so advanced in the event that it shall ultimately be determined, after the conclusion of such Proceeding, that the Indemnitee is not entitled to be indemnified by the Corporation as authorized in this Agreement. Such undertaking shall be accepted without reference to the financial ability of the Indemnitee to make repayment. Any advances and undertakings to repay pursuant to this Section 8 shall be unsecured and interest-free. This Section 8 shall not apply to any claim made by Indemnitee for which indemnity is excluded pursuant to Section 6.

9. Procedures.

(a) In order to obtain indemnification or advancement of Expenses pursuant to this Agreement, the Indemnitee shall submit to the Corporation a written request, including in such request such documentation and information as is reasonably available to the Indemnitee and is reasonably necessary to determine whether and to what extent the Indemnitee is entitled to indemnification or advancement of Expenses. Any such indemnification or advancement of Expenses shall be made promptly, and in any event within (i) in the case of indemnification under Sections 4, 5, 8 or 9(f), 30 calendar days after receipt by the Corporation of the written request of the Indemnitee, or (ii) in the case of all other indemnification, 60 calendar days after receipt by the Corporation of the written request of the Indemnitee, subject to the provisions of Sections 9(b) below.

(b) With respect to requests for indemnification under Section 3, indemnification shall be made unless the Corporation determines that Indemnitee has not met the applicable standard of conduct set forth in Section 3. Any determination as to whether Indemnitee has met the applicable standard of conduct set forth in Section 3, and any determination that advanced Expenses must be subsequently repaid to the Corporation, shall be made, in the discretion of the Board of Directors of the Corporation, (1) by a majority vote of the directors of the Corporation consisting of persons who are not at that time parties to the Proceeding (“disinterested directors”), whether or not a quorum, (2) by a committee of disinterested directors designated by a majority vote of disinterested directors, whether or not a quorum, (3) if there are no disinterested directors, or if the disinterested directors so direct, by Independent Counsel in a written opinion to the Board, or (4) by the stockholders of the Corporation. Any such determination with respect to requests under Section 3 shall be made within the 60-day period referred to in clause (ii) of Section 9(a) (unless extended by mutual agreement by the Corporation and Indemnitee).

(c) Notwithstanding anything to the contrary set forth in this Agreement, if a request for indemnification is made after a Change in Control, any determination required to be made pursuant to Section 9(b) above as to whether the Indemnitee has met the applicable standard of conduct or is required to repay advanced Expenses shall be made by Independent Counsel selected as provided in this Section 9(c). The Independent Counsel shall be selected by

---

the Indemnitee, unless the Indemnitee shall request that such selection be made by the Board of Directors of the Corporation. The party making the determination shall give written notice to the other party advising it of the identity of the Independent Counsel so selected. The party receiving such notice may, within seven days after such written notice of selection shall have been given, deliver to the other party a written objection to such selection. Such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Section 2, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If a written objection is made, the Independent Counsel so selected may not serve as Independent Counsel unless and until a court has determined that such objection is without merit. If, within 20 days after submission by the Indemnitee of a written request for indemnification, no Independent Counsel shall have been selected or if selected, shall have been objected to, in accordance with this paragraph either the Corporation or the Indemnitee may petition the Court of Chancery of the State of Delaware or other court of competent jurisdiction for resolution of any objection which shall have been made by the Corporation or the Indemnitee to the other's selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by the court or by such other person as the court shall designate, and the person with respect to whom an objection is favorably resolved or the person so appointed shall act as Independent Counsel. The Corporation shall pay the reasonable fees and expenses of Independent Counsel incurred in connection with its acting in such capacity. The Corporation shall pay any and all reasonable and necessary fees and expenses incident to the procedures of this paragraph, regardless of the manner in which such Independent Counsel was selected or appointed.

(d) The termination of any Proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the Indemnitee did not act in good faith and in a manner that the Indemnitee reasonably believed to be in, or not opposed to, the best interests of the Corporation, and, with respect to any criminal Proceeding, had reasonable cause to believe that his or her conduct was unlawful.

(e) For purposes of any determination under this Section 9, to the extent permitted by law Indemnitee shall be deemed to have acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, or, with respect to any criminal action or proceeding, to have had no reasonable cause to believe his conduct was unlawful, if his action is based on the records or books of account of the Enterprise, or on information supplied to him by the officers of the Enterprise in the course of their duties, or on the advice of legal counsel for the Enterprise or on information or records given or reports made to the Enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Enterprise. The provisions of this Section 9(e) shall not be deemed to be exclusive or to limit in any way the circumstances in which a person may be deemed to have met the applicable standard of conduct set forth in this Agreement.

(f) The Indemnitee shall cooperate with the person, persons or entity making such determination with respect to the Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is

---

reasonably available to the Indemnitee and reasonably necessary to such determination. Any Expenses actually and reasonably incurred by the Indemnitee in so cooperating shall be borne by the Corporation (irrespective of the determination as to the Indemnitee's entitlement to indemnification) and the Corporation hereby indemnifies the Indemnitee therefrom.

10. Remedies. The right to indemnification or advancement of Expenses as provided by this Agreement shall be enforceable by the Indemnitee in any court of competent jurisdiction. In connection with any determination as to whether the Indemnitee is entitled to be indemnified under this Agreement, the court shall presume that the Indemnitee has met the applicable standard of conduct and is entitled to indemnification, and, unless otherwise required by law, the burden of proof shall be on the Corporation to establish by clear and convincing evidence that the Indemnitee is not so entitled. Neither the failure of the Board of Directors (or other person or body appointed pursuant to Section 9) to have made a determination that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination pursuant to Section 9 that Indemnitee has not met such applicable standard of conduct, shall be a defense to an action brought to enforce this Agreement or create a presumption that Indemnitee has not met the applicable standard of conduct. The Indemnitee's Expenses actually and reasonably incurred in connection with successfully establishing the Indemnitee's right to indemnification, in whole or in part, in any such Proceeding shall also be indemnified by the Corporation.

11. Partial Indemnification. If the Indemnitee is entitled under any provision of this Agreement to indemnification by the Corporation for some or a portion of the Expenses, judgments, fines, penalties or amounts paid in settlement actually and reasonably incurred by or on behalf of the Indemnitee in connection with any Proceeding but not, however, for the total amount thereof, the Corporation shall nevertheless indemnify the Indemnitee for the portion of such Expenses, judgments, fines, penalties or amounts paid in settlement to which the Indemnitee is entitled.

12. Contribution. To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Corporation, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Corporation and Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such Proceeding; and/or (ii) the relative fault of the Corporation (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s).

13. Acknowledgment of Certain Matters. Indemnitee understands and acknowledges that the Corporation has undertaken or may be required in the future to undertake, by the Securities and Exchange Commission, to submit the question of indemnification to a court in certain circumstances for a determination of the Corporation's right under public policy to indemnify Indemnitee.

---

14. Subrogation. In the event of any payment under this Agreement, the Corporation shall be subrogated to the extent of such payment to all of the rights of recovery of the Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Corporation to bring suit to enforce such rights.

15. Term of Agreement. This Agreement shall continue until and terminate upon the later of (a) ten years after the date that the Indemnitee shall have ceased to serve as a director or officer of the Corporation or, at the request of the Corporation, as a director, officer, fiduciary, partner, trustee, member or employee of any Enterprise or (b) the final termination of all Proceedings pending on the date set forth in clause (a) in respect of which the Indemnitee is granted rights of indemnification or advancement of Expenses hereunder and of any proceeding commenced by the Indemnitee pursuant to Section 10 of this Agreement relating thereto.

16. Indemnification Hereunder Not Exclusive. The indemnification and advancement of Expenses provided by this Agreement shall not be deemed exclusive of any other rights to which the Indemnitee may be entitled under the Certification of Incorporation, the By-Laws, any other agreement, any vote of stockholders or disinterested directors, the General Corporation Law of Delaware, any other law (common or statutory), or otherwise, both as to action in the Indemnitee's official capacity and as to action in another capacity while holding office for the Corporation. Nothing contained in this Agreement shall be deemed to prohibit the Corporation from purchasing and maintaining insurance, at its expense, to protect itself or the Indemnitee against any expense, liability or loss incurred by it or the Indemnitee in any such capacity, or arising out of the Indemnitee's status as such, whether or not the Indemnitee would be indemnified against such expense, liability or loss under this Agreement.

17. No Special Rights. Nothing herein shall confer upon the Indemnitee any right to continue to serve as an officer or director of the Corporation for any period of time or at any particular rate of compensation.

18. Savings Clause. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; (b) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

19. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute the original.

---

20. Successors and Assigns. This Agreement shall be binding upon the Corporation and its successors and assigns and shall inure to the benefit of the estate, heirs, executors, administrators and personal representatives of the Indemnitee. The Corporation shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all, substantially all or a substantial part, of the business and/or assets of the Corporation expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Corporation would be required to perform if no such succession had taken place.

21. Headings. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

22. Modification and Waiver. This Agreement may be amended from time to time to reflect changes in Delaware law or for other reasons. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof nor shall any such waiver constitute a continuing waiver.

23. Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been given (i) when delivered by hand or (ii) if mailed by certified or registered mail with postage prepaid, on the third day after the date on which it is so mailed:

- (a) if to the Indemnitee, to such address as Indemnitee has most recently furnished to the Corporation.
- (b) if to the Corporation, to:

Fortive Corporation  
6920 Seaway Blvd  
Everett, WA 98203  
Attention: General Counsel

or to such other address as may have been furnished to the Indemnitee by the Corporation.

24. Applicable Law. This Agreement and the legal relations among the parties shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules. The Corporation and Indemnitee hereby irrevocably and unconditionally (i) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Delaware Court, and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Delaware Court for purposes of any action or proceeding arising out of or in connection with this Agreement, (iii) appoint, to the extent such party is not otherwise subject to service of process in the State of Delaware, The Corporation Trust Company, Wilmington, Delaware as its agent in the State of Delaware as such party's agent for acceptance of legal process in connection with any such action or proceeding against such party with the same legal force and validity as if served upon such party personally



---

within the State of Delaware, (iv) waive any objection to the laying of venue of any such action or proceeding in the Delaware Court, and (v) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Delaware Court has been brought in an improper or inconvenient forum.

25. Enforcement. The Corporation expressly confirms and agrees that it has entered into this Agreement in order to induce the Indemnitee to continue to serve as an officer or director of the Corporation, and acknowledges that the Indemnitee is relying upon this Agreement in continuing in such capacity.

26. Entire Agreement. This Agreement sets forth the entire agreement of the parties hereto in respect of the subject matter contained herein and supercedes all prior agreements, whether oral or written, by any officer, employee or representative of any party hereto in respect of the subject matter contained herein; and any prior agreement of the parties hereto in respect of the subject matter contained herein is hereby terminated and cancelled. For avoidance of doubt, the parties confirm that the foregoing does not apply to or limit the Indemnitee's rights under Delaware law or the Corporation's Certificate of Incorporation or By-Laws.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

FORTIVE CORPORATION

By: \_\_\_\_\_  
Name:  
Title:

INDEMNITEE:

\_\_\_\_\_  
Name: \_\_\_\_\_

**FORTIVE CORPORATION**  
**2016 STOCK INCENTIVE PLAN**  
**RESTRICTED STOCK UNIT AGREEMENT**

Unless otherwise defined herein, the terms defined in the Fortive Corporation 2016 Stock Incentive Plan (the "Plan") will have the same defined meanings in this Restricted Stock Unit Agreement (the "Agreement").

**I. NOTICE OF GRANT**

**Name:**

**Address:**

The undersigned Participant has been granted an Award of Restricted Stock Units, subject to the terms and conditions of the Plan and this Agreement, as follows (each of the following capitalized terms are defined terms having the meaning indicated below):

Date of Grant	_____
Number of Restricted Stock Units	_____
Vesting Schedule:	
Time-Based Vesting Criteria	The time-based vesting criteria will be satisfied with respect to [_____] % of the shares underlying the RSUs on each of the [_____] anniversaries of the Date of Grant.
Performance Objective	Set forth on Addendum A (if applicable)

**II. AGREEMENT**

1. Grant of RSUs. Fortive Corporation (the "Company") hereby grants to the Participant named in this Notice of Grant (the "Participant"), an Award of Restricted Stock Units ("RSUs") subject to the terms and conditions of this Agreement and the Plan, which are incorporated herein by reference. In the event of a conflict between the terms and conditions of the Plan and this Agreement, the terms and conditions of the Plan shall prevail.

2. Vesting.

(a) Vesting Schedule. Except as may otherwise be set forth in this Agreement or in the Plan, with respect to each Tranche of RSUs granted under this Agreement (a "Tranche" consists of all RSUs as to which the Time-Based Vesting Criteria are scheduled to be satisfied on the same date), the Tranche shall not vest unless (i) the Participant continues to be actively employed with the Company or an Eligible Subsidiary for the period required to satisfy the Time-Based Vesting Criteria applicable to such Tranche (the date on which the Time-Based Vesting Criteria applicable to a Tranche are scheduled

---

to be satisfied is the “Time-Based Vesting Date”), and (ii) the Performance Objective applicable to such RSUs, if any, is satisfied on or prior to the Time-Based Vesting Date. Vesting shall be determined separately for each Tranche. The Performance Objective (if any) and Time-Based Vesting Criteria applicable to any Tranche are collectively referred to as “Vesting Conditions,” and the date upon which all Vesting Conditions applicable to that Tranche are satisfied is referred to as the “Vesting Date” for such Tranche. The Vesting Conditions shall be established by the Compensation Committee (the “Committee”) of the Company’s Board of Directors (or by one or more members of Company management, if such power has been delegated in accordance with the Plan and applicable law) and reflected in the account maintained for the Participant by an external third party administrator of the RSU awards. Further, during any approved leave of absence (and without limiting the application of any other rules governing leaves of absence that the Committee may approve from time to time pursuant to the Plan), to the extent permitted by applicable law the Committee shall have discretion to provide that the vesting of the RSUs shall be frozen as of the first day of the leave (or as of any subsequent day during such leave, as applicable) and shall not resume until and unless the Participant returns to active employment.

(b) Performance Objective. The Committee shall determine whether the Performance Objective applicable to an RSU, if any, has been met, and such determination shall be final and conclusive. Until the Committee has made such a determination, the Performance Objective (if any) may not be considered to have been satisfied. Notwithstanding any determination by the Committee that the Performance Objective (if any) has been attained with respect to a particular Tranche, such Tranche shall not be considered to have vested unless and until the Participant has satisfied the Time-Based Vesting Criteria applicable to such Tranche.

(c) Fractional RSU Vesting. In the event the Participant is vested in a fractional portion of an RSU (a “Fractional Portion”), such Fractional Portion will be rounded up and converted into a whole share of Common Stock (“Share”) and issued to the Participant.

(d) Addenda. The provisions of Addendum A (if any) and Addendum B are incorporated by reference herein and made a part of this Agreement, and to the extent any provision in Addendum A (if any) or Addendum B conflicts with any provision set forth elsewhere in this Agreement (including without limitation any provisions relating to Retirement), the provision set forth in Addendum A (if any) or Addendum B shall control.

### 3. Form and Timing of Payment; Conditions to Issuance of Shares.

(a) Form and Timing of Payment. The Award of RSUs represents the right to receive a number of Shares equal to the number of RSUs that vest pursuant to the Vesting Conditions. Unless and until the RSUs have vested in the manner set forth in Sections 2 and 4, Participant shall have no right to payment of any such RSUs. Prior to actual issuance of any Shares underlying the RSUs, such RSUs will represent an unsecured obligation of the Company, payable (if at all) only from the general assets of the Company. Subject to the other terms of the Plan and this Agreement, any Tranche that vests in accordance with Sections 2 and 4 will be paid to the Participant in whole Shares within 90 days of the Vesting Date for that Tranche. Shares shall not be issued under the Plan unless the issuance and delivery of such Shares comply with (or are exempt from) all applicable requirements of law, including (without limitation) the Securities Act, the rules and regulations promulgated thereunder, state securities laws and regulations, and the regulations of any stock exchange or other securities market on which the Company’s securities may then be traded. The Committee may require the Participant to take any reasonable action in order to comply with any such rules or regulations.

---

(b) Acknowledgment of Potential Securities Law Restrictions. Unless a registration statement under the Securities Act covers the Shares issued upon vesting of an RSU, the Committee may require that the Participant agree in writing to acquire such Shares for investment and not for public resale or distribution, unless and until the Shares subject to the Award are registered under the Securities Act. The Committee may also require the Participant to acknowledge that he or she shall not sell or transfer such Shares except in compliance with all applicable laws, and may apply such other restrictions as it deems appropriate. The Participant acknowledges that the U.S. federal securities laws prohibit trading in the stock of the Company by persons who are in possession of material, non-public information, and also acknowledges and understands the other restrictions set forth in the Company's Insider Trading Policy.

4. Termination of Employment.

(a) General. In the event the Participant's active employment or other active service-providing relationship with the Company or an Eligible Subsidiary terminates for any reason (other than death, Early Retirement or Normal Retirement) whether or not in breach of applicable labor laws, all RSUs that are unvested as of termination shall automatically terminate as of the date of termination and Participant's right to receive further RSUs under the Plan shall also terminate as of the date of termination. The Committee shall have discretion to determine whether the Participant has ceased to be actively employed by (or, if the Participant is a consultant or director, has ceased actively providing services to) the Company or Eligible Subsidiary, and the effective date on which such active employment (or active service-providing relationship) terminated. The Participant's active employer-employee or other active service-providing relationship will not be extended by any notice period mandated under applicable law (e.g., active employment shall not include a period of "garden leave", paid administrative leave or similar period pursuant to applicable law). Unless the Committee provides otherwise (1) termination of the Participant's employment will include instances in which Participant is terminated and immediately rehired as an independent contractor, and (2) the spin-off, sale, or disposition of the Participant's employer from the Company or an Eligible Subsidiary (whether by transfer of shares, assets or otherwise) such that the Participant's employer no longer constitutes an Eligible Subsidiary will constitute a termination of employment or service.

(b) Death. Upon Participant's death, a pro rata amount of each unvested Tranche shall become vested based on the number of complete twelve-month periods between the Date of Grant and the date of the Participant's death divided by the total number of twelve-month periods between the Date of Grant and the Time-Based Vesting Date applicable to such Tranche. Notwithstanding anything in the Plan or this Agreement to the contrary, for purposes of this Section, any partial twelve-month period between the Date of Grant and the date of death shall be considered a complete twelve-month period and any Fractional Portion that results from applying the pro rata methodology shall be rounded up to a whole Share.

(c) Retirement.

(i) Upon termination of employment by reason of the Participant's Early Retirement, unless contrary to applicable law and unless otherwise provided by the Committee either initially or subsequent to the grant of the relevant Award, with respect to each Tranche that is unvested as of the Early Retirement date, a pro-rata portion of such Tranche (i.e. based on the ratio of (x) the number of full or partial months worked by the Participant from the Date of Grant to the Early Retirement date to (y) the total number of months in the original time-based vesting schedule of such Tranche) will vest as of the Time-Based Vesting Date for such Tranche, but if and only if the Performance Objective (if any) is satisfied on or prior to such Time-Based Vesting Date.

---

(ii) Upon termination of employment by reason of the Participant's Normal Retirement, unless contrary to applicable law and unless otherwise provided by the Committee either initially or subsequent to the grant of the relevant Award, with respect to each Tranche that is unvested as of the Normal Retirement date, such Tranche will vest as of the Time-Based Vesting Date for such Tranche, but if and only if the Performance Objective (if any) is satisfied on or prior to such Time-Based Vesting Date.

(d) Gross Misconduct. If the Participant's employment with the Company or an Eligible Subsidiary is terminated for Gross Misconduct, the Participant's unvested RSUs shall automatically terminate as of the time of termination without consideration. The Participant acknowledges and agrees that the Participant's termination of employment shall also be deemed to be a termination of employment by reason of the Participant's Gross Misconduct if, after the Participant's employment has terminated, facts and circumstances are discovered or confirmed by the Company that would have justified a termination for Gross Misconduct.

(e) Violation of Post-Employment Covenant. To the extent that any of the Participant's RSUs remain outstanding under the terms of the Plan or this Agreement after termination of the Participant's employment or service with the Company or an Eligible Subsidiary, such RSUs shall expire as of the date the Participant violates any covenant not to compete or other post-employment covenant that exists between the Participant on the one hand and the Company or any subsidiary of the Company, on the other hand.

(f) Substantial Corporate Change. Upon a Substantial Corporate Change, the Participant's unvested RSUs will terminate unless provision is made in writing in connection with such transaction for the assumption or continuation of the RSUs, or the substitution for such RSUs of any options or grants covering the stock or securities of a successor employer corporation, or a parent or subsidiary of such successor, with appropriate adjustments as to the number and kind of shares of stock and prices, in which event the RSUs will continue in the manner and under the terms so provided.

5. Non-Transferability of RSUs. Unless the Committee determines otherwise in advance in writing, RSUs may not be transferred in any manner otherwise than by will or by the applicable laws of descent or distribution. The terms of the Plan and this Agreement shall be binding upon the executors, administrators, heirs and permitted successors and assigns of the Participant.

#### 6. Amendment of RSUs or Plan.

(a) The Plan and this Agreement constitute the entire understanding of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof. Participant expressly warrants that he or she is not accepting this Agreement in reliance on any promises, representations, or inducements other than those contained herein. The Company's Board may amend, modify or terminate the Plan or any Award in any respect at any time; provided, however, that modifications to this Agreement or the Plan that materially and adversely affect the Participant's rights hereunder can be made only in an express written contract signed by the Company and the Participant. Notwithstanding anything to the contrary in the Plan or this Agreement, the Company reserves the right to revise this Agreement and Participant's rights under outstanding RSUs as it deems necessary or advisable, in its sole discretion and without the consent of the Participant, (1) upon a Substantial Corporate Change, (2) as required by law, or (3) to comply with Section 409A of the Internal Revenue Code of 1986 ("Section 409A") or to otherwise avoid imposition of any additional tax or income recognition under Section 409A in connection with this Award.

---

(b) The Participant acknowledges and agrees that if the Participant changes classification from a full-time employee to a part-time employee the Committee may in its sole discretion reduce or eliminate the Participant's unvested RSUs.

7. Tax Obligations.

(a) Withholding Taxes. Regardless of any action the Company or any Subsidiary employing the Participant (the "Employer") takes with respect to any or all federal, state, local or foreign income tax, social insurance, payroll tax, payment on account or other tax related items ("Tax Related Items"), the Participant acknowledges that the ultimate liability for all Tax Related Items associated with the RSUs is and remains the Participant's responsibility and that the Company and the Employer (i) make no representations or undertakings regarding the treatment of any Tax Related Items in connection with any aspect of the RSUs, including, but not limited to, the grant or vesting of the RSUs, the delivery of the Shares, the subsequent sale of Shares acquired at vesting and the receipt of any dividends or dividend equivalents; and (ii) do not commit to structure the terms of the grant or any aspect of the RSUs to reduce or eliminate the Participant's liability for Tax Related Items. Further, if Participant is subject to tax in more than one jurisdiction, Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to the relevant taxable event, Participant shall pay or make adequate arrangements satisfactory to the Company and/or the Employer (in its sole discretion) to satisfy all withholding and payment on account obligations for Tax Related Items of the Company and/or the Employer. In this regard, the Participant authorizes the Company and the Employer, or either of them, in such entity's sole discretion, to satisfy the obligations with regard to all Tax Related Items legally payable by the Participant (with respect to the award granted hereunder as well as any equity awards previously received by the Participant under any Company stock plan) by one or a combination of the following: (i) requiring the Participant to pay Tax-Related Items in cash with a cashier's check or certified check or by wire transfer of immediately available funds; (ii) withholding cash from the Participant's wages or other compensation payable to the Participant by the Company and/or the Employer; (iii) arranging for the sale of Shares otherwise issuable to the Participant upon payment on the RSUs (on Participant's behalf and at Participant's direction pursuant to this authorization), including the sale of Shares prior to such scheduled payment date; (iv) withholding from the proceeds of the sale of Shares acquired upon payment on the RSUs; or (v) withholding in Shares otherwise issuable to the Participant, provided that the Company withholds only the amount of Shares necessary to satisfy the minimum statutory withholding amount (or such other amount that will not cause adverse accounting consequences for the Company and is permitted under applicable withholding rules promulgated by the Internal Revenue Service or another applicable governmental entity) using the Fair Market Value of the Shares on the date of the relevant taxable event. Participant shall pay to the Company or the Employer any amount of Tax Related Items that the Company or the Employer may be required to withhold as a result of the Participant's participation in the Plan that are not satisfied by any of the means previously described. The Company may refuse to deliver the Shares to the Participant if the Participant fails to comply with Participant's obligations in connection with the Tax Related Items as described in this Section.

(b) Code Section 409A. The intent of the parties is that payments and benefits under this Agreement comply with Section 409A of Code to the extent subject thereto, and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted and be administered to be in compliance therewith. Notwithstanding anything contained herein to the contrary, to the extent required to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, the Participant shall not be considered to have separated from service with the Company for purposes of this Agreement and no payment shall be due to the Participant under this Agreement on account of a separation from service

---

until the Participant would be considered to have incurred a “separation from service” from the Company within the meaning of Section 409A of the Code. Any payments described in this Agreement that are due within the “short-term deferral period” as defined in Section 409A of the Code shall not be treated as deferred compensation unless applicable law requires otherwise. Notwithstanding anything to the contrary in this Agreement, to the extent that any amounts are payable upon a separation from service and such payment would result in accelerated taxation and/or tax penalties under Section 409A of the Code, such payment, under this Agreement or any other agreement of the Company, shall be made on the first business day after the date that is six (6) months following such separation from service (or death, if earlier). The Company makes no representation that any or all of the payments described in this Agreement will be exempt from or comply with Section 409A of the Code and makes no undertaking to preclude Section 409A of the Code from applying to any such payment. The Grantee shall be solely responsible for the payment of any taxes and penalties incurred under Section 409A.

For purposes of making a payment under this Agreement, if any amount is payable as a result of a Substantial Corporate Change, such event must also constitute a “change in ownership or effective control” of the Company or a “change in the ownership of a substantial portion of the assets” of the Company within the meaning of Section 409A.

8. Rights as Shareholder. Until all requirements for vesting of the RSUs pursuant to the terms of this Agreement and the Plan have been satisfied, the Participant shall not be deemed to be a shareholder of the Company, and shall have no dividend rights or voting rights with respect to the RSUs or any Shares underlying or issuable in respect of such RSUs until such Shares are actually issued to the Participant.

9. No Employment Contract. Nothing in the Plan or this Agreement constitutes an employment contract between the Company and the Participant and this Agreement shall not confer upon the Participant any right to continuation of employment or service with the Company or any of its Subsidiaries, nor shall this Agreement interfere in any way with the Company’s or any of its Subsidiaries right to terminate the Participant’s employment or service at any time, with or without cause (subject to any employment agreement a Participant may otherwise have with the Company or a Subsidiary thereof and/or applicable law).

10. Board Authority. The Board and/or the Committee shall have the power to interpret this Agreement and to adopt such rules for the administration, interpretation and application of the Agreement as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether any RSUs have vested). All interpretations and determinations made by the Board and/or the Committee in good faith shall be final and binding upon Participant, the Company and all other interested persons and such determinations of the Board and/or the Committee do not have to be uniform nor do they have to consider whether Plan participants are similarly situated. No member of the Board and/or the Committee shall be personally liable for any action, determination or interpretation made in good faith with respect to this Agreement.

11. Headings. The captions used in this Agreement and the Plan are inserted for convenience and shall not be deemed to be a part of the RSUs for construction and interpretation.

12. Electronic Delivery.

(a) If the Participant executes this Agreement electronically, for the avoidance of doubt Participant acknowledges and agrees that his or her execution of this Agreement electronically (through an on-line system established and maintained by the Company or a third party designated by the Company, or otherwise) shall have the same binding legal effect as would execution of this Agreement in paper form. Participant acknowledges that upon request of the Company he or she shall also provide an executed, paper form of this Agreement.

---

(b) If the Participant executes this Agreement in paper form, for the avoidance of doubt the parties acknowledge and agree that it is their intent that any agreement previously or subsequently entered into between the parties that is executed electronically shall have the same binding legal effect as if such agreement were executed in paper form.

(c) If Participant executes this Agreement multiple times (for example, if the Participant first executes this Agreement in electronic form and subsequently executes this Agreement in paper form), the Participant acknowledges and agrees that (i) no matter how many versions of this Agreement are executed and in whatever medium, this Agreement only evidences a single Award relating to the number of RSUs set forth in the Notice of Grant and (ii) this Agreement shall be effective as of the earliest execution of this Agreement by the parties, whether in paper form or electronically, and the subsequent execution of this Agreement in the same or a different medium shall in no way impair the binding legal effect of this Agreement as of the time of original execution.

(d) The Company may, in its sole discretion, decide to deliver by electronic means any documents related to the RSUs, to participation in the Plan, or to future awards granted under the Plan, or otherwise required to be delivered to the Participant pursuant to the Plan or under applicable law, including but not limited to, the Plan, the Agreement, the Plan prospectus and any reports of the Company generally provided to shareholders. Such means of electronic delivery may include, but do not necessarily include, the delivery of a link to the Company's intranet or the internet site of a third party involved in administering the Plan, the delivery of documents via electronic mail ("e-mail") or such other means of electronic delivery specified by the Company. By executing this Agreement, the Participant hereby consents to receive such documents by electronic delivery. ***At the Participant's written request to the Secretary of the Company, the Company shall provide a paper copy of any document at no cost to the Participant.***

13. ***Data Privacy.*** *Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of his or her Data (as defined below) by and among, as necessary and applicable, the Employer, the Company and its Subsidiaries for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan.*

*Participant understands that the Company and the Employer may hold certain personal information about Participant, including, but not limited to, Participant's name, home address and telephone number, date of birth, social security or insurance number or other identification number (e.g., resident registration number), salary, nationality, and job title, any Common Stock or directorships held in the Company, and details of the RSUs or other entitlement to Shares awarded, canceled, vested, unvested or outstanding in Participant's favor ("Data"), for the purpose of implementing, administering and managing the Plan. Participant understands that Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in Participant's country or elsewhere, including outside the European Economic Area, and that the recipients' country may have different data privacy laws and protections than Participant's country. Participant authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing Participant's participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom Participant may elect to deposit any Shares acquired upon vesting and payment of the RSUs or other entitlement to Shares.*



---

*Participant understands that he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. Participant understands that Data shall be held as long as is reasonably necessary to implement, administer and manage his or her participation in the Plan, and he or she may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative. Further, Participant understands that Participant is providing the consents herein on a purely voluntary basis. If Participant does not consent, or if Participant later seeks to revoke his or her consent, his or her employment status or service and career with his or her employer will not be adversely affected; the only adverse consequence of refusing or withdrawing Participant's consent is that the Company would not be able to grant RSUs or other equity awards to Participant or to administer or maintain such awards. Therefore, Participant understands that refusing or withdrawing such consent may affect his or her ability to participate in the Plan. In addition, Participant understands that the Company and its Subsidiaries have separately implemented procedures for the handling of Data which the Company believes permits the Company to use the Data in the manner set forth above notwithstanding the Participant's withdrawal of such consent. For more information on the consequences of refusal to consent or withdrawal of consent, Participant understands that he or she may contact his or her local human resources representative.*

14. Waiver of Right to Jury Trial. Each party, to the fullest extent permitted by law, waives any right or expectation against the other to trial or adjudication by a jury of any claim, cause or action arising with respect to the RSUs or hereunder, or the rights, duties or liabilities created hereby.

15. Agreement Severable. In the event that any provision of this Agreement shall be held invalid or unenforceable, such provision shall be severable from, and such invalidity or unenforceability shall not be construed to have any effect on, the remaining provisions of this Agreement.

16. Governing Law and Venue. The laws of the State of Delaware (other than its choice of law provisions) shall govern this Agreement and its interpretation. For purposes of litigating any dispute that arises with respect to the RSUs, this Agreement or the Plan, the parties hereby submit to and consent to the jurisdiction of the State of Delaware, and agree that such litigation shall be conducted in the courts of New Castle County, or the United States Federal court for the District of Delaware, and no other courts; and waive, to the fullest extent permitted by law, any objection that the laying of the venue of any legal or equitable proceedings related to, concerning or arising from such dispute which is brought in any such court is improper or that such proceedings have been brought in an inconvenient forum. Any claim under the Plan, this Agreement or any Award must be commenced by a Participant within twelve (12) months of the earliest date on which the Participant's claim first arises, or the Participant's cause of action accrues, or such claim will be deemed waived by the Participant.

17. Nature of RSUs. In accepting the RSUs, Participant acknowledges and agrees that:

(a) the award of RSUs is voluntary and occasional and does not create any contractual or other right to receive future awards of RSUs, benefits in lieu of RSUs or other equity awards, even if RSUs have been awarded repeatedly in the past;

(b) all decisions with respect to future equity awards, if any, shall be at the sole discretion of the Company;

(c) Participant's participation in the Plan is voluntary;

---

(d) the award of RSUs and Shares subject to the RSUs, and the income and value of same, are an extraordinary item that (i) does not constitute compensation of any kind for services of any kind rendered to the Company or any Subsidiary, and (ii) is outside the scope of Participant's employment or service contract, if any;

(e) the award of RSUs and Shares subject to the RSUs, and the income and value of same, are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, end of service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company or any Subsidiary;

(f) unless otherwise expressly agreed with the Company, the RSUs and Shares subject to the RSUs, and the income and value of same, are not granted as consideration for, or in connection with, any service Participant may provide as a director of any Subsidiary;

(g) the award of RSUs and Participant's participation in the Plan shall not be interpreted to form an employment or service contract with the Company or any Subsidiary of the Company;

(h) the future value of the underlying Shares is unknown and cannot be predicted with certainty;

(i) the value of the Shares acquired upon vesting/settlement of the RSUs may increase or decrease in value;

(j) in consideration of the award of RSUs, no claim or entitlement to compensation or damages shall arise from termination of the Award or from any diminution in value of the Award or Shares upon vesting of the Award resulting from termination of Participant's employment or continuous service by the Company or any Subsidiary (for any reason whatsoever and whether or not in breach of applicable labor laws of the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any, and whether or not later found to be invalid) and in consideration of the grant of the Award, Participant irrevocably releases the Company and any Subsidiary from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by signing the Agreement/electronically accepting the Agreement, Participant shall be deemed irrevocably to have waived Participant's entitlement to pursue or seek remedy for any such claim;

(k) the Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan or Participant's acquisition or sale of the underlying Shares; and

(l) Participant is hereby advised to consult with Participant's own personal tax, legal and financial advisors regarding Participant's participation in the Plan before taking any action related to the Plan.

18. Language. If Participant has received the Plan, this Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control, unless otherwise prescribed by applicable law.

---

19. Severability. The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

20. Waiver. Participant acknowledges that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by Participant or any other participant.

21. Insider Trading/Market Abuse Laws. Participant acknowledges that, depending on Participant's country, Participant may be subject to insider trading restrictions and/or market abuse laws, which may affect his or her ability to acquire or sell Shares or rights to Shares (e.g., RSUs) under the Plan during such times as Participant is considered to have "inside information" regarding the Company (as defined by the laws in Participant's country). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable insider trading policy of the Company. Participant acknowledges that it is his or her responsibility to comply with any applicable restrictions, and Participant is advised to consult with his or her own personal legal and financial advisors on this matter.

22. Addendum B. The RSUs shall be subject to the special terms and provisions (if any) set forth in the Addendum B to this Agreement for Participant's country of residence. Moreover, if Participant relocates to one of the countries included in the Addendum B, the special terms and conditions for such country will apply to Participant, to the extent the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with applicable law or facilitate the administration of the Plan and provided the imposition of the term or condition will not result in any adverse accounting expense with respect to the RSUs. The Addendum B constitutes part of this Agreement. In addition, the Company reserves the right to impose other requirements on the RSU and any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with applicable law or facilitate the administration of the Plan and provided the imposition of the term or condition will not result in any adverse accounting expense to the Company, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

23. Recoupment. The RSUs granted pursuant to this Agreement are subject to the terms of the Fortive Corporation Recoupment Policy as it exists from time to time (a copy of the Recoupment Policy as it exists from time to time is available on the Company's internal website) (the "Policy") if and to the extent such Policy by its terms applies to the RSUs, and to the terms required by applicable law; and the terms of the Policy and such applicable law are incorporated by reference herein and made a part hereof.

24. Notices. The Company may, directly or through its third party stock plan administrator, endeavor to provide certain notices to Participant regarding certain events relating to awards that the Participant may have received or may in the future receive under the Plan, such as notices reminding Participant of the vesting or expiration date of certain awards. Participant acknowledges and agrees that (1) the Company has no obligation (whether pursuant to this Agreement or otherwise) to provide any such notices; (2) to the extent the Company does provide any such notices to Participant the Company does not thereby assume any obligation to provide any such notices or other notices; and (3) the Company, its affiliates and the third party stock plan administrator have no liability for, and the Participant has no right whatsoever (whether pursuant to this Agreement or otherwise) to make any claim against the Company, any of its affiliates or the third party stock plan administrator based on any allegations of, damages or harm suffered by the Participant as a result of the Company's failure to provide any such notices or Participant's failure to receive any such notices.

25. **Consent and Agreement With Respect to Plan.** Participant (1) acknowledges that the Plan and the prospectus relating thereto are available to Participant on the website maintained by the Company's third party stock plan administrator; (2) represents that he or she has read and is familiar with the terms and provisions thereof, has had an opportunity to obtain the advice of counsel of his or her choice prior to executing this Agreement and fully understands all provisions of the Agreement and the Plan; (3) accepts these RSUs subject to all of the terms and provisions thereof; (4) consents and agrees to all amendments that have been made to the Plan since it was adopted in 2016 (and for the avoidance of doubt consents and agrees to each amended term reflected in the Plan as in effect on the date of this Agreement), and consents and agrees that all options and restricted stock units, if any, held by Participant that were previously granted under the Plan as it has existed from time to time are now governed by the Plan as in effect on the date of this Agreement (except to the extent the Committee has expressly provided that a particular Plan amendment does not apply retroactively); and (5) agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions arising under the Plan or this Agreement.

*[If the Agreement is signed in paper form, complete and execute the following:]*

**PARTICIPANT**

**FORTIVE CORPORATION**

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Print Name*

\_\_\_\_\_  
*Print Name*

\_\_\_\_\_  
*Residence Address*

\_\_\_\_\_  
*Title*

---

**ADDENDUM A**

---

## **ADDENDUM B**

This Addendum includes additional terms and conditions that govern the RSUs granted to Participant if Participant works and/or resides in one of the countries listed herein. Capitalized terms used but not defined herein shall have the same meanings ascribed to them in the Notice of Grant, the Agreement or the Plan.

This Addendum may also include information regarding exchange controls and certain other issues of which Participant should be aware with respect to Participant's participation in the Plan. The information is based on the securities, exchange control and other laws concerning RSUs in effect as of March 2016. Such laws are often complex and change frequently. As a result, the Company strongly recommends that Participant not rely on the information noted herein as the only source of information relating to the consequences of Participant's participation in the Plan as the information may be out of date at the time Participant vests in the RSUs or sells Shares acquired under the Plan.

In addition, this Addendum is general in nature and may not apply to Participant's particular situation, and the Company is not in a position to assure Participant of any particular result. **Accordingly, Participant should seek appropriate professional advice as to how the relevant laws in Participant's country apply to Participant's specific situation.**

*If Participant is a citizen or resident of a country other than the one in which Participant is currently working, transfers employment and/or residency after the RSUs were granted or is considered a resident of another country for local law purposes, the information contained herein may not be applicable to Participant in the same manner.*

### **PARTICIPANTS IN AUSTRALIA, CZECH REPUBLIC, GERMANY, HUNGARY, IRELAND, NEW ZEALAND, SLOVAKIA AND THE UNITED KINGDOM**

Section 4(c) of this Agreement (Retirement) shall not apply to any Participant who as of the Date of Grant is on permanent, non-temporary assignment in Australia, the Czech Republic, Germany, Hungary, Ireland, New Zealand, Slovakia or the United Kingdom. Instead, the provisions of Section 4(a) (General), shall apply, notwithstanding the provisions therein regarding Early Retirement and Normal Retirement to the contrary.

### **PARTICIPANTS IN AUSTRIA, BELGIUM, DENMARK, FINLAND, FRANCE, ITALY, THE NETHERLANDS, POLAND, SLOVENIA, SPAIN AND SWEDEN**

Section 4(c)(i) of this Agreement (regarding Early Retirement) shall not apply to any Participant who as of the Date of Grant is on permanent, non-temporary assignment in Austria, Belgium, Denmark, Finland, France, Italy, the Netherlands, Poland, Slovenia, Spain or Sweden (collectively, the "Statutory Retirement Age Countries"). Instead, the provisions of Section 4(a) (General), shall apply, notwithstanding the provisions therein regarding Early Retirement to the contrary.

For purposes of applying the Plan and Section 4(c)(ii) of this Agreement (regarding Normal Retirement) to any Participant who as of the Date of Grant is on permanent, non-temporary assignment in any of the Statutory Retirement Age Countries, the definition of "Normal Retirement" set forth in the Plan shall not apply and instead "Normal Retirement" shall mean such Participant's attainment of the statutory retirement age in the jurisdiction in which the Participant is on permanent, non-temporary assignment as of the Date of Grant. In the absence of a statutory retirement age in such jurisdiction, "Normal Retirement" shall mean attainment of the customary age for retirement in such jurisdiction.

---

Notwithstanding the foregoing, in the event that subsequent to the Date of Grant such a Participant works in a jurisdiction other than in the jurisdiction in which the Participant was on permanent, non-temporary assignment as of the Date of Grant, if required to comply with applicable law, the Committee shall have sole and absolute discretion to instead apply to such Participant the retirement provisions of this Agreement that are applicable in such other jurisdiction.

## **PARTICIPANTS IN ARGENTINA**

### **Securities Law Notice**

Participant understands that neither the grant of the RSUs nor the Shares to be issued pursuant to the Award constitute a public offering as defined by the Law N° 17,811, or any other Argentine law. The offering of the RSUs is a private placement. As such, the offering is not subject to the supervision of any Argentine governmental authority.

### **Labor Law Acknowledgement**

Any benefits awarded under the Plan accrue no more frequently than on an annual basis. In addition, Participant acknowledges that the grant is made by the Company on behalf of Participant's local employer.

### **Exchange Control Notice**

Following the sale of Shares and/or the receipt of dividends, Argentine residents may be subject to certain restrictions in bringing such funds back into Argentina. The Argentine bank handling the transaction may request certain documentation in connection with the request to transfer proceeds into Argentina (e.g., evidence of the sale, proof of the source of the funds used to purchase such shares, etc.). Participant must comply with any and all Argentine currency exchange restrictions, approvals and reporting requirements in connection with the sale of any Shares acquired upon exercise and the receipt of any dividends paid on such shares.

Please note that exchange control regulations in Argentina are subject to frequent change. Participant should consult with his or her personal legal advisor regarding any exchange control obligations Participant may have in connection with Participant's participation in the Plan.

### **Foreign Asset/Account Reporting Information**

If Participant holds Shares as of December 31 of any year, Participant is required to report the holding of the Shares on his or her personal tax return for the relevant year. In addition, certain periodic reporting obligations also apply; specifically, when Participant acquires, sells, transfers or otherwise disposes of Shares on or after January 1, 2012, Participant must register the transaction with the Federal Tax Administration.

## **PARTICIPANTS IN AUSTRALIA**

### **Australian Offer Document**

Participant understands that the offering of the Plan in Australia is intended to qualify for exemption from the prospectus requirements under Class Order 14/1000 issued by the Australian Securities and Investments Commission. Participation in the Plan is subject to the terms and conditions set forth in the Australian Offer Document, the Plan and this Agreement provided to Participant.

---

**Securities Law Notice**

If the Participant acquires Shares pursuant to the vesting/settlement of the RSUs and offers his or her Shares for sale to a person or entity resident in Australia, Participant's offer may be subject to disclosure requirements under Australian law. Participant should obtain legal advice on his or her disclosure obligations prior to making any such offer.

**Exchange Control Notice**

Exchange control reporting is required for cash transactions exceeding A\$10,000 and international fund transfers of any amount. The Australian bank assisting with the transaction will file the report for Participant. If there is no Australian bank involved in the transfer, Participant will be responsible for filing the report.

**PARTICIPANTS IN AUSTRIA****Exchange Control Notice**

If Participant holds Shares acquired under the Plan outside of Austria, Participant may be required to submit a report to the Austrian National Bank. An exemption applies if the value of the Shares as of any given quarter does not exceed €30,000,000 or as of December 31 does not exceed €5,000,000. If the former threshold is exceeded, quarterly obligations are imposed, whereas if the latter threshold is exceeded, annual reports must be given. The annual reporting date is December 31 and the deadline for filing the annual report is March 31 of the following year.

When Participant sells Shares acquired under the Plan or receives a dividend payment, there may be exchange control obligations if the cash proceeds are held outside of Austria. If the transaction volume of all accounts abroad exceeds €3,000,000, the movements and balances of all accounts must be reported monthly, as of the last day of the month, on or before the fifteenth day of the following month, on the prescribed form (*Meldungen SI-Forderungen und/oder SI-Verpflichtungen*).

**PARTICIPANTS IN BELGIUM****Foreign Asset/Account Reporting Information**

Participant is required to report any security or bank account opened and maintained outside Belgium on Participant's annual tax return. In a separate report, Participant is required to provide a central contact point to the National Bank of Belgium with the account number, bank name and country in which said bank account was opened. This report, as well as additional information on how to complete it, can be found on the website of the National Bank of Belgium, [www.nbb.be](http://www.nbb.be), under the *Kredietcentrales / Centrales des crédits* caption.

**PARTICIPANTS IN BRAZIL****Compliance with Law**

By accepting the RSUs, Participant acknowledges his or her agreement to comply with applicable Brazilian laws and to pay any and all applicable taxes associated with the vesting of the RSUs, the receipt of any dividends, and the sale of Shares acquired under the Plan.



---

**Nature of Grant**

By accepting the RSUs, Participant agrees that Participant is making an investment decision, the Shares will be issued to Participant only if vesting conditions are met and any necessary services are rendered by Participant over the vesting period, and the value of the underlying Shares is not fixed and may increase or decrease in value over the vesting period without compensation to Participant.

**Labor Law Acknowledgement**

Participant agrees that, for all legal purposes, (i) the benefits provided under the Agreement and the Plan are the result of commercial transaction unrelated to Participant's employment; (ii) the Agreement and the Plan are not part of any terms and conditions of Participant's employment; and (iii) the income from the RSUs, if any, is not part of Participant's remuneration from employment.

**Exchange Control Notice**

If Participant is resident or domiciled in Brazil, Participant will be required to submit annually a declaration of assets and rights held outside of Brazil to the Central Bank of Brazil if the aggregate value of such assets and rights is equal to or greater than US\$100,000. Assets and rights that must be reported include Shares acquired under the Plan. Foreign individuals holding Brazilian visas are considered Brazilian residents for purposes of this reporting requirement and must declare the assets held abroad that were acquired subsequent to the date of admittance as a resident of Brazil. Please note that the US\$100,000 threshold may be changed annually.

**Securities Law Notice**

The Award and the securities granted under the Plan have not been and will not be publicly issued, placed, distributed, offered or negotiated in the Brazilian capital markets and, as a result, will not be registered with the Brazilian Securities Commission (*Comissão de Valores Mobiliários*, the CVM). Therefore, the Award and the securities granted under the Award will not be offered or sold in Brazil, except in circumstances which do not constitute a public offering, placement, distribution or negotiation under the Brazilian capital markets regulation.

**PARTICIPANTS IN CANADA****Consent to Receive Information in English for Participants in Quebec**

The parties acknowledge that it is their express wish that this Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be written in English.

*Les parties reconnaissent avoir exigé la rédaction en anglais du présent Contrat, ainsi que de tous documents exécutés, avis donnés et procédures judiciaires intentées, directement ou indirectement, relativement à ou suite au présent Contrat.*

**RSUs Payable Only in Shares**

RSUs granted to Participants in Canada shall be paid in Shares only. In no event shall any of such RSUs be paid in cash, notwithstanding any discretion contained in the Plan, or any provision in the Agreement to the contrary.

---

**Data Privacy**

Participant hereby authorizes the Company and the Company's representatives to discuss with and obtain all relevant information from all personnel, professional or not, involved in the administration and operation of the Plan. Participant further authorizes the Company and its Subsidiaries and affiliates, and any stock plan service provider that may be selected by the Company, to assist with the Plan to disclose and discuss the Plan with their respective advisors. Participant further authorizes the Company and its Subsidiaries and affiliates to record such information and to keep such information in his or her employee file.

**Securities Law Notice**

Participant is permitted to sell Shares acquired through the Plan through the designated broker appointed under the Plan, if any (or any other broker acceptable to the Company), provided the resale of Shares acquired under the Plan takes place outside of Canada through the facilities of a stock exchange on which the Shares is listed. The Shares are currently listed on the New York Stock Exchange.

**Foreign Asset/Account Reporting Information**

Foreign property, including RSUs, Shares acquired under the Plan and other rights to receive shares of a non-Canadian company held by a Canadian resident must generally be reported annually on a Form T1135 (Foreign Income Verification Statement) if the total cost of the foreign property exceeds C\$100,000 at any time during the year. Thus, such RSUs must be reported – generally at a nil cost – if the C\$100,000 cost threshold is exceeded because Participant holds other foreign property. When Shares are acquired, their cost generally is the adjusted cost base ("ACB") of the shares. The ACB would ordinarily equal the fair market value of the shares at the time of acquisition, but if Participant owns other shares of the same company, this ACB may need to be averaged with the ACB of the other shares. Participant should consult his or her personal legal advisor to ensure compliance with applicable reporting obligations.

**PARTICIPANTS IN CHILE****Securities Law Notice**

The grant of the RSUs is not intended to be a public offering of securities in Chile but instead is intended to be a private placement.

- a) The starting date of the offer will be the Grant Date (as defined in the Agreement), and this offer conforms to General Ruling no. 336 of the Chilean Superintendence of Securities and Insurance;
- b) The offer deals with securities not registered in the registry of securities or in the registry of foreign securities of the Chilean Superintendence of Securities and Insurance, and therefore such securities are not subject to its oversight;
- c) The issuer is not obligated to provide public information in Chile regarding the foreign securities, as such securities are not registered with the Chilean Superintendence of Securities and Insurance; and
- d) The foreign securities shall not be subject to public offering as long as they are not registered with the corresponding registry of securities in Chile.

- 
- a) *La fecha de inicio de la oferta será el de la fecha de otorgamiento (o “Grant Date”, según este término se define en el documento denominado “Agreement”) y esta oferta se acoge a la norma de Carácter General n° 336 de la Superintendencia de Valores y Seguros Chilena;*
  - b) *La oferta versa sobre valores no inscritos en el registro de valores o en el registro de valores extranjeros que lleva la Superintendencia de Valores y Seguros Chilena, por lo que tales valores no están sujetos a la fiscalización de ésta;*
  - c) *Por tratar de valores no inscritos no existe la obligación por parte del emisor de entregar en Chile información pública respecto de esos valores; y*
  - d) *Esos valores no podrán ser objeto de oferta pública mientras no sean inscritos en el registro de valores correspondiente.*

#### **Exchange Control Notice**

It is the Participant’s responsibility to make sure that the Participant complies with exchange control requirements in Chile when the value of his or her stock transaction is in excess of US\$10,000.

According to the International Exchange Transaction Regulations (“IETR”) issued by the Central Bank of Chile, it is arguable whether the acquisition of Shares for which Participant does not remit funds abroad represents an “investment operation”. In case the acquisition qualifies as an investment operation under the IETR and the aggregate value of any Shares exceeds US\$10,000, the Participant must sign Annex 1 of the Manual of Chapter XII of the Foreign Exchange Regulations and file it directly with the Central Bank within ten (10) days of the settlement of the RSUs.

The Participant is not required to repatriate funds obtained from the sale of Shares or the receipt of any dividends or dividend equivalents. However, if the Participant decides to repatriate such funds, the Participant must do so through the Formal Exchange Market if the amount of the funds exceeds US\$10,000. In such case, the Participant must report the payment to a commercial bank or registered foreign exchange office receiving the funds.

If the Participant’s aggregate investments held outside of Chile exceeds US\$5,000,000 (including the investments made under the Plan), the Participant must report the investments annually to the Central Bank. Annex 3.1 of Chapter XII of the Foreign Exchange Regulations must be used to file this report.

Please note that exchange control regulations in Chile are subject to change. The Participant should consult with his or her personal legal advisor regarding any exchange control obligations that the Participant may have prior to the vesting of the RSUs.

#### **Annual Tax Reporting Obligation**

The Chilean Internal Revenue Service (“CIRS”) requires all taxpayers to provide information annually regarding: (i) the taxes paid abroad which they will use as a credit against Chilean income taxes, and (ii) the results of foreign investments. These annual reporting obligations must be complied with by submitting a sworn statement setting forth this information before March 15 of each year. The forms to be used to submit the sworn statement are Tax Form 1853 “Annual Sworn Statement Regarding Credits for Taxes Paid Abroad” and Tax Form 1851 “Annual Sworn Statement Regarding Investments Held Abroad.” If the Participant is not a Chilean citizen and has been a resident in Chile for less than three years, the Participant is exempt from the requirement to file Tax Form 1853. These statements must be submitted electronically through the CIRS website: [www.sii.cl](http://www.sii.cl).

---

## **PARTICIPANTS IN CHINA**

### **Terms and Conditions—Exchange Control Restrictions Applicable to Participants who are PRC Nationals**

Participant understands and agrees that upon RSU vesting the underlying Shares may be sold immediately or, at the Company's discretion, at a later time. Participant further agrees that the Company is authorized to instruct its designated broker to assist with the mandatory sale of such Shares (on Participant's behalf pursuant to this authorization), and Participant expressly authorizes such broker to complete the sale of such Shares. Participant acknowledges that the Company's designated broker is under no obligation to arrange for the sale of the Shares at any particular price. Upon the sale of the Shares, the Company agrees to pay the cash proceeds from the sale, less any brokerage fees or commissions, to Participant in accordance with applicable exchange control laws and regulations and provided any liability for Tax-Related Items resulting from the vesting of the RSUs has been satisfied. Due to fluctuations in the Share price and/or the US Dollar exchange rate between the vesting date and (if later) the date on which the Shares are sold, the sale proceeds may be more or less than the market value of the Shares on the vesting date. Participant understands and agrees that the Company is not responsible for the amount of any loss Participant may incur and that the Company assumes no liability for any fluctuations in the Share price and/or US Dollar exchange rate.

Participant understands and agrees that, due to exchange control laws in China, Participant will be required to immediately repatriate to China the cash proceeds from the sale of any Shares acquired at vesting of the RSUs and any dividends received in relation to the Shares. Participant further understands that, under local law, such repatriation of the cash proceeds may need to be effectuated through a special exchange control account to be approved by the local foreign exchange administration, and Participant hereby consents and agrees that the proceeds from the sale of Shares acquired under the Plan and any dividends received in relation to the Shares may be transferred to such special account prior to being delivered to Participant. The proceeds may be paid to Participant in U.S. Dollars or local currency at the Company's discretion. In the event the proceeds are paid to Participant in U.S. Dollars, Participant understands that he or she will be required to set up a U.S. Dollar bank account in China and provide the bank account details to the Employer and/or the Company so that the proceeds may be deposited into this account. In addition, Participant understands and agrees that Participant will be responsible for converting the proceeds into Renminbi Yuan at Participant's expense.

If the proceeds are paid to Participant in local currency, Participant agrees to bear any currency fluctuation risk between the time the Shares are sold or dividends are paid and the time the proceeds are distributed to Participant through any such special account.

### **Exchange Control Notice Applicable to Participants in the PRC**

Participant understand that exchange control restrictions may limit Participant's ability to access and/or convert funds received under the Plan, particularly if these amounts exceed US\$50,000. Participant should confirm the procedures and requirements for withdrawals and conversions of foreign currency with his or her local bank prior to the vesting of the RSUs/sale of the Shares.

Participant agrees to comply with any other requirements that may be imposed by the Company in the future in order to facilitate compliance with exchange control requirements in the Peoples' Republic of China.

---

### **Foreign Asset/Account Reporting Information**

PRC residents are required to report to SAFE details of their foreign financial assets and liabilities, as well as details of any economic transactions conducted with non-PRC residents, either directly or through financial institutions. Participant may be subject to reporting obligations for the Shares or awards acquired under the Plan and Plan-related transactions. It is Participant's responsibility to comply with this reporting obligation and Participant should consult his/her personal tax advisor in this regard.

### **PARTICIPANTS IN COLOMBIA**

**Labor Law Acknowledgement** The following provision supplements Section 10 of the Agreement:

Participant acknowledges that pursuant to Article 128 of the Colombian Labor Code, the Plan, the Award, the underlying Shares, and any other amounts or payments granted or realized from participation in the Plan do not constitute a component of Participant's "salary" for any purpose. To this extent, they will not be included and/or considered for purposes of calculating any and all labor benefits, such as legal/fringe benefits, vacations, indemnities, payroll taxes, social insurance contributions or any other labor-related amount which may be payable."

### **Foreign Asset/Account Reporting Information**

Investments held abroad (including Shares issued at vesting) must be registered with the Central Bank of Colombia (Banco de la República) if the aggregate investments held by an individual (as of December 31 of the applicable calendar year) equal or exceed a prescribed threshold. If the threshold is met or exceeded, Participant must register the investments with the Central Bank by filing a Form No. 11 and submitting it to Señores, Banco de la República, Atn: Jefe Sección Inversiones, Departamento de Cambios Internacionales, Carrera 7 No. 14—18, Bogotá, Colombia" by June 30 of the following year. Upon the sale or disposition of the investments previously registered with the Central Bank, Participant must cancel the registration by no later than March 31 of the year following the sale or disposition or certain fines could apply.

In addition, when Participant sells or otherwise disposes of any Shares acquired under the Plan, Participant may either choose to keep the resulting sums abroad, or to repatriate them to Colombia. If Participant chooses to repatriate funds to Colombia and Participant has not registered his or her investment with Banco de la República, Participant will need to file with Banco de la República Form No. 5 upon conversion of funds into local currency, which should be duly completed to reflect the nature of the transaction. If Participant has registered his or her investment with Banco de la República, then Participant will need to file with Banco de la República Form No. 4 upon conversion of funds into local currency, which should be duly completed to reflect the nature of the transaction.

Participant should consult his/her personal legal advisor to ensure compliance with applicable Colombian exchange control regulations.

### **PARTICIPANTS IN THE CZECH REPUBLIC**

#### **Exchange Control Notice**

Upon request of the Czech National Bank (the "CNB"), Participant may be required to fulfill certain notification duties in relation to the acquisition of Shares and the opening and maintenance of a foreign account. Because exchange control regulations change frequently and without notice, Participant should consult his or her personal legal advisor prior to vesting of RSUs and the subsequent sale of Shares to ensure compliance with current regulations. It is Participant's responsibility to comply with Czech exchange control laws, and neither the Company nor any Subsidiary or affiliate will be liable for any resulting fines or penalties.

---

## **PARTICIPANTS IN DENMARK**

### **Danish Stock Option Act**

By accepting this Award, the Participant acknowledges that he or she has received a Danish translation of an Employer Statement, which is being provided to comply with the Danish Stock Option Act.

### **Exchange Control Notice**

The establishment of an account holding Shares or an account holding cash outside Denmark must be reported to the Danish Tax Administration. The form which should be used in this respect may be obtained from a local bank. (Please note that these obligations are separate from and in addition to the securities/tax reporting obligations described below.)

### **Securities/Tax Reporting Notice**

If Participant holds Shares acquired under the Plan in a brokerage account with a broker or bank outside Denmark, Participant is required to inform the Danish Tax Administration about the account. For this purpose, Participant must file a Form V (Erklaering V) with the Danish Tax Administration. Both Participant and the bank/broker must sign the Declaration V. By signing the Declaration V, the bank/broker undertakes an obligation, without further request each year and not later than on February 1 of the year following the calendar year to which the information relates, to forward certain information to the Danish Tax Administration concerning the content of the account. In the event that the applicable broker or bank with which the account is held does not wish to, or, pursuant to the laws of the country in question, is not allowed to assume such obligation to report, Participant acknowledges that he or she is solely responsible for providing certain details regarding the foreign brokerage account and Shares deposited therein to the Danish Tax Administration as part of his or her annual income tax return. By signing the Form V, Participant authorizes the Danish Tax Administration to examine the account. A sample of the Form V can be found at the following website: [www.skat.dk](http://www.skat.dk).

In addition, if Participant opens a brokerage account (or a deposit account with a U.S. bank) for the purpose of holding cash outside Denmark, Participant is also required to inform the Danish Tax Administration about this account. To do so, Participant must also file a Form K (Erklaering K) with the Danish Tax Administration. The Form K must be signed both by Participant and by the applicable broker or bank where the account is held. By signing the Form K, the broker/bank undertakes an obligation, without further request each year and not later than on February 1 of the year following the calendar year to which the information relates, to forward certain information to the Danish Tax Administration concerning the content of the account. In the event that the applicable financial institution (broker or bank) with which the account is held, does not wish to, or, pursuant to the laws of the country in question, is not allowed to assume such obligation to report, Participant acknowledges that he or she is solely responsible for providing certain details regarding the foreign brokerage or bank account to the Danish Tax Administration as part of Participant's annual income tax return. By signing the Form K, Participant authorizes the Danish Tax Administration to examine the account. A sample of Form K can be found at the following website: [www.skat.dk](http://www.skat.dk).

## **PARTICIPANTS IN FINLAND**

There are no country-specific provisions.

---

## **PARTICIPANTS IN FRANCE**

### **Consent to Receive Information in English**

By accepting the RSUs, Participant confirms having read and understood the Plan, the Notice of Grant, the Agreement and this Addendum, including all terms and conditions included therein, which were provided in the English language. The Participant accepts the terms of those documents accordingly.

### ***Consentement afin de Recevoir des Informations en Anglais***

*En acceptant les RSUs d'Achat d'Actions, le Bénéficiaire confirme qu'il ou elle a lu et compris le Plan, la Notification d'Attribution, le Contrat et les présentes Annexes, en ce compris tous les termes et conditions y relatifs, qui sont fournis en langue anglaise. Le Bénéficiaire accepte les termes de ces documents en connaissance de cause.*

### **Exchange Control Notice**

If Participant holds Shares outside of France or maintains a foreign bank account, he or she is required to report the maintenance of such to the French tax authorities when filing his or her annual tax return.

## **PARTICIPANTS IN GERMANY**

### **Exchange Control Notice**

Cross-border payments in excess of €12,500 must be reported monthly to the German Federal Bank (Bundesbank). If Participant receives a payment in excess of €12,500 in connection with the sale of Shares under the Plan, Participant must report the payment to Bundesbank electronically using the "General Statistics Reporting Portal" (Allgemeines Meldeportal Statistik) via Bundesbank's website ([www.bundesbank.de](http://www.bundesbank.de)). Participant is responsible for complying with applicable reporting requirements.

## **PARTICIPANTS IN HONG KONG**

### **Form of Settlement**

Notwithstanding any discretion contained in the Plan or anything to the contrary in the Agreement, the RSUs are payable in Shares only.

### **Sale Restriction**

Shares received at vesting are accepted as a personal investment. In the event that the RSUs vest and Shares are issued to the Participant (or the Participant's heirs) within six months of the Award Date, the Participant (or the Participant's heirs) agrees that the Shares will not be offered to the public or otherwise disposed of prior to the six-month anniversary of the Award Date.

### **Wages**

The RSUs and Shares subject to the RSUs do not form part of Participant's wages for the purposes of calculating any statutory or contractual payments under Hong Kong law.

---

**Securities Law Notice**

*WARNING: The contents of this document have not been reviewed by any regulatory authority in Hong Kong. Participant is advised to exercise caution in relation to the offer. If Participant is in any doubt about any of the contents of this document, Participant should obtain independent professional advice. Neither the grant of the RSUs nor the issuance of Shares upon vesting of the RSUs constitutes a public offering of securities under Hong Kong law and is available only to employees of the Company and its Subsidiaries. The Agreement, including this Addendum, the Plan and other incidental communication materials distributed in connection with the RSUs (i) have not been prepared in accordance with and are not intended to constitute a "prospectus" for a public offering of securities under the applicable securities legislation in Hong Kong and (ii) are intended only for the personal use of each eligible employee of the Company or its subsidiaries and may not be distributed to any other person.*

**Nature of the Program**

The Company specifically intends that the Plan will not be treated as an occupational retirement scheme for purposes of the Occupational Retirement Schemes Ordinance ("ORSO"). To the extent any court, tribunal or legal/regulatory body in Hong Kong determines that the Plan constitutes an occupational retirement scheme for the purposes of ORSO, the grants of the RSUs will be null and void.

**PARTICIPANTS IN HUNGARY**

There are no country-specific provisions.

**PARTICIPANTS IN INDIA****Exchange Control Notice**

Participant must repatriate any proceeds from the sale of Shares and any cash dividends acquired under the Plan to India and convert the proceeds into local currency within a certain period of the receipt (90 days for sale proceeds and 180 days for dividend payments). Participant will receive a foreign inward remittance certificate ("FIRC") from the bank where Participant deposits the foreign currency. Participant should maintain the FIRC as evidence of the repatriation of funds in the event the Reserve Bank of India or the Employer requests proof of repatriation.

Because exchange control regulations can change frequently and without notice, Participant should consult his or her personal legal advisor before selling Shares to ensure compliance with current regulations. It is Participant's responsibility to comply with exchange control laws in India, and neither the Company nor the Employer will be liable for any fines or penalties resulting from Participant's failure to comply with applicable laws.

**Foreign Assets/Account Reporting Information**

Participant is required to declare his or her foreign bank accounts and any foreign financial assets (including Shares held outside India) in Participant's annual tax return. It is Participant's responsibility to comply with this reporting obligation and Participant should consult his or her personal advisor in this regard as significant penalties may apply in the case of non-compliance.

**PARTICIPANTS IN IRELAND**

There are no country-specific provisions.



---

## **PARTICIPANTS IN ITALY**

### **Foreign Asset/Account Reporting Information**

Italian residents who, at any time during the fiscal year, hold foreign financial assets (including cash and Shares) which may generate income taxable in Italy are required to report these assets on their annual tax returns (UNICO Form, RW Schedule) for the year during which the assets are held, or on a special form if no tax return is due. These reporting obligations will also apply to Italian residents who are the beneficial owners of foreign financial assets under Italian money laundering provisions.

### **Data Privacy**

*This provision replaces the data privacy section in the Agreement:*

*Participant understands that the Company and his or her employer, as the Privacy Representative of the Company in Italy, may hold certain personal information about Participant, including, but not limited to, name, home address and telephone number, date of birth, social insurance or other identification number, salary, nationality, job title, any shares of common stock or directorships held in the Company or its Subsidiaries, affiliates or joint ventures details of all Awards or any other entitlement to shares of common stock awarded, canceled, vested, unvested or outstanding in Participant's favor, and that the Company and his employer will process said data and other data lawfully received from a third party ("Personal Data") for the exclusive purpose of managing and administering the Plan and complying with applicable laws, regulations and Community legislation.*

*Participant also understands that providing the Company with Personal Data is mandatory for compliance with laws and is necessary for the performance of the Plan and that his denial to provide Personal Data would make it impossible for the Company to perform its contractual obligations and may affect his ability to participate in the Plan. The Controller of personal data processing is Fortive Corporation, with registered offices at 6920 Seaway Blvd., Everett, WA 98203.*

*Participant understands that Personal Data will not be publicized, but it may be accessible by Participant's employer and within the employer's organization by its internal and external personnel in charge of processing, and by the data processor, if appointed. The updated list of processors and of the subjects to which Personal Data are communicated will remain available upon request at Participant's employer. Furthermore, Personal Data may be transferred to banks, other financial institutions or brokers involved in the management and administration of the Plan. Participant understands that Personal Data may also be transferred to the independent registered public accounting firm engaged by the Company, and also to the legitimate addressees under applicable laws. Participant further understands that the Company or its Subsidiaries or affiliates will transfer Personal Data amongst themselves as necessary for the purpose of implementation, administration and management of the Participant's participation in the Plan, and that the Company and its Subsidiaries or affiliates may each further transfer Personal Data to third parties assisting the Company in the implementation, administration and management of the Plan, including any requisite transfer of Personal Data to a broker or other third party with whom he or she may elect to deposit any shares acquired under the Plan or any proceeds from the sale of such shares. Such recipients may receive, possess, use, retain and transfer Personal Data in electronic or other form, for the purposes of implementing, administering and managing Participant's participation in the Plan. Participant understands that these recipients may be acting as controllers, processors or persons in charge of processing, as the case may be, according to applicable privacy laws, and that they may be located in or outside the European Economic Area, such as in the United States or elsewhere, in countries that do not provide an adequate level of data protection as intended under Italian privacy law.*

---

*Participant understands that Personal Data processing related to the purposes specified above shall take place under automated or non-automated conditions, anonymously when possible, that comply with the purposes for which Personal Data is collected and with confidentiality and security provisions as set forth by applicable laws and regulations, with specific reference to Legislative Decree no. 196/2003.*

*The processing activity, including the transfer of Personal Data abroad, including outside of the European Economic Area, as specified herein and pursuant to applicable laws and regulations, does not require Participant's consent thereto as the it is necessary to performance of law and contractual obligations related to implementation, administration and management of the Plan. Participant understands that, pursuant to section 7 of the Legislative Decree no. 196/2003, Participant has the right at any moment to, including, but not limited to, obtain confirmation that Personal Data exists or not; access and verify its contents, origin and accuracy; delete, update, integrate or correct Personal Data; or block or stop, for legitimate reason, Personal Data processing. To exercise privacy rights, Participant should contact his or her employer. Furthermore, Participant is aware that Personal Data will not be used for direct marketing purposes. In addition, Personal Data provided can be reviewed and questions or complaints can be addressed by contacting Participant's employer human resources department.*

#### **Plan Document Acknowledgement**

In accepting the RSU, Participant acknowledges that he or she has received a copy of the Plan and the Agreement and has reviewed the Plan and the Agreement, including this Addendum, in their entirety and fully understands and accepts all provisions of the Plan and the Agreement, including this Addendum.

Participant further acknowledges that he or she has read and specifically and expressly approves the following paragraphs of the Agreement: Tax Obligations; No Employment Contract; Nature of RSUs; Language; Governing Law and Venue; and the Data Privacy paragraph included in this Addendum.

#### **PARTICIPANTS IN JAPAN**

##### **Exchange Control Notice**

If the Participant acquires Shares valued at more than ¥100,000,000 in a single transaction, the Participant must file a Securities Acquisition Report with the Ministry of Finance through the Bank of Japan within 20 days of the purchase of the shares.

##### **Foreign Asset/Account Reporting Information**

The Participant will be required to report details of any assets held outside Japan as of December 31st to the extent such assets have a total net fair market value exceeding ¥50,000,000. This report is due by March 15th each year. The Participant should consult with his or her personal tax advisor as to whether the reporting obligation applies to him or her and whether the requirement extends to any outstanding RSUs or Shares acquired under the Plan.

---

## **PARTICIPANTS IN KOREA**

### **Exchange Control Notice**

Exchange control laws require Korean residents who realize US\$500,000 or more from the sale of Shares to repatriate the sale proceeds back to Korea within three (3) years of the sale.

### **Foreign Asset/Account Reporting Information**

Korean residents must declare all foreign financial accounts (e.g., non-Korean bank accounts, brokerage accounts) based in foreign countries that have not entered into an “inter-governmental agreement for automatic exchange of tax information” with Korea to the Korean tax authority and file a report with respect to such accounts if the value of such accounts exceeds KRW 1 billion (or an equivalent amount in foreign currency). Participant should consult with Participant’s personal tax advisor for additional information about this reporting obligation, including whether or not there is an applicable inter-governmental agreement between Korea and the U.S. (or any other country where Participant may hold any Shares or cash acquired in connection with the Plan).

## **PARTICIPANTS IN MEXICO**

### **Labor Law Acknowledgement**

These provisions supplement the labor law acknowledgement contained in the Agreement:

By accepting the RSUs, Participant acknowledges that he or she understands and agrees that: (i) the RSU is not related to the salary and other contractual benefits granted to Participant by the Employer; and (ii) any modification of the Plan or its termination shall not constitute a change or impairment of the terms and conditions of employment.

### **Policy Statement**

The invitation the Company is making under the Plan is unilateral and discretionary and, therefore, the Company reserves the absolute right to amend it and discontinue it at any time without any liability.

The Company, with registered offices at 6920 Seaway Blvd., Everett, WA, 98203, United States of America, is solely responsible for the administration of the Plan and participation in the Plan and, in Participant’s case, the acquisition of Shares does not, in any way establish an employment relationship between Participant and the Company since Participant is participating in the Plan on a wholly commercial basis and the sole employer is the Subsidiary employing Participant, as applicable, nor does it establish any rights between Participant and the Employer.

### **Plan Document Acknowledgment**

By accepting the RSU award, Participant acknowledges that he or she has received copies of the Plan, has reviewed the Plan and the Agreement in their entirety and fully understands and accepts all provisions of the Plan and the Agreement.

In addition, by signing the Agreement, Participant further acknowledges that he or she has read and specifically and expressly approves the terms and conditions in the Nature of RSUs, Section 15 of the Agreement, in which the following is clearly described and established: (i) participation in the Plan does not constitute an acquired right; (ii) the Plan and participation in the Plan is offered by the Company on a wholly discretionary basis; (iii) participation in the Plan is voluntary; and (iv) the Company and its Subsidiaries are not responsible for any decrease in the value of the Shares underlying the RSUs.

---

Finally, Participant hereby declares that he or she does not reserve any action or right to bring any claim against the Company for any compensation or damages as a result of participation in the Plan and therefore grants a full and broad release to the Employer and the Company and its Subsidiaries with respect to any claim that may arise under the Plan.

#### **Spanish Translation**

##### ***Reconocimiento de la Ley Laboral***

*Estas disposiciones complementan el reconocimiento de la ley laboral contenida en el Acuerdo:*

*Por medio de la aceptación de la RSU, quien tiene la RSU manifiesta que entiende y acuerda que: (i) la RSU no se encuentra relacionada con el salario ni con otras prestaciones contractuales concedidas al que tiene la RSU por parte del patrón; y (ii) cualquier modificación del Plan o su terminación no constituye un cambio o desmejora en los términos y condiciones de empleo.*

##### ***Declaración de Política***

*La invitación por parte de la Compañía bajo el Plan es unilateral y discrecional y, por lo tanto, la Compañía se reserva el derecho absoluto de modificar y discontinuar el mismo en cualquier momento, sin ninguna responsabilidad.*

*La Compañía, con oficinas registradas ubicadas en 6920 Seaway Blvd., Everett, WA, 98203, United States of America, es la única responsable por la administración del Plan y de la participación en el mismo y, en el caso del que tiene la RSU, la adquisición de Acciones no establece de forma alguna, una relación de trabajo entre el que tiene la RSU y la Compañía, ya que la participación en el Plan por parte del que tiene la RSU es completamente comercial y el único patrón es la Subsidiaria que esta contratando al que tiene la RSU, en caso de ser aplicable, así como tampoco establece ningún derecho entre el que tiene la RSU y el patrón.*

##### ***Reconocimiento del Plan de Documentos***

*Por medio de la aceptación de la RSU, el que tiene la RSU reconoce que ha recibido copias del Plan, que el mismo ha sido revisado al igual que la totalidad del Acuerdo y, que ha entendido y aceptado las disposiciones contenidas en el Plan y en el Acuerdo.*

*Adicionalmente, al firmar el Acuerdo, el que tiene la RSU reconoce que ha leído, y que aprueba específica y expresamente los términos y condiciones contenidos en la Naturaleza del Otorgamiento, Apartado 15 del Acuerdo, sección en la cual se encuentra claramente descrito y establecido lo siguiente: (i) la participación en el Plan no constituye un derecho adquirido; (ii) el Plan y la participación en el mismo es ofrecida por la Compañía de forma enteramente discrecional; (iii) la participación en el Plan es voluntaria; y (iv) la Compañía, así como sus Subsidiarias no son responsables por cualquier detrimento en el valor de las Acciones en relación con la RSU.*

*Finalmente, por medio de la presente quien tiene la RSU declara que no se reserva ninguna acción o derecho para interponer una demanda en contra de la Compañía por compensación, daño o perjuicio alguno como resultado de la participación en el Plan y en consecuencia, otorga el más amplio finiquito a su patrón, así como a la Compañía, a sus Subsidiarias con respecto a cualquier demanda que pudiera originarse en virtud del Plan.*

---

## **PARTICIPANTS IN THE NETHERLANDS**

### **Labor Law Acknowledgment**

By accepting the RSU, Participant acknowledges that: (i) the RSU is intended as an incentive for Participant to remain employed with the Employer and is not intended as remuneration for labor performed; and (ii) the RSU is not intended to replace any pension rights or compensation.

## **PARTICIPANTS IN NEW ZEALAND**

### **Securities Law Notice**

In compliance with New Zealand securities laws, the Participant is hereby notified that the following information is available for review in connection with the offer of RSUs under the Plan:

- (i) the Agreement, including this Addendum, which together with the Plan sets forth the terms and conditions of participation in the Plan;
- (ii) a copy of the Company's most recent annual return (i.e., Form 10-K) and most recent financial reports; and
- (iii) a copy of the Plan and a description of the Plan (the "Description") (i.e., the Company's Form S-8 Plan Prospectus under the U.S. Securities Act of 1933, as amended); the Company will provide any attachments or documents incorporated by reference into the Description upon written request.

The Participant may request copies of the documents described above by contacting Fortive's corporate legal department using the contact details provided on [www.fortive.com](http://www.fortive.com). The documents incorporated by reference into the Description are updated periodically. The Participant understands that should he or she request copies of the documents incorporated by reference into the Description, the Company will provide the Participant with the most recent documents incorporated by reference.

### **Warning Statement**

Participant is being offered RSUs, which, upon vesting in accordance with the terms of the Award, will be converted into Shares. The Shares, if issued, give Participant a stake in the ownership of the Company. Participant may receive a return if dividends are paid.

If the Company runs into financial difficulties and is wound up, Participant will be paid only after all creditors (and holders of preference shares) have been paid. Participant may lose some or all of his or her investment.

New Zealand law normally requires people who offer financial products to give information to investors before they invest. This requires those offering financial products to have disclosure information that is important for investors to make an informed decision.

---

The usual rules do not apply to this offer because it is made under an employee share purchase scheme. As a result, Participant may not be given all of the information usually required. Participant will also have fewer other legal protections for this investment.

Ask questions, read all documents carefully, and seek independent financial advice before committing to this investment.

The Shares are quoted. The Company intends to quote the Shares on the New York Stock Exchange. This means Participant may be able to sell them on the New York Stock Exchange if there are interested buyers. Participant may get less than he or she invested. The price will depend on the demand for the Shares.

#### **PARTICIPANTS IN NORWAY**

There are no country-specific provisions.

#### **PARTICIPANTS IN POLAND**

##### **Exchange Control Notice**

Polish residents holding foreign securities (including Shares) and maintaining accounts abroad must report information to the National Bank of Poland on transactions and balances of the securities and cash deposited in such accounts if the value of such securities and cash (when combined with all other assets held abroad) exceeds PLN 7,000,000. If required, the reports must be filed on a quarterly basis on special forms available on the website of the National Bank of Poland. Further, any transfer of funds in excess of a specified threshold (currently €15,000) must be effected through a bank account in Poland. Participant should maintain evidence of such foreign exchange transactions for five (5) years, in case of a request for their production by the National Bank of Poland.

#### **PARTICIPANTS IN ROMANIA**

##### **Exchange Control Notice**

If Participant deposits the proceeds from the sale of Shares issued to him or her at vesting and settlement of the Shares in a bank account in Romania, Participant may be required to provide the Romanian bank with appropriate documentation explaining the source of the funds.

Participant should consult his or her personal advisor to determine whether Participant will be required to submit such documentation to the Romanian bank.

##### **English Language**

Participant hereby expressly agrees that this Agreement, the Plan as well as all documents, notices and proceedings entered into, relating directly or indirectly hereto, be drawn up or communicated only in the English language.

*Angajatul consimte în mod expres prin prezentul ca acest Contract, Programul precum și orice alte documente, notificări, înștiințări legate direct sau indirect de acest Contract să fie redactate sau efectuate doar în limba engleză.*

---

## **PARTICIPANTS IN RUSSIA**

### **Securities Law Notification**

The Plan and all other materials that Participant may receive concerning the grant of RSUs and Participant's participation in the Plan do not constitute advertising or an offering of securities in Russia. The Shares to be issued upon vesting of the RSUs have not and will not be registered in Russia and, therefore, the Shares described in any Plan documents may not be offered or placed in public circulation in Russia. In no event will Shares to be issued upon vesting of the RSUs be delivered to Participant in Russia. All Shares acquired under the Plan will be maintained on Participant's behalf outside of Russia. Participant will not be permitted to sell Shares directly to a Russian legal entity or resident.

### **Exchange Control Notification**

Participant must repatriate any proceeds from the sale of Shares to Russia. Such funds must be initially credited to Participant through a foreign currency account at an authorized bank in Russia. After the funds are initially received in Russia, they may be further remitted to foreign banks in accordance with Russian exchange control laws. However, dividends can be held in a foreign currency account at a foreign individual bank account opened in certain countries (including the United States). Participant should contact his or her personal advisor regarding Participant's exchange control obligations resulting from participation in the Plan as significant penalties may apply in the case of non-compliance with such obligations.

**Data Privacy.** *This data privacy consent replaces the data privacy section of the Agreement:*

<b>1. Purposes for processing of the Personal Data</b>	<b>1. Цели обработки Персональных данных</b>
<b>1.1. Granting to the Participant restricted share units or rights to purchase shares of common stock.</b>	<b>1.1. Предоставление Субъектам персональных данных ограниченных прав на акции (RSU) или прав покупки обыкновенных акций.</b>
<b>1.2. Compliance with the effective Russian Federation laws;</b>	<b>1.2. Соблюдение действующего законодательства Российской Федерации;</b>

<p><b>2. The Participant hereby grants consent to processing of the personal data listed below</b></p>	<p><b>2. Субъект персональных данных настоящим дает согласие на обработку перечисленных ниже персональных данных</b></p>
<p>2.1. Last name, first name, patronymic, year, month, date and place of birth, gender, age, address, citizenship, information on education, contact details (home address(es), direct office, home and mobile telephone numbers, e-mail address, etc.), photographs;</p>	<p>2.1. Фамилия, имя, отчество, год, месяц, дата и место рождения, пол, возраст, адрес, гражданство, сведения об образовании, контактная информация (домашний(е) адрес(а), номера прямого офисного, домашнего и мобильного телефонов, адрес электронной почты и др.), фотографии;</p>
<p>2.2. Information contained in personal identification documents (including passport details), tax identification number and number of the State Pension Insurance Certificate, including photocopies of passports, visas, work permits, drivers licenses, other personal documents;</p>	<p>2.2. Сведения, содержащиеся в документах, удостоверяющих личность, в том числе паспортные данные, ИНН и номер страхового свидетельства государственного пенсионного страхования, в том числе фотокопии паспортов, виз, разрешений на работу, водительских удостоверений, других личных документов;</p>
<p>2.3. Information on employment, including the list of duties, information on the current and former employers, information on promotions, disciplinary sanctions, transfer to other position / work, etc.;</p>	<p>2.3. Информация о трудовой деятельности, включая должностные обязанности, информация о текущем и прежних работодателях, сведения о повышениях, дисциплинарных взысканиях, переводах на другую должность/работу, и т.д.;</p>
<p>2.4. Information on the Participant's salary amount, information on salary changes, on participation in employer benefit plans and programs, on bonuses paid, etc.;</p>	<p>2.4. Информация о размере заработной платы Субъекта персональных данных, данные об изменении заработной платы, об участии в премиальных системах и программах Работодателя, информация о выплаченных премиях, и т.д.;</p>
<p>2.5. Information on work time, including hours scheduled for work per week and hours actually worked;</p>	<p>2.5. Сведения о рабочем времени, включая нормальную продолжительность рабочего времени в неделю и количество фактически отработанного рабочего времени;</p>
<p>2.6. Information on potential membership of certain categories of employees having rights for guarantees and benefits in accordance with the Russian Federation Labor Code and other effective legislation;</p>	<p>2.6. Сведения о принадлежности к определенным категориям работников, которым предоставляются гарантии и льготы в соответствии с Трудовым кодексом Российской Федерации и иным действующим законодательством;</p>
<p>2.7. Information on the Participant's tax status (exempt, tax resident status, etc.);</p>	<p>2.7. Информация о налоговом статусе Субъекта персональных данных (освобождение от уплаты налогов, является ли налоговым резидентом и т.д.);</p>



<p>2.8. Information on shares of Common Stock or directorships held by the Participant, details of all awards or any other entitlement to shares of Common Stock awarded, cancelled, exercised, vested, unvested or outstanding;</p>	<p>2.8. Информация об обыкновенных акциях или членстве в совете директоров Субъекта персональных данных, обо всех программах вознаграждения или иных правах на получение обыкновенных акций, которые были предоставлены, аннулированы, исполнены, погашены, непогашены или подлежат выплате.</p>
<p>2.9. Any other information, which may become necessary to the Company in connection with the purposes specified in Clause 3 above.</p>	<p>2.9. Любые иные данные, которые могут потребоваться Операторам в связи с осуществлением целей, указанных в п. 3 выше.</p>
<p>the “Personal Data”</p>	<p>далее – «Персональные данные»</p>
<p>3.1. The Participant hereby consents to performing the following operations with the Personal Data:</p>	<p>3.1. Субъект персональных данных настоящим дает согласие на совершение с Персональными данными перечисленных ниже действий:</p>
<p>3.1.1. processing of the Personal Data, including collection, systematization, accumulation, storage, verification (renewal, modification), use, dissemination (including transfer), impersonalizing, blockage, destruction;</p>	<p>3.1.1. обработка Персональных данных, включая сбор, систематизацию, накопление, хранение, уточнение (обновление, изменение), использование, распространение (в том числе передача), обезличивание, блокирование, уничтожение персональных данных;</p>
<p>3.1.2. transborder transfer of the Personal Data to operators located on the territory of foreign states. The Participant hereby confirms that he was notified of the fact that the recipients of the Personal Data may be located in foreign states that do not ensure adequate protection of rights of personal data subjects;</p>	<p>3.1.2. трансграничная передача Персональных данных операторам на территории любых иностранных государств. Субъект персональных данных настоящим подтверждает, что он был уведомлен о том, что получатели Персональных данных могут находиться в иностранных государствах, не обеспечивающих адекватной защиты прав субъектов персональных данных;</p>
<p>3.1.3. including Personal Data into generally accessible sources of personal data (including directories, address books and other), placing Personal Data on the Company's web-sites on the Internet.</p>	<p>3.1.3. включение Персональных данных в общедоступные источники персональных данных (в том числе справочники, адресные книги и т.п.), размещение Персональных данных на сайтах Операторов в сети Интернет.</p>
<p>3.2. General description of the data processing methods used by the Company</p>	<p>3.2. Общее описание используемых Оператором(ами) способов обработки персональных данных</p>
<p>3.2.1. When processing the Personal Data, the Company undertakes the necessary organizational and technical measures for protecting the Personal Data from unlawful or accidental access to them, from destruction,</p>	<p>3.2.1. При обработке Персональных данных Операторы принимают необходимые организационные и технические меры для защиты Персональных данных от неправомерного или случайного доступа к ним,</p>

change, blockage, copying, dissemination of Personal Data, as well as from other unlawful actions.

3.2.2. Processing of the Personal Data by the Company shall be performed using the data processing methods that ensure confidentiality of the Personal Data, except where: (1) Personal Data is impersonalized; and (2) in relation to publicly available Personal Data; and in compliance with the established requirements to ensuring the security of personal data, the requirements to the tangible media of biometric personal data and to the technologies for storage of such data outside personal data information systems in accordance with the effective legislation.

#### 4. Term, revocation procedure

This Statement of Consent is valid for an indefinite term. The Participant may revoke this consent by sending to Company a written notice at least ninety (90) days in advance of the proposed consent revocation date. The Participant agrees that during the specified notice period the Company is not obliged to cease processing of Personal Data or destroy the Personal Data of the Participant.

уничтожения, изменения, блокирования, копирования, распространения Персональных данных, а также от иных неправомерных действий.

3.2.2. Обработка Персональных данных Операторами осуществляется при помощи способов, обеспечивающих конфиденциальность таких данных, за исключением следующих случаев: (1) в случае обезличивания Персональных данных; (2) в отношении общедоступных Персональных данных; и при соблюдении установленных требований к обеспечению безопасности персональных данных, требований к материальным носителям биометрических персональных данных и технологиям хранения таких данных вне информационных систем персональных данных в соответствии с действующим законодательством.

#### 4. Срок, порядок отзыва

Настоящее согласие действует в течение неопределенного срока. Субъект персональных данных может отозвать настоящее согласие путем направления Оператору(ам) письменного(ых) уведомления(ий) не менее чем за 90 (девяносто) дней до предполагаемой даты отзыва настоящего согласия. Субъект персональных данных соглашается на то, что в течение указанного срока Оператор(ы) не обязан(ы) прекращать обработку персональных данных и уничтожать персональные данные Субъекта персональных данных.

## PARTICIPANTS IN SINGAPORE

### Securities Law Notice

The grant of the RSUs is being made pursuant to the “Qualifying Person” exemption” under section 273(1)(f) of the Securities and Futures Act (Chapter 289, 2006 Ed.) (“SFA”) and is not made to Participant with a view to the Shares being subsequently offered for sale to any other party. The Plan has not been lodged or registered as a prospectus with the Monetary Authority of Singapore. Participant should note that the RSUs are subject to section 257 of the SFA and Participant should not make (i) any subsequent sale of the Shares in Singapore or (ii) any offer of such subsequent sale of the Shares subject to the Award in Singapore, unless such sale or offer is made after six (6) months of the grant of the RSUs or pursuant to the exemptions under Part XIII Division 1 Subdivision (4) (other than section 280) of the SFA.

---

### **Chief Executive Officer and Director Notification Requirement**

The Chief Executive Officer and the Directors of a Singapore subsidiary of the Company are subject to certain notification requirements under the Singapore Companies Act. The Chief Executive Officer and the Directors must notify the Singapore subsidiary in writing of an interest (e.g., RSUs, Shares, etc.) in the Company or any related company within two (2) business days of (i) its acquisition or disposal, (ii) any change in a previously-disclosed interest (e.g., upon vesting of the RSUs or when Shares acquired under the Plan are subsequently sold), or (iii) becoming the CEO / a director.

### **PARTICIPANTS IN SLOVAK REPUBLIC**

Optionee will not have a foreign asset or account reporting requirement unless Optionee is an independent entrepreneur (i.e., Optionee conducts business activities on his or her own behalf and holds a corresponding business/trade license).

### **PARTICIPANTS IN SLOVENIA**

There are no country-specific provisions.

### **PARTICIPANTS IN SOUTH AFRICA**

**Withholding Taxes.** This provision supplements Section 7(a) of the Agreement:

By accepting the Restricted Stock Units, Participant agrees to immediately notify the Employer of the amount of any gain realized upon vesting of the Restricted Stock Units. If Participant fails to advise the Employer of the gain realized at vesting, Participant may be liable for a fine. Participant will be responsible for paying any difference between the actual tax liability and the amount withheld.

### **Exchange Control Notice**

To participate in the Plan, Participant must comply with exchange control regulations and rulings (the “Exchange Control Regulations”) in South Africa.

Because the Exchange Control Regulations change frequently and without notice, Participant understands that Participant should consult Participant’s legal advisor prior to the acquisition or sale of Shares acquired under the Plan to ensure compliance with current regulations. Participant understands that it is Participant’s responsibility to comply with South African exchange control laws, and neither the Company nor any Parent or Subsidiary will be liable for any fines or penalties resulting from Participant’s failure to comply with applicable laws.

### **Securities Law Notice**

In compliance with South African Securities Law, Participant acknowledges that a copy of Fortive’s most recent annual report and stock plan will be sent to Participant free of charge on written request.

Participant is advised to carefully read the materials provided before making a decision whether to participate in the Plan and to contact Participant’s tax advisor for specific information concerning Participant’s personal tax situation with regard to Plan participation.

---

## **PARTICIPANTS IN SPAIN**

### **Nature of Plan**

This provision supplements Section 15 of the Agreement. In accepting the grant, Participant acknowledges that he or she consents to participation in the Plan and has received a copy of the Plan.

Participant understands that the Company, in its sole discretion, has unilaterally and gratuitously decided to grant RSUs under the Plan to individuals who may be Employees of the Company or a Subsidiary throughout the world. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not economically or otherwise bind the Company or Subsidiary over and above the specific terms of the Plan on an ongoing basis. Consequently, Participant understands that the RSUs are granted on the assumption and condition that the RSUs and the Shares issued upon vesting of the RSUs shall not become a part of any employment contract (either with the Company or a Subsidiary) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever.

In addition, Participant understands that the grant of the RSUs would not be made to Participant but for the assumptions and conditions referred to above; thus, Participant acknowledges and freely accepts that should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then any RSU grant shall be null and void.

### **Exchange Control Notice**

Participant must declare the acquisition of shares to the Dirección General de Comercio e Inversiones (the "DGCI") of the Ministry of Industry for statistical purposes. Participant must also declare ownership of any shares with the Directorate of Foreign Transactions each January while the shares are owned. In addition, if Participant wishes to import the ownership title of the shares (i.e., share certificates) into Spain, he or she must declare the importation of such securities to the DGCI. The sale of the shares must also be declared to the DGCI by means of a form D-6 filed in January. The form D-6, generally, must be filed within one month after the sale if Participant owns more than 10% of the share capital of the Company or his or her investment exceeds €1,502,530.

When receiving foreign currency payments in excess of €50,000 derived from the ownership of shares (i.e., dividends or sale proceeds), Participant must inform the financial institution receiving the payment of the basis upon which such payment is made. Participant will need to provide the institution with the following information: (i) Participant's name, address, and fiscal identification number; (ii) the name and corporate domicile of the Company; (iii) the amount of the payment; (iv) the currency used; (v) the country of origin; (vi) the reasons for the payment; and (vii) any further information that may be required.

In addition, Participant may be required to electronically declare to the Bank of Spain any foreign accounts (including brokerage accounts held abroad), any foreign instruments (including Shares acquired under the Plan), and any transactions with non-Spanish residents (including any payments of Shares made pursuant to the Plan), depending on the balances in such accounts together with the value of such instruments as of December 31 of the relevant year, or the volume of transactions with non-Spanish residents during the relevant year.

---

### **Foreign Assets/Account Reporting Information**

To the extent Participant holds rights or assets (e.g., cash or Shares held in a bank or brokerage account) outside of Spain with a value in excess of €50,000 per type of right or asset as of December 31 each year (or at any time during the year in which Participant sells or disposes of such right or asset), Participant is required to report information on such rights and assets on his or her tax return for such year. After such rights or assets are initially reported, the reporting obligation will only apply for subsequent years if the value of any previously-reported rights or assets increases by more than €20,000. The reporting must be completed by the following March 31.

### **PARTICIPANTS IN SWEDEN**

There are no country-specific provisions.

### **PARTICIPANTS IN SWITZERLAND**

#### **Securities Law Notice**

The grant of the RSUs is considered a private offering in Switzerland and is therefore not subject to securities registration in Switzerland. Neither this document nor any other materials relating to the RSUs constitute a prospectus as such term is understood pursuant to the Swiss Code of Obligations, and neither this document nor any other material relating to the RSU may be publicly distributed nor otherwise made publicly available in Switzerland.

### **PARTICIPANTS IN TAIWAN**

#### **Securities Law Notice**

The grant of the RSUs and the Shares to be issued under the Plan is available only for employees of the Company and its Subsidiaries. It is not a public offer of securities by a Taiwanese company; therefore, it is exempt from registration in Taiwan.

#### **Exchange Control Notice**

Participant may acquire foreign currency, and remit the same out of Taiwan, up to US\$5 million per year without justification. In addition, if Participant remits TWD\$500,000 or more in a single transaction, he or she must submit a Foreign Exchange Transaction Form to the remitting bank. If the transaction amount is US\$500,000 or more in a single transaction, Participant also must provide supporting documentation to the satisfaction of the remitting bank.

### **PARTICIPANTS IN THAILAND**

#### **Exchange Control Notice**

Participant must immediately repatriate the proceeds from the sale of Shares and any cash dividends received in relation to the Shares to Thailand and convert the funds to Thai Baht within 360 days of receipt. If the repatriated amount is US\$50,000 or more, Participant must report the inward remittance by submitting the Foreign Exchange Transaction Form to an authorized agent, *i.e.*, a commercial bank authorized by the Bank of Thailand to engage in the purchase, exchange and withdrawal of foreign currency.

If Participant does not comply with this obligation, Participant may be subject to penalties assessed by the Bank of Thailand. Because exchange control regulations change frequently and without notice, Participant should consult a legal advisor before selling Shares to ensure compliance with current regulations. It is Participant's responsibility to comply with exchange control laws in Thailand, and neither the Company nor any Parent or Subsidiary will be liable for any fines or penalties resulting from Participant's failure to comply with applicable laws.

---

## **PARTICIPANTS IN TURKEY**

### **Securities Law Notice**

Under Turkish law, the Participant is not permitted to sell Shares acquired under the Plan in Turkey. The Shares are currently traded on the New York Stock Exchange, which is located outside of Turkey and the Shares may be sold through this exchange.

### **Exchange Control Notice**

The Participant may be required to engage a Turkish financial intermediary to assist with the sale of Shares acquired under the Plan. To the extent a Turkish financial intermediary is required in connection with the sale of any Shares acquired under the Plan, the Participant is solely responsible for engaging such Turkish financial intermediary. The Participant should consult his or her personal legal advisor prior to the vesting of the RSUs or any sale of Shares to ensure compliance with the current requirements.

## **PARTICIPANTS IN UNITED ARAB EMIRATES**

### **Securities Law Notice**

Participation in the Plan is being offered only to selected Participants and is in the nature of providing equity incentives to Participants in the United Arab Emirates. The Plan and the Agreement are intended for distribution only to such Participants and must not be delivered to, or relied on by, any other person. Prospective purchasers of the securities offered should conduct their own due diligence on the securities. If Participant does not understand the contents of the Plan and the Agreement, Participant should consult an authorized financial adviser. The Emirates Securities and Commodities Authority has no responsibility for reviewing or verifying any documents in connection with the Plan. Neither the Ministry of Economy nor the Dubai Department of Economic Development have approved the Plan or the Agreement nor taken steps to verify the information set out therein, and have no responsibility for such documents.

## **PARTICIPANTS IN THE UNITED KINGDOM**

**Withholding Taxes.** The following replaces Section 7(a) of the Agreement in its entirety:

(a) **Withholding Taxes.** Regardless of any action the Company or any Subsidiary employing Participant (the “Employer”) take with respect to any or all income tax, primary and secondary Class 1 National Insurance contributions, payroll tax or other tax-related withholding attributable to or payable in connection with or pursuant to the grant, vesting, release or assignment of any RSU (the “Tax-Related Items”), Participant acknowledges that the ultimate liability for all Tax Related Items associated with the RSUs is and remains Participant’s responsibility and that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax Related Items in connection with any aspect of the RSUs, including, but not limited to, the grant or vesting of the RSUs, the delivery of the Shares, the subsequent sale of Shares acquired at vesting and the receipt of any dividends or dividend equivalents; and (ii) do not commit to structure the terms of the grant or any aspect of the RSUs to reduce or eliminate Participant’s liability for Tax Related Items. Further, if Participant has relocated to a different jurisdiction between the date of grant and the date of any taxable event, Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

---

As a condition of the issuance of Shares upon vesting of the RSU, the Company and/or the Employer shall be entitled to withhold and Participant agrees to pay, or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy, all obligations of the Company and/or the Employer to account to HM Revenue & Customs (“HMRC”) for any Tax-Related Items. In this regard, Participant authorizes the Company and/or the Employer, in its sole discretion, to satisfy the obligations with regard to all Tax Related Items legally payable by Participant by one or a combination of the following: (i) require Participant to pay Tax-Related Items in cash with a cashier’s check or certified check; (ii) withholding cash from Participant’s wages or other compensation payable to Participant by the Company and/or the Employer; (iii) arranging for the sale of Shares otherwise issuable to Participant upon vesting of the RSUs (on Participant’s behalf and at Participant’s direction pursuant to this authorization); (iv) withholding from the proceeds of the sale of Shares acquired upon vesting of the RSUs; or (v) withholding in Shares otherwise issuable to Participant, provided that the Company withholds only the amount of Shares necessary to satisfy the minimum statutory withholding amount or such other amount as may be necessary to avoid adverse accounting treatment using the Fair Market Value of the Shares on the date of the relevant taxable event.

Participant shall pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to account to HMRC with respect to the event giving rise to the Tax-Related Items (the “Chargeable Event”) that cannot be satisfied by the means previously described. If payment or withholding is not made within 90 days after the end of the UK tax year in which the Chargeable Event occurs, or such other period specified in Section 222(1)(c) of the U.K. Income Tax (Earnings and Pensions) Act 2003 (the “Due Date”), Participant agrees that the amount of any uncollected Tax-Related Items shall (assuming Participant is not a director or executive officer of the Company (within the meaning of Section 13(k) of the U.S. Securities and Exchange Act of 1934, as amended)), constitute a loan owed by Participant to the Employer, effective on the Due Date. Participant agrees that the loan will bear interest at the then-current HMRC Official Rate and it will be immediately due and repayable, and the Company and/or the Employer may recover it at any time thereafter by any of the means referred to above. If any of the foregoing methods of collection are not allowed under applicable laws or if Participant fails to comply with Participant’s obligations in connection with the Tax-Related Items as described in this Section, the Company may refuse to deliver the Shares acquired under the Plan.

**FORTIVE CORPORATION**  
**2016 STOCK INCENTIVE PLAN**  
**RESTRICTED STOCK UNIT AGREEMENT**

(Non-Employee Directors)

Unless otherwise defined herein, the terms defined in the Fortive Corporation 2016 Stock Incentive Plan (the "Plan") will have the same defined meanings in this Restricted Stock Unit Agreement (the "Agreement").

**I. NOTICE OF GRANT**

**Name:**

**Address:**

The undersigned Participant has been granted an Award of Restricted Stock Units, subject to the terms and conditions of the Plan and this Agreement, as follows (each of the following capitalized terms are defined terms having the meaning indicated below):

Date of Grant

\_\_\_\_\_

Number of Restricted Stock Units

\_\_\_\_\_

Vesting Schedule:

Time-Based Vesting Criteria

The time-based vesting criteria will be satisfied with respect to 100% of the shares underlying the RSUs on the earlier of (1) the first anniversary of the Date of Grant, or (2) the date of, and immediately prior to, the next annual meeting of shareholders of the Company following the Date of Grant.

**II. AGREEMENT**

1. Grant of RSUs. Fortive Corporation (the "Company") hereby grants to the Participant named in this Notice of Grant (the "Participant"), an Award of Restricted Stock Units ("RSUs") subject to the terms and conditions of this Agreement and the Plan, which are incorporated herein by reference. In the event of a conflict between the terms and conditions of the Plan and this Agreement, the terms and conditions of the Plan shall prevail.

2. Vesting.

(a) Vesting Schedule. Except as may otherwise be set forth in this Agreement or in the Plan, RSUs awarded to a Participant shall not vest until the Participant continues to be actively providing services to the Company for the periods required to satisfy the time-based vesting criteria ("Time-Based Vesting Criteria") applicable to such RSUs. The Time-Based Vesting Criteria applicable to RSUs are referred to as "Vesting Conditions," and the date upon which all Vesting Conditions are



---

satisfied is referred to as the “Vesting Date.” The Vesting Conditions shall be established by the Compensation Committee (the “Committee”) of the Company’s Board of Directors and reflected in the account maintained for the Participant by an external third party administrator of the RSU awards. Further, during any approved leave of absence (and without limiting the application of any other rules governing leaves of absence that the Committee may approve from time to time pursuant to the Plan), to the extent permitted by applicable law the Committee shall have discretion to provide that the vesting of the RSUs shall be frozen as of the first day of the leave (or as of any subsequent day during such leave, as applicable) and shall not resume until and unless the Participant returns to active service.

(b) Fractional RSU Vesting. In the event the Participant is vested in a fractional portion of an RSU (a “Fractional Portion”), such Fractional Portion will be rounded up and converted into a whole share of Common Stock (“Share”) and issued to the Participant.

### 3. Form and Timing of Payment; Conditions to Issuance of Shares.

(a) Form and Timing of Payment. The Award of RSUs represents the right to receive a number of Shares equal to the number of RSUs that vest pursuant to the Vesting Conditions. Unless and until the RSUs have vested in the manner set forth in Sections 2 and 4, Participant shall have no right to payment of any such RSUs. Prior to actual issuance of any Shares underlying the RSUs, such RSUs will represent an unsecured obligation of the Company, payable (if at all) only from the general assets of the Company. Subject to the other terms of the Plan and this Agreement, any RSUs that vest in accordance with Sections 2 and 4 will be paid to the Participant in whole Shares on the earlier of (i) the first day of the seventh month following the Participant’s separation from service as an Eligible Director, or (ii) the Participant’s date of death (or in each case the next business day thereafter if such date is not a business day). Shares shall not be issued under the Plan unless the issuance and delivery of such Shares comply with (or are exempt from) all applicable requirements of law, including (without limitation) the Securities Act, the rules and regulations promulgated thereunder, state securities laws and regulations, and the regulations of any stock exchange or other securities market on which the Company’s securities may then be traded. The Committee may require the Participant to take any reasonable action in order to comply with any such rules or regulations.

(b) Acknowledgment of Potential Securities Law Restrictions. Unless a registration statement under the Securities Act covers the Shares issued upon vesting of an RSU, the Committee may require that the Participant agree in writing to acquire such Shares for investment and not for public resale or distribution, unless and until the Shares subject to the Award are registered under the Securities Act. The Committee may also require the Participant to acknowledge that he or she shall not sell or transfer such Shares except in compliance with all applicable laws, and may apply such other restrictions as it deems appropriate. The Participant acknowledges that the U.S. federal securities laws prohibit trading in the stock of the Company by persons who are in possession of material, non-public information, and also acknowledges and understands the other restrictions set forth in the Company’s Insider Trading Policy.

### 4. Termination.

(a) General. In the event the Participant’s active service-providing relationship with the Company terminates for any reason (other than death, Early Retirement or Normal Retirement) whether or not in breach of applicable labor laws, all RSUs that are unvested as of termination shall automatically terminate as of the date of termination and Participant’s right to receive further RSUs under the Plan shall also terminate as of the date of termination. The Committee shall have discretion to determine whether the Participant has ceased actively providing services to the Company, and the effective date on which such active service-providing relationship terminated. The Participant’s active service-providing relationship will not be extended by any notice period mandated under applicable law (e.g. a period of “garden leave”, paid administrative leave or similar period pursuant to applicable law). Unless the Committee provides otherwise, termination will include instances in which Participant is terminated and immediately rehired as an independent contractor.

---

(b) Death. Upon Participant's death, any unvested RSUs shall vest.

(c) Retirement.

(i) Upon termination of employment by reason of the Participant's Early Retirement, unless contrary to applicable law and unless otherwise provided by the Committee either initially or subsequent to the grant of the relevant Award, a pro-rata portion of the RSUs that are unvested as of the Early Retirement date (i.e. based on the ratio of (x) the number of full or partial months worked by the Participant from the Date of Grant to the Early Retirement date to (y) the total number of months in the original time-based vesting schedule for such RSUs) will vest as of the Time-Based Vesting Date for such RSUs.

(ii) Upon termination of employment by reason of the Participant's Normal Retirement, unless contrary to applicable law and unless otherwise provided by the Committee either initially or subsequent to the grant of the relevant Award, the RSUs that are unvested as of the Normal Retirement date will vest as of the Time-Based Vesting Date for such RSUs.

(d) Gross Misconduct. If the Participant is terminated as an Eligible Director by reason of Gross Misconduct, the Participant's unvested RSUs shall automatically terminate as of the time of termination without consideration. The Participant acknowledges and agrees that the Participant's termination shall also be deemed to be a termination by reason of the Participant's Gross Misconduct if, after the Participant's active service-providing relationship has terminated, facts and circumstances are discovered or confirmed by the Company that would have justified a termination for Gross Misconduct.

(e) Violation of Post-Termination Covenant. To the extent that any of the Participant's RSUs remain outstanding under the terms of the Plan or this Agreement after termination of the Participant's active service-providing relationship with the Company, such RSUs shall expire as of the date the Participant violates any covenant not to compete or similar covenant that exists between the Participant on the one hand and the Company or any subsidiary of the Company, on the other hand.

(f) Substantial Corporate Change. Upon a Substantial Corporate Change, the Participant's unvested RSUs will terminate unless provision is made in writing in connection with such transaction for the assumption or continuation of the RSUs, or the substitution for such RSUs of any options or grants covering the stock or securities of a successor employer corporation, or a parent or subsidiary of such successor, with appropriate adjustments as to the number and kind of shares of stock and prices, in which event the RSUs will continue in the manner and under the terms so provided.

5. Non-Transferability of RSUs. Unless the Committee determines otherwise in advance in writing, RSUs may not be transferred in any manner otherwise than by will or by the applicable laws of descent or distribution. The terms of the Plan and this Agreement shall be binding upon the executors, administrators, heirs and permitted successors and assigns of the Participant.

6. Amendment of RSUs or Plan.

(a) The Plan and this Agreement constitute the entire understanding of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof. Participant expressly warrants

---

that he or she is not accepting this Agreement in reliance on any promises, representations, or inducements other than those contained herein. The Company's Board may amend, modify or terminate the Plan or any Award in any respect at any time; provided, however, that modifications to this Agreement or the Plan that materially and adversely affect the Participant's rights hereunder can be made only in an express written contract signed by the Company and the Participant. Notwithstanding anything to the contrary in the Plan or this Agreement, the Company reserves the right to revise this Agreement and Participant's rights under outstanding RSUs as it deems necessary or advisable, in its sole discretion and without the consent of the Participant, (1) upon a Substantial Corporate Change, (2) as required by law, or (3) to comply with Section 409A of the Internal Revenue Code of 1986 ("Section 409A") or to otherwise avoid imposition of any additional tax or income recognition under Section 409A in connection with this Award.

**7. Tax Obligations.**

(a) **Taxes.** Regardless of any action the Company takes with respect to any or all federal, state, local or foreign income tax, social insurance, payroll tax, payment on account or other tax related items ("Tax Related Items"), the Participant acknowledges that the ultimate liability for all Tax Related Items associated with the RSUs is and remains the Participant's responsibility and that the Company (i) makes no representations or undertakings regarding the treatment of any Tax Related Items in connection with any aspect of the RSUs, including, but not limited to, the grant or vesting of the RSUs, the delivery of the Shares, the subsequent sale of Shares acquired at vesting and the receipt of any dividends or dividend equivalents; and (ii) does not commit to structure the terms of the grant or any aspect of the RSUs to reduce or eliminate the Participant's liability for Tax Related Items.

(b) **Code Section 409A.** The intent of the parties is that payments and benefits under this Agreement comply with Section 409A of Code to the extent subject thereto, and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted and be administered to be in compliance therewith. Notwithstanding anything contained herein to the contrary, to the extent required to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, the Participant shall not be considered to have separated from service with the Company for purposes of this Agreement and no payment shall be due to the Participant under this Agreement on account of a separation from service until the Participant would be considered to have incurred a "separation from service" from the Company within the meaning of Section 409A of the Code. Any payments described in this Agreement that are due within the "short-term deferral period" as defined in Section 409A of the Code shall not be treated as deferred compensation unless applicable law requires otherwise. Notwithstanding anything to the contrary in this Agreement, to the extent that any amounts are payable upon a separation from service and such payment would result in accelerated taxation and/or tax penalties under Section 409A of the Code, such payment, under this Agreement or any other agreement of the Company, shall be made on the first business day after the date that is six (6) months following such separation from service (or death, if earlier). The Company makes no representation that any or all of the payments described in this Agreement will be exempt from or comply with Section 409A of the Code and makes no undertaking to preclude Section 409A of the Code from applying to any such payment. The Grantee shall be solely responsible for the payment of any taxes and penalties incurred under Section 409A.

For purposes of making a payment under this Agreement, if any amount is payable as a result of a Substantial Corporate Change, such event must also constitute a "change in ownership or effective control" of the Company or a "change in the ownership of a substantial portion of the assets" of the Company within the meaning of Section 409A.

---

8. Rights as Shareholder. Until all requirements for vesting of the RSUs pursuant to the terms of this Agreement and the Plan have been satisfied, the Participant shall not be deemed to be a shareholder of the Company, and shall have no dividend rights or voting rights with respect to the RSUs or any Shares underlying or issuable in respect of such RSUs until such Shares are actually issued to the Participant.

9. No Right to Continue as Eligible Director. Nothing in the Plan or this Agreement shall confer upon the Participant any right to continuation as an Eligible Director.

10. Board Authority. The Board and/or the Committee shall have the power to interpret this Agreement and to adopt such rules for the administration, interpretation and application of the Agreement as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether any RSUs have vested). All interpretations and determinations made by the Board and/or the Committee in good faith shall be final and binding upon Participant, the Company and all other interested persons and such determinations of the Board and/or the Committee do not have to be uniform nor do they have to consider whether Plan participants are similarly situated. No member of the Board and/or the Committee shall be personally liable for any action, determination or interpretation made in good faith with respect to this Agreement.

11. Headings. The captions used in this Agreement and the Plan are inserted for convenience and shall not be deemed to be a part of the RSUs for construction and interpretation.

12. Electronic Delivery.

(a) If the Participant executes this Agreement electronically, for the avoidance of doubt Participant acknowledges and agrees that his or her execution of this Agreement electronically (through an on-line system established and maintained by the Company or a third party designated by the Company, or otherwise) shall have the same binding legal effect as would execution of this Agreement in paper form. Participant acknowledges that upon request of the Company he or she shall also provide an executed, paper form of this Agreement.

(b) If the Participant executes this Agreement in paper form, for the avoidance of doubt the parties acknowledge and agree that it is their intent that any agreement previously or subsequently entered into between the parties that is executed electronically shall have the same binding legal effect as if such agreement were executed in paper form.

(c) If Participant executes this Agreement multiple times (for example, if the Participant first executes this Agreement in electronic form and subsequently executes this Agreement in paper form), the Participant acknowledges and agrees that (i) no matter how many versions of this Agreement are executed and in whatever medium, this Agreement only evidences a single Award relating to the number of RSUs set forth in the Notice of Grant and (ii) this Agreement shall be effective as of the earliest execution of this Agreement by the parties, whether in paper form or electronically, and the subsequent execution of this Agreement in the same or a different medium shall in no way impair the binding legal effect of this Agreement as of the time of original execution.

(d) The Company may, in its sole discretion, decide to deliver by electronic means any documents related to the RSUs, to participation in the Plan, or to future awards granted under the Plan, or otherwise required to be delivered to the Participant pursuant to the Plan or under applicable law, including but not limited to, the Plan, the Agreement, the Plan prospectus and any reports of the Company generally provided to shareholders. Such means of electronic delivery may include, but do not necessarily include, the delivery of a link to the Company's intranet or the internet site of a third party

involved in administering the Plan, the delivery of documents via electronic mail ("e-mail") or such other means of electronic delivery specified by the Company. By executing this Agreement, the Participant hereby consents to receive such documents by electronic delivery. *At the Participant's written request to the Secretary of the Company, the Company shall provide a paper copy of any document at no cost to the Participant.*

13. Data Privacy. *Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of his or her Data (as defined below) by and among, as necessary and applicable, the Company and its Subsidiaries for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan.*

*Participant understands that the Company may hold certain personal information about Participant, including, but not limited to, Participant's name, home address and telephone number, date of birth, social security or insurance number or other identification number (e.g., resident registration number), salary, nationality, and job title, any Common Stock or directorships held in the Company, and details of the RSUs or other entitlement to Shares awarded, canceled, vested, unvested or outstanding in Participant's favor ("Data"), for the purpose of implementing, administering and managing the Plan. Participant understands that Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in Participant's country or elsewhere, including outside the European Economic Area, and that the recipients' country may have different data privacy laws and protections than Participant's country. Participant authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing Participant's participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom Participant may elect to deposit any Shares acquired upon vesting and payment of the RSUs or other entitlement to Shares.*

*Participant understands that he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. Participant understands that Data shall be held as long as is reasonably necessary to implement, administer and manage his or her participation in the Plan, and he or she may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative. Further, Participant understands that Participant is providing the consents herein on a purely voluntary basis. If Participant does not consent, or if Participant later seeks to revoke his or her consent, his or her employment status or service and career with his or her employer will not be adversely affected; the only adverse consequence of refusing or withdrawing Participant's consent is that the Company would not be able to grant RSUs or other equity awards to Participant or to administer or maintain such awards. Therefore, Participant understands that refusing or withdrawing such consent may affect his or her ability to participate in the Plan. In addition, Participant understands that the Company and its Subsidiaries have separately implemented procedures for the handling of Data which the Company believes permits the Company to use the Data in the manner set forth above notwithstanding the Participant's withdrawal of such consent. For more information on the consequences of refusal to consent or withdrawal of consent, Participant understands that he or she may contact his or her local human resources representative.*

14. Waiver of Right to Jury Trial. Each party, to the fullest extent permitted by law, waives any right or expectation against the other to trial or adjudication by a jury of any claim, cause or action arising with respect to the RSUs or hereunder, or the rights, duties or liabilities created hereby.

---

15. Agreement Severable. In the event that any provision of this Agreement shall be held invalid or unenforceable, such provision shall be severable from, and such invalidity or unenforceability shall not be construed to have any effect on, the remaining provisions of this Agreement.

16. Governing Law and Venue. The laws of the State of Delaware (other than its choice of law provisions) shall govern this Agreement and its interpretation. For purposes of litigating any dispute that arises with respect to the RSUs, this Agreement or the Plan, the parties hereby submit to and consent to the jurisdiction of the State of Delaware, and agree that such litigation shall be conducted in the courts of New Castle County, or the United States Federal court for the District of Delaware, and no other courts; and waive, to the fullest extent permitted by law, any objection that the laying of the venue of any legal or equitable proceedings related to, concerning or arising from such dispute which is brought in any such court is improper or that such proceedings have been brought in an inconvenient forum. Any claim under the Plan, this Agreement or any Award must be commenced by a Participant within twelve (12) months of the earliest date on which the Participant's claim first arises, or the Participant's cause of action accrues, or such claim will be deemed waived by the Participant.

17. Nature of RSUs. In accepting the RSUs, Participant acknowledges and agrees that:

(a) the award of RSUs is voluntary and occasional and does not create any contractual or other right to receive future awards of RSUs, benefits in lieu of RSUs or other equity awards, even if RSUs have been awarded repeatedly in the past;

(b) all decisions with respect to future equity awards, if any, shall be at the sole discretion of the Company;

(c) Participant's participation in the Plan is voluntary;

(d) the future value of the underlying Shares is unknown and cannot be predicted with certainty;

(e) the value of the Shares acquired upon vesting/settlement of the RSUs may increase or decrease in value;

(f) in consideration of the award of RSUs, no claim or entitlement to compensation or damages shall arise from termination of the Award or from any diminution in value of the Award or Shares upon vesting of the Award resulting from termination of Participant's continuous service by the Company or any Subsidiary (for any reason whatsoever and whether or not in breach of applicable labor laws of the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any, and whether or not later found to be invalid) and in consideration of the grant of the Award, Participant irrevocably releases the Company and any Subsidiary from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by signing the Agreement/electronically accepting the Agreement, Participant shall be deemed irrevocably to have waived Participant's entitlement to pursue or seek remedy for any such claim;

(g) the Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan or Participant's acquisition or sale of the underlying Shares; and

(h) Participant is hereby advised to consult with Participant's own personal tax, legal and financial advisors regarding Participant's participation in the Plan before taking any action related to the Plan.

---

18. Severability. The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

19. Waiver. Participant acknowledges that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by Participant or any other participant.

20. Insider Trading/Market Abuse Laws. Participant acknowledges that, depending on Participant's country, Participant may be subject to insider trading restrictions and/or market abuse laws, which may affect his or her ability to acquire or sell Shares or rights to Shares (e.g., RSUs) under the Plan during such times as Participant is considered to have "inside information" regarding the Company (as defined by the laws in Participant's country). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable insider trading policy of the Company. Participant acknowledges that it is his or her responsibility to comply with any applicable restrictions, and Participant is advised to consult with his or her own personal legal and financial advisors on this matter.

21. Recoupment. The RSUs granted pursuant to this Agreement are subject to the terms of the Fortive Corporation Recoupment Policy as it exists from time to time (a copy of the Recoupment Policy as it exists from time to time is available on the Company's internal website) (the "Policy") if and to the extent such Policy by its terms applies to the RSUs, and to the terms required by applicable law; and the terms of the Policy and such applicable law are incorporated by reference herein and made a part hereof.

22. Notices. The Company may, directly or through its third party stock plan administrator, endeavor to provide certain notices to Participant regarding certain events relating to awards that the Participant may have received or may in the future receive under the Plan, such as notices reminding Participant of the vesting or expiration date of certain awards. Participant acknowledges and agrees that (1) the Company has no obligation (whether pursuant to this Agreement or otherwise) to provide any such notices; (2) to the extent the Company does provide any such notices to Participant the Company does not thereby assume any obligation to provide any such notices or other notices; and (3) the Company, its affiliates and the third party stock plan administrator have no liability for, and the Participant has no right whatsoever (whether pursuant to this Agreement or otherwise) to make any claim against the Company, any of its affiliates or the third party stock plan administrator based on any allegations of, damages or harm suffered by the Participant as a result of the Company's failure to provide any such notices or Participant's failure to receive any such notices.

23. Consent and Agreement With Respect to Plan. Participant (1) acknowledges that the Plan and the prospectus relating thereto are available to Participant on the website maintained by the Company's third party stock plan administrator; (2) represents that he or she has read and is familiar with the terms and provisions thereof, has had an opportunity to obtain the advice of counsel of his or her choice prior to executing this Agreement and fully understands all provisions of the Agreement and the Plan; (3) accepts these RSUs subject to all of the terms and provisions thereof; (4) consents and agrees to all amendments that have been made to the Plan since it was adopted in 2016 (and for the avoidance of doubt consents and agrees to each amended term reflected in the Plan as in effect on the date of this Agreement), and consents and agrees that all options and restricted stock units, if any, held by Participant that were previously granted under the Plan as it has existed from time to time are now governed by the Plan as in effect on the date of this Agreement (except to the extent the Committee has expressly provided that a particular Plan amendment does not apply retroactively); and (5) agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions arising under the Plan or this Agreement.

---

[If the Agreement is signed in paper form, complete and execute the following:]

**PARTICIPANT**

**FORTIVE CORPORATION**

---

*Signature*

---

*Signature*

---

*Print Name*

---

*Print Name*

---

*Residence Address*

---

*Title*



**FORTIVE CORPORATION**  
**2016 STOCK INCENTIVE PLAN**  
**RESTRICTED STOCK GRANT AGREEMENT**

Unless otherwise defined herein, the terms defined in the Fortive Corporation 2016 Stock Incentive Plan (the “Plan”) will have the same defined meanings in this Restricted Stock Grant Agreement (the “Agreement”).

**I. NOTICE OF GRANT**

**Name:**

**Address:**

The undersigned Participant has been granted an Award of Restricted Stock Grant, subject to the terms and conditions of the Plan and this Agreement, as follows (each of the following capitalized terms are defined terms having the meaning indicated below):

Date of Grant \_\_\_\_\_

Number of Shares of Restricted Stock \_\_\_\_\_

Vesting Schedule:

Time-Based Vesting Criteria The time-based vesting criteria will be satisfied with respect to  
[            ]% of the shares underlying the Restricted Stock Grants on each  
of the [            ] anniversaries of the Date of Grant.

Performance Objective Set forth on Addendum A (if applicable)

**II. AGREEMENT**

1. Grant of Restricted Stock. Fortive Corporation (the “Company”) hereby grants to the Participant named in this Notice of Grant (the “Participant”), an Award of shares of Common Stock set forth above (“Restricted Shares”) subject to the terms and conditions of this Agreement and the Plan, which are incorporated herein by reference. In the event of a conflict between the terms and conditions of the Plan and this Agreement, the terms and conditions of the Plan shall prevail.

2. Vesting.

(a) Vesting Schedule. Except as may otherwise be set forth in this Agreement or in the Plan, with respect to each Tranche of Restricted Shares granted under this Agreement (a “Tranche” consists of all Restricted Shares as to which the Time-Based Vesting Criteria are scheduled to be satisfied on the same date), the Tranche shall not vest, and the restrictions with the respect to the Tranche shall not lapse, unless (i) the Participant continues to be actively employed with the Company or an Eligible Subsidiary for the period required to satisfy the Time-Based Vesting Criteria applicable to such Tranche

---

(the date on which the Time-Based Vesting Criteria applicable to a Tranche are scheduled to be satisfied is the “Time-Based Vesting Date”), and (ii) the Performance Objective applicable to such Restricted Shares, if any, is satisfied on or prior to the Time-Based Vesting Date. Vesting shall be determined separately for each Tranche. The Performance Objective (if any) and Time-Based Vesting Criteria applicable to any Tranche are collectively referred to as “Vesting Conditions,” and the date upon which all Vesting Conditions applicable to that Tranche are satisfied, and the restrictions on that Tranche lapses, is referred to as the “Vesting Date” for such Tranche. The Vesting Conditions shall be established by the Compensation Committee (the “Committee”) of the Company’s Board of Directors (or by one or more members of Company management, if such power has been delegated in accordance with the Plan and applicable law) and reflected in the account maintained for the Participant by an external third party administrator of the Restricted Stock Grant. Further, during any approved leave of absence (and without limiting the application of any other rules governing leaves of absence that the Committee may approve from time to time pursuant to the Plan), to the extent permitted by applicable law the Committee shall have discretion to provide that the vesting of the Restricted Shares shall be frozen as of the first day of the leave (or as of any subsequent day during such leave, as applicable) and shall not resume until and unless the Participant returns to active employment. Any Restricted Shares for which the Performance Objective (if any) applicable to such Restricted Shares is not satisfied on or prior to the corresponding Time-Based Vesting Date shall be forfeited without consideration.

(b) Performance Objective. The Committee shall determine whether the Performance Objective applicable to a Restricted Share, if any, has been met, and such determination shall be final and conclusive. Until the Committee has made such a determination, the Performance Objective (if any) may not be considered to have been satisfied. Notwithstanding any determination by the Committee that the Performance Objective (if any) has been attained with respect to a particular Tranche, such Tranche shall not be considered to have vested, and the restrictions shall not have lapsed, unless and until the Participant has satisfied the Time-Based Vesting Criteria applicable to such Tranche.

(c) Fractional Restricted Share Vesting. In the event the Participant is vested in a fractional portion of a Restricted Share (a “Fractional Portion”), such Fractional Portion will be rounded up and a whole share of Common Stock (“Share”) shall vest.

(d) Addendum. The provisions of Addendum A (if any) are incorporated by reference herein and made a part of this Agreement, and to the extent any provision in Addendum A (if any) conflicts with any provision set forth elsewhere in this Agreement (including without limitation any provisions relating to Retirement), the provision set forth in Addendum A (if any) shall control.

### 3. Restriction on Transfer; Lapse of Restrictions; Form and Timing of Grant and Delivery

(a) Restrictions on Transfer. The Restricted Shares issued under this Agreement may not be sold, transferred or otherwise disposed of and may not be pledged or otherwise hypothecated until such Restricted Shares vests, and all restrictions on such Restricted Shares shall have lapsed, in the manner set forth in Sections 2 and 4. Until the Restricted Shares vests pursuant to the Vesting Conditions and are delivered to the Participant, such Restricted Shares shall (i) if in book entry form, be subject to an appropriate stop-transfer order (“Stop Order”) and (ii) bear the following legend or notation (the “Legend”): “The shares represented by this certificate are subject to a Restricted Stock Grant Agreement between the registered owner and Fortive Corporation which restricts the transferability of the shares. A copy of the agreement is on file with the Secretary of Fortive Corporation.”

---

(b) Form and Timing of Grant and Delivery; Retention of Certificates. As soon as practicable after the Date of Grant, the Company shall issue the Restricted Shares either in book-entry form or in certificated form registered in the name of the Participant. The stock certificate corresponding to the Restricted Shares (including any dividend paid thereon or any shares, securities, monies, warrants, rights, options or property representing a dividend or distribution in respect thereof) will be held in custody by the Company or its designated agent until such Restricted Shares vest pursuant to the Vesting Conditions. In addition, if a stock power is requested by the Company with respect to the Restricted Shares, the Restricted Stock Grant shall be subject to, and condition upon, the Participant delivering a stock power, endorsed in blank and in the form provided by the Company, relating to the Restricted Shares underlying the Restricted Stock Grant. Unless and until the Restricted Shares have vested in the manner set forth in Sections 2 and 4, Participant shall have no right of delivery of such Restricted Shares. Subject to the other terms of the Plan and this Agreement (including satisfaction of the obligations with regard to all Tax Related Items legally payable by the Participant), the Restricted Shares pertaining to any Tranche that vests in accordance with Sections 2 and 4 will be delivered either in book entry form or in certificated form to the Participant without the Stop Order and without the Legend within 90 days of the Vesting Date for that Tranche. Shares shall not be issued or delivered under the Plan unless the issuance and delivery of such Shares comply with (or are exempt from) all applicable requirements of law, including (without limitation) the Securities Act, the rules and regulations promulgated thereunder, state securities laws and regulations, and the regulations of any stock exchange or other securities market on which the Company's securities may then be traded. The Committee may require the Participant to take any reasonable action in order to comply with any such rules or regulations.

(b) Acknowledgment of Potential Securities Law Restrictions. Unless a registration statement under the Securities Act covers the Restricted Shares, the Committee may require that the Participant agree in writing to acquire such Shares for investment and not for public resale or distribution, unless and until the Shares subject to the Award are registered under the Securities Act. The Committee may also require the Participant to acknowledge that he or she shall not sell or transfer such Shares except in compliance with all applicable laws, and may apply such other restrictions as it deems appropriate. The Participant acknowledges that the U.S. federal securities laws prohibit trading in the stock of the Company by persons who are in possession of material, non-public information, and also acknowledges and understands the other restrictions set forth in the Company's Insider Trading Policy.

#### 4. Termination of Employment.

(a) General. In the event the Participant's active employment or other active service-providing relationship with the Company or an Eligible Subsidiary terminates for any reason (other than death, Early Retirement or Normal Retirement) whether or not in breach of applicable labor laws, all Restricted Shares that are unvested as of termination shall automatically and irrevocably be forfeited as of the date of termination without consideration. The Committee shall have discretion to determine whether the Participant has ceased to be actively employed by (or, if the Participant is a consultant or director, has ceased actively providing services to) the Company or Eligible Subsidiary, and the effective date on which such active employment (or active service-providing relationship) terminated. The Participant's active employer-employee or other active service-providing relationship will not be extended by any notice period mandated under applicable law (*e.g.*, active employment shall not include a period of "garden leave", paid administrative leave or similar period pursuant to applicable law). Unless the Committee provides otherwise (1) termination of the Participant's employment will include instances in which Participant is terminated and immediately rehired as an independent contractor, and (2) the spin-off, sale, or disposition of the Participant's employer from the Company or an Eligible Subsidiary (whether by transfer of shares, assets or otherwise) such that the Participant's employer no longer constitutes an Eligible Subsidiary will constitute a termination of employment or service.

---

(b) Death. Upon Participant's death, a pro rata amount of each invested Tranche shall become vested based on the number of complete twelve-month periods between the Date of Grant and the date of the Participant's death divided by the total number of twelve-month periods between the Date of Grant and the Time-Based Vesting Date applicable to such Tranche. Notwithstanding anything in the Plan or this Agreement to the contrary, for purposes of this Section, any partial twelve-month period between the Date of Grant and the date of death shall be considered a complete twelve-month period and any Fractional Portion that results from applying the pro rata methodology shall be rounded up to a whole Share.

(c) Retirement.

(i) Upon termination of employment by reason of the Participant's Early Retirement, unless contrary to applicable law and unless otherwise provided by the Committee either initially or subsequent to the grant of the relevant Award, with respect to each Tranche that is invested as of the Early Retirement date, a pro-rata portion of such Tranche (i.e. based on the ratio of (x) the number of full or partial months worked by the Participant from the Date of Grant to the Early Retirement date to (y) the total number of months in the original time-based vesting schedule of such Tranche) will vest as of the Time-Based Vesting Date for such Tranche, but if and only if the Performance Objective (if any) is satisfied on or prior to such Time-Based Vesting Date.

(ii) Upon termination of employment by reason of the Participant's Normal Retirement, unless contrary to applicable law and unless otherwise provided by the Committee either initially or subsequent to the grant of the relevant Award, with respect to each Tranche that is invested as of the Normal Retirement date, such Tranche will vest as of the Time-Based Vesting Date for such Tranche, but if and only if the Performance Objective (if any) is satisfied on or prior to such Time-Based Vesting Date.

(d) Gross Misconduct. If the Participant's employment with the Company or an Eligible Subsidiary is terminated for Gross Misconduct, the Participant's invested Restricted Shares shall automatically and irrevocably be forfeited as of the time of termination without consideration. The Participant acknowledges and agrees that the Participant's termination of employment shall also be deemed to be a termination of employment by reason of the Participant's Gross Misconduct if, after the Participant's employment has terminated, facts and circumstances are discovered or confirmed by the Company that would have justified a termination for Gross Misconduct.

(e) Violation of Post-Employment Covenant. To the extent that any of the Participant's Restricted Shares remain outstanding and unvested under the terms of the Plan or this Agreement after termination of the Participant's employment or service with the Company or an Eligible Subsidiary, such Restricted Shares shall be forfeited without consideration as of the date the Participant violates any covenant not to compete or other post-employment covenant that exists between the Participant on the one hand and the Company or any subsidiary of the Company, on the other hand.

(f) Substantial Corporate Change. Upon a Substantial Corporate Change, the Participant's unvested Restricted Shares will be forfeited without consideration unless provision is made in writing in connection with such transaction for the assumption or continuation of the Restricted Shares, or the substitution for such Restricted Shares of any options or grants covering the stock or securities of a successor employer corporation, or a parent or subsidiary of such successor, with appropriate adjustments as to the number and kind of shares of stock and prices, in which event the Restricted Shares will continue in the manner and under the terms so provided.

---

#### 5. Amendment of the Agreement or Plan.

(a) The Plan and this Agreement constitute the entire understanding of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof. Participant expressly warrants that he or she is not accepting this Agreement in reliance on any promises, representations, or inducements other than those contained herein. The Company's Board may amend, modify or terminate the Plan or any Award in any respect at any time; provided, however, that modifications to this Agreement or the Plan that materially and adversely affect the Participant's rights hereunder can be made only in an express written contract signed by the Company and the Participant. Notwithstanding anything to the contrary in the Plan or this Agreement, the Company reserves the right to revise this Agreement and Participant's rights under outstanding and unvested Restricted Shares as it deems necessary or advisable, in its sole discretion and without the consent of the Participant, (1) upon a Substantial Corporate Change or (2) as required by law.

(b) The Participant acknowledges and agrees that if the Participant changes classification from a full-time employee to a part-time employee the Committee may in its sole discretion cause a percentage (including 100%) of the Participant's unvested Restricted Shares to be forfeited without consideration.

#### 6. Tax Obligations.

(a) Withholding Taxes. Regardless of any action the Company or any Subsidiary employing the Participant (the "Employer") takes with respect to any or all federal, state, local or foreign income tax, social insurance, payroll tax, payment on account or other tax related items ("Tax Related Items"), the Participant acknowledges that the ultimate liability for all Tax Related Items associated with the Restricted Shares is and remains the Participant's responsibility and that the Company and the Employer (i) make no representations or undertakings regarding the treatment of any Tax Related Items in connection with any aspect of the Restricted Shares, including, but not limited to, the grant or vesting of the Restricted Shares, the delivery of the Shares, lapse of the transfer restrictions, the subsequent sale of Shares delivered at vesting and the receipt of any dividends or dividend equivalents; and (ii) do not commit to structure the terms of the grant or any aspect of the Restricted Stock Grant to reduce or eliminate the Participant's liability for Tax Related Items. Further, if Participant is subject to tax in more than one jurisdiction, Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to the relevant taxable event, Participant shall pay or make adequate arrangements satisfactory to the Company and/or the Employer (in its sole discretion) to satisfy all withholding and payment on account obligations for Tax Related Items of the Company and/or the Employer. In this regard, the Participant authorizes the Company and the Employer, or either of them, in such entity's sole discretion, to satisfy the obligations with regard to all Tax Related Items legally payable by the Participant (with respect to the award granted hereunder as well as any equity awards previously received by the Participant under any Company stock plan) by one or a combination of the following: (i) requiring the Participant to pay Tax-Related Items in cash with a cashier's check or certified check or by wire transfer of immediately available funds; (ii) withholding cash from the Participant's wages or other compensation payable to the Participant by the Company and/or the Employer; (iii) arranging for the sale of Shares otherwise deliverable to the Participant upon vesting of the Restricted Shares (on Participant's behalf and at Participant's direction pursuant to this authorization), including the sale of Shares prior to such scheduled delivery date; (iv) withholding from the proceeds of the sale of Shares acquired upon delivery of the Restricted Shares; or (v) withholding in Shares otherwise deliverable to the Participant, provided that the Company withholds only the amount of Shares necessary to satisfy the minimum statutory withholding amount (or such other amount that will not cause avoid adverse accounting consequences for the Company and is permitted under applicable withholding rules promulgated by the Internal Revenue Service or another applicable governmental entity) using the Fair Market Value of the

---

Shares on the date of the relevant taxable event. Participant shall pay to the Company or the Employer any amount of Tax Related Items that the Company or the Employer may be required to withhold as a result of the Participant's participation in the Plan that are not satisfied by any of the means previously described. The Company may refuse to deliver the Shares to the Participant if the Participant fails to comply with Participant's obligations in connection with the Tax Related Items as described in this Section.

(b) Section 83(b) Election. If the Participant makes an election under Section 83(b) of the Code, or any successor section thereto, to be taxed with respect to the Restricted Shares as of the Grant Date, the Participant shall deliver a copy of such election to the Company immediately after filing such election with the Internal Revenue Service, together with any required tax withholding. A form of such election is attached hereto as Exhibit A. The Grantee hereby acknowledges that it is the Grantee's sole responsibility, and not the Company's, to file timely the election under Section 83(b) of the Code.

7. Rights as Shareholder. With respect to the Restricted Shares, the Participant shall have the same dividend rights, voting rights and other rights with respect to such Restricted Shares as the Company's other stockholders, except that, until the Restricted Shares shall have vested pursuant to the Vesting Conditions and all restrictions pertaining thereto shall have lapsed, (i) the Participant shall not be entitled to delivery of such Restricted Shares, (ii) such Restricted Shares may not be sold, transferred or otherwise disposed of and may not be pledged or otherwise hypothecated, (iii) any dividend paid on such Restricted Shares or any shares, securities, monies, warrants, rights, options or property representing a dividend or distribution in respect of such Restricted Shares will be held in custody by the Company or its designated agent, and (iv) such Restricted Shares shall be subject to all terms, conditions, and restrictions, including, but not limited to, forfeiture without consideration, of this Agreement and the Plan.

8. No Employment Contract. Nothing in the Plan or this Agreement constitutes an employment contract between the Company and the Participant and this Agreement shall not confer upon the Participant any right to continuation of employment or service with the Company or any of its Subsidiaries, nor shall this Agreement interfere in any way with the Company's or any of its Subsidiaries right to terminate the Participant's employment or service at any time, with or without cause (subject to any employment agreement a Participant may otherwise have with the Company or a Subsidiary thereof and/or applicable law).

9. Board Authority. The Board and/or the Committee shall have the power to interpret this Agreement and to adopt such rules for the administration, interpretation and application of the Agreement as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether any Restricted Shares have vested). All interpretations and determinations made by the Board and/or the Committee in good faith shall be final and binding upon Participant, the Company and all other interested persons and such determinations of the Board and/or the Committee do not have to be uniform nor do they have to consider whether Plan participants are similarly situated. No member of the Board and/or the Committee shall be personally liable for any action, determination or interpretation made in good faith with respect to this Agreement.

10. Headings. The captions used in this Agreement and the Plan are inserted for convenience and shall not be deemed to be a part of the Restricted Stock Grant for construction and interpretation.

11. Electronic Delivery.

(a) If the Participant executes this Agreement electronically, for the avoidance of doubt Participant acknowledges and agrees that his or her execution of this Agreement electronically (through an on-line system established and maintained by the Company or a third party designated by the Company, or otherwise) shall have the same binding legal effect as would execution of this Agreement in paper form. Participant acknowledges that upon request of the Company he or she shall also provide an executed, paper form of this Agreement.

---

(b) If the Participant executes this Agreement in paper form, for the avoidance of doubt the parties acknowledge and agree that it is their intent that any agreement previously or subsequently entered into between the parties that is executed electronically shall have the same binding legal effect as if such agreement were executed in paper form.

(c) If Participant executes this Agreement multiple times (for example, if the Participant first executes this Agreement in electronic form and subsequently executes this Agreement in paper form), the Participant acknowledges and agrees that (i) no matter how many versions of this Agreement are executed and in whatever medium, this Agreement only evidences a single Award relating to the number of Restricted Shares set forth in the Notice of Grant and (ii) this Agreement shall be effective as of the earliest execution of this Agreement by the parties, whether in paper form or electronically, and the subsequent execution of this Agreement in the same or a different medium shall in no way impair the binding legal effect of this Agreement as of the time of original execution.

(d) The Company may, in its sole discretion, decide to deliver by electronic means any documents related to the Restricted Stock Grant, to participation in the Plan, or to future awards granted under the Plan, or otherwise required to be delivered to the Participant pursuant to the Plan or under applicable law, including but not limited to, the Plan, the Agreement, the Plan prospectus and any reports of the Company generally provided to shareholders. Such means of electronic delivery may include, but do not necessarily include, the delivery of a link to the Company's intranet or the internet site of a third party involved in administering the Plan, the delivery of documents via electronic mail ("e-mail") or such other means of electronic delivery specified by the Company. By executing this Agreement, the Participant hereby consents to receive such documents by electronic delivery. *At the Participant's written request to the Secretary of the Company, the Company shall provide a paper copy of any document at no cost to the Participant.*

12. **Data Privacy:** *Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of his or her Data (as defined below) by and among, as necessary and applicable, the Employer, the Company and its Subsidiaries for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan.*

*Participant understands that the Company and the Employer may hold certain personal information about Participant, including, but not limited to, Participant's name, home address and telephone number, date of birth, social security or insurance number or other identification number (e.g., resident registration number), salary, nationality, and job title, any Common Stock or directorships held in the Company, and details of the Restricted Stock Grant or other entitlement to Shares awarded, canceled, vested, unvested or outstanding in Participant's favor ("Data"), for the purpose of implementing, administering and managing the Plan. Participant understands that Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in Participant's country or elsewhere, including outside the European Economic Area, and that the recipients' country may have different data privacy laws and protections than Participant's country. Participant authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing Participant's participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom Participant may elect to deposit any Shares acquired upon vesting and delivery of the Restricted Share or other entitlement to the Restricted Shares.*

---

*Participant understands that he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. Participant understands that Data shall be held as long as is reasonably necessary to implement, administer and manage his or her participation in the Plan, and he or she may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative. Further, Participant understands that Participant is providing the consents herein on a purely voluntary basis. If Participant does not consent, or if Participant later seeks to revoke his or her consent, his or her employment status or service and career with his or her employer will not be adversely affected; the only adverse consequence of refusing or withdrawing Participant's consent is that the Company would not be able to grant the Restricted Shares or other equity awards to Participant or to administer or maintain such awards. Therefore, Participant understands that refusing or withdrawing such consent may affect his or her ability to participate in the Plan. In addition, Participant understands that the Company and its Subsidiaries have separately implemented procedures for the handling of Data which the Company believes permits the Company to use the Data in the manner set forth above notwithstanding the Participant's withdrawal of such consent. For more information on the consequences of refusal to consent or withdrawal of consent, Participant understands that he or she may contact his or her local human resources representative.*

13. Waiver of Right to Jury Trial. Each party, to the fullest extent permitted by law, waives any right or expectation against the other to trial or adjudication by a jury of any claim, cause or action arising with respect to the Restricted Stock Grant or hereunder, or the rights, duties or liabilities created hereby.

14. Agreement Severable. In the event that any provision of this Agreement shall be held invalid or unenforceable, such provision shall be severable from, and such invalidity or unenforceability shall not be construed to have any effect on, the remaining provisions of this Agreement.

15. Governing Law and Venue. The laws of the State of Delaware (other than its choice of law provisions) shall govern this Agreement and its interpretation. For purposes of litigating any dispute that arises with respect to the Restricted Stock Grant, this Agreement or the Plan, the parties hereby submit to and consent to the jurisdiction of the State of Delaware, and agree that such litigation shall be conducted in the courts of New Castle County, or the United States Federal court for the District of Delaware, and no other courts; and waive, to the fullest extent permitted by law, any objection that the laying of the venue of any legal or equitable proceedings related to, concerning or arising from such dispute which is brought in any such court is improper or that such proceedings have been brought in an inconvenient forum. Any claim under the Plan, this Agreement or any Award must be commenced by a Participant within twelve (12) months of the earliest date on which the Participant's claim first arises, or the Participant's cause of action accrues, or such claim will be deemed waived by the Participant.

16. Nature of Restricted Stock Grant. In accepting the Restricted Stock Grant, Participant acknowledges and agrees that:

(a) the award of the Restricted Stock Grant is voluntary and occasional and does not create any contractual or other right to receive future awards of Restricted Stock Grant, benefits in lieu of Restricted Stock Grant or other equity awards, even if Restricted Stock Grants have been awarded repeatedly in the past;

(b) all decisions with respect to future equity awards, if any, shall be at the sole discretion of the Company;



---

(c) Participant's participation in the Plan is voluntary;

(d) the award of Restricted Stock Grant and Shares subject to the Restricted Stock Grant, and the income and value of same, are an extraordinary item that (i) does not constitute compensation of any kind for services of any kind rendered to the Company or any Subsidiary, and (ii) is outside the scope of Participant's employment or service contract, if any;

(e) the award of Restricted Stock Grant and Shares subject to the Restricted Stock Grant, and the income and value of same, are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, end of service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company or any Subsidiary;

(f) unless otherwise expressly agreed with the Company, the Restricted Stock Grant and Shares subject to the Restricted Stock Grant, and the income and value of same, are not granted as consideration for, or in connection with, any service Participant may provide as a director of any Subsidiary;

(g) the award of Restricted Stock Grant and Participant's participation in the Plan shall not be interpreted to form an employment or service contract with the Company or any Subsidiary of the Company;

(h) the future value of the underlying Shares is unknown and cannot be predicted with certainty;

(i) the value of the Shares underlying the Restricted Stock Grant may increase or decrease in value;

(j) in consideration of the award of Restricted Stock Grant, no claim or entitlement to compensation or damages shall arise from termination of the Award or from any diminution in value of the Award or Shares upon vesting of the Award resulting from termination of Participant's employment or continuous service by the Company or any Subsidiary (for any reason whatsoever and whether or not in breach of applicable labor laws of the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any, and whether or not later found to be invalid) and in consideration of the grant of the Award, Participant irrevocably releases the Company and any Subsidiary from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by signing the Agreement/electronically accepting the Agreement, Participant shall be deemed irrevocably to have waived Participant's entitlement to pursue or seek remedy for any such claim;

(k) the Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan or Participant's acquisition or sale of the underlying Shares; and

(l) Participant is hereby advised to consult with Participant's own personal tax, legal and financial advisors regarding Participant's participation in the Plan before taking any action related to the Plan.

17. Language. If Participant has received the Plan, this Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control, unless otherwise prescribed by applicable law.

---

18. Severability. The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

19. Waiver. Participant acknowledges that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by Participant or any other participant.

20. Insider Trading/Market Abuse Laws. Participant acknowledges that, depending on Participant's country, Participant may be subject to insider trading restrictions and/or market abuse laws, which may affect his or her ability to acquire or sell Shares or rights to Shares (e.g., Restricted Shares) under the Plan during such times as Participant is considered to have "inside information" regarding the Company (as defined by the laws in Participant's country). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable insider trading policy of the Company. Participant acknowledges that it is his or her responsibility to comply with any applicable restrictions, and Participant is advised to consult with his or her own personal legal and financial advisors on this matter.

21. Recoupment. The Restricted Shares granted pursuant to this Agreement are subject to the terms of the Fortive Corporation Recoupment Policy as it exists from time to time (a copy of the Recoupment Policy as it exists from time to time is available on the Company's internal website) (the "Policy") if and to the extent such Policy by its terms applies to the Restricted Shares, and to the terms required by applicable law; and the terms of the Policy and such applicable law are incorporated by reference herein and made a part hereof.

22. Notices. The Company may, directly or through its third party stock plan administrator, endeavor to provide certain notices to Participant regarding certain events relating to awards that the Participant may have received or may in the future receive under the Plan, such as notices reminding Participant of the vesting or expiration date of certain awards. Participant acknowledges and agrees that (1) the Company has no obligation (whether pursuant to this Agreement or otherwise) to provide any such notices; (2) to the extent the Company does provide any such notices to Participant the Company does not thereby assume any obligation to provide any such notices or other notices; and (3) the Company, its affiliates and the third party stock plan administrator have no liability for, and the Participant has no right whatsoever (whether pursuant to this Agreement or otherwise) to make any claim against the Company, any of its affiliates or the third party stock plan administrator based on any allegations of, damages or harm suffered by the Participant as a result of the Company's failure to provide any such notices or Participant's failure to receive any such notices.

23. Consent and Agreement With Respect to Plan. Participant (1) acknowledges that the Plan and the prospectus relating thereto are available to Participant on the website maintained by the Company's third party stock plan administrator; (2) represents that he or she has read and is familiar with the terms and provisions thereof, has had an opportunity to obtain the advice of counsel of his or her choice prior to executing this Agreement and fully understands all provisions of the Agreement and the Plan; (3) accepts this Restricted Stock Grant subject to all of the terms and provisions thereof; (4) consents and agrees to all amendments that have been made to the Plan since it was adopted in 2016 (and for the avoidance of doubt consents and agrees to each amended term reflected in the Plan as in effect on the date of this Agreement), and consents and agrees that all options and restricted stock units, if any, held by Participant that were previously granted under

the Plan as it has existed from time to time are now governed by the Plan as in effect on the date of this Agreement (except to the extent the Committee has expressly provided that a particular Plan amendment does not apply retroactively); and (5) agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions arising under the Plan or this Agreement.

[If the Agreement is signed in paper form, complete and execute the following:]

**PARTICIPANT**

**FORTIVE CORPORATION**

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Print Name*

\_\_\_\_\_  
*Print Name*

\_\_\_\_\_

\_\_\_\_\_  
*Title*

\_\_\_\_\_  
*Residence Address*

---

**ADDENDUM A**

**FORTIVE CORPORATION**  
**2016 STOCK INCENTIVE PLAN**  
**PERFORMANCE STOCK UNIT AGREEMENT**

Unless otherwise defined herein, the terms defined in the Fortive Corporation 2016 Stock Incentive Plan (the “Plan”) will have the same defined meanings in this Performance Stock Unit Agreement (the “Agreement”).

**I. NOTICE OF GRANT**

**Name:**

**Address:**

The undersigned Participant has been granted an Award of Performance Stock Units, subject to the terms and conditions of the Plan and this Agreement, as follows (each of the following capitalized terms are defined terms having the meaning indicated below):

Date of Grant:

Target PSUs:

Performance Period:

Vesting Conditions:

Per this Agreement (including Addendum A)

**II. AGREEMENT**

1. Grant of PSUs. Fortive Corporation (the “Company”) hereby grants to the Participant named in this Notice of Grant (the “Participant”), an Award of Performance Stock Units (or “PSUs”) subject to the terms and conditions of this Agreement and the Plan, which are incorporated herein by reference. In the event of a conflict between the terms and conditions of the Plan and this Agreement, the terms and conditions of the Plan shall prevail.

2. Vesting.

(a) Vesting Schedule. Except as may otherwise be set forth in this Agreement or in the Plan, the Award shall vest with respect to the number of PSUs, if any, as determined pursuant to the terms of Addendum A (such terms are referred to herein as the “Vesting Conditions”); provided that (except as set forth in Sections 4(b) and 4(c) below) the Award shall not vest with respect to any PSUs under the terms of this Agreement unless the Participant continues to be actively employed with the Company or an Eligible Subsidiary from the Date of Grant through the date on which the Compensation Committee (the “Committee”) of the Company’s Board of Directors determines the number of PSUs that vest pursuant to the Vesting Conditions (the “Certification Date”). The Committee shall determine how many PSUs vest pursuant to the Vesting Conditions and such determination shall be final and conclusive. Until the Committee has made such a determination, none of the Vesting Conditions will be considered to have been satisfied. Such certification shall occur, if at all, no later than four (4) calendar months following the last day of the Performance Period (the “Certification End Date”).

---

(b) Fractional PSU Vesting. In the event the Participant is vested in a fractional portion of a PSU (a “Fractional Portion”), such Fractional Portion will be rounded up and converted into a whole Share of Company Common Stock (“Share”) and issued to the Participant.

3. Form and Timing of Payment; Conditions to Issuance of Shares.

(a) Form and Timing of Payment. The Award of PSUs represents the right to receive a number of Shares equal to the number of PSUs that vest pursuant to the Vesting Conditions. Prior to actual issuance of any Shares underlying the PSUs, such PSUs will represent an unsecured obligation of the Company, payable (if at all) only from the general assets of the Company. Subject to the other terms of the Plan and this Agreement, with respect to any PSUs that vest in accordance with this Agreement (other than in cases where the Participant dies during employment, which is addressed in Section 4(b) below), the underlying Shares (and related Dividend Equivalent Rights) will be paid to the Participant in whole Shares as soon as practicable (but in any event within 90 days) following the fifth anniversary of the commencement date of the Performance Period (the “Commencement Date”), and such payment shall not be conditioned on continuation of Participant’s active employment with the Company or an Eligible Subsidiary following the Certification Date. Shares shall not be issued under the Plan unless the issuance and delivery of such Shares comply with (or are exempt from) all applicable requirements of law, including (without limitation) the Securities Act, the rules and regulations promulgated thereunder, state securities laws and regulations, and the regulations of any stock exchange or other securities market on which the Company’s securities may then be traded. The Committee may require the Participant to take any reasonable action in order to comply with any such rules or regulations.

(b) Acknowledgment of Potential Securities Law Restrictions. Unless a registration statement under the Securities Act covers the Shares issued upon vesting of a PSU, the Committee may require that the Participant agree in writing to acquire such Shares for investment and not for public resale or distribution, unless and until the Shares subject to the Award are registered under the Securities Act. The Committee may also require the Participant to acknowledge that he or she shall not sell or transfer such Shares except in compliance with all applicable laws, and may apply such other restrictions as it deems appropriate. The Participant acknowledges that the U.S. federal securities laws prohibit trading in the stock of the Company by persons who are in possession of material, non-public information, and also acknowledges and understands the other restrictions set forth in the Company’s Insider Trading Policy.

4. Termination of Employment.

(a) General. In the event the Participant’s active employment or other active service-providing relationship with the Company or an Eligible Subsidiary terminates for any reason (other than death, Early Retirement or Normal Retirement) whether or not in breach of applicable labor laws, all PSUs that are unvested as of termination shall automatically terminate as of the date of termination and Participant’s right to receive further PSUs under the Plan shall also terminate as of the date of termination. The Committee shall have discretion to determine whether the Participant has ceased to be actively employed by (or, if the Participant is a consultant or director, has ceased actively providing services to) the Company or Eligible Subsidiary, and the effective date on which such active employment (or active service-providing relationship) terminated. The Participant’s active employer-employee or other active service-providing relationship will not be extended by any notice period mandated under applicable law (*e.g.*, active employment shall not include a period of “garden leave”, paid administrative leave or similar period pursuant to applicable law). Unless the Committee provides otherwise (1) termination of the Participant’s employment will include instances in which Participant is terminated and immediately rehired as an independent contractor, and (2) the spin-off, sale, or disposition of the Participant’s employer from the Company or an Eligible Subsidiary (whether by transfer of shares, assets or otherwise) such that the Participant’s employer no longer constitutes an Eligible Subsidiary will constitute a termination of employment or service.

---

(b) Death.

(i) In the event the Participant's active employment or other active service-providing relationship with the Company or an Eligible Subsidiary terminates (the date of any such termination (whether or not as a result of death) is referred to as the "Termination Date") as a result of death prior to the conclusion of the Performance Period, the Participant's estate will become vested in the portion of the Award determined by multiplying (1) the amount of Target PSUs (and related Dividend Equivalent Rights) subject to such Award, times (2) the quotient of the number of complete twelve-month periods between and including the Commencement Date and the Termination Date (provided that any partial twelve-month period between and including the Commencement Date and the Termination Date shall also be considered a complete twelve-month period for purposes of this pro-ration methodology), divided by the total number of twelve-month periods in the Performance Period. Unless otherwise provided by the Committee, this acceleration of the vesting will also apply to any PSUs the Committee has designated as covered by Performance Objectives for purposes of complying with Code Section 162(m). With respect to any PSUs that vest pursuant to this Section 4(b), the underlying Shares (and related Dividend Equivalent Rights) will be paid to the Participant's estate as soon as reasonably practicable (but in any event within 90 days) following Participant's death.

(ii) In the event the Participant's active employment or other active service-providing relationship with the Company or an Eligible Subsidiary terminates as a result of death following the conclusion of the Performance Period but prior to the date the Shares (and related Dividend Equivalent Rights) underlying vested PSUs are issued and paid, the underlying Shares (and related Dividend Equivalent Rights) will be paid to the Participant's estate as soon as reasonably practicable (but in any event within 90 days) following the later of (i) Participant's death, and (ii) the Certification End Date.

(iii) For avoidance of doubt, in all other situations, if a Participant dies after the Participant's active employment or other active service-providing relationship with the Company or an Eligible Subsidiary terminates but prior to the date the Shares (and related Dividend Equivalent Rights) underlying vested PSUs are issued and paid, the underlying Shares (and related Dividend Equivalent Rights) will be paid to Participant's estate as soon as reasonably practicable (but in any event within 90 days) following the fifth anniversary of the Commencement Date.

(c) Retirement. In the event the Participant's active employment or other active service-providing relationship with the Company or an Eligible Subsidiary terminates prior to the Certification Date as a result of (i) Normal Retirement or (ii) Early Retirement, the Participant will become vested in a number of PSUs (and related Dividend Equivalent Rights) determined by multiplying (1) the amount of PSUs actually earned pursuant to the Vesting Conditions (which shall be determined following completion of the Performance Period) under such Award, by (2) the quotient of (A) the number of complete months between and including the Commencement Date and the Termination Date (provided that any partial month between and including the Commencement Date and the Termination Date shall also be considered a complete month for purposes of this pro-ration methodology), divided by (B) the total number of months in the Performance Period (such quotient is referred to as the "Retirement Proration Quotient", provided that the Retirement Proration Quotient shall never be greater than 1.0)

(d) Gross Misconduct. If the Participant's employment with the Company or an Eligible Subsidiary is terminated for Gross Misconduct, the Participant's unvested PSUs shall automatically terminate as of the time of termination without consideration. The Participant acknowledges and agrees that the Participant's termination of employment shall also be deemed to be a termination of employment by reason of the Participant's Gross Misconduct if, after the Participant's employment has terminated, facts and circumstances are discovered or confirmed by the Company that would have justified a termination for Gross Misconduct.

---

(e) Violation of Post-Employment Covenant. To the extent that any of the Participant's unvested PSUs remain outstanding under the terms of the Plan or this Agreement after the Termination Date, any unvested PSUs shall expire as of the date the Participant violates any covenant not to compete or other post-employment covenant that exists between the Participant on the one hand and the Company or any subsidiary of the Company, on the other hand.

(f) Substantial Corporate Change. Upon a Substantial Corporate Change, the Participant's unvested PSUs will terminate unless provision is made in writing in connection with such transaction for the assumption or continuation of the PSUs, or the substitution for such PSUs of any options or grants covering the stock or securities of a successor employer corporation, or a parent or subsidiary of such successor, with appropriate adjustments as to the number and kind of shares of stock and prices, in which event the PSUs will continue in the manner and under the terms so provided.

(g) Non-Transferability of PSUs. Unless the Committee determines otherwise in advance in writing, PSUs may not be transferred in any manner otherwise than by will or by the applicable laws of descent or distribution. The terms of the Plan and this Agreement shall be binding upon the executors, administrators, heirs and permitted successors and assigns of the Participant.

#### 5. Amendment of PSUs or Plan.

(a) The Plan and this Agreement constitute the entire understanding of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof. Participant expressly warrants that he or she is not accepting this Agreement in reliance on any promises, representations, or inducements other than those contained herein. The Company's Board may amend, modify or terminate the Plan or any Award in any respect at any time; provided, however, that modifications to this Agreement or the Plan that materially and adversely affect the Participant's rights hereunder can be made only in an express written contract signed by the Company and the Participant. Notwithstanding anything to the contrary in the Plan or this Agreement, the Company reserves the right to revise this Agreement and Participant's rights under outstanding PSUs as it deems necessary or advisable, in its sole discretion and without the consent of the Participant, (1) upon a Substantial Corporate Change, (2) as required by law, or (3) to comply with Section 409A of the Internal Revenue Code of 1986 ("Section 409A") or to otherwise avoid imposition of any additional tax or income recognition under Section 409A in connection with this Award.

(b) The Participant acknowledges and agrees that if the Participant changes classification from a full-time employee to a part-time employee the Committee may in its sole discretion reduce or eliminate the Participant's unvested PSUs.

#### 6. Tax Obligations.

(a) Withholding Taxes. Regardless of any action the Company or any Subsidiary employing the Participant (the "Employer") takes with respect to any or all federal, state, local or foreign income tax, social insurance, payroll tax, payment on account or other tax related items ("Tax Related Items"), the Participant acknowledges that the ultimate liability for all Tax Related Items associated with the PSUs is and remains the Participant's responsibility and that the Company and the Employer (i) make no representations or undertakings regarding the treatment of any Tax Related Items in connection with



---

any aspect of the PSUs, including, but not limited to, the grant or vesting of the PSUs, the delivery of the Shares, the subsequent sale of Shares acquired at vesting and the receipt of any dividends or dividend equivalents; and (ii) do not commit to structure the terms of the grant or any aspect of the PSUs to reduce or eliminate the Participant's liability for Tax Related Items. Further, if Participant is subject to tax in more than one jurisdiction, Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to the relevant taxable event, Participant shall pay or make adequate arrangements satisfactory to the Company and/or the Employer (in its sole discretion) to satisfy all withholding and payment on account obligations for Tax Related Items of the Company and/or the Employer. In this regard, the Participant authorizes the Company and the Employer, or either of them, in such entity's sole discretion, to satisfy the obligations with regard to all Tax Related Items legally payable by the Participant (with respect to the award granted hereunder as well as any equity awards previously received by the Participant under any Company stock plan) by one or a combination of the following: (i) requiring the Participant to pay Tax-Related Items in cash with a cashier's check or certified check or by wire transfer of immediately available funds; (ii) withholding cash from the Participant's wages or other compensation payable to the Participant by the Company and/or the Employer; (iii) arranging for the sale of Shares otherwise issuable to the Participant upon payment on the PSUs (on such other amount that will not cause adverse accounting consequences for the Company and is permitted under applicable withholding rules promulgated by the Internal Revenue Service or another applicable governmental entity), including the sale of Shares prior to such scheduled payment date; (iv) withholding from the proceeds of the sale of Shares acquired upon payment on the PSUs; or (v) withholding in Shares otherwise issuable to the Participant, provided that the Company withholds only the amount of Shares necessary to satisfy the minimum statutory withholding amount (or if there is no minimum statutory withholding amount, such amount as may be necessary to avoid adverse accounting treatment) using the Fair Market Value of the Shares on the date of the relevant taxable event. Participant shall pay to the Company or the Employer any amount of Tax Related Items that the Company or the Employer may be required to withhold as a result of the Participant's participation in the Plan that are not satisfied by any of the means previously described. The Company may refuse to deliver the Shares to the Participant if the Participant fails to comply with Participant's obligations in connection with the Tax Related Items as described in this Section.

(b) Code Section 409A. The intent of the parties is that payments and benefits under this Agreement comply with Section 409A of Code to the extent subject thereto, and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted and be administered to be in compliance therewith. Notwithstanding anything contained herein to the contrary, to the extent required to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, the Participant shall not be considered to have separated from service with the Company for purposes of this Agreement and no payment shall be due to the Participant under this Agreement on account of a separation from service until the Participant would be considered to have incurred a "separation from service" from the Company within the meaning of Section 409A of the Code. Any payments described in this Agreement that are due within the "short-term deferral period" as defined in Section 409A of the Code shall not be treated as deferred compensation unless applicable law requires otherwise. Notwithstanding anything to the contrary in this Agreement, to the extent that any amounts are payable upon a separation from service and such payment would result in accelerated taxation and/or tax penalties under Section 409A of the Code, such payment, under this Agreement or any other agreement of the Company, shall be made on the first business day after the date that is six (6) months following such separation from service (or death, if earlier). The Company makes no representation that any or all of the payments described in this Agreement will be exempt from or comply with Section 409A of the Code and makes no undertaking to preclude Section 409A of the Code from applying to any such payment. The Grantee shall be solely responsible for the payment of any taxes and penalties incurred under Section 409A.

---

For purposes of making a payment under this Agreement, if any amount is payable as a result of a Substantial Corporate Change, such event must also constitute a “change in ownership or effective control” of the Company or a “change in the ownership of a substantial portion of the assets” of the Company within the meaning of Section 409A.

7. Rights as Shareholder; Dividends. The Participant shall have no rights as a shareholder of the Company, no dividend rights (except as expressly provided in this Section 7 with respect to Dividend Equivalent Rights) and no voting rights, with respect to the PSUs or any Shares underlying or issuable in respect of such PSUs until such Shares are actually issued to the Participant. No adjustments will be made for dividends or other rights of a holder for which the record date is prior to the date of issuance of the stock certificate or book entry evidencing such Shares. If on or after the Date of Grant and prior to the date the Shares underlying vested PSUs are issued to the Participant the Board declares a cash dividend on the shares of Company Common Stock, the Participant will be credited with dividend equivalents equal to (i) the per share cash dividend paid by the Company on its Common Stock on the dividend payment date established by the Committee, multiplied by (ii) the total number of PSUs subject to the Award that vest (a “Dividend Equivalent Right”); provided that any Dividend Equivalent Rights credited pursuant to the foregoing provisions of this Section 7 shall be subject to the same vesting, payment and other terms, conditions and restrictions as the PSUs to which they relate and for the avoidance of doubt shall only vest and be paid if and when the PSUs to which such Dividend Equivalent Rights relate vest and the underlying shares are issued; and provided further that Dividend Equivalent Rights that vest and are paid shall be paid in cash.

8. No Employment Contract. Nothing in the Plan or this Agreement constitutes an employment contract between the Company and the Participant and this Agreement shall not confer upon the Participant any right to continuation of employment or service with the Company or any of its Subsidiaries, nor shall this Agreement interfere in any way with the Company’s or any of its Subsidiaries right to terminate the Participant’s employment or service at any time, with or without cause (subject to any employment agreement a Participant may otherwise have with the Company or a Subsidiary thereof and/or applicable law).

9. Board Authority. The Board and/or the Committee shall have the power to interpret this Agreement and to adopt such rules for the administration, interpretation and application of the Agreement as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether any PSUs have vested). All interpretations and determinations made by the Board and/or the Committee in good faith shall be final and binding upon Participant, the Company and all other interested persons and such determinations of the Board and/or the Committee do not have to be uniform nor do they have to consider whether Plan participants are similarly situated. No member of the Board and/or the Committee shall be personally liable for any action, determination or interpretation made in good faith with respect to this Agreement.

10. Headings. The captions used in this Agreement and the Plan are inserted for convenience and shall not be deemed to be a part of the PSUs for construction and interpretation.

11. Electronic Delivery.

(a) If the Participant executes this Agreement electronically, for the avoidance of doubt Participant acknowledges and agrees that his or her execution of this Agreement electronically (through an on-line system established and maintained by the Company or a third party designated by the Company, or otherwise) shall have the same binding legal effect as would execution of this Agreement in paper form. Participant acknowledges that upon request of the Company he or she shall also provide an executed, paper form of this Agreement.

---

(b) If the Participant executes this Agreement in paper form, for the avoidance of doubt the parties acknowledge and agree that it is their intent that any agreement previously or subsequently entered into between the parties that is executed electronically shall have the same binding legal effect as if such agreement were executed in paper form.

(c) If Participant executes this Agreement multiple times (for example, if the Participant first executes this Agreement in electronic form and subsequently executes this Agreement in paper form), the Participant acknowledges and agrees that (i) no matter how many versions of this Agreement are executed and in whatever medium, this Agreement only evidences a single Award relating to the number of PSUs set forth in the Notice of Grant and (ii) this Agreement shall be effective as of the earliest execution of this Agreement by the parties, whether in paper form or electronically, and the subsequent execution of this Agreement in the same or a different medium shall in no way impair the binding legal effect of this Agreement as of the time of original execution.

(d) The Company may, in its sole discretion, decide to deliver by electronic means any documents related to the PSUs, to participation in the Plan, or to future awards granted under the Plan, or otherwise required to be delivered to the Participant pursuant to the Plan or under applicable law, including but not limited to, the Plan, the Agreement, the Plan prospectus and any reports of the Company generally provided to shareholders. Such means of electronic delivery may include, but do not necessarily include, the delivery of a link to the Company's intranet or the internet site of a third party involved in administering the Plan, the delivery of documents via electronic mail ("e-mail") or such other means of electronic delivery specified by the Company. By executing this Agreement, the Participant hereby consents to receive such documents by electronic delivery. ***At the Participant's written request to the Secretary of the Company, the Company shall provide a paper copy of any document at no cost to the Participant.***

12. ***Data Privacy:*** *Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of his or her Data (as defined below) by and among, as necessary and applicable, the Employer, the Company and its Subsidiaries for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan.*

*Participant understands that the Company and the Employer may hold certain personal information about Participant, including, but not limited to, Participant's name, home address and telephone number, date of birth, social security or insurance number or other identification number (e.g., resident registration number), salary, nationality, and job title, any Common Stock or directorships held in the Company, and details of the PSUs or other entitlement to Shares awarded, canceled, vested, unvested or outstanding in Participant's favor ("Data"), for the purpose of implementing, administering and managing the Plan. Participant understands that Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in Participant's country or elsewhere, including outside the European Economic Area, and that the recipients' country may have different data privacy laws and protections than Participant's country. Participant authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing Participant's participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom Participant may elect to deposit any Shares acquired upon vesting and payment of the PSUs or any other entitlement to Shares.*

---

*Participant understands that he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. Participant understands that Data shall be held as long as is reasonably necessary to implement, administer and manage his or her participation in the Plan, and he or she may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative. Further, Participant understands that Participant is providing the consents herein on a purely voluntary basis. If Participant does not consent, or if Participant later seeks to revoke his or her consent, his or her employment status or service and career with his or her employer will not be adversely affected; the only adverse consequence of refusing or withdrawing Participant's consent is that the Company would not be able to grant PSUs or other equity awards to Participant or to administer or maintain such awards. Therefore, Participant understands that refusing or withdrawing such consent may affect his or her ability to participate in the Plan. In addition, Participant understands that the Company and its Subsidiaries have separately implemented procedures for the handling of Data which the Company believes permits the Company to use the Data in the manner set forth above notwithstanding the Participant's withdrawal of such consent. For more information on the consequences of refusal to consent or withdrawal of consent, Participant understands that he or she may contact his or her local human resources representative.*

13. Waiver of Right to Jury Trial. Each party, to the fullest extent permitted by law, waives any right or expectation against the other to trial or adjudication by a jury of any claim, cause or action arising with respect to the PSUs or hereunder, or the rights, duties or liabilities created hereby.

14. Agreement Severable. In the event that any provision of this Agreement shall be held invalid or unenforceable, such provision shall be severable from, and such invalidity or unenforceability shall not be construed to have any effect on, the remaining provisions of this Agreement.

15. Governing Law and Venue. The laws of the State of Delaware (other than its choice of law provisions) shall govern this Agreement and its interpretation. For purposes of litigating any dispute that arises with respect to the PSUs, this Agreement or the Plan, the parties hereby submit to and consent to the jurisdiction of the State of Delaware, and agree that such litigation shall be conducted in the courts of New Castle County, or the United States Federal court for the District of Delaware, and no other courts; and waive, to the fullest extent permitted by law, any objection that the laying of the venue of any legal or equitable proceedings related to, concerning or arising from such dispute which is brought in any such court is improper or that such proceedings have been brought in an inconvenient forum. Any claim under the Plan, this Agreement or any Award must be commenced by a Participant within twelve (12) months of the earliest date on which the Participant's claim first arises, or the Participant's cause of action accrues, or such claim will be deemed waived by the Participant.

16. Nature of PSUs. In accepting the PSUs, Participant acknowledges and agrees that:

(a) the award of PSUs is voluntary and occasional and does not create any contractual or other right to receive future awards of PSUs, benefits in lieu of PSUs or other equity awards, even if PSUs have been awarded repeatedly in the past;

(b) all decisions with respect to future equity awards, if any, shall be at the sole discretion of the Company;

(c) Participant's participation in the Plan is voluntary;

---

(d) the award of PSUs and the Shares subject to the PSUs, and the income and value of same, are an extraordinary item that (i) does not constitute compensation of any kind for services of any kind rendered to the Company or any Subsidiary, and (ii) is outside the scope of Participant's employment or service contract, if any;

(e) the award of PSUs and the Shares subject to the PSUs, and the income and value of same, are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, end of service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company or any Subsidiary;

(f) unless otherwise expressly agreed with the Company, the PSUs and Shares subject to the PSUs, and the income and value of same, are not granted as consideration for, or in connection with, any service Participant may provide as a director of any Subsidiary;

(g) the award of PSUs and Participant's participation in the Plan shall not be interpreted to form an employment or service contract with the Company or any Subsidiary of the Company;

(h) the future value of the underlying Shares is unknown and cannot be predicted with certainty;

(i) the value of the Shares acquired upon vesting/settlement of the PSUs may increase or decrease in value;

(j) in consideration of the award of PSUs, no claim or entitlement to compensation or damages shall arise from termination of the Award or from any diminution in value of the Award or Shares upon vesting of the Award resulting from termination of Participant's employment or continuous service by the Company or any Subsidiary (for any reason whatsoever and whether or not in breach of applicable labor laws of the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any, and whether or not later found to be invalid) and in consideration of the grant of the Award, Participant irrevocably releases the Company and any Subsidiary from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by signing the Agreement/electronically accepting the Agreement, Participant shall be deemed irrevocably to have waived Participant's entitlement to pursue or seek remedy for any such claim;

(k) the Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan or Participant's acquisition or sale of the underlying Shares; and

(l) Participant is hereby advised to consult with Participant's own personal tax, legal and financial advisors regarding Participant's participation in the Plan before taking any action related to the Plan.

17. Language. If Participant has received the Plan, this Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control, unless otherwise prescribed by applicable law.

---

18. Severability. The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

19. Waiver. Participant acknowledges that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by Participant or any other participant.

20. Insider Trading/Market Abuse Laws. Participant acknowledges that, depending on Participant's country, Participant may be subject to insider trading restrictions and/or market abuse laws, which may affect his or her ability to acquire or sell Shares or rights to Shares (e.g., PSUs) under the Plan during such times as Participant is considered to have "inside information" regarding the Company (as defined by the laws in Participant's country). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable insider trading policy of the Company. Participant acknowledges that it is his or her responsibility to comply with any applicable restrictions, and Participant is advised to consult with his or her own personal legal and financial advisors on this matter.

21. Addendum B. The PSUs shall be subject to the special terms and provisions (if any) set forth in the Addendum B to this Agreement for Participant's country of residence. Moreover, if Participant relocates to one of the countries included in the Addendum B, the special terms and conditions for such country will apply to Participant, to the extent the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with applicable law or facilitate the administration of the Plan and provided the imposition of the term or condition will not result in any adverse accounting expense with respect to the PSUs. The Addendum B constitutes part of this Agreement. In addition, the Company reserves the right to impose other requirements on the PSU and any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with applicable law or facilitate the administration of the Plan and provided the imposition of the term or condition will not result in any adverse accounting expense to the Company, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

22. Recoupment. The PSUs granted pursuant to this Agreement are subject to the terms of the Fortive Corporation Recoupment Policy as it exists from time to time (a copy of the Recoupment Policy as it exists from time to time is available on the Company's internal website) (the "Policy") if and to the extent such Policy by its terms applies to the PSUs, and to the terms required by applicable law; and the terms of the Policy and such applicable law are incorporated by reference herein and made a part hereof.

23. Notices. The Company may, directly or through its third party stock plan administrator, endeavor to provide certain notices to Participant regarding certain events relating to awards that the Participant may have received or may in the future receive under the Plan, such as notices reminding Participant of the vesting or expiration date of certain awards. Participant acknowledges and agrees that (1) the Company has no obligation (whether pursuant to this Agreement or otherwise) to provide any such notices; (2) to the extent the Company does provide any such notices to Participant the Company does not thereby assume any obligation to provide any such notices or other notices; and (3) the Company, its affiliates and the third party stock plan administrator have no liability for, and the Participant has no right whatsoever (whether pursuant to this Agreement or otherwise) to make any claim against the Company, any of its affiliates or the third party stock plan administrator based on any allegations of, damages or harm suffered by the Participant as a result of the Company's failure to provide any such notices or Participant's failure to receive any such notices.

24. **Consent and Agreement With Respect to Plan.** Participant (1) acknowledges that the Plan and the prospectus relating thereto are available to Participant on the website maintained by the Company's third party stock plan administrator; (2) represents that he or she has read and is familiar with the terms and provisions thereof, has had an opportunity to obtain the advice of counsel of his or her choice prior to executing this Agreement and fully understands all provisions of the Agreement and the Plan; (3) accepts these PSUs subject to all of the terms and provisions thereof; (4) consents and agrees to all amendments that have been made to the Plan since it was adopted in 2016 (and for the avoidance of doubt consents and agrees to each amended term reflected in the Plan as in effect on the date of this Agreement), and consents and agrees that all options, restricted stock units and PSUs, if any, held by Participant that were previously granted under the Plan as it has existed from time to time are now governed by the Plan as in effect on the date of this Agreement (except to the extent the Committee has expressly provided that a particular Plan amendment does not apply retroactively); and (5) agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions arising under the Plan or this Agreement.

*[If the Agreement is signed in paper form, complete and execute the following:]*

**PARTICIPANT**

**FORTIVE CORPORATION**

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Print Name*

\_\_\_\_\_  
*Print Name*

\_\_\_\_\_

\_\_\_\_\_  
*Title*

\_\_\_\_\_  
*Residence Address*

---

**ADDENDUM A**

**PERFORMANCE VESTING REQUIREMENTS**



**FORTIVE CORPORATION**  
**2016 STOCK INCENTIVE PLAN**  
**STOCK OPTION AGREEMENT**  
**(Non-Employee Directors)**

Unless otherwise defined herein, the terms defined in the Fortive Corporation 2016 Stock Incentive Plan (the "Plan") will have the same defined meanings in this Stock Option Agreement (the "Agreement").

**I. NOTICE OF STOCK OPTION GRANT**

**Name:**

**Participant ID:**

The undersigned Optionee has been granted an Option to purchase Common Stock of the Company, subject to the terms and conditions of the Plan and this Agreement, as follows:

Date of Grant	_____
Exercise Price per Share	\$ _____
Total Number of Shares Granted	_____
Type of Option	Nonstatutory Stock Option
Expiration Date	Tenth anniversary of Date of Grant
Vesting Schedule	100% vested upon grant

**II. AGREEMENT**

1. Grant of Option. The Company hereby grants to the Optionee named in this Notice of Stock Option Grant (the "Optionee"), an option (the "Option") to purchase the number of shares (the "Shares") set forth in the Notice of Stock Option Grant, at the exercise price per Share set forth in the Notice of Stock Option Grant (the "Exercise Price"), and subject to the terms and conditions of this Agreement and the Plan, which are incorporated herein by reference. In the event of a conflict between the terms and conditions of the Plan and this Agreement, the terms and conditions of the Plan shall prevail.

2. Exercise of Option.

(a) Right to Exercise. This Option shall be exercisable during its term in accordance with the applicable provisions of the Plan and this Agreement.

---

(b) Method and Time of Exercise. This Option shall be exercisable by any method permitted by the Plan and this Agreement that is made available from time to time by the external third party administrator of the Option awards. An exercise may be made with respect to whole Shares only, and not for a fraction of a Share. Shares shall not be issued under the Plan unless the issuance and delivery of such Shares comply with (or are exempt from) all applicable requirements of law, including (without limitation) the Securities Act, the rules and regulations promulgated thereunder, state securities laws and regulations, and the regulations of any stock exchange or other securities market on which the Company's securities may then be traded. The Compensation Committee (the "Committee") of the Company's Board of Directors may require the Optionee to take any reasonable action in order to comply with any such rules or regulations. Assuming such compliance, for income tax purposes the Shares shall be considered transferred to the Optionee on the date the Option is exercised with respect to such Shares.

(c) Acknowledgment of Potential Securities Law Restrictions. Unless a registration statement under the Securities Act covers the Shares issued upon exercise of an Option, the Committee may require that the Optionee agree in writing to acquire such Shares for investment and not for public resale or distribution, unless and until the Shares subject to the Award are registered under the Securities Act. The Committee may also require the Optionee to acknowledge that he or she shall not sell or transfer such Shares except in compliance with all applicable laws, and may apply such other restrictions as it deems appropriate. The Optionee acknowledges that the U.S. federal securities laws prohibit trading in the stock of the Company by persons who are in possession of material, non-public information, and also acknowledges and understands the other restrictions set forth in the Company's Insider Trading Policy.

(d) Fractional Shares. The Company will not issue fractional shares of Common Stock upon the exercise of an Option. Any fractional share will be rounded up and issued to the Optionee in a whole share.

(e) Automatic Exercise Upon Expiration Date. Notwithstanding any other provision of this Agreement (other than this Section), on the last trading day on which all or a portion of the outstanding Option may be exercised, if as of the close of trading on such day the then Fair Market Value of a share of Common Stock exceeds the per share Exercise Price of the Option by at least \$.01 (such expiring portion of the Option that is so in-the-money, an "Auto-Exercise Eligible Option"), Optionee will be deemed to have automatically exercised such Auto-Exercise Eligible Option (to the extent it has not previously been exercised or forfeited) as of the close of trading in accordance with the provisions of this Section. In the event of an automatic exercise pursuant to this Section, the Company will reduce the number of shares of Common Stock issued to Optionee upon such automatic exercise of the Auto-Exercise Eligible Option in an amount necessary to satisfy (1) Optionee's Exercise Price obligation for the Auto-Exercise Eligible Option, and (2) the minimum, applicable Federal, state, local and, if applicable, foreign income and employment tax and social insurance withholding requirements arising upon the automatic exercise in accordance with the procedures of Section 6(f) of the Plan (unless the Committee deems that a different method of satisfying the tax withholding obligations is practicable and advisable), in each case based on the Fair Market Value of the Common Stock as of the close of trading on the date of exercise. Optionee may notify the Plan record-keeper in writing in advance that Optionee does not wish for the Auto-Exercise Eligible Option to be exercised. This Section shall not apply to the Option to the extent that this Section causes the Option to fail to qualify for favorable tax treatment under applicable law. In its discretion, the Company may determine to cease automatically exercising Options at any time.

---

3. Method of Payment. Unless the Committee consents otherwise, payment of the aggregate Exercise Price shall be by any of the following, or a combination thereof, at the election of the Optionee:

(a) cash, delivered to the external third party administrator of the Option awards in any methodology permitted by such third party administrator;

(b) payment under a cashless exercise program approved by the Company or through a broker-dealer sale and remittance procedure pursuant to which the Optionee (i) shall provide written instructions to a licensed broker acceptable to the Company and acting as agent for the Optionee to effect the immediate sale of some or all of the purchased Shares and to remit to the Company, out of the sale proceeds available on the settlement date, sufficient funds to cover the aggregate Exercise Price payable for the purchased Shares and (ii) shall provide written direction to the Company to deliver the purchased Shares directly to such brokerage firm in order to complete the sale transaction; or

(c) surrender of other Shares which have a Fair Market Value on the date of surrender equal to the aggregate Exercise Price of the exercised Shares.

4. Termination.

(a) General. In the event the Optionee's active service-providing relationship with the Company terminates for any reason (other than death, Early Retirement or Normal Retirement) whether or not in breach of applicable labor laws, Optionee's right to receive options under the Plan shall terminate as of the date of termination. The Committee shall have discretion to determine whether the Optionee has ceased actively providing services to the Company or Eligible Subsidiary, and the effective date on which such active service-providing relationship terminated. The Optionee's active service-providing relationship will not be extended by any notice period mandated under applicable law (e.g., shall not include a period of "garden leave", paid administrative leave or similar period pursuant to applicable law) and in the event of an Optionee's termination (whether or not in breach of applicable labor laws), Optionee's right to exercise any Option after termination, if any, shall be measured by the date of termination of active service and shall not be extended by any notice period mandated under applicable law. Unless the Committee provides otherwise termination will include instances in which the Optionee is terminated and immediately hired as an independent contractor.

(b) General Termination Rule. In the event the Optionee's active service-providing relationship with the Company terminates for any reason (other than death, Disability, Early Retirement, Normal Retirement or Gross Misconduct), whether or not in breach of applicable labor laws, the Optionee shall have a period of 90 days, commencing with the date the Optionee is no longer actively providing services to the Company, to exercise the vested portion of any outstanding Options, subject to the Expiration Date of the Option. However, if the exercise of an Option following Optionee's termination (to the extent such post-termination exercise is permitted under Section 11(a) of the Plan) is not covered by an effective registration statement on file with the U.S. Securities and Exchange Commission, then the Option will terminate upon the later of (i) thirty (30) days after such exercise becomes covered by an effective registration statement, (ii) in the event that a sale of shares of Common Stock would subject the Participant to liability under Section 16(b) of the Exchange Act, thirty (30) days after the last date on which such sale would result in liability, or (iii) the end of the original post-termination exercise period, but in no event may an Option be exercised after the Expiration Date of the Option.

(b) Death. Upon Optionee's death prior to termination, all unexpired Options may be exercised for a period of twelve (12) months thereafter (subject to the Expiration Date of the Option) by the personal representative of the Optionee's estate or any other person to whom the Option is transferred under a will or under the applicable laws of descent and distribution.

---

(c) Disability. In the event the Optionee's active service-providing relationship with the Company terminates by reason of the Optionee's Disability, all unvested Options shall be automatically forfeited by the Optionee as of the date of termination and the Optionee shall have until the first anniversary of the termination of Optionee's active service-providing relationship for Disability (subject to the Expiration Date of the Option) to exercise the vested portion of any outstanding Options.

(e) Retirement. In the event the Optionee's active service-providing relationship with the Company terminates as a result of Retirement, and the Date of Grant of this Option precedes the Optionee's Retirement date by at least six (6) months, the Optionee's Options shall remain outstanding and may be exercised until the fifth anniversary of the Retirement date (or if earlier, the Expiration Date of the Option). If the Date of Grant of this Option does not precede the Optionee's Retirement date by at least six (6) months, the post-termination exercise period with respect to such Option shall be governed by the other provisions of this Section 4, as applicable.

(f) Gross Misconduct. If the Optionee is terminated as an Eligible Director by reason of Gross Misconduct, the Optionee's unexercised Options shall terminate immediately as of the time of termination, without consideration. The Optionee acknowledges and agrees that the Optionee's termination shall also be deemed to be a termination by reason of the Optionee's Gross Misconduct if, after the Optionee's active service-providing relationship has terminated, facts and circumstances are discovered or confirmed by the Company that would have justified a termination for Gross Misconduct.

(g) Violation of Post-Termination Covenant. To the extent that any of the Optionee's Options remain outstanding under the terms of the Plan or this Agreement after termination of the Optionee's active service-providing relationship, such Options shall nevertheless expire as of the date the Optionee violates any covenant not to compete or similar covenant that exists between the Optionee on the one hand and the Company or any subsidiary of the Company, on the other hand.

(h) Substantial Corporate Change. Upon a Substantial Corporate Change, the Optionee's outstanding Options will terminate unless provision is made in writing in connection with such transaction for the assumption or continuation of the Options, or the substitution for such Options of any options or grants covering the stock or securities of a successor employer corporation, or a parent or subsidiary of such successor, with appropriate adjustments as to the number and kind of shares of stock and prices, in which event the Options will continue in the manner and under the terms so provided.

#### 5. Non-Transferability of Option; Term of Option.

(a) Unless the Committee determines otherwise in advance in writing, this Option may not be transferred in any manner otherwise than by will or by the applicable laws of descent or distribution and may be exercised during the lifetime of Optionee only by Optionee and/or by his or her duly appointed guardian. The terms of the Plan and this Agreement shall be binding upon the executors, administrators, heirs and permitted successors and assigns of the Optionee.

(b) Notwithstanding any other term in this Agreement, this Option may be exercised only prior to the Expiration Date set out in the Notice of Stock Option Grant, and may be exercised during such term only in accordance with the Plan and the terms of this Agreement.

6. Amendment of Option or Plan. The Plan and this Agreement constitute the entire understanding of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Optionee with respect to the subject matter hereof. Optionee expressly warrants that he or she is not accepting this Agreement in reliance on any

---

promises, representations, or inducements other than those contained herein. The Company's Board may amend, modify or terminate the Plan or any Option in any respect at any time; provided, however, that modifications to this Agreement or the Plan that materially and adversely affect the Optionee's rights hereunder can be made only in an express written contract signed by the Company and the Optionee. Notwithstanding anything to the contrary in the Plan or this Agreement, the Company reserves the right to revise this Agreement and Optionee's rights under outstanding Options as it deems necessary or advisable, in its sole discretion and without the consent of the Optionee, (1) upon a Substantial Corporate Change, (2) as required by law, or (3) to comply with Section 409A of the Internal Revenue Code of 1986 ("Section 409A") or to otherwise avoid imposition of any additional tax or income recognition under Section 409A in connection with this award of Options.

7. Tax Obligations.

(a) Taxes. Regardless of any action the Company takes with respect to any or all federal, state, local or foreign income tax, social insurance, payroll tax, payment on account or other tax related items ("Tax Related Items"), the Optionee acknowledges that the ultimate liability for all Tax Related Items associated with the Option is and remains the Optionee's responsibility and that the Company (i) makes no representations or undertakings regarding the treatment of any Tax Related Items in connection with any aspect of the Option, including, but not limited to, the grant, vesting or exercise of the Option, the subsequent sale of Shares acquired pursuant to such exercise and the receipt of any dividends or dividend equivalents; and (ii) does not commit to structure the terms of the grant or any aspect of the Option to reduce or eliminate the Optionee's liability for Tax Related Items.

(b) Code Section 409A. The intent of the parties is that payments and benefits under this Agreement comply with Section 409A of Code to the extent subject thereto, and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted and be administered to be in compliance therewith. Notwithstanding anything contained herein to the contrary, to the extent required to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, the Participant shall not be considered to have separated from service with the Company for purposes of this Agreement and no payment shall be due to the Participant under this Agreement on account of a separation from service until the Participant would be considered to have incurred a "separation from service" from the Company within the meaning of Section 409A of the Code. Any payments described in this Agreement that are due within the "short-term deferral period" as defined in Section 409A of the Code shall not be treated as deferred compensation unless applicable law requires otherwise. Notwithstanding anything to the contrary in this Agreement, to the extent that any amounts are payable upon a separation from service and such payment would result in accelerated taxation and/or tax penalties under Section 409A of the Code, such payment, under this Agreement or any other agreement of the Company, shall be made on the first business day after the date that is six (6) months following such separation from service (or death, if earlier). The Company makes no representation that any or all of the payments described in this Agreement will be exempt from or comply with Section 409A of the Code and makes no undertaking to preclude Section 409A of the Code from applying to any such payment. The Grantee shall be solely responsible for the payment of any taxes and penalties incurred under Section 409A.

8. Rights as Shareholder. Until all requirements for exercise of the Option pursuant to the terms of this Agreement and the Plan have been satisfied, the Optionee shall not be deemed to be a shareholder or to have any of the rights of a shareholder with respect to any Shares.

9. No Right to Continue as Eligible Director. Nothing in the Plan or this Agreement shall confer upon the Optionee any right to continuation as an Eligible Director.

---

10. Board Authority. The Board and/or the Committee shall have the power to interpret this Agreement and to adopt such rules for the administration, interpretation and application of the Agreement as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether any Options have vested). All interpretations and determinations made by the Board and/or the Committee in good faith shall be final and binding upon Optionee, the Company and all other interested persons and such determinations of the Board and/or the Committee do not have to be uniform nor do they have to consider whether optionees are similarly situated. No member of the Board and/or the Committee shall be personally liable for any action, determination or interpretation made in good faith with respect to this Agreement.

11. Headings. The captions used in this Agreement and the Plan are inserted for convenience and shall not be deemed to be a part of the Option for construction and interpretation.

12. Electronic Delivery.

(a) If the Optionee executes this Agreement electronically, for the avoidance of doubt Optionee acknowledges and agrees that his or her execution of this Agreement electronically (through an on-line system established and maintained by the Company or a third party designated by the Company, or otherwise) shall have the same binding legal effect as would execution of this Agreement in paper form. Optionee acknowledges that upon request of the Company he or she shall also provide an executed, paper form of this Agreement.

(b) If the Optionee executes this Agreement in paper form, for the avoidance of doubt the parties acknowledge and agree that it is their intent that any agreement previously or subsequently entered into between the parties that is executed electronically shall have the same binding legal effect as if such agreement were executed in paper form.

(c) If Optionee executes this Agreement multiple times (for example, if the Optionee first executes this Agreement in electronic form and subsequently executes the Agreement in paper form), the Optionee acknowledges and agrees that (i) no matter how many versions of this Agreement are executed and in whatever medium, this Agreement only evidences a single grant of Options relating to the number of Shares set forth in the Notice of Stock Option Grant and (ii) this Agreement shall be effective as of the earliest execution of this Agreement by the parties, whether in paper form or electronically, and the subsequent execution of this Agreement in the same or a different medium shall in no way impair the binding legal effect of this Agreement as of the time of original execution.

(d) The Company may, in its sole discretion, decide to deliver by electronic means any documents related to the Option, to participation in the Plan, or to future awards granted under the Plan, or otherwise required to be delivered to the Optionee pursuant to the Plan or under applicable law, including but not limited to, the Plan, the Agreement, the Plan prospectus and any reports of the Company generally provided to shareholders. Such means of electronic delivery may include, but do not necessarily include, the delivery of a link to the Company's intranet or the internet site of a third party involved in administering the Plan, the delivery of documents via electronic mail ("e-mail") or such other means of electronic delivery specified by the Company. By executing this Agreement, the Optionee hereby consents to receive such documents by electronic delivery. *At the Optionee's written request to the Secretary of the Company, the Company shall provide a paper copy of any document at no cost to the Optionee.*

---

13. Data Privacy. Optionee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of his or her Data (as defined below) by and among, as necessary and applicable, the Company and its Subsidiaries for the exclusive purpose of implementing, administering and managing Optionee's participation in the Plan.

*Optionee understands that the Company may hold certain personal information about Optionee, including, but not limited to, Optionee's name, home address and telephone number, date of birth, social security or insurance number or other identification number (e.g., resident registration number), salary, nationality, and job title, any Common Stock or directorships held in the Company, and details of the Option or any other option or other entitlement to Shares, canceled, exercised, vested, unvested or outstanding in Optionee's favor ("Data"), for the purpose of implementing, administering and managing the Plan. Optionee understands that Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in Optionee's country or elsewhere, including outside the European Economic Area, and that the recipients' country may have different data privacy laws and protections than Optionee's country. Optionee authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing Optionee's participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom Optionee may elect to deposit any Shares acquired upon exercise of the Option or any other option or other entitlement to Shares.*

*Optionee understands that he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. Optionee understands that Data shall be held as long as is reasonably necessary to implement, administer and manage his or her participation in the Plan, and he or she may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative. Further, Optionee understands that Optionee is providing the consents herein on a purely voluntary basis. If Optionee does not consent, or if Optionee later seeks to revoke his or her consent, his or her employment status or service and career with his or her employer will not be adversely affected; the only adverse consequence of refusing or withdrawing Optionee's consent is that the Company would not be able to grant Options or other equity awards to Optionee or to administer or maintain such awards. In addition, Optionee understands that the Company and its Subsidiaries have separately implemented procedures for the handling of Data which the Company believes permits the Company to use the Data in the manner set forth above notwithstanding Optionee's withdrawal of such consent. For more information on the consequences of refusal to consent or withdrawal of consent, Optionee understands that he or she may contact his or her local human resources representative.*

14. Waiver of Right to Jury Trial. Each party, to the fullest extent permitted by law, waives any right or expectation against the other to trial or adjudication by a jury of any claim, cause or action arising with respect to the Option or hereunder, or the rights, duties or liabilities created hereby.

15. Agreement Severable. In the event that any provision of this Agreement shall be held invalid or unenforceable, such provision shall be severable from, and such invalidity or unenforceability shall not be construed to have any effect on, the remaining provisions of this Agreement.

16. Governing Law and Venue. The laws of the State of Delaware (other than its choice of law provisions) shall govern this Agreement and its interpretation. For purposes of litigating any dispute that arises with respect to this Option, this Agreement or the Plan, the parties hereby submit to and consent to the jurisdiction of the State of Delaware, and agree that such litigation shall be conducted in the courts of New Castle County, or the United States Federal court for the District of Delaware, and no other courts; and waive, to the fullest extent permitted by law, any objection that the laying of the venue of any legal or

---

equitable proceedings related to, concerning or arising from such dispute which is brought in any such court is improper or that such proceedings have been brought in an inconvenient forum. Any claim under the Plan, this Agreement or any Award must be commenced by Optionee within twelve (12) months of the earliest date on which Optionee's claim first arises, or Optionee's cause of action accrues, or such claim will be deemed waived by Optionee.

17. Nature of Option. In accepting the Option, Optionee acknowledges and agrees that:

- (a) the award of the Option is voluntary and occasional and does not create any contractual or other right to receive future grants of options, benefits in lieu of options or other equity awards, even if options have been granted repeatedly in the past;
- (b) all decisions with respect to future equity awards, if any, shall be at the sole discretion of the Company;
- (c) Optionee's participation in the Plan is voluntary;
- (d) the future value of the underlying Shares is unknown and cannot be predicted with certainty, and if the Shares do not increase in value, the Option will have no value;
- (e) if Optionee exercises the Option and obtains Shares, the value of the Shares obtained upon exercise may increase or decrease in value, even below the Exercise Price;
- (f) in consideration of the award of the Option, no claim or entitlement to compensation or damages shall arise from termination of the Option or diminution in value of the Option, or Shares purchased through the exercise of the Option, resulting from termination of Optionee's continuous service by the Company or any Subsidiary (for any reason whatsoever and whether or not in breach of applicable labor laws of the jurisdiction where Optionee is employed or the terms of Optionee's employment agreement, if any, and whether or not later found to be invalid) and in consideration of the grant of the Option, Optionee irrevocably releases the Company and any Subsidiary from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by signing/electronically accepting the Agreement, Optionee shall be deemed irrevocably to have waived Optionee's entitlement to pursue or seek remedy for any such claim;
- (g) the Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Optionee's participation in the Plan or Optionee's acquisition or sale of the underlying Shares; and
- (h) Optionee is hereby advised to consult with Optionee's own personal tax, legal and financial advisors regarding Optionee's participation in the Plan before taking any action related to the Plan.

18. Severability. The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

19. Waiver. Optionee acknowledges that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by Optionee or any other participant.



---

20. Insider Trading/Market Abuse Laws. Optionee acknowledges that, depending on Optionee's country, Optionee may be subject to insider trading restrictions and/or market abuse laws, which may affect his or her ability to acquire or sell Shares or exercise Options under the Plan during such times as Optionee is considered to have "inside information" regarding the Company (as defined by the laws in Optionee's country). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable insider trading policy of the Company. Optionee acknowledges that it is his or her responsibility to comply with any applicable restrictions, and Optionee is advised to consult with his or her own personal legal and financial advisors on this matter.

21. Recoupment. The Options granted pursuant to this Agreement are subject to the terms of the Fortive Corporation Recoupment Policy as it exists from time to time (a copy of the Recoupment Policy as it exists from time to time is available on the Company's internal website) (the "Policy") if and to the extent such Policy by its terms applies to the Options, and to the terms required by applicable law,; and the terms of the Policy and such applicable law are incorporated by reference herein and made a part hereof.

22. Notices. The Company may, directly or through its third party stock plan administrator, endeavor to provide certain notices to Optionee regarding certain events relating to awards that the Optionee may have received or may in the future receive under the Plan, such as notices reminding Optionee of the vesting or expiration date of certain awards. Optionee acknowledges and agrees that (1) the Company has no obligation (whether pursuant to this Agreement or otherwise) to provide any such notices; (2) to the extent the Company does provide any such notices to Optionee the Company does not thereby assume any obligation to provide any such notices or other notices; and (3) the Company, its affiliates and the third party stock plan administrator have no liability for, and the Optionee has no right whatsoever (whether pursuant to this Agreement or otherwise) to make any claim against the Company, any of its affiliates or the third party stock plan administrator based on any allegations of, damages or harm suffered by the Optionee as a result of the Company's failure to provide any such notices or Optionee's failure to receive any such notices.

23. Consent and Agreement With Respect to Plan. Optionee (1) acknowledges that the Plan and the prospectus relating thereto are available to Optionee on the website maintained by the Company's third party stock plan administrator; (2) represents that he or she has read and is familiar with the terms and provisions thereof, has had an opportunity to obtain the advice of counsel of his or her choice prior to executing this Agreement and fully understands all provisions of the Agreement and the Plan; (3) accepts this Option subject to all of the terms and provisions thereof; (4) consents and agrees to all amendments that have been made to the Plan since it was adopted in 2016 (and for the avoidance of doubt consents and agrees to each amended term reflected in the Plan as in effect on the date of this Agreement), and consents and agrees that all options and restricted stock units, if any, held by Optionee that were previously granted under the Plan as it has existed from time to time are now governed by the Plan as in effect on the date of this Agreement (except to the extent the Committee has expressly provided that a particular Plan amendment does not apply retroactively); and (5) agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions arising under the Plan or this Agreement.

---

[If the Agreement is signed in paper form, complete and execute the following:]

**OPTIONEE**

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Print Name*

\_\_\_\_\_  
*Residence Address*

**FORTIVE CORPORATION**

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Print Name*

\_\_\_\_\_  
*Title*

**FORTIVE CORPORATION**  
**2016 STOCK INCENTIVE PLAN**  
**STOCK OPTION AGREEMENT**

Unless otherwise defined herein, the terms defined in the Fortive Corporation 2016 Stock Incentive Plan (the "Plan") will have the same defined meanings in this Stock Option Agreement (the "Agreement").

**I. NOTICE OF STOCK OPTION GRANT**

**Name:**

**Participant ID:**

The undersigned Optionee has been granted an Option to purchase Common Stock of the Company, subject to the terms and conditions of the Plan and this Agreement, as follows:

Date of Grant	_____
Exercise Price per Share	\$ _____
Total Number of Shares Granted	_____
Type of Option	Nonstatutory Stock Option
Expiration Date	Tenth anniversary of Date of Grant
Vesting Schedule:	
Time-Based Vesting Criteria	The time-based vesting criteria will be satisfied with respect to _____% of the Options on each of the _____ anniversaries of the Date of Grant.

---

## II. AGREEMENT

1. Grant of Option. The Company hereby grants to the Optionee named in this Notice of Stock Option Grant (the "Optionee"), an option (the "Option") to purchase the number of shares (the "Shares") set forth in the Notice of Stock Option Grant, at the exercise price per Share set forth in the Notice of Stock Option Grant (the "Exercise Price"), and subject to the terms and conditions of this Agreement and the Plan, which are incorporated herein by reference. Except as set forth in Section 2(c) below, in the event of a conflict between the terms and conditions of the Plan and this Agreement, the terms and conditions of the Plan shall prevail.

### 2. Vesting.

(a) Vesting Schedule. Except as may otherwise be set forth in this Agreement or in the Plan, Options awarded to an Optionee shall not vest until the Optionee continues to be actively employed with, or actively providing services to, the Company or an Eligible Subsidiary for the periods required to satisfy the time-based vesting criteria ("Time-Based Vesting Criteria") applicable to such Options. The Time-Based Vesting Criteria applicable to an Option are referred to as "Vesting Conditions," and the earliest date upon which all Vesting Conditions are satisfied is referred to as the "Vesting Date." The Vesting Conditions for an Option received by an Optionee shall be established by the Compensation Committee (the "Committee") of the Company's Board of Directors (or by one or more members of Company management, if such power has been delegated in accordance with the Plan and applicable law) and reflected in the account maintained for the Optionee by an external third party administrator of the Option awards. Further, during any approved leave of absence (and without limiting the application of any other rules governing leaves of absence that the Committee may approve from time to time pursuant to the Plan), to the extent permitted by applicable law the Committee shall have discretion to provide that the vesting of the Options shall be frozen as of the first day of the leave (or as of any subsequent day during such leave, as applicable) and shall not resume until and unless the Optionee returns to active employment prior to the Expiration Date of the Options.

(b) Addendum. The provisions of Addendum A are incorporated by reference herein and made a part of this Agreement, and to the extent any provision in Addendum A conflicts with any provision set forth elsewhere in this Agreement (including without limitation any provisions relating to Retirement), the Addendum A provision shall control.

(c) Fractional Shares. The Company will not issue fractional shares of Common Stock upon the exercise of an Option. Any fractional share will be rounded up and issued to the Optionee in a whole share.

### 3. Exercise of Option.

(a) Right to Exercise. This Option shall be exercisable during its term in accordance with the Vesting Schedule set out in the Notice of Stock Option Grant and with the applicable provisions of the Plan and this Agreement.

---

(b) Method and Time of Exercise. This Option shall be exercisable by any method permitted by the Plan and this Agreement that is made available from time to time by the external third party administrator of the Option awards. An exercise may be made with respect to whole Shares only, and not for a fraction of a Share. Shares shall not be issued under the Plan unless the issuance and delivery of such Shares comply with (or are exempt from) all applicable requirements of law, including (without limitation) the Securities Act, the rules and regulations promulgated thereunder, state securities laws and regulations, and the regulations of any stock exchange or other securities market on which the Company's securities may then be traded. The Committee may require the Optionee to take any reasonable action in order to comply with any such rules or regulations. Assuming such compliance, for income tax purposes the Shares shall be considered transferred to the Optionee on the date the Option is exercised with respect to such Shares.

(c) Acknowledgment of Potential Securities Law Restrictions. Unless a registration statement under the Securities Act covers the Shares issued upon exercise of an Option, the Committee may require that the Optionee agree in writing to acquire such Shares for investment and not for public resale or distribution, unless and until the Shares subject to the Award are registered under the Securities Act. The Committee may also require the Optionee to acknowledge that he or she shall not sell or transfer such Shares except in compliance with all applicable laws, and may apply such other restrictions as it deems appropriate. The Optionee acknowledges that the U.S. federal securities laws prohibit trading in the stock of the Company by persons who are in possession of material, non-public information, and also acknowledges and understands the other restrictions set forth in the Company's Insider Trading Policy.

(d) Automatic Exercise Upon Expiration Date. Notwithstanding any other provision of this Agreement (other than this Section), on the last trading day on which all or a portion of the outstanding Option may be exercised, if as of the close of trading on such day the then Fair Market Value of a share of Common Stock exceeds the per share Exercise Price of the Option by at least \$.01 (such expiring portion of the Option that is so in-the-money, an "Auto-Exercise Eligible Option"), Optionee will be deemed to have automatically exercised such Auto-Exercise Eligible Option (to the extent it has not previously been exercised or forfeited) as of the close of trading in accordance with the provisions of this Section. In the event of an automatic exercise pursuant to this Section, the Company will reduce the number of shares of Common Stock issued to Optionee upon such automatic exercise of the Auto-Exercise Eligible Option in an amount necessary to satisfy (1) Optionee's Exercise Price obligation for the Auto-Exercise Eligible Option, and (2) the minimum, applicable Federal, state, local and, if applicable, foreign income and employment tax and social insurance withholding requirements arising upon the automatic exercise in accordance with the procedures of Section 6(f) of the Plan (unless the Committee deems that a different method of satisfying the tax withholding obligations is practicable and advisable), in each case based on the Fair Market Value of the Common Stock as of the close of trading on the date of exercise. Optionee may notify the Plan record-keeper in writing in advance that Optionee does not wish for the Auto-Exercise Eligible Option to be exercised. This Section shall not apply to the Option to the extent that this Section causes the Option to fail to qualify for favorable tax treatment under applicable law. In its discretion, the Company may determine to cease automatically exercising Options at any time.

---

4. Method of Payment. Unless the Committee consents otherwise, payment of the aggregate Exercise Price shall be by any of the following, or a combination thereof, at the election of the Optionee:

(a) cash, delivered to the external third party administrator of the Option awards in any methodology permitted by such third party administrator;

(b) payment under a cashless exercise program approved by the Company or through a broker-dealer sale and remittance procedure pursuant to which the Optionee (i) shall provide written instructions to a licensed broker acceptable to the Company and acting as agent for the Optionee to effect the immediate sale of some or all of the purchased Shares and to remit to the Company, out of the sale proceeds available on the settlement date, sufficient funds to cover the aggregate Exercise Price payable for the purchased Shares and (ii) shall provide written direction to the Company to deliver the purchased Shares directly to such brokerage firm in order to complete the sale transaction; or

(c) surrender of other Shares which have a Fair Market Value on the date of surrender equal to the aggregate Exercise Price of the exercised Shares.

5. Termination of Employment.

(a) General. In the event the Optionee's active employment or other active service-providing relationship with the Company or an Eligible Subsidiary terminates for any reason (other than death, Early Retirement or Normal Retirement) whether or not in breach of applicable labor laws, all unvested Options shall be automatically forfeited by the Optionee as of the date of termination and Optionee's right to receive options under the Plan shall also terminate as of the date of termination. The Committee shall have discretion to determine whether the Optionee has ceased to be actively employed by (or, if the Optionee is a consultant or director, has ceased actively providing services to) the Company or Eligible Subsidiary, and the effective date on which such active employment (or active service-providing relationship) terminated. The Optionee's active employer-employee or other active service-providing relationship will not be extended by any notice period mandated under applicable law (e.g., active employment shall not include a period of "garden leave", paid administrative leave or similar period pursuant to applicable law) and in the event of an Optionee's termination of employment (whether or not in breach of applicable labor laws), Optionee's right to exercise any Option after termination of employment, if any, shall be measured by the date of termination of active employment or service and shall not be extended by any notice period mandated under applicable law. Unless the Committee provides otherwise (1) termination of the Optionee's employment will include instances in which the Optionee is terminated and immediately rehired as an independent contractor, and (2) the spin-off, sale, or disposition of the Optionee's employer from the Company or an Eligible Subsidiary (whether by transfer of shares, assets or otherwise) such that the Optionee's employer no longer constitutes an Eligible Subsidiary will constitute a termination of employment or service.

(b) General Post-Termination Exercise Period. In the event the Optionee's employment with the Company or an Eligible Subsidiary terminates for any reason (other than death, Disability, Early Retirement, Normal Retirement or Gross Misconduct), whether or not in

---

breach of applicable labor laws, the Optionee shall have a period of 90 days, commencing with the date the Optionee is no longer actively employed, to exercise the vested portion of any outstanding Options, subject to the Expiration Date of the Option. However, if the exercise of an Option following Optionee's termination of employment (to the extent such post-termination exercise is permitted under Section 11(a) of the Plan) is not covered by an effective registration statement on file with the U.S. Securities and Exchange Commission, then the Option will terminate upon the later of (i) thirty (30) days after such exercise becomes covered by an effective registration statement, (ii) in the event that a sale of shares of Common Stock would subject the Participant to liability under Section 16(b) of the Exchange Act, thirty (30) days after the last date on which such sale would result in liability, or (iii) the end of the original post-termination exercise period, but in no event may an Option be exercised after the Expiration Date of the Option.

(c) Death. Upon Optionee's death prior to termination of employment, all unexpired Options shall become fully exercisable and may be exercised for a period of twelve (12) months thereafter (subject to the Expiration Date of the Option) by the personal representative of the Optionee's estate or any other person to whom the Option is transferred under a will or under the applicable laws of descent and distribution.

(d) Disability. In the event the Optionee's employment with the Company or an Eligible Subsidiary terminates by reason of the Optionee's Disability, all unvested Options shall be automatically forfeited by the Optionee as of the date of termination and the Optionee shall have until the first anniversary of the Optionee's termination of employment for Disability (subject to the Expiration Date of the Option) to exercise the vested portion of any outstanding Options.

(e) Early Retirement. In the event the Optionee ceases to be an Employee as a result of Early Retirement, and the Date of Grant of this Option precedes the Optionee's Early Retirement date by at least six (6) months, with respect to each Tranche that is invested as of the Early Retirement date (a "Tranche" consists of all portions of the Option as to which the Time-Based Vesting Criteria are scheduled to be satisfied on the same date), a pro-rata portion of such Tranche (i.e. based on the ratio of (x) the number of full or partial months worked by the Optionee from the Date of Grant to the Early Retirement date to (y) the total number of months in the original time-based vesting schedule of the Tranche) will continue to vest and such Options together with any Options that are vested as of the Optionee's Early Retirement date shall remain outstanding and (once vested) may be exercised until the fifth anniversary of the Early Retirement date (or if earlier, the Expiration Date of the Option). If the Date of Grant of this Option does not precede the Optionee's Early Retirement date by at least six (6) months, the post-termination exercise period with respect to such Option shall be governed by the other provisions of this Section 5, as applicable.

(f) Normal Retirement. In the event the Optionee ceases to be an Employee as a result of Normal Retirement, and the Date of Grant of this Option precedes the Optionee's Normal Retirement date by at least six (6) months, the Optionee's unvested Options will continue to vest and such Options together with any Options that are vested as of the Optionee's Normal Retirement date shall remain outstanding and (once vested) may be exercised until the

---

fifth anniversary of the Normal Retirement date (or if earlier, the Expiration Date of the Option). If the Date of Grant of this Option does not precede the Optionee's Normal Retirement date by at least six (6) months, the post-termination exercise period with respect to such Option shall be governed by the other provisions of this Section 5, as applicable.

(g) Gross Misconduct. If the Optionee's employment with the Company or an Eligible Subsidiary is terminated for Gross Misconduct, the Optionee's unexercised Options shall terminate immediately as of the time of termination, without consideration. The Optionee acknowledges and agrees that the Optionee's termination of employment shall also be deemed to be a termination of employment by reason of the Optionee's Gross Misconduct if, after the Optionee's employment has terminated, facts and circumstances are discovered or confirmed by the Company that would have justified a termination for Gross Misconduct.

(h) Violation of Post-Employment Covenant. To the extent that any of the Optionee's Options remain outstanding under the terms of the Plan or this Agreement after termination of the Optionee's employment or service with the Company or an Eligible Subsidiary, such Options shall nevertheless expire as of the date the Optionee violates any covenant not to compete or other post-employment covenant that exists between the Optionee on the one hand and the Company or any subsidiary of the Company, on the other hand.

(i) Substantial Corporate Change. Upon a Substantial Corporate Change, the Optionee's outstanding Options will terminate unless provision is made in writing in connection with such transaction for the assumption or continuation of the Options, or the substitution for such Options of any options or grants covering the stock or securities of a successor employer corporation, or a parent or subsidiary of such successor, with appropriate adjustments as to the number and kind of shares of stock and prices, in which event the Options will continue in the manner and under the terms so provided.

#### 6. Non-Transferability of Option; Term of Option.

(a) Unless the Committee determines otherwise in advance in writing, this Option may not be transferred in any manner otherwise than by will or by the applicable laws of descent or distribution and may be exercised during the lifetime of Optionee only by Optionee and/or by his or her duly appointed guardian. The terms of the Plan and this Agreement shall be binding upon the executors, administrators, heirs and permitted successors and assigns of the Optionee.

(b) Notwithstanding any other term in this Agreement, this Option may be exercised only prior to the Expiration Date set out in the Notice of Stock Option Grant, and may be exercised during such term only in accordance with the Plan and the terms of this Agreement.

#### 7. Amendment of Option or Plan.

(a) The Plan and this Agreement constitute the entire understanding of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Optionee with respect to the subject matter hereof. Optionee expressly warrants that he or she is not accepting this Agreement in reliance on any promises, representations, or inducements other than those contained herein. The Company's Board may



---

amend, modify or terminate the Plan or any Option in any respect at any time; provided, however, that modifications to this Agreement or the Plan that materially and adversely affect the Optionee's rights hereunder can be made only in an express written contract signed by the Company and the Optionee. Notwithstanding anything to the contrary in the Plan or this Agreement, the Company reserves the right to revise this Agreement and Optionee's rights under outstanding Options as it deems necessary or advisable, in its sole discretion and without the consent of the Optionee, (1) upon a Substantial Corporate Change, (2) as required by law, or (3) to comply with Section 409A of the Internal Revenue Code of 1986 ("Section 409A") or to otherwise avoid imposition of any additional tax or income recognition under Section 409A in connection with this award of Options.

(b) The Optionee acknowledges and agrees that if the Optionee changes classification from a full-time employee to a part-time employee the Committee may in its sole discretion (1) reduce or eliminate the Optionee's unvested Options, and/or (2) extend any vesting schedule to one or more dates that occur on or before the Expiration Date.

#### 8. Tax Obligations.

(a) Withholding Taxes. Regardless of any action the Company or any Subsidiary employing the Optionee (the "Employer") takes with respect to any or all federal, state, local or foreign income tax, social insurance, payroll tax, payment on account or other tax related items ("Tax Related Items"), the Optionee acknowledges that the ultimate liability for all Tax Related Items associated with the Option is and remains the Optionee's responsibility and that the Company and the Employer (i) make no representations or undertakings regarding the treatment of any Tax Related Items in connection with any aspect of the Option, including, but not limited to, the grant, vesting or exercise of the Option, the subsequent sale of Shares acquired pursuant to such exercise and the receipt of any dividends or dividend equivalents; and (ii) do not commit to structure the terms of the grant or any aspect of the Option to reduce or eliminate the Optionee's liability for Tax Related Items. Further, if Optionee is subject to tax in more than one jurisdiction, Optionee acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to the relevant taxable event, Optionee shall pay or make adequate arrangements satisfactory to the Company and/or the Employer (in its sole discretion) to satisfy all withholding and payment on account obligations for Tax Related Items of the Company and/or the Employer. In this regard, the Optionee authorizes the Company and the Employer, or either of them, in such entity's sole discretion, to satisfy the obligations with regard to all Tax Related Items legally payable by the Optionee (with respect to the Option granted hereunder as well as any equity awards previously received by the Optionee under any Company stock plan) by one or a combination of the following: (i) requiring the Optionee to pay Tax-Related Items in cash with a cashier's check or certified check or by wire transfer of immediately available funds; (ii) withholding cash from the Optionee's wages or other compensation payable to the Optionee by the Company and/or the Employer; (iii) accepting from the Optionee the delivery of unencumbered Shares; (iv) withholding from the proceeds of a broker-dealer sale and remittance procedure as described in Section 4(b) above; or (v) withholding in Shares otherwise issuable to

---

the Optionee, provided that the Company withholds only the amount of Shares necessary to satisfy the minimum statutory withholding amount (or such other amount that will not cause adverse accounting consequences for the Company and is permitted under applicable withholding rules promulgated by the Internal Revenue Service or another applicable governmental entity) using the Fair Market Value of the Shares on the date of the relevant taxable event. Optionee shall pay to the Company or the Employer any amount of Tax Related Items that the Company or the Employer may be required to withhold as a result of the Optionee's participation in the Plan or the Optionee's purchase of Shares that are not satisfied by any of the means previously described. The Company may refuse to honor the exercise and refuse to deliver the Shares to the Optionee if the Optionee fails to comply with Optionee's obligations in connection with the Tax Related Items as described in this Section.

(b) Code Section 409A. The intent of the parties is that payments and benefits under this Agreement comply with Section 409A of Code to the extent subject thereto, and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted and be administered to be in compliance therewith. Notwithstanding anything contained herein to the contrary, to the extent required to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, the Participant shall not be considered to have separated from service with the Company for purposes of this Agreement and no payment shall be due to the Participant under this Agreement on account of a separation from service until the Participant would be considered to have incurred a "separation from service" from the Company within the meaning of Section 409A of the Code. Any payments described in this Agreement that are due within the "short-term deferral period" as defined in Section 409A of the Code shall not be treated as deferred compensation unless applicable law requires otherwise. Notwithstanding anything to the contrary in this Agreement, to the extent that any amounts are payable upon a separation from service and such payment would result in accelerated taxation and/or tax penalties under Section 409A of the Code, such payment, under this Agreement or any other agreement of the Company, shall be made on the first business day after the date that is six (6) months following such separation from service (or death, if earlier). The Company makes no representation that any or all of the payments described in this Agreement will be exempt from or comply with Section 409A of the Code and makes no undertaking to preclude Section 409A of the Code from applying to any such payment. The Grantee shall be solely responsible for the payment of any taxes and penalties incurred under Section 409A.

9. Rights as Shareholder. Until all requirements for exercise of the Option pursuant to the terms of this Agreement and the Plan have been satisfied, the Optionee shall not be deemed to be a shareholder or to have any of the rights of a shareholder with respect to any Shares.

10. No Employment Contract. Nothing in the Plan or this Agreement constitutes an employment contract between the Company and the Optionee and this Agreement shall not confer upon the Optionee any right to continuation of employment or service with the Company or any of its Subsidiaries, nor shall this Agreement interfere in any way with the Company's or any of its Subsidiaries right to terminate the Optionee's employment or service at any time, with or without cause (subject to any employment agreement an Optionee may otherwise have with the Company or a Subsidiary thereof and/or applicable law).

---

11. Board Authority. The Board and/or the Committee shall have the power to interpret this Agreement and to adopt such rules for the administration, interpretation and application of the Agreement as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether any Options have vested). All interpretations and determinations made by the Board and/or the Committee in good faith shall be final and binding upon Optionee, the Company and all other interested persons and such determinations of the Board and/or the Committee do not have to be uniform nor do they have to consider whether optionees are similarly situated. No member of the Board and/or the Committee shall be personally liable for any action, determination or interpretation made in good faith with respect to this Agreement.

12. Headings. The captions used in this Agreement and the Plan are inserted for convenience and shall not be deemed to be a part of the Option for construction and interpretation.

13. Electronic Delivery.

(a) If the Optionee executes this Agreement electronically, for the avoidance of doubt Optionee acknowledges and agrees that his or her execution of this Agreement electronically (through an on-line system established and maintained by the Company or a third party designated by the Company, or otherwise) shall have the same binding legal effect as would execution of this Agreement in paper form. Optionee acknowledges that upon request of the Company he or she shall also provide an executed, paper form of this Agreement.

(b) If the Optionee executes this Agreement in paper form, for the avoidance of doubt the parties acknowledge and agree that it is their intent that any agreement previously or subsequently entered into between the parties that is executed electronically shall have the same binding legal effect as if such agreement were executed in paper form.

(c) If Optionee executes this Agreement multiple times (for example, if the Optionee first executes this Agreement in electronic form and subsequently executes the Agreement in paper form), the Optionee acknowledges and agrees that (i) no matter how many versions of this Agreement are executed and in whatever medium, this Agreement only evidences a single grant of Options relating to the number of Shares set forth in the Notice of Stock Option Grant and (ii) this Agreement shall be effective as of the earliest execution of this Agreement by the parties, whether in paper form or electronically, and the subsequent execution of this Agreement in the same or a different medium shall in no way impair the binding legal effect of this Agreement as of the time of original execution.

(d) The Company may, in its sole discretion, decide to deliver by electronic means any documents related to the Option, to participation in the Plan, or to future awards granted under the Plan, or otherwise required to be delivered to the Optionee pursuant to the Plan or under applicable law, including but not limited to, the Plan, the Agreement, the Plan prospectus and any reports of the Company generally provided to shareholders. Such means of electronic delivery may include, but do not necessarily include, the delivery of a link to the Company's intranet or the internet site of a third party involved in administering the Plan, the delivery of documents via electronic mail ("e-mail") or such other means of electronic delivery

---

specified by the Company. By executing this Agreement, the Optionee hereby consents to receive such documents by electronic delivery. *At the Optionee's written request to the Secretary of the Company, the Company shall provide a paper copy of any document at no cost to the Optionee.*

14. Data Privacy. *Optionee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of his or her Data (as defined below) by and among, as necessary and applicable, the Employer, the Company and its Subsidiaries for the exclusive purpose of implementing, administering and managing Optionee's participation in the Plan.*

*Optionee understands that the Company and the Employer may hold certain personal information about Optionee, including, but not limited to, Optionee's name, home address and telephone number, date of birth, social security or insurance number or other identification number (e.g., resident registration number), salary, nationality, and job title, any Common Stock or directorships held in the Company, and details of the Option or any other option or other entitlement to Shares, canceled, exercised, vested, unvested or outstanding in Optionee's favor ("Data"), for the purpose of implementing, administering and managing the Plan. Optionee understands that Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in Optionee's country or elsewhere, including outside the European Economic Area, and that the recipients' country may have different data privacy laws and protections than Optionee's country. Optionee authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing Optionee's participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom Optionee may elect to deposit any Shares acquired upon exercise of the Option or any other option or other entitlement to Shares.*

*Optionee understands that he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. Optionee understands that Data shall be held as long as is reasonably necessary to implement, administer and manage his or her participation in the Plan, and he or she may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative. Further, Optionee understands that Optionee is providing the consents herein on a purely voluntary basis. If Optionee does not consent, or if Optionee later seeks to revoke his or her consent, his or her employment status or service and career with his or her employer will not be adversely affected; the only adverse consequence of refusing or withdrawing Optionee's consent is that the Company would not be able to grant Options or other equity awards to Optionee or to administer or maintain such awards. Therefore, Optionee understands that refusing or withdrawing such consent may affect his or her ability to participate in the Plan. In addition, Optionee understands that the Company and its Subsidiaries have separately implemented procedures for the handling of Data which the Company believes permits the Company to use the Data in the manner set forth above notwithstanding Optionee's withdrawal of such consent. For more information on the consequences of refusal to consent or withdrawal of consent, Optionee understands that he or she may contact his or her local human resources representative.*

---

15. Waiver of Right to Jury Trial. Each party, to the fullest extent permitted by law, waives any right or expectation against the other to trial or adjudication by a jury of any claim, cause or action arising with respect to the Option or hereunder, or the rights, duties or liabilities created hereby.

16. Agreement Severable. In the event that any provision of this Agreement shall be held invalid or unenforceable, such provision shall be severable from, and such invalidity or unenforceability shall not be construed to have any effect on, the remaining provisions of this Agreement.

17. Governing Law and Venue. The laws of the State of Delaware (other than its choice of law provisions) shall govern this Agreement and its interpretation. For purposes of litigating any dispute that arises with respect to this Option, this Agreement or the Plan, the parties hereby submit to and consent to the jurisdiction of the State of Delaware, and agree that such litigation shall be conducted in the courts of New Castle County, or the United States Federal court for the District of Delaware, and no other courts; and waive, to the fullest extent permitted by law, any objection that the laying of the venue of any legal or equitable proceedings related to, concerning or arising from such dispute which is brought in any such court is improper or that such proceedings have been brought in an inconvenient forum. Any claim under the Plan, this Agreement or any Award must be commenced by Optionee within twelve (12) months of the earliest date on which Optionee's claim first arises, or Optionee's cause of action accrues, or such claim will be deemed waived by Optionee.

18. Nature of Option. In accepting the Option, Optionee acknowledges and agrees that:

- (a) the award of the Option is voluntary and occasional and does not create any contractual or other right to receive future grants of options, benefits in lieu of options or other equity awards, even if options have been granted repeatedly in the past;
- (b) all decisions with respect to future equity awards, if any, shall be at the sole discretion of the Company;
- (c) Optionee's participation in the Plan is voluntary;
- (d) the Option, and the income and value of same, is an extraordinary item that (i) does not constitute compensation of any kind for services of any kind rendered to the Company or any Subsidiary, and (ii) is outside the scope of Optionee's employment or service contract, if any;
- (e) the Option, and the income and value of same, is not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, end of service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company or any Subsidiary;

---

(f) unless otherwise agreed with the Company, the Option, and the income and value of same, are not granted as consideration for, or in connection with, any service Optionee may provide as a director of any Subsidiary;

(g) the Option and Optionee's participation in the Plan shall not be interpreted to form an employment or service contract with the Company or any Subsidiary of the Company;

(h) the future value of the underlying Shares is unknown and cannot be predicted with certainty;

(i) if the Shares do not increase in value, the Option will have no value;

(j) if Optionee exercises the Option and obtains Shares, the value of the Shares obtained upon exercise may increase or decrease in value, even below the Exercise Price;

(k) in consideration of the award of the Option, no claim or entitlement to compensation or damages shall arise from termination of the Option or diminution in value of the Option, or Shares purchased through the exercise of the Option, resulting from termination of Optionee's employment or continuous service by the Company or any Subsidiary (for any reason whatsoever and whether or not in breach of applicable labor laws of the jurisdiction where Optionee is employed or the terms of Optionee's employment agreement, if any, and whether or not later found to be invalid) and in consideration of the grant of the Option, Optionee irrevocably releases the Company and any Subsidiary from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by signing/electronically accepting the Agreement, Optionee shall be deemed irrevocably to have waived Optionee's entitlement to pursue or seek remedy for any such claim;

(l) the Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Optionee's participation in the Plan or Optionee's acquisition or sale of the underlying Shares; and

(m) Optionee is hereby advised to consult with Optionee's own personal tax, legal and financial advisors regarding Optionee's participation in the Plan before taking any action related to the Plan.

19. Language. If Optionee has received this Agreement, the Plan or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control, unless otherwise prescribed by applicable law.

20. Severability. The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

---

21. Waiver. Optionee acknowledges that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by Optionee or any other participant.

22. Insider Trading/Market Abuse Laws. Optionee acknowledges that, depending on Optionee's country, Optionee may be subject to insider trading restrictions and/or market abuse laws, which may affect his or her ability to acquire or sell Shares or exercise Options under the Plan during such times as Optionee is considered to have "inside information" regarding the Company (as defined by the laws in Optionee's country). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable insider trading policy of the Company. Optionee acknowledges that it is his or her responsibility to comply with any applicable restrictions, and Optionee is advised to consult with his or her own personal legal and financial advisors on this matter.

23. Addendum. The Option shall be subject to the special terms and provisions (if any) set forth in the Addendum A to this Agreement for Optionee's country of residence. Moreover, if Optionee relocates to one of the countries included in the Addendum A, the special terms and conditions for such country will apply to Optionee, to the extent the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with applicable law or facilitate the administration of the Plan and provided the imposition of the term or condition will not result in any adverse accounting expense with respect to the Option. Addendum A constitutes part of this Agreement. In addition, the Company reserves the right to impose other requirements on the Option and any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with applicable law or facilitate the administration of the Plan and provided the imposition of the term or condition will not result in adverse accounting expense to the Company, and to require Optionee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

24. Recoupment. The Options granted pursuant to this Agreement are subject to the terms of the Fortive Corporation Recoupment Policy as it exists from time to time (a copy of the Recoupment Policy as it exists from time to time is available on the Company's internal website) (the "Policy") if and to the extent such Policy by its terms applies to the Options, and to the terms required by applicable law; and the terms of the Policy and such applicable law are incorporated by reference herein and made a part hereof.

25. Notices. The Company may, directly or through its third party stock plan administrator, endeavor to provide certain notices to Optionee regarding certain events relating to awards that the Optionee may have received or may in the future receive under the Plan, such as notices reminding Optionee of the vesting or expiration date of certain awards. Optionee acknowledges and agrees that (1) the Company has no obligation (whether pursuant to this Agreement or otherwise) to provide any such notices; (2) to the extent the Company does provide any such notices to Optionee the Company does not thereby assume any obligation to provide any such notices or other notices; and (3) the Company, its affiliates and the third party stock plan administrator have no liability for, and the Optionee has no right whatsoever (whether pursuant to this Agreement or otherwise) to make any claim against the Company, any of its affiliates or the third party stock plan administrator based on any allegations of, damages or harm suffered by the Optionee as a result of the Company's failure to provide any such notices or Optionee's failure to receive any such notices.

26. **Consent and Agreement With Respect to Plan.** Optionee (1) acknowledges that the Plan and the prospectus relating thereto are available to Optionee on the website maintained by the Company's third party stock plan administrator; (2) represents that he or she has read and is familiar with the terms and provisions thereof, has had an opportunity to obtain the advice of counsel of his or her choice prior to executing this Agreement and fully understands all provisions of the Agreement and the Plan; (3) accepts this Option subject to all of the terms and provisions thereof; (4) consents and agrees to all amendments that have been made to the Plan since it was adopted in 2016 (and for the avoidance of doubt consents and agrees to each amended term reflected in the Plan as in effect on the date of this Agreement), and consents and agrees that all options and restricted stock units, if any, held by Optionee that were previously granted under the Plan as it has existed from time to time are now governed by the Plan as in effect on the date of this Agreement (except to the extent the Committee has expressly provided that a particular Plan amendment does not apply retroactively); and (5) agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions arising under the Plan or this Agreement.

*[If the Agreement is signed in paper form, complete and execute the following:]*

**OPTIONEE**

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Print Name*

\_\_\_\_\_

\_\_\_\_\_  
*Residence Address*

**FORTIVE CORPORATION**

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Print Name*

\_\_\_\_\_  
*Title*



---

## ADDENDUM A

This Addendum includes additional terms and conditions that govern the Option granted to Optionee if Optionee works and/or resides in one of the countries listed herein. Capitalized terms used but not defined herein shall have the same meanings ascribed to them in the Notice of Stock Option Grant, the Agreement or the Plan.

This Addendum may also include information regarding exchange controls and certain other issues of which Optionee should be aware with respect to Optionee's participation in the Plan. The information is based on the securities, exchange control and other laws concerning Options in effect as of March 2016. Such laws are often complex and change frequently. As a result, the Company strongly recommends that Optionee not rely on the information noted herein as the only source of information relating to the consequences of Optionee's participation in the Plan as the information may be out of date at the time Optionee exercises the Option or sells Shares acquired under the Plan.

In addition, this Addendum is general in nature and may not apply to Optionee's particular situation, and the Company is not in a position to assure Optionee of any particular result. **Accordingly, Optionee should to seek appropriate professional advice as to how the relevant laws in Optionee's country apply to Optionee's specific situation.**

*If Optionee is a citizen of a country other than the one in which Optionee is currently working, transfers employment and/or residency after the Option was granted or is considered a resident of another country for local law purposes, the information contained herein may not be applicable to Optionee in the same manner.*

### **OPTIONEES IN AUSTRALIA, CZECH REPUBLIC, GERMANY, HUNGARY, IRELAND, NEW ZEALAND, SLOVAKIA AND THE UNITED KINGDOM**

Sections 5(e) and (f) of this Agreement, (Early Retirement and Normal Retirement, respectively), shall not apply to any Optionee who as of the Date of Grant is on permanent, non-temporary assignment in Australia, the Czech Republic, Germany, Hungary, Ireland, New Zealand, Slovakia or the United Kingdom. Instead, the provisions of Section 5(a) (General), shall apply, notwithstanding the provisions therein regarding Early Retirement and Normal Retirement to the contrary.

### **OPTIONEES IN AUSTRIA, BELGIUM, DENMARK, FINLAND, FRANCE, ITALY, THE NETHERLANDS, POLAND, SLOVENIA, SPAIN AND SWEDEN**

Section 5(e) of this Agreement (regarding Early Retirement) shall not apply to any Optionee who as of the Date of Grant is on permanent, non-temporary assignment in Austria, Belgium, Denmark, Finland, France, Italy, the Netherlands, Poland, Slovenia, Spain or Sweden (collectively, the "Statutory Retirement Age Countries"). Instead, the provisions of Section 5(a) (General), shall apply, notwithstanding the provisions therein regarding Early Retirement to the contrary.

For purposes of applying the Plan and Section 5(f) of this Agreement (regarding Normal Retirement) to any Optionee who as of the Date of Grant is on permanent, non-temporary assignment in any of the Statutory Retirement Age Countries, the definition of "Normal Retirement" set forth in the Plan shall not apply and instead "Normal Retirement" shall mean such Optionee's attainment of the statutory retirement age in the jurisdiction in which the Optionee is on permanent, non-temporary assignment as of the Date of Grant. In the absence of a statutory retirement age in such jurisdiction, "Normal Retirement" shall mean attainment of the customary age for retirement in such jurisdiction.

---

Notwithstanding the foregoing, in the event that subsequent to the Date of Grant such Optionee works in a jurisdiction other than in the jurisdiction in which the Optionee was on permanent, non-temporary assignment as of the Date of Grant, if required to comply with applicable law, the Committee shall have sole and absolute discretion to instead apply to such Optionee the retirement provisions of this Agreement that are applicable in such other jurisdiction.

## **OPTIONEES IN CHINA AND ITALY**

### **Method of Exercise**

Optionee acknowledges that due to regulatory requirements, and notwithstanding any terms or conditions of the Plan or the Agreement to the contrary, Optionees residing in mainland China and Italy will be restricted to the cashless sell-all method of exercise with respect to their Options. To complete a cashless sell-all exercise, Optionee understands that Optionee needs to instruct the broker to: (i) sell all of the purchased Shares issued upon exercise; (ii) use the proceeds to pay the Exercise Price, brokerage fees and any applicable Tax-Related Items; and (iii) remit the balance in cash to Optionee. In the event of changes in regulatory requirements, the Company reserves the right to eliminate the cashless sell-all method of exercise requirement and, in its sole discretion, to permit cash exercise, cashless sell-to-cover exercise or any other method of exercise and payment deemed appropriate by the Company.

## **OPTIONEES IN ARGENTINA**

### **Securities Law Notice**

Optionee understands that neither the grant of the Option nor the purchase of Shares constitute a public offering as defined by the Law N° 17,811, or any other Argentine law. The offering of the Option is a private placement. As such, the offering is not subject to the supervision of any Argentine governmental authority.

### **Labor Law Acknowledgement**

Any benefits awarded under the Plan accrue no more frequently than on an annual basis. In addition, Optionee acknowledges that the grant is made by the Company on behalf of Optionee's local employer.

### **Exchange Control Notice**

Following the sale of Shares and/or the receipt of dividends, Argentine residents may be subject to certain restrictions in bringing such funds back into Argentina. The Argentine bank handling the transaction may request certain documentation in connection with the request to transfer proceeds into Argentina (e.g., evidence of the sale, proof of the source of the funds used to purchase such shares, etc.). The Optionee must comply with any and all Argentine currency exchange restrictions, approvals and reporting requirements in connection with the exercise of the option, the subsequent sale of any Shares acquired upon exercise and the receipt of any dividends paid on such shares.

Please note that exchange control regulations in Argentina are subject to frequent change. The Optionee should consult with his or her personal legal advisor regarding any exchange control obligations the Optionee may have in connection with the Optionee's participation in the Plan.

---

## **Foreign Asset/Account Reporting Information**

If Optionee holds Shares as of December 31 of any year, Optionee is required to report the holding of the Shares on his or her personal tax return for the relevant year. In addition, certain periodic reporting obligations also apply; specifically, when Optionee acquires, sells, transfers or otherwise disposes of Shares on or after January 1, 2012, Optionee must register the transaction with the Federal Tax Administration.

## **OPTIONEES IN AUSTRALIA**

### **Securities Law Notice**

If you acquire Shares under the Plan and subsequently offer the Shares for sale to a person or entity resident in Australia, such an offer may be subject to disclosure requirements under Australian law, and you should obtain legal advice regarding any applicable disclosure requirements prior to making any such offer.

### **Exchange Control Notice**

Exchange control reporting is required for cash transactions exceeding A\$10,000 and international fund transfers of any amount. The Australian bank assisting with the transaction will file the report for Optionee. If there is no Australian bank involved in the transfer, Optionee will be responsible for filing the report.

## **OPTIONEES IN AUSTRIA**

### **Exchange Control Notice**

If the Optionee holds Shares acquired under the Plan outside of Austria, the Optionee must submit a report to the Austrian National Bank as follows: (i) on a quarterly basis if the value of the shares as of any given quarter meets or exceeds €30,000,000; the deadline for filing the quarterly report is the 15th day of the month following the end of the respective quarter and (ii) on an annual basis if the value of the shares as of December 31 meets or exceeds €5,000,000; the deadline for filing the annual report is January 31 of the following year.

When the Optionee sells Shares acquired under the Plan, the Optionee may be required to comply with certain exchange control obligations if the cash proceeds from the sale are held outside of Austria. If the transaction volume of all accounts abroad exceeds €3,000,000, the movements and balances of all accounts must be reported monthly, as of the last day of the month, on or before the fifteenth day of the following month.

## **OPTIONEES IN BELGIUM**

### **Terms and Conditions**

Options granted to Optionees in Belgium shall not be accepted by Optionee earlier than the 61<sup>st</sup> day following the Offer Date. The Offer Date is the date on which the Company notifies Optionee of the material terms and conditions of the Option grant. Any acceptance given by Optionee before the 61<sup>st</sup> day following the grant date shall be null and void.

---

### **Foreign Asset/Account Reporting Information**

The Optionee is required to report any taxable income attributable to this Option on his or her annual tax return. The Optionee is also required to report any security or bank account opened and maintained outside of Belgium on Optionee's annual tax return. In a separate report, Optionee is required to provide a central point of contact point to the National Bank of Belgium with the account number, bank name and country in which said bank account was opened. This report, as well as additional information on how to complete it, can be found on the website of the National Bank of Belgium, [www.nbb.be](http://www.nbb.be), under the *Kredietcentrales / Centrales des crédits* caption.

### **OPTIONEES IN BRAZIL**

#### **Compliance with Law**

By accepting the Option, the Optionee acknowledges that he or she agrees to comply with applicable Brazilian laws and pay any and all applicable taxes associated with the exercise of the Option, the receipt of any dividends, and the sale of Shares acquired under the Plan.

#### **Nature of Grant**

By accepting the Options, Optionee agrees that Optionee is making an investment decision, the Options will become exercisable only if the vesting conditions are met and any necessary services are rendered by Optionee, and the value of the underlying Shares is not fixed and may increase or decrease in value over the vesting period without compensation to Optionee.

#### **Labor Law Acknowledgement**

Optionee agrees that, for all legal purposes, (i) the benefits provided under the Agreement and the Plan are the result of commercial transactions unrelated to Optionee's employment; (ii) the Agreement and the Plan are not part of any terms and conditions of Optionee's employment; and (iii) the income from the Options, if any, is not part of Optionee's remuneration from employment.

#### **Securities Law Notice**

The Options and the securities acquired under the Plan have not been and will not be publicly issued, placed, distributed, offered or negotiated in the Brazilian capital markets and, as a result, will not be registered with the Brazilian Securities Commission (*Comissão de Valores Mobiliários*, the CVM). Therefore, the Options and the securities acquired upon exercise of the Options will not be offered or sold in Brazil, except in circumstances which do not constitute a public offering, placement, distribution or negotiation under the Brazilian capital markets regulation.

#### **Exchange Control Notice**

If Optionee is a resident or domiciled in Brazil, Optionee will be required to submit annually a declaration of assets and rights held outside of Brazil to the Central Bank of Brazil if the aggregate value of such assets and rights is equal to or greater than US\$100,000. Assets and rights that must be reported include Shares acquired under the Plan. Foreign individuals holding Brazilian visas are considered Brazilian residents for purposes of this reporting requirement and must declare the assets held abroad that were acquired subsequent to the date of admittance as a resident of Brazil. Please note that the US\$100,000 threshold may be changed annually.

---

## **OPTIONEES IN CANADA**

### **Consent to Receive Information in English for Optionees in Quebec**

The parties acknowledge that it is their express wish that this Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be written in English.

*Les parties reconnaissent avoir exigé la rédaction en anglais du présent Contrat, ainsi que de tous documents exécutés, avis donnés et procédures judiciaires intentées, directement ou indirectement, relativement à ou suite au présent Contrat.*

### **Data Privacy**

Optionee hereby authorizes the Company and the Company's representatives to discuss with and obtain all relevant information from all personnel, professional or not, involved in the administration and operation of the Plan. Optionee further authorizes the Company and its Subsidiaries and affiliates, and any stock plan service provider that may be selected by the Company, to assist with the Plan to disclose and discuss the Plan with their respective advisors. Optionee further authorizes the Company and its Subsidiaries and affiliates to record such information and to keep such information in his or her employee file.

### **Securities Law Notice**

Optionee is permitted to sell Shares acquired through the Plan through the designated broker appointed under the Plan, if any (or any other broker acceptable to the Company), provided the resale of Shares acquired under the Plan takes place outside of Canada through the facilities of a stock exchange on which the Shares are listed. The Shares are currently listed on the New York Stock Exchange.

### **Foreign Asset/Account Reporting Information**

Foreign property, including Options, Shares acquired under the Plan and other rights to receive shares of a non-Canadian company held by a Canadian resident must generally be reported annually on a Form T1135 (Foreign Income Verification Statement) if the total cost of the foreign property exceeds C\$100,000 at any time during the year. Thus, such Options must be reported – generally at a nil cost – if the C\$100,000 cost threshold is exceeded because Optionee holds other foreign property. When Shares are acquired, their cost generally is the adjusted cost base (“ACB”) of the shares. The ACB would ordinarily equal the fair market value of the shares at the time of acquisition, but if Optionee owns other shares of the same company, this ACB may need to be averaged with the ACB of the other shares. Optionee should consult his or her personal legal advisor to ensure compliance with applicable reporting obligations.

## **OPTIONEES IN CHILE**

### **Securities Law Notice**

The grant of the Options hereunder is not intended to be a public offering of securities in Chile but instead is intended to be a private placement.

- a) The starting date of the offer will be the Grant Date (as defined in the Agreement), and this offer conforms to General Ruling no. 336 of the Chilean Superintendence of Securities and Insurance;

- 
- b) The offer deals with securities not registered in the registry of securities or in the registry of foreign securities of the Chilean Superintendence of Securities and Insurance, and therefore such securities are not subject to its oversight;
  - c) The issuer is not obligated to provide public information in Chile regarding the foreign securities, as such securities are not registered with the Chilean Superintendence of Securities and Insurance; and
  - d) The foreign securities shall not be subject to public offering as long as they are not registered with the corresponding registry of securities in Chile.
- a) *La fecha de inicio de la oferta será el de la fecha de otorgamiento (o "Grant Date", según este término se define en el documento denominado "Agreement") y esta oferta se acoge a la norma de Carácter General n° 336 de la Superintendencia de Valores y Seguros Chilena;*
  - b) *La oferta versa sobre valores no inscritos en el registro de valores o en el registro de valores extranjeros que lleva la Superintendencia de Valores y Seguros Chilena, por lo que tales valores no están sujetos a la fiscalización de ésta;*
  - c) *Por tratar de valores no inscritos no existe la obligación por parte del emisor de entregar en Chile información pública respecto de esos valores; y*
  - d) *Esos valores no podrán ser objeto de oferta pública mientras no sean inscritos en el registro de valores correspondiente.*

#### **Exchange Control Notice**

It is the Optionee's responsibility to make sure that Optionee complies with exchange control requirements in Chile when the value of his or her stock transaction is in the excess of US\$10,000.

If the Optionee pays the Exercise Price in cash or check and remits funds in excess of US\$10,000 out of Chile, the remittance must be made through the Formal Exchange Market ("FEM," *i.e.*, a commercial bank or registered foreign exchange office).

If the Optionee pays the Exercise Price under a cashless exercise program implemented by the Company in connection with the Plan, and the aggregate value of the Exercise Price exceeds US\$10,000, a report must be filed with the Central Bank within 10 days of the exercise date.

If the Optionee repatriates to Chile sale proceeds from Shares that were purchased by funds that were required to be transferred out of Chile through the FEM or if the amount of sale proceeds repatriated to Chile exceeds US\$10,000, he or she must use the FEM for transferring the proceeds into Chile.

If the Optionee's aggregate investments held outside of Chile exceed US\$5,000,000 (including the investments made under the Plan), the Optionee must report the status of such investments annually to the Central Bank, using Annex 3.1 of Chapter XII of the Foreign Exchange Regulations.

---

## **Annual Tax Reporting Obligation**

The CIRS requires all taxpayers to provide information annually regarding (i) the results of investments held abroad in quotas or shares in which the taxpayer participates directly or indirectly in the direction, control, equity or profits; and (ii) the taxes paid abroad which the taxpayers will use as credit against Chilean income tax. To comply with these annual reporting obligations Optionee must submit a sworn statements setting forth the required information before March 15 of each year. The forms to be use to submit the sworn statement are Tax Form 1853 “Annual Sworn Statement Regarding Permanent Investments Held Abroad” and Tax Form 1851 “Annual Sworn Statement Regarding Investments Held Abroad.” If Optionee is not a Chilean citizen and has been a resident in Chile for less than 3 years, Optionee will be exempt from the requirements to file Tax Form 1853. These statements must be submitted electronically through the CIRS website at [www.sii.cl](http://www.sii.cl). Optionee should consult with his or her personal tax advisor to determine the applicable reporting obligations.

## **OPTIONEES IN CHINA**

### **Terms and Conditions—Exchange Control Restrictions Applicable to Optionees who are PRC Nationals**

Optionee understands that, except as otherwise provided herein, his or her Options can be exercised only by means of the cashless sell-all method, under which all Shares underlying the option are immediately sold upon exercise.

In addition, Optionee understands and agrees that, pursuant to local exchange control requirements, Optionee is required to repatriate the cash proceeds from the cashless sell-all method of exercise of options, (i.e., the sale proceeds less the Exercise Price and any administrative fees). Optionee agrees that the Company is authorized to instruct its designated broker to assist with the immediate sale of such shares (on Optionee’s behalf pursuant to this authorization), and Optionee expressly authorizes such broker to complete the sale of such shares. Optionee acknowledges that the Company’s broker is under no obligation to arrange for the sale of the shares at any particular price. The Company reserves the right to provide additional methods of exercise depending on the development of local law.

In addition, Optionee understands and agrees that the cash proceeds from the exercise of his or her Options, (i.e., the proceeds of the sale of the shares underlying the Options, less the Exercise Price and any administrative fees) will be repatriated to China. Optionee further understands that, under local law, such repatriation of the cash proceeds may be effectuated through a special foreign exchange control account to be approved by the local foreign exchange administration, and Optionee hereby consents and agrees that the proceeds from the sale of Shares acquired under the Plan, net of the Exercise Price and administrative fees, may be transferred to such special account prior to being delivered to Optionee. The proceeds, net of Tax-Related Items, may be paid to Optionee in U.S. Dollars or local currency at the Company’s discretion. In the event the proceeds are paid to Optionee in U.S. Dollars, Optionee understands that he or she will be required to set up a U.S. Dollar bank account in China and provide the bank account details to the Employer and/or the Company so that the proceeds may be deposited into this account. In addition, Optionee understands and agrees that Optionee will be responsible for converting the proceeds into Renminbi Yuan at Optionee’s expense.

If the proceeds are paid to Optionee in local currency, Optionee agrees to bear any currency fluctuation risk between the time the shares are sold and the time the sale proceeds are distributed through any such special exchange account.

### **Exchange Control Notice Applicable to Optionees in the PRC**

Optionee understands that exchange control restrictions may limit Optionee’s ability to access and/or convert funds received under the Plan, particularly if these amounts exceed US\$50,000. Optionee should confirm the procedures and requirements for withdrawals and conversions of foreign currency with his or her local bank prior to option exercise.

---

Optionee agrees to comply with any other requirements that may be imposed by the Company in the future in order to facilitate compliance with exchange control requirements in the Peoples' Republic of China.

#### **Foreign Asset Reporting Information**

PRC residents are required to report to SAFE details of their foreign financial assets and liabilities, as well as details of any economic transactions conducted with non-PRC residents, either directly or through financial institutions. Optionee may be subject to reporting obligations for the Shares or awards acquired under the Plan and Plan-related transactions. It is Optionee's responsibility to comply with this reporting obligation and Optionee should consult his/her personal tax advisor in this regard.

#### **OPTIONEES IN COLOMBIA**

**Labor Law Acknowledgement** The following provision supplements Section 10 of the Award Agreement:

Optionee acknowledges that pursuant to Article 128 of the Colombian Labor Code, the Plan, the Option, the underlying Shares, and any other amounts or payments granted or realized from participation in the Plan do not constitute a component of Optionee's "salary" for any purpose. To this extent, they will not be included and/or considered for purposes of calculating any and all labor benefits, such as legal/fringe benefits, vacations, indemnities, payroll taxes, social insurance contributions or any other labor-related amount which may be payable.

#### **Foreign Asset/Account Reporting Information**

Investments held abroad (including Shares issued at exercise) must be registered with the Central Bank of Colombia (Banco de la República) if the aggregate investment held by an individual (as of December 31 of the applicable calendar year) equal or exceed a prescribed threshold. If the threshold is met or exceeded, Optionee must register the investments with the Central Bank by filing a Form No. 11 and submitting it to Señores, Banco de la República, Atn: Jefe Sección Inversiones, Departamento de Cambios Internacionales, Carrera 7 No. 14—18, Bogotá, Colombia" by June 30 of the following year. Upon the sale or disposition of the investments previously registered with the Central Bank, Optionee must cancel the registration by no later than March 31 of the year following the sale or disposition or certain fines could apply.

If the Optionee uses the cashless sell-all method of exercise, then no registration is required because no funds are remitted from Colombia and no shares are held abroad.

In addition, when Optionee sells or otherwise disposes of any Shares acquired under the Plan, Optionee may either choose to keep the resulting sums abroad, or to repatriate them to Colombia. If Optionee chooses to repatriate funds to Colombia and Optionee has not registered his or her investment with Banco de la República, Optionee will need to file with Banco de la República Form No. 5 upon conversion of funds into local currency, which should be duly completed to reflect the nature of the transaction. If Optionee has registered his or her investment with Banco de la República, then Optionee will need to file with Banco de la República Form No. 4 upon conversion of funds into local currency, which should be duly completed to reflect the nature of the transaction.



---

Optionee should consult his/her personal legal advisor to ensure compliance with applicable Colombian exchange control regulations.

### **OPTIONEES IN CZECH REPUBLIC**

#### **Exchange Control Notice**

Upon request of the Czech National Bank (the “CNB”), Optionee may be required to fulfill certain notification duties in relation to the acquisition of Shares and the opening and maintenance of a foreign account. Because exchange control regulations change frequently and without notice, Optionee should consult his or her personal legal advisor prior to the exercise of the Options and the subsequent sale of Shares to ensure compliance with current regulations. It is Optionee’s responsibility to comply with Czech exchange control laws, and neither the Company nor any Subsidiary or affiliate will be liable for any resulting fines or penalties.

### **OPTIONEES IN DENMARK**

#### **Danish Stock Option Act**

By accepting this Award, the Optionee acknowledges that he or she has received a Danish translation of an Employer Statement, which is being provided to comply with the Danish Stock Option Act.

#### **Exchange Control Notice**

The establishment of an account holding Shares or an account holding cash outside Denmark must be reported to the Danish Tax Administration. The form which should be used in this respect may be obtained from a local bank. (Please note that these obligations are separate from and in addition to the securities/tax reporting obligations described below.)

#### **Securities/Tax Reporting Notice**

If Optionee holds Shares acquired under the Plan in a brokerage account with a broker or bank outside Denmark, Optionee is required to inform the Danish Tax Administration about the account. For this purpose, Optionee must file a Form V (Erklaering V) with the Danish Tax Administration. Both Optionee and the bank/broker must sign the Declaration V. By signing the Declaration V, the bank/broker undertakes an obligation, without further request each year and not later than on February 1 of the year following the calendar year to which the information relates, to forward certain information to the Danish Tax Administration concerning the content of the account. In the event that the applicable broker or bank with which the account is held does not wish to, or, pursuant to the laws of the country in question, is not allowed to assume such obligation to report, Optionee acknowledges that he or she is solely responsible for providing certain details regarding the foreign brokerage account and Shares deposited therein to the Danish Tax Administration as part of his or her annual income tax return. By signing the Form V, Optionee authorizes the Danish Tax Administration to examine the account. A sample of the Form V can be found at the following website: [www.skat.dk](http://www.skat.dk).

In addition, if Optionee opens a brokerage account (or a deposit account with a U.S. bank) for the purpose of holding cash outside Denmark, Optionee is also required to inform the Danish Tax Administration about this account. To do so, Optionee must also file a Form K (Erklaering K) with the Danish Tax Administration. The Form K must be signed both by Optionee and by the applicable broker or bank where the account is held. By signing the Form K, the broker/bank undertakes an obligation, without further request each year and not later than on February 1 of the year following the calendar year to which

---

the information relates, to forward certain information to the Danish Tax Administration concerning the content of the account. In the event that the applicable financial institution (broker or bank) with which the account is held, does not wish to, or, pursuant to the laws of the country in question, is not allowed to assume such obligation to report, Optionee acknowledges that he or she is solely responsible for providing certain details regarding the foreign brokerage or bank account to the Danish Tax Administration as part of Optionee's annual income tax return. By signing the Form K, Optionee authorizes the Danish Tax Administration to examine the account. A sample of Form K can be found at the following website: [www.skat.dk](http://www.skat.dk).

#### **OPTIONEES IN FRANCE**

##### **Consent to Receive Information in English**

By accepting the Options, Optionee confirms having read and understood the Plan, the Notice of Grant, the Agreement and this Addendum, including all terms and conditions included therein, which were provided in the English language. Optionee accepts the terms of those documents accordingly.

##### ***Consentement afin de Recevoir des Informations en Anglais***

*En acceptant les Options d'Achat d'Actions, le Bénéficiaire confirme qu'il ou elle a lu et compris le Plan, la Notification d'Attribution, le Contrat et les présentes Annexes, en ce compris tous les termes et conditions y relatifs, qui sont fournis en langue anglaise. Le Bénéficiaire accepte les termes de ces documents en connaissance de cause.*

##### **Exchange Control Notice**

If the Optionee holds Shares outside of France or maintains a foreign bank account, he or she is required to report the maintenance of such to the French tax authorities when filing his or her annual tax return.

#### **OPTIONEES IN GERMANY**

##### **Exchange Control Notice**

Cross-border payments in excess of €12,500 must be reported monthly to the German Federal Bank (Bundesbank). If Optionee receives a payment in excess of €12,500 in connection with the sale of Shares under the Plan, Optionee must report the payment to Bundesbank electronically using the "General Statistics Reporting Portal" (Allgemeines Meldeportal Statistik) available in both German and English via Bundesbank's website ([www.bundesbank.de](http://www.bundesbank.de)). Optionee is responsible for complying with applicable reporting requirements.

#### **OPTIONEES IN HONG KONG**

##### **Terms and Conditions**

This provision supplements Section 3 of the Agreement:

If, for any reason, the Option vests and becomes exercisable and the Option is exercised and Shares are issued to the Optionee within six months of the date of grant, the Optionee agrees that he or she will not dispose of any such Shares prior to the six-month anniversary of the Date of Grant.

---

**Wages**

This provision supplements Section 18 of the Agreement:

The Options and Shares subject to it do not form part of Optionee's wages for purposes of calculating any statutory or contractual payment under Hong Kong law.

**Securities Law Notice**

*WARNING: The contents of this document have not been reviewed by any regulatory authority in Hong Kong. Optionee is advised to exercise caution in relation to the offer. If Optionee is in any doubt about any of the contents of this document, Optionee should obtain independent professional advice. Neither the offer of Options nor the issuance of Shares upon exercise of the Options constitutes a public offering of securities under Hong Kong law and is available only to employees of the Company and its Subsidiaries. The Agreement, including this Addendum, the Plan and other incidental communication materials distributed in connection with the Options (i) have not been prepared in accordance with and are not intended to constitute a "prospectus" for a public offering of securities under the applicable securities legislation in Hong Kong and (ii) are intended only for the personal use of each eligible employee of the Company or its subsidiaries and may not be distributed to any other person.*

**OPTIONEES IN INDIA****Exchange Control Notice**

Optionee must repatriate any proceeds from the sale of Shares and any cash dividends acquired under the Plan to India and convert the proceeds into local currency within a certain period of the receipt (90 days for sale proceeds and 180 days for dividend payments). Optionee will receive a foreign inward remittance certificate ("FIRC") from the bank where Optionee deposits the foreign currency. Optionee should maintain the FIRC as evidence of the repatriation of funds in the event the Reserve Bank of India or the Employer requests proof of repatriation.

Because exchange control regulations can change frequently and without notice, Optionee should consult his or her personal legal advisor before selling Shares to ensure compliance with current regulations. It is Optionee's responsibility to comply with exchange control laws in India, and neither the Company nor the Employer will be liable for any fines or penalties resulting from Optionee's failure to comply with applicable local laws.

**Foreign Asset/Account Reporting Information**

The Optionee is required to declare foreign bank accounts and any foreign financial assets (including Shares held outside India) in his or her annual tax return. It is the Optionee's responsibility to comply with this reporting obligation and the Optionee should consult with his or her personal tax advisor in this regard as significant penalties may apply in the case of non-compliance.

**OPTIONEES IN ITALY****Data Privacy**

*This provision replaces the data privacy section in the Agreement:*

*Optionee understands that the Company and his or her employer, as the Privacy Representative of the Company in Italy, may hold certain personal information about Optionee, including, but not limited to, name, home address and telephone number, date of birth, social insurance or other identification*

---

number, salary, nationality, job title, any shares of common stock or directorships held in the Company or its Subsidiaries, affiliates or joint ventures details of all Awards or any other entitlement to shares of common stock awarded, canceled, vested, unvested or outstanding in Optionee's favor, and that the Company and his employer will process said data and other data lawfully received from a third party ("Personal Data") for the exclusive purpose of managing and administering the Plan and complying with applicable laws, regulations and Community legislation.

Optionee also understands that providing the Company with Personal Data is mandatory for compliance with laws and is necessary for the performance of the Plan and that his denial to provide Personal Data would make it impossible for the Company to perform its contractual obligations and may affect his ability to participate in the Plan. The Controller of personal data processing is Fortive Corporation, with registered offices at 6920 Seaway Blvd., Everett, WA 98203.

Optionee understands that Personal Data will not be publicized, but it may be accessible by Optionee's employer and within the employer's organization by its internal and external personnel in charge of processing, and by the data processor, if appointed. The updated list of processors and of the subjects to which Personal Data are communicated will remain available upon request at Optionee's employer. Furthermore, Personal Data may be transferred to banks, other financial institutions or brokers involved in the management and administration of the Plan. Optionee understands that Personal Data may also be transferred to the independent registered public accounting firm engaged by the Company, and also to the legitimate addressees under applicable laws. Optionee further understands that the Company or its Subsidiaries or affiliates will transfer Personal Data amongst themselves as necessary for the purpose of implementation, administration and management of the Optionee's participation in the Plan, and that the Company and its Subsidiaries or affiliates may each further transfer Personal Data to third parties assisting the Company in the implementation, administration and management of the Plan, including any requisite transfer of Personal Data to a broker or other third party with whom he or she may elect to deposit any shares acquired under the Plan or any proceeds from the sale of such shares. Such recipients may receive, possess, use, retain and transfer Personal Data in electronic or other form, for the purposes of implementing, administering and managing Optionee's participation in the Plan. Optionee understands that these recipients may be acting as controllers, processors or persons in charge of processing, as the case may be, according to applicable privacy laws, and that they may be located in or outside the European Economic Area, such as in the United States or elsewhere, in countries that do not provide an adequate level of data protection as intended under Italian privacy law.

Optionee understands that Personal Data processing related to the purposes specified above shall take place under automated or non-automated conditions, anonymously when possible, that comply with the purposes for which Personal Data is collected and with confidentiality and security provisions as set forth by applicable laws and regulations, with specific reference to Legislative Decree no. 196/2003.

The processing activity, including the transfer of Personal Data abroad, including outside of the European Economic Area, as specified herein and pursuant to applicable laws and regulations, does not require Optionee's consent thereto as it is necessary to performance of law and contractual obligations related to implementation, administration and management of the Plan. Optionee understands that, pursuant to section 7 of the Legislative Decree no. 196/2003, Optionee has the right at any moment to, including, but not limited to, obtain confirmation that Personal Data exists or not; access and verify its contents, origin and accuracy; delete, update, integrate or correct Personal Data; or block or stop, for legitimate reason, Personal Data processing. To exercise privacy rights, Optionee should contact his or her employer. Furthermore, Optionee is aware that Personal Data will not be used for direct marketing purposes. In addition, Personal Data provided can be reviewed and questions or complaints can be addressed by contacting Optionee's employer human resources department.

---

**Plan Document Acknowledgement**

In accepting the Option, Optionee acknowledges that he or she has received a copy of the Plan and the Agreement and has reviewed the Plan and the Agreement, including this Addendum, in their entirety and fully understands and accepts all provisions of the Plan and the Agreement, including this Addendum.

Optionee further acknowledges that he or she has read and specifically and expressly approves the following paragraphs of the Agreement: Tax Obligations; No Employment Contract; Nature of Grant; Language; Governing Law and Venue; and the Data Privacy paragraph included in this Addendum.

**Foreign Asset/Account Reporting Information**

Italian residents who, at any time during the fiscal year, hold foreign financial assets (including cash and Shares) which may generate income taxable in Italy are required to report these assets on their annual tax returns (UNICO Form, RW Schedule) for the year during which the assets are held, or on a special form if no tax return is due. These reporting obligations will also apply to Italian residents who are the beneficial owners of foreign financial assets under Italian money laundering provisions.

**OPTIONEES IN JAPAN****Exchange Control Notice**

If the Optionee acquires Shares valued at more than ¥100,000,000 in a single transaction, the Optionee must file a Securities Acquisition Report with the Ministry of Finance through the Bank of Japan within 20 days of the purchase of the shares.

In addition, if the Optionee pays more than ¥30,000,000 in a single transaction for the purchase of shares when the Optionee exercises the Option, the Optionee must file a Payment Report with the Ministry of Finance through the Bank of Japan by the 20th day of the month following the month in which the payment was made. The precise reporting requirements vary depending on whether or not the relevant payment is made through a bank in Japan.

A Payment Report is required independently from a Securities Acquisition Report. Therefore, if the total amount that the Optionee pays upon a one time transaction for exercising the Option and purchasing shares exceeds ¥100,000,000, then the Optionee must file both a Payment Report and a Securities Acquisition Report.

**Foreign Asset/Account Reporting Information**

The Optionee will be required to report details of any assets held outside of Japan as of December 31st (including any Shares acquired under the Plan) to the extent such assets have a total net fair market value exceeding ¥50,000,000. Such report will be due by March 15th each year. The Optionee should consult with his or her personal tax advisor as to whether the reporting obligation applies to the Optionee and whether the Optionee will be required to include details of any outstanding Option or Shares held by the Optionee in the report.

---

## **OPTIONEES IN KOREA**

### **Exchange Control Notice**

Exchange control laws require Korean residents who realize US\$500,000 or more from the sale of Shares to repatriate the sale proceeds back to Korea within three (3) years of the sale.

If Optionee remits funds to purchase Shares, the remittance must be “confirmed” by a foreign exchange bank in Korea. To receive the confirmation, Optionee should submit the following to the foreign exchange bank: (i) a prescribed form application; (ii) the Agreement, Notice of Stock Option Grant and any other Plan documents received; and (iii) certificate of employment with the local employer. Optionee should check with the bank to determine whether there are any additional requirements.

### **Foreign Asset/Account Reporting Information**

Korean residents must declare all foreign financial accounts (e.g., non-Korean bank accounts, brokerage accounts) based in foreign countries that have not entered into an “inter-governmental agreement for automatic exchange of tax information” with Korea to the Korean tax authority and file a report with respect to such accounts if the value of such accounts exceeds KRW 1 billion (or an equivalent amount in foreign currency). Optionee should consult with Optionee’s personal tax advisor for additional information about this reporting obligation, including whether or not there is an applicable inter-governmental agreement between Korea and the U.S. (or any other country where Optionee may hold any Shares or cash acquired in connection with the Plan.

## **OPTIONEES IN MEXICO**

### **Labor Law Acknowledgement**

These provisions supplement the labor law acknowledgement contained in the Agreement:

By accepting the Options, Optionee acknowledges that he or she understands and agrees that: (i) the Option is not related to the salary and other contractual benefits granted to Optionee by the Employer; and (ii) any modification of the Plan or its termination shall not constitute a change or impairment of the terms and conditions of employment.

### **Policy Statement**

The invitation the Company is making under the Plan is unilateral and discretionary and, therefore, the Company reserves the absolute right to amend it and discontinue it at any time without any liability.

The Company, with registered offices at 6920 Seaway Blvd., Everett, WA, United States of America, is solely responsible for the administration of the Plan and participation in the Plan and, in Optionee’s case, the acquisition of Shares does not, in any way establish an employment relationship between Optionee and the Company since Optionee is participating in the Plan on a wholly commercial basis and the sole employer is the Subsidiary employing Optionee, as applicable, nor does it establish any rights between Optionee and the Employer.

---

**Plan Document Acknowledgment**

By accepting the Option grant, Optionee acknowledges that he or she has received copies of the Plan, has reviewed the Plan and the Agreement in their entirety and fully understands and accepts all provisions of the Plan and the Agreement.

In addition, by signing the Agreement, Optionee further acknowledges that he or she has read and specifically and expressly approves the terms and conditions in the Nature of Grant, Section 18 of the Agreement, in which the following is clearly described and established: (i) participation in the Plan does not constitute an acquired right; (ii) the Plan and participation in the Plan is offered by the Company on a wholly discretionary basis; (iii) participation in the Plan is voluntary; and (iv) the Company and its Subsidiaries are not responsible for any decrease in the value of the Shares underlying the Option.

Finally, Optionee hereby declares that he or she does not reserve any action or right to bring any claim against the Company for any compensation or damages as a result of participation in the Plan and therefore grants a full and broad release to the Employer and the Company and its Subsidiaries with respect to any claim that may arise under the Plan.

**Spanish Translation*****Reconocimiento de la Ley Laboral***

*Estas disposiciones complementan el reconocimiento de la ley laboral contenida en el Acuerdo:*

*Por medio de la aceptación de la Opción, quien tiene la opción manifiesta que entiende y acuerda que: (i) la Opción no se encuentra relacionada con el salario ni con otras prestaciones contractuales concedidas al que tiene la opción por parte del patrón; y (ii) cualquier modificación del Plan o su terminación no constituye un cambio o desmejora en los términos y condiciones de empleo.*

***Declaración de Política***

*La invitación por parte de la Compañía bajo el Plan es unilateral y discrecional y, por lo tanto, la Compañía se reserva el derecho absoluto de modificar y discontinuar el mismo en cualquier momento, sin ninguna responsabilidad.*

*La Compañía, con oficinas registradas ubicadas en 6920 Seaway Blvd., Everett, WA, United States of America, es la única responsable de la administración del Plan y de la participación en el mismo y, en el caso del que tiene la opción, la adquisición de Acciones no establece de forma alguna, una relación de trabajo entre el que tiene la opción y la Compañía, ya que la participación en el Plan por parte del que tiene la opción es completamente comercial y el único patrón es la Subsidiaria que esta contratando al que tiene la opción, en caso de ser aplicable, así como tampoco establece ningún derecho entre el que tiene la opción y el patrón.*

***Reconocimiento del Plan de Documentos***

*Por medio de la aceptación de la Opción, el que tiene la opción reconoce que ha recibido copias del Plan, que el mismo ha sido revisado al igual que la totalidad del Acuerdo y, que ha entendido y aceptado las disposiciones contenidas en el Plan y en el Acuerdo.*

*Adicionalmente, al firmar el Acuerdo, el que tiene la opción reconoce que ha leído, y que aprueba específica y expresamente los términos y condiciones contenidos en la Naturaleza del Otorgamiento, Apartado 15 del Acuerdo, sección en la cual se encuentra claramente descrito y establecido lo siguiente: (i) la participación en el Plan no constituye un derecho adquirido; (ii) el Plan y la participación en el mismo es ofrecida por la Compañía de forma enteramente discrecional; (iii) la participación en el Plan es voluntaria; y (iv) la Compañía, así como sus Subsidiarias no son responsables por cualquier detrimento en el valor de las Acciones en relación con la Opción.*

---

*Finalmente, por medio de la presente quien tiene la opción declara que no se reserva ninguna acción o derecho para interponer una demanda en contra de la Compañía por compensación, daño o perjuicio alguno como resultado de la participación en el Plan y en consecuencia, otorga el más amplio finiquito a su patrón, así como a la Compañía, a sus Subsidiarias con respecto a cualquier demanda que pudiera originarse en virtud del Plan.*

#### **OPTIONEES IN THE NETHERLANDS**

##### **Labor Law Acknowledgment**

By accepting the Option, Optionee acknowledges that: (i) the Option is intended as an incentive for the Optionee to remain employed with the Employer and is not intended as remuneration for labor performed; and (ii) the Option is not intended to replace any pension rights or compensation.

#### **OPTIONEES IN NEW ZEALAND**

##### **Securities Law Notice**

In compliance with New Zealand securities laws, the Optionee is hereby notified that the following information is available for review in connection with the offer to purchase Shares under the Plan:

- (i) the Agreement, including this Appendix, which together with the Plan sets forth the terms and conditions of participation in the Plan;
- (ii) a copy of the Company's most recent annual return (*i.e.*, Form 10-K) and most recent financial reports; and
- (iii) a copy of the Plan and a description of the Plan (the "***Description***") (*i.e.*, the Company's Form S-8 Plan Prospectus under the U.S. Securities Act of 1933, as amended); the Company will provide any attachments or documents incorporated by reference into the Description upon written request.

The Optionee may request copies of the documents described above by contacting Fortive's corporate legal department using the contact details provided on [www.fortive.com](http://www.fortive.com). The documents incorporated by reference into the Description are updated periodically. The Optionee understands that should he or she request copies of the documents incorporated by reference into the Description, the Company will provide the Optionee with the most recent documents incorporated by reference.

##### **Warning Statement**

Optionee is being offered an Option to purchase Shares in the Company. Exercise of the Option will give Optionee a stake in the ownership of the Company. Optionee may receive a return if dividends are paid.

If the Company runs into financial difficulties and is wound up, Optionee will be paid only after all creditors (and holders of preference shares) have been paid. Optionee may lose some or all of his or her investment.



---

New Zealand law normally requires people who offer financial products to give information to investors before they invest. This requires those offering financial products to have disclosure information that is important for investors to make an informed decision.

The usual rules do not apply to this offer because it is made under an employee share purchase scheme. As a result, Optionee may not be given all of the information usually required. Optionee will also have fewer other legal protections for this investment.

Ask questions, read all documents carefully, and seek independent financial advice before committing to this investment.

The Shares are quoted. The Company intends to quote the Shares on the New York Stock Exchange. This means Optionee may be able to sell them on the New York Stock Exchange if there are interested buyers. Optionee may get less than he or she invested. The price will depend on the demand for the Shares

### **OPTIONEES IN POLAND**

#### **Exchange Control Notice**

Polish residents holding foreign securities (including Shares) abroad must report information to the National Bank of Poland on transactions and balances of the securities deposited in such accounts if the value of such transactions or balances (calculated individually or together with other assets or liabilities held abroad) exceeds PLN 7,000,000. If required, the reports are due on a quarterly basis. Polish residents are also required to transfer funds through a bank account in Poland if the transferred amount in any single transaction exceeds a specified threshold (currently €15,000). Further, upon the request of a Polish bank, Polish residents are required to inform the bank about all foreign exchange transactions performed through such bank. Optionee should maintain evidence of such foreign exchange transactions for five (5) years, in case of a request for their production by the National Bank of Poland.

### **OPTIONEES IN ROMANIA**

#### **Exchange Control Notice**

If Optionee deposits the proceeds from the sale of Shares issued to him or her at exercise and settlement of the Shares in a bank account in Romania, Optionee may be required to provide the Romanian bank with appropriate documentation explaining the source of the funds.

Optionee should consult his or her personal advisor to determine whether Optionee will be required to submit such documentation to the Romanian bank.

#### **English Language**

Optionee hereby expressly agrees that this Agreement, the Plan as well as all documents, notices and proceedings entered into, relating directly or indirectly hereto, be drawn up or communicated only in the English language.

*Angajatul consimte în mod expres prin prezentul ca acest Contract, Programul precum și orice alte documente, notificări, înștiințări legate direct sau indirect de acest Contract să fie redactate sau efectuate doar în limba engleză.*

## **OPTIONEES IN RUSSIA**

### **Securities Law Notification**

The Plan and all other materials that Optionee may receive concerning the grant of the Option and Optionee's participation in the Plan do not constitute advertising or an offering of securities in Russia. The Shares to be issued upon exercise of the Option have not and will not be registered in Russia and, therefore, the Shares described in any Plan documents may not be offered or placed in public circulation in Russia. In no event will Shares to be issued upon exercise of the Option be delivered to Optionee in Russia. All Shares acquired under the Plan will be maintained on Optionee's behalf outside of Russia. Optionee will not be permitted to sell Shares directly to a Russian legal entity or resident.

### **Exchange Control Notification**

If Optionee remits funds out of Russia to purchase Shares under the Plan, the funds must be remitted from a foreign currency account in Optionee's name at an authorized bank in Russia. In addition, Optionee must repatriate any proceeds from the sale of Shares to Russia. Such funds must be initially credited to Optionee through a foreign currency account at an authorized bank in Russia. After the funds are initially received in Russia, they may be further remitted to foreign banks in accordance with Russian exchange control laws. However, dividends can be held in a foreign currency account at a foreign individual bank account opened in certain countries (including the United States). Optionee should contact his or her personal advisor regarding Optionee's exchange control obligations resulting from participation in the Plan as significant penalties may apply in the case of non-compliance with such obligations.

**Data Privacy.** *This data privacy consent replaces the data privacy section of the Agreement:*

<b>1. Purposes for processing of the Personal Data</b>	<b>1. Цели обработки Персональных данных</b>
<b>1.1.</b> Granting to the Optionee restricted share units or rights to purchase shares of common stock.	<b>1.1.</b> Предоставление Субъектам персональных данных ограниченных прав на акции (Option) или прав покупки обыкновенных акций.
<b>1.2.</b> Compliance with the effective Russian Federation laws;	<b>1.2.</b> Соблюдение действующего законодательства Российской Федерации;
<b>2. The Optionee hereby grants consent to processing of the personal data listed below</b>	<b>2. Субъект персональных данных настоящим дает согласие на обработку перечисленных ниже персональных данных</b>
<b>2.1.</b> Last name, first name, patronymic, year, month, date and place of birth, gender, age, address, citizenship, information on education, contact details (home address(es), direct office, home and mobile telephone numbers, e-mail address, etc.), photographs;	<b>2.1.</b> Фамилия, имя, отчество, год, месяц, дата и место рождения, пол, возраст, адрес, гражданство, сведения об образовании, контактная информация (домашний(е) адрес(а), номера прямого офисного, домашнего и мобильного телефонов, адрес электронной почты и др.), фотографии;
<b>2.2.</b> Information contained in personal identification documents (including passport details), tax identification number and number of the State Pension Insurance Certificate, including	<b>2.2.</b> Сведения, содержащиеся в документах, удостоверяющих личность, в том числе паспортные данные, ИНН и номер страхового свидетельства государственного пенсионного

<p>photocopies of passports, visas, work permits, drivers licenses, other personal documents;</p>	<p>страхования, в том числе фотокопии паспортов, виз, разрешений на работу, водительских удостоверений, других личных документов;</p>
<p>2.3. Information on employment, including the list of duties, information on the current and former employers, information on promotions, disciplinary sanctions, transfer to other position / work, etc.;</p>	<p>2.3. Информация о трудовой деятельности, включая должностные обязанности, информация о текущем и прежних работодателях, сведения о повышениях, дисциплинарных взысканиях, переводах на другую должность/работу, и т.д.;</p>
<p>2.4. Information on the Optionee's salary amount, information on salary changes, on participation in employer benefit plans and programs, on bonuses paid, etc.;</p>	<p>2.4. Информация о размере заработной платы Субъекта персональных данных, данные об изменении заработной платы, об участии в премиальных системах и программах Работодателя, информация о выплаченных премиях, и т.д.;</p>
<p>2.5. Information on work time, including hours scheduled for work per week and hours actually worked;</p>	<p>2.5. Сведения о рабочем времени, включая нормальную продолжительность рабочего времени в неделю и количество фактически отработанного рабочего времени;</p>
<p>2.6. Information on potential membership of certain categories of employees having rights for guarantees and benefits in accordance with the Russian Federation Labor Code and other effective legislation;</p>	<p>2.6. Сведения о принадлежности к определенным категориям работников, которым предоставляются гарантии и льготы в соответствии с Трудовым кодексом Российской Федерации и иным действующим законодательством;</p>
<p>2.7. Information on the Optionee's tax status (exempt, tax resident status, etc.);</p>	<p>2.7. Информация о налоговом статусе Субъекта персональных данных (освобождение от уплаты налогов, является ли налоговым резидентом и т.д.);</p>
<p>2.8. Information on shares of Common Stock or directorships held by the Optionee, details of all awards or any other entitlement to shares of Common Stock awarded, cancelled, exercised, vested, unvested or outstanding;</p>	<p>2.8. Информация об обыкновенных акциях или членстве в совете директоров Субъекта персональных данных, обо всех программах вознаграждения или иных правах на получение обыкновенных акций, которые были предоставлены, аннулированы, исполнены, погашены, непогашены или подлежат выплате.</p>
<p>2.9. Any other information, which may become necessary to the Company in connection with the purposes specified in Clause 3 above.</p>	<p>2.9. Любые иные данные, которые могут потребоваться Операторам в связи с осуществлением целей, указанных в п. 3 выше.</p>
<p>the "Personal Data"</p>	<p>далее – «Персональные данные»</p>

**3.1. The Optionee hereby consents to performing the following operations with the Personal Data:**

**3.1.1** processing of the Personal Data, including collection, systematization, accumulation, storage, verification (renewal, modification), use, dissemination (including transfer), impersonalizing, blockage, destruction;

**3.1.2** transborder transfer of the Personal Data to operators located on the territory of foreign states. The Optionee hereby confirms that he was notified of the fact that the recipients of the Personal Data may be located in foreign states that do not ensure adequate protection of rights of personal data subjects;

**3.1.3** including Personal Data into generally accessible sources of personal data (including directories, address books and other), placing Personal Data on the Company's web-sites on the Internet.

**3.2. General description of the data processing methods used by the Company**

**3.2.1.** When processing the Personal Data, the Company undertakes the necessary organizational and technical measures for protecting the Personal Data from unlawful or accidental access to them, from destruction, change, blockage, copying, dissemination of Personal Data, as well as from other unlawful actions.

**3.2.2.** Processing of the Personal Data by the Company shall be performed using the data processing methods that ensure confidentiality of the Personal Data, except where: (1) Personal Data is impersonalized; and (2) in relation to publicly available Personal Data; and in compliance with the established requirements to ensuring the security of personal data, the requirements to the tangible media of biometric personal data and to the technologies for storage of such data outside personal data information systems in accordance with the

**3.1. Субъект персональных данных настоящим дает согласие на совершение с Персональными данными перечисленных ниже действий:**

**3.1.1.** обработка Персональных данных, включая сбор, систематизацию, накопление, хранение, уточнение (обновление, изменение), использование, распространение (в том числе передача), обезличивание, блокирование, уничтожение персональных данных;

**3.1.2.** трансграничная передача Персональных данных операторам на территории любых иностранных государств. Субъект персональных данных настоящим подтверждает, что он был уведомлен о том, что получатели Персональных данных могут находиться в иностранных государствах, не обеспечивающих адекватной защиты прав субъектов персональных данных;

**3.1.3.** включение Персональных данных в общедоступные источники персональных данных (в том числе справочники, адресные книги и т.п.), размещение Персональных данных на сайтах Операторов в сети Интернет.

**3.2. Общее описание используемых Оператором(ами) способов обработки персональных данных**

**3.2.1.** При обработке Персональных данных Операторы принимают необходимые организационные и технические меры для защиты Персональных данных от неправомерного или случайного доступа к ним, уничтожения, изменения, блокирования, копирования, распространения Персональных данных, а также от иных неправомерных действий.

**3.2.2.** Обработка Персональных данных Операторами осуществляется при помощи способов, обеспечивающих конфиденциальность таких данных, за исключением следующих случаев: (1) в случае обезличивания Персональных данных; (2) в отношении общедоступных Персональных данных; и при соблюдении установленных требований к обеспечению безопасности персональных данных, требований к материальным носителям биометрических персональных данных и технологиям хранения таких данных вне

effective legislation.

информационных систем персональных данных в соответствии с действующим законодательством.

#### 4. Term, revocation procedure

This Statement of Consent is valid for an indefinite term. The Optionee may revoke this consent by sending to Company a written notice at least ninety (90) days in advance of the proposed consent revocation date. The Optionee agrees that during the specified notice period the Company is not obliged to cease processing of personal data or to destroy the personal data of The Optionee.

#### 4. Срок, порядок отзыва

Настоящее согласие действует в течение неопределенного срока. Субъект персональных данных может отозвать настоящее согласие путем направления Оператору(ам) письменного(ых) уведомления(ий) не менее чем за 90 (девяносто) дней до предполагаемой даты отзыва настоящего согласия. Субъект персональных данных соглашается на то, что в течение указанного срока Оператор(ы) не обязан(ы) прекращать обработку персональных данных и уничтожать персональные данные Субъекта персональных данных.

### **OPTIONEES IN SINGAPORE**

#### **Securities Law Notice**

The grant of the Options is being made pursuant to the “Qualifying Person” exemption” under section 273(1)(f) of the Securities and Futures Act (Chapter 289, 2006 Ed.) (“SFA”) and is not made to Optionee with a view to the Shares being subsequently offered for sale to any other party. The Plan has not been lodged or registered as a prospectus with the Monetary Authority of Singapore. Optionee should note that the Options are subject to section 257 of the SFA and Optionee should not make (i) any subsequent sale of the Shares in Singapore or (ii) any offer of such subsequent sale of the Shares subject to the Option in Singapore, unless such sale or offer is made after six (6) months of the grant of the Option or pursuant to the exemptions under Part XIII Division 1 Subdivision (4) (other than section 280) of the SFA.

#### **Chief Executive Officer and Director Notification Requirement**

If Optionee is a the Chief Executive Officer or director of a Singapore Subsidiary of the Company, Optionee must notify the Singapore Subsidiary in writing of an interest (e.g., Options, Shares) in the Company or any Subsidiary within two days of (i) its acquisition or disposal, (ii) any change in a previously-disclosed interest (e.g., upon exercise of Options or when Shares acquired under the Plan are subsequently sold), or (iii) becoming the CEO / a director.

### **OPTIONEES IN SLOVAK REPUBLIC**

#### **Foreign Asset/Account Reporting Information**

Optionee will not have a foreign asset or account reporting requirement unless Optionee is an independent entrepreneur (i.e., Optionee conducts business activities on his or her own behalf and holds a corresponding business/trade license).

---

## **OPTIONEES IN SOUTH AFRICA**

**Withholding Taxes.** The following provision supplements Section 8(a) of the Agreement.

By accepting the Option, the Optionee agrees to notify the Employer of the amount of any gain realized upon exercise of the Option. If the Optionee fails to advise the Employer of the gain realized upon exercise of the Option, he or she may be liable for a fine. The Optionee will be responsible for paying any difference between the actual tax liability and the amount withheld.

**Tax Clearance Certificate for Cash Exercises.** If the Optionee exercises the Option by a cash purchase exercise, the Optionee is required to obtain and provide to the Employer, or any third party designated by the Employer or the Company, a Tax Clearance Certificate (with respect to Foreign Investments) bearing the official stamp and signature of the Exchange Control Department of the South African Revenue Service (“SARS”). The Optionee must renew this Tax Clearance Certificate each twelve (12) months or in such other period as may be required by the SARS.

If the Optionee exercises the Option by a cashless exercise whereby no funds are remitted offshore for the purchase of shares, he or she is not required to obtain a Tax Clearance Certificate.

### **Exchange Control Notice**

To participate in the Plan, the Optionee must comply with exchange control regulations and rulings (the “Exchange Control Regulations”) in South Africa.

Under current South African exchange control policy, South African residents may invest a maximum of ZAR11,000,000 per annum in offshore investments, including in Shares. This limit does not apply to non-resident employees. The first ZAR1,000,000 annual discretionary allowance requires no prior authorization but Optionee understands that Optionee must obtain tax clearance for the next ZAR10,000,000. It is Optionee’s responsibility to ensure that Optionee does not exceed this limit and obtain the necessary tax clearance for remittances exceeding ZAR1,000,000. This limit is a cumulative allowance; therefore, Optionee’s ability to remit funds for a cash exercise will be reduced if Optionee’s foreign investment limit is utilized to make a transfer of funds offshore that is unrelated to the Plan. Optionee acknowledges that if the ZAR11,000,000 limit will be exceeded as a result of a cash exercise under the Plan, Optionee may still participate in the Plan; however, Optionee will be required to immediately sell the Shares acquired under the Plan and repatriate the proceeds to South Africa in order to ensure that Optionee does not hold assets outside South Africa with a value in excess of the permitted offshore investment allowance amount.

Because the Exchange Control Regulations change frequently and without notice, the Optionee understands that he or she should consult a legal advisor prior to the purchase or sale of shares under the Plan to ensure compliance with current regulations. The Optionee understands that it is his or her responsibility to comply with South African exchange control laws, and neither the Company nor the Employer will be liable for any fines or penalties resulting from failure to comply with applicable laws.

### **Securities Law Notice**

In compliance with South African Securities Law, Optionee acknowledges that a copy of Fortive’s most recent annual report and stock plan will be sent to Optionee free of charge on written request.

Optionee should carefully read the materials provided before making a decision whether to participate in the Plan and to contact Optionee’s tax advisor for specific information concerning Optionee’s personal tax situation with regard to Plan participation.

---

## **OPTIONEES IN SPAIN**

### **Vesting Schedule**

This provision supplements Section 2(a) of the Agreement.

The Optionee understands and agrees that, as a condition of the grant of the Option, upon the date that the Optionee ceases to be a Service Provider for any reason (including the reasons listed below), all Options that have not yet vested (or that do not become vested as a result of the Optionee's death) shall be forfeited.

In particular, the Optionee understands and agrees that any Options that have not yet vested (or that do not become vested as a result of the Optionee's death) as of the date that the Optionee is no longer actively providing services shall be forfeited without entitlement to the underlying Shares or to any amount of indemnification in the event of the Optionee ceasing to be a Service Provider by reason of, but not limited to, resignation, retirement, disciplinary dismissal adjudged to be with cause, disciplinary dismissal adjudged or recognized to be without cause, individual or collective dismissal on objective grounds, whether adjudged or recognized to be with or without cause, material modification of the terms of employment under Article 41 of the Workers' Statute, relocation under Article 40 of the Workers' Statute, Article 50 of the Workers' Statute, unilateral withdrawal by the Employer and under Article 10.3 of the Royal Decree 1382/1985.

### **Nature of Plan**

This provision supplements Section 18 of the Agreement. In accepting the grant, Optionee acknowledges that he or she consents to participation in the Plan and has received a copy of the Plan.

Optionee understands that the Company, in its sole discretion, has unilaterally and gratuitously decided to grant Options under the Plan to individuals who may be Employees of the Company or a Subsidiary throughout the world. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not economically or otherwise bind the Company or Subsidiary on an ongoing basis. Consequently, Optionee understands that the Option is granted on the assumption and condition that the Option and the Shares issued upon exercise of the Option shall not become a part of any employment contract (either with the Company or a Subsidiary) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever.

In addition, Optionee understands that the grant of the Option would not be made to Optionee but for the assumptions and conditions referred to above; thus, Optionee acknowledges and freely accepts that should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then any Option grant shall be null and void.

### **Exchange Control Notice**

When receiving foreign currency payments derived from the ownership of Shares (*i.e.*, as a result of the sale of the Shares), Optionee must inform the financial institution receiving the payment, the basis upon which such payment is made. Optionee will need to provide the institution with the following information: (i) his or her name, address, and fiscal identification number; (ii) the name and corporate domicile of Company; (iii) the amount of the payment; (iv) the currency used; (v) the country of origin; (vi) the reasons for the payment; and (vii) additional information that may be required.

If Optionee wishes to import the ownership title of the Shares (*i.e.*, share certificates) into Spain, he or she must declare the importation of such securities to the Dirección General de Política Comercial e Inversiones Exteriores. To participate in the Plan, Optionee must comply with exchange control

---

regulations in Spain that require that the purchase of Shares be declared for statistical purposes. If a Spanish financial institution executes the transaction, the institution will automatically make the declaration on Optionee's behalf; otherwise, it is Optionee's responsibility to make the declaration. In addition, Optionee must file a declaration of ownership of foreign securities each January.

In addition, Optionee may be required to electronically declare to the Bank of Spain any foreign accounts (including brokerage accounts held abroad), any foreign instruments (including Shares acquired under the Plan), and any transactions with non-Spanish residents (including any payments of Shares made pursuant to the Plan), depending on the balances in such accounts together with the value of such instruments as of December 31 of the relevant year, or the volume of transactions with non-Spanish residents during the relevant year.

#### **Foreign Asset/Account Reporting Information**

To the extent Optionee holds rights or assets (e.g., cash or Shares held in a bank or brokerage account) outside of Spain with a value in excess of €50,000 per type of right or asset as of December 31 each year (or at any time during the year in which Optionee sells or disposes of such right or asset), Optionee is required to report information on such rights and assets on his or her tax return for such year. After such rights or assets are initially reported, the reporting obligation will only apply for subsequent years if the value of any previously-reported rights or assets increases by more than €20,000. The reporting must be completed by the following March 31.

#### **Spanish Translation**

Translations of the Agreement and this Addendum in Spanish can be provided to Optionee upon request.

Se le facilitará una traducción al castellano de la documentación del incentivo (Award) si así lo solicitase.

#### **OPTIONEES IN SWITZERLAND**

##### **Securities Law Notice**

The grant of Options is considered a private offering in Switzerland and is therefore not subject to securities registration in Switzerland. Neither this document nor any other materials relating to the Options constitute a prospectus as such term is understood pursuant to the Swiss Code of Obligations, and neither this document nor any other material relating to the Options may be publicly distributed nor otherwise made publicly available in Switzerland.

#### **OPTIONEES IN TAIWAN**

##### **Securities Law Notice**

The grant of Options and the Shares to be issued under the Plan is available only for employees of the Company and its Subsidiaries. It is not a public offer of securities by a Taiwanese company; therefore, it is exempt from registration in Taiwan.

##### **Exchange Control Notice**

Optionee may acquire foreign currency, and remit the same out of Taiwan, up to US\$5 million per year without justification. When remitting funds for the purchase of Shares pursuant to the Plan, such remittances should be made through an authorized foreign exchange bank. In addition, if Optionee remits TWD\$500,000 or more in a single transaction, he or she must submit a Foreign Exchange Transaction Form to the remitting bank. If the transaction amount is US\$500,000 or more in a single transaction, Optionee also must provide supporting documentation to the satisfaction of the remitting bank.



---

## **OPTIONEES IN THAILAND**

### **Exchange Control Notice**

Optionee must immediately repatriate the proceeds from the sale of Shares and any cash dividends received in relation to the Shares to Thailand and convert the funds to Thai Baht within 360 days of receipt. If the repatriated amount is US\$50,000 or more, Optionee must report the inward remittance by submitting the Foreign Exchange Transaction Form to an authorized agent, *i.e.*, a commercial bank authorized by the Bank of Thailand to engage in the purchase, exchange and withdrawal of foreign currency.

It is Optionee's responsibility to comply with exchange control laws in Thailand, and neither the Company nor any Subsidiary or affiliate will be liable for any fines or penalties resulting from Optionee's failure to comply with applicable laws. Because exchange control regulations change frequently and without notice, Optionee should consult a legal advisor before selling Shares to ensure compliance with current regulations.

## **OPTIONEES IN TURKEY**

### **Securities Law Notice**

Under Turkish law, the Optionee is not permitted to sell Shares acquired under the Plan in Turkey. The Shares are currently traded on the New York Stock Exchange, which is located outside of Turkey and the Shares may be sold through this exchange.

### **Exchange Control Notice**

The Optionee may be required to engage a Turkish financial intermediary to assist with the cash exercise of an Option or the sale of Shares acquired under the Plan. To the extent a Turkish financial intermediary is required in connection with the Option exercise or the sale of any Shares acquired upon exercise of the Option, the Optionee is solely responsible for engaging such Turkish financial intermediary. The Optionee should consult his or her personal legal advisor prior to the exercise of Option or any sale of Shares to ensure compliance with the current requirements.

## **OPTIONEES IN UNITED ARAB EMIRATES**

### **Securities Law Notice**

Participation in the Plan is being offered only to selected Optionees and is in the nature of providing equity incentives to Optionees in the United Arab Emirates. The Plan and the Agreement are intended for distribution only to such Optionees and must not be delivered to, or relied on by, any other person. Prospective purchasers of the securities offered should conduct their own due diligence on the securities. If Optionee does not understand the contents of the Plan and the Agreement, Optionee should consult an authorized financial adviser. The Emirates Securities and Commodities Authority has no responsibility for reviewing or verifying any documents in connection with the Plan. Neither the Ministry of Economy nor the Dubai Department of Economic Development have approved the Plan or the Agreement nor taken steps to verify the information set out therein, and have no responsibility for such documents.

---

## **OPTIONEES IN THE UNITED KINGDOM**

The following replaces Section 8(a) of the Agreement in its entirety:

(a) **Withholding Taxes.** Regardless of any action the Company or any Subsidiary employing Optionee (the “Employer”) take with respect to any or all income tax, primary and secondary Class 1 National Insurance contributions, payroll tax or other tax-related withholding attributable to or payable in connection with or pursuant to the grant, vesting, exercise, release or assignment of any Option (the “Tax-Related Items”), Optionee acknowledges that the ultimate liability for all Tax Related Items associated with the Option is and remains Optionee’s responsibility and that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax Related Items in connection with any aspect of the Option, including, but not limited to, the grant, vesting or exercise of the Option, the subsequent sale of Shares acquired pursuant to such exercise and the receipt of any dividends; and (ii) do not commit to structure the terms of the grant or any aspect of the Option to reduce or eliminate Optionee’s liability for Tax Related Items. Further, if Optionee has relocated to a different jurisdiction between the date of grant and the date of any taxable event, Optionee acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

As a condition of the issuance of Shares upon exercise of the Option, the Company and/or the Employer shall be entitled to withhold and Optionee agrees to pay, or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy, all obligations of the Company and/or the Employer to account to HM Revenue & Customs (“HMRC”) for any Tax-Related Items. In this regard, Optionee authorizes the Company and/or the Employer, in its sole discretion and to the extent permitted under local law, to satisfy the obligations with regard to all Tax Related Items legally payable by Optionee by one or a combination of the following: (i) require Optionee to pay Tax-Related Items in cash with a cashier’s check or certified check; (ii) withholding cash from Optionee’s wages or other compensation payable to Optionee by the Company and/or the Employer; (iii) withholding from the proceeds of a broker-dealer sale and remittance procedure as described in Section 4(b) above; or (iv) withholding in Shares otherwise issuable to Optionee, provided that the Company withholds only the amount of Shares necessary to satisfy the minimum statutory withholding amount or such other amount as may be necessary to avoid adverse accounting treatment using the Fair Market Value of the Shares on the date of the relevant taxable event.

Optionee shall pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to account to HMRC with respect to the event giving rise to the Tax-Related Items (the “Chargeable Event”) that cannot be satisfied by the means previously described. If payment or withholding is not made within 90 days after the end of the UK tax year in which the Chargeable Event occurs, or such other period specified in Section 222(1)(c) of the U.K. Income Tax (Earnings and Pensions) Act 2003 (the “Due Date”), Optionee agrees that the amount of any uncollected Tax-Related Items shall (assuming Optionee is not a director or executive officer of the Company (within the meaning of Section 13(k) of the U.S. Securities and Exchange Act of 1934, as amended)), constitute a loan owed by Optionee to the Employer, effective on the Due Date. Optionee agrees that the loan will bear interest at the then-current HMRC Official Rate and it will be immediately due and repayable, and the Company and/or the Employer may recover it at any time thereafter by any of the means referred to above. If any of the foregoing methods of collection are not allowed under applicable laws or if Optionee fails to comply with Optionee’s obligations in connection with the Tax-Related Items as described in this Section, the Company may refuse to deliver the Shares acquired under the Plan.



, 2016

Dear Danaher Corporation Shareholder:

In May 2015, we announced our intention to separate our company into two independent, publicly traded companies. 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 that is named Fortive Corporation (“Fortive”). The separation will occur by means of a spin-off of Fortive to Danaher shareholders. Following the separation, each company is expected to be strategically well positioned with access to capital to pursue organic and inorganic growth opportunities and to build strong, long term businesses with competitive leadership positions. The principles of Danaher Business System will remain the foundation of both companies.

Fortive will have outstanding brands and market leading positions in professional instrumentation, automation, sensing and transportation technologies. It will be comprised of Danaher’s existing Test & Measurement segment, Industrial Technologies segment (excluding the Product Identification platform) and Retail/Commercial Petroleum platform. As a smaller, standalone entity, Fortive is expected to pursue a strategy focused on organic growth and operating margin expansion, and will emphasize value creation via strategic and financially disciplined mergers and acquisitions.

New Danaher will include market-leading brands exposed to favorable secular growth trends and is expected to generate high recurring revenue and gross margins. It will include Danaher’s existing Life Sciences & Diagnostics (including Pall Corporation) and Dental segments and Water Quality and Product Identification platforms. New Danaher will be well positioned to improve profitability, grow organically and deploy capital to generate substantial earnings growth.

The separation will provide current Danaher shareholders with ownership interests in both New Danaher and Fortive. The separation will be in the form of a pro rata distribution of 100% of the outstanding shares of Fortive common stock to holders of Danaher common stock. Each Danaher shareholder will receive                      share[s] of Fortive common stock for every                      share[s] of Danaher common stock held on                      , 2016, the record date for the distribution. You do not need to take any action to receive shares of Fortive common stock to which you are entitled as a Danaher shareholder. You do not need to pay any consideration or surrender or exchange your shares of Danaher common stock to participate in the spin-off.

The distribution is intended to be tax-free to Danaher shareholders for U.S. Federal income tax purposes, except for any cash received by shareholders in lieu of fractional shares. You should consult your own tax advisor as to the particular consequences of the distribution to you, including the applicability and effect of any U.S. federal, state and local and non-U.S. tax laws.

I encourage you to read the attached information statement, which is being provided to all Danaher shareholders who held shares on the record date for the distribution. The information statement describes the separation in detail and contains important business and financial information about Fortive.

I believe the separation is a significant and exciting step in our company’s history. We remain committed to working on your behalf to continue to build long term shareholder value.

Sincerely,

Thomas P. Joyce, Jr.  
*President and Chief Executive Officer*  
Danaher Corporation



, 2016

Dear Future Fortive Shareholder:

We are excited to welcome you as a shareholder of Fortive Corporation (“Fortive”). We are proud of our heritage and committed to using our experienced management team, talented associates, outstanding brands, and leading market positions to establish our own independent record of strong performance.

Fortive is a diversified industrial growth company providing essential industrial technology and professional instrumentation solutions globally. In the year ended December 31, 2015, Fortive delivered revenues of \$6.2 billion, with strong gross and operating profit margins and significant free cash flow.

As a standalone company, we will pursue a value-creation strategy focused on core revenue growth, operating margin expansion, and free cash flow deployment toward acquisitions. We intend to follow a strategic and financially disciplined approach to acquisitions, with the goal of building strong, long term businesses with leadership positions.

Our outstanding team has a strong Danaher legacy and seeks to make continuous improvement part of everything we do. At Fortive, we are committed to embracing and building upon the principles of the Danaher Business System to drive shareholder value over the long term.

I personally invite you to learn more about Fortive and our strategic initiatives by reading the attached information statement. With our strong foundation from Danaher, Fortive is set up well for what I believe will be our best days to come.

Sincerely,

James A. Lico  
*President & Chief Executive Officer*  
Fortive Corporation

---

[Table of Contents](#)

**Information contained herein is subject to completion or amendment. A Registration Statement on Form 10 relating to these securities has been filed with the U.S. Securities and Exchange Commission under the U.S. Securities Exchange Act of 1934, as amended.**

**PRELIMINARY AND SUBJECT TO COMPLETION, DATED APRIL 7, 2016**

**INFORMATION STATEMENT**

**Fortive Corporation**

---

This information statement is being furnished in connection with the distribution by Danaher Corporation (“Danaher”) to its shareholders of all of the outstanding shares of common stock of Fortive Corporation, a wholly owned subsidiary of Danaher that will hold, directly or indirectly, the assets and liabilities associated with Danaher’s industrial growth businesses (“Fortive”). To implement the distribution, Danaher will distribute all of the shares of Fortive common stock on a pro rata basis to the Danaher shareholders.

For every \_\_\_\_\_ share[s] of Danaher common stock held of record by you as of the close of business on \_\_\_\_\_, 2016, the record date for the distribution, you will receive \_\_\_\_\_ share[s] of Fortive common stock. You will receive cash in lieu of any fractional shares of Fortive common stock that you would have received after application of the above ratio. As discussed under “The Separation and Distribution—Trading Between the Record Date and Distribution Date,” if you sell your shares of Danaher common stock “regular-way” after the record date and before the distribution, you also will be selling your right to receive shares of Fortive common stock in connection with the separation. Fortive expects the shares of Fortive common stock to be distributed by Danaher to you on \_\_\_\_\_, 2016. Fortive refers to the date of the distribution of the Fortive common stock as the “distribution date.”

The distribution is expected to be tax-free to Danaher shareholders for United States federal income tax purposes, except for any cash received in lieu of fractional shares.

No vote of Danaher shareholders is required for the distribution. Therefore, you are not being asked for a proxy, and you are requested not to send Danaher a proxy, in connection with the distribution. You do not need to pay any consideration, exchange or surrender your existing shares of Danaher common stock or take any other action to receive your shares of Fortive common stock.

There is no current trading market for Fortive common stock, although Fortive expects that a limited market, commonly known as a “when-issued” trading market, will develop on or shortly before the record date for the distribution, and Fortive expects “regular-way” trading of Fortive common stock to begin on the first trading day following the distribution. Fortive has applied to have its common stock authorized for listing on the New York Stock Exchange (the “NYSE”) under the symbol “FTV.” Following the distribution, Danaher will continue to trade on the NYSE under the symbol “DHR.”

---

**In reviewing this information statement, you should carefully consider the matters described under the caption “[Risk Factors](#)” beginning on page 12.**

**Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this information statement is truthful or complete. Any representation to the contrary is a criminal offense.**

**This information statement does not constitute an offer to sell or the solicitation of an offer to buy any securities.**

**The date of this information statement is \_\_\_\_\_, 2016.**

This information statement was first mailed to Danaher shareholders on or about \_\_\_\_\_, 2016.

---

[Table of Contents](#)

TABLE OF CONTENTS

	<u>Page</u>
<a href="#">QUESTIONS AND ANSWERS ABOUT THE SEPARATION AND DISTRIBUTION</a>	i
<a href="#">INFORMATION STATEMENT SUMMARY</a>	1
<a href="#">SUMMARY HISTORICAL AND PRO FORMA COMBINED FINANCIAL DATA</a>	10
<a href="#">RISK FACTORS</a>	12
<a href="#">CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS</a>	32
<a href="#">DIVIDEND POLICY</a>	33
<a href="#">CAPITALIZATION</a>	34
<a href="#">UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS</a>	35
<a href="#">NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS</a>	39
<a href="#">SELECTED HISTORICAL COMBINED FINANCIAL DATA</a>	41
<a href="#">MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</a>	42
<a href="#">BUSINESS</a>	61
<a href="#">MANAGEMENT</a>	71
<a href="#">COMPENSATION DISCUSSION AND ANALYSIS</a>	79
<a href="#">DIRECTOR COMPENSATION</a>	108
<a href="#">TREATMENT OF OUTSTANDING EQUITY AWARDS AT THE TIME OF THE SEPARATION</a>	109
<a href="#">CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS</a>	110
<a href="#">SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</a>	117
<a href="#">THE SEPARATION AND DISTRIBUTION</a>	120
<a href="#">U.S. FEDERAL INCOME TAX CONSIDERATIONS</a>	126
<a href="#">DESCRIPTION OF MATERIAL INDEBTEDNESS</a>	129
<a href="#">DESCRIPTION OF FORTIVE'S CAPITAL STOCK</a>	131
<a href="#">WHERE YOU CAN FIND MORE INFORMATION</a>	136
<a href="#">INDEX TO FINANCIAL STATEMENTS</a>	F-1

**Presentation of Information**

Except as otherwise indicated or unless the context otherwise requires, the information included in this information statement about Fortive assumes the completion of all of the transactions referred to in this information statement in connection with the separation and distribution. Unless the context otherwise requires, references in this information statement to "Fortive," the "Company," "we," "us" and "our" refer to Fortive Corporation, a Delaware corporation, and its consolidated subsidiaries after giving effect to the separation. References to Fortive's historical business and operations refer to the business and operations of Danaher's industrial growth businesses that will be transferred to Fortive in connection with the separation and distribution. References in this information statement to "Danaher" and "Parent" refer to Danaher Corporation, a Delaware corporation, and its consolidated subsidiaries before giving effect to the separation, and references to "New Danaher" refer to Danaher Corporation and its consolidated subsidiaries after giving effect to the separation, unless the context otherwise requires.

**Trademarks, Trade Names and Service Marks**

Certain trademarks, service marks and trade names that Fortive uses in conjunction with the operation of its business are proprietary to Fortive. Each trademark, trade name or service mark of any other company appearing in this information statement is, to our knowledge, owned by such other company.

QUESTIONS AND ANSWERS ABOUT THE SEPARATION AND DISTRIBUTION

*What is Fortive and why is Danaher separating Fortive's businesses and distributing Fortive stock?*

Fortive, which is currently a wholly owned subsidiary of Danaher, was formed to hold Danaher's industrial growth businesses. The separation of Fortive from Danaher and the distribution of Fortive common stock are intended to provide you with equity investments in two separate, publicly traded companies that will be able to focus on each of their respective businesses. Danaher and Fortive believe that the separation will result in enhanced long-term performance of each business for the reasons discussed in the sections entitled "The Separation and Distribution—Background" and "The Separation and Distribution—Reasons for the Separation."

*Why am I receiving this document?*

Danaher is delivering this document to you because you are a holder of Danaher common stock. If you are a holder of Danaher common stock as of the close of business on \_\_\_\_\_, 2016, the record date of the distribution, you will be entitled to receive \_\_\_\_\_ share[s] of Fortive common stock for every share[s] of Danaher common stock that you held at the close of business on such date. This document will help you understand how the separation and distribution will affect your investment in Danaher and your investment in Fortive after the separation.

*How will the separation of Fortive from Danaher work?*

To accomplish the separation, Danaher will distribute all of the outstanding shares of Fortive common stock to Danaher shareholders on a pro rata basis in a distribution intended to be tax-free for U.S. federal income tax purposes.

*Why is the separation of Fortive structured as a distribution?*

Danaher believes that a tax-free distribution for U.S. federal income tax purposes of shares of Fortive common stock to the Danaher shareholders is an efficient way to separate its industrial growth businesses in a manner that will create long-term value for Danaher, Fortive and their respective shareholders.

*What is the record date for the distribution?*

The record date for the distribution will be \_\_\_\_\_, 2016.

*When will the distribution occur?*

It is expected that all of the shares of Fortive common stock will be distributed by Danaher on \_\_\_\_\_, 2016, to holders of record of Danaher common stock at the close of business on \_\_\_\_\_, 2016, the record date for the distribution.

*What do shareholders need to do to participate in the distribution?*

**Shareholders of Danaher as of the record date for the distribution will not be required to take any action to receive Fortive common stock in the distribution, but you are urged to read this entire information statement carefully.** No shareholder approval of the distribution is required. **You are not being asked for a proxy.** You do not need to pay any consideration, exchange or surrender your existing shares of Danaher common stock or take any other action to receive your shares of Fortive common stock. **Please do not send in your Danaher stock certificates.** The distribution will not affect the number of outstanding Danaher shares or any rights of Danaher

---

[Table of Contents](#)

shareholders, although it will affect the market value of each outstanding share of Danaher common stock.

***How will shares of Fortive common stock be issued?***

You will receive shares of Fortive common stock through the same channels that you currently use to hold or trade shares of Danaher common stock, whether through a brokerage account, 401(k) plan or other channel. Receipt of Fortive shares will be documented for you in the same manner that you typically receive shareholder updates, such as monthly broker statements and 401(k) statements.

If you own shares of Danaher common stock as of the close of business on the record date for the distribution, including shares owned in certificate form, Danaher, with the assistance of Computershare Trust Company, N.A. (“Computershare”), the settlement and distribution agent, will electronically distribute shares of Fortive common stock to you or to your brokerage firm on your behalf in book-entry form. Computershare will mail you a book-entry account statement that reflects your shares of Fortive common stock, or your bank or brokerage firm will credit your account for the shares.

***How many shares of Fortive common stock will I receive in the distribution?***

Danaher will distribute to you           share[s] of Fortive common stock for every           share[s] of Danaher common stock held by you as of the record date for the distribution. Based on approximately           shares of Danaher common stock outstanding as of           , 2016, a total of approximately           shares of Fortive common stock will be distributed. For additional information on the distribution, see “The Separation and Distribution.”

***Will Fortive issue fractional shares of its common stock in the distribution?***

No. Fortive will not issue fractional shares of its common stock in the distribution. Fractional shares that Danaher shareholders would otherwise have been entitled to receive will be aggregated and sold in the public market by the distribution agent. The aggregate net cash proceeds of these sales will be distributed pro rata (based on the fractional share such holder would otherwise be entitled to receive) to those shareholders who would otherwise have been entitled to receive fractional shares. Recipients of cash in lieu of fractional shares will not be entitled to any interest on the amounts of payment made in lieu of fractional shares. The receipt of cash in lieu of fractional shares generally will be taxable to the recipient shareholders for U.S. federal income tax purposes as described in the section entitled “U.S. Federal Income Tax Considerations.”

***What are the conditions to the distribution?***

The distribution is subject to final approval by the board of directors of Danaher, as well as to a number of conditions, including, among others:

- the transfer of assets and liabilities to Fortive in accordance with the separation agreement will have been completed, other than assets and liabilities intended to transfer after the distribution;
- Danaher will have received both (i) a private letter ruling from the U.S. Internal Revenue Service (“IRS”) with respect to certain



---

[Table of Contents](#)

aspects of the anticipated non-taxable nature of the transactions and (ii) an opinion of Skadden, Arps, Slate, Meagher & Flom LLP, tax counsel to Danaher, regarding the qualification of the distribution, together with certain related transactions, as a reorganization within the meaning of Sections 355(a) and 368(a)(1)(D) of the Internal Revenue Code of 1986, as amended (the “Code”);

- the U.S. Securities and Exchange Commission (or the “SEC”) will have declared effective the registration statement of which this information statement forms a part, no stop order suspending the effectiveness of the registration statement will be in effect, no proceedings for such purpose will be pending before or threatened by the SEC and this information statement will have been mailed to Danaher shareholders;
- all actions and filings necessary or appropriate under applicable U.S. federal, U.S. state or other securities laws will have been taken and, where applicable, will have become effective or been accepted by the applicable governmental authority;
- the transaction agreements relating to the separation will have been duly executed and delivered by the parties;
- no order, injunction or decree issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the separation, the distribution or any of the related transactions will be in effect;
- the shares of Fortive common stock to be distributed will have been accepted for listing on the NYSE, subject to official notice of distribution;
- the financing described under the section entitled “Description of Material Indebtedness” will have been completed; and
- no other event or development will have occurred or exist that, in the judgment of Danaher’s board of directors, in its sole discretion, makes it inadvisable to effect the separation, the distribution or the other related transactions.

Danaher and Fortive cannot assure you that any or all of these conditions will be met. In addition, Danaher can decline at any time to go forward with the separation and distribution. For a complete discussion of all of the conditions to the distribution, see “The Separation and Distribution—Conditions to the Distribution.”

***What is the expected date of completion of the separation?***

The completion and timing of the separation and distribution are dependent upon a number of conditions. It is expected that the shares of Fortive common stock will be distributed by Danaher on \_\_\_\_\_, 2016 to the holders of record of shares of Danaher common stock at the close of business on \_\_\_\_\_, 2016, the record date for the distribution. However, no assurance can be provided as to the timing of the separation or that all conditions to the separation will be met.

---

## [Table of Contents](#)

<i>Can Danaher decide to cancel the distribution of Fortive common stock even if all the conditions have been met?</i>	Yes. The distribution is subject to the satisfaction or waiver of certain conditions. See “The Separation and Distribution—Conditions to the Distribution.” <b>Until the distribution has occurred, Danaher has the right to terminate the distribution, even if all of the conditions are satisfied.</b>
<i>What if I want to sell my Danaher common stock or my Fortive common stock?</i>	You should consult with your financial advisors, such as your stockbroker, bank or tax advisor.
<i>What is “regular-way” and “ex-distribution” trading of Danaher stock?</i>	Beginning on or shortly before the record date for the distribution and continuing up to and through the distribution date, it is expected that there will be two markets in Danaher common stock: a “regular-way” market and an “ex-distribution” market. Shares of Danaher common stock that trade in the “regular-way” market will trade with an entitlement to shares of Fortive common stock distributed pursuant to the distribution. Shares that trade in the “ex-distribution” market will trade without an entitlement to shares of Fortive common stock distributed pursuant to the distribution.  If you decide to sell any shares of Danaher common stock before the distribution date, you should make sure your stockbroker, bank or other nominee understands whether you want to sell your Danaher common stock with or without your entitlement to Fortive common stock pursuant to the distribution.
<i>Where will I be able to trade shares of Fortive common stock?</i>	Fortive intends to apply to list its common stock on the NYSE under the symbol “FTV.” Fortive anticipates that trading in shares of its common stock will begin on a “when-issued” basis on or shortly before the record date for the distribution and will continue up to the distribution date and that “regular-way” trading in Fortive common stock will begin on the first trading day following the completion of the distribution. If trading begins on a “when-issued” basis, you may purchase or sell Fortive common stock up to the distribution date, but your transaction will not settle until after the distribution date. Fortive cannot predict the trading prices for its common stock before, on or after the distribution date.
<i>What will happen to the listing of Danaher common stock?</i>	Danaher common stock will continue to trade on the NYSE after the distribution under the symbol “DHR.”
<i>Will the number of shares of Danaher common stock that I own change as a result of the distribution?</i>	No. The number of shares of Danaher common stock that you own will not change as a result of the distribution.
<i>Will the distribution affect the market price of my Danaher shares?</i>	Yes. As a result of the distribution, Danaher expects the trading price of shares of Danaher common stock immediately following the distribution to be lower than the “regular-way” trading price of such shares immediately prior to the distribution because the trading price will no longer reflect the value of the industrial growth businesses

---

[Table of Contents](#)

held by Fortive. There can be no assurance that the aggregate market value of the Danaher common stock and the Fortive common stock following the separation will be higher or lower than the market value of Danaher common stock if the separation did not occur. This means, for example, that the combined trading prices of       share[s] of Danaher common stock and       share[s] of Fortive common stock after the distribution (representing the number of shares of Fortive common stock to be received per every share[s] of Danaher common stock in the distribution) may be equal to, greater than or less than the trading price of       share[s] of Danaher common stock before the distribution.

***What are the U.S. federal income tax consequences of the separation and the distribution?***

Assuming that the distribution, together with certain related transactions, qualify as a transaction that is tax-free to Danaher and Danaher's shareholders, for U.S. federal income tax purposes, under Sections 368(a)(1) (D) and 355 of the Code, Danaher shareholders will not be required, for U.S. federal income tax purposes, to recognize any gain or loss (except with respect to any cash received in lieu of fractional shares) or to include any amount in their income, upon the receipt of shares of Fortive's common stock pursuant to the distribution.

See "U.S. Federal Income Tax Considerations" for further information regarding the potential U.S. federal income tax considerations to Danaher shareholders of the distribution, together with certain related transactions. You should consult your tax advisor as to the particular tax consequences of the separation and distribution to you.

***How will I determine my tax basis in the shares I receive in the distribution?***

Assuming that the distribution is tax-free to Danaher shareholders, except for cash received in lieu of fractional shares, for U.S. federal income tax purposes, your aggregate basis in the common shares that you hold in Danaher and the new Fortive common stock received in the distribution (including any fractional share interest in Fortive common stock for which cash is received) will equal the aggregate basis in the shares of Danaher common stock held by you immediately before the distribution, allocated between your Danaher common stock and the Fortive common stock (including any fractional share interest in Fortive common stock for which cash is received) you receive in the distribution in proportion to the relative fair market value of each on the distribution date.

You should consult your tax advisor about the particular consequences of the separation and distribution to you, including the application of the tax basis allocation rules and the application of state, local and foreign tax laws.

***What will Fortive's relationship be with New Danaher following the separation?***

Fortive will enter into a separation and distribution agreement with Danaher to effect the separation and provide a framework for Fortive's relationship with New Danaher after the separation and will enter into certain other agreements, including a transition services agreement, an employee matters agreement, a tax matters agreement, an intellectual property matters agreement and a Danaher Business

---

[Table of Contents](#)

System (“DBS”) license agreement. These agreements will govern the separation between Fortive and Danaher of the assets, employees, liabilities and obligations (including its investments, property and employee benefits and tax-related assets and liabilities) of Danaher and its subsidiaries attributable to periods prior to, at and after Fortive’s separation from Danaher and will govern certain relationships between Fortive and Danaher after the separation. For additional information regarding the separation agreement and other transaction agreements, see the sections entitled “Risk Factors—Risks Related to the Separation” and “Certain Relationships and Related Person Transactions.”

***Who will manage Fortive after the separation?***

Fortive benefits from having in place a management team with an extensive background in the industrial growth businesses. Led by James A. Lico, who will be Fortive’s President and Chief Executive Officer after the separation, Fortive’s management team possesses deep knowledge of, and extensive experience in, its industry. For more information regarding Fortive’s management, see “Management.”

***Are there risks associated with owning Fortive common stock?***

Yes. Ownership of Fortive common stock is subject to both general and specific risks, including those relating to Fortive’s businesses, the industries in which it operates, its ongoing contractual relationships with New Danaher and its status as a separate, publicly traded company. Ownership of Fortive common stock is also subject to risks relating to the separation. These risks are described in the “Risk Factors” section of this information statement beginning on page 11. You are encouraged to read that section carefully.

***Does Fortive plan to pay dividends?***

Fortive has not yet determined the extent to which it will pay dividends on its common stock. The declaration and payment of any dividends by Fortive will be subject to the sole discretion of its board of directors and will depend upon many factors. See “Dividend Policy.”

***Will Fortive incur any indebtedness prior to or at the time of the distribution?***

Yes. Prior to the separation and distribution, Fortive expects it will issue senior unsecured notes in multiple tranches with terms and maturities to be determined, and expects to enter into a credit agreement with a syndicate of banks providing for a [●]-year \$[●] million senior Term Loan Facility (the Term Loan Facility) and a five-year \$[●] billion senior Revolving Credit Facility (the Revolving Credit Facility and together with the Term Loan Facility, the Senior Credit Facilities). Fortive expects these financing activities to yield proceeds of approximately \$3.25 billion, of which approximately \$3.0 billion will be paid to Danaher as consideration for the contribution of assets to Fortive by Danaher in connection with the separation. Negotiation of the agreements underlying the notes and the facilities described hereunder is ongoing and subject to the completion of definitive documentation. See “Description of Material Indebtedness” and “Risk Factors—Risks Related to Fortive’s Businesses.”

---

[Table of Contents](#)

***Who will be the distribution agent, transfer agent, registrar and information agent for the Fortive common stock?*** The distribution agent, transfer agent and registrar for the Fortive common stock will be Computershare. For questions relating to the transfer or mechanics of the stock distribution, you should contact:

Computershare Trust Company, N.A.  
P.O. Box 43010  
Providence, RI 02940-3010  
United States  
888-909-9922

If your shares are held by a bank, broker or other nominee, you may call the information agent for the distribution, Computershare, toll-free at 888-909-9922.

***Where can I find more information about Danaher and Fortive ?*** Before the distribution, if you have any questions relating to Danaher's business performance, you should contact:

Danaher Corporation  
2200 Pennsylvania Ave. N.W., Suite 800W  
Washington, D.C., 20037-1701

Attention: Investor Relations

After the distribution, Fortive shareholders who have any questions relating to Fortive's business performance should contact Fortive at:

Fortive Corporation  
6920 Seaway Blvd  
Everett, WA 98203  
Attention: Investor Relations

Fortive's investor website will be operational at or prior to the separation.

## INFORMATION STATEMENT SUMMARY

*The following is a summary of material information discussed in this information statement. This summary may not contain all of the details concerning the separation or other information that may be important to you. To better understand the separation and Fortive's businesses and financial position, you should carefully review this entire information statement.*

*This information statement describes the industrial growth businesses of Danaher to be transferred to Fortive by Danaher in the separation as if the transferred businesses were Fortive's businesses for all historical periods described. References in this information statement to Fortive's historical assets, liabilities, products, businesses or activities of Fortive's businesses are generally intended to refer to the historical assets, liabilities, products, businesses or activities of the industrial growth businesses as part of Danaher and its subsidiaries prior to the separation.*

### **The Company**

Fortive is a diversified industrial growth company comprising businesses that are recognized leaders in attractive markets globally. We operate businesses that design, develop, manufacture, service and market professional and engineered products, software and services for a variety of end markets, building upon leading brand names, innovative technology and significant market positions. Our research and development, manufacturing, sales, distribution, service and administrative facilities are located in more than 40 countries across North America, Asia Pacific, Europe and Latin America.

We strive to create shareholder value through consistent and sustainable earnings growth, driven by continuous improvement in the operating performance of our existing businesses and acquisitions of other businesses that strategically fit within our existing business portfolio or expand our portfolio into new and attractive markets.

To accomplish these goals, we use a set of growth, lean and leadership tools and processes, which today are known as the DANAHER BUSINESS SYSTEM ("DBS"), 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. DBS has a long and deep history within our businesses, many of which originated fundamental DBS tools and have driven results through DBS for decades. Following our separation from Danaher, our rights to the DBS tools and processes will continue pursuant to the DBS license agreement described under "Certain Relationships and Related Person Transactions—DBS License Agreement," and we will continue using and developing these tools and processes under the name "Fortive Business System," or "FBS."

Our 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, 58% (including 55% in the United States); Europe, 18%; Asia Pacific, 18%, and all other regions, 6%. For additional information regarding sales by geography, please refer to Note 16 to the Combined Financial Statements included in this information statement.

Our industrial growth businesses have historically been operated as Danaher's Test & Measurement segment, Industrial Technologies segment (other than its Product Identification platform) and Retail/Commercial Petroleum platform. Today, our businesses are organized in two segments: Professional Instrumentation and Industrial Technologies.

- *Professional Instrumentation.* Our Professional Instrumentation segment consists of our Advanced Instrumentation & Solutions and Sensing Technologies businesses. Fortive's Advanced Instrumentation & Solutions business was primarily established through Danaher's acquisitions of

## [Table of Contents](#)

Qualitrol in the 1980's, Fluke Corporation in 1998, Tektronix in 2007, Keithley Instruments in 2010 and numerous bolt-on acquisitions. Our Sensing Technologies business originated with Danaher's acquisition of Chicago Pneumatic in the 1980's and Gems Sensors in 1997.

- *Industrial Technologies.* Our Industrial Technologies segment consists of our Transportation Technologies, Automation & Specialty Components and Franchise Distribution businesses. Fortive's Transportation Technologies business originated with Danaher's acquisitions of Veeder-Root in the 1980's and subsequently expanded through additional acquisitions, including the acquisitions of Gilbarco in 2002, Navman Wireless in 2012, Teletrac in 2013 and numerous bolt-on acquisitions. Fortive's Automation & Specialty Components business was primarily established through Danaher's acquisitions of Pacific Scientific Company in 1998, Kollmorgen Corporation in 2000 and Thomson Industries in 2002, as well as numerous other acquisitions. Fortive's Franchise Distribution business was established through Danaher's acquisitions of Matco Tools and Hennessy Industries in the 1980's.

Fortive's headquarters are located at 6920 Seaway Blvd, Everett, WA 98203, and its telephone number is (425) 446-5000.

### **Strategy**

Our strategy is to maximize shareholder value through several key initiatives:

- *Build Sustainable Competitive Advantage Through Innovation That Our Customers Value.* Our businesses typically hold leadership positions in their served markets, which are generally characterized by significant growth and profitability potential. In the markets we serve, our businesses strive to drive organic growth by prioritizing the voice of our customers in everything we do. Over time, our focus on customers' needs has enabled us to innovate effectively in markets where competitive leadership can be attained and, over long periods, sustained. Innovation and product vitality are key factors in maintaining our market leadership positions. In many end markets, we are leading the evolution of solutions to more software-driven products and business models, where our long history of reliability and strong brands position our operating businesses at the key points of customer workflows.
- *Leverage and Expand Our Global Business Presence.* Approximately 45% of our revenues are generated outside the United States, and we have significant operations around the world in key geographic markets. This reach has facilitated our entry into new markets, as we can harness existing sales channels, familiarity with local customer needs and regulations and the experience of our locally-based management resources. We expect to continue to prioritize development of localized solutions for high-growth markets around the world, with a strong local manufacturing and product development capability. We intend to continue to pursue acquisitions of businesses that complement our strategy in specific markets or regions.
- *Attract and Retain Talented Associates.* We believe that our team of talented associates, united by a common culture employing DBS in pursuit of continuous improvement, provides us a significant competitive advantage. We seek to continue to attract, develop and retain world-class leaders and associates globally and to drive their engagement with our customer-centric approach. We will continue to closely align individual incentives to the objectives of the Company and its shareholders.
- *Drive Continuous Improvement Through Application of DBS.* All of our businesses and associates use DBS to drive continuous improvement, measured by metrics such as quality, delivery, cost, growth and innovation. Through consistent application of DBS tools and principles, we have been able to drive industry-leading customer satisfaction and profitability in businesses that have been in our portfolio for years and significant improvement in growth and operating margins in businesses that we acquire. DBS extends well beyond lean concepts, to include methods for driving growth and innovation demanded in our markets.

- *Redeploy Our Free Cash Flow to Grow and Improve Our Businesses.* We intend to continue to re-invest the substantial free cash flow generated by our existing businesses to drive innovation for organic growth and to acquire businesses that fit strategically or extend our portfolio into new and attractive markets. We believe that our management team has developed considerable skill in identifying, acquiring and integrating new businesses. Our track record of disciplined success in targeting and effectively integrating acquisitions is an important aspect of our growth strategy.

#### **Strengths**

We believe the Company has significant competitive strengths, including:

- *Leading Brands in Attractive Markets.* Many of our operating companies have been leaders in their respective markets for decades and have built brand recognition and share positions that exceed that of many competitors.
- *Global Presence and Reach.* We operate globally, with diverse sales channels, manufacturing operations and product development that enable us to competitively address local requirements. We have experienced management teams based in key markets around the world and a strong local presence in high-growth markets.
- *Best-in-Class Operating System.* Our portfolio includes operating businesses that originated fundamental DBS tools and have practiced DBS for decades. We believe that our ability to continually improve quality, delivery, cost, growth and innovation improve customer satisfaction and offer significant competitive advantage.
- *Experienced Management Team.* Our management team predominantly consists of long-tenured leaders from Danaher who have a proven track record of success. The Company's senior management has extensive industry experience and many years of service with Danaher.

#### **Risks Associated with the Businesses and the Separation and Distribution**

An investment in Fortive's common stock is subject to a number of risks, including risks relating to the separation and distribution. The following list of risk factors is not exhaustive. Please read the information in the section entitled "Risk Factors" for a more thorough description of these and other risks.

##### ***Risks Related to Fortive's Businesses***

- Conditions in the global economy, the markets Fortive serves and the financial markets may adversely affect Fortive's business and financial statements.
- Fortive's growth could suffer if the markets into which Fortive sells its products and services decline, do not grow as anticipated or experience cyclicity.
- Fortive faces intense competition and if Fortive is unable to compete effectively, Fortive may experience decreased demand and decreased market share. Even if Fortive competes effectively, Fortive may be required to reduce prices for its products and services.
- Fortive's growth depends in part on the timely development and commercialization, and customer acceptance, of new and enhanced products and services based on technological innovation.
- Fortive's reputation, ability to do business and financial statements may be impaired by improper conduct by any of Fortive's employees, agents or business partners.



## [Table of Contents](#)

- Any inability to consummate acquisitions at Fortive's historical rate and at appropriate prices could negatively impact Fortive's growth rate and stock price.
- Fortive's acquisition of businesses, joint ventures and strategic relationships could negatively impact Fortive's financial statements.
- The indemnification provisions of acquisition agreements by which Fortive has acquired companies may not fully protect Fortive and as a result Fortive may face unexpected liabilities.
- Divestitures or other dispositions could negatively impact Fortive's business, and contingent liabilities from businesses that Fortive has sold could adversely affect Fortive's financial statements.
- Fortive's operations, products and services expose Fortive to the risk of environmental, health and safety liabilities, costs and violations that could adversely affect Fortive's reputation and financial statements.
- Fortive's businesses are subject to extensive regulation; failure to comply with those regulations could adversely affect Fortive's financial statements and reputation.
- Fortive may be required to recognize impairment charges for our goodwill and other intangible assets.
- Foreign currency exchange rates may adversely affect Fortive's financial statements.
- Changes in Fortive's tax rates or exposure to additional income tax liabilities or assessments could affect Fortive's profitability. In addition, audits by tax authorities could result in additional tax payments for prior periods.
- Fortive is subject to a variety of litigation and other legal and regulatory proceedings in the course of its business that could adversely affect its financial statements.
- If Fortive does not or cannot adequately protect its intellectual property, or if third parties infringe its intellectual property rights, it may suffer competitive injury or expend significant resources enforcing its rights.
- Third parties may claim that Fortive is infringing or misappropriating their intellectual property rights and it could suffer significant litigation expenses, losses or licensing expenses or be prevented from selling products or services.
- Defects and unanticipated use or inadequate disclosure with respect to Fortive's products (including software) or services could adversely affect its business, reputation and financial statements.
- Adverse changes in Fortive's relationships with, or the financial condition, performance, purchasing patterns or inventory levels of, key distributors and other channel partners could adversely affect its financial statements.
- Fortive's financial results are subject to fluctuations in the cost and availability of commodities that it uses in its operations.
- If Fortive cannot adjust Fortive's manufacturing capacity or the purchases required for Fortive's manufacturing activities to reflect changes in market conditions and customer demand, Fortive's profitability may suffer. In addition, Fortive's reliance upon sole or limited sources of supply for certain materials, components and services could cause production interruptions, delays and inefficiencies.
- Fortive's restructuring actions could have long-term adverse effects on our business.
- Changes in governmental regulations may reduce demand for Fortive's products or services or increase Fortive's expenses.

---

## [Table of Contents](#)

- Work stoppages, union and works council campaigns and other labor disputes could adversely impact Fortive's productivity and results of operations.
- International economic, political, legal, compliance and business factors could negatively affect Fortive's financial statements.
- If Fortive suffers loss to Fortive's facilities, supply chains, distribution systems or information technology systems due to catastrophe or other events, Fortive's operations could be seriously harmed.
- A significant disruption in, or breach in security of, Fortive's information technology systems could adversely affect its business.

### ***Risks Related to the Separation***

- Fortive has no history operating as an independent company, and its historical and pro forma financial information is not necessarily representative of the results that it would have achieved as a separate, publicly traded company and may not be a reliable indicator of its future results.
- As an independent, publicly traded company, Fortive may not enjoy the same benefits that Fortive did as a part of Danaher.
- Fortive's customers, prospective customers, suppliers or other companies with whom Fortive conducts business may need assurances that Fortive's financial stability on a stand-alone basis is sufficient to satisfy their requirements for doing or continuing to do business with them.
- Potential indemnification liabilities to Danaher pursuant to the separation agreement (as defined below) could materially and adversely affect Fortive's businesses, financial condition, results of operations and cash flows.
- In connection with Fortive's separation from Danaher, Danaher will indemnify Fortive for certain liabilities. However, there can be no assurance that the indemnity will be sufficient to insure Fortive against the full amount of such liabilities, or that Danaher's ability to satisfy its indemnification obligation will not be impaired in the future.
- There could be significant liability if the separation and distribution fail to qualify as a tax-free transaction for U.S. federal income tax purposes.
- Fortive may not be able to engage in certain corporate transactions for a two-year period after the separation.
- After the separation, certain of Fortive's executive officers and directors may have actual or potential conflicts of interest because of their equity interest in Danaher.
- Until the separation occurs, Danaher has sole discretion to change the terms of the separation in ways that may be unfavorable to Fortive.
- Fortive may not achieve some or all of the expected benefits of the separation, and the separation may adversely affect Fortive's businesses.
- Fortive may have received better terms from unaffiliated third parties than the terms it will receive in its agreements with Danaher.
- Fortive or Danaher may fail to perform under various transaction agreements that will be executed as part of the separation or Fortive may fail to have necessary systems and services in place when certain of the transaction agreements expire.
- Challenges in the commercial and credit environment may materially adversely affect Fortive's ability to complete the separation.

## [Table of Contents](#)

- After Fortive's separation from Danaher, Fortive will have debt obligations that could adversely affect its businesses and its ability to meet its obligations and pay dividends.
- Potential liabilities may arise due to fraudulent transfer considerations, which would adversely affect Fortive's financial condition and its results of operations.

### ***Risks Related to Fortive's Common Stock***

- Fortive cannot be certain that an active trading market for its common stock will develop or be sustained after the separation and, following the separation, Fortive's stock price may fluctuate significantly.
- A number of shares of Fortive common stock are or will be eligible for future sale, which may cause Fortive's stock price to decline.
- Fortive cannot guarantee the payment of dividends on its common stock, or the timing or amount of any such dividends.
- Your percentage ownership in Fortive may be diluted in the future.
- Certain provisions in Fortive's amended and restated certificate of incorporation and bylaws, and of Delaware law, may prevent or delay an acquisition of Fortive, which could decrease the trading price of Fortive's common stock.
- Fortive's amended and restated certificate of incorporation will designate the state courts in the State of Delaware or, if no state court located within the State of Delaware has jurisdiction, the federal court for the District of Delaware, as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by Fortive's shareholders, which could discourage lawsuits against Fortive and Fortive's directors and officers.

### **The Separation and Distribution**

On May 13, 2015, Danaher announced its intention to separate its industrial growth businesses from the remainder of its businesses, including its Life Sciences & Diagnostics (including Pall Corporation) and Dental segments and Water Quality and Product Identification platforms.

On \_\_\_\_\_, 2016, the Danaher board of directors approved the distribution of all of Fortive's issued and outstanding shares of common stock on the basis of \_\_\_\_\_ share[s] of Fortive common stock for every \_\_\_\_\_ share[s] of Danaher common stock held as of the close of business on \_\_\_\_\_, 2016, the record date for the distribution.

### ***Fortive's Post-Separation Relationship with Danaher***

Fortive will enter into a separation and distribution agreement with Danaher, which is referred to in this information statement as the "separation agreement." In connection with the separation, Fortive will also enter into various other agreements to effect the separation and provide a framework for its relationship with New Danaher after the separation, including a transition services agreement, an employee matters agreement, a tax matters agreement, an intellectual property matters agreement and a DBS license agreement. These agreements provide for the allocation between Fortive and Danaher of Danaher's assets, employees, liabilities and obligations (including its investments, property and employee benefits and tax-related assets and liabilities) attributable to periods prior to, at and after Fortive's separation from Danaher and will govern certain relationships between Fortive and New Danaher after the separation. For additional information regarding the separation agreement and other transaction agreements, see the sections entitled "Risk Factors—Risks Related to the Separation" and "Certain Relationships and Related Person Transactions."

***Reasons for the Separation***

The Danaher board of directors believes that separating its industrial growth businesses from the remainder of Danaher is in the best interests of Danaher and its shareholders for the following reasons:

- the separation will allow Fortive and Danaher to more effectively pursue their distinct operating priorities and strategies and enable management of both companies to focus on unique opportunities for long-term growth and profitability. For example, while Fortive's management will be enabled to focus exclusively on its businesses, the management of Danaher will be able to grow its businesses. The separate management teams of Fortive and Danaher will also be able to focus on executing the companies' differing strategic plans without diverting attention from the other businesses;
- the separation will permit each company to concentrate its financial resources solely on its own operations without having to compete with each other for investment capital. This will provide each company with greater flexibility to invest capital in its businesses in a time and manner appropriate for its distinct strategy and business needs;
- the separation will allow investors to separately value Danaher and Fortive based on their distinct investment identities. Fortive's businesses differ from Danaher's other businesses in several respects, such as the markets for products, manufacturing processes and R&D capabilities. The separation will enable investors to evaluate the merits, performance and future prospects of each company's respective businesses and to invest in each company separately based on their distinct characteristics;
- the separation will create an independent equity structure that will afford Fortive direct access to the capital markets and facilitate Fortive's ability to capitalize on its unique growth opportunities and effect future acquisitions utilizing its common stock; and
- the separation will facilitate incentive compensation arrangements for employees more directly tied to the performance of the relevant company's businesses, and may enhance employee hiring and retention by, among other things, improving the alignment of management and employee incentives with performance and growth objectives.

With respect to the Danaher board of directors' decision to pursue the separation, the then-pending acquisition of Pall Corporation, announced on May 13, 2015, provided an opportunity to drive even greater shareholder value going forward as two separate public companies and further supported the Danaher board of directors' determination to pursue the separation. While all of the bullets above are considered to be benefits to Fortive, only the first, second, third and fifth bullets above are considered to be benefits to New Danaher.

Neither Fortive nor Danaher can assure you that, following the separation, any of the benefits described above or otherwise will be realized to the extent anticipated or at all.

The Danaher board of directors also considered the following potentially negative factors in evaluating the separation:

- As a current part of Danaher, the industrial growth businesses that will become part of Fortive benefit from Danaher's size and purchasing power in procuring certain goods and services. After the separation, as a separate, independent entity, Fortive may be unable to obtain these goods, services and technologies at prices or on terms as favorable as those Danaher obtained prior to the separation. Fortive may also incur costs for certain functions previously performed by Danaher, such as accounting, tax, legal, human resources and other general administrative functions that are higher than the amounts reflected in Fortive's historical financial statements, which could cause Fortive's profitability to decrease.
- The actions required to separate Fortive's and Danaher's respective businesses could disrupt Fortive's and New Danaher's operations.

## [Table of Contents](#)

- Certain costs and liabilities that were otherwise less significant to Danaher as a whole will be more significant for Fortive and New Danaher as stand-alone companies.
- Fortive will incur costs in connection with the transition to being a stand-alone public company that may include accounting, tax, legal and other professional services costs, recruiting and relocation costs associated with hiring or reassigning Fortive personnel, costs related to establishing a new brand identity in the marketplace and costs to separate information systems.
- Fortive may not achieve the anticipated benefits of the separation for a variety of reasons, including, among others: (i) the separation will require significant amounts of management's time and effort, which may divert management's attention from operating and growing Fortive's businesses; (ii) following the separation, Fortive may be more susceptible to market fluctuations and other adverse events than if it were still a part of Danaher; and (iii) following the separation, Fortive's businesses will be less diversified than Danaher's businesses prior to the separation.
- To preserve the tax-free treatment for U.S. federal income tax purposes to Danaher of the separation and the distribution, under the tax matters agreement that Fortive will enter into with Danaher, Fortive will be restricted from taking any action that prevents the separation and distribution from being tax-free for U.S. federal income tax purposes. These restrictions may limit Fortive's ability to pursue certain strategic transactions or engage in other transactions that might increase the value of its businesses.

While all of the bullets above are considered to be potentially negative factors to Fortive, only the second and third bullets above are considered to be potentially negative factors to Danaher.

The Danaher board of directors concluded that the potential benefits of the separation outweighed these factors. For more information, see the sections entitled "The Separation and Distribution—Reasons for the Separation" and "Risk Factors."

### ***Description of Indebtedness***

Prior to the separation and distribution, Fortive expects it will issue senior unsecured notes in multiple tranches with terms and maturities to be determined, together with the Term Loan Facility and the Revolving Credit Facility described below. Specifically, Fortive expects to enter into a credit agreement with a syndicate of banks providing for a [●]-year \$[●] million senior Term Loan Facility (the Term Loan Facility) and a five-year \$[●] billion senior Revolving Credit Facility (the Revolving Credit Facility and together with the Term Loan Facility, the Senior Credit Facilities). Fortive expects these financing activities to yield proceeds of approximately \$3.25 billion, of which approximately \$3.0 billion will be paid to Danaher as consideration for the contribution of assets to Fortive by Danaher in connection with the separation. Negotiation of the agreements underlying the notes and the facilities described hereunder is ongoing and subject to the completion of definitive documentation. Fortive cannot assure you that the terms described below will not change or be supplemented.

In connection with the incurrence of Fortive's indebtedness, Fortive expects it will be subject to terms customary for senior unsecured notes of this type, including customary events of default and affirmative and negative covenants relating to debt incurrence, liens, and mergers or sales of all or substantially all of Fortive's assets. Additionally, under the terms of the credit agreement, Fortive expects the Senior Credit Facilities to bear interest at a rate equal to an adjusted base rate or LIBOR, plus, in each case, an applicable margin. The applicable margin is expected to be based on Fortive's published credit rating. Fortive expects that interest on borrowings and the commitment fee will generally be payable quarterly in arrears or at the end of the interest period if such interest period is shorter than three months. Additionally, Fortive expects to pay a quarterly commitment fee based on the unused portion of the Revolving Credit Facility which will be determined by Fortive's credit rating. Further, Fortive expects the Revolving Credit Facility will contain a financial covenant requiring Fortive not to

---

## [Table of Contents](#)

exceed a maximum total net leverage ratio and, unless certain investment grade ratings specified in the credit agreement are received, to maintain a minimum interest coverage ratio. In addition, the Senior Credit Facilities are expected to contain customary affirmative and negative covenants.

Fortive expects that the Term Loan Facility will be due at maturity. Fortive expects to be permitted to voluntarily prepay loans and/or reduce the commitment under the Senior Credit Facilities, in whole or in part, without penalty or premium subject to certain minimum amounts and increments and the payment of customary breakage costs. Fortive does not expect that mandatory prepayment will be required under the Revolving Credit Facility. See “Description of Material Indebtedness” and “Risk Factors—Risks Related to Fortive’s Businesses” for more information.

### **Corporate Information**

Fortive was incorporated in Delaware for the purpose of holding Danaher’s industrial growth businesses in connection with the separation and distribution. Prior to the contribution of these businesses to Fortive, which is expected to occur prior to completion of the distribution, Fortive had no operations. The address of Fortive’s principal executive offices is 6920 Seaway Blvd, Everett, WA 98203. Fortive’s telephone number is (425) 446-5000.

Fortive intends to maintain an Internet site at [www.fortive.com](http://www.fortive.com). Fortive’s website, and the information contained therein, or connected thereto, is not incorporated by reference into this information statement or the registration statement of which this information statement forms a part.

### **Reason for Furnishing This Information Statement**

This information statement is being furnished solely to provide information to shareholders of Danaher who will receive shares of Fortive common stock in the distribution. It is not, and is not to be construed as, an inducement or encouragement to buy or sell any of Fortive’s securities. The information contained in this information statement is believed by Fortive to be accurate as of the date set forth on its cover. Changes may occur after that date and neither Danaher nor Fortive will update the information except in the normal course of their respective disclosure obligations and practices.

**SUMMARY HISTORICAL AND PRO FORMA COMBINED FINANCIAL DATA**

The following summary financial data reflects the combined assets and results of operations of the Test & Measurement segment, Industrial Technologies segment (other than its Product Identification platform) and Retail/Commercial Petroleum platform of Danaher. The Company derived the summary historical and pro forma combined statement of earnings data for the years ended December 31, 2015, December 31, 2014 and December 31, 2013, and combined balance sheet data as of December 31, 2015 and December 31, 2014, as set forth below, from its audited Annual Combined Financial Statements (together, the “Combined Financial Statements”), which are included in the “Index to Financial Statements” section of this information statement and from its unaudited combined pro forma financial statements included in the “Unaudited Pro Forma Combined Financial Statements” section of this information statement. The Company derived the summary combined balance sheet data as of December 31, 2013, from the Company’s audited Annual Combined Financial Statements which are not included in this information statement. The historical results have been derived from Danaher’s historical accounting records and are presented on a carve-out basis and may not necessarily reflect the Company’s results of operations, financial position and cash flows for future periods or what they would have been had the Company been a separate, stand-alone company during the periods presented. To ensure a full understanding of this summary financial data, the information presented below should be reviewed in combination with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” (“MD&A”) and the Combined Financial Statements and accompanying notes thereto included in this information statement.

The summary unaudited pro forma combined financial data presented has been prepared to reflect the separation. The unaudited pro forma combined statement of earnings data presented reflects the financial results as if the separation occurred on January 1, 2015, which was the first day of fiscal 2015. The unaudited pro forma combined balance sheet data reflects the financial position as if the separation occurred on December 31, 2015. The assumptions used and pro forma adjustments derived from such assumptions are based on currently available information.

The unaudited pro forma combined financial statements are not necessarily indicative of the Company’s results of operations or financial condition had the distribution and its anticipated post-separation capital structure been completed on the dates assumed. Also, they may not reflect the results of operations or financial condition that would have resulted had the Company been operating as an independent, publicly traded company during such periods. In addition, they are not necessarily indicative of its future results of operations, financial position or cash flows.

## [Table of Contents](#)

This summary historical and pro forma combined financial data should be reviewed in combination with “Unaudited Pro Forma Combined Financial Statements,” “Capitalization,” “Selected Historical Combined Financial Data,” MD&A and the Combined Financial Statements and accompanying notes included in this information statement (\$ in millions, except per share amounts).

	As of and for the Year Ended December 31			
	Pro Forma 2015 (unaudited)	2015	2014	2013
<b>Selected Statement of Earnings Information:</b>				
Sales	\$ 6,143.3	\$ 6,178.8	\$ 6,337.2	\$ 5,961.9
Earnings before income taxes	1,176.7	1,269.7	1,279.2	1,143.2
Net earnings	805.7	863.8	883.4	830.9
Net earnings per share:				
Basic	\$	N/A	N/A	N/A
Diluted	\$	N/A	N/A	N/A
<b>Selected Balance Sheet Information:</b>				
Total assets	\$ 7,597.7	\$ 7,210.6	\$ 7,355.6	\$ 7,240.1



## RISK FACTORS

*You should carefully consider the risks and uncertainties described below, together with the information included elsewhere in this information statement. 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, 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 economic or 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.*

### **Risks Related to Fortive's Businesses**

***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, reduced levels of capital expenditures, changes in government fiscal and monetary policies, government deficit reduction and budget negotiation dynamics, sequestration, other 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 information statement, 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;
- 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.

There can be no assurances that the capital markets will be available to us or that the lenders participating in any credit facilities we may enter into 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 growth could suffer if the markets into which we sell our products and services decline, do not grow as anticipated or experience cyclicity.***

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

---

## [Table of Contents](#)

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, and 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 the section entitled "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; 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.

---

## [Table of Contents](#)

### ***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, 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, though we rely on our suppliers to adhere to our supplier standards of conduct, 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 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, joint ventures and strategic relationships could negatively impact our financial statements.***

As part of our business strategy we acquire businesses and enter other strategic relationships in the ordinary course, some of which may be material; please see MD&A for additional details. These acquisitions 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 or strategic relationships;
- acquisitions 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 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;

---

## Table of Contents

- we may be unable to achieve cost savings or other synergies anticipated in connection with an acquisition or strategic relationship;
- we may assume by acquisition 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, we may enter into post-closing financial arrangements such as purchase price adjustments, earn-out obligations and indemnification obligations, which may have unpredictable financial results;
- in connection with 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; and
- we may have interests that diverge from those of strategic partners and we may not be able to direct the management and operations of the 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.

### ***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

---

## [Table of Contents](#)

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 14 to the Combined Financial Statements included in this information statement. 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 the date of this information statement 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, 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 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; and
- 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. 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

---

## [Table of Contents](#)

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 to 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 the section entitled “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 \$4.7 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 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. 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.

---

## [Table of Contents](#)

### ***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 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 the date of this information statement 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

---

## [Table of Contents](#)

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.

***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 the section entitled “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.



---

## [Table of Contents](#)

***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.

***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 realize from such actions. Any of the circumstances described above could adversely impact our business and financial statements.

***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 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

---

## [Table of Contents](#)

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 certain 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 45% 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;
- 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;
- 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.

---

## [Table of Contents](#)

### ***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.

### **Risks Related to the Separation**

***Fortive has no history of operating as an independent company, and Fortive's historical and pro forma financial information is not necessarily representative of the results that it would have achieved as a separate, publicly traded company and may not be a reliable indicator of its future results.***

The historical information about Fortive in this information statement refers to Fortive's businesses as operated by and integrated with Danaher. Fortive's historical and pro forma financial information included in this information statement is derived from the consolidated financial statements and accounting records of Danaher. Accordingly, the historical and pro forma financial information included in this information statement does not necessarily reflect the financial condition, results of operations or cash flows that Fortive would have achieved as a separate, publicly traded company during the periods presented or those that Fortive will achieve in the future primarily as a result of the factors described below:

- prior to the separation, Fortive's businesses have been operated by Danaher as part of its broader corporate organization, rather than as an independent company. Danaher or one of its affiliates performed various corporate functions for Fortive such as legal, treasury, accounting, auditing, human resources, corporate affairs and finance. Fortive's historical and pro forma financial results reflect allocations of corporate expenses from Danaher for such functions and are likely to be less than the expenses Fortive would have incurred had it operated as a separate publicly traded company. Following the separation, Fortive's cost related to such functions previously performed by Danaher may therefore increase;
- currently, Fortive's businesses are integrated with the other businesses of Danaher. Historically, Fortive has shared economies of scope and scale in costs, employees, vendor relationships and customer relationships. Although Fortive will enter into transition agreements with Danaher, these arrangements may not fully capture the benefits that Fortive has enjoyed as a result of being integrated with Danaher and may result in Fortive paying higher charges than in the past for these services. This could have an adverse effect on Fortive's results of operations and financial condition following the completion of the separation;

---

## [Table of Contents](#)

- generally, Fortive’s working capital requirements and capital for its general corporate purposes, including acquisitions and capital expenditures, have historically been satisfied as part of the corporate-wide cash management policies of Danaher. Following the completion of the separation, Fortive may need to obtain additional financing from banks, through public offerings or private placements of debt or equity securities, strategic relationships or other arrangements;
- after the completion of the separation, the cost of capital for Fortive’s businesses may be higher than Danaher’s cost of capital prior to the separation; and
- Fortive’s historical financial information does not reflect the debt or the associated interest expense that it will incur as part of the separation and distribution.

Other significant changes may occur in Fortive’s cost structure, management, financing and business operations as a result of operating as a company separate from Danaher. For additional information about the past financial performance of Fortive’s businesses and the basis of presentation of the historical combined financial statements and the unaudited pro forma combined financial statements of Fortive’s businesses, see “Unaudited Pro Forma Combined Financial Statements,” “Selected Historical Combined Financial Data,” MD&A and the historical financial statements and accompanying notes included elsewhere in this information statement.

***As an independent, publicly traded company, Fortive may not enjoy the same benefits that Fortive did as a part of Danaher.***

There is a risk that, by separating from Danaher, Fortive may become more susceptible to market fluctuations and other adverse events than we would have been if we were still a part of the current Danaher organizational structure. As part of Danaher, we have been able to enjoy certain benefits from Danaher’s operating diversity, purchasing power and opportunities to pursue integrated strategies with Danaher’s other businesses. As an independent, publicly traded company, Fortive will not have similar diversity or integration opportunities and may not have similar purchasing power or access to capital markets. Additionally, as part of Danaher, we have been able to leverage the Danaher historical market reputation and performance and brand identity to recruit and retain key personnel to run our business. As an independent, publicly traded company, Fortive will not have the same historical market reputation and performance or brand identity as Danaher and it may be more difficult for us to recruit or retain such key personnel.

***Fortive’s customers, prospective customers, suppliers or other companies with whom Fortive conducts business may need assurances that Fortive’s financial stability on a stand-alone basis is sufficient to satisfy their requirements for doing or continuing to do business with them.***

Some of Fortive’s customers, prospective customers, suppliers or other companies with whom we conduct business may need assurances that Fortive’s financial stability on a stand-alone basis is sufficient to satisfy their requirements for doing or continuing to do business with them, and may require Fortive to provide additional credit support, such as letters of credit or other financial guarantees. Any failure of parties to be satisfied with Fortive’s financial stability could have a material adverse effect on Fortive’s business, financial condition, results of operations and cash flows.

***Potential indemnification liabilities to Danaher pursuant to the separation agreement could materially and adversely affect Fortive’s businesses, financial condition, results of operations and cash flows.***

The separation agreement, among other things, provides for indemnification obligations (for uncapped amounts) designed to make Fortive financially responsible for substantially all liabilities that may exist relating to its business activities, whether incurred prior to or after the separation. If Fortive is required to indemnify Danaher under the circumstances set forth in the separation agreement, Fortive may be subject to substantial liabilities. See “Certain Relationships and Related Person Transactions—The Separation Agreement—Release of Claims and Indemnification.”

---

## [Table of Contents](#)

***In connection with Fortive's separation from Danaher, Danaher will indemnify Fortive for certain liabilities. However, there can be no assurance that the indemnity will be sufficient to insure Fortive against the full amount of such liabilities, or that Danaher's ability to satisfy its indemnification obligation will not be impaired in the future.***

Pursuant to the separation agreement and certain other agreements with Danaher, Danaher will agree to indemnify Fortive for certain liabilities as discussed further in "Certain Relationships and Related Person Transactions." However, third parties could also seek to hold Fortive responsible for any of the liabilities that Danaher has agreed to retain, and there can be no assurance that the indemnity from Danaher will be sufficient to protect Fortive against the full amount of such liabilities, or that Danaher will be able to fully satisfy its indemnification obligations. In addition, Danaher's insurers may attempt to deny coverage to Fortive for liabilities associated with certain occurrences of indemnified liabilities prior to the separation. Moreover, even if Fortive ultimately succeeds in recovering from Danaher or such insurance providers any amounts for which Fortive is held liable, Fortive may be temporarily required to bear these losses. Each of these risks could negatively affect Fortive's businesses, financial position, results of operations and cash flows.

***There could be significant liability if the separation and distribution fail to qualify as a tax-free transaction for U.S. federal income tax purposes.***

It is a condition to the distribution that Danaher receive an opinion of Skadden, Arps, Slate, Meagher & Flom LLP, tax counsel to Danaher, regarding the qualification of the distribution, together with certain related transactions, as a transaction that is tax-free to Danaher and Danaher's shareholders, for U.S. federal income tax purposes, within the meaning of Sections 355(a) and 368(a)(1)(D) of the Code. The opinion relies on certain facts, assumptions, representations and undertakings from Danaher and Fortive, including those regarding the past and future conduct of the companies' respective businesses and other matters. If any of these facts, assumptions, representations or undertakings are incorrect or not satisfied, Danaher may not be able to rely on the opinion, and Danaher and its shareholders could be subject to significant tax liabilities. Notwithstanding the opinion of tax counsel, the IRS could determine on audit that the distribution is taxable if it determines that any of these facts, assumptions, representations or undertakings are not correct or have been violated or if it disagrees with the conclusions in the opinion. For more information regarding the tax opinion, see "U.S. Federal Income Tax Considerations."

If the distribution were determined to be taxable for U.S. federal income tax purposes, Danaher and its shareholders that are subject to U.S. federal income tax could incur significant U.S. federal income tax liabilities determined in the manner described in the section entitled "U.S. Federal Income Tax Considerations." For example, if the distribution failed to qualify for tax-free treatment, Danaher would, for U.S. federal income tax purposes, be treated as if it had sold the Fortive common stock in a taxable sale for its fair market value, and Danaher's shareholders, who are subject to U.S. federal income tax, would be treated as receiving a taxable distribution in an amount equal to the fair market value of the Fortive common stock received in the distribution.

Under the tax matters agreement between Danaher and Fortive, Fortive will generally be required to indemnify Danaher against taxes incurred by Danaher that arise as a result of Fortive taking or failing to take, as the case may be, certain actions that result in the distribution failing to meet the requirements of a tax-free distribution under Section 355 of the Code. Under the tax matters agreement between Danaher and Fortive, Fortive may also be required to indemnify Danaher for other contingent tax liabilities, which could materially adversely affect Fortive's financial position. For a discussion of the tax matters agreement, see "Certain Relationships and Related Person Transactions—Tax Matters Agreement."

***Fortive may not be able to engage in certain corporate transactions for a two-year period after the separation.***

To preserve the tax-free treatment for U.S. federal income tax purposes to Danaher of the separation and distribution, under the tax matters agreement that Fortive will enter into with Danaher, Fortive will be restricted from taking any action that prevents the separation and distribution from being tax-free for U.S. federal income

---

## [Table of Contents](#)

tax purposes. Under the tax matters agreement, for the two-year period following the distribution, as described in the section entitled “*Certain Relationships and Related Person Transactions—Tax Matters Agreement—Preservation of the Tax-Free Status of Certain Aspects of the Separation*,” Fortive will be subject to specific restrictions on its ability to enter into acquisition, merger, liquidation, sale and stock redemption transactions with respect to its stock. These restrictions may limit Fortive’s ability to pursue certain strategic transactions or other transactions that it may believe to be in the best interests of its shareholders or that might increase the value of its business. These restrictions will not limit the acquisition of other businesses by Fortive for cash consideration. In addition, under the tax matters agreement, Fortive may be required to indemnify Danaher against any such tax liabilities as a result of the acquisition of Fortive’s stock or assets, even if it does not participate in or otherwise facilitate the acquisition. For more information, see “*Certain Relationships and Related Person Transactions—Tax Matters Agreement*.”

***After the separation, certain of Fortive’s executive officers and directors may have actual or potential conflicts of interest because of their equity interest in Danaher.***

Because of their current or former positions with Danaher, certain of Fortive’s expected executive officers and directors own equity interests in Danaher. In addition, certain of Fortive’s directors will continue serving on the New Danaher board of directors. Continuing ownership of shares of New Danaher common stock and equity awards, or service as a director at both companies could create, or appear to create, potential conflicts of interest if Fortive and New Danaher face decisions that could have implications for both New Danaher and Fortive.

***Until the separation occurs, Danaher has sole discretion to change the terms of the separation in ways that may be unfavorable to Fortive.***

Until the separation occurs, Fortive will be a wholly owned subsidiary of Danaher. Accordingly, Danaher will effectively have the sole and absolute discretion to determine and change the terms of the separation, including the establishment of the record date for the distribution and the distribution date. These changes could be unfavorable to Fortive. In addition, Danaher may decide at any time not to proceed with the separation and distribution.

***Fortive may not achieve some or all of the expected benefits of the separation, and the separation may adversely affect Fortive’s businesses.***

Fortive may not be able to achieve the full strategic and financial benefits expected to result from the separation, or such benefits may be delayed or not occur at all. The separation and distribution is expected to provide the following benefits, among others:

- the separation will allow investors to separately value Danaher and Fortive based on their distinct investment identities. Fortive’s businesses differ from Danaher’s other businesses in several respects, such as the market for products, manufacturing processes and R&D capabilities. The separation will enable investors to evaluate the merits, performance and future prospects of each company’s respective businesses and to invest in each company separately based on their distinct characteristics;
- the separation will allow Fortive and Danaher to more effectively pursue their distinct operating priorities and strategies and enable management of both companies to focus on unique opportunities for long-term growth and profitability. For example, while Fortive’s management will be enabled to focus exclusively on its businesses, the management of Danaher will be able to grow its businesses. The separate management teams of Fortive and Danaher will also be able to focus on executing the companies’ differing strategic plans without diverting attention from the other businesses;
- the separation will permit each company to concentrate its financial resources solely on its own operations without having to compete with each other for investment capital. This will provide each company with greater flexibility to invest capital in its businesses in a time and manner appropriate for its distinct strategy and business needs;

---

## Table of Contents

- the separation will create an independent equity structure that will afford Fortive direct access to the capital markets and facilitate Fortive's ability to capitalize on its unique growth opportunities and effect future acquisitions utilizing its common stock; and
- the separation will facilitate incentive compensation arrangements for employees more directly tied to the performance of the relevant company's businesses, and may enhance employee hiring and retention by, among other things, improving the alignment of management and employee incentives with performance and growth objectives.

Fortive may not achieve these and other anticipated benefits for a variety of reasons, including, among others:

- as a current part of Danaher, the industrial growth businesses that will become part of Fortive benefit from Danaher's size and purchasing power in procuring certain goods and services. After the separation, as a separate, independent entity, Fortive may be unable to obtain these goods, services and technologies at prices or on terms as favorable as those Danaher obtained prior to the separation. Fortive may also incur costs for certain functions previously performed by Danaher, such as accounting, tax, legal, human resources and other general administrative functions that are higher than the amounts reflected in Fortive's historical financial statements, which could cause Fortive's profitability to decrease;
- the actions required to separate Fortive's and Danaher's respective businesses could disrupt Fortive's and New Danaher's operations.
- certain costs and liabilities that were otherwise less significant to Danaher as a whole will be more significant for Fortive and New Danaher as stand-alone companies;
- Fortive will incur costs in connection with the transition to being a stand-alone public company that may include accounting, tax, legal and other professional services costs, recruiting and relocation costs associated with hiring or reassigning Fortive personnel, costs related to establishing a new brand identity in the marketplace and costs to separate information systems;
- Fortive may not achieve the anticipated benefits of the separation for a variety of reasons, including, among others: (i) the separation will require significant amounts of management's time and effort, which may divert management's attention from operating and growing Fortive's businesses; (ii) following the separation, Fortive may be more susceptible to market fluctuations and other adverse events than if it were still a part of Danaher; and (iii) following the separation, Fortive's businesses will be less diversified than Danaher's businesses prior to the separation; and
- to preserve the tax-free treatment for U.S. federal income tax purposes to Danaher of the distribution, together with certain related transactions, under the tax matters agreement that Fortive will enter into with Danaher, Fortive will be restricted from taking any action that prevents such transactions from being tax-free for U.S. federal income tax purposes. These restrictions may limit Fortive's ability to pursue certain strategic transactions or engage in other transactions that might increase the value of its businesses.

If Fortive fails to achieve some or all of the benefits expected to result from the separation, or if such benefits are delayed, the businesses, operating results and financial condition of Fortive could be adversely affected.

***Fortive may have received better terms from unaffiliated third parties than the terms it will receive in its agreements with Danaher.***

The agreements Fortive will enter into with Danaher in connection with the separation, including the separation agreement, transition services agreement, employee matters agreement, tax matters agreement, intellectual property matters agreement and DBS license agreement were prepared in the context of Fortive's separation from Danaher while Fortive was still a wholly-owned subsidiary of Danaher. Accordingly, during the

---

## [Table of Contents](#)

period in which the terms of those agreements were prepared, Fortive did not have an independent board of directors or a management team that was independent of Danaher. As a result, the terms of those agreements may not reflect terms that would have resulted from arm's-length negotiations between unaffiliated third parties. Arm's-length negotiations between Danaher and an unaffiliated third party in another form of transaction, such as a buyer in a sale of a business transaction, may have resulted in more favorable terms to the unaffiliated third party. For more information, see the section entitled "Certain Relationships and Related Person Transactions."

### ***Fortive or Danaher may fail to perform under various transaction agreements that will be executed as part of the separation or Fortive may fail to have necessary systems and services in place when certain of the transaction agreements expire.***

The separation agreement and other agreements to be entered into in connection with the separation will determine the allocation of assets and liabilities between the companies following the separation for those respective areas and will include any necessary indemnifications related to liabilities and obligations. The transition services agreement will provide for the performance of certain services by each company for the benefit of the other for a period of time after the separation. Fortive will rely on New Danaher to satisfy its performance and payment obligations under these agreements. If New Danaher is unable to satisfy its obligations under these agreements, including its indemnification obligations, Fortive could incur operational difficulties or losses. If Fortive does not have in place its own systems and services, or if Fortive does not have agreements with other providers of these services once certain transaction agreements expire, Fortive may not be able to operate its businesses effectively and its profitability may decline. Fortive is in the process of creating its own, or engaging third parties to provide, systems and services to replace many of the systems and services that Danaher currently provides to Fortive. However, Fortive may not be successful in implementing these systems and services or in transitioning data from Danaher's systems to Fortive's.

### ***Challenges in the commercial and credit environment may materially adversely affect Fortive's and Danaher's ability to complete the separation.***

Fortive's ability to issue debt or enter into other financing arrangements on acceptable terms could be materially adversely affected if there is a material decline in the demand for Fortive's products or in the solvency of its customers or suppliers or if other significantly unfavorable changes in economic conditions occur. Volatility in the world financial markets could increase borrowing costs or affect Fortive's ability to gain access to the capital markets, all of which could have a material adverse effect on Fortive's or Danaher's ability to complete the separation.

### ***After Fortive's separation from Danaher, Fortive will have debt obligations that could adversely affect its businesses and its ability to meet its obligations and pay dividends.***

Immediately following the separation, Fortive expects to have approximately \$3.25 billion of indebtedness. See "Description of Material Indebtedness." Fortive may also incur additional indebtedness in the future. This significant amount of debt could have important, adverse consequences to Fortive and its investors, including:

- requiring a substantial portion of Fortive's cash flow from operations to make interest payments;
- making it more difficult to satisfy other obligations;
- increasing the risk of a future credit ratings downgrade of Fortive's debt, which could increase future debt costs and limit the future availability of debt financing;
- increasing Fortive's vulnerability to general adverse economic and industry conditions;
- reducing the cash flow available to fund capital expenditures and other corporate purposes and to grow Fortive's businesses;
- limiting Fortive's flexibility in planning for, or reacting to, changes in its businesses and industries; and



---

## Table of Contents

- limiting Fortive’s ability to borrow additional funds as needed or take advantage of business opportunities as they arise, pay cash dividends or repurchase common stock.

To the extent that Fortive incurs additional indebtedness, the risks described above could increase. In addition, Fortive’s actual cash requirements in the future may be greater than expected. Fortive’s cash flow from operations may not be sufficient to service its outstanding debt or to repay the outstanding debt as it becomes due, and Fortive may not be able to borrow money, sell assets or otherwise raise funds on acceptable terms, or at all, to service or refinance its debt.

### ***Potential liabilities may arise due to fraudulent transfer considerations, which would adversely affect Fortive’s financial condition and its results of operations.***

In connection with the separation and distribution, Danaher has undertaken and will undertake several corporate restructuring transactions which, along with the separation and distribution, may be subject to federal and state fraudulent conveyance and transfer laws. If, under these laws, a court were to determine that, at the time of the separation and distribution, any entity involved in these restructuring transactions or the separation and distribution:

- was insolvent;
- was rendered insolvent by reason of the separation and distribution;
- had remaining assets constituting unreasonably small capital; or
- intended to incur, or believed it would incur, debts beyond its ability to pay these debts as they matured,

then the court could void the separation and distribution, in whole or in part, as a fraudulent conveyance or transfer. The court could then require Fortive’s shareholders to return to Danaher some or all of the shares of Fortive common stock issued in the distribution, or require New Danaher or Fortive, as the case may be, to fund liabilities of the other company for the benefit of creditors. The measure of insolvency will vary depending upon the jurisdiction whose law is being applied. Generally, however, an entity would be considered insolvent if the fair value of its assets was less than the amount of its liabilities or if it incurred debt beyond its ability to repay the debt as it matures.

### **Risks Related to Fortive’s Common Stock**

***Fortive cannot be certain that an active trading market for its common stock will develop or be sustained after the separation, and following the separation, Fortive’s stock price may fluctuate significantly.***

A public market for Fortive common stock does not currently exist. Fortive anticipates that on or prior to the record date for the distribution, trading of shares of its common stock will begin on a “when-issued” basis and will continue through the distribution date. However, Fortive cannot guarantee that an active trading market will develop or be sustained for its common stock after the separation. If an active trading market does not develop, you may have difficulty selling your shares of Fortive common stock at an attractive price, or at all. In addition, we cannot predict the prices at which shares of Fortive common stock may trade after the separation.

Similarly, Fortive cannot predict the effect of the separation on the trading prices of its common stock. After the separation, Danaher’s common stock will continue to be listed and traded on the NYSE under the symbol “DHR.” Subject to the consummation of the separation, Fortive expects the Fortive common stock to be listed and traded on the NYSE under the symbol “FTV.” The combined trading prices of Danaher’s common stock and Fortive’s common stock after the separation, as adjusted for any changes in the combined capitalization of these companies, may not be equal to or greater than the trading price of Danaher’s common stock prior to the separation. Until the market has fully evaluated the business of Danaher without the Fortive businesses, or fully evaluated Fortive, the price at which New Danaher’s or Fortive’s common stock trades may fluctuate significantly.

---

## Table of Contents

The market price of Fortive common stock may fluctuate significantly due to a number of factors, some of which may be beyond Fortive's control, including:

- Fortive's business profile and market capitalization may not fit the investment objectives of Danaher's current shareholders, causing a shift in Fortive's investor base, and Fortive's common stock may not be included in some indices in which Danaher's common stock is included, causing certain holders to sell their shares;
- Fortive's quarterly or annual earnings, or those of other companies in its industry;
- the failure of securities analysts to cover Fortive's common stock after the separation;
- actual or anticipated fluctuations in Fortive's operating results;
- changes in earnings estimated by securities analysts or Fortive's ability to meet those estimates;
- the operating and stock price performance of other comparable companies;
- changes to the regulatory and legal environment in which Fortive operates;
- overall market fluctuations and domestic and worldwide economic conditions; and
- other factors described in these "Risk Factors" and elsewhere in this information statement.

Stock markets in general have experienced volatility that has often been unrelated to the operating performance of a particular company. These broad market fluctuations may adversely affect the trading price of Fortive's common stock.

***A number of shares of Fortive common stock are or will be eligible for future sale, which may cause Fortive's stock price to decline.***

Any sales of substantial amounts of Fortive common stock in the public market or the perception that such sales might occur, in connection with the distribution or otherwise, may cause the market price of Fortive common stock to decline. Upon completion of the distribution, Fortive expects that it will have an aggregate of approximately shares of its common stock issued and outstanding. These shares will be freely tradable without restriction or further registration under the U.S. Securities Act of 1933, as amended ("Securities Act"), unless the shares are owned by one or more of Fortive's "affiliates," as that term is defined in Rule 405 under the Securities Act. Fortive is unable to predict whether large amounts of its common stock will be sold in the open market following the distribution. Fortive is also unable to predict whether a sufficient number of buyers would be in the market at that time.

***Fortive cannot guarantee the payment of dividends on its common stock, or the timing or amount of any such dividends.***

Fortive has not yet determined the extent to which it will pay dividends on its common stock. The payment of any dividends in the future, and the timing and amount thereof, to Fortive shareholders will fall within the discretion of the Board. The Board's decisions regarding the payment of dividends will depend on many factors, such as Fortive's financial condition, earnings, capital requirements, debt service obligations, restrictive covenants in Fortive's debt, industry practice, legal requirements and other factors that the Board deems relevant. For more information, see "Dividend Policy." Fortive's ability to pay dividends will depend on its ongoing ability to generate cash from operations and on its access to the capital markets. Fortive cannot guarantee that it will pay a dividend in the future or continue to pay any dividends if Fortive commences paying dividends.

***Your percentage ownership in Fortive may be diluted in the future.***

In the future, your percentage ownership in Fortive may be diluted because of equity issuances for acquisitions, capital market transactions or otherwise, including equity awards that Fortive will be granting to Fortive's directors, officers and employees. Fortive's employees will have rights to purchase or receive shares of

---

## [Table of Contents](#)

Fortive common stock after the distribution as a result of the conversion of their Danaher stock options, restricted stock units and performance stock units to Fortive stock options, restricted stock units and performance stock units, respectively. The conversion of these Danaher awards into Fortive awards is described in further detail in the section entitled “Treatment of Outstanding Equity Awards at the Time of the Separation.” As of the date of this information statement, the exact number of shares of Fortive common stock that will be subject to the converted Fortive options, restricted stock units and performance stock units is not determinable, and, therefore, it is not possible to determine the extent to which your percentage ownership in Fortive could be diluted as a result of the conversion. It is anticipated that the Fortive compensation committee will grant additional equity awards to Fortive employees and directors after the distribution, from time to time, under Fortive’s employee benefits plans. These additional awards will have a dilutive effect on Fortive’s earnings per share, which could adversely affect the market price of Fortive’s common stock.

In addition, Fortive’s amended and restated certificate of incorporation will authorize Fortive to issue, without the approval of Fortive’s shareholders, one or more classes or series of preferred stock having such designation, powers, preferences and relative, participating, optional and other special rights, including preferences over Fortive’s common stock respecting dividends and distributions, as the Board generally may determine. The terms of one or more classes or series of preferred stock could dilute the voting power or reduce the value of Fortive’s common stock. For example, Fortive could grant the holders of preferred stock the right to elect some number of Fortive’s directors in all events or on the happening of specified events or the right to veto specified transactions. Similarly, the repurchase or redemption rights or liquidation preferences that Fortive could assign to holders of preferred stock could affect the residual value of the common stock. See “Description of Fortive’s Capital Stock.”

***Certain provisions in Fortive’s amended and restated certificate of incorporation and bylaws, and of Delaware law, may prevent or delay an acquisition of Fortive, which could decrease the trading price of Fortive’s common stock.***

Fortive’s amended and restated certificate of incorporation and amended and restated bylaws will contain, and Delaware law contains, provisions that are intended to deter coercive takeover practices and inadequate takeover bids and to encourage prospective acquirers to negotiate with the Board rather than to attempt an unsolicited takeover not approved by the Board. These provisions include, among others:

- the inability of Fortive’s shareholders to call a special meeting;
- the inability of Fortive’s shareholders to act by written consent;
- rules regarding how shareholders may present proposals or nominate directors for election at shareholder meetings;
- the right of the Board to issue preferred stock without shareholder approval;
- the division of the Board into three classes of directors, with each class serving a staggered three-year term, and this classified board provision could have the effect of making the replacement of incumbent directors more time consuming and difficult;
- a provision that shareholders may only remove directors with cause;
- the ability of Fortive’s directors, and not shareholders, to fill vacancies (including those resulting from an enlargement of the Board) on the Board; and
- the requirement that the affirmative vote of shareholders holding at least 80% of Fortive’s voting stock is required to amend Fortive’s amended and restated bylaws and certain provisions in Fortive’s amended and restated certificate of incorporation.

In addition, because Fortive has not chosen to be exempt from Section 203 of the Delaware General Corporation Law (the “DGCL”), this provision could also delay or prevent a change of control that you may favor. Section 203 provides that, subject to limited exceptions, persons that acquire, or are affiliated with a

---

## [Table of Contents](#)

person that acquires, more than 15% of the outstanding voting stock of a Delaware corporation (an “interested stockholder”) shall not engage in any business combination with that corporation, including by merger, consolidation or acquisitions of additional shares, for a three-year period following the date on which the person became an interested stockholder, unless (i) prior to such time, the board of directors of such corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder; (ii) upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of such corporation at the time the transaction commenced (excluding for purposes of determining the voting stock outstanding (but not the outstanding voting stock owned by the interested stockholder) the voting stock owned by directors who are also officers or held in employee benefit plans in which the employees do not have a confidential right to tender or vote stock held by the plan); or (iii) on or subsequent to such time the business combination is approved by the board of directors of such corporation and authorized at a meeting of shareholders by the affirmative vote of at least two-thirds of the outstanding voting stock of such corporation not owned by the interested stockholder.

Fortive believes these provisions will protect its shareholders from coercive or otherwise unfair takeover tactics by requiring potential acquirers to negotiate with the Board and by providing the Board with more time to assess any acquisition proposal. These provisions are not intended to make Fortive immune from takeovers. However, these provisions will apply even if the offer may be considered beneficial by some shareholders and could delay or prevent an acquisition that the Board determines is not in the best interests of Fortive and Fortive’s shareholders. These provisions may also prevent or discourage attempts to remove and replace incumbent directors.

***Fortive’s amended and restated certificate of incorporation will designate the state courts in the State of Delaware or, if no state court located within the State of Delaware has jurisdiction, the federal court for the District of Delaware, as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by Fortive’s shareholders, which could discourage lawsuits against Fortive and Fortive’s directors and officers.***

Fortive’s amended and restated certificate of incorporation will provide that unless the board of directors otherwise determines, the state courts in the State of Delaware or, if no state court located within the State of Delaware has jurisdiction, the federal court for the District of Delaware, will be the sole and exclusive forum for any derivative action or proceeding brought on behalf of Fortive, any action asserting a claim of breach of a fiduciary duty owed by any director or officer of Fortive to Fortive or Fortive’s shareholders, any action asserting a claim against Fortive or any director or officer of Fortive arising pursuant to any provision of the DGCL or Fortive’s amended and restated certificate of incorporation or bylaws, or any action asserting a claim against Fortive or any director or officer of Fortive governed by the internal affairs doctrine. This exclusive forum provision may limit the ability of Fortive’s shareholders to bring a claim in a judicial forum that such shareholders find favorable for disputes with Fortive or Fortive’s directors or officers, which may discourage such lawsuits against Fortive and Fortive’s directors and officers.

**CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS**

Certain statements included or incorporated by reference in this information statement, in other documents Danaher and Fortive file with or furnish to the SEC, in press releases, webcasts, conference calls, materials delivered to Danaher 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, Fortive’s liquidity position or other projected financial measures; Fortive 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, strategic opportunities, securities offerings, stock repurchases, dividends and executive compensation; growth, declines and other trends in markets Fortive sells 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 Fortive intends or believes will or may occur in the future. Terminology such as “believe,” “anticipate,” “will,” “should,” “could,” “intend,” “plan,” “expect,” “estimate,” “project,” “target,” “may,” “possible,” “potential,” “forecast” and “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 Fortive’s 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 “Risk Factors.”

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 information statement, document, press release, webcast, call, materials or other communication in which they are made. Neither Danaher nor Fortive assume any obligation to update or revise any forward-looking statement, whether as a result of new information, future events and developments or otherwise.

**DIVIDEND POLICY**

Although Fortive anticipates that it will likely pay quarterly dividends following the distribution, Fortive has not yet determined the extent to which it will pay dividends on its common stock. The payment of any dividends in the future, and the timing and amount thereof, is within the discretion of the Board. The Board's decisions regarding the payment of dividends will depend on many factors, such as Fortive's financial condition, earnings, capital requirements, debt service obligations, restrictive covenants in Fortive's debt, industry practice, legal requirements and other factors that the Board deems relevant. Fortive's ability to pay dividends will depend on its ongoing ability to generate cash from operations and on its access to the capital markets. Fortive cannot guarantee that it will pay a dividend in the future or continue to pay any dividends if Fortive commences paying dividends.

[Table of Contents](#)**CAPITALIZATION**

The following table sets forth the capitalization of Danaher's Test & Measurement segment, Industrial Technologies segment (other than its Product Identification platform) and Retail/Commercial Petroleum platform as of December 31, 2015, on a historical basis and on a pro forma basis to give effect to the pro forma adjustments included in the Company's unaudited pro forma combined financial statements. The information below is not necessarily indicative of what the Company's capitalization would have been had the separation, distribution and related transactions been completed as of December 31, 2015. In addition, it is not indicative of the Company's future capitalization. This table should be read in conjunction with "Unaudited Pro Forma Combined Financial Statements," "Selected Historical Combined Financial Data," MD&A, "Description of Material Indebtedness" and the Company's Combined Financial Statements and notes thereto included in the "Index to Financial Statements" section of this information statement (amounts in millions, except per share data).

	As of December 31, 2015	
	Historical	Pro Forma
	(unaudited)	
Cash and cash equivalents (1)	\$ —	\$ 250.0
Capitalization:		
Total long-term debt	\$ —	\$ 3,235.0
Equity:		
Common stock (\$0.01 par value per share); [●] shares authorized, [●] shares issued and outstanding, pro forma	—	—
Additional paid-in-capital	—	2,404.8
Net parent investment (2)	5,193.9	—
Accumulated other comprehensive income (loss)	(14.4)	(14.4)
Noncontrolling interest	3.0	3.0
Total equity	5,182.5	2,393.4
Total capitalization	\$ 5,182.5	\$ 5,628.4

(1) In connection with the separation, the Company expects to have \$250.0 million in cash and cash equivalents as reflected on the Company's unaudited pro forma combined balance sheet.

(2) Reflects the impact to Net parent investment as a result of the anticipated post-distribution capital structure.

## UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

The following unaudited pro forma combined financial statements consist of the unaudited pro forma combined statements of earnings for the year ended December 31, 2015 and an unaudited pro forma combined balance sheet as of December 31, 2015. These unaudited pro forma combined statements were derived from the Company's historical Combined Financial Statements included in this information statement. The pro forma adjustments give effect to the distribution and the related transactions, as described in the notes to the unaudited pro forma combined financial statements. The unaudited pro forma combined statements of earnings for the year ended December 31, 2015 give effect to the distribution as if it had occurred on January 1, 2015, the first day of fiscal 2015. The unaudited pro forma combined balance sheet gives effect to the distribution as if it had occurred on December 31, 2015, the Company's latest balance sheet date. References in this section and in the following unaudited pro forma combined financial statements and the Company's Combined Financial Statements and notes thereto included in this information statement to the "Company" or "Danaher NewCo" shall mean Danaher's Test & Measurement segment, Industrial Technologies segment (other than its Product Identification platform) and Retail/Commercial Petroleum platform.

The unaudited pro forma combined financial statements include certain adjustments that are necessary to present fairly the Company's unaudited pro forma combined statements of earnings and unaudited pro forma combined balance sheet as of and for the periods indicated. The pro forma adjustments give effect to events that are (i) directly attributable to the distribution transactions, (ii) factually supportable, and (iii) with respect to the unaudited pro forma combined statements of earnings, expected to have a continuing impact on the Company and are based on assumptions that management believes are reasonable given the information currently available.

The unaudited pro forma combined financial statements give effect to the following:

- The transfer to the Company from Danaher and Danaher affiliates pursuant to the separation and distribution agreement of certain assets and liabilities that were not included in the historical Combined Financial Statements;
- The retention by Danaher pursuant to the separation and distribution agreement of certain assets and liabilities of the Company that were included in the Company's historical Combined Financial Statements;
- The tax matters agreement with Danaher that provides which company is responsible for tax liabilities prior to the distribution, and the identification of net deferred tax assets between Danaher and the Company based on how the underlying assets and liabilities will be reported on each company's respective financial statements and separate income tax returns;
- The long-term debt arrangements anticipated to be entered into by the Company; and
- The anticipated post-distribution capital structure.

The unaudited pro forma combined financial statements are subject to the assumptions and adjustments described in the accompanying notes. These unaudited pro forma combined financial statements are subject to change as Danaher and the Company finalize the terms of the separation and distribution agreement and other agreements and transactions related to the distribution.

In connection with the distribution, the Company expects to enter into a transition services agreement with Danaher, pursuant to which Danaher and the Company will provide to each other certain specified services on a temporary basis, including various information technology, financial and administrative services. The charges for the transition services generally are expected to allow the providing company to fully recover all out-of-pocket costs and expenses it actually incurs in connection with providing the service, plus, in some cases, the allocated indirect costs of providing the services, generally without profit. The adjustment for the transition services agreement is not expected to have a material impact on pro forma net earnings for the year ended December 31, 2015, since the historical combined statements of earnings for those periods already reflect allocations of costs for these services which are not expected to differ materially under the transition services agreement.



---

## [Table of Contents](#)

No adjustments have been included in the unaudited pro forma combined statements of earnings for additional annual operating costs. Although expenses reported in the Company's Combined Statements of Earnings include allocations of certain Danaher costs (including corporate costs, shared services and other selling, general and administrative costs that benefit the Company), as a stand-alone public company the Company anticipates incurring additional recurring costs that could be materially different from the allocations of Danaher costs included within the historical Combined Financial Statements. These additional costs are primarily for the following:

- Additional personnel costs, including salaries, benefits and potential bonuses and/or share-based compensation awards for staff additions to replace support provided by Danaher that is not covered by the transition services agreement; and
- Corporate governance costs, including board of director compensation and expenses, audit and other professional services fees, annual report and proxy statement costs, SEC filing fees, transfer agent fees, consulting and legal fees and stock exchange listing fees.

Certain factors could impact these stand-alone public company costs, including the finalization of the Company's staffing and infrastructure needs. The Company estimates these stand-alone public company costs to exceed the amounts of Danaher costs allocated to the Company by approximately \$10 million to \$20 million.

The unaudited pro forma combined financial statements have been presented for informational purposes only. The pro forma information is not necessarily indicative of the Company's results of operations or financial condition had the distribution and the related transactions been completed on the dates assumed and should not be relied upon as a representation of the Company's future performance.

The following unaudited pro forma combined financial statements should be read in conjunction with the historical Combined Financial Statements, MD&A and "Description of Material Indebtedness" included in this information statement.

**DANAHER NEWCO**  
**UNAUDITED PRO FORMA COMBINED BALANCE SHEET**  
(\$ and shares in millions, except per share amount)

	As of December 31, 2015		
	Historical	Pro Forma Adjustments	Pro Forma
<b>ASSETS</b>			
Current assets:			
Cash	\$ —	\$ 250.0(d)	\$ 250.0
Trade accounts receivable, net	979.3	—	979.3
Inventories	522.9	—	522.9
Prepaid expenses and other current assets	91.9	5.0(c)	96.9
Total current assets	<u>1,594.1</u>	<u>255.0</u>	<u>1,849.1</u>
Property, plant and equipment, net	514.8	7.7(a)	522.5
Other assets	393.7	124.4(c)	518.1
Goodwill	3,949.0	—	3,949.0
Other intangible assets, net	759.0	—	759.0
Total assets	<u>\$7,210.6</u>	<u>\$ 387.1</u>	<u>\$ 7,597.7</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
Current liabilities:			
Trade accounts payable	\$ 657.1	\$ —	\$ 657.1
Accrued expenses and other liabilities	666.4	(3.2)(b)	663.2
Total current liabilities	<u>1,323.5</u>	<u>(3.2)</u>	<u>1,320.3</u>
Other long-term liabilities	704.6	(55.6)(a)(b)(c)	649.0
Long-term debt	—	3,235.0(d)	3,235.0
Stockholders' equity:			
Net parent investment	5,193.9	(5,193.9)(a)(b)(c)(d)(e)	—
Common stock—\$0.01 par value, [●] shares authorized; [●] and [●] issued; [●] and [●] outstanding, respectively	—	— (e)	—
Additional paid-in capital	—	2,404.8(e)	2,404.8
Accumulated other comprehensive income (loss)	(14.4)	—	(14.4)
Total Fortive stockholders' equity	<u>5,179.5</u>	<u>(2,789.1)</u>	<u>2,390.4</u>
Noncontrolling interest	3.0	—	3.0
Total stockholders' equity	<u>5,182.5</u>	<u>(2,789.1)</u>	<u>2,393.4</u>
Total liabilities and stockholders' equity	<u>\$7,210.6</u>	<u>\$ 387.1</u>	<u>\$ 7,597.7</u>

See accompanying notes to unaudited pro forma combined financial information.

[Table of Contents](#)

**DANAHER NEWCO**  
**UNAUDITED PRO FORMA COMBINED STATEMENT OF EARNINGS**  
**(\$ and shares in millions, except per share amount)**

	<u>Year Ended December 31, 2015</u>		
	<u>Historical</u>	<u>Pro Forma Adjustments</u>	<u>Pro Forma</u>
Sales	\$ 6,178.8	\$ (35.5)(f)	\$ 6,143.3
Cost of sales	(3,183.5)	32.0(f)	(3,151.5)
Gross profit	2,995.3	(3.5)	2,991.8
Operating costs and other:			
Selling, general and administrative expenses	(1,347.9)	0.5(f)	(1,347.4)
Research and development expenses	(377.7)	—	(377.7)
Operating profit	1,269.7	(3.0)	1,266.7
Nonoperating income (expense):			
Interest expense	—	(90.0)(g)	(90.0)
Earnings before income taxes	1,269.7	(93.0)	1,176.7
Income taxes	(405.9)	34.9(h)	(371.0)
Net earnings	<u>\$ 863.8</u>	<u>\$ (58.1)</u>	<u>\$ 805.7</u>
Net earnings per share:			
Basic		(i)	\$
Diluted		(i)	\$
Average common stock and common equivalent shares outstanding:			
Basic		(i)	
Diluted		(i)	

See the accompanying notes to unaudited pro forma combined financial information.

**NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS**

For further information regarding the historical Combined Financial Statements of Danaher NewCo, refer to the Combined Financial Statements and the notes thereto in this information statement. The unaudited pro forma combined balance sheet as of December 31, 2015 and unaudited pro forma combined statement of earnings for the year ended December 31, 2015, include adjustments related to the following:

*Unaudited Pro Forma Combined Balance Sheet*

(a) Reflects adjustments for certain assets and related deferred tax liabilities that are to be transferred to Danaher NewCo from Parent and Parent affiliates and certain assets to be transferred to Parent and Parent affiliates from Danaher NewCo, in connection with the separation. The assets including certain property, plant and equipment to be contributed to Danaher NewCo were not included in Danaher NewCo's historical Combined Financial Statements as these assets were not discretely identifiable to Danaher NewCo. Depreciation on the assets to be transferred to Danaher NewCo was previously charged to Danaher NewCo through allocations from Parent.

(b) Reflects adjustments of \$32 million (\$20 million, net of tax impact) for certain liabilities related to the Danaher NewCo deferred compensation plan which represent the value of Parent common stock interests held by Danaher NewCo participants that will be converted into interests in Fortive common stock in connection with the separation.

(c) Reflects indemnification asset of \$124 million associated with Parent's retention of certain net tax liabilities of Danaher NewCo that were subject to joint and several liabilities with Parent in accordance with the tax matters agreement. This also reflects adjustments to taxes receivable of \$5 million and an increase in deferred tax assets (reflected net in other long-term liabilities) of \$42 million related to differences in utilization of net operating losses and tax credit carryovers.

(d) Reflects \$3.25 billion of estimated proceeds from the long-term borrowings expected to be incurred in connection with the separation, net of approximately \$15 million in estimated financing costs. Proceeds from these anticipated borrowings are expected to be used to fund a dividend payment to Parent of approximately \$3.0 billion in connection with the separation. Danaher NewCo has classified its anticipated commercial paper borrowings as long-term debt as it expects to have the intent and ability to refinance these anticipated borrowings for at least one year from the balance sheet date.

(e) Reflects the elimination of Parent's net investment (including the adjustments described above) as a result of the anticipated post-distribution capital structure. As of the distribution date, the net Parent investment in Danaher NewCo after reflecting the impact of the dividend payment to Parent (note (d)) will be adjusted to reflect the distribution of Danaher NewCo common stock to Parent stockholders. Danaher NewCo's common stock account reflects an adjustment for the par value of the anticipated million outstanding shares of Danaher NewCo common stock, par value of \$0.01 per share, expected to be issued upon separation. Danaher NewCo's additional paid-in capital account reflects an adjustment related to the reclassification of Parent's net investment in Danaher NewCo. Parent's net investment in Danaher NewCo will be allocated between common stock and additional paid-in capital based on the number of shares of Danaher NewCo common stock outstanding at the distribution date.

*Unaudited Pro Forma Combined Statement of Earnings*

(f) Reflects the net sales adjustments from certain contract manufacturing and supply agreements that Parent and Danaher NewCo will enter into or terminate in connection with the separation. The net sales adjustment of

---

[Table of Contents](#)

\$35.5 million reflects the reduction of sales caused by the termination of certain contract manufacturing arrangements between Parent and Danaher NewCo offset by additional sales for product manufactured and sold to Parent by Danaher NewCo.

(g) Reflects estimated interest expense of \$90.0 million related to the anticipated long-term borrowings to be incurred in connection with the separation reflecting an estimated average borrowing cost of approximately 2.8% per annum.

(h) Reflects the tax effect of pro forma adjustments using the respective statutory tax rate for the year ended December 31, 2015.

(i) The number of Danaher NewCo shares used to compute pro forma basic and diluted earnings per share is based on the number of shares of Danaher NewCo common stock assumed to be outstanding, based on the number of Parent common shares used for determination of Parent's basic and diluted earnings per share on December 31, 2015, assuming a distribution ratio of \_\_\_\_\_ share[s] of Danaher NewCo common stock for every \_\_\_\_\_ share[s] of Parent common stock outstanding. This calculation does not take into account the dilutive effect that will result from the issuance of Danaher NewCo stock-based compensation awards in connection with the adjustment of outstanding Parent stock-based compensation awards held by Danaher NewCo employees or the grant of new Danaher NewCo stock-based compensation awards. The number of dilutive shares of Danaher NewCo common stock underlying Danaher NewCo's stock-based compensation awards issued in connection with the adjustment of outstanding Parent stock-based compensation awards will not be determined until after the distribution date.

[Table of Contents](#)**SELECTED HISTORICAL COMBINED FINANCIAL DATA**

Set forth below are selected historical combined financial data of Danaher's Test & Measurement segment, Industrial Technologies segment (other than its Product Identification platform) and Retail/Commercial Petroleum platform for each of the five years ended December 31, 2015. Operating results for any prior period are not necessarily indicative of results to be expected in any future period. The Company derived the combined statement of earnings data for the years ended December 31, 2015, December 31, 2014, and December 31, 2013, and the combined balance sheet data as of December 31, 2015 and December 31, 2014 from the Company's historical audited Combined Financial Statements covering such periods, which are included in this information statement. The Company derived the combined statement of earnings data for the year ended December 31, 2012 and the combined balance sheet data as of December 31, 2013, from the Company's historical audited Combined Financial Statements covering such periods, which are not included in this information statement. The Company derived the unaudited combined statement of earnings data for the fiscal year ended December 31, 2011, and the unaudited combined balance sheet data as of December 31, 2012 and December 31, 2011 from the financial records of Danaher which are not included in this information statement.

The selected historical combined financial data set forth below should be read in conjunction with MD&A, "Unaudited Pro Forma Combined Financial Statements," and the historical Combined Financial Statements and the notes thereto included in this information statement. The selected historical combined financial data reflects the Company's results as historically operated as a part of Danaher, and these results may not be indicative of the Company's future performance as a stand-alone company following the distribution. Operating expenses reflect direct expenses and allocations of certain Danaher corporate expenses that have been charged to the Company based on specific identification or allocated based on relative use or other methodologies. Management believes these allocations have been made on a reasonable and appropriate basis under the circumstances. Per share data has not been presented since the Company's business was wholly-owned by Danaher during the periods presented (\$ in millions).

	As of and for the Year Ended December 31				
	2015	2014	2013	2012	2011
<b>Selected Statement of Earnings Information:</b>					(unaudited)
Sales	\$6,178.8	\$6,337.2	\$5,961.9	\$ 5,785.3	\$ 5,930.2
Earnings before income taxes	1,269.7	1,279.2	1,143.2	1,127.8	1,234.0
Net earnings	863.8	883.4	830.9	763.7	863.8
<b>Selected Balance Sheet Information:</b>				(unaudited)	(unaudited)
Total assets	\$7,210.6	\$7,355.6	\$7,240.1	\$ 6,762.3	\$ 6,401.7

**MANAGEMENT’S DISCUSSION AND ANALYSIS OF  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

On May 13, 2015, Danaher announced its intention to separate into two independent publicly traded companies. The separation is expected to be completed in the third quarter of 2016. The separation will be in the form of a pro rata distribution to Danaher shareholders of 100% of the outstanding shares of an entity that will hold Danaher’s industrial growth businesses which today constitute Danaher’s Test & Measurement segment, Industrial Technologies segment (other than its Product Identification platform) and the Retail/Commercial Petroleum platform. Fortive Corporation (“Fortive”) is a newly formed Delaware corporation that has been organized specifically for the purpose of effecting the separation. Danaher’s Test & Measurement segment, Industrial Technologies segment (other than its Product Identification platform) and Retail/Commercial Petroleum platform will be transferred to Fortive prior to the separation. Unless the context otherwise requires, references in this MD&A to “Fortive” or the “Company” shall mean Danaher’s Test & Measurement segment, Industrial Technologies segment (other than its Product Identification platform) and Retail/Commercial Petroleum platform, which is referred to as “Danaher NewCo” in the “Unaudited Pro Forma Combined Financial Statements” and the Company’s Combined Financial Statements and notes thereto included in this information statement. Fortive has engaged in no business activities to date and it has no material assets or liabilities of any kind, other than those incident to its formation and those incurred in connection with the separation.

This MD&A is designed to provide a reader of the Company’s financial statements with a narrative from the perspective of Company management. You should read the following discussion in conjunction with the “Unaudited Pro Forma Combined Financial Statements,” “Selected Historical Combined Financial Data,” the Company’s Combined Financial Statements and notes thereto and the section entitled “Business” included in this information statement. The Company’s MD&A is divided into five sections:

- Basis of Presentation and Overview
- Results of Operations
- Risk Management
- Liquidity and Capital Resources
- Critical Accounting Estimates

**BASIS OF PRESENTATION**

The accompanying combined financial statements present the historical financial position, results of operations, changes in Danaher’s equity and cash flows of the Test & Measurement segment, Industrial Technologies segment (other than its Product Identification platform) and Retail/Commercial Petroleum platform of Danaher in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for the preparation of carved-out combined financial statements.

The Company has historically operated as part of Danaher and not as a stand-alone company. The financial statements have been derived from Danaher’s historical accounting records and are presented on a carve-out basis. All revenues and costs as well as assets and liabilities directly associated with the business activity of the Company are included as a component of the financial statements. The financial statements also include allocations of certain general, administrative, sales and marketing expenses and cost of sales from Danaher’s corporate office and from other Danaher businesses to the Company and allocations of related assets, liabilities, and Danaher’s investment, as applicable. The allocations have been determined on a reasonable basis; however, the amounts are not necessarily representative of the amounts that would have been reflected in the financial statements had the Company been an entity that operated independently of Danaher. Related party allocations are discussed further in Note 17 of the Notes to the Combined Financial Statements for the year ended December 31, 2015.

---

## [Table of Contents](#)

The Company's businesses are recognized leaders in attractive markets globally. The Company's businesses design, develop, manufacture and market professional and engineered products, software and services for a variety of end-markets, building upon leading brand names, innovative technology and significant market positions. The Company's research and development, manufacturing, sales, distribution, service and administrative facilities are located in more than 40 countries.

The Company's business consists of two segments: Professional Instrumentation and Industrial Technologies. For additional details regarding these businesses, please refer to the section titled "Business" included in this information statement.

As part of Danaher, the Company is dependent upon Danaher for all of its working capital and financing requirements as Danaher uses a centralized approach to cash management and financing of its operations. Financial transactions relating to the Company are accounted for through the Company's Net parent investment account. Accordingly, none of Danaher's cash, cash equivalents or debt at the corporate level has been assigned to the Company in the financial statements.

## **OVERVIEW**

### *General*

Please see the section titled "Business" included in this information statement for a discussion of the Company's strategies for delivering shareholder value. The Company is a multinational business with global operations. During 2015, approximately 45% of the Company's sales were derived from customers outside the United States. As a diversified, global business, the Company's operations are affected by worldwide, regional and industry-specific economic and political factors. The Company'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 combined 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 technological development 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 and consolidation of the Company's competitors. The Company defines high-growth markets as developing markets of the world experiencing extended periods of accelerated growth in gross domestic product and infrastructure which include Eastern Europe, the Middle East, Africa, Latin America and Asia with the exception of Japan and Australia. 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 across geographies and market segments, identify, consummate and integrate appropriate acquisitions, develop innovative and differentiated new products, services and software, expand and improve the effectiveness of the Company's sales force and 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 technological change in its served markets and to globalize and improve its manufacturing, research and development and customer-facing resources in order to be responsive to the Company's customers throughout the world.

In this report, references to sales from existing businesses refers to sales from operations calculated according to 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



---

## [Table of Contents](#)

less the amount of sales attributable to certain 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.

### *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 2.5%. This increase was more than offset by the adverse effect of a stronger U.S. dollar, which reduced reported sales by 5.0% and resulted in a 2.5% aggregate year-over-year sales decline. Sales of acquired businesses, net of dispositions, had a negligible impact on year-over-year revenue growth. The Company's continued investments in sales growth initiatives and the other business-specific factors discussed below contributed to the year-over-year increase in sales from existing businesses. Geographically, year-over-year sales growth rates from existing businesses were led primarily by developed markets. Sales from existing businesses in developed markets grew at a low-single digit rate in 2015 as compared to 2014 led by growth in North America and Western Europe. Sales growth rates from existing businesses in high-growth markets were essentially flat in 2015 as compared to 2014.

### *Acquisitions and Divestitures*

During 2015, the Company acquired two businesses for total consideration of \$37 million in cash, net of cash acquired. The businesses acquired complement existing units of both of the Company's segments. The aggregate annual sales of these two businesses at the time of their respective acquisitions, in each case based on the acquired company's revenues for its last completed fiscal year prior to the acquisition, were \$18 million.

During 2014, the Company acquired six businesses for total consideration of \$289 million in cash, net of cash acquired. The businesses acquired complement existing businesses of both of the Company's segments. The aggregate annual sales of these six businesses at the time of their respective acquisitions, in each case based on the acquired company's revenues for its last completed fiscal year prior to the acquisition, were \$133 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. The Company recorded a pretax gain on the sale of the product line of \$34 million (\$26 million after-tax) in its 2014 results. Subsequent to the sale, the Company has no continuing involvement in the EVS/hybrid product line.

During 2013, the Company acquired five businesses for total consideration of \$434 million in cash, net of cash acquired. The businesses acquired complement existing businesses of both of the Company's segments. The aggregate annual sales of these five businesses at the time of their respective acquisitions, in each case based on the acquired company's revenues for its last completed fiscal year prior to the acquisition, were \$168 million.

## [Table of Contents](#)

### RESULTS OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013

Combined sales for the year ended December 31, 2015 decreased 2.5% compared to 2014. Sales from existing businesses contributed 2.5% growth on a year-over-year basis. Sales of acquired businesses, net of dispositions, had a negligible impact on year-over-year revenue growth. The impact of currency translation reduced reported sales by 5.0% as the U.S. dollar was, on average, stronger against other major currencies during 2015 as compared to 2014.

Combined sales for the year ended December 31, 2014 increased 6.5% compared to 2013. Sales from existing businesses contributed 4.0% growth and sales from acquired businesses, net of dispositions contributed 3.0% 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 2013.

Operating profit margins were 20.5% for the year ended December 31, 2015 as compared to 19.7% 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, the incremental year-over-year cost savings associated with restructuring actions and continuing productivity improvement initiatives, and the impact of transition services agreements, 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 - 85 basis points
- Lower year-over-year costs associated with restructuring actions - 25 basis points

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

- The incremental net dilutive effect of acquired businesses and the impairment of certain trade names used in the Industrial Technologies segment in 2015 - 30 basis points

Operating profit margins were 19.7% for the year ended December 31, 2014 as compared to 19.2% 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 and incremental year-over-year cost savings associated with restructuring actions and continuing productivity improvement initiatives, net of incremental year-over-year costs associated with various product development, sales and marketing growth investments - 130 basis points

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

- The incremental net dilutive effect in 2014 of acquired businesses and dispositions - 80 basis points

### *Business Segments*

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Professional Instrumentation	\$2,974.2	\$3,121.6	\$2,970.7
Industrial Technologies	3,204.6	3,215.6	2,991.2
Total	<u>\$6,178.8</u>	<u>\$6,337.2</u>	<u>\$5,961.9</u>

[Table of Contents](#)**PROFESSIONAL INSTRUMENTATION****Professional Instrumentation Selected Financial Data**

(\$ in millions)	For the Year Ended December 31		
	2015	2014	2013
Sales	\$2,974.2	\$3,121.6	\$2,970.7
Operating profit	694.8	691.6	628.2
Depreciation	35.2	36.5	40.5
Amortization	68.3	70.9	68.5
Operating profit as a % of sales	23.4%	22.2%	21.1%
Depreciation as a % of sales	1.2%	1.2%	1.4%
Amortization as a % of sales	2.3%	2.3%	2.3%

**Components of Sales Growth**

	2015 vs. 2014	2014 vs. 2013
Existing businesses	— %	3.0%
Acquisitions	— %	2.5%
Currency exchange rates	(4.5)%	(0.5)%
Total	<u>(4.5)%</u>	<u>5.0%</u>

**2015 COMPARED TO 2014**

Price increases in the segment contributed 1.0% to year-over-year sales growth 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 Advanced Instrumentation & Solutions businesses increased slightly during 2015 as compared to 2014. Field solutions products grew at a low-single digit rate driven by increased year-over-year demand for electrical, calibration, thermography, networking and biomedical products as well as online condition-based monitoring equipment. Geographically, demand for field solutions products increased in Asia, Western Europe and the Middle East. Sales of product realization services and products declined at a low-single digit rate during 2015 as compared to 2014. Increased year-over-year demand for next-generation oscilloscopes and video network monitoring products and services was more than offset by decreased demand across all other major product and service lines. Geographically, demand increased for product realization services and products in China and Western Europe, but was more than offset by softer demand in Russia, Latin America, North America and Japan.

Sales from existing businesses in the segment's Sensing Technologies business declined at a mid-single digit rate during 2015 as compared to 2014 due to lower demand in all major end-markets. Geographically, decreased year-over-year demand in North America and Western Europe was partially offset by sales growth in China and Latin America.

Operating profit margins increased 120 basis points during 2015 as compared to 2014 due primarily to incremental year-over-year cost savings associated with restructuring actions and continuing productivity improvement initiatives, and the impact of transition services agreements, 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.

## [Table of Contents](#)

### 2014 COMPARED TO 2013

Price increases in the segment contributed 0.5% to year-over-year sales growth 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 Advanced Instrumentation & Solutions businesses grew at a low-single digit rate during 2014 as compared to 2013 primarily due to increased year-over-year sales of field solutions and product realization services and products. Field solutions products grew at a low-single digit rate year-over-year driven by electrical, networking, and calibration products and strong sales of new product offerings. Geographically, demand for field solutions products increased across all major geographies. Sales of product realization services and products grew at a low-single digit rate during 2014 as compared to 2013 primarily due to increased sales of general purpose test products driven by new product offerings and video monitoring products. Geographically, demand increased in North America, China, Western Europe and Latin America.

Sales from existing businesses in the segment's Sensing Technologies business grew at a mid-single digit rate during 2014 as compared to 2013, primarily due to increased demand in North American distribution and technology, defense and energy related end-markets. Geographically, sales growth was led by increased demand in North America, Western Europe and China.

Operating profit margins increased 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 and incremental year-over-year cost savings associated with restructuring actions and continuing productivity improvement initiatives, net of incremental year-over-year costs associated with various product development, sales and marketing growth investments -110 basis points
- Lower year-over-year costs associated with restructuring actions - 30 basis points

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

- The incremental net dilutive effect of acquisitions - 30 basis points

## INDUSTRIAL TECHNOLOGIES

### Industrial Technologies Selected Financial Data

(\$ in millions)	For the Year Ended December 31		
	2015	2014	2013
Sales	\$3,204.6	\$3,215.6	\$2,991.2
Operating profit	617.2	597.0	552.5
Depreciation	52.9	51.3	37.7
Amortization	20.5	19.3	13.0
Operating profit as a % of sales	19.3%	18.6%	18.5%
Depreciation as a % of sales	1.7%	1.6%	1.3%
Amortization as a % of sales	0.6%	0.6%	0.4%

---

## [Table of Contents](#)

### Components of Sales Growth

	<u>2015 vs. 2014</u>	<u>2014 vs. 2013</u>
Existing businesses	5.0%	5.5%
Acquisitions (divestitures), net	— %	3.0%
Currency exchange rates	(5.0)%	(1.0)%
Total	<u>— %</u>	<u>7.5%</u>

### 2015 COMPARED TO 2014

Price increases in the segment had a negligible impact on year-over-year sales growth 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 Transportation Technologies business grew at a mid-single digit rate during 2015 as compared to 2014, as year-over-year demand for the business' dispenser systems, service and point-of-sale systems continued to be strong in North America and India during 2015. Customers, predominantly in the United States, have begun to upgrade point-of-sale systems to comply with deadlines for enhanced credit card 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.

Sales from existing businesses in the segment's Automation & Specialty Components 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 and industrial automation 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. Sales in the engine retarder business were essentially flat on a year-over-year basis, with stronger demand in North America and Europe offset by softer demand in China. Year-over-year sales comparisons are also adversely affected by the sale of the Company's EVS/hybrid product line in the third quarter of 2014, which has not been treated as a discontinued operation and the impact of which is reflected in "Acquisitions (divestitures), net" in the Components of Sales Growth table above. See Note 4 to the Combined Financial Statements for the year ended December 31, 2015 for additional information related to this transaction.

Sales from existing businesses in the segment's Franchise Distribution business 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 70 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, incremental year-over-year cost savings associated with restructuring actions and continuing productivity improvement initiatives, 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 - 85 basis points
- Lower year-over-year costs associated with restructuring actions - 40 basis points

---

## Table of Contents

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

- The impairment of certain trade names used in the segment recorded in the third quarter of 2015 and the incremental net dilutive effect of acquisitions in 2014 - 55 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 to 2013 and are reflected as a component of the change in sales from existing businesses.

Sales from existing businesses in the segment's Transportation Technologies business grew at a mid-single digit rate during 2014 as compared to 2013. Demand for the business' dispenser systems was particularly strong in North America 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.

Sales from existing businesses in the segment's Automation & Specialty Components business grew at a mid-single digit rate during 2014 as compared to 2013. Improved year-over-year demand in industrial automation, North America distribution, medical related end-markets and strong demand in engine retarder products 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 ("OEM") 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. Year-over-year sales comparisons are also adversely affected by the sale of the Company's EVS/hybrid product line in the third quarter of 2014, which has not been treated as a discontinued operation and the impact of which is reflected in "Acquisitions (divestitures), net" in the Components of Sales Growth table above. See Note 4 to the Combined Financial Statements for the year ended December 31, 2015 for additional information related to this transaction.

Sales from existing businesses in the segment's Franchise Distribution business grew at a high-single digit rate during 2014 as compared to 2013, primarily due to a strong net increase in franchisees, higher demand for hardline and powered tool products and new product offerings in North America.

Operating profit margins increased 10 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 and incremental year-over-year cost savings associated with restructuring actions and continuing productivity improvement initiatives, net of incremental year-over-year costs associated with various product development, sales and marketing growth investments - 170 basis points

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

- Incremental year-over-year costs associated with restructuring actions - 30 basis points
- The incremental net dilutive effect of acquisitions and the product line disposition in 2014 - 130 basis points

Depreciation and amortization as a percentage of sales each increased during 2014 as compared to 2013 due primarily to business acquisitions in 2013. The inclusion of a full year of these incremental depreciation and amortization expenses in 2014 drove the increase.

## [Table of Contents](#)

### COST OF SALES AND GROSS PROFIT

(\$ in millions)	For the Year Ended December 31		
	2015	2014	2013
Sales	\$6,178.8	\$6,337.2	\$5,961.9
Cost of sales	3,183.5	3,288.0	3,097.9
Gross profit	2,995.3	3,049.2	2,864.0
Gross profit margin	48.5%	48.1%	48.0%

Cost of sales decreased on a year-over-year basis during 2015 as compared to 2014, due primarily to the effect of a stronger U.S. dollar, incremental year-over-year cost savings associated with restructuring actions and continued productivity improvement initiatives and lower year-over-year costs associated with restructuring actions, partially offset by the impact of higher year-over-year sales volumes.

Cost of sales increased on a year-over-year basis during 2014 as compared to 2013, due primarily to the impact of higher year-over-year sales volumes, acquisitions completed in 2013 and 2014 and incremental year-over-year costs associated with continuing productivity improvement initiatives. These factors were partially offset by incremental year-over-year cost savings associated with restructuring actions and continued productivity improvement initiatives.

Gross profit margins increased 40 basis points on a year-over-year basis during 2015 as compared to 2014, due primarily to the favorable impact of higher year-over-year sales volumes and incremental year-over-year cost savings associated with restructuring actions and continued productivity improvement initiatives.

Gross profit margins increased 10 basis points on a year-over-year basis during 2014 as compared to 2013, due primarily to the favorable impact of higher year-over-year sales volumes and incremental year-over-year cost savings associated with restructuring actions and continued productivity improvement initiatives.

### OPERATING EXPENSES

(\$ in millions)	For the Year Ended December 31		
	2015	2014	2013
Sales	\$6,178.8	\$6,337.2	\$5,961.9
Sales, general and administrative ("SG&A") expenses	1,347.9	1,416.3	1,342.5
Research and development ("R&D") expenses	377.7	387.6	378.3
SG&A as a % of sales	21.8%	22.3%	22.5%
R&D as a % of sales	6.1%	6.1%	6.3%

The year-over-year decrease in SG&A expenses reflects incremental year-over-year investments in the Company's sales and marketing growth initiatives which were more than offset by the effect of a stronger U.S. dollar in 2015, year-over-year cost savings associated with restructuring actions, the impact of continuing productivity improvement initiatives and the impact of transition services agreements. SG&A expense as a percentage of sales decreased 50 basis points on a year-over-year basis as compared to 2014 and benefited from the increased leverage of the Company's general and administrative cost base resulting from higher 2015 sales volumes.

SG&A expenses as a percentage of sales decreased 20 basis points on a year-over-year basis during 2014 as compared to 2013. The year-over-year increase in SG&A expenses reflects incremental year-over-year investments in sales and marketing growth initiatives, higher corporate expenses and incremental year-over-year costs associated with restructuring actions and continuing productivity improvement initiatives, partially offset by year-over-year cost savings associated with restructuring actions and continuing productivity improvement initiatives. This negative factor was more than offset by the benefit of increased leverage of the Company's general and administrative cost base resulting from higher 2014 sales.

---

## [Table of Contents](#)

R&D expenses (consisting principally of internal and contract engineering personnel costs) as a percentage of sales were flat on a year-over-year basis in 2015 as compared to 2014. R&D expenses as a percentage of sales decreased 20 basis points on a year-over-year basis in 2014 as compared to 2013 due primarily to increased leverage of the existing cost base due to higher sales.

### **OTHER INCOME**

In August 2014, the Company completed the divestiture of its 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. The Company recorded a pretax gain on the sale of the product line of \$34 million (\$26 million after-tax) in its 2014 results. Subsequent to the sale, the Company has no continuing involvement in the EVS/hybrid product line.

### **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.

The Company conducts business globally, and, as part of its global business, Danaher files numerous income tax returns in the United States federal, state and foreign jurisdictions. The countries in which the Company has a significant presence that have lower statutory tax rates than the United States include China, Germany 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. 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 financial statements given the geographic dispersion of the Company's taxable income.

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

As part of Danaher, 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 "Risk Factors" in this information statement.



---

## [Table of Contents](#)

### *Comparison of the Years Ended December 31, 2015, 2014 and 2013*

The Company's effective tax rate for the years ended December 31, 2015, 2014 and 2013 was 32.0%, 30.9% and 27.3%, 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 and from the reinstatement of certain tax benefits and credits resulting from the enactment of the Protecting Americans from Tax Hikes Act of 2015, the Tax Increase Prevention Act of 2014 and the America Tax Relief Act of 2012. In addition, the effective tax rate of 27.3% in 2013 includes tax benefits from the release of reserves resulting from the expiration of statutes of limitations.

## **COMPREHENSIVE INCOME**

### *Comparison of the Years Ended December 31, 2015 and December 31, 2014*

Comprehensive income increased by \$40 million in 2015 as compared to 2014. Net earnings decreased by \$20 million, which was more than offset by favorable year-over-year changes in foreign currency translation and pension benefit adjustments. The Company recorded a foreign currency translation loss of \$132 million in 2015 compared to a translation loss of \$154 million in 2014. The Company recorded a pension benefit adjustments gain of \$18 million in 2015 compared to a loss of \$19 million in 2014.

### *Comparison of the Years Ended December 31, 2014 and December 31, 2013*

Comprehensive income decreased by \$156 million in 2014 as compared to 2013. Higher net earnings were offset by the impact of foreign currency translation adjustments resulting from the effect of a stronger U.S. dollar compared to most major currencies during the year and pension benefit adjustments. The Company recorded a foreign currency translation loss of \$154 million in 2014 compared to a translation gain of \$32 million in 2013. Pension benefit adjustments resulted in a loss of \$19 million in 2014 compared to a gain of \$3 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 and 2013.

## **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The Company is exposed to market risk from changes in foreign currency exchange rates, credit risk 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.

### ***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 the Company's functional currency or the functional currency of an applicable subsidiary. The Company also faces translational exchange rate risk related to the translation of financial statements of our foreign operations into U.S. dollars, the Company'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. The effect of a

---

## [Table of Contents](#)

change in currency exchange rates on the Company's net investment in international subsidiaries is reflected in the accumulated other comprehensive income component of Parent's equity. A 10% depreciation in major currencies relative to the U.S. dollar as of December 31, 2015 and December 31, 2014 would have resulted in a reduction of Parent's equity of approximately \$166 million and \$170 million, respectively.

Currency exchange rates negatively impacted 2015 reported sales by 5.0% as compared to 2014, as the U.S. dollar was, on average, stronger against most major currencies during 2015 as compared to exchange rate levels during 2014. Currency exchange rates negatively impacted 2014 reported sales by 0.5% as compared to 2013. 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 1.0% 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 Combined Financial Statements.

### ***Credit Risk***

Concentrations of credit risk arising from receivables from customers are limited due to the geographic and business 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.

### ***Commodity Price Risk***

For a discussion of risks relating to commodity prices, refer to "Risk Factors—Risks Related to Fortive's Businesses."

## **LIQUIDITY AND CAPITAL RESOURCES**

As part of Danaher, the Company is dependent upon Danaher for all of its working capital and financing requirements as Danaher uses a centralized approach to cash management and financing of its operations. Financial transactions relating to the Company are accounted for through the Net parent investment account of the Company. Accordingly, none of Danaher's cash, cash equivalents or debt at the corporate level has been assigned to the Company in its Combined Financial Statements. During the years ended December 31, 2015, 2014 and 2013, the Company generated sufficient cash from operating activities to fund its operating and investing activities. Management assesses the Company's liquidity in terms of its ability to generate cash to fund its operating and investing 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 and managing its capital structure on a short and long-term basis.

## [Table of Contents](#)

Following is an overview of the Company's cash flows and liquidity:

### Overview of Cash Flows and Liquidity

(\$ in millions)	Years Ended December 31,		
	2015	2014	2013
Net cash provided by operating activities	<u>\$1,009.0</u>	<u>\$ 946.7</u>	<u>\$1,030.2</u>
Cash paid for acquisitions	\$ (37.1)	\$(289.0)	\$ (433.8)
Payments for additions to property, plant and equipment	(120.1)	(102.6)	(81.1)
Proceeds from sale of a product line	—	86.7	—
All other investing activities	(16.9)	13.8	3.5
Net cash used in investing activities	<u>\$ (174.1)</u>	<u>\$(291.1)</u>	<u>\$ (511.4)</u>
Net cash used in financing activities	<u>\$ (834.9)</u>	<u>\$(655.6)</u>	<u>\$ (518.8)</u>

#### *Comparison of the Years Ended December 31, 2015 and December 31, 2014*

Cash flows from operations increased \$62 million during 2015 as compared to 2014 due primarily to cash generated from higher operating profit in 2015 and lower investments in working capital in 2015 as compared to 2014. Net cash used in investing activities decreased \$117 million during 2015 as compared to 2014, principally due to lower levels of acquisitions during 2015. Net cash used in financing activities increased \$179 million during 2015 as compared to 2014, as more cash was transferred to Danaher due to increases in operating cash flows and less cash used in investing activities.

#### *Comparison of the Years Ended December 31, 2014 and December 31, 2013*

Cash flows from operations decreased \$84 million during 2014 as compared to 2013. Cash flow increases generated from higher operating profit were more than offset by increased investments in working capital. Cash paid for acquisitions constituted the most significant use of cash in 2014. Net cash used in investing activities decreased \$220 million during 2014 as compared to 2013, due primarily to lower levels of acquisition expenditures during 2014 and proceeds from the divestiture of the EVS/hybrid product line in 2014. Net cash used in financing activities increased \$137 million during 2014 as compared to the comparable period in 2013, as more cash was transferred to Danaher due to less cash being used in investing activities.

#### *Capital Expenditures*

Capital expenditures are made primarily for increasing capacity, replacing equipment, supporting new product development, improving information technology systems and the manufacturing of equipment used in revenue generating arrangements with certain of the Company's customers. Capital expenditures totaled \$120 million in 2015, \$103 million in 2014 and \$81 million in 2013.

### 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) capital lease obligations and other, (2) operating 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 \$191 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 11 to the Combined Financial

## Table of Contents

Statements for additional information on unrecognized tax benefits. Certain of our 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)	<u>Total</u>	<u>Less Than One Year</u>	<u>1-3 Years</u>	<u>3-5 Years</u>	<u>More Than 5 Years</u>
Capital lease obligations and other (a)	\$ 7.1	\$ 2.8	\$ 1.3	\$ 0.5	\$ 2.5
Operating lease obligations (b)	150.8	42.0	54.8	32.7	21.3
Purchase obligations (c)	333.3	321.3	11.8	0.1	0.1
Other long-term liabilities reflected on the Company’s balance sheet under GAAP (d)	704.6	—	103.0	81.7	519.9
<b>Total</b>	<b>\$1,195.8</b>	<b>\$ 366.1</b>	<b>\$ 170.9</b>	<b>\$ 115.0</b>	<b>\$ 543.8</b>

- (a) Represent capital lease and other obligations and related interest payments and are projected for future periods using the interest rates in effect as of December 31, 2015. Certain of these projected interest payments may differ in the future based on changes in market interest rates.
- (b) As described in Note 13 to the Combined Financial Statements, certain leases require the Company to pay real estate taxes, insurance, maintenance and other operating expenses associated with the leased premises. These future costs are not included in the schedule above.
- (c) Consist of agreements to purchase goods or services that are enforceable and legally binding on the Company and that specify all significant terms, including fixed or minimum quantities to be purchased, fixed, minimum or variable price provisions and the approximate timing of the transaction.
- (d) Primarily consist of obligations under product service and warranty policies and allowances, performance and operating cost guarantees, estimated environmental remediation costs, self-insurance and litigation claims, post-retirement benefits, pension benefit obligations, deferred tax liabilities and deferred compensation obligations. The timing of cash flows associated with these obligations is based upon management’s estimates over the terms of these arrangements and is largely based upon historical experience.

### Off-Balance Sheet Arrangements

The following table sets forth, by period due or year of expected expiration, as applicable, a summary of off-balance sheet commitments of Parent, on behalf of the Company, as of December 31, 2015.

(\$ in millions)	<u>Amount of Commitment Expiration per Period</u>				
	<u>Total</u>	<u>Less Than One Year</u>	<u>1- 3 Years</u>	<u>4- 5 Years</u>	<u>More Than 5 Years</u>
Guarantees	<u>\$81.8</u>	<u>\$ 40.3</u>	<u>\$ 15.1</u>	<u>\$ 11.2</u>	<u>\$ 15.2</u>

Guarantees consist primarily of outstanding standby letters of credit, bank guarantees and performance and bid bonds. These guarantees have been provided in connection with certain arrangements with vendors, customers, financing counterparties and governmental entities to secure the Company’s obligations and/or performance requirements related to specific transactions.

### Other Off-Balance Sheet Arrangements

The Company has from time to time divested certain of its businesses and assets. In connection with these divestitures, the Company often provides representations, warranties and/or indemnities to cover various risks and unknown liabilities, such as claims for damages arising out of the use of products or relating to intellectual property matters, commercial disputes, environmental matters or tax matters. The Company has not included any

---

## [Table of Contents](#)

such items in the contractual obligations table above because they relate to unknown conditions and the Company cannot reasonably estimate the potential liabilities from such matters, but the Company does not believe it is reasonably possible that any such liability will have a material effect on the Company's financial statements. In addition, as a result of these divestitures, as well as restructuring activities, certain properties leased by the Company have been sublet to third parties. In the event any of these third parties vacate any of these premises, the Company would be legally obligated under master lease arrangements. The Company believes that the financial risk of default by such sublessors is individually and in the aggregate not material to the Company's financial statements.

In the normal course of business, the Company periodically enters into agreements that require it to indemnify customers, suppliers or other business partners for specific risks, such as claims for injury or property damage arising out of the Company's products or services or claims alleging that Company products, services or software infringe third party intellectual property. The Company has not included any such indemnification provisions in the contractual obligations table above. Historically, the Company has not experienced significant losses on these types of indemnification obligations.

### **Legal Proceedings**

Please refer to Note 14 to the Combined Financial Statements included in this information statement for information regarding legal proceedings and contingencies, and for a discussion of risks related to legal proceedings and contingencies, please refer to "Risk Factors—Risks Related to Fortive's Businesses."

### **CRITICAL ACCOUNTING ESTIMATES**

Management's discussion and analysis of the Company's financial condition and results of operations is based upon the Company's Combined Financial Statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. The Company bases these estimates and judgments on historical experience, the current economic environment and on various other assumptions that are believed to be reasonable under the circumstances. Actual results may differ materially from these estimates and judgments.

The Company believes the following accounting estimates are most critical to an understanding of its financial statements. Estimates are considered to be critical if they meet both of the following criteria: (1) the estimate requires assumptions about material matters that are uncertain at the time the estimate is made, and (2) material changes in the estimate are reasonably likely from period to period. For a detailed discussion on the application of these and other accounting estimates, refer to Note 2 in the Company's Combined Financial Statements.

**Accounts Receivable:** The Company maintains allowances for doubtful accounts to reflect probable credit losses inherent in its portfolio of receivables. Determination of the allowances requires management to exercise judgment about the timing, frequency and severity of credit losses that could materially affect the allowances for doubtful accounts and, therefore, net income. The allowances for doubtful accounts represent management's best estimate of the credit losses expected from the Company's trade accounts, contract and finance receivable portfolios. The level of the allowances is based on many quantitative and qualitative factors including historical loss experience by receivable type, portfolio duration, delinquency trends, economic conditions and credit risk quality. The Company regularly performs detailed reviews of its accounts receivable portfolio to determine if an impairment has occurred and to assess the adequacy of the allowances. If the financial condition of the Company's customers were to deteriorate with a severity, frequency and/or timing different from the Company's assumptions, additional allowances would be required and the Company's financial statements would be adversely impacted.

**Inventories:** The Company records inventory at the lower of cost or market value. The Company estimates the market value of its inventory based on assumptions of future demand and related pricing. Estimating the

---

## [Table of Contents](#)

market value of inventory is inherently uncertain because levels of demand, technological advances and pricing competition in many of the Company's markets can fluctuate significantly from period to period due to circumstances beyond the Company's control. If actual market conditions are less favorable than those projected by management, the Company could be required to reduce the value of its inventory, which would adversely impact the Company's financial statements. Refer to Note 5 in the Company's Combined Financial Statements.

**Acquired Intangibles:** The Company's business acquisitions typically result in the recognition of goodwill, in-process research and development and other intangible assets, which affect the amount of future period amortization expense and possible impairment charges that the Company may incur. Refer to Notes 2, 3 and 7 in the Company's Combined Financial Statements for a description of the Company's policies relating to goodwill, acquired intangibles and acquisitions.

In performing its goodwill impairment testing, the Company estimates the fair value of its reporting units primarily using a market based approach. The Company estimates fair value based on multiples of earnings before interest, taxes, depreciation and amortization ("EBITDA") determined by current trading market multiples of earnings for companies operating in businesses similar to each of the Company's reporting units, in addition to recent market available sale transactions of comparable businesses. In evaluating the estimates derived by the market based approach, management makes judgments about the relevance and reliability of the multiples by considering factors unique to its reporting units, including operating results, business plans, economic projections, anticipated future cash flows, and transactions and marketplace data as well as judgments about the comparability of the market proxies selected. In certain circumstances the Company also estimates fair value utilizing a discounted cash flow analysis (i.e., an income approach) in order to validate the results of the market approach. The discounted cash flow model requires judgmental assumptions about projected revenue growth, future operating margins, discount rates and terminal values. There are inherent uncertainties related to these assumptions and management's judgment in applying them to the analysis of goodwill impairment.

As of December 31, 2015, the Company had eleven reporting units for goodwill impairment testing. Reporting units resulting from recent acquisitions generally present the highest risk of impairment. Management believes the impairment risk associated with these reporting units decreases as these businesses are integrated into the Company and better positioned for potential future earnings growth. The carrying value of the goodwill included in each individual reporting unit ranges from \$7 million to \$1.1 billion. The Company's annual goodwill impairment analysis in 2015 indicated that in all instances, the fair values of the Company's reporting units exceeded their carrying values and consequently did not result in an impairment charge. The excess of the estimated fair value over carrying value (expressed as a percentage of carrying value for the respective reporting unit) for each of the Company's reporting units as of the annual testing date ranged from approximately 5% to approximately 900%. In order to evaluate the sensitivity of the fair value calculations used in the goodwill impairment test, the Company applied a hypothetical 10% decrease to the fair values of each reporting unit and compared those hypothetical values to the reporting unit carrying values. Based on this hypothetical 10% decrease, the excess of the estimated fair value over carrying value (expressed as a percentage of carrying value for the respective reporting unit) for each of the Company's reporting units ranged from approximately -5% to approximately 800%. After applying the hypothetical 10% decrease, two reporting unit's hypothetical fair values were approximately equal to or below their carrying value. Management evaluated other factors relating to the fair value of this reporting unit, including using an income approach, market positions of the businesses, comparability of market sales transactions and financial and operating performance, and concluded no impairment charge was required.

The Company reviews identified intangible assets for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. The Company also tests intangible assets with indefinite lives at least annually for impairment. Determining whether an impairment loss occurred requires a comparison of the carrying amount to the sum of undiscounted cash flows expected to be generated by the asset. These analyses require management to make judgments and estimates about future revenues, expenses, market conditions and discount rates related to these assets.

---

## [Table of Contents](#)

If actual results are not consistent with management's estimates and assumptions, goodwill and other intangible assets may be overstated and a charge would need to be taken against net earnings which would adversely affect the Company's financial statements.

**Contingent Liabilities:** As discussed in Note 14 to the Combined Financial Statements, the Company, is, from time to time, subject to a variety of litigation and similar contingent liabilities incidental to its business (or the business operations of previously owned entities). The Company recognizes a liability for any contingency that is known or probable of occurrence and reasonably estimable. These assessments require judgments concerning matters such as litigation developments and outcomes, the anticipated outcome of negotiations, the number of future claims and the cost of both pending and future claims. In addition, because most contingencies are resolved over long periods of time, liabilities may change in the future due to various factors, including those discussed in Note 14 to the Combined Financial Statements. If the reserves established by the Company with respect to these contingent liabilities are inadequate, the Company would be required to incur an expense equal to the amount of the loss incurred in excess of the reserves, which would adversely affect the Company's financial statements.

**Revenue Recognition:** The Company derives revenues from the sale of products and services. Refer to Note 2 to the Company's Combined Financial Statements for a description of the Company's revenue recognition policies.

Although most of the Company's sales agreements contain standard terms and conditions, certain agreements contain multiple elements or non-standard terms and conditions. As a result, judgment is sometimes required to determine the appropriate accounting, including whether the deliverables specified in these agreements should be treated as separate units of accounting for revenue recognition purposes, and, if so, how the consideration should be allocated among the elements and when to recognize revenue for each element. The Company allocates revenue to each element in the contractual arrangement based on the selling price hierarchy that, in some instances, may require the Company to estimate the selling price of certain deliverables that are not sold separately or where third party evidence of pricing is not observable. The Company's estimate of selling price impacts the amount and timing of revenue recognized in multiple element arrangements.

If the Company's judgments regarding revenue recognition prove incorrect, the Company's revenues in particular periods may be adversely affected.

**Corporate Allocations:** The Company has historically operated as part of Danaher and not as a stand-alone company. Accordingly, certain shared costs have been allocated to the Company and are reflected as expenses in the accompanying financial statements. Management considers the allocation methodologies used to be reasonable and appropriate reflections of the related expenses attributable to the Company for purposes of the carve-out financial statements; however, the expenses reflected in these financial statements may not be indicative of the actual expenses that would have been incurred during the periods presented if the Company had operated as a separate stand-alone entity. In addition, the expenses reflected in the financial statements may not be indicative of expenses that will be incurred in the future by the Company. Refer to Note 17 to the Company's Combined Financial Statements for a description of the Company's corporate allocations and related-party transactions.

**Stock-Based Compensation:** For a description of the Company's stock-based compensation accounting practices, refer to Note 15 to the Company's Combined Financial Statements. Determining the appropriate fair value model and calculating the fair value of stock-based payment awards require subjective assumptions, including the expected life of the awards, stock price volatility and expected forfeiture rate. The assumptions used in calculating the fair value of stock-based payment awards represent the Company's best estimates, but these estimates involve inherent uncertainties and the application of management judgment. If actual results are not consistent with management's assumptions and estimates, the Company's equity-based compensation expense could be materially different in the future.

---

## [Table of Contents](#)

**Pension:** For a description of the Company's pension accounting practices, refer to Note 10 in the Company's Combined Financial Statements. Calculations of the amount of pension costs and obligations depend on the assumptions used in the actuarial valuations, including assumptions regarding discount rates, expected return on plan assets, rates of salary increases, health care cost trend rates, mortality rates, and other factors. If the assumptions used in calculating pension and other post-retirement benefits costs and obligations are incorrect or if the factors underlying the assumptions change (as a result of differences in actual experience, changes in key economic indicators or other factors) the Company's financial statements could be materially affected. A 50 basis point reduction in the discount rates used for the plans for 2015 would have increased the net obligation by \$27 million (\$18 million on an after tax basis) from the amounts recorded in the financial statements as of December 31, 2015.

The Company's plan assets consist of various insurance contracts, equity and debt securities as determined by the administrator of each plan. The estimated long-term rate of return for the plans was determined on a plan by plan basis based on the nature of the plan assets and ranged from 2.3% to 6.0%. If the expected long-term rate of return on plan assets for 2015 was reduced by 50 basis points, pension expense for the plans for 2015 would have increased \$1.0 million (\$0.7 million on an after-tax basis).

**Income Taxes:** For a description of the Company's income tax accounting policies, refer to Notes 2 and 11 to the Company's Combined Financial Statements. The Company establishes valuation allowances for its deferred tax assets if it is more likely than not that some or all of the deferred tax asset will not be realized which requires management to make judgments and estimates regarding: (1) the timing and amount of the reversal of taxable temporary differences, (2) expected future taxable income, and (3) the impact of tax planning strategies. Future changes to tax rates would also impact the amounts of deferred tax assets and liabilities and could have an adverse impact on the Company's financial statements.

The Company provides for unrecognized tax benefits when, based upon the technical merits, it is "more-likely-than-not" that an uncertain tax position will not be sustained upon examination. Judgment is required in evaluating tax positions and determining income tax provisions. The Company re-evaluates the technical merits of its tax positions and may recognize an uncertain tax benefit in certain circumstances, including when: (i) a tax audit is completed; (ii) applicable tax laws change, including a tax case ruling or legislative guidance; or (iii) the applicable statute of limitations expires.

In addition, certain of Danaher's tax returns are currently under review by tax authorities (see "—Results of Operations – Income Taxes" and Note 11 to the Combined Financial Statements). Management believes the positions taken in these returns are in accordance with the relevant tax laws. However, the outcome of these audits is uncertain and could result in the Company being required to record charges for prior year tax obligations which could have a material adverse impact to the Company's financial statements, including its effective tax rate.

An increase in the Company's 2015 nominal tax rate of 1.0% would have resulted in an additional income tax provision for continuing operations for the fiscal year ended December 31, 2015 of \$13 million.

## **NEW ACCOUNTING STANDARDS**

On February 25, 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-2, *Leases (Topic 842)*, which impacts all aspects of accounting for leasing activities both for lessors and lessees. The standard requires entities to recognize lease assets and liabilities on the balance sheet for leases with a lease term of more than 12 months and to disclose key information about leasing arrangements. The ASU is effective for public entities for fiscal years beginning after December 15, 2018, with early adoption permitted. Management has not yet completed its assessment of the impact of the new standard on the Company's financial statements.



---

## [Table of Contents](#)

In December 2015, the FASB issued ASU No. 2015-17, *Income Taxes (Topic 740); Balance Sheet Classification of Deferred Taxes* (“ASU 2015-17”). ASU 2015-17 simplifies the presentation of deferred income taxes by requiring that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position. The standard is effective for financial statements issued for annual periods beginning after December 15, 2016, and interim periods within those annual periods and may be applied either prospectively to all deferred tax liabilities and assets or retrospectively to all periods presented. The Company has chosen to early adopt this ASU prospectively, and therefore, the 2015 Combined Balance Sheet reflects the new disclosure requirements.

In September 2015, the FASB issued ASU No. 2015-16, *Simplifying the Accounting for Measurement-Period Adjustments (Topic 805)*, which eliminates the requirement for an acquirer in a business combination to account for measurement-period adjustments retrospectively. The new guidance requires that the cumulative impact of a measurement-period adjustment (including the impact on prior periods) be recognized in the reporting period in which the adjustment is identified-eliminating the requirement to restate prior period financial statements. The ASU requires disclosure of the nature and amount of measurement-period adjustments as well as information with respect to the portion of the adjustments recorded in current-period earnings that would have been recorded in previous reporting periods if the adjustments to provisional amounts had been recognized as of the acquisition date. The Company has chosen to early adopt this ASU and therefore, disclosures included within these combined financial statements have been updated to reflect the new disclosure requirements.

In July 2015, the FASB issued ASU No. 2015-11, *Simplifying the Measurement of Inventory (Topic 330)*, which modifies existing requirements regarding measuring inventory at the lower of cost or market. Under existing standards, the market amount requires consideration of replacement cost, net realizable value (“NRV”), and NRV less an approximately normal profit margin. The new ASU replaces market with NRV, defined as estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. This eliminates the need to determine and consider replacement cost or NRV less an approximately normal profit margin when measuring inventory. For the Company, this standard is effective prospectively beginning January 1, 2017, with early adoption permitted. Management has not yet completed its assessment of the impact of the new standard on the Company’s financial statements.

In May 2015, the FASB issued ASU No. 2015-07, *Disclosures for Investments in Certain Entities that Calculate Net Asset Value Per Share (or its Equivalent)* (“ASU 2015-07”). ASU 2015-07 removes the requirement to categorize within the fair value hierarchy investments for which fair values are estimated using the net asset value (“NAV”) practical expedient provided by Accounting Standards Codification 820, Fair Value Measurement. Disclosures about investments in certain entities that calculate NAV per share are limited under the new standard to those investments for which the Plan has elected to estimate the fair value using the NAV practical expedient. The ASU is effective for entities (other than public business entities) for fiscal years beginning after December 15, 2016, with retrospective application to all periods presented, with early adoption permitted. The Company has chosen to early adopt this ASU and therefore, disclosures included within these consolidated financial statements have been updated to reflect the new disclosure requirements.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which impacts virtually all aspects of an entity’s revenue recognition. The core principle of the new standard is that revenue should be recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. On July 9, 2015, the FASB deferred the effective date of the standard by one year which results in the new standard being effective for the Company at the beginning of its first quarter of fiscal year 2018. The Company is currently assessing the impact that the adoption of the new standard will have on its financial statements and related disclosures, including possible transition alternatives.

## BUSINESS

### The Company

Fortive is a diversified industrial growth company comprising businesses that are recognized leaders in attractive markets globally. We operate businesses that design, develop, manufacture, service and market professional and engineered products, software and services for a variety of end markets, building upon leading brand names, innovative technology and significant market positions. Our research and development, manufacturing, sales, distribution, service and administrative facilities are located in more than 40 countries across North America, Asia Pacific, Europe and Latin America.

We strive to create shareholder value through consistent and sustainable earnings growth, driven by continuous improvement in the operating performance of our existing businesses and acquisitions of other businesses that strategically fit within our existing business portfolio or expand our portfolio into new and attractive markets.

To accomplish these goals, we use a set of growth, lean and leadership tools and processes, which today are known as DBS, 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. DBS has a long and deep history within our businesses, many of which originated fundamental DBS tools and have driven results through DBS for decades. Following our separation from Danaher, our rights to the DBS tools and processes will continue pursuant to the DBS license agreement described under “Certain Relationships and Related Person Transactions—DBS License Agreement,” and we will continue using and developing these tools and processes under the name “Fortive Business System,” or “FBS.”

Our 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, 58% (including 55% in the United States); Europe, 18%; Asia Pacific, 18%, and all other regions, 6%. For additional information regarding sales by geography, please refer to Note 16 in the Combined Financial Statements included in this information statement.

Our industrial growth businesses have historically been operated as Danaher’s Test & Measurement segment, Industrial Technologies segment (other than its Product Identification platform) and Retail/Commercial Petroleum platform. Today, our businesses are organized in two segments: Professional Instrumentation and Industrial Technologies.

- *Professional Instrumentation.* Our Professional Instrumentation segment consists of our Advanced Instrumentation & Solutions and Sensing Technologies businesses. Fortive’s Advanced Instrumentation & Solutions business was primarily established through Danaher’s acquisitions of Qualitrol in the 1980’s, Fluke Corporation in 1998, Tektronix in 2007, Keithley Instruments in 2010 and numerous bolt-on acquisitions. Our Sensing Technologies business originated with Danaher’s acquisition of Chicago Pneumatic in the 1980’s and Gems Sensors in 1997.
- *Industrial Technologies.* Our Industrial Technologies segment consists of our Transportation Technologies, Automation & Specialty Components and Franchise Distribution businesses. Fortive’s Transportation Technologies business originated with Danaher’s acquisition of Veeder-Root in the 1980’s and subsequently expanded through additional acquisitions, including the acquisitions of Gilbarco in 2002, Navman Wireless in 2012, Teletrac in 2013 and numerous bolt-on acquisitions. Fortive’s Automation & Specialty Components business was primarily established through Danaher’s acquisitions of Pacific Scientific Company in 1998, Kollmorgen Corporation in 2000 and Thomson Industries in 2002, as well as numerous other acquisitions. Fortive’s Franchise Distribution business was established through Danaher’s acquisitions of Matco Tools and Hennessy Industries in 1986.

---

## [Table of Contents](#)

Fortive's headquarters are located at 6920 Seaway Blvd, Everett, WA 98203, and its telephone number is (425) 446-5000.

Fortive intends to maintain an Internet site at [www.fortive.com](http://www.fortive.com). Fortive's website, and the information contained therein, or connected thereto, is not incorporated by reference into this information statement or the registration statement of which this information statement forms a part.

### Strategy

Our strategy is to maximize shareholder value through several key initiatives:

- *Build Sustainable Competitive Advantage Through Innovation That Our Customers Value.* Our businesses typically hold leadership positions in their served markets, which are generally characterized by significant growth and profitability potential. In the markets we serve, our businesses strive to drive organic growth by prioritizing the voice of our customers in everything we do. Over time, our focus on customers' needs has enabled us to innovate effectively in markets where competitive leadership can be attained and, over long periods, sustained. Innovation and product vitality are key factors in maintaining our market leadership positions. In many end markets, we are leading the evolution of solutions to more software-driven products and business models, where our long history of reliability and strong brands position our operating businesses at the key points of customer workflows.
- *Leverage Our Global Business Presence.* Approximately 45% of our revenues are generated outside the United States, and we have significant operations around the world in key geographic markets. This reach has facilitated our entry into new markets, as we can harness existing sales channels, familiarity with local customer needs and regulations and our locally-based management resources. We expect to continue to prioritize development of localized solutions for high-growth markets around the world, with a strong local manufacturing and product development capability. We intend to continue to pursue acquisitions of businesses that complement our strategy in specific markets or regions.
- *Attract and Retain Talented Associates.* We believe that our team of talented associates, united by a common culture employing DBS in pursuit of continuous improvement, provides us a significant competitive advantage. We seek to continue to attract, develop and retain world-class leaders and associates globally and to drive their engagement with our customer-centric approach. We will continue to closely align individual incentives to the objectives of the Company and its shareholders.
- *Drive Continuous Improvement Through Application of DBS.* All of our businesses and associates use DBS to drive continuous improvement, measured by metrics such as quality, delivery, cost, growth and innovation. Through consistent application of DBS tools and principles, we have been able to drive industry-leading customer satisfaction and profitability in businesses that have been in our portfolio for years and significant improvement in growth and operating margins in businesses that we acquire. DBS extends well beyond lean concepts, to include methods for driving growth and innovation demanded in our markets.
- *Redeploy Our Free Cash Flow to Grow and Improve Our Businesses.* We intend to continue to re-invest the substantial free cash flow generated by our existing businesses to drive innovation for organic growth and to acquire businesses that fit strategically or extend our portfolio into new and attractive markets. We believe that our management team has developed considerable skill in identifying, acquiring and integrating new businesses. Our track record of disciplined success in targeting and effectively integrating acquisitions is an important aspect of our growth strategy.

### Strengths

We believe the Company has significant competitive strengths, including:

- *Leading Brands in Attractive Markets.* Many of our operating companies have been leaders in their respective markets for decades and have built brand recognition and share positions that exceed that of many competitors.

## [Table of Contents](#)

- *Global Presence and Reach.* We operate globally, with diverse sales channels, manufacturing operations and product development that enable us to competitively address local requirements. We have experienced management teams based in key markets around the world and a strong local presence in high-growth markets.
- *Best-in-Class Operating System.* Our portfolio includes operating businesses that originated fundamental DBS tools and have driven results through DBS for decades. We believe that our ability to continually improve quality, delivery, cost, growth and innovation improve customer satisfaction and offer significant competitive advantage.
- *Experienced Management Team.* Our management team predominantly consists of long-tenured leaders from Danaher who have a proven track record of success. The Company's senior management has extensive industry experience and many years of service with Danaher.

### Reportable Segments

The table below describes the percentage of our total annual revenues attributable to each of our two 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 16 in the Combined Financial Statements included in this information statement.

	2015	2014	2013
Professional Instrumentation	48%	49%	50%
Industrial Technologies	52%	51%	50%

### Professional Instrumentation

Our Professional Instrumentation 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. Customers for these products and services include industrial service, installation and maintenance professionals, designers and manufacturers of electronic devices and instruments, and other customers for whom precision and reliability are critical in their specific applications. 2015 sales for this segment by geographic destination were: North America, 51%; Europe, 18%; Asia Pacific, 24%, and all other regions, 7%. Our Professional Instrumentation segment consists of the following lines of business.

#### *Advanced Instrumentation & Solutions*

Our Advanced Instrumentation & Solutions business consists of:

- *Field Solutions.* Our field solutions products include a variety of compact professional test tools, thermal imaging and calibration equipment for electrical, industrial, electronic and calibration applications, and online condition-based monitoring equipment for critical infrastructure in electrical utility and industrial 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. 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. Products are marketed under a variety of brands, including AMPROBE, FLUKE, FLUKE BIOMEDICAL, FLUKE NETWORKS and QUALITROL.

---

## Table of Contents

- *Product Realization.* Our product realization services and products 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. The business also provides a full range of design, engineering and manufacturing services and highly-engineered, modular components to enable conceptualization, development and launch of products in the medical diagnostics, cell therapy and consumer markets. Finally, the business designs, develops, manufactures and markets critical, highly-engineered energetic materials components in specialized vertical applications. Products and services are marketed under a variety of brands, including INVETECH, KEITHLEY, MAXTEK, PACIFIC SCIENTIFIC ENERGETIC MATERIALS COMPANY and TEKTRONIX.

Competition in the business is based on a number of factors, including the reliability, performance, ruggedness, ease of use, ergonomics and aesthetics of the product, the service provider's relevant expertise with particular technologies and applications, as well as the other factors described under "—Competition." Sales in the segment are generally made through independent distributors and direct sales personnel.

### *Sensing Technologies*

Our Sensing Technologies 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. Our competitive advantage in these markets 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 and SETRA. Sales in the segment are generally made through direct sales personnel and independent distributors.

Manufacturing facilities of our Professional Instrumentation segment are located in North America, Europe and Asia.

### **Industrial Technologies**

Our Industrial Technologies segment offers critical technical equipment, components, software and services for manufacturing, repair and transportation markets worldwide. We offer fueling, field payment, vehicle tracking and fleet management solutions that are used in commercial and private fleet applications, as well as precision motion-control and other specialty products and solutions that enable manufacturing and other process industries around the world to operate more effectively and efficiently. Customers for these products and services include fleet owners, industrial machine OEMs, commercial garages and other industrial customers. 2015 sales for this segment by geographic destination were: North America, 64%; Europe, 18%; Asia Pacific, 12% and all other regions, 6%. Our Industrial Technologies segment consists of the following lines of business.

---

## [Table of Contents](#)

### *Transportation Technologies*

Our Transportation Technologies 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. This business consists of:

- *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.

### *Automation & Specialty Components*

Our Automation & Specialty Components business provides 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), as well as supplemental braking systems for commercial vehicles. 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 original equipment manufacturers 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." The business is 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 original equipment manufacturers of class 3 through class 8 vehicles, and typically choose suppliers based on their technical expertise and total cost of ownership. Products in this business are marketed under a variety of brands, including DYNAPAR, HENGSTLER, JAKE BRAKE, KOLLMORGEN, PORTESCAP and THOMSON. Sales are generally made through our direct sales personnel and independent distributors.

### *Franchise Distribution*

Our Franchise Distribution business consists of:

- *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."

---

## [Table of Contents](#)

- *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.”

Manufacturing facilities of our Industrial Technologies businesses are located in North America, South America, Europe and Asia.

\*\*\*\*\*

The following discussion includes information common to both 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 “Risk Factors—Risks Related to Fortive’s Businesses.”

### **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 “Risk Factors—Risks Related to Fortive’s Businesses.” All capitalized brands and product names throughout this document are trademarks owned by, or licensed to, Danaher.

### **Competition**

We believe that we are a leader in many of our served markets. 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 face increased competition in a number of our served markets as a result of 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, performance, delivery speed, applications expertise, distribution channel access, service and support, technology and innovation, breadth of product, service and software offerings and brand name recognition. For a discussion of risks related to competition, please refer to “Risk Factors—Risks Related to Fortive’s Businesses.”

---

## [Table of Contents](#)

### **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, capital 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 either of our reportable segments. 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 segments as of December 31 (\$ in millions):

	<u>2015</u>	<u>2014</u>
Professional Instrumentation	\$ 523	\$ 527
Industrial Technologies	543	557
Total	<u>\$1,066</u>	<u>\$1,084</u>

We expect that a large majority of the unfilled orders as of December 31, 2015 will have been 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 22,000 persons, of whom approximately 12,000 were employed in the United States and approximately 10,000 were employed outside of the United States. Of our United States employees, approximately 1,200 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 certain of our employees are represented by unions and/or works councils. For a discussion of risks related to employee relations, please refer to “Risk Factors—Risks Related to Fortive’s Businesses.”



---

## [Table of Contents](#)

### **Research and Development**

We believe that our competitive position is maintained and enhanced through the development and introduction of new products and services that incorporate improved features and functionality, better performance, smaller size and weight, lower cost, or some combination of these factors. We invest substantially in the development of new products. We conduct research and development activities for the purpose of designing and developing new products and applications that address customer needs and emerging trends, as well as enhancing the functionality, effectiveness, ease of use and reliability of our existing products. Our research and development efforts include internal initiatives and those that use licensed or acquired technology. We expect to continue investing in research and development at a rate consistent with our past, with the goal of maintaining or improving our competitive position, and entering new markets. 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):

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Professional Instrumentation	\$232	\$238	\$245
Industrial Technologies	146	150	133
Total	<u>\$378</u>	<u>\$388</u>	<u>\$378</u>

The Company generally conducts research and development activities on a business-by-business basis, primarily in North America, Asia and Europe. 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 “Risk Factors—Risks Related to Fortive’s Businesses.” 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 “Risk Factors—Risks Related to Fortive’s Businesses.”

### **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 risks related to the regulations that our businesses are subject to, please refer to “Risk Factors—Risks Related to Fortive’s Businesses.”

### ***Environmental Laws and Regulations***

Our operations and properties are subject to laws and regulations relating to environmental protection, including those governing air emissions, water discharges and waste management, and workplace health and safety. 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 14 in the Combined Financial Statements included in this information statement. 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 “Risk Factors—Risks Related to Fortive’s Businesses.”

## [Table of Contents](#)

### *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 "Risk Factors—Risks Related to Fortive's Businesses."

### **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 high-growth markets.

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:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Professional Instrumentation	51%	53%	54%
Industrial Technologies	39%	44%	49%
Total	45%	48%	50%

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):

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Professional Instrumentation	21%	29%	29%
Industrial Technologies	25%	19%	24%
Total	23%	25%	27%

---

## **Table of Contents**

For additional information related to revenues and long-lived assets by country, please refer to Note 16 to the Combined Financial Statements included in this information statement and for information regarding deferred taxes by geography, please refer to Note 11 to the Combined Financial Statements included in this information statement.

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 16 of the Combined Financial Statements and information about the effects of foreign currency fluctuations on our business is set forth in MD&A. For a discussion of risks related to our non-U.S. operations and foreign currency exchange, please refer to “Risk Factors—Risks Related to Fortive’s Businesses.”

### **Major Customers**

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

### **Properties**

Our corporate headquarters are located in Everett, Washington in a facility that we own. As of December 31, 2015, our facilities included approximately 99 significant manufacturing and distribution facilities. 54 of these facilities are located in the United States in over 25 states and 45 are located outside the United States in over 40 other countries, including the rest of North America, Asia Pacific, Europe and Latin America. These facilities cover approximately 10 million square feet, of which approximately 3 million square feet are owned and approximately 7 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: Professional Instrumentation, 47; and Industrial Technologies, 52.

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 13 in the Combined Financial Statements included in this information statement for additional information with respect to our lease commitments.

### **Legal Proceedings**

We are, from time to time, subject to a variety of litigation and other legal and regulatory proceedings and claims incidental to our business. Based upon our experience, current information and applicable law, we do not believe that these proceedings and claims will have a material effect on our financial position, results of operations or cash flows.

**MANAGEMENT****Executive Officers Following the Distribution**

While most of the individuals who are expected to serve as Fortive's executive officers are currently officers and employees of Danaher, upon completion of the separation, none of these individuals will continue to be employees or officers of New Danaher. The following table sets forth information regarding individuals who are expected, as of the date of this information statement, to serve as Fortive's executive officers, including their positions after the separation, and is followed by biographies of each such executive officer. If any additional executive officers of Fortive are identified prior to completion of the separation, their information will be provided in subsequent amendments to this information statement. The information set forth below is as of March 1, 2016.

<u>Name</u>	<u>Age</u>	<u>Position</u>
James A. Lico	50	President and Chief Executive Officer
Patrick J. Byrne	55	Senior Vice President
Martin Gafinowitz	57	Senior Vice President
Charles E. McLaughlin	54	Senior Vice President – Chief Financial Officer
Patrick K. Murphy	54	Senior Vice President
William W. Pringle	48	Senior Vice President
Raj Ratnakar	48	Vice President – Strategic Development
Jonathan L. Schwarz	44	Vice President – Corporate Development
Peter C. Underwood	46	Senior Vice President – General Counsel and Secretary
Stacey A. Walker	45	Senior Vice President – Human Resources
Emily A. Weaver	45	Vice President – Chief Accounting Officer

James A. Lico will serve as Fortive's President and Chief Executive Officer, as well as a member of the Board. Mr. Lico has served in leadership positions in a variety of different functions and businesses since joining Danaher in 1996, including as Executive Vice President since 2005.

Patrick J. Byrne will serve as a Senior Vice President of Fortive. Mr. Byrne has served as President of Danaher's Tektronix business since July 2014, after serving as Chief Technology Officer and Vice President-Strategy and Business Development for Danaher's Test and Measurement segment from November 2012 to July 2014. Prior to joining Danaher, he served as Chief Executive Officer of Intermec Technologies, a manufacturer of automated identification and data capture equipment, from 2007 until May 2012.

Martin Gafinowitz will serve as a Senior Vice President of Fortive. Mr. Gafinowitz has served as Senior Vice President-Group Executive of Danaher since March 2014 after serving as Vice President-Group Executive of Danaher from 2005 to March 2014.

Charles E. McLaughlin will serve as Fortive's Senior Vice President-Chief Financial Officer. Mr. McLaughlin has served as Senior Vice President-Diagnostics Group CFO for Danaher's Diagnostics business since May 2012, and as Senior Vice President-Chief Financial Officer of Danaher's Beckman Coulter business since July 2011. Mr. McLaughlin previously served as Vice President-Chief Financial Officer of Tektronix from Danaher's acquisition of Tektronix in November 2007 until June 2011.

Patrick K. Murphy will serve as a Senior Vice President of Fortive. Mr. Murphy has served as a Group President of Danaher since joining Danaher in March 2014. Prior to joining Danaher, he served as CEO of Nidec Motor Corporation and President of the ACIM (Appliance, Commercial and Industrial Motor) Business Unit of Nidec Corporation, a manufacturer of commercial, industrial, and appliance motors and controls, from 2010 until October 2013.

William W. Pringle will serve as a Senior Vice President of Fortive. Mr. Pringle has served as Senior Vice President-Fluke and Qualitrol for Danaher since October 2015 and as President of Danaher's Fluke business

---

## [Table of Contents](#)

since July 2013, after serving as President-Fluke Industrial Group from May 2012 to July 2013. Prior to joining Danaher, Mr. Pringle served in a series of progressively more responsible roles with Whirlpool Corporation, a manufacturer of home appliances, from 2008 until May 2012, including most recently as Senior Vice President-Integrated Business Units.

Raj Ratnakar will serve as Vice President-Strategic Development of Fortive. Mr. Ratnakar has served as a Vice President-Strategic Development of Danaher since August 2012. Prior to joining Danaher, he served as Vice President of Corporate Strategy for Tyco Electronics, a global manufacturing company, from 2009 until August 2012.

Jonathan L. Schwarz will serve as Vice President-Corporate Development of Fortive. Mr. Schwarz has served as Vice President-Corporate Development of Danaher since 2010 and has been a senior member of the Danaher corporate development team since 2005.

Peter C. Underwood will serve as Senior Vice President, General Counsel and Secretary of Fortive. Mr. Underwood will join Fortive in May 2016. He has served as Vice President, General Counsel and Secretary of Regal Beloit Corporation, a manufacturer of electric motors, since 2010.

Stacey A. Walker will serve as a Senior Vice President-Human Resources of Fortive. Ms. Walker has served as Vice President-Talent Management of Danaher since January 2014 after serving as Vice President-Talent Planning from December 2012 to December 2013 and as Vice President-Human Resources for Danaher's Chemtreat business from 2008 to November 2012.

Emily A. Weaver will serve as Vice President-Chief Accounting Officer of Fortive. Ms. Weaver has served as Vice President-Finance of Danaher since April 2013. Prior to joining Danaher, she served as Deputy Controller of GE Transportation, a unit of General Electric, a global manufacturing company, from 2010 until April 2013.

### **Board of Directors Following the Distribution**

The following table sets forth information with respect to those persons who are expected to serve on the Board following the completion of the distribution, and is followed by biographies of each such individual (except that Mr. Lico's biographical information is set forth above under "—Executive Officers Following the Distribution"). The nominees will be presented to Fortive's sole stockholder, Danaher, for election prior to the distribution. Mr. Ruiz's election, however, will be effective immediately prior to the commencement of "when issued" trading of Fortive common stock on the NYSE. Upon the effectiveness of his election to the Board, Mr. Ruiz will be also appointed to the Audit Committee of the Board and will serve as its sole member until the distribution date. The information set forth below is as of March 1, 2016.

<u>Name</u>	<u>Age</u>	<u>Position</u>
Feroz Dewan	39	Director
James A. Lico	50	Director
Kate D. Mitchell	57	Director
Mitchell P. Rales	59	Director
Steven M. Rales	64	Director
Israel Ruiz	44	Director
Alan G. Spoon	64	Chairman

Feroz Dewan served in a series of positions with Tiger Global Management, an investment firm with approximately \$20 billion under management across public and private equity funds, from 2003 to 2015, including most recently as Head of Public Equities. He also served as a Private Equity Associate at Silver Lake Partners, a private equity firm focused on leveraged buyout and growth capital investments in technology, technology-enabled and related industries, from 2002 to 2003. Mr. Dewan's experience with technology and

---

## [Table of Contents](#)

technology related companies as well as experience in the areas of financial matters, risk management and corporate governance, among other factors, qualify him to sit on the Board.

The biography of James A. Lico is set forth under “—Executive Officers Following the Distribution.” Mr. Lico’s qualifications to sit on the Board include, among other factors, his broad operating and functional experience with Danaher and in-depth knowledge of Fortive’s businesses and of the Danaher Business System.

Kate D. Mitchell has served as a partner and co-founder of Scale Venture Partners, a Silicon Valley-based firm that invests in early-in-revenue technology companies, since 1997. Prior to her current role, Ms. Mitchell served with Bank of America, a multinational banking and financial services corporation, from 1988 to 1996, most recently as Senior Vice President for Bank of America Interactive Banking. Ms. Mitchell currently serves on the boards of directors of Silicon Valley Bank, Silicon Valley Community Foundation and other private company boards on behalf of Scale Venture Partners. Ms. Mitchell’s qualifications to sit on the Board include, among other factors, extensive experience in the technology industry as well experience in the areas of business management and operations, finance and executive compensation.

Mitchell P. Rales is a co-founder of Danaher and has served on the board of directors of Danaher since 1983, serving as Chairman of the Executive Committee of Danaher since 1984. He was also President of Danaher from 1984 to 1990. In addition, for more than the past five years he has been a principal in private and public business entities in the manufacturing area. Mr. Rales is also a member of the board of directors of Colfax Corporation, and is a brother of Steven M. Rales. The strategic vision and leadership of Mr. Rales and his brother, Steven Rales, helped create the Danaher Business System and have guided Danaher down a path of consistent, profitable growth that continues today. In addition, as a result of the substantial ownership stake that Mr. Rales is expected to have in Fortive, he will be well-positioned to understand, articulate and advocate for the rights and interests of Fortive’s shareholders.

Steven M. Rales is a co-founder of Danaher and has served on the board of directors of Danaher since 1983, serving as Danaher’s Chairman of the board of directors since 1984. He was also CEO of Danaher from 1984 to 1990. In addition, for more than the past five years he has been a principal in a private business entity in the area of film production. Mr. Rales is a brother of Mitchell P. Rales. The strategic vision and leadership of Mr. Rales and his brother, Mitchell Rales, helped create the Danaher Business System and have guided Danaher down a path of consistent, profitable growth that continues today. In addition, as a result of the substantial ownership stake that Mr. Rales is expected to have in Fortive, he will be well-positioned to understand, articulate and advocate for the rights and interests of Fortive’s shareholders.

Israel Ruiz has been the Executive Vice President and Treasurer at Massachusetts Institute of Technology (MIT), a private research university of science and technology, since 2011. In this role, Mr. Ruiz oversees all principal administrative and financial functions of MIT. Prior to his current role, Mr. Ruiz served as the Vice President for Finance for MIT from 2007 to 2011 and as a principal for MIT’s Office of Budget and Financial Planning from 2001 to 2007. Mr. Ruiz’s qualifications to sit on the Board include, among other factors, his financial and accounting expertise and experience in the areas of business management and operations.

Alan G. Spoon will serve as Chairman of the Board. Mr. Spoon has served on Danaher’s Board of Directors since 1999. He has served as Partner Emeritus of Polaris Partners, a company that invests in private technology and life science firms, since January 2015. Mr. Spoon has been a partner at Polaris since May 2000, and served as Managing General Partner from 2000 to 2010. Mr. Spoon is also a member of the board of directors of each of IAC/InterActiveCorp., Match Group, Inc. and Cable One, Inc. In addition to his leadership role at Polaris Partners, Mr. Spoon previously served as president, chief operating officer and chief financial officer of one of the country’s largest, publicly-traded education and media companies, and has served on the boards of numerous public and private companies. His public company leadership experience gives him insight into business strategy, leadership and executive compensation and his public company and private equity experience give him insight into technology trends, acquisition strategy and financing, each of which represents an area of key strategic opportunity for Fortive.

---

## [Table of Contents](#)

Upon completion of the distribution, the Board will be divided into three classes, each comprised of two to three directors. The two directors designated as Class I directors will have terms expiring at the first annual meeting of shareholders following the distribution, which Fortive expects to be held in 2017. The two directors designated as Class II directors will have terms expiring at the following year's annual meeting of shareholders, which Fortive expects to be held in 2018, and the three directors designated as Class III directors will have terms expiring at the following year's annual meeting of shareholders, which Fortive expects to be held in 2019. Fortive expect that Class I directors will be comprised of Kate D. Mitchell and Israel Ruiz; Class II directors will be comprised of Feroz Dewan and James A. Lico; and Class III directors will be comprised of Mitchell P. Rales, Steven M. Rales and Alan G. Spoon. Commencing with the first annual meeting of shareholders following the separation, directors for each class will be elected at the annual meeting of shareholders held in the year in which the term for that class expires and thereafter will serve for a term of three years. At any meeting of shareholders for the election of directors at which a quorum is present, the election will be determined by a majority of the votes cast by the shareholders entitled to vote in the election, with directors not receiving a majority of the votes cast required to tender their resignations for consideration by the board, except that in the case of a contested election, the election will be determined by a plurality of the votes cast by the stockholders entitled to vote in the election.

### **Director Independence**

A majority of the Board will include directors who are "independent" as defined by the rules of the NYSE.

The Board will assess on a regular basis, and at least annually, the independence of directors and, based on the recommendation of the Nominating and Governance Committee, will make a determination as to which members are independent.

### **Committees of the Board of Directors**

Effective immediately prior to the "when-issued" trading date of Fortive common stock on the NYSE, the Board will have a standing Audit Committee, and effective upon the completion of the separation, the Board will have a standing Compensation Committee and a Nominating and Governance Committee.

*Audit Committee.* Mr. Ruiz is expected to be a member of the Board's Audit Committee effective as of immediately prior to the "when-issued" trading date of Fortive common stock on the NYSE, and Ms. Mitchell and Mr. Dewan are expected to be members of the Board's Audit Committee effective as of the distribution date. Mr. Ruiz is expected to be the Chairman of the Audit Committee effective as of the distribution date as well as an "audit committee financial expert" for purposes of the rules of the SEC. In addition, Fortive expects that the Board will determine that each of the members of the Audit Committee is independent, as defined by the rules of the NYSE and Section 10A(m)(3) of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). The Audit Committee will meet at least quarterly and will assist the Board in fulfilling its oversight responsibilities by reviewing and reporting to the Board on Fortive accounting and financial reporting practices and the audit process; the quality and integrity of Fortive's financial statements; the effectiveness of Fortive's internal control over financial reporting; Fortive's compliance with legal and regulatory requirements; the independent auditors' qualifications, independence, and performance; the performance of Fortive's internal audit function; Fortive's risk assessment and risk management policies; and Fortive's swaps and derivatives transactions and related policies and procedures.

*Compensation Committee.* Ms. Mitchell and Mr. Dewan are expected to be the members of the Board's Compensation Committee. Ms. Mitchell is expected to be the Chairman of the Compensation Committee. The Board is expected to determine that each member of the Compensation Committee is independent, as defined by the rules of the NYSE and Section 10C(a) of the Exchange Act. In addition, Fortive expects that the members of the Compensation Committee will qualify as "non-employee directors" for purposes of Rule 16b-3 under the Exchange Act and as "outside directors" for purposes of Section 162(m) of the Code. The Compensation Committee discharges the Board's responsibilities relating to compensation of Fortive's executive officers,

---

## [Table of Contents](#)

including evaluating the performance of, and approving the compensation paid to, Fortive's executive officers. The Compensation Committee also reviews and discusses with Fortive management the Compensation Discussion & Analysis ("CD&A") and recommends to the Board the inclusion of the CD&A in the annual meeting proxy statement; reviews and makes recommendations to the Board with respect to the adoption, amendment and termination of all executive incentive compensation plans and all equity compensation plans, and exercises all authority of the Board (and all responsibilities assigned by such plans to the Compensation Committee) with respect to the administration of such plans; monitors compliance by directors and executive officers with Fortive's stock ownership requirements; considers the impact of Fortive's compensation programs on Fortive's risk profile; prepares a report as required by the SEC to be included in proxy statements; and considers factors relating to independence and conflicts of interests in connection with all compensation consultants, counsel and other outside advisors that provide advice to the Compensation Committee.

*Nominating and Governance Committee.* Messrs. Ruiz and Spoon are expected to be the members of the Board's Nominating and Governance Committee. Mr. Ruiz is expected to be the Chairman of the Nominating and Governance Committee. The Board is expected to determine that each of the members of the Nominating and Governance Committee is independent, as defined by the rules of the NYSE. The Nominating and Governance Committee will assist the Board in identifying individuals qualified to become board members; propose to the Board a slate of directors for election by Fortive's shareholders at each annual meeting; make recommendations to the Board regarding the membership of the Board's committees; make recommendations to the Board regarding matters of corporate governance; facilitate the annual review of the performance of the Board and its committees; oversee the operation of Fortive's Corporate Governance Guidelines; review and make recommendations to the Board regarding non-management director compensation; and administer Fortive's Related Person Transaction Policy.

The Board is expected to adopt a written charter for each of the Audit Committee, the Compensation Committee and the Nominating and Governance Committee. These charters will be posted on Fortive's website in connection with the separation.

### **Compensation Committee Interlocks and Insider Participation**

During Fortive's fiscal year ended December 31, 2015, Fortive was not an independent company and did not have a compensation committee or any other committee serving a similar function. Decisions as to the compensation of those who will serve as Fortive's executive officers for that fiscal year were made by Danaher, as described in the section of this information statement captioned "Compensation Discussion and Analysis."

### **Corporate Governance**

#### *Shareholder Recommendations for Director Nominees*

Fortive's amended and restated bylaws will contain provisions that address the process by which a shareholder may nominate an individual to stand for election to the Board. Fortive expects that the Board will adopt a policy concerning the evaluation of shareholder recommendations of board candidates by the Nominating and Governance Committee.

#### *Corporate Governance Guidelines*

The Board is expected to adopt a set of Corporate Governance Guidelines in connection with the separation to assist it in guiding Fortive's governance practices. These practices will be regularly reevaluated by the Nominating and Governance Committee in light of changing circumstances in order to continue serving Fortive's best interests and the best interests of its shareholders.



---

## [Table of Contents](#)

### ***Communicating with the Board***

Shareholders and other parties interested in communicating directly with the Board or with individual directors or the non-management or independent directors as a group may do so by addressing communications to the Board, to the specified individual director or to the non-management or independent directors, as applicable, c/o Corporate Secretary, Fortive Corporation, 6920 Seaway Blvd, Everett, WA 98203.

### ***Director Qualification Standards***

Fortive's Corporate Governance Guidelines will provide that the Nominating and Governance Committee is responsible for reviewing with the Board the appropriate skills and characteristics required of board members in the context of the makeup of the Board and developing criteria for identifying and evaluating board candidates.

The Nominating and Governance Committee will from time-to-time engage an executive search firm to help identify, evaluate and provide background information regarding director candidates, and will also consider candidates for the Board membership suggested by the Board members, management and shareholders. A shareholder who wishes to recommend a prospective nominee for the Board should notify the Nominating and Governance Committee in writing with whatever supporting material the shareholder considers appropriate. If a prospective nominee has been identified other than in connection with a director search process initiated by the Nominating and Governance Committee, the Nominating and Governance Committee makes an initial determination as to whether to conduct a full evaluation of the candidate. The Nominating and Governance Committee's determination of whether to conduct a full evaluation is based primarily on the Nominating and Governance Committee's view as to whether a new or additional Board member is necessary or appropriate at such time, and the likelihood that the prospective nominee can satisfy the evaluation factors described below and any such other factors as the Nominating and Governance Committee may deem appropriate. The Nominating and Governance Committee takes into account whatever information is provided to the Nominating and Governance Committee with the recommendation of the prospective candidate and any additional inquiries the Nominating and Governance Committee may in its discretion conduct or have conducted with respect to such prospective nominee. If the Nominating and Governance Committee determines that any such prospective nominee warrants additional consideration, or if the Nominating and Governance Committee has initiated a director search process and has identified one or more prospective nominees, the Nominating and Governance Committee will evaluate such prospective nominees against the standards and qualifications set out in Fortive's Corporate Governance Guidelines, including:

- personal and professional integrity and character;
- prominence and reputation in the prospective nominee's profession;
- skills, knowledge and expertise (including business or other relevant experience) useful and appropriate in overseeing and providing strategic direction with respect to Fortive's business;
- the extent to which the interplay of the prospective nominee's skills, knowledge, experience and background with that of the other Board members will help build a Board that is effective in collectively meeting Fortive's strategic needs and serving the long-term interests of the shareholders;
- the capacity and desire to represent the interests of the shareholders as a whole; and
- availability to devote sufficient time to the affairs of Fortive.

The Nominating and Governance Committee will also consider such other factors as it may deem relevant and appropriate, including the current composition of the Board, any perceived need for one or more particular areas of expertise, the balance of management and independent directors, the need for committee-specific expertise and the evaluations of other prospective nominees. The Board will not have a formal or informal policy with respect to diversity but it is expected that the Board, taken as a whole, will embody a diverse set of skills, knowledge, experiences and backgrounds appropriate in light of Fortive's needs, and in this regard that the Board will also subjectively take into consideration the diversity (with respect to race, gender and national origin) of the

---

## [Table of Contents](#)

Board when considering director nominees. The Board will not make any particular weighting of diversity or any other characteristic in evaluating nominees and directors.

If the Nominating and Governance Committee determines that a prospective nominee warrants further consideration, one or more members of the Nominating and Governance Committee (and other members of the Board as appropriate) will interview the prospective nominee. After completing this evaluation and interview process, if the Nominating and Governance Committee deems it appropriate it will recommend that the Board appoint one or more candidates to the Board or nominate one or more such candidates for election to the Board.

The Nominating and Governance Committee will also review and make recommendations to the Board regarding non-management director compensation (although the Board makes the final determination regarding the amounts and type of non-management director compensation). In connection with its periodic evaluations of non-management director compensation, the Nominating and Governance Committee will review the compensation practices for non-management directors within Fortive's peer group.

### ***Board Leadership Structure***

The Board is expected to separate the positions of Chief Executive Officer and Chairman of the Board. Mr. Spoon is expected to serve as Fortive's Chairman of the Board. The responsibilities of the Chairman of the Board include setting the agenda for each board meeting, in consultation with the Chief Executive Officer; chairing the meetings of directors and meetings of independent directors; and facilitating and conducting, with the Nominating and Governance Committee, the annual self-assessments by the Board and each standing committee of the Board.

Separating the positions of Chief Executive Officer and Chairman of the Board allows the Chief Executive Officer to focus on Fortive's day-to-day business, while allowing the Chairman of the Board to lead the Board in its fundamental role of providing advice to and independent oversight of management. Subject to the requirements under Fortive's amended and restated bylaws, the Board will be free to decide how to structure its leadership.

### ***Board's Role in Risk Oversight***

The Board will execute its risk management responsibility directly and through its committees. The Board's role in risk oversight at Fortive is consistent with Fortive's leadership structure, with management having day-to-day responsibility for assessing and managing Fortive's risk exposure and the Board and its committees overseeing those efforts, with particular emphasis on the most significant risks facing Fortive. The Board oversees the Company's risk management processes directly and through its committees. In general, the Board oversees the management of risks inherent in the operation of Fortive's businesses, the implementation of its strategic plan, its acquisition and capital allocation program, its capital structure and liquidity and its organizational structure, and also oversees Fortive's risk assessment and risk management policies. Each of the Board's committees also oversees the management of Company risks that fall within the committee's areas of responsibility. The Audit Committee oversees risks related to financial controls and legal and compliance risks and also assists the Board in overseeing Fortive's risk assessment and risk management policies; the Nominating and Governance Committee oversees corporate governance risks; and the Compensation Committee considers the impact of Fortive's compensation programs on Fortive's risk profile. Each committee reports to the full Board on a regular basis, including as appropriate with respect to the committee's risk oversight activities. In addition, since risk issues often overlap, committees from time to time request that the full Board discuss particular risks.

The Board will be kept abreast of its committees' risk oversight and other activities via reports of the committee chairpersons to the full board during board meetings.

---

## [Table of Contents](#)

### ***Policies on Business Ethics***

In connection with the separation, Fortive will adopt Standards of Conduct that require all its business activities to be conducted in compliance with laws, regulations and ethical principles and values. All directors, officers and employees of Fortive will be required to read, understand and abide by the requirements of the Standards of Conduct.

These documents will be accessible on Fortive's website. Any waiver of these codes for directors or executive officers may be made only by the Audit Committee. Fortive will disclose any amendment to, or waiver from, a provision of the Standards of Conduct for the principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, on Fortive's website within four business days following the date of the amendment or waiver. In addition, Fortive will disclose any waiver from these codes for the other executive officers and for directors on the website.

### ***Procedures for Treatment of Complaints Regarding Accounting, Internal Accounting Controls and Auditing Matters***

In accordance with the Sarbanes-Oxley Act of 2002, Fortive expects that its Audit Committee will adopt procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls and auditing matters and to allow for the confidential, anonymous submission by employees and others of concerns regarding questionable accounting or auditing matters.

### ***Website Disclosure***

Fortive may provide disclosure in the "Investor – Corporate Governance" section of our corporate website, <http://www.fortive.com>, of any of the following: (1) the identity of the presiding director at meetings of non-management or independent directors, or the method of selecting the presiding director if such director changes from meeting to meeting; (2) the method for interested parties to communicate directly with the Board or with individual directors or the non-management or independent directors as a group; (3) the identity of any member of Fortive's Audit Committee who also serves on the audit committees of more than three public companies and a determination by the Board that such simultaneous service will not impair the ability of such member to effectively serve on Fortive's Audit Committee; and (4) contributions by Fortive to a tax exempt organization in which any non-management or independent director serves as an executive officer if, within the preceding three years, contributions in any single fiscal year exceeded the greater of \$1 million or 2% of such tax exempt organization's consolidated gross revenues. We also intend to disclose any amendment to the Standards of Conduct that relates to any element of the code of ethics definition enumerated in Item 406(b) of Regulation S-K, and any waiver from a provision of the Standards of Conduct granted to any of our directors, principal executive officer, principal financial officer, principal accounting officer, or any other executive officer, in the "Investor – Corporate Governance" section of our corporate website, <http://www.fortive.com>, within four business days following the date of such amendment or waiver.

## COMPENSATION DISCUSSION AND ANALYSIS

*The following section discusses and analyzes the compensation provided to each of the executive officers set forth in the 2015 Summary Compensation Table below, also referred to as the “Fortive Named Executive Officers.”*

### Introduction

Since we are a wholly-owned subsidiary of Danaher and all of the compensation paid to or earned by the Fortive Named Executive Officers in respect of 2015 was provided by Danaher, and determined in accordance with policies and practices developed by Danaher, this Compensation Discussion and Analysis describes and analyzes Danaher’s 2015 compensation programs as they relate to the Fortive Named Executive Officers.

Mr. Lico is an executive officer of Danaher and, as such, his annual compensation is determined and approved by the Danaher Compensation Committee. Each of the other Fortive Named Executive Officers is currently employed by Danaher but none are executive officers; for additional biographical information regarding each such officer, please see the “Management” section of this information statement. The compensation of each of the Fortive Named Executive Officers other than Mr. Lico is generally determined by Mr. Lico with input from Danaher’s CEO, except that their equity awards are ultimately subject to approval by the Danaher Compensation Committee.

In connection with the separation, our Board of Directors will form its own compensation committee, as described in further detail in the section entitled “Management—Board of Directors Following the Separation.” Following the separation, our compensation committee will determine the compensation programs and policies and approve the compensation levels applicable to our executive officers. These programs and policies have not yet been implemented.

### Overview and Objectives of the Danaher Executive Compensation Program

The goal of Danaher’s executive compensation program is to build long-term value for Danaher’s shareholders. Toward this goal, Danaher’s executive compensation program is designed to:

- attract and retain executives with the leadership skills, attributes and experience necessary to succeed in an enterprise with Danaher’s size, diversity and global footprint;
- motivate executives to demonstrate exceptional personal performance and perform consistently over the long-term at or above the levels that Danaher expects; and
- link compensation to the achievement of corporate goals that Danaher believes best correlate with the creation of long-term shareholder value.

To achieve these objectives Danaher developed a compensation program that combines annual and long-term components, cash and equity, and fixed and variable payments, with a bias toward compensation that is dependent on company performance, particularly long-term, equity-based compensation. Danaher’s executive compensation program rewards its executives when they build long-term shareholder value, achieve annual business goals and maintain long-term careers with Danaher.

[Table of Contents](#)

**Analysis of 2015 Executive Compensation**

Danaher's 2015 executive compensation program consisted of four elements, listed in order of significance.

Element	Form of Compensation	Primary Objectives
Long-Term Incentive Compensation (1)	Stock options with time-based vesting periods that have generally been longer than typical for Danaher's peer group	<ul style="list-style-type: none"> <li>Attract, retain and motivate skilled executives and encourage loyalty to Danaher</li> <li>Align the interests of management and shareholders by ensuring that realized compensation is commensurate with long-term changes in share price</li> </ul>
	Restricted stock units with vesting periods that have generally been longer than typical for Danaher's peer group	<ul style="list-style-type: none"> <li>Attract, retain and motivate skilled executives and encourage loyalty to Danaher</li> <li>Align the interests of management and shareholders by tying realized compensation to (a) long-term changes in share price at all price levels, and (b) attainment of financial performance goals</li> </ul>
	Performance stock units with three-year vesting and two-year holding period	<ul style="list-style-type: none"> <li>Attract, retain and motivate skilled executives and encourage loyalty to Danaher</li> <li>Align the interests of management and shareholders by tying realized compensation to (a) long-term changes in share price at all price levels, and (b) attainment of TSR-based performance goals.</li> </ul>
Annual Incentive Compensation	Cash	<ul style="list-style-type: none"> <li>Motivate executives to achieve near-term operational and financial goals that support Danaher's long-term business objectives</li> <li>Attract, retain and motivate skilled executives</li> <li>Allow for meaningful pay differentiation tied to performance of individuals and groups</li> </ul>
Base Salary	Cash	<ul style="list-style-type: none"> <li>Attract and retain skilled executives while avoiding a high fixed cost structure</li> <li>Provide sufficient fixed compensation to (a) allow a reasonable standard of living relative to peers, and (b) mitigate incentive to pursue inappropriate risk-taking to maximize variable pay</li> </ul>
Other Compensation	Employee benefit plans; perquisites; severance benefits	<ul style="list-style-type: none"> <li>Make Danaher's total executive compensation plan competitive</li> <li>Improve cost-effectiveness by delivering perceived value that is higher than Danaher's actual costs</li> </ul>

(1) Mr. Lico is the only Fortive Named Executive Officer who received performance stock units in 2015.

*Long-Term Incentive Awards*

In February 2015, the Danaher Compensation Committee subjectively determined the target dollar value of equity compensation to be delivered to each Fortive Named Executive Officer and granted annual equity awards to each such officer. The Danaher Compensation Committee took into account that the ultimate, realized value of

---

## [Table of Contents](#)

each award will depend substantially on Danaher's long-term performance as well as each of the following factors (none of which was assigned a particular weight by the Danaher Compensation Committee):

- the amount of equity compensation necessary to provide sufficient retention incentives in light of (1) compensation levels within Danaher's peer group, and (2) the accumulated value of equity awards previously granted to the executive (including both outstanding and previously realized awards);
- the relative complexity and importance of the executive's position, as well as the executive's performance record and potential to contribute to future Danaher performance and assume additional leadership responsibility;
- the risk/reward ratio of the award amount compared to the length of the related vesting provisions; and
- for Messrs. McLaughlin, Byrne, Gafinowitz and Murphy, the recommendations of such person's direct manager and of Danaher's President and Chief Executive Officer.

The 2015 annual equity awards were split equally between stock options and RSUs, except that with respect to Mr. Lico one-half of his 2015 annual equity award was granted as stock options, one-quarter as RSUs and one-quarter as performance stock units, or PSUs. In 2015, following a comprehensive review of Danaher's executive annual equity compensation program and with the assistance of F.W. Cook, the Danaher Compensation Committee introduced into Danaher's executive equity compensation program PSUs that vest based on Danaher's TSR ranking relative to the constituent companies comprising the S&P 500 Index over a three-year performance period. The Danaher Compensation Committee introduced these relative-TSR based PSUs (including the two-year holding period following vesting of the PSUs, described below) to further strengthen the alignment of Danaher's executive long-term incentive compensation program with the long-term interests of its shareholders. Consistent with that objective, the Danaher Compensation Committee chose the constituent companies comprising the S&P 500 Index as the relative TSR comparator group because it is a broad and stable assortment of companies that represents investors' alternative capital investment opportunities.

The Danaher Compensation Committee translated the target dollar value attributable to PSUs into a target number of PSUs, established threshold, target and maximum performance levels and established a payout percentage curve that relates each level of performance to a payout expressed as a percentage of the target PSUs. Payout at 100% of the target level requires that Danaher achieve above-median performance and rank at the 55<sup>th</sup> percentile of the constituent companies comprising the S&P 500 Index, while the PSUs pay out at 200% for performance that equals or exceeds the 75<sup>th</sup> percentile, 50% for performance at the 35<sup>th</sup> percentile and 0% for performance below the 35<sup>th</sup> percentile. The payout percentages for performance between threshold and target, or between target and maximum, respectively, are determined by linear interpolation. Notwithstanding the above, if Danaher's absolute TSR performance for the period is negative a maximum of 100% of the target PSUs will vest (regardless of how strong Danaher's performance is on a relative basis), and if Danaher's absolute TSR performance for the period is positive a minimum of 25% of the target PSUs will vest.

Any PSUs that vest following the three-year performance period are subject to an additional two-year holding period and are paid out in shares of Danaher common stock following the fifth anniversary of the commencement of the performance period. Vesting is contingent on continued employment throughout the three-year performance period and until the performance criteria are satisfied as determined by the Danaher Compensation Committee, except that in the event of death during the performance period the executive receives a prorated portion of the target award based on the percentage of the performance period during which he or she was employed, and in the event of retirement during the performance period the executive receives a prorated portion of the shares actually earned based on Danaher's performance over the performance period. Any dividends paid on Danaher's common stock during the performance period are credited to the PSU accounts and paid in cash, but are only paid out to the extent the underlying PSUs vest based on performance and are not paid until the shares underlying the vested PSUs are issued.

## Table of Contents

### *Treatment of Equity-Based Compensation Awards Upon Fortive Spin-Off*

It is expected that Danaher equity awards outstanding at the time of the distribution will be adjusted using the following principles:

- For each award holder, the intent is to maintain the economic value of those awards before and after the distribution date.
- For Fortive employees at the time of distribution, including the Fortive Named Executive Officers, the awards will be converted into Fortive equity awards and denominated in shares of Fortive common stock; for Danaher employees at the time of distribution, the awards will remain Danaher equity awards denominated in shares of Danaher common stock.

The following table provides additional information regarding the adjustments expected to be made to each type of Danaher equity award. As a result of the adjustments to such awards in connection with the separation, the precise number of shares of Fortive common stock or Danaher common stock, as applicable, to which the adjusted awards will relate will not be known until the distribution date or shortly thereafter.

Type of Award	Fortive Employees	Danaher Employees
Stock Options	Danaher stock options will be converted into options of comparable value to purchase Fortive common stock.	Continue to hold Danaher stock options, as equitably adjusted to reflect the distribution.
Time-Based RSUs	Danaher RSUs will be converted into RSUs of comparable value relating to Fortive common stock.	Continue to hold Danaher RSUs, as equitably adjusted to reflect the distribution.
Performance-Based RSUs	Danaher Performance-Based RSUs with outstanding performance goals will be replaced with performance-based Fortive restricted shares of comparable value, with performance goals relating to Fortive instead of Danaher	Continue to hold Danaher Performance-Based RSUs, as equitably adjusted to reflect the distribution.
PSUs	Danaher PSUs will be converted into performance-based Fortive restricted shares of comparable value; performance period will be bifurcated between Danaher performance period and Fortive performance period, weighted pro rata based on duration of each period.	Continue to hold Danaher PSUs, as equitably adjusted to reflect the distribution.

### *Annual Incentive Awards*

#### Mr. Lico

Mr. Lico is a participant in Danaher's Executive Incentive Compensation Plan (the "Executive Incentive Plan"). The Executive Incentive Plan provides cash bonuses to participants based on the achievement of annual objective performance metrics relating to Danaher's business and the participant's personal performance.

For 2015, the Danaher Compensation Committee assigned Mr. Lico a target bonus percentage representing a percentage of his base salary as of March 31, 2015. Subject to Danaher's achievement of positive net income for the year, Mr. Lico would be eligible for a bonus equal to the target bonus amount multiplied by the Composite Payout Percentage (which is the sum of the Company Payout Percentage (weighted 60%) and the Personal Payout Percentage (weighted 40%)), subject to the Danaher Compensation Committee's exercise of

[Table of Contents](#)

discretion. The Danaher Compensation Committee exercised its judgment in determining each element of the 2015 formula. In determining the target bonus percentage for Mr. Lico, the Danaher Compensation Committee considered the amount of annual cash incentive compensation awarded to him in prior years, the relative complexity and importance of his position and the amount of annual cash incentive compensation that peer companies would offer him. For each Danaher performance metric, the Danaher Compensation Committee set the performance target at a level it believes is reasonably achievable while requiring what it believes would be outstanding performance to achieve the maximum payout level. In determining the target performance level and payout percentage curve for the metrics, the Danaher Compensation Committee considered historical performance data for Danaher and its peer group, analyst consensus earnings estimates for the Danaher peer group, Danaher’s annual budget and macroeconomic/end-market trends. In determining the annual personal performance objectives for Mr. Lico, the Danaher Compensation Committee did not assign a particular weighting to any of the objectives but set the quantitative objectives at levels that, while achievable, would in the Danaher Compensation Committee’s opinion require personal performance appreciably above his prior year performance level. Each element of the 2015 performance formula is further described below:

- Company Payout Percentage.** The Company Payout Percentage is based on Danaher’s 2015 performance against the three objective metrics described in the table below (the “Metrics”). For each of the Metrics the Danaher Compensation Committee established threshold, target and maximum levels of Danaher performance, as well as a payout percentage curve that relates each level of performance to a payout percentage. The payout percentage is 0% for below-threshold performance and ranges from 50% for threshold performance to 150% (for the Free Cash Flow Ratio and ROIC metrics) or 200% (for Adjusted EPS) for performance that equals or exceeds the maximum. Under all Metrics, target performance yields a payout percentage of 100%. The payout percentages for performance between threshold and target, or between target and maximum, respectively, are determined by linear interpolation. Following the end of 2015, the Company Payout Percentage was calculated as follows:

2015 Performance/Payout Matrix					
Metric	Target Performance Level	Actual Performance Level	Payout % (Before Weighting)	Weighting of Metric	Weighted Payout %
Adjusted EPS	\$4.32	\$4.23	93.1%	70%	65.2%
Free Cash Flow Ratio	103%	106.1%	107.1%	20%	21.4%
ROIC	11.8%	11.9%	104.2%	10%	10.4%
<b>Company Payout Percentage</b>					<b>97%</b>

- Personal Payout Percentage.** In February 2015, the Danaher Compensation Committee established for Mr. Lico annual personal performance objectives consisting of the degree of year-over-year improvement in core revenue growth, operating profit margin improvement and working capital turnover improvement for his business units or, in certain cases, Danaher’s businesses in particular geographies; return-on-invested-capital performance achieved with respect to acquisitions by his business units; quantitative goals for his business units relating to commercial objectives, human resources-related metrics, on-time delivery, manufacturing quality and return-on-invested-capital performance achieved with respect to certain acquisitions; and qualitative goals for specified business units or geographies relating to building organizational capability, retention, succession planning, capital deployment, the completion of a key disposition and the achievement of high-growth market strategic objectives. Following the end of 2015, the Danaher Compensation Committee used its judgment and determined for Mr. Lico a Personal Payout Percentage of 175%. Without assigning any particular weight to any individual factor, the Danaher Compensation Committee took into account the size of the Company Payout Percentage for the year, the amount of annual cash incentive compensation awarded to Mr. Lico in prior years, his execution against his personal performance objectives for the year, his overall performance for the year and the amount of annual cash incentive compensation that peer companies would offer him.



---

## Table of Contents

- Composite Payout Percentage. The Company Payout Percentage and Personal Payout Percentage were calculated, weighted accordingly and added to yield Mr. Lico's Composite Payout Percentage. The Composite Payout Percentage was multiplied by his target bonus amount to yield his award amount for the year. The 2015 annual cash incentive compensation award for Mr. Lico is set forth in the 2015 Summary Compensation Table.

### Other Fortive Named Executive Officers

Each of Messrs. McLaughlin, Byrne, Gafinowitz and Murphy participates in Danaher's incentive compensation program that covers senior leaders of Danaher operating companies (the "Senior Leader Incentive Program"). The Senior Leader Incentive Program provides cash bonuses based on the achievement of objective, annual performance metrics relating to the officer's business as well as the officer's personal performance, subject to any discretionary adjustments as determined by Mr. Lico with input from Danaher's CEO. Under the performance formula effective for 2015, each officer would be eligible to receive a bonus equal to his target bonus amount, multiplied by (i) a factor determined based on the 2015 performance of the officer's business against the objective business-level financial performance metrics described below ("Senior Leader Business Metrics"), and (ii) a factor determined by the officer's manager based on a subjective review of the officer's performance against the officer's annual personal performance goals and other factors (the "Personal Performance Factor"):

- The 2015 Senior Leader Business Metrics were (i) operating profit, which is an important indicator of the overall health of the business and helps to contribute to returns for Danaher shareholders, (ii) core revenue growth, which is a key measure of the business's ability to increase customer demand for services and products over time, and (iii) working capital turnover, which is a key financial indicator of how efficiently the business is managing the relationship between money used to fund operations and the sales generated from those operations.
- For 2015, Mr. McLaughlin's personal performance objectives consisted of quantitative financial and operational goals relating to his business unit as well as goals relating to strengthening his organization and strengthening his business unit's systems and controls; Mr. Byrne's personal performance objectives consisted of quantitative financial and operational goals relating to his business unit as well as goals relating to sales and marketing effectiveness, organizational development and effectiveness, strategic development and R&D effectiveness; Mr. Gafinowitz's personal performance objectives consisted of quantitative financial and operational goals relating to his business unit as well as goals relating to leadership, strengthening his organization and capital efficiency; and Mr. Murphy's personal performance objectives consisted of quantitative financial and operational goals relating to his business unit as well as goals relating to organizational effectiveness, procurement optimization and facility optimization.

In determining the target bonus percentages for these officers, consideration was given as applicable to the amount of annual cash incentive compensation awarded to the officer in prior years, the relative complexity and importance of the position, the amount of annual cash incentive compensation paid with respect to similar positions at other Danaher businesses and the amount of annual cash incentive compensation that outside peer companies would offer the officer. Based on the Personal Performance Factor determined with respect to each officer and the performance level achieved by such officer's business with respect to the Senior Leader Business Metrics, and in the case of each of Messrs. McLaughlin, Murphy and Byrne an additional discretionary amount incremental to the formula-based amount, Mr. Lico recommended, and Danaher's CEO approved, the 2015 annual cash incentive compensation award reflected in the 2015 Summary Compensation Table.

### *Base Salaries*

The Danaher Compensation Committee reviews base salaries for Danaher's named executive officers, including Mr. Lico, in February of each year and in connection with promotions. In February 2015, the Danaher Compensation Committee subjectively determined Mr. Lico's 2015 base salary, using his prior year's base salary

---

## [Table of Contents](#)

as the initial basis of consideration and (without giving specific weight to any particular factor) taking into account the relative complexity and importance of Mr. Lico's role within Danaher and the market value of his role. Given that base salary is one of the elements in the formula for determining annual cash incentive compensation, the Danaher Compensation Committee also considered how changes in base salary would impact annual cash incentive compensation.

The base salary of each of the other Fortive Named Executive Officers was determined by such officer's direct manager. In determining 2015 base salaries for these officers, the officer's prior year's base salary was used as the initial basis of consideration and other factors taken into account included the officer's personal performance in the prior year and the market value of the officer's role. Given that base salary is one of the elements in the formula for determining annual cash incentive compensation, consideration was also given to how changes in base salary would impact the officer's annual cash incentive compensation.

### *Other Compensation*

**Severance Benefits.** Danaher has entered into a Proprietary Interest Agreement with each of the Fortive Named Executive Officers that includes post-employment non-competition, non-solicitation and confidentiality obligations and in the cases of Messrs. Lico and Gafinowitz also provides for severance payments under certain circumstances. In addition, each of the Fortive Named Executive Officers participates in Danaher's Senior Leader Severance Pay Plan, which also provides for severance payments under certain circumstances. Danaher believes that the severance payments payable upon a termination without cause are generally commensurate with the severance rights Danaher's peers offer executives in comparable roles.

**Benefits and Perquisites.** All of Danaher's executives, including each Fortive Named Executive Officer, are eligible to participate in employee benefit plans, including group medical, dental, vision, disability, accidental death and dismemberment, life insurance, flexible spending and 401(k) plans. These plans are generally available to all U.S. salaried employees and do not discriminate in favor of the Fortive Named Executive Officers. In addition, certain perquisites are made available to the Fortive Named Executive Officers (see the footnotes to the "Summary Compensation Table" for additional details). Danaher believes these limited perquisites help make its executive compensation plans competitive, are generally commensurate with the perquisites offered by its peers, and are cost-effective in that the perceived value of these items is higher than its actual cost. The Danaher Compensation Committee has also adopted a policy prohibiting any tax reimbursement or gross-up provisions in its executive compensation program (except under a policy applicable to management employees generally such as a relocation policy).

In addition, each of the Fortive Named Executive Officers participates in the Amended and Restated Danaher Corporation & Subsidiaries Executive Deferred Incentive Program, or Danaher EDIP. The Danaher EDIP is a shareholder-approved, non-qualified, unfunded deferred compensation program available to selected members of Danaher's management. Danaher uses the Danaher EDIP to tax-effectively contribute amounts to executives' retirement accounts and give its executives an opportunity to defer taxes on cash compensation and realize tax-deferred, market-based notional investment growth on their deferrals. The amount Danaher contributes annually to the executives' accounts in the Danaher EDIP is set at a level that it believes is competitive with comparable plans offered by other companies in Danaher's industry. Participants in the Danaher EDIP do not fully vest in such amounts until they have participated in the program for 15 years or have reached age 55 with at least five years of service with Danaher.

### **Danaher's Peer Group Compensation Analysis**

The Danaher Compensation Committee does not target a specific competitive position versus the market or peer companies in determining the compensation of Danaher's named executive officers, including Mr. Lico, because in light of Danaher's diverse mix of businesses, strict benchmarking against a selected group of companies would not provide a meaningful basis for establishing compensation. However, the Danaher

## Table of Contents

Compensation Committee believes it is important to clearly understand the relevant market for executive talent to inform its decision-making and ensure that Danaher's executive compensation program for its named executive officers supports its recruitment and retention needs and is fair and efficient. As a result, the Danaher Compensation Committee has worked with F.W. Cook to develop a peer group for purposes of assessing competitive compensation practices, and periodically reviews compensation data for the peer group derived from publicly filed proxy statements.

Danaher's peer group consists of the companies set forth below (the "peer companies"):

3M Company	Eaton Corp.	Parker-Hannifin Corporation
Abbott Laboratories	E. I. Du Pont De Nemours and Company	Rockwell Automation Inc.
Baxter International, Inc.	Emerson Electric Co.	Stryker Corporation
Becton Dickinson & Co.	Honeywell International Inc.	Thermo Fisher Scientific Inc.
Boston Scientific Corporation	Illinois Tool Works, Inc.	United Technologies Corp.
Dover Corp.	Medtronic Inc.	

The Danaher Compensation Committee selected companies for inclusion in this peer group based on (i) the extent to which they compete with Danaher in one or more lines of business, for executive talent and for investors, and (ii) comparability of revenues, market capitalization, net income, total assets and number of employees. The table below sets forth for this peer group and Danaher information regarding revenue, net income and total assets (based on the most recently reported four quarters for each company as of April 30, 2015), market capitalization (as of April 30, 2015) and employee headcount (based on each company's most recent fiscal year end as of April 30, 2015), in each case derived from the Standard & Poor's Compustat database.

	(\$ in millions)				
	Revenue	Market capitalization	Net income (before extraordinary items and discontinued operations)	Total assets	Employees
75 <sup>th</sup> percentile	\$24,106	\$ 70,047	\$ 3,065	\$ 41,857	89,800
Median	\$16,905	\$ 37,384	\$ 1,820	\$ 28,293	57,447
25 <sup>th</sup> percentile	\$ 9,749	\$ 29,496	\$ 1,079	\$ 16,472	30,619
DHR	\$20,124	\$ 57,932	\$ 2,588	\$ 36,072	71,000
DHR percentile rank	60%	66%	68%	67%	65%

The peer group compensation data that the Danaher Compensation Committee reviewed in 2015 in connection with its 2015 executive compensation decisions estimated the 25<sup>th</sup>, median and 75<sup>th</sup> percentile positions among our peers with respect to base salary, annual cash incentive compensation (target and actual), average actual annual cash incentive compensation from 2012-2014, total annual cash compensation (target and actual), long-term incentive compensation, total direct compensation (target and actual), all other compensation, annual change in pension value and above-market interest on non-qualified deferred compensation, and actual total compensation, in each case with respect to each respective named executive officer position.

### Danaher Stock Ownership Policies

Below is a summary of Danaher policies relating to Danaher common stock ownership that apply to the Fortive Named Executive Officers. Fortive expects to adopt substantially similar policies in connection with the separation.

#### Stock Ownership Requirements

To further align management and shareholder interests and discourage inappropriate or excessive risk-taking, Danaher's stock ownership policy requires each Danaher executive officer, including Mr. Lico, to obtain a substantial equity stake in Danaher within five years of their appointment to an executive position. Mr. Lico is

---

## [Table of Contents](#)

required to own shares with a market value of at least three times his base salary. Once a Danaher executive has acquired a number of Danaher shares that satisfies the ownership multiple then applicable to him or her, such number of shares then becomes his or her minimum ownership requirement (even if the executive's salary increases or the fair market value of such shares subsequently changes) until he or she is promoted to a higher level. Under the policy, beneficial ownership includes shares in which the executive or his or her spouse or child has a direct or indirect interest, notional shares of Danaher stock in the Danaher EDIP plan, shares held in a 401(k) plan, and unvested RSUs and PSUs (based on target number of shares until vested and then based on the actual number of vested shares), but does not include shares subject to unexercised stock options. Mr. Lico was in compliance with the stock ownership requirements as of December 31, 2015.

### *Pledging Policy*

In addition, Danaher's Board has adopted a policy that prohibits any Danaher director or executive officer, including Mr. Lico, from pledging as security under any obligation any shares of Danaher common stock that he or she directly or indirectly owns and controls (other than shares already pledged as of February 21, 2013), and provides that pledged shares of Danaher common stock do not count toward Danaher's stock ownership requirements.

### *Hedging Policy*

Danaher policy prohibits Danaher employees and directors from engaging in any transactions involving a derivative of a Danaher security, including hedging transactions.

### **Danaher Recoupment Policy**

To further discourage inappropriate or excessive risk-taking, the Danaher Compensation Committee has adopted a recoupment policy applicable to Danaher's executives, other individuals who serve on the Danaher Leadership Team (which consists primarily of Danaher corporate executives), and certain other employees (the "covered persons"), including Messrs. Lico and Gafinowitz. Under the policy, in the event of a material restatement of Danaher's consolidated financial statements (other than any restatement required pursuant to a change in applicable accounting rules), Danaher's Board may, to the extent permitted by law and to the extent it determines that it is in Danaher's best interests to do so, in addition to all other remedies available to Danaher require reimbursement or payment to Danaher of:

- the portion of any annual incentive compensation payment awarded to any covered person within the three year period prior to the date such material restatement is first publicly disclosed that would not have been awarded had the consolidated financial statements that are the subject of such restatement been correctly stated (except that Danaher's Board has the right to require reimbursement of the entire amount of any such annual incentive compensation payment from any covered person whose fraud or other intentional misconduct in the Danaher Board's judgment alone or with others caused such restatement); and
- all gains from equity awards granted on or after March 15, 2009 realized by any covered person during the twelve-month period immediately following the original filing of the consolidated financial statements that are the subject of such restatement, if the covered person's fraud or other intentional misconduct in the Board's judgment alone or with others caused such restatement.

In connection with the separation, Fortive expects to adopt a recoupment policy covering each of the Fortive Named Executive Officers.

In addition, both of the stock plans in which Danaher executives, including the Fortive Named Executive Officers, participate contain a provision for recovering awards upon certain circumstances. Under the terms of Danaher's 2007 Stock Incentive Plan and the 1998 Stock Option Plan, no associate can exercise any outstanding equity award after such time he or she is terminated for gross misconduct. In addition, under the terms of the

---

## [Table of Contents](#)

Danaher EDIP, if the Administrator determines that termination of an employee's participation in the EDIP resulted from the employee's gross misconduct, the Administrator may determine that the employee's vesting percentage is zero with respect to all balances that were contributed by Danaher.

### **Regulatory Considerations**

Section 162(m) generally disallows a tax deduction to public corporations for compensation in excess of \$1 million paid for any fiscal year to its CEO or to any of its other three most highly compensated executive officers (other than the CFO). The statute generally exempts qualifying performance-based compensation from the deduction limit if certain conditions are met. Danaher reviews the tax impact of its executive compensation on Danaher as well as on its executive officers. In addition, Danaher reviews the impact of its compensation programs against other considerations, such as accounting impact, shareholder alignment, market competitiveness, effectiveness and perceived value to employees. Because many different factors influence a well-rounded, comprehensive executive compensation program, some of the compensation Danaher provides to its executive officers might not be deductible under Section 162(m).

### **Risk Considerations and Review of Executive Compensation Practices**

Risk-taking is a necessary part of growing a business, and prudent risk management is necessary to deliver long-term, sustainable shareholder value. The Danaher Compensation Committee believes that Danaher's executive compensation program supports the objectives described above without encouraging inappropriate or excessive risk-taking. In reaching this conclusion, the Danaher Compensation Committee considered in particular the following attributes and risk-mitigation features of Danaher's executive compensation program.

- The program's emphasis on long-term, equity-based compensation discourages risk-taking that produces short-term results at the expense of building long-term shareholder value.
- The stock options and RSUs vest over five years and PSUs are subject to three-year vesting and a further two-year holding period, which together with Danaher's recoupment policy ensure its executives realize their compensation over a time horizon consistent with achieving long-term shareholder value.
- The annual incentive compensation program uses performance metrics based on earnings, cash flow and capital efficiency and Danaher's long-term incentive compensation program uses performance metrics based on total shareholder return and earnings, mitigating the incentive to overperform with respect to any particular metric at the expense of other metrics.
- Danaher caps the payment amounts under its annual cash incentive compensation plan and the number of shares that a participant may earn under its PSU awards, and the Danaher Compensation Committee can exercise negative discretion to reduce annual cash incentive compensation payments.
- Danaher executives are subject to robust stock ownership guidelines.
- Danaher prohibits its employees from engaging in transactions in any derivative of a Danaher security.
- The Danaher Compensation Committee and the Danaher Nominating and Governance Committee use independent compensation consultants that perform no other services for Danaher.

[Table of Contents](#)

**2015 Summary Compensation Table**

The 2015 Summary Compensation Table and notes show all compensation paid to or earned by each of the Fortive Named Executive Officers for 2015 under Danaher's compensation programs and plans. Following the separation, Fortive Named Executive Officers will receive compensation and benefits under our compensation programs and plans.

Name and Principal Position	Year	Salary (\$) (1)	Stock Awards (\$) (2)	Option Awards (\$) (2)	Non-Equity Incentive Plan Compensation (\$) (1)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$) (3)	All Other Compensation (\$) (4)	Total (\$)
<b>James A. Lico</b> , President and Chief Executive Officer	2015	\$ 701,200	\$ 1,588,304	\$ 1,393,534	\$ 1,123,673	\$ 2,937	\$ 167,668	\$ 4,977,316
	2014	\$ 661,500	\$ 2,904,906	\$ 2,108,025	\$ 1,022,100	\$ 3,212	\$ 133,876	\$ 6,833,619
<b>Charles E. McLaughlin</b> , Chief Financial Officer	2015	\$ 384,831	\$ 191,306	\$ 146,826	\$ 300,000	—	\$ 123,522(5)	\$ 1,146,485
	2014	\$ 360,319	\$ 194,768	\$ 146,826	\$ 203,527	—	\$ 84,598	\$ 814,746
<b>Patrick J. Byrne</b> , Senior Vice President	2015	\$ 508,654	\$ 300,427	\$ 210,034	\$ 235,000	—	\$ 189,123(6)	\$ 1,443,238
<b>Martin Gafinowitz</b> , Senior Vice President	2015	\$ 513,874	\$ 450,427	\$ 315,050	\$ 414,623	\$ 855	\$ 109,776(7)	\$ 1,804,605
<b>Patrick K. Murphy</b> , Senior Vice President	2015	\$ 466,442	\$ 375,213	\$ 262,542	\$ 225,000	—	\$ 71,700(8)	\$ 1,400,897

(1) The following table sets forth the amount, if any, of salary, non-equity incentive and/or bonus compensation that each Fortive Named Executive Officer deferred into the Danaher EDIP with respect to each of the years reported above:

Name	Amount of Salary Deferred into EDIP (\$)	Amount of Non-Equity Incentive Compensation Deferred into EDIP (\$)
	2015	2015
James A. Lico	—	\$ 100,000
Charles E. McLaughlin	—	0
Patrick J. Byrne	—	\$ 117,500
Martin Gafinowitz	\$ 61,665	\$ 50,000
Patrick K. Murphy	—	\$ 112,500

(2) The amounts reflected in these columns represent the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 for equity grants made in the applicable year:

- With respect to stock options, the grant date fair value under FASB ASC Topic 718 has been calculated using the Black-Scholes option pricing model, based on the following assumptions (and assuming no forfeitures):

Name	Date of grant	Risk-free interest rate	Stock price volatility rate	Dividend yield	Option life
James A. Lico	February 24, 2015	1.86%	23.40%	0.62%	8.0 years
	May 15, 2014	2.20%	21.80%	0.53%	8.0 years
	February 24, 2014	2.38%	22.8%	0.53%	8.0 years
Charles E. McLaughlin	July 15, 2015	1.74%	25.30%	0.61%	5.5 years
	July 15, 2014	1.82%	21.90%	0.51%	5.5 years
Patrick J. Byrne, Martin Gafinowitz, Patrick K. Murphy	February 24, 2015	1.55%	23.20%	0.62%	5.5 years

- With respect to RSUs, the grant date fair value under FASB ASC Topic 718 is calculated based on the number of shares of Danaher common stock underlying the RSU, times the closing price of Danaher common stock on the date of grant. In 2015, one-half of Mr. Lico's annual stock award was granted in the form of RSUs and one-half was granted in the form of PSUs that vest based on

## Table of Contents

Danaher's TSR ranking relative to the constituents of the S&P 500 Index over a three-year performance period. With respect to PSUs, the 2015 grant date fair value under FASB ASC Topic 718 has been calculated based on the probable outcome of the applicable performance conditions and a Monte Carlo simulation valuation model modified to reflect an illiquidity discount (as a result of the mandatory two-year post-vesting holding period), using the following significant assumptions:

Assumption	Monte Carlo Simulation	Illiquidity Discount
Average volatility of peer group	23.46%	21.55%
Risk free interest rate	0.91%	0.60%
Dividend yield	—	—

- (3) The amount set forth in this column represents the aggregate change in the actuarial present value of the officer's accumulated benefit under the Cash Balance Plan of the Danaher Corporation & Subsidiaries Pension Plan between the December 31, 2014 plan measurement date and the December 31, 2015 plan measurement date. The material assumptions used in quantifying the present value of the accumulated benefit at each of December 31, 2014 and December 31, 2015 are as follows: an interest crediting rate (applied from the plan measurement date until normal retirement age) of 3.0% for the plan measurement date of December 31, 2014 and 3.42% for the plan measurement date of December 31, 2015; a retirement age of 65, which is normal retirement age under the Cash Balance Plan; payment of the accrued obligations in a lump sum upon retirement; and a discount rate of 4.0% for the plan measurement date of December 31, 2014 and 4.42% for the plan measurement date of December 31, 2015. Danaher does not provide any above-market or preferential earnings on compensation that is deferred.

- (4) The following table sets forth the Danaher 401(k) plan and Danaher EDIP contributions Danaher made to each Fortive Named Executive Officer for 2015, which amounts are included in "All Other Compensation":

Name	2015 Company 401(k) Contributions (\$)	2015 Company EDIP Contributions (\$)
James A. Lico	\$ 18,760	\$ 148,838
Charles E. McLaughlin	\$ 18,760	\$ 30,172
Patrick J. Byrne	\$ 18,675	\$ 45,000
Martin Gafinowitz	\$ 18,760	\$ 68,000
Patrick K. Murphy	\$ 15,900	\$ 37,800

- (5) Includes an aggregate of \$73,233 in perquisites consisting of \$34,260 in travel, lodging, meals and related expenses related to trips between Mr. McLaughlin's home and his work location, \$32,643 in relocation costs and amounts relating to a Danaher-provided automobile and tickets to an entertainment event. In connection with Mr. McLaughlin's promotion to Chief Financial Officer of Fortive, Danaher provided him with relocation assistance under the relocation program that Danaher makes available to management employees generally, including the payment of costs related to his purchase of a new residence as well as reimbursement in the amount of \$2,577 for the income taxes incurred by Mr. McLaughlin with respect to such relocation perquisites. The incremental cost to Danaher of the relocation assistance is calculated based on Danaher's out-of-pocket costs for such relocation items. The incremental cost to Danaher of the other reported perquisites is also calculated based on Danaher's out-of-pocket costs for such items.
- (6) Includes an aggregate of \$125,448 in perquisites consisting of \$107,448 in relocation costs and a personal car allowance. The relocation assistance provided to Mr. Byrne was generally the same as the relocation assistance provided to Mr. McLaughlin described in Footnote 5 above (and the incremental cost of the perquisite is calculated in the same manner), and included reimbursement in the amount of \$395 for the income taxes incurred by Mr. Byrne with respect to such relocation perquisites.
- (7) Includes perquisites consisting of a personal car allowance and club dues.
- (8) Includes a perquisite consisting of a personal car allowance.

[Table of Contents](#)

**Grants of Plan-Based Awards for Fiscal 2015**

The following table sets forth certain information regarding grants of plan-based awards to Fortive Named Executive Officers in 2015 under Danaher's compensation programs and plans.

Name	Type of Award	Grant Date	Committee Approval Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards (1)			Estimated Future Payouts Under Equity Incentive Plan Awards (2)			All Other Option Awards: Number of Securities Underlying Options (#)(2)	Exercise or Base Price of Option Awards (\$/Share)	Grant Date Fair Value of Stock and Option Awards (\$)(3)
				Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)			
James A. Lico	Annual cash incentive compensation	2/23/2015	2/23/2015	\$ 262,950	\$876,500	\$10,000,000	—	—	—	—	—	
	Stock options (4)	2/24/2015	2/23/2015	—	—	—	—	—	—	56,740	\$ 87.04	
	Restricted stock units (5)	2/24/2015	2/23/2015	—	—	—	—	9,365	—	—	\$ 800,427	
	Performance stock units (6)	2/24/2015	2/23/2015	—	—	—	2,341	9,365	18,730	—	\$ 787,877	
Charles E. McLaughlin	Annual cash incentive compensation	—	—	0	\$207,500	(7)	—	—	—	—	—	
	Stock options (8)	7/15/2015	7/14/2015	—	—	—	—	—	—	6,680	\$ 88.33	
	Restricted stock units (9)	7/15/2015	7/14/2015	—	—	—	—	2,205	—	—	\$ 191,306	
Patrick J. Byrne	Annual cash incentive compensation	—	—	0	\$256,250	(7)	—	—	—	—	—	
	Stock options (8)	2/24/2015	2/23/2015	—	—	—	—	—	—	10,640	\$ 87.04	
	Restricted stock units (9)	2/24/2015	2/23/2015	—	—	—	—	3,515	—	—	\$ 300,427	
Martin Gafinowitz	Annual cash incentive compensation	—	—	0	\$363,290	(7)	—	—	—	—	—	
	Stock options (10)	2/24/2015	2/23/2015	—	—	—	—	—	—	15,960	\$ 87.04	
	Restricted stock units (11)	2/24/2015	2/23/2015	—	—	—	—	5,270	—	—	\$ 450,427	
Patrick K. Murphy	Annual cash incentive compensation	—	—	0	\$259,875	(7)	—	—	—	—	—	
	Stock options (8)	2/24/2015	2/23/2015	—	—	—	—	—	—	13,300	\$ 87.04	
	Restricted stock units (9)	2/24/2015	2/23/2015	—	—	—	—	4,390	—	—	\$ 375,213	

- (1) These columns relate to 2015 cash award opportunities under Danaher's 2007 Executive Incentive Compensation Plan (with respect to Mr. Lico) or Danaher's Senior Leader Incentive Plan (with respect to Messrs. McLaughlin, Byrne, Gafinowitz and Murphy).
- (2) These columns relate to awards granted under Danaher's 2007 Stock Incentive Plan, the terms of which apply to all of the equity awards described in this table.
- (3) Reflects the grant date fair value calculated in accordance with FASB ASC Topic 718. For the assumptions used in determining the grant date fair value under FASB ASC Topic 718, please see Footnote 2 to the Summary Compensation Table.
- (4) For a description of the vesting terms of the award, please see Footnote 3 to the Outstanding Equity Awards at 2015 Fiscal Year-End Table.
- (5) For a description of the vesting terms of the award, please see Footnote 6 to the Outstanding Equity Awards at 2015 Fiscal Year-End Table.
- (6) For a description of the vesting terms of the award, please see Footnote 5 to the Outstanding Equity Awards at 2015 Fiscal Year-End Table.
- (7) The annual bonus opportunity was not subject to a maximum payment amount.
- (8) For a description of the vesting terms of the award, please see Footnote 10 to the Outstanding Equity Awards at 2015 Fiscal Year-End Table.
- (9) For a description of the vesting terms of the award, please see Footnote 11 to the Outstanding Equity Awards at 2015 Fiscal Year-End Table.
- (10) For a description of the vesting terms of the award, please see Footnote 4 to the Outstanding Equity Awards at 2015 Fiscal Year-End Table.
- (11) For a description of the vesting terms of the award, please see Footnote 12 to the Outstanding Equity Awards at 2015 Fiscal Year-End Table.



**Outstanding Equity Awards at 2015 Fiscal Year-End**

The following table summarizes the number of securities underlying outstanding equity awards for each Fortive Named Executive Officer as of December 31, 2015.

Name	Grant Date	Option Awards				Stock Awards			
		Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable (1)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#) (1)	Market Value of Shares or Units of Stock That Have Not Vested (\$) (2)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (1)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) (2)
James A. Lico	2/24/2015	—	56,740(3)	\$ 87.04	2/24/2025	—	—	—	—
	5/15/2014	—	42,380(4)	\$ 74.97	5/15/2024	—	—	—	—
	2/24/2014	—	53,350(3)	\$ 76.56	2/24/2024	—	—	—	—
	7/30/2013	—	75,260(4)	\$ 67.17	7/30/2023	—	—	—	—
	2/21/2013	—	62,000(3)	\$ 60.99	2/21/2023	—	—	—	—
	2/23/2012	—	71,560(3)	\$ 53.48	2/23/2022	—	—	—	—
	2/23/2011	38,710	38,710(3)	\$ 49.59	2/23/2021	—	—	—	—
	2/23/2010	95,280	—	\$ 37.32	2/23/2020	—	—	—	—
	2/24/2009	121,140	—	\$ 26.29	2/24/2019	—	—	—	—
	2/20/2008	109,280	—	\$ 37.75	2/20/2018	—	—	—	—
	2/22/2007	45,360	—	\$ 37.07	2/22/2017	—	—	—	—
	2/24/2015	—	—	—	—	—	—	18,730(5)	\$ 1,739,642
	2/24/2015	—	—	—	—	—	—	9,365(6)	\$ 869,821
	5/15/2014	—	—	—	—	—	—	16,955(7)	\$ 1,574,780
	2/24/2014	—	—	—	—	21,340(8)	\$ 1,982,059	—	—
	7/30/2013	—	—	—	—	45,155(9)	\$ 4,193,996	—	—
	2/21/2013	—	—	—	—	24,800(8)	\$ 2,303,424	—	—
	2/23/2012	—	—	—	—	28,625(8)	\$ 2,658,690	—	—
	2/23/2011	—	—	—	—	15,485(8)	\$ 1,438,247	—	—
	Charles E. McLaughlin	7/15/2015	—	6,680(10)	\$ 88.33	7/15/2025	—	—	—
7/15/2014		1,202	4,808(10)	\$ 78.24	7/15/2024	—	—	—	—
7/30/2013		2,744	4,116(10)	\$ 67.17	7/30/2023	—	—	—	—
7/25/2012		5,154	3,436(10)	\$ 51.09	7/25/2022	—	—	—	—
11/4/2011		2,552	638(10)	\$ 48.75	11/4/2021	—	—	—	—
2/23/2011		4,648	1,162(10)	\$ 49.59	2/23/2021	—	—	—	—
2/23/2010		6,940	—	\$ 37.32	2/23/2020	—	—	—	—
2/20/2008		12,000	—	\$ 37.75	2/20/2018	—	—	—	—
7/15/2015		—	—	—	—	2,205(11)	\$ 204,800	—	—
7/15/2014		—	—	—	—	1,924(11)	\$ 178,701	—	—
7/30/2013		—	—	—	—	1,647(11)	\$ 152,973	—	—
7/25/2012		—	—	—	—	1,374(11)	\$ 127,617	—	—
11/4/2011		—	—	—	—	255(11)	\$ 23,684	—	—
2/23/2011		—	—	—	—	465(11)	\$ 43,189	—	—

[Table of Contents](#)

Name	Grant Date	Option Awards				Stock Awards			
		Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable (1)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Vested (#) (1)	Market Value of Shares or Units of Stock That Have Not Vested (\$ (2)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (1)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$ (2)
Patrick J. Byrne	2/24/2015	—	10,640(10)	\$ 87.04	2/24/2025	—	—	—	—
	11/15/2014	786	3,144(10)	\$ 82.23	11/15/2024	—	—	—	—
	11/15/2014	786	3,144(10)	\$ 82.23	11/15/2024	—	—	—	—
	2/24/2014	1,168	4,672(10)	\$ 76.56	2/24/2024	—	—	—	—
	11/1/2012	9,040	18,080(4)	\$ 52.30	11/1/2022	—	—	—	—
	2/24/2015	—	—	—	—	3,515(11)	\$ 326,473	—	—
	11/15/2014	—	—	—	—	1,260(11)	\$ 117,029	—	—
	11/15/2014	—	—	—	—	1,260(11)	\$ 117,029	—	—
	2/24/2014	—	—	—	—	1,868(11)	\$ 173,500	—	—
	11/1/2012	—	—	—	—	7,234(12)	\$ 671,894	—	—
Martin Gafinowitz	2/24/2015	—	15,960(4)	\$ 87.04	2/24/2025	—	—	—	—
	5/15/2014	—	4,240(4)	\$ 74.97	5/15/2024	—	—	—	—
	2/24/2014	—	15,010(4)	\$ 76.56	2/24/2024	—	—	—	—
	2/21/2013	—	17,050(4)	\$ 60.99	2/21/2023	—	—	—	—
	2/23/2012	5,963	11,927(4)	\$ 53.48	2/23/2022	—	—	—	—
	2/23/2011	11,186	5,594(4)	\$ 49.59	2/23/2021	—	—	—	—
	2/23/2010	20,800	—	\$ 37.32	2/23/2020	—	—	—	—
	2/24/2009	26,440	—	\$ 26.29	2/24/2019	—	—	—	—
	2/20/2008	23,860	—	\$ 37.75	2/20/2018	—	—	—	—
	2/24/2015	—	—	—	—	5,270(12)	\$ 489,478	—	—
	5/15/2014	—	—	—	—	1,700(12)	\$ 157,896	—	—
	2/24/2014	—	—	—	—	6,005(12)	\$ 557,744	—	—
	2/24/2014	—	—	—	—	6,670(12)	\$ 619,510	—	—
	2/21/2013	—	—	—	—	6,820(12)	\$ 633,442	—	—
	2/23/2012	—	—	—	—	4,774(12)	\$ 443,409	—	—
2/23/2011	—	—	—	—	2,237(12)	\$ 207,773	—	—	
Patrick K. Murphy	2/24/2015	—	13,300(10)	\$ 87.04	2/24/2025	—	—	—	—
	5/15/2014	2,544	10,176(10)	\$ 74.97	5/15/2024	—	—	—	—
	2/24/2015	—	—	—	—	4,390(11)	\$ 407,743	—	—
	5/15/2014	—	—	—	—	4,072(11)	\$ 378,207	—	—

- (1) With respect to the unexercisable options and unvested PSU's and RSUs reflected in the table above, the footnotes below describe the vesting terms applicable to the entire award of which such options, PSU's or RSUs were a part.
- (2) Market value is calculated based on the closing price of Danaher's common stock on December 31, 2015 as reported on the NYSE (\$92.88 per share), times the number of shares.
- (3) Under the terms of the award, 50% of the options granted become or become exercisable on each of the fourth and fifth anniversaries of the grant date.
- (4) Under the terms of the award, one-third of the options granted become or become exercisable on each of the third, fourth and fifth anniversaries of the grant date.
- (5) The number of shares of Danaher common stock that vest pursuant to the PSU award is based on Danaher's total shareholder return (TSR) ranking relative to the S&P 500 Index over a three-year performance period. Payout at 100% of the target level requires that Danaher achieve above-median

## Table of Contents

performance and rank at the 55<sup>th</sup> percentile of the S&P 500 Index, while the PSUs pay out at 200% (which is the level reflected in this table) for performance that equals or exceeds the 75<sup>th</sup> percentile, 50% for performance at the 35<sup>th</sup> percentile and zero percent for performance below the 35<sup>th</sup> percentile. The payout percentages for performance between threshold and target, or between target and maximum, respectively, are determined by linear interpolation. Notwithstanding the above, if Danaher's absolute TSR performance for the period is negative a maximum of 100% of the target PSUs will vest (regardless of how strong Danaher's performance is on a relative basis), and if Danaher's absolute TSR performance for the period is positive a minimum of 25% of the target PSUs will vest. Any PSUs that vest following the three-year performance period are subject to an additional two-year holding period and are paid out in shares of Danaher common stock following the fifth anniversary of the commencement of the performance period.

- (6) The RSU award is subject to both time-based and performance-based vesting criteria. Pursuant to the time-based vesting provisions, one-half of the RSUs will vest on each of the fourth and fifth anniversaries of the grant date. The grantee will not vest in any of the RSUs however unless (A) Danaher completes four consecutive fiscal quarters starting after the grant date and ending on or prior to the tenth anniversary of the grant date in which (x) Adjusted EPS exceeds 110% of the Adjusted EPS for the four fiscal quarters ended December 31, 2014 and (y) Danaher achieves positive net income; and (B) the Danaher Compensation Committee certifies that the foregoing performance criteria have been satisfied. For purposes of this footnote, Adjusted EPS is defined as fully diluted earnings per share as determined pursuant to generally accepted accounting principles consistently applied ("GAAP") but excluding (1) extraordinary or nonrecurring items in accordance with GAAP, (2) the impact of any change in accounting principles that occurs during either the baseline period or the performance period and the cumulative effect thereof (the Danaher Compensation Committee may either apply the changed accounting principle to the baseline period and the full performance period, or exclude the impact of the change in accounting principle from both periods), (3) goodwill and other intangible impairment charges, (4) gains or charges associated with (i) a business becoming a discontinued operation, (ii) the sale or divestiture (in any manner) of any interest in a business or (iii) the obtaining or losing control of a business, as well as the gains or charges associated with the operation of any business (a) that during the baseline period or the performance period is or becomes a discontinued operation, (b) as to which control is lost during the baseline period or the performance period, or (c) as to which Danaher sells or divests its interest in the baseline period or the performance period, (5) gains or charges related to the sale or impairment of assets, (6)(i) all transaction costs directly related to the acquisition of any whole or partial interest in a business, (ii) all restructuring charges directly related to any business as to which Danaher acquired a whole or partial interest and incurred within two years of the acquisition date, (iii) all charges and gains arising from the resolution of contingent liabilities related to any business as to which Danaher acquired a whole or partial interest and identified as of the acquisition date, and (iv) all other charges directly related to the acquisition of any whole or partial interest in a business and incurred within two years of the acquisition date, and (7) the impact of any discrete income tax charges or benefits recorded in the performance period or baseline period if such charges in aggregate exceed \$10 million during the respective period; provided, that with respect to the gains and charges referred to in sections (3), (4), (5), (6)(iii), (6)(iv), only gains or charges that individually or as part of a series of related items exceed \$10 million in aggregate during the baseline and performance periods are excluded.
- (7) The RSU award is subject to both time-based and performance-based vesting criteria. Pursuant to the time-based vesting provisions, one-third of the RSUs will vest on each of the third, fourth and fifth anniversaries of the grant date. The grantee will not vest in any of the RSUs however unless (A) Danaher completes four consecutive fiscal quarters starting after the grant date and ending on or prior to the tenth anniversary of the grant date in which (x) Adjusted EPS exceeds 110% of the Adjusted EPS for the four fiscal quarters ended March 28, 2014 and (y) Danaher achieves positive net income; and (B) the Danaher Compensation Committee certifies that the foregoing performance criteria have been satisfied. For purposes of this footnote, Adjusted EPS is defined in the same manner as described in Footnote 6 above.
- (8) The RSU award was granted subject to both time-based and performance-based vesting criteria, and Danaher's Compensation Committee has certified that the performance-based vesting criteria applicable to the award have been satisfied. Pursuant to the time-based vesting provisions, 50% of the award vests or vested on each of the fourth and fifth anniversaries of the grant date.
- (9) The RSU award was granted subject to both time-based and performance-based vesting criteria, and Danaher's Compensation Committee has certified that the performance-based vesting criteria applicable to the award have been satisfied. Pursuant to the time-based vesting provisions, one-third of the award vests or vested on each of the third, fourth and fifth anniversaries of the grant date.
- (10) Under the terms of the award, 20% of the options granted become or became exercisable on each of the first five anniversaries of the grant date.
- (11) Under the terms of the award, 20% of the RSUs granted become or became exercisable on each of the first five anniversaries of the grant date.
- (12) Under the terms of the award, one-third of the RSUs granted become or became exercisable on each of the third, fourth and fifth anniversaries of the grant date.

**Option Exercises and Stock Vested During Fiscal 2015**

The following table summarizes stock option exercises and the vesting of RSU awards with respect to Fortive Named Executive Officers in 2015.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)(1)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)(2)
James A. Lico	153,840	\$ 8,400,351	34,541	\$ 3,000,231
Charles E. McLaughlin	0	0	3,365	\$ 298,650
Patrick J. Byrne	0	0	4,713	\$ 436,987
Martin Gafinowitz	36,000	\$ 2,212,197	7,397	\$ 642,504
Patrick K. Murphy	0	0	1,018	\$ 88,006

- (1) Calculated by multiplying the number of shares acquired times the difference between the exercise price and the market price of Danaher common stock at the time of exercise.
- (2) Calculated by multiplying the number of shares acquired times the closing price of Danaher's common stock as reported on the NYSE on the vesting date (or on the last trading day prior to the vesting date if the vesting date was not a trading day).

**2015 Pension Benefits**

The table below shows as of December 31, 2015, the present value of accumulated benefits payable to Messrs. Lico and Gafinowitz under the Cash Balance Plan of the Danaher Corporation & Subsidiaries Pension Plan (the "Cash Balance Plan"), which is the only defined benefit pension plan in which any of the Fortive Named Executive Officers participates. None of the other Fortive Named Executive Officers participate in the Cash Balance Plan.

The Cash Balance Plan is part of the Danaher Corporation & Subsidiaries Pension Plan, a funded pension plan qualified under Section 401(a) of the Code. Prior to the inception of the Cash Balance Plan in 1997, Danaher made annual contributions to the defined contribution retirement plans of substantially all of its United States salaried employees, in an amount equal to 3% of the employee's annual, eligible base salary. From 1997 through 2003, in lieu of these contributions, Danaher credited the same level of contributions to the Cash Balance Plan for each covered employee. As of December 31, 2003, the plan was "frozen" with respect to substantially all participants under the plan and no further contributions will be made with respect to such participants under the plan. All accrued benefits under the plan for these participants became 100% vested as of such date. All account balances under the plan with respect to these participants now increase each year at the annual rate of interest on 30-year Treasury securities for the month of November preceding the first day of the applicable plan year. Upon termination of employment, a participant receives his or her vested accrued benefit in cash or as an annuity (based on the participant's election).

The material assumptions used in quantifying the present value of the accumulated benefit at December 31, 2015 are as follows: an interest crediting rate (applied from the plan measurement date until normal retirement age) of 3.42%; a retirement age of 65, which is normal retirement age under the Cash Balance Plan; payment of the accrued obligations in a lump sum upon retirement; and a discount rate of 4.42%. There were no payments made to Mr. Lico or Mr. Gafinowitz under the Cash Balance Plan in 2015.

Name	Plan Name	Number of Years Credited Service (#)(1)	Present Value of Accumulated Benefit (\$)(2)
James A. Lico	Cash Balance Plan of the Danaher Corporation & Subsidiaries Pension Plan	6.4	\$ 70,926
Martin Gafinowitz	Cash Balance Plan of the Danaher Corporation & Subsidiaries Pension Plan	1.0	\$ 21,631

[Table of Contents](#)

- (1) Represents the number of years the Fortive Named Executive Officer participated in the Cash Balance Plan before it was frozen in 2003 with respect to new Danaher contributions.  
 (2) Calculated as of December 31, 2015, the pension plan measurement date used in Danaher's financial statements as of and for the year ended December 31, 2015.

**2015 Nonqualified Deferred Compensation**

The table below sets forth for each Fortive Named Executive Officer information regarding participation in the Danaher EDIP. There were no withdrawals by or distributions to any of the Fortive Named Executive Officers from the Danaher EDIP in 2015.

Name	Plan Name	Executive Contributions in Last FY (\$) (1)	Registrant Contributions in Last FY (\$) (2)	Aggregate Earnings in Last FY (\$) (3)	Aggregate Balance at Last FYE (\$) (4)
James A. Lico	EDIP	\$ 100,000	\$ 148,838	\$ 278,376	\$ 5,043,595
Charles E. McLaughlin	EDIP	0	\$ 31,529	\$ 33,195	\$ 408,732
Patrick J. Byrne	EDIP	\$ 123,679	\$ 45,000	\$ 15,284	\$ 412,957
Martin Gafinowitz	EDIP	\$ 116,665	\$ 68,000	\$ 199,823	\$ 3,718,033
Patrick K. Murphy	EDIP	0	\$ 37,800	\$ 6,582	\$ 80,343

- (1) Consists of contributions to the Danaher EDIP of the following amounts reported in the 2015 Summary Compensation Table:

Name	2015 Salary	Non-Equity Incentive Plan or Bonus Compensation Earned With Respect to 2014 but Deferred in 2015
James A. Lico	\$ 100,000	0
Charles E. McLaughlin	0	0
Patrick J. Byrne	0	\$ 123,679
Martin Gafinowitz	\$ 61,665	\$ 55,000
Patrick K. Murphy	0	0

- (2) The amounts set forth in this column are included as 2015 compensation under the "All Other Compensation" column in the 2015 Summary Compensation Table.

[Table of Contents](#)

- (3) None of the amounts set forth in this column are included as compensation in the 2015 Summary Compensation Table. The table below shows each earnings option that was available under the Danaher EDIP as of December 31, 2015 and the rate of return for each such option for the calendar year ended December 31, 2015 (the rate of return is net of investment management fees, fund expenses and administrative charges, as applicable):

EDIP Investment Option	Rate of Return from January 1, 2015 through December 31, 2015 (%)	EDIP Investment Option	Rate of Return from January 1, 2015 through December 31, 2015 (%)
Fidelity Institutional Money Market Fund—Class I	0.11%	Fidelity Low-Priced Stock Commingled Pool	0
LifePath Index 2020 Non-Lendable Fund G	-1.40%	T. Rowe Price Large Cap Core Growth	11.66%
LifePath Index 2025 Non-Lendable Fund G	-1.51%	Vanguard Total International Stock Index Fund	-4.24%
LifePath Index 2030 Non-Lendable Fund G	-1.63%	Fidelity Strategic Real Return Fund	-7.43%
LifePath Index 2035 Non-Lendable Fund G	-1.76%	Fidelity Equity Income Fund—Class K	-3.41%
LifePath Index 2040 Non-Lendable Fund G	-1.94%	Dodge & Cox International Stock Fund	-11.35%
LifePath Index 2045 Non-Lendable Fund G	-2.07%	Fidelity Managed Income Portfolio II—Class 3	1.62%
LifePath Index 2050 Non-Lendable Fund G	-2.09%	Vanguard Total Bond Market Index	0.41%
LifePath Index 2055 Non-Lendable Fund G	-2.08%	Fidelity Spartan 500 Index Fund—Institutional Class	1.38%
LifePath Index Retirement Non-Lendable Fund G	-1.25%	Fidelity Spartan Extended Market Index Fund—Advantage Class	-3.32%
Danaher Stock Fund	8.95%	Active Small Cap Equity Fund	2.90%
Cohen & Steers Realty Shares Fund	5.0%	PIMCO All Asset Fund Institutional Class	-8.72%

- (4) The table below indicates for each Fortive Named Executive Officer how much of the Danaher EDIP balance set forth in this column has been reported as compensation in the Danaher Summary Compensation Table with respect to 2006 and subsequent years:

Name	Amount included in “Aggregate Balance at Last FYE” column that has been reported as compensation in Danaher Summary Compensation Table in 2006 and subsequent years (\$)
James A. Lico	\$ 1,787,229
Charles E. McLaughlin	—
Patrick J. Byrne	—
Martin Gafinowitz	—
Patrick K. Murphy	—

**Potential Payments Upon Termination or Change-of-Control as of 2015 Fiscal Year-End**

The following table describes the payments and benefits that each Fortive Named Executive Officer would be entitled to receive upon termination of employment or in connection with a change-of-control of Danaher. The amounts set forth below assume that the triggering event occurred on December 31, 2015. Where benefits are

[Table of Contents](#)

based on the market value of Danaher's common stock, we have used the closing price of Danaher's common stock as reported on the NYSE on December 31, 2015 (\$92.88 per share). In addition to the amounts set forth below, upon any termination of employment each executive would also be entitled to (1) receive all payments generally provided to salaried employees on a non-discriminatory basis on termination, such as accrued salary, life insurance proceeds (for any termination caused by death), unused vacation and Danaher 401(k) plan distributions, (2) receive accrued, vested balances under the Danaher EDIP and the Cash Balance Plan (except that under the Danaher EDIP, if an employee's employment terminates as a result of gross misconduct, the Danaher EDIP administrator may determine that the employee's vesting percentage with respect to all Danaher contributions is zero), and (3) exercise vested stock options (except that under the terms of Danaher's 2007 Stock Incentive Plan and 1998 Stock Option Plan, no employee can exercise any outstanding equity award after termination for gross misconduct).

Named Executive Officer	Benefit	Termination/Change-of-Control Event (1)		
		Termination without cause	Retirement	Death
James A. Lico	Value of unvested stock options that would be accelerated (2)	—	—	\$ 10,368,394
	Value of unvested RSUs and PSUs that would be accelerated (2)	—	—	\$ 10,871,139
	Benefits continuation (3)	\$ 15,469	—	—
	Cash payments under Proprietary Interest Agreement/Senior Leader Severance Pay Plan (3)	\$ 701,200	—	—
	<b>Total:</b>	<b>\$ 716,669</b>	<b>—</b>	<b>\$ 21,239,533</b>
Charles E. McLaughlin	Value of unvested stock options that would be accelerated (2)	—	—	\$ 428,654
	Value of unvested RSUs that would be accelerated (2)	—	—	\$ 509,749
	Benefits continuation (3)	\$ 47,392	—	—
	Cash payments under Proprietary Interest Agreement/Senior Leader Severance Pay Plan (3)	\$ 415,000	—	—
	Value of unvested EDIP balance that would be accelerated (4)	—	—	\$ 240,884
<b>Total:</b>	<b>\$ 462,392</b>	<b>—</b>	<b>\$ 1,179,287</b>	
Patrick J. Byrne	Value of unvested stock options that would be accelerated (2)	—	\$ 26,011	\$ 939,038
	Value of unvested RSUs that would be accelerated (2)	—	\$ 136,665	\$ 1,015,314
	Benefits continuation (3)	\$ 15,469	—	—
	Cash payments under Senior Leader Severance Pay Plan (3)	\$ 512,500	—	—
	Value of unvested EDIP balance that would be accelerated (4)	—	—	\$ 179,560
<b>Total:</b>	<b>\$ 527,969</b>	<b>\$ 162,676</b>	<b>\$ 2,133,912</b>	

[Table of Contents](#)

Named Executive Officer	Benefit	Termination/Change-of-Control Event (1)		
		Termination without cause	Retirement	Death
Martin Gafinowitz	Value of unvested stock options that would be accelerated (2)	—	\$ 22,309	\$ 1,669,921
	Value of unvested RSUs that would be accelerated (2)	—	\$ 117,155	\$ 1,928,075
	Benefits continuation (3)	\$ 15,469	—	—
	Cash payments under Proprietary Interest Agreement/Senior Leader Severance Pay Plan (3)	\$ 518,986	—	—
	<b>Total:</b>	<b>\$ 534,455</b>	<b>\$ 139,464</b>	<b>\$ 3,597,996</b>
Patrick K. Murphy	Value of unvested stock options that would be accelerated (2)	—	—	\$ 259,924
	Value of unvested RSUs that would be accelerated (2)	—	—	\$ 428,888
	Benefits continuation (3)	\$ 15,469	—	—
	Cash payments under Senior Leader Severance Pay Plan (3)	\$ 472,500	—	—
	Value of unvested EDIP balance that would be accelerated (4)	—	—	\$ 80,343
<b>Total:</b>	<b>\$ 487,969</b>	<b>—</b>	<b>\$ 769,155</b>	

The values reflected in the table above relating to the acceleration of stock options, RSUs and PSUs reflect the intrinsic value (that is, the value based on the price of Danaher's common stock, and in the case of stock options minus the exercise price) of the options, RSUs and PSUs that would have vested had the specified event of termination or change-of-control occurred as of December 31, 2015.

- (1) The tabular disclosure assumes that upon a change-of-control of Danaher (as defined in the 1998 Plan and the 2007 Plan, respectively), Danaher's Board does not accelerate the vesting of any unvested RSUs, PSUs or stock options held by the Fortive Named Executive Officers. If a change-of-control had occurred as of December 31, 2015 and Danaher's Board had allowed the unvested RSUs, PSUs and stock options held by Fortive Named Executive Officers to accelerate, the intrinsic value of the stock options, RSUs and PSUs held by these executives that would have been accelerated would have been as follows (no tax reimbursement or gross-up payments would have been triggered by such accelerations): Stock options: Mr. Lico, \$10,368,394; Mr. McLaughlin, \$428,654; Mr. Byrne, \$939,038; Mr. Gafinowitz, \$1,669,921; and Mr. Murphy, \$259,924. RSUs and PSUs, as applicable: Mr. Lico, \$10,871,139; Mr. McLaughlin, \$730,966; Mr. Byrne, \$1,405,925; Mr. Gafinowitz, \$3,109,251; and Mr. Murphy, \$785,951.
- (2) The terms of the 2007 Plan provide for (a) continued pro-rata vesting of certain of the participant's RSUs and PSUs, as applicable, and continued pro-rata vesting of certain of the participant's stock options upon retirement under certain circumstances, and (b) accelerated vesting of a participant's stock options and certain of a participant's RSUs and PSUs, as applicable, if the participant dies during employment.
- (3) Please see "Danaher Senior Leader Severance Pay Plan" and, with respect to Messrs. Lico and Gafinowitz, "—Danaher Employment Agreements" for a description of the severance benefits and cash payments the Fortive Named Executive Officers would be entitled to receive if Danaher terminates the executive's employment without cause, as well as a description of the noncompetition and other post-closing covenants agreed to by the Fortive Named Executive Officers under the Proprietary Interest Agreements. The amounts set forth in the table assume that the executive would have executed Danaher's standard release in connection with any termination without cause.
- (4) Under the terms of the Danaher EDIP, upon a participant's death the unvested portion of Danaher's contributions that have been credited to the participant's EDIP account would immediately vest.



## Danaher Employment Agreements

### *Named Executive Officer Proprietary Interest Agreements with Danaher*

Danaher has entered into an agreement with each of the Fortive Named Executive Officers under which each executive is subject to certain covenants designed to protect Danaher's proprietary interests (the "Proprietary Interest Agreement"). During and after the executive's employment with Danaher, the executive is prohibited from disclosing or improperly using any of Danaher's confidential information, subject to certain customary exceptions, and from making any disparaging comments about Danaher. During the executive's employment with Danaher and for one year (two years with respect to subsection (c) below) after such employment ends, the agreement prohibits the executive from directly or indirectly (a) competing with Danaher; (b) selling to or soliciting purchases from Danaher's customers and prospective customers with respect to products and services about which the executive has particular knowledge or expertise, (c) hiring or soliciting any of Danaher's current or recent employees, or otherwise assisting or encouraging any of Danaher's employees to leave; (d) interfering with Danaher's vendor relationships; or (e) developing competing products or services. The executive also agrees that with limited exceptions all intellectual property that the executive develops in connection with the executive's employment belongs to Danaher, and assigns it all rights the executive may have in any such intellectual property.

Under the Proprietary Interest Agreements executed with each of Messrs. Lico and Gafinowitz, if Danaher terminates the executive's employment without cause the executive is entitled to an amount equal to nine months of base salary, plus severance pay equal to three months' salary if the executive signs Danaher's standard form of release at the time of termination. These amounts would be paid out over twelve months according to the normal payroll cycle. Under the agreement, "cause" is generally defined as the executive's (a) dishonesty, fraud or other willful misconduct or gross negligence; (b) conviction of or pleading guilty or no contest to a felony, misdemeanor (other than a traffic violation) or other crime that would impair his ability to perform his duties or Danaher's reputation; (c) refusal or willful failure to satisfactorily perform his duties or comply with Danaher's standards, policies or procedures; (d) material breach of the agreement; (e) death; or (f) termination because of illness that results in the executive's absence from work on a full-time basis for twelve consecutive months.

### *Letter Agreement with Charles E. McLaughlin*

TGA Employment Services LLC ("TGA"), a subsidiary of Danaher that will become part of Fortive in connection with the separation, entered into a letter agreement with Mr. McLaughlin on November 16, 2015 in connection with his hiring as Fortive's Senior Vice President and Chief Financial Officer, which became effective on October 1, 2015. Pursuant to the letter agreement, Mr. McLaughlin's employment is on an at-will basis and he is entitled to:

- a pre-separation base salary of \$415,000 and a post-separation base salary of \$510,000 (subject to periodic review);
- a pre-separation annual incentive target bonus of 50% of annual base salary and a post-separation annual incentive target bonus of 75% of annual base salary under the Fortive 2016 Executive Annual Incentive Program;
- a recommendation to Danaher's Compensation Committee to grant a 2016 sign-on equity award, split evenly between stock options and RSUs, with a grant date fair value of \$500,000, which would vest ratably over the first five anniversaries of the date of grant;
- a recommendation to Danaher's Compensation Committee to grant an annual equity award beginning in 2016, split evenly between stock options and RSUs, with a grant date fair value of \$1,500,000, which would vest ratably over the first five anniversaries of the date of grant;
- participation in the Danaher EDIP and in the employee benefit plans that are maintained for exempt employees generally; and

---

## [Table of Contents](#)

- relocation benefits under Danaher's relocation policy.

### *Letter Agreement with Patrick J. Byrne*

TGA entered into a letter agreement with Mr. Byrne on November 20, 2015 in connection with his hiring as a Senior Vice President of Fortive, which became effective on January 1, 2016. Pursuant to the letter agreement, Mr. Byrne's employment is on an at-will basis and he is entitled to:

- a base salary of \$568,000 (subject to periodic review);
- a pre-separation annual incentive target bonus of 50% of annual base salary and a post-separation annual incentive target bonus of 70% of annual base salary under the Fortive 2016 Executive Annual Incentive Program;
- a recommendation to Danaher's Compensation Committee to grant a 2016 sign-on equity award, split evenly between stock options and RSUs, with a grant date fair value of \$500,000, which would vest ratably over the first five anniversaries of the date of grant;
- a recommendation to Danaher's Compensation Committee to grant an annual equity award beginning in 2016, split evenly between stock options and RSUs, with a grant date fair value of \$1,000,000, which would vest ratably over the first five anniversaries of the date of grant; and
- participation in the Danaher EDIP and in the employee benefit plans that are maintained for exempt employees generally.

### *Letter Agreement with Martin Gafinowitz*

TGA entered into a letter agreement with Mr. Gafinowitz on November 11, 2015 in connection with his hiring as a Senior Vice President of Fortive, which became effective on January 1, 2016. Pursuant to the letter agreement, Mr. Gafinowitz's employment is on an at-will basis and he is entitled to:

- a base salary of \$588,000 (subject to periodic review);
- a pre-separation annual incentive target bonus of 70% of annual base salary and a post-separation annual incentive target bonus of 75% of annual base salary under the Fortive 2016 Executive Annual Incentive Program;
- a recommendation to Danaher's Compensation Committee to grant a 2016 sign-on equity award, split evenly between stock options and RSUs, with a grant date fair value of \$700,000, which would vest ratably over the first five anniversaries of the date of grant;
- a recommendation to Danaher's Compensation Committee to grant an annual equity award beginning in 2016, split evenly between stock options and RSUs, with a grant date fair value of \$1,300,000, which would vest 33% on each of the third, fourth and fifth anniversaries of the grant date; and
- participation in the Danaher EDIP and in the employee benefit plans that are maintained for exempt employees generally.

### *Letter Agreement with Patrick K. Murphy*

TGA entered into a letter agreement with Mr. Murphy on November 11, 2015 in connection with his hiring as a Senior Vice President of Fortive, which became effective on January 1, 2016. Pursuant to the letter agreement, Mr. Murphy's employment is on an at-will basis and he is entitled to:

- a base salary of \$528,000 (subject to periodic review);
- a pre-separation annual incentive target bonus of 55% of annual base salary and a post-separation annual incentive target bonus of 70% of annual base salary under the Fortive 2016 Executive Annual Incentive Program;

---

## Table of Contents

- a recommendation to Danaher's Compensation Committee to grant a 2016 sign-on equity award, split evenly between stock options and RSUs, with a grant date fair value of \$500,000, which would vest ratably over the first five anniversaries of the date of grant;
- a recommendation to Danaher's Compensation Committee to grant an annual equity award beginning in 2016, split evenly between stock options and RSUs, with a grant date fair value of \$1,000,000, which would vest ratably over the first five anniversaries of the date of grant; and
- participation in the Danaher EDIP and in the employee benefit plans that are maintained for exempt employees generally.

### *Officers' and Directors' Indemnification and Insurance*

Fortive's Certificate of Incorporation requires it to indemnify to the full extent authorized or permitted by law any person made, or threatened to be made a party to any action or proceeding by reason of his or her service as a director or officer of Fortive, or by reason of serving at Danaher's request as a director or officer of any other entity, subject to certain exceptions. Fortive's Bylaws provide for similar indemnification rights. In addition, each of Fortive's directors and executive officers is expected to enter into an indemnification agreement with Fortive that will provide for substantially similar indemnification rights and under which Fortive will agreed to pay expenses in advance of the final disposition of any such indemnifiable proceeding. Fortive is also expected to obtain directors and officers liability insurance covering all of Danaher's directors and officers.

### **Employee Benefit Plans**

Following is a description of the material terms of the equity compensation, cash incentive compensation, non-qualified deferred compensation and severance pay plans in which the Fortive Named Executive Officers are expected to be eligible to participate following the separation. The terms of the plans that will be adopted by Fortive have not yet been finalized, and the following descriptions will be updated if necessary to reflect the final terms of the plans as so adopted. Once finalized and adopted, the full text of these plans will be filed with an amendment to the registration statement of which this information statement is a part.

Each of these plans will allow the plan administrator to exercise certain discretion in the administration of the plan, and as a result the plan administrator may administer the plan in a different manner from period to period, or in a different manner with respect to different plan participants, in each case to the extent permitted under the applicable plan.

### *Fortive 2016 Stock Incentive Plan*

General. The Compensation Committee of the Board (the "Administrator") will administer the Fortive 2016 Stock Incentive Plan (the "Stock Plan"). The following awards may be granted under the Stock Plan: stock options, SARs, restricted stock, RSUs, other stock-based awards (including PSUs) and conversion awards, as such terms will be defined in the Stock Plan (collectively, all such awards are referred to as "awards").

Shares Available; Award Limits. A total of \_\_\_\_\_ shares of Fortive common stock will be reserved for issuance under the Stock Plan. In the case of any award intended to comply with Section 162(m), in any calendar year, no individual who is likely to be subject to Section 162(m) may be granted options or SARs under the Stock Plan with respect to more than \_\_\_\_\_ shares of Fortive common stock, or other awards with respect to more than \_\_\_\_\_ shares of Fortive common stock. The fair market value of awards granted under the Stock Plan during any one calendar year to any director, other than in lieu of cash compensation payable to the director for service on the Board, will not exceed five hundred thousand dollars (\$500,000) in the aggregate. The foregoing limitations are subject to adjustments relating to capital adjustments as set forth in the Stock Plan.

---

## [Table of Contents](#)

**Performance Rules.** Awards under the Stock Plan may be subject to time-based and/or performance-based vesting conditions. Awards subject to performance-based vesting conditions may be designed to comply with Section 162(m). Under the Stock Plan, an award that is designed to comply with Section 162(m) will be based exclusively on one of, or a combination of, the following performance-based criteria, which may be based on Fortive and its subsidiaries on a group-wide basis or on the basis of subsidiary, platform, division, operating unit and/or other business unit results (subject to the Danaher Compensation Committee's exercise of negative discretion): earnings per share (on a fully diluted or other basis); stock price targets or stock price maintenance; total shareholder return; return on capital, return on invested capital or return on equity; pretax or after tax net income; working capital; earnings before interest and taxes; earnings before interest, taxes, depreciation, and amortization (EBITDA); operating income; free cash flow; cash flow; revenue or core revenue (core revenue may also be referred to as "revenue from existing businesses" or "organic revenue"); gross profit margin, operating profit margin, gross or operating margin improvement or core operating margin improvement; and/or strategic business criteria, consisting of one or more objectives based on meeting specified revenue, market penetration, market share or geographic business expansion goals, cost targets, or objective goals relating to acquisitions or divestitures. The Administrator may express each performance objective in absolute and/or relative terms or ratios, based on or using comparisons with internal targets, past performance of Fortive (including the past performance of one or more subsidiaries, platforms, divisions, operating units and/or other business units) and/or the past or current performance of unrelated companies. Without limiting the above, in the case of earnings-based measures, performance objectives may use comparisons relating to capital (including, but not limited to, the cost of capital), cash flow, free cash flow, shareholders' equity, shares outstanding, assets and/or net assets.

For awards subject to Section 162(m), the measures used in setting performance goals are, to the extent applicable, determined in accordance with GAAP and in a manner consistent with the methods used in Fortive's audited financial statements, but without regard to (1) unusual or infrequently occurring items in accordance with GAAP, (2) the impact of any change in accounting principles that occurs during the performance period (or that occurred during any period that the performance period is being compared to) and the cumulative effect thereof (the Administrator may (as specified by the Administrator within the Applicable Period) either apply the changed accounting principle to all periods referenced in the award, or exclude the changed accounting principle from all periods referenced in the award), (3) goodwill and other intangible impairment charges, (4) gains or charges associated with discontinued operations or with the obtaining or losing control of a business, (5) gains or charges related to the sale or impairment of assets, (6)(i) all transaction costs directly related to acquisitions, (ii) all restructuring charges directly related to acquisitions and incurred within two years of the acquisition date, (iii) all charges and gains arising from the resolution of acquisition-related contingent liabilities identified as of the acquisition date, and (iv) all other charges directly related to acquisitions and incurred within two years of the acquisition date, (7) the impact of any discrete income tax charges or benefits identified in the performance period (or during any period the performance period is being compared to), and (8) other objective income, expense, asset, liability and/or cash flow adjustments that may be consistent with the purposes of the performance goals set for the given performance period and are specified by the Fortive Compensation Committee no later than the earlier of the 90th day of the performance period or the date on which 25% of the performance period has been completed (the "Applicable Period"), which may include adjustments that would cause one or more of the performance objectives to be considered "non-GAAP financial measures" under rules promulgated by the Securities and Exchange Commission; provided, that with respect to the gains and charges referred to in sections (3), (4), (5), (6)(iii), (6)(iv) and (7), only gains or charges that individually or as part of a series of related items exceed \$10 million in aggregate during the performance period and any period that the performance period is being compared to are excluded; and provided further, that the Administrator in its sole discretion and within the Applicable Period may determine that any or all of the carve-outs from GAAP described in subsections (1) through (7) above shall not be excluded from the measures used to determine the performance objectives for a particular period or shall be modified. In addition, any award that is intended to comply with Section 162(m) will not vest under its terms unless Danaher has first achieved four consecutive fiscal quarters of positive net income during the period between the grant date and the tenth anniversary of the grant date and the Administrator has certified that such performance has been met. The Administrator will certify

---

## Table of Contents

whether performance objectives are attained, and its determination will be final and conclusive. The Administrator may also use discretion to lower (but not increase) the benefits received under an award that are otherwise earned upon satisfaction of the applicable performance objectives.

Retirement and Other Terminations of Employment. Except in certain countries where different terms apply and subject to certain terms and conditions set forth in the Stock Plan or the applicable award agreement, in general and subject in all cases to the term of the award:

- upon retiring after reaching age 65, (1) a participant's unvested options continue to vest and, together with any options that are vested as of the retirement date, remain outstanding and (once vested) may be exercised until the fifth anniversary of the retirement date and (2) any RSUs or restricted shares that are unvested as of the retirement date will be forfeited without consideration; and
- upon retiring after reaching age 55 and completing ten years of service, (1) the participant's unvested options continue to vest and, together with any options that are vested as of the retirement date, remain outstanding and (once vested) may be exercised until the fifth anniversary of the retirement date, (2) RSUs or restricted shares that are unvested as of the retirement date and that would have vested upon continued service through the fifth anniversary of the retirement date will vest as of the retirement date and (3) with respect to performance-based RSUs or restricted shares scheduled to vest through the fifth anniversary of the retirement date will vest and, where the performance period for such awards has not expired as of the retirement date, the awards will be settled at the end of the performance period based on Fortive's performance over the performance period.

Upon terminations of employment other than retirement, unless the Administrator determines otherwise any options or SARs that are vested as of a participant's termination of employment (including any options or SARs the vesting of which accelerates as a result of the participant's death) will remain exercisable until the earlier of the expiration of the award's term or (1) 12 months after termination, if the termination results from the participant's death or disability, (2) the time of termination, if the participant's employment is terminated for gross misconduct, or (3) 90 days following the termination date, in all other non-retirement situations. The Administrator has the discretion to determine whether and when a termination of employment has occurred. If an award survives for any period of time following termination of employment, it will nonetheless terminate as of the date that the participant violates any post-employment covenant between Fortive and the participant. In addition, upon termination of a participant's employment or service due to death (1) all unvested stock options granted under the Stock Plan will be forfeited, (2) the vesting of a pro rata portion of his or her outstanding RSUs is accelerated as of the date of death, and (3) with respect to PSUs as to which the death occurs prior to conclusion of the performance period, the participant's estate receives a pro rata portion of the target number of shares underlying the PSUs.

Corporate Changes. As defined in the Stock Plan, a substantial corporate change includes the consummation of (i) Fortive's dissolution or liquidation; (ii) a merger, consolidation, or reorganization in which Fortive is not the surviving entity (unless the voting securities of Fortive outstanding prior to such event continue to represent more than 50% of the voting securities of the surviving entity); (iii) the sale of all or substantially all of Fortive's assets to another person or entity; or (iv) any transaction approved by the Board (including a merger or reorganization in which Fortive survives) that results in any person or entity (other than any affiliate of Fortive as defined in Rule 144(a)(1) under the Securities Act) owning 100% of the combined voting power of all classes of stock of Fortive. Upon a substantial corporate change, the Stock Plan and any forfeitable portions of the awards will terminate unless provision is made for the assumption or substitution of the outstanding awards. Unless the Board determines otherwise, if any award would otherwise terminate upon a substantial corporate change, the Administrator will either (i) provide holders of options and SARs with a right, at such time before the consummation of the transaction as the Board designates, to exercise any unexercised portion of an option or SAR, whether or not previously exercisable, or (ii) cancel each award after payment of an amount in cash, cash equivalents or successor equity interests substantially equal to the fair market value of the underlying shares of Fortive common stock under the transaction minus, for any options or SARs, the exercise price for the shares covered by the option or SAR.

---

## Table of Contents

Amendment or Termination. The Board may amend, suspend or terminate the Stock Plan. However, no amendment may be effected without approval of Fortive's shareholders to the extent such approval is required under applicable law or any applicable stock exchange rule. Except as required by law or upon a dissolution, liquidation, merger or similar corporate change, the Administrator may not amend or cancel the Stock Plan or any award made under the Stock Plan without the written consent of the participant if such action would materially adversely affect any outstanding award, provided however, that the Board reserves the right to unilaterally alter or modify the Stock Plan and any awards made thereunder to ensure all awards provided to participants who are U.S. taxpayers are made in such a manner that either qualifies for exemption from or complies with Code Section 409A. In addition, all awards granted under the Stock Plan are subject to the Fortive recoupment policy as it exists from time to time, if and to the extent the policy applies according to its terms as well as any recoupment terms required by applicable law. Unless the Board extends the Stock Plan's term, the Administrator may not grant Awards under the Stock Plan after the tenth anniversary of the date on which the Stock Plan becomes effective.

### *Fortive 2016 Executive Incentive Compensation Plan*

Fortive's 2016 Executive Incentive Compensation Plan (the "Cash Incentive Plan") will govern non-equity incentive compensation awards granted to Fortive's executive officers. Each year, the Fortive Compensation Committee is expected to establish the performance goals and related terms and conditions of awards under the Cash Incentive Plan no later than the earlier of the 90<sup>th</sup> day of the performance period, or the date on which 25% of the performance period has been completed (the "applicable period"). For any single performance period, the award amount payable to a participant for the performance period equals the lesser of (1) ten million dollars (\$10,000,000) (prorated for any performance period of less than twelve months) or (2) the amount earned pursuant to the performance goals and other award terms and conditions set by the Fortive Compensation Committee for the participant for the performance period, subject to any further negative discretion adjustments (up to and including elimination of the award) as the Fortive Compensation Committee may determine. The performance goals are based on any one of, or a combination of, the performance-based criteria described in the Cash Incentive Plan, which are the same as the Stock Plan performance criteria described in "—Stock Incentive Plan." The measures used in setting performance goals are, to the extent applicable, determined in accordance with GAAP and in a manner consistent with the methods used in Fortive's audited financial statements, but without regard to any of the GAAP carve-outs described in the Cash Incentive Plan (which are the same as the Stock Incentive Plan GAAP carve-outs described in "—Stock Incentive Plan"); provided that the Fortive Compensation Committee in its sole discretion and within the applicable period may determine that any or all of such GAAP carve-outs shall not be excluded from the measures used to determine the performance objectives for a particular period or shall be modified, and/or within the applicable period may determine to exclude other items from such measures for such performance period. Within the applicable period, the Fortive Compensation Committee may also adopt such forfeiture, proration or other rules as it deems appropriate, in its sole and absolute discretion, regarding the impact on awards of a participant's death, disability or other events or situations deemed by the Fortive Compensation Committee to constitute an appropriate exception to attainment of any performance goal for purposes of the applicable regulations. After the end of the performance period, the Fortive Compensation Committee will certify whether the positive net income requirement has been satisfied and the extent to which the performance goals for the performance period have been attained. Any awards payable under the plan are paid in cash no later than March 15<sup>th</sup> of the calendar year following the end of the performance period.

### *Executive Deferred Incentive Program*

Each of the Fortive Named Executive Officers participates in the Danaher Executive Deferred Incentive Program, or EDIP, a non-qualified, unfunded deferred compensation program for selected management associates of Danaher and its subsidiaries, and is expected to participate in a substantially similar program sponsored by Fortive following the separation. The following is a summary of the material terms of the Danaher EDIP.

Voluntary Contributions and Company Contributions. Each EDIP participant may elect to defer into the program up to 85% of his or her salary and/or up to 85% of his or her non-equity incentive compensation with

---

## Table of Contents

respect to a given plan year. All amounts deferred under the EDIP are unfunded and unsecured obligations of Danaher, receive no preferential standing and are subject to the same risks as any of Danaher's other general obligations. Notional earnings on amounts deferred under the program are credited to participant accounts based on the market rate of return of the applicable benchmark investment alternatives offered under the program, which are the same as the investment alternatives offered under our 401(k) Plan (except for a real estate mutual fund that is offered under the EDIP and not under the 401(k) Plan, and except for any investment options that may only be offered under the tax qualified 401(k) Plan). Each participant allocates the amounts he or she voluntarily defers among the available investment alternatives. Participants may change their allocations at any time, provided that any portion of a participant's account that is subject to the Danaher common stock investment alternative must remain allocated to that investment alternative until the account is distributed to the participant. In addition, as of January 1 of each plan year (or in the case of a new participant, on a pro rata basis as of such later date during the year when the person begins participating in the EDIP), Danaher credits to the account of each participant an amount equal to the product of:

- the sum of the participant's base salary and target bonus as of the end of the prior year; and
- a percentage determined by the Administrator that is based on the participant's years of participation in the EDIP, namely 6% for employees who have participated in the EDIP for less than 10 years, 8% after 10 years of EDIP participation and 10% after 15 years of EDIP participation.

The Danaher common stock investment alternative applies to all amounts that Danaher credits to a participant's account.

Vesting. Participants are at all times fully vested in amounts they voluntarily defer into their accounts. A participant vests in the amounts that Danaher credits to his or her account as follows:

- If the participant has both reached age 55 and completed at least five years of service with Danaher or its subsidiaries, the participant immediately vests 100% in each Danaher contribution.
- If the participant does not satisfy the conditions described under the preceding bullet, the participant's vesting percentage is 10% for each year of participation in the EDIP (after the participant has first completed five years of participation in the EDIP).
- If a participant dies while employed by Danaher, his or her vesting percentage equals 100%.

Distributions. In general, a participant may not receive a distribution of his or her vested EDIP account balance until after his or her employment with Danaher terminates. If the Administrator determines that termination of an employee's participation in the EDIP resulted from the employee's gross misconduct, the Administrator may determine that the employee's vesting percentage with respect to all Danaher contributions is zero. A participant that is not 100% vested in the Danaher contributions that have been made to his or her account receives his or her vested EDIP account balance in a lump sum six months following termination from the EDIP. A participant that is 100% vested in the Danaher contributions that have been made to his or her account may generally elect to receive distributions from his or her EDIP account in either a lump sum or annual installments over two, five or ten years (with payments beginning as early as immediately after termination for amounts vested as of December 31, 2004, or 6 months, 1 year or 2 years following termination, at the participant's election, for other vested amounts). Whether a participant elects to receive distributions in a lump sum or in annual installments, he or she may elect to receive his or her distribution in cash, shares of Danaher common stock or a combination of cash and shares of Danaher common stock; provided that all balances subject to the Danaher common stock investment alternative must be distributed in shares of Danaher common stock.

### *Danaher Senior Leader Severance Pay Plan*

Each of Danaher's executives, including the Fortive Named Executive Officers, is entitled to certain benefits under Danaher's Senior Leader Severance Pay Plan. If a covered employee is terminated without "cause" and except in certain circumstances as specified in the plan, subject to execution of Danaher's standard

---

[Table of Contents](#)

form of release he or she is entitled to severance equal to a minimum of three months of annual base salary plus an additional month for each year of service (provided that the three months plus all additional months cannot exceed twelve months in aggregate) paid out over the applicable severance period according to the normal payroll cycle, as well as the opportunity to continue coverage under specified welfare benefit plans of Danaher for the duration of the severance period at the same cost as an active employee in a position similar to that held by the employee at termination. To the extent a covered employee is entitled to severance or other post-termination compensation pursuant to the terms of an individual agreement, payments and benefits will only be provided under the plan to the extent they are not duplicative of the payments and benefits provided under the individual agreement. Fortive is expected to adopt a similar policy following the separation.



## DIRECTOR COMPENSATION

Each non-management director of Fortive is expected to receive:

- An annual cash retainer of \$100,000, paid in four, equal installments following each quarter of service.
- If a director attends more than twenty (20) Board and Board committee meetings in aggregate during a calendar year, a cash meeting fee of \$2,000 for each Board and committee meeting attended during such year in excess of such threshold, paid in aggregate following completion of such year.
- An annual equity award with a target award value of \$140,000, divided equally between options and RSUs. The options will be fully vested as of the grant date. The RSUs will vest upon the earlier of (1) the first anniversary of the grant date, or (2) the date of, and immediately prior to, the next annual meeting of Fortive's shareholders following the grant date, but the underlying shares are not issued until the earlier of the director's death or the first day of the seventh month following the director's retirement from the Board.
- Reimbursement for Fortive-related out-of-pocket expenses, including travel expenses.

In addition, the chair of the Audit Committee receives an annual cash retainer of \$20,000 and the chair of each of the Compensation Committee and Nominating and Governance Committee receives an annual cash retainer of \$15,000, in each case paid in four, equal installments following each quarter of service.

The Fortive Board is also expected to adopt stock ownership requirements for non-management directors. Under the requirements, each non-management director (within five years of his or her initial election or appointment) will be required to beneficially own Fortive shares with a market value of at least five times his or her annual cash retainer. Once a director has acquired a number of shares that satisfies such ownership multiple, such number of shares then becomes such director's minimum ownership requirement (even if his or her retainer increases or the fair market value of such shares subsequently declines). Under the policy, beneficial ownership includes RSUs and restricted shares held by the director and shares in which the director or his or her spouse or child has a direct or indirect interest, but does not include shares subject to unexercised stock options. In addition, Fortive's Board is expected to adopt a policy that prohibits any director or executive officer from pledging as security under any obligation any shares of Fortive common stock that he or she directly or indirectly owns and controls (other than shares that were issued as a dividend on shares of Danaher common stock that were already pledged as of February 21, 2013), and provides that pledged shares of Fortive common stock do not count toward Fortive's stock ownership requirements. Fortive is also expected to adopt a policy that prohibits Fortive directors and employees from engaging in any transactions involving a derivative of a Fortive security, including hedging transactions.

**TREATMENT OF OUTSTANDING EQUITY AWARDS AT THE TIME OF THE SEPARATION**

We expect that Danaher equity awards outstanding at the time of the separation will be adjusted using the following principles:

- For each award recipient, the intent is to maintain the economic value of those awards before and after the distribution date.
- Other than performance-based restricted stock units, which are described in more detail below, the terms of the equity awards, such as vesting date, will generally continue unchanged.
- For Fortive employees at the time of distribution, the awards will be converted into Fortive equity awards and denominated in shares of Fortive common stock.
- For Danaher employees, the awards will remain Danaher equity awards.

The following table provides additional information regarding each type of Danaher equity award. As a result of the adjustments to such awards in connection with the separation, the precise number of Fortive options, RSUs and restricted shares will not be known until the distribution date or shortly thereafter.

<b>Type of Award</b>	<b>Fortive Employees</b>	<b>Danaher Employees</b>
Stock Options	Danaher stock options will be converted into options of comparable value to purchase Fortive common stock.	Continue to hold Danaher stock options, as equitably adjusted to reflect the distribution.
Time-Based Restricted Stock Units (“RSUs”)	Danaher RSUs will be converted into Fortive RSUs of comparable value.	Continue to hold Danaher RSUs, as equitably adjusted to reflect the distribution.
Performance-Based Restricted Stock Units (“Performance-Based RSUs”)	Danaher Performance-Based RSUs with outstanding performance goals will be replaced with Fortive performance-based restricted shares of comparable value, with performance goals relating to Fortive instead of Danaher	Continue to hold Danaher Performance-Based RSUs, as equitably adjusted to reflect the distribution.
Performance Stock Units (“PSUs”)	Danaher PSUs will be converted into Fortive performance-based restricted shares of comparable value; performance period will be bifurcated between Danaher performance period and Fortive performance period, weighted pro rata based on duration of each period.	Continue to hold Danaher PSUs, as equitably adjusted to reflect the distribution.

## CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

### Agreements with Danaher

Following the separation and distribution, Fortive and New Danaher will operate separately, each as an independent public company. Fortive will enter into a separation and distribution agreement with Danaher, which is referred to in this information statement as the “separation agreement.” In connection with the separation, Fortive will also enter into various other agreements to effect the separation and provide a framework for its relationship with New Danaher after the separation, including a transition services agreement, an employee matters agreement, a tax matters agreement, an intellectual property matters agreement and a DBS license agreement. These agreements will provide for the allocation between Fortive and New Danaher of Danaher’s assets, employees, liabilities and obligations (including its investments, property and employee benefits and tax-related assets and liabilities) attributable to periods prior to, at and after Fortive’s separation from Danaher and will govern certain relationships between Fortive and New Danaher after the separation. The agreements listed above have been or will be filed as exhibits to the registration statement of which this information statement is a part.

The following summaries of each of the agreements listed above are qualified in their entirety by reference to the full text of the applicable agreements, which are incorporated by reference into this information statement. When used in this section, “distribution date” refers to the date on which Danaher commences distribution of Fortive’s common stock to the holders of shares of Danaher common stock.

### The Separation Agreement

Fortive intends to enter into a separation agreement with Danaher prior to the distribution of Fortive’s common stock to Danaher stockholders. The separation agreement will set forth Fortive’s agreements with Danaher regarding the principal actions to be taken in connection with the separation. It will also set forth other agreements that govern certain aspects of Fortive’s relationship with Danaher following the separation and distribution. This summary of the separation agreement is qualified in its entirety by reference to the full text of the agreement, which is incorporated by reference into this information statement.

### *Transfer of Assets and Assumption of Liabilities*

The separation agreement will identify assets to be transferred, liabilities to be assumed and contracts to be assigned to each of Danaher and Fortive as part of the internal reorganization transaction described herein, and will describe when and how these transfers, assumptions and assignments will occur, though many of the transfers, assumptions and assignments will have already occurred prior to the parties’ entering into the separation agreement. The separation agreement will provide for those transfers of assets and assumptions of liabilities that are necessary in connection with the separation so that Fortive and Danaher retain the assets necessary to operate their respective businesses and retain or assume the liabilities allocated in accordance with the separation. The separation agreement will also provide for the settlement or extinguishment of certain liabilities and other obligations between Fortive and Danaher. In particular, the separation agreement will provide that, subject to the terms and conditions contained in the separation agreement:

- “Fortive Assets” (as defined in the separation agreement), including, but not limited to, the equity interests of Fortive’s subsidiaries, assets reflected on Fortive’s pro forma balance sheet and assets primarily (or in the case of intellectual property, exclusively) relating to Fortive’s business, will be retained by or transferred to Fortive or one of Fortive’s subsidiaries, except as set forth in the separation agreement or one of the other agreements described below;
- “Fortive Liabilities” (as defined in the separation agreement), including, but not limited to, the following will be retained by or transferred to Fortive or one of Fortive’s subsidiaries:
  - all of the liabilities (whether accrued, contingent or otherwise, and subject to certain exceptions) to the extent related to, arising out of or resulting from Fortive’s business;
  - any and all “Fortive Environmental Liabilities” (as defined in the separation agreement);

---

## Table of Contents

- liabilities (whether accrued, contingent or otherwise) reflected on Fortive’s pro forma balance sheet;
- liabilities (whether accrued, contingent or otherwise) relating to, arising out of, or resulting from, any infringement, misappropriation or other violation of any intellectual property of any other person related to the conduct of the Fortive business;
- any product liability claims or other claims of third parties to the extent relating to, arising out of or resulting from any product developed, manufactured, marketed, distributed, leased or sold by the Fortive business;
- liabilities relating to, arising out of, or resulting from any indebtedness of any subsidiary of Fortive or any indebtedness secured exclusively by any of the Fortive assets;
- liabilities (whether accrued, contingent or otherwise) relating to, arising out of or resulting from any form, registration statement, schedule or similar disclosure document filed or furnished with the U.S. Securities and Exchange Commission, to the extent the liability arising therefrom related to matters related to Fortive business;
- all other liabilities (whether accrued, contingent or otherwise) relating to, arising out of or resulting from disclosure documents filed or furnished with the U.S. Securities and Exchange Commission that are related to the separation (including the Form 10 registration statement of which this information statement is a part, and this information statement); and
- All assets and liabilities (whether accrued, contingent or otherwise) of Danaher will be retained by or transferred to Danaher or one of its subsidiaries (other than Fortive or one of Fortive’s subsidiaries), except as set forth in the separation agreement or one of the other agreements described below and except for other limited exceptions that will result in Fortive retaining or assuming certain other specified liabilities.

The allocation of liabilities with respect to taxes, except for payroll taxes and reporting and other tax matters expressly covered by the employee matters agreement, are solely covered by the tax matters agreement.

Except as expressly set forth in the separation agreement or any ancillary agreement, all assets will be transferred on an “as is,” “where is” basis and the respective transferees will bear the economic and legal risks that any conveyance will prove to be insufficient to vest in the transferee good title, free and clear of any security interest, that any necessary consents or governmental approvals are not obtained and that any requirements of laws or judgments are not complied with. In general, neither Fortive nor Danaher will make any representations or warranties regarding any assets or liabilities transferred or assumed, any consents or approvals that may be required in connection with such transfers or assumptions, or any other matters.

Information in this information statement with respect to the assets and liabilities of the parties following the separation is presented based on the allocation of such assets and liabilities pursuant to the separation agreement, unless the context otherwise requires. Certain of the liabilities and obligations to be assumed by one party or for which one party will have an indemnification obligation under the separation agreement and the other agreements relating to the separation are, and following the separation may continue to be, the legal or contractual liabilities or obligations of another party. Each such party that continues to be subject to such legal or contractual liability or obligation will rely on the applicable party that assumed the liability or obligation or the applicable party that undertook an indemnification obligation with respect to the liability or obligation, as applicable, under the separation agreement, to satisfy the performance and payment obligations or indemnification obligations with respect to such legal or contractual liability or obligation.

### ***Further Assurances; Separation of Guarantees***

To the extent that any transfers of assets or assumptions of liabilities contemplated by the separation agreement have not been consummated on or prior to the date of the distribution, the parties will agree to cooperate with each other to effect such transfers or assumptions while holding such assets or liabilities for the

---

## [Table of Contents](#)

benefit of the appropriate party so that all the benefits and burdens relating to such asset or liability inure to the party entitled to receive or assume such asset or liability. Each party will agree to use commercially reasonable efforts to take or to cause to be taken all actions, and to do, or to cause to be done, all things reasonably necessary under applicable law or contractual obligations to consummate and make effective the transactions contemplated by the separation agreement and other transaction agreements. Additionally, Fortive and Danaher will use commercially reasonable efforts to remove Fortive and its subsidiaries as a guarantor of liabilities (including surety bonds) retained by Danaher and its subsidiaries and to remove Danaher and its subsidiaries as a guarantor of liabilities (including surety bonds) to be assumed by Fortive.

### ***The Distribution***

The separation agreement will govern the rights and obligations of the parties regarding the proposed distribution and certain actions that must occur prior to the proposed distribution. Danaher will cause its agent to distribute to its stockholders that hold shares of Danaher's common stock as of the applicable record date all the issued and outstanding shares of Fortive's common stock. Stockholders who would be entitled to receive a fraction of a share of Fortive common stock in the distribution, will receive cash in lieu of fractional shares. Danaher will have the sole and absolute discretion to determine (and change) the terms, form and structure of, and whether to proceed with, the distribution and, to the extent it determines to so proceed, to determine the date of the distribution.

### ***Conditions to the Distribution***

The separation agreement will provide that the distribution is subject to several conditions that must be satisfied or waived by Danaher in its sole discretion. For further information regarding these conditions, see "The Separation and Distribution—Conditions to the Distribution." Danaher may, in its sole discretion, determine the record date, the distribution date and the terms of the distribution and may at any time prior to the completion of the distribution decide to abandon or modify the distribution.

### ***Shared Contracts***

Certain shared contracts are to be assigned or amended to facilitate the separation of Fortive's business from Danaher. If such contracts may not be assigned or amended, the parties are required to take reasonable actions to cause the appropriate party to receive the benefit of the contract after the separation is complete.

### ***Release of Claims and Indemnification***

Except as otherwise provided in the separation agreement or any ancillary agreement, each party will release and forever discharge the other party and its subsidiaries and affiliates from all liabilities existing or arising from any acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur or any conditions existing or alleged to have existed on or before the separation. The releases will not extend to obligations or liabilities under any agreements between the parties that remain in effect following the separation pursuant to the separation agreement or any ancillary agreement. These releases will be subject to certain exceptions set forth in the separation agreement.

The separation agreement will provide for cross-indemnities that, except as otherwise provided in the separation agreement, are principally designed to place financial responsibility for the obligations and liabilities allocated to Fortive under the separation agreement with Fortive and financial responsibility for the obligations and liabilities allocated to Danaher under the separation agreement with Danaher. Specifically, each party will indemnify, defend and hold harmless the other party, its affiliates and subsidiaries and each of its officers, directors, employees and agents for any losses arising out of or due to:

- the liabilities or alleged liabilities each party assumed or retained pursuant to the separation agreement;
- the assets each party assumed or retained pursuant the separation agreement;

---

## Table of Contents

- the operation of each such party's business, whether prior to, at, or after the distribution; and
- any breach by Fortive or Danaher of any provision of the separation agreement or any other agreement unless such other agreement expressly provides for separate indemnification therein.

Each party's aforementioned indemnification obligations will be uncapped; provided that the amount of each party's indemnification obligations will be subject to reduction by any insurance proceeds (net of premium increases) received by the party being indemnified. The separation agreement will also specify procedures with respect to claims subject to indemnification and related matters. Indemnification with respect to taxes will be governed by the tax matters agreement.

### ***Legal Matters***

Except as otherwise set forth in the separation agreement or any ancillary agreement (or as otherwise described above), each party to the separation agreement will assume the liability for, and control of, all pending, threatened and future legal matters related to its own business or its assumed or retained liabilities and will indemnify the other party for any liability arising out of or resulting from such legal matters.

### ***Cash Adjustment***

The separation agreement will contain a cash adjustment provision, with such adjustments to be made no later than . Pursuant to the adjustment, if Fortive's aggregate cash balance at the time of the distribution is determined to have been greater than the reference cash balance of \$ , Fortive will pay Danaher the excess and if Fortive's aggregate cash balance at the time of the distribution is determined to have been less than the reference cash balance of \$ , Danaher will pay Fortive the shortfall.

### ***Insurance***

Following the separation, Fortive will be responsible for obtaining and maintaining at Fortive's own cost Fortive's own insurance coverage. Additionally, with respect to certain claims arising prior to the distribution, Fortive may, for certain claims only at the sole discretion of Danaher, seek coverage under Danaher third-party insurance policies to the extent that coverage may be available thereunder.

### ***No Restriction on Competition.***

None of the provisions of the separation agreement include any non-competition or other similar restrictive arrangements with respect to the range of business activities which may be conducted by either party.

### ***No Hire and No Solicitation.***

Neither Danaher nor Fortive will hire or retain an employee of the other party or its subsidiaries for 6 months following the distribution. Neither Danaher nor Fortive will recruit or solicit an employee of the other party or its subsidiaries for 18 months following the distribution.

### ***Dispute Resolution***

If a dispute arises between Fortive and Danaher under the separation agreement, the general counsels of the parties and such other representatives as the parties may designate will negotiate to resolve any disputes for a reasonable period of time. If the parties are unable to resolve the dispute in this manner then, unless otherwise agreed by the parties and except as otherwise set forth in the separation agreement, the dispute will be resolved through binding confidential arbitration.

---

## [Table of Contents](#)

### ***Term/Termination***

Prior to the distribution, Danaher has the unilateral right to terminate or modify the terms of the separation agreement. After the effective time of the distribution, the term of the separation agreement is indefinite and it may only be terminated with the prior written consent of both Danaher and Fortive.

### ***Other Matters Governed by the Separation Agreement***

Other matters governed by the separation agreement include access to financial and other information, confidentiality, access to and provision of records and treatment of outstanding guarantees and similar credit support.

### ***Transition Services Agreement***

Fortive and Danaher will enter into a transition services agreement that will be effective upon the distribution, pursuant to which Danaher and its subsidiaries and Fortive and its subsidiaries will provide to each other various services. The services to be provided include information technology, facilities, certain accounting and other financial functions, and administrative services. The charges for the transition services generally are expected to allow the providing company to fully recover all out-of-pocket costs and expenses it actually incurs in connection with providing the service, plus, in some cases, the allocated indirect costs of providing the services, generally without profit.

The transition services agreement will terminate on the expiration of the term of the last service provided under it, unless earlier terminated by the parties. If no term period is provided for a specified service, then such service is to terminate on the second anniversary of the effective date of the transition services agreement. The recipient for a particular service generally can terminate that service prior to the scheduled expiration date, subject to a minimum notice period equal to 30 days.

Fortive does not expect the net costs associated with the transition services agreement to be materially different than the historical costs that have been allocated to Fortive related to these same services.

### ***Tax Matters Agreement***

***Allocation of Taxes.*** In connection with the separation and distribution, Fortive and Danaher will enter into a tax matters agreement that will govern the parties' respective rights, responsibilities and obligations with respect to tax liabilities and benefits, tax attributes, the preparation and filing of tax returns, the control of audits and other tax proceedings and other matters regarding taxes. In general, under the agreement, Fortive will be responsible for any U.S. federal, state, local or foreign taxes (and any related interest, penalties or audit adjustments) imposed with respect to tax returns that include only Fortive and/or any of its subsidiaries for any periods or portions thereof ending on or prior to consummation of the separation and distribution.

Neither party's obligations under the agreement will be limited in amount or subject to any cap. The agreement will also assign responsibilities for administrative matters, such as the filing of returns, payment of taxes due, retention of records and conduct of audits, examinations or similar proceedings. In addition, the agreement will provide for cooperation and information sharing with respect to tax matters.

Danaher will generally be responsible for preparing and filing any tax return that includes Danaher or any of its subsidiaries (as determined immediately after the distribution), including those that also include Fortive and/or any of its subsidiaries. Fortive will generally be responsible for preparing and filing any tax returns that include only Fortive and/or any of its subsidiaries.

The party responsible for preparing and filing any tax return will generally have primary authority to control tax contests related to any such tax return. Fortive will generally have exclusive authority to control tax contests with respect to tax returns that include only Fortive and/or any of its subsidiaries.

---

## [Table of Contents](#)

**Preservation of the Tax-Free Status of Certain Aspects of the Separation.** Fortive and Danaher intend for the distribution, together with certain related transactions, to qualify as a transaction that is tax-free to Danaher and Danaher's shareholders under Section 355 and 368(a)(1)(D) of the Code.

Danaher expects to receive an opinion from Skadden, Arps, Slate, Meagher & Flom LLP regarding the tax-free status of the distribution, together with certain related transactions. In connection with the opinion, Fortive and Danaher have made and will make certain representations regarding the past and future conduct of their respective businesses and certain other matters.

Fortive will also agree to certain covenants that contain restrictions intended to preserve the tax-free status of the distribution and separation. Fortive may take certain actions prohibited by these covenants only if Fortive obtains and provides to Danaher an opinion from a U.S. tax counsel or accountant of recognized national standing, in either case acceptable to Danaher in its sole and absolute discretion, to the effect that such action would not jeopardize the tax-free status of these transactions. Fortive will be barred from taking any action, or failing to take any action, where such action or failure to act adversely affects or could reasonably be expected to adversely affect the tax-free status of these transactions, for all relevant time periods. In addition, during the time period ending two years after the date of the distribution these covenants will include specific restrictions on Fortive's:

- issuance or sale of stock or other securities (including securities convertible into Fortive stock but excluding certain compensatory arrangements);
- sales of assets outside the ordinary course of business; and
- entering into any other corporate transaction which would cause Fortive to undergo a 50% or greater change in its stock ownership.

Fortive will generally agree to indemnify Danaher and its affiliates against any and all tax-related liabilities incurred by them relating to the distribution and certain other aspects of the separation to the extent caused by an acquisition of Fortive stock or assets or by any other action undertaken by Fortive. This indemnification will apply even if Danaher has permitted Fortive to take an action that would otherwise have been prohibited under the tax-related covenants described above.

### **Employee Matters Agreement**

Fortive and Danaher will enter into an employee matters agreement that will govern Fortive's and Danaher's compensation and employee benefit obligations with respect to the employees and other service providers of each company, and generally will allocate liabilities and responsibilities relating to employment matters and employee compensation and benefit plans and programs.

The employee matters agreement will provide for the treatment of outstanding Danaher equity awards, as described in further detail in the section entitled "Treatment of Outstanding Equity Awards at the Time of the Separation," and certain other incentive arrangements.

The employee matters agreement will provide that, following the distribution, Fortive's employees generally will no longer participate in benefit plans sponsored or maintained by Danaher and will commence participation in Fortive's benefit plans, which are expected to be generally similar to the existing Danaher benefit plans.

The employee matters agreement also will set forth the general principles relating to employee matters, including with respect to the assignment and transfer of employees, the assumption and retention of liabilities and related assets, workers' compensation, payroll taxes, regulatory filings, leaves of absence, the provision of comparable benefits, employee service credit, the sharing of employee information, and the duplication or acceleration of benefits.



---

## [Table of Contents](#)

### **Intellectual Property Matters Agreement**

Fortive and Danaher will enter into an intellectual property matters agreement pursuant to which Danaher will grant to Fortive a personal, generally irrevocable, non-exclusive, worldwide, and royalty-free license to use certain intellectual property rights retained by Danaher. Fortive will be able to sublicense its rights in connection with activities relating to Fortive's and its affiliates business, but not for independent use by third parties.

Fortive will also grant back to Danaher a personal, generally irrevocable, non-exclusive, worldwide, and royalty-free license to continue to use the transferred intellectual property rights. Danaher will be able to sublicense its rights in connection with activities relating to Danaher's and its affiliates retained business, but not for independent use by third parties. This license back will permit Danaher to continue to use the transferred intellectual property rights in the conduct of its remaining businesses. Fortive believes that the license back will have little impact on Fortive's businesses because Danaher's use of the transferred intellectual property rights is generally limited to products and services that are not part of Fortive's businesses.

Under the intellectual property matters agreement, the term period with respect to licensed or sublicensed know-how is perpetual and with respect to each licensed or sublicensed patent it will expire upon expiration of the last valid claim of such patent.

### **DBS License Agreement**

Fortive and Danaher will enter into a DBS license agreement pursuant to which Danaher will grant a non-exclusive, worldwide, non-transferable, perpetual license to Fortive to use DBS solely in support of its businesses. Fortive will be able to sublicense such license solely to direct and indirect, wholly-owned subsidiaries (but only as long as such entities remain direct and indirect, wholly-owned subsidiaries). In addition, each of Danaher and Fortive will license to each other improvements made by such party to DBS during the first two years of the term of the DBS license agreement. The term period for the DBS license agreement is perpetual, unless terminated earlier by either party.

### **Procedures for Approval of Related Person Transactions**

The Board is expected to adopt a written policy on related person transactions. Under this written related person transactions policy, the Nominating and Governance Committee of the Board is expected to be required to review and if appropriate approve all related person transactions, prior to consummation whenever practicable. If advance approval of a related person transaction is not practicable under the circumstances or if Fortive's management becomes aware of a related person transaction that has not been previously approved or ratified, the transaction is submitted to the Nominating and Governance Committee at the Nominating and Governance Committee's next meeting. The Nominating and Governance Committee is required to review and consider all relevant information available to it about each related person transaction, and a transaction is considered approved or ratified under the policy if the Nominating and Governance Committee authorizes it according to the terms of the policy after full disclosure of the related person's interests in the transaction. Related person transactions of an ongoing nature are reviewed annually by the Nominating and Governance Committee. The definition of "related person transactions" for purposes of the policy covers the transactions that are required to be disclosed under Item 404(a) of Regulation S-K promulgated under the Securities Exchange Act.

[Table of Contents](#)

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

Before the separation, all of the outstanding shares of Fortive’s common stock will be owned beneficially and of record by Danaher. The following table sets forth information with respect to the expected beneficial ownership of our common stock by: (1) each person who is known by us who will beneficially own more than five percent of our common stock, (2) each expected director and named executive officer, and (3) all of our expected directors and executive officers as a group. We based the share amounts on each person’s beneficial ownership of Danaher common stock as of March 14, 2016, assuming solely for purposes of this table a distribution ratio of one share of our common stock for every share of common stock of Danaher. We will update the information about the beneficially owned shares as of March 14, 2016 in a subsequent amendment to this information statement upon determination of the distribution ratio. Solely for the purposes of this table, we assumed that 688,089,244 of our shares of common stock were issued and outstanding as of March 14, 2016 based on Danaher common stock outstanding as of such date. The actual number of shares of our common stock to be outstanding following the separation will be determined on the record date for the distribution.

**Security Ownership of Certain Beneficial Owners**

Based solely on the information filed on Schedule 13G for the year ended December 31, 2015 with respect to beneficial ownership of Danaher common stock, we anticipate the following stockholders will beneficially own more than five percent of our common stock immediately following the separation.

<u>Name and Address of Beneficial Owner</u>	<u>Number of Shares Beneficially Owned</u>	<u>Percent of Class</u>
T. Rowe Price Associates, Inc.	79,440,338 (1)	11.5%
FMR LLC	39,633,681 (2)	5.8%

- (1) The amount shown and the following information is derived from a Schedule 13G filed February 11, 2016 by T. Rowe Price Associates, Inc. (“Price Associates”), which sets forth Price Associates’ beneficial ownership as of December 31, 2015. According to the Schedule 13G, Price Associates has sole voting power over 26,097,139 shares and sole dispositive power over 79,423,338 shares. These shares are owned by various individual and institutional investors for which Price Associates serves as an investment adviser with power to direct investments and/or sole power to vote the securities. For purposes of the reporting requirements of the Securities Exchange Act of 1934, as amended (“Securities Exchange Act”), Price Associates is deemed to be a beneficial owner of such securities; however, Price Associates expressly disclaims that it is, in fact, the beneficial owner of such securities. The address of Price Associates is 100 E. Pratt Street, Baltimore, Maryland 21202.
- (2) The amount shown and the following information is derived from a Schedule 13G filed February 12, 2016 by FMR LLC and Abigail P. Johnson, which sets forth their respective beneficial ownership as of December 31, 2015. According to the Schedule 13G, FMR LLC has sole voting power over 4,075,334 shares and FMR LLC and Abigail P. Johnson have sole dispositive power over 39,633,681 shares. The address of FMR LLC is 245 Summer Street, Boston, Massachusetts 02210.

[Table of Contents](#)

**Share Ownership of Executive Officers and Directors**

The following table provides information regarding beneficial ownership of our named executive officers, our expected directors and all of our expected directors and executive officers as a group. Except as indicated, the address of each director and executive officer shown in the table below is c/o Fortive, 6920 Seaway Blvd, Everett, WA 98203.

Name of Beneficial Owner	Number of Shares Beneficially Owned(1)	Percent of Class(1)
Feroz Dewan	—	—
James A. Lico	510,617 (2)	*
Kate D. Mitchell	—	—
Mitchell P. Rales	40,112,698 (3)	5.8%
Steven M. Rales	43,143,925 (4)	6.3%
Israel Ruiz	—	—
Alan G. Spoon	83,896(5)	*
Patrick J. Byrne	25,019(6)	*
Martin Gafinowitz	200,923 (7)	*
Charles E. McLaughlin	29,215(8)	*
Patrick K. Murphy	9,013(9)	*
All directors and executive officers as a group (17 persons)	84,170,763 (10)	12.2%

- (1) Balances credited to each executive officer's account under the Amended and Restated Danaher Corporation Executive Deferred Incentive Program (the "EDIP") which are vested or are scheduled to vest within 60 days of March 14, 2016, are included in the table. For purposes of the table, the number of shares of Danaher Common Stock attributable to a person's EDIP account is equal to (1) the person's outstanding EDIP balance as of March 14, 2016 (to the extent such balance is vested or will become vested within 60 days of March 14, 2016), divided by (2) the closing price of Danaher Common Stock as reported on the NYSE on March 14, 2016 (\$91.48 per share). In addition, for purposes of the table, the number of shares attributable to each executive officer's 401(k) Plan account is equal to (a) the officer's balance, as of March 14, 2016, in the Danaher stock fund included in the executive officer's 401(k) Plan account (the "401(k) Danaher Stock Fund"), divided by (b) the closing price of Danaher Common Stock as reported on the NYSE on March 14, 2016. The 401(k) Danaher Stock Fund consists of a unitized pool of Danaher Common Stock and cash. The table also includes shares that may be acquired upon exercise of options that are exercisable within 60 days of March 14, 2016 or upon vesting of RSUs that vest within 60 days of March 14, 2016.
- (2) Includes options to acquire 424,260 shares, 10,078 shares attributable to Mr. Lico's 401(k) account and 57,324 shares attributable to Mr. Lico's EDIP account.
- (3) Includes 34,000,000 shares owned by limited liability companies of which Mr. Rales is the sole member, 136,409 shares attributable to Mr. Rales' 401(k) Plan account and 2,468,580 other shares owned indirectly. The shares held by the limited liability companies are pledged to secure lines of credit with certain banks and each of these entities and Mr. Rales is in compliance with these lines of credit. The business address of Mitchell Rales, and of each of the limited liability companies, is 2200 Pennsylvania Avenue, N.W., Suite 800W, Washington, D.C. 20037-1701.
- (4) Includes 34,000,000 shares owned by limited liability companies of which Mr. Rales is the sole member, 12,185 shares attributable to Mr. Rales' 401(k) Plan account and 117,000 shares owned by a charitable foundation of which Mr. Rales is a director. Mr. Rales disclaims beneficial ownership of those shares held by the charitable foundation. The shares held by the limited liability companies are pledged to secure lines of credit with certain banks and each of these entities and Mr. Rales is in compliance with these lines of credit. The business address of Steven Rales, and of each of the limited liability companies, is 2200 Pennsylvania Avenue, N.W., Suite 800W, Washington, D.C. 20037-1701.

---

[Table of Contents](#)

- (5) Includes options to acquire 38,550 shares.
  - (6) Includes options to acquire 15,076 shares and 6,244 shares attributable to Mr. Byrne's EDIP account.
  - (7) Includes options to acquire 140,989 shares and 41,220 shares attributable to Mr. Gafinowitz's EDIP account.
  - (8) Includes options to acquire 24,402 shares, 4,811 shares attributable to Mr. McLaughlin's EDIP account and 2 shares held by Mr. McLaughlin's minor child.
  - (9) Includes options to acquire 5,204 shares and 2,567 shares attributable to Mr. Murphy's EDIP account.
  - (10) Includes options to acquire 685,751 shares, 167 shares that may be acquired upon vesting of RSUs, 119,411 shares attributable to executive officers' EDIP accounts, and 159,357 shares attributable to 401(k) accounts.
- \* Represents less than 1%.

## THE SEPARATION AND DISTRIBUTION

### Background

On May 13, 2015, Danaher announced its intention to separate its industrial growth businesses from the remainder of its businesses. Danaher announced that it intended to effect the separation through a pro rata distribution of the common stock of a new entity formed to hold the assets and liabilities associated with these businesses.

On \_\_\_\_\_, 2016, the Danaher board of directors approved the distribution of the issued and outstanding shares of Fortive common stock on the basis of share[s] of Fortive common stock for every \_\_\_\_\_ share[s] of Danaher common stock held as of the close of business on the record date of \_\_\_\_\_, 2016.

On \_\_\_\_\_, 2016, the distribution date, each Danaher shareholder will receive \_\_\_\_\_ share[s] of Fortive common stock for every \_\_\_\_\_ share[s] of Danaher common stock held at the close of business on the record date for the distribution, as described below. Danaher shareholders will receive cash in lieu of any fractional shares of Fortive common stock that they would have received after application of this ratio. You will not be required to make any payment, surrender or exchange your Danaher common stock or take any other action to receive your shares of Fortive's common stock in the distribution. The distribution of Fortive's common stock as described in this information statement is subject to the satisfaction or waiver of certain conditions. For a more detailed description of these conditions, see this section under "—Conditions to the Distribution."

### Reasons for the Separation

The Danaher board of directors determined that the separation of Danaher's industrial growth businesses from the remainder of its businesses would be in the best interests of Danaher and its shareholders and approved the plan of separation. A wide variety of factors were considered by the Danaher board of directors in evaluating the separation. The Danaher board of directors considered the following potential benefits of the separation:

- *Enhanced strategic and management focus*—The separation will allow Fortive and Danaher to more effectively pursue their distinct operating priorities and strategies and enable management of both companies to focus on unique opportunities for long-term growth and profitability. The separate management teams of Fortive and Danaher will also be able to focus on executing the companies' differing strategic plans without diverting attention from the other businesses;
- *More efficient allocation of capital*—The separation will permit each company to concentrate its financial resources solely on its own operations without having to compete with each other for investment capital. This will provide each company with greater flexibility to invest capital in its businesses in a time and manner appropriate for its distinct strategy and business needs;
- *Distinct investment identity*—The separation will allow investors to separately value Danaher and Fortive based on their distinct investment identities. Fortive's businesses differ from Danaher's other businesses in several respects, such as the market for products and services, manufacturing processes and R&D capabilities. The separation will enable investors to evaluate the merits, performance and future prospects of each company's respective businesses and to invest in each company separately based on their distinct characteristics;
- *Direct access to capital markets*—The separation will create an independent equity structure that will afford Fortive direct access to the capital markets and facilitate Fortive's ability to capitalize on its unique growth opportunities and effect future acquisitions utilizing its common stock; and
- *Alignment of incentives with performance objectives*—The separation will facilitate incentive compensation arrangements for employees more directly tied to the performance of the relevant company's businesses, and may enhance employee hiring and retention by, among other things, improving the alignment of management and employee incentives with performance and growth objectives.

---

## [Table of Contents](#)

With respect to the Danaher board of directors' decision to pursue the separation, the then-pending acquisition of Pall Corporation, announced on May 13, 2015, provided an opportunity to drive even greater shareholder value going forward as two separate public companies and further supported the Danaher board of directors' determination to pursue the separation. While all of the bullets above are considered to be benefits to Fortive, only the first, second, third and fifth bullets above are considered to be benefits to Danaher.

Neither Fortive nor Danaher can assure you that, following the separation, any of the benefits described above or otherwise will be realized to the extent anticipated or at all.

The Danaher board of directors also considered the following potentially negative factors in evaluating the separation:

- *Loss of joint purchasing power and increased costs.* As a current part of Danaher, the industrial growth businesses benefit from Danaher's size and purchasing power in procuring certain goods and services. After the separation, as a separate, independent entity, Fortive may be unable to obtain these goods, services and technologies at prices or on terms as favorable as those Danaher obtained prior to the separation. Fortive may also incur costs for certain functions previously performed by Danaher, such as accounting, tax, legal, human resources and other general administrative functions, that are higher than the amounts reflected in Fortive's historical financial statements, which could cause Fortive's profitability to decrease.
- *Disruptions to the business as a result of the separation.* The actions required to separate Fortive's and Danaher's respective businesses could disrupt Fortive's and Danaher's operations.
- *Increased significance of certain costs and liabilities.* Certain costs and liabilities that were otherwise less significant to Danaher as a whole will be more significant for Fortive and Danaher as stand-alone companies.
- *One-time costs of the separation.* Fortive will incur costs in connection with the transition to being a stand-alone public company that may include accounting, tax, legal and other professional services costs, recruiting and relocation costs associated with hiring or reassigning Fortive personnel, costs related to establishing a new brand identity in the marketplace and costs to separate information systems.
- *Inability to realize anticipated benefits of the separation.* Fortive may not achieve the anticipated benefits of the separation for a variety of reasons, including, among others: (i) the separation will require significant amounts of management's time and effort, which may divert management's attention from operating and growing Fortive's businesses; (ii) following the separation, Fortive may be more susceptible to market fluctuations and other adverse events than if it were still a part of Danaher; and (iii) following the separation, Fortive's businesses will be less diversified than Danaher's businesses prior to the separation.
- *Limitations placed upon Fortive as a result of the tax matters agreement.* To preserve the tax-free treatment for U.S. federal income tax purposes to Danaher of the distribution, together with certain related transactions, under the tax matters agreement that Fortive will enter into with Danaher, Fortive will be restricted from taking any action that prevents such transactions from being tax-free for U.S. federal income tax purposes. These restrictions may limit Fortive's ability to pursue certain strategic transactions or engage in other transactions that might increase the value of its businesses.

While all of the bullets above are considered to be potentially negative factors to Fortive, only the second and third bullets above are considered to be potentially negative factors to Danaher.

The Danaher board of directors concluded that the potential benefits of the separation outweighed these factors.

---

## [Table of Contents](#)

### **Formation of a New Company Prior to Fortive's Distribution**

Fortive Corporation was incorporated in Delaware on November 10, 2015, for the purpose of holding Danaher's industrial growth businesses. As part of the plan to separate these businesses from the remainder of its businesses, Danaher plans to transfer the equity interests of certain entities that operate the industrial growth businesses and the assets and liabilities of the industrial growth businesses to Fortive Corporation, as set forth in the separation agreement.

### **When and How You Will Receive the Distribution**

With the assistance of Computershare, Danaher expects to distribute Fortive common stock on \_\_\_\_\_, 2016, the distribution date, to all holders of outstanding shares of Danaher common stock as of the close of business on \_\_\_\_\_, 2016, the record date for the distribution. Computershare, which currently serves as the transfer agent and registrar for shares of Danaher common stock, will serve as the settlement and distribution agent in connection with the distribution and the transfer agent and registrar for Fortive common stock.

If you own shares of Danaher common stock as of the close of business on the record date for the distribution, Fortive's common stock that you are entitled to receive in the distribution will be issued electronically, as of the distribution date, to you in direct registration form or to your bank or brokerage firm on your behalf. If you are a registered holder, Computershare will then mail you a direct registration account statement that reflects your shares of Fortive common stock. If you hold your shares through a bank or brokerage firm, your bank or brokerage firm will credit your account for the shares. Direct registration form refers to a method of recording share ownership when no physical share certificates are issued to shareholders, as is the case in this distribution. If you sell shares of Danaher common stock in the "regular-way" market up to and including the distribution date, you will be selling your right to receive shares of Fortive common stock in the distribution.

Commencing on or shortly after the distribution date, if you hold physical share certificates that represent your shares of Danaher common stock and you are the registered holder of the shares represented by those certificates, the distribution agent will mail to you an account statement that indicates the number of shares of Fortive's common stock that have been registered in book-entry form in your name.

Most Danaher shareholders hold their common shares through a bank or brokerage firm. In such cases, the bank or brokerage firm would be said to hold the shares in "street name" and ownership would be recorded on the bank or brokerage firm's books. If you hold your shares of Danaher common stock through a bank or brokerage firm, your bank or brokerage firm will credit your account for the Fortive common stock that you are entitled to receive in the distribution. If you have any questions concerning the mechanics of having shares held in "street name," please contact your bank or brokerage firm.

### **Transferability of Shares You Receive**

Shares of Fortive common stock distributed to holders in connection with the distribution will be transferable without registration under the Securities Act, except for shares received by persons who may be deemed to be Fortive affiliates. Persons who may be deemed to be Fortive affiliates after the distribution generally include individuals or entities that control, are controlled by or are under common control with Fortive, which may include certain Fortive executive officers, directors or principal shareholders. Securities held by Fortive affiliates will be subject to resale restrictions under the Securities Act. Fortive affiliates will be permitted to sell shares of Fortive common stock only pursuant to an effective registration statement or an exemption from the registration requirements of the Securities Act, such as the exemption afforded by Rule 144 under the Securities Act.

---

## [Table of Contents](#)

### **Number of Shares of Fortive Common Stock You Will Receive**

For every \_\_\_\_\_ share[s] of Danaher common stock that you own at the close of business on \_\_\_\_\_, 2016, the record date for the distribution, you will receive \_\_\_\_\_ share[s] of Fortive common stock on the distribution date.

Danaher will not distribute any fractional shares of Fortive common stock to its shareholders. Instead, if you are a registered holder, Computershare will aggregate fractional shares into whole shares, sell the whole shares in the open market at prevailing market prices and distribute the aggregate cash proceeds (net of discounts and commissions) of the sales pro rata (based on the fractional share such holder would otherwise be entitled to receive) to each holder who otherwise would have been entitled to receive a fractional share in the distribution. The transfer agent, in its sole discretion, without any influence by Danaher or Fortive, will determine when, how, through which broker-dealer and at what price to sell the whole shares. Any broker-dealer used by the transfer agent will not be an affiliate of either Danaher or Fortive. Neither Fortive nor Danaher will be able to guarantee any minimum sale price in connection with the sale of these shares. Recipients of cash in lieu of fractional shares will not be entitled to any interest on the amounts of payment made in lieu of fractional shares.

If you hold physical certificates for shares of Danaher common stock and are the registered holder, you will receive a check from the distribution agent in an amount equal to your pro rata share of the aggregate net cash proceeds of the sales. Fortive estimates that it will take approximately two weeks from the distribution date for the distribution agent to complete the distributions of the aggregate net cash proceeds. If you hold your shares of Danaher common stock through a bank or brokerage firm, your bank or brokerage firm will receive, on your behalf, your pro rata share of the aggregate net cash proceeds of the sales and will electronically credit your account for your share of such proceeds.

### **Results of the Distribution**

After its separation from Danaher, Fortive will be an independent, publicly traded company. The actual number of shares to be distributed will be determined at the close of business on \_\_\_\_\_, 2016, the record date for the distribution. The distribution will not affect the number of outstanding shares of Danaher common stock or any rights of Danaher shareholders. Danaher will not distribute any fractional shares of Fortive common stock.

Fortive will enter into a separation agreement and other related agreements with Danaher to effect the separation and provide a framework for Fortive's relationship with New Danaher after the separation. These agreements provide for the allocation between New Danaher and Fortive of Danaher's assets, liabilities and obligations (including its investments, property and employee benefits and tax-related assets and liabilities) attributable to periods prior to, at and after Fortive's separation from Danaher and will govern certain relationships between New Danaher and Fortive after the separation. For a more detailed description of these agreements, see "Certain Relationships and Related Person Transactions."

### **Market for Fortive Common Stock**

There is currently no public trading market for Fortive's common stock. Fortive intends to apply to list its common stock on the NYSE under the symbol "FTV." Fortive has not and will not set the initial price of its common stock. The initial price will be established by the public markets.

Fortive cannot predict the price at which its common stock will trade after the distribution. In fact, the combined trading prices of \_\_\_\_\_ share[s] of Danaher common stock and \_\_\_\_\_ share[s] of Fortive common stock after the distribution (representing the number of shares of Fortive common stock to be received per \_\_\_\_\_ share[s] of Danaher common stock in the distribution) may not equal the "regular-way" trading price of a share of Danaher common stock immediately prior to the distribution. The price at which Fortive common stock trades may fluctuate significantly, particularly until an orderly public market develops. Trading prices for Fortive common stock will be determined in the public markets and may be influenced by many factors. See "Risk Factors—Risks Related to Fortive's Common Stock."



---

## [Table of Contents](#)

### **Trading Between the Record Date and Distribution Date**

Beginning on or shortly before the record date for the distribution and continuing up to the distribution date, Danaher expects that there will be two markets in shares of Danaher common stock: a “regular-way” market and an “ex-distribution” market. Shares of Danaher common stock that trade on the “regular-way” market will trade with an entitlement to Fortive common shares distributed pursuant to the separation. Shares of Danaher common stock that trade on the “ex-distribution” market will trade without an entitlement to Fortive common stock distributed pursuant to the distribution. Therefore, if you sell shares of Danaher common stock in the “regular-way” market up to and including through the distribution date, you will be selling your right to receive Fortive common stock in the distribution. If you own shares of Danaher common stock at the close of business on the record date and sell those shares on the “ex-distribution” market up to and including through the distribution date, you will receive the shares of Fortive common stock that you are entitled to receive pursuant to your ownership as of the record date of the shares of Danaher common stock.

Furthermore, beginning on or shortly before the record date for the distribution and continuing up to the distribution date, Fortive expects that there will be a “when-issued” market in its common stock. “When-issued” trading refers to a sale or purchase made conditionally because the security has been authorized but not yet issued. The “when-issued” trading market will be a market for Fortive common stock that will be distributed to holders of shares of Danaher common stock on the distribution date. If you owned shares of Danaher common stock at the close of business on the record date for the distribution, you would be entitled to Fortive common stock distributed pursuant to the distribution. You may trade this entitlement to shares of Fortive common stock, without the shares of Danaher common stock you own, on the “when-issued” market. On the first trading day following the distribution date, “when-issued” trading with respect to Fortive common stock will end, and “regular-way” trading will begin.

“Ex-distribution” and “when-issued” trades are generally settled shortly after the distribution date, but if Danaher determines not to proceed with the distribution following the initiation of the “ex-distribution” and “when-issued” trading markets, trades in the “ex-distribution” and “when-issued” trading markets will be cancelled and, therefore, will not be settled.

### **Conditions to the Distribution**

The distribution will be effective at 12:01 a.m., Eastern time, on \_\_\_\_\_, 2016, the distribution date, provided that the following conditions will have been satisfied (or waived by Danaher in its sole discretion):

- the transfer of assets and liabilities to Fortive in accordance with the separation agreement will have been completed, other than assets and liabilities intended to transfer after the distribution;
- Danaher will have received both (i) a private letter ruling from the IRS with respect to certain aspects of the anticipated non-taxable nature of the transactions and (ii) an opinion of Skadden, Arps, Slate, Meagher & Flom LLP, tax counsel to Danaher, regarding the qualification of the separation and the distribution as a reorganization within the meaning of Sections 355(a) and 368(a)(1)(D) of the Code;
- the SEC will have declared effective the registration statement of which this information statement forms a part, no stop order suspending the effectiveness of the registration statement will be in effect, no proceedings for such purpose will be pending before or threatened by the SEC and this information statement will have been mailed to Danaher shareholders;
- all actions and filings necessary or appropriate under applicable U.S. federal, U.S. state or other securities laws will have been taken and, where applicable, will have become effective or been accepted by the applicable governmental authority;
- the transaction agreements relating to the separation will have been duly executed and delivered by the parties;

---

## [Table of Contents](#)

- no order, injunction or decree issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the separation, the distribution or any of the related transactions will be in effect;
- the shares of Fortive common stock to be distributed will have been accepted for listing on the NYSE, subject to official notice of distribution;
- the financing described under the section entitled “Description of Material Indebtedness” will have been completed; and
- no event or development will have occurred or exist that, in the judgment of Danaher’s board of directors, in its sole discretion, makes it inadvisable to effect the separation, the distribution or the other related transactions.

The satisfaction of the foregoing conditions does not create any obligations on Danaher’s part to effect the separation, and Danaher’s board of directors has reserved the right, in its sole discretion, to abandon, modify or change the terms of the separation, including by accelerating or delaying the timing of the consummation of all or part of the separation, at any time prior to the distribution date. To the extent that the Danaher board of directors determines that any modifications by Danaher materially change the material terms of the distribution, Danaher will notify Danaher shareholders in a manner reasonably calculated to inform them about the modification as may be required by law.

## U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following discussion is a summary of the U.S. federal income tax considerations generally applicable to Danaher shareholders in connection with the distribution. This summary is based on the Code, the Treasury Regulations promulgated thereunder and judicial and administrative interpretations of those authorities, in each case as in effect as of the date of this information statement, and all of which are subject to change at any time, possibly with retroactive effect. Any such change could affect the tax consequences described below. This summary assumes that the separation and the distribution will be consummated in accordance with the separation agreement and as described in this information statement.

This summary is limited to Danaher shareholders that are U.S. Holders that hold their shares of Danaher common stock as a capital asset within the meaning of the Code. A "U.S. Holder" is a beneficial owner of shares of Danaher common stock that is, for U.S. federal income tax purposes:

- an individual who is a citizen or a resident of the United States;
- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized under the laws of the United States or any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if (i) a court within the United States is able to exercise primary jurisdiction over its administration and one or more U.S. persons have the authority to control all of its substantial decisions or (ii) it has a valid election in place under applicable Treasury Regulations to be treated as a U.S. person.

This summary does not discuss all tax considerations that may be relevant to U.S. holders of shares of Danaher common stock in light of their particular circumstances, nor does it address the consequences to U.S. holders of shares of Danaher common stock subject to special treatment under the U.S. federal income tax laws, such as:

- dealers or traders in securities;
- tax-exempt entities;
- banks, financial institutions or insurance companies;
- real estate investment trusts, regulated investment companies or grantor trusts;
- persons who acquired shares of Danaher common stock pursuant to the exercise of employee stock options or otherwise as compensation;
- persons owning shares of Danaher common stock as part of a position in a straddle or as part of a hedging, conversion or other risk reduction transaction for U.S. federal income tax purposes;
- certain former citizens or long-term residents of the United States;
- persons who are subject to the alternative minimum tax;
- a partnership or any other entity or arrangement treated as a partnership for U.S. federal income tax purposes;
- persons who own shares of Danaher common stock through a partnership or any other entity treated as a partnership for U.S. federal income tax purposes; or
- persons who hold shares of Danaher common stock through a tax-qualified retirement plan.

This summary does not address any U.S. state or local or foreign tax consequences or any estate, gift or other non-income tax consequences.

---

## [Table of Contents](#)

If a partnership, or any other entity or arrangement treated as a partnership for U.S. federal income tax purposes, holds shares of Danaher common stock, the tax treatment of a partner in that partnership will generally depend on the status of the partner and the activities of the partnership. Such a partner or partnership should consult its tax advisor as to its tax consequences of the distribution to it.

**EACH SHAREHOLDER IS URGED TO CONSULT THE SHAREHOLDER'S TAX ADVISOR AS TO THE SPECIFIC TAX CONSEQUENCES OF THE DISTRIBUTION TO THAT SHAREHOLDER, INCLUDING THE EFFECT OF ANY U.S. FEDERAL, STATE OR LOCAL OR FOREIGN TAX LAWS AND OF CHANGES IN APPLICABLE TAX LAWS.**

Danaher will receive an opinion of Skadden, Arps, Slate, Meagher & Flom LLP, tax counsel to Danaher, to the effect that, among other things, the distribution, together with certain related transactions, will qualify as a reorganization within the meaning of Sections 355 and 368(a)(1)(D) of the Code. Such opinion will be based on, among other things, certain assumptions as well as on the accuracy, correctness and completeness of certain representations and statements made by Danaher and Fortive to Skadden, Arps, Slate, Meagher & Flom LLP. In rendering the opinion, Skadden, Arps, Slate, Meagher & Flom LLP will also rely on certain covenants that Danaher and Fortive enter into, including the adherence by Danaher and Fortive to certain restrictions on future actions. If any of the assumptions, representations or statements made by Danaher or Fortive are, or become, inaccurate, incorrect or incomplete, or if Danaher or Fortive breach any of their covenants, such transactions might not qualify as a reorganization for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code. Notwithstanding receipt by Danaher of the opinion, the IRS could assert successfully that such transactions are taxable. In that event, the consequences described in the opinion would not apply and both Danaher and holders of shares of Danaher common stock who received shares of Fortive common stock in the distribution would be subject to significant U.S. federal income tax liability.

Assuming that the distribution qualifies under Sections 355 and 368(a)(1)(D) of the Code, for U.S. federal income tax purposes:

- subject to the discussion below regarding Section 355(e) of the Code, no gain or loss will be recognized by Danaher on the distribution;
- a Danaher shareholder will not recognize any gain or loss for U.S. federal income tax purposes and no amount will be includable in income for U.S. federal income tax purposes as a result of the receipt of Fortive common stock pursuant to the distribution, except with respect to any cash received in lieu of fractional shares of Fortive common stock (as described below);
- a Danaher shareholder's aggregate tax basis in such shareholder's shares of Danaher common stock following the distribution and in Fortive common stock received in the distribution (including any fractional share interest in Fortive common stock for which cash is received) will equal such shareholder's tax basis in its shares of Danaher common stock immediately before the distribution, allocated between the shares of Danaher common stock and Fortive common stock (including any fractional share interest in Fortive common stock for which cash is received) in proportion to their fair market values on the distribution date;
- a Danaher shareholder's holding period for Fortive common stock received in the distribution (including any fractional share interest in Fortive common stock for which cash is received) will include the holding period for that shareholder's shares of Danaher common stock; and
- a Danaher shareholder who receives cash in lieu of a fractional share of Fortive common stock in the distribution will be treated as having sold such fractional share for cash, and will recognize capital gain or loss in an amount equal to the difference between the amount of cash received and the Danaher shareholder's adjusted tax basis in the fractional share. That gain or loss will be long-term capital gain or loss if the shareholder's holding period for its shares of Danaher common stock exceeds one year at the time of the distribution. The deductibility of capital losses is subject to limitations.

---

## [Table of Contents](#)

Danaher shareholders that have acquired different blocks of shares of Danaher common stock at different times or at different prices should consult their tax advisors regarding the allocation of their aggregate adjusted basis among, and their holding period of, shares of Fortive common stock distributed with respect to such blocks of shares of Danaher common stock.

U.S. Treasury regulations require certain Danaher shareholders who receive Fortive common stock in the distribution to attach to the shareholder's U.S. federal income tax return for the year in which the stock is received a detailed statement setting forth certain information relating to the tax-free nature of the distribution.

Notwithstanding receipt by Danaher of the opinion of tax counsel, the IRS could assert that the separation and the distribution do not qualify for tax-free treatment for U.S. federal income tax purposes. If the IRS were successful in taking this position, Danaher shareholders and Danaher would be subject to significant U.S. federal income tax liability. In general, Danaher would recognize gain in an amount equal to the excess, if any, of the fair market value of Fortive's common stock distributed to Danaher shareholders on the distribution date over Danaher's tax basis in such shares. In addition, each Danaher shareholder that receives shares of Fortive's common stock in the separation could be treated as receiving a taxable distribution from Danaher in an amount equal to the fair market value of Fortive's common stock that was distributed to the shareholder, which generally would be taxed as a dividend to the extent of the shareholder's pro rata share of Danaher's current and accumulated earnings and profits, including Danaher's taxable gain, if any, on the distribution, then treated as a non-taxable return of capital to the extent of the shareholder's basis in the Danaher stock and thereafter treated as capital gain from the sale or exchange of Danaher stock. Also, if the IRS were successful in taking this position, Fortive might be required to indemnify Danaher under the circumstances set forth in the tax matters agreement, and such indemnification obligation could materially adversely affect Fortive's financial position.

Even if the distribution otherwise qualifies as tax-free for U.S. federal income tax purposes under Section 355 of the Code, it could be taxable to Danaher (but not Danaher's shareholders) under Section 355(e) of the Code if the distribution were later deemed to be part of a plan (or series of related transactions) pursuant to which one or more persons acquire, directly or indirectly, stock representing a 50 percent or greater interest by vote or value, in Danaher or Fortive. The process for determining whether an acquisition is part of a plan under these rules is complex, inherently factual and subject to an analysis of the facts and circumstances of a particular case. If an acquisition or issuance of Danaher common stock or Fortive common stock triggers the application Section 355(e) of the Code, Danaher would recognize gain as described above. Depending on the circumstances, Fortive may be required to indemnify Danaher for any resulting taxes and related expenses, which amounts could be material. See "Certain Relationships and Related Person Transactions—Tax Matters Agreement" for a more detailed discussion of the Tax Matters Agreement between Danaher and Fortive.

## DESCRIPTION OF MATERIAL INDEBTEDNESS

### Senior Notes Issuance

Prior to the separation and distribution, Fortive expects that it will issue senior unsecured notes in multiple tranches with terms and maturities to be determined, which together with the Term Loan Facility and the Revolving Credit Facility described below, are expected to yield proceeds of up to approximately \$3.25 billion, of which approximately \$3.0 billion will be paid to Danaher as consideration for the contribution of assets to Fortive by Danaher in connection with the separation. Fortive expects that Danaher will use such proceeds to repay certain outstanding debt of Danaher. Negotiation of the agreements underlying the notes and the facilities described hereunder is ongoing and subject to the completion of definitive documentation. Fortive cannot assure you that the terms described below will not change or be supplemented.

Fortive anticipates that the notes will be guaranteed initially by Danaher. Effective with the distribution date, the guarantee by Danaher will terminate. The notes are expected to have terms customary for senior unsecured notes of this type, including covenants relating to debt incurrence, liens, and mergers or sales of all or substantially all of Fortive's assets.

The notes indenture will provide for customary events of default (subject, in certain cases, to customary grace periods) which include nonpayment on the notes, breach of covenants in the Indenture, payment defaults or acceleration of other indebtedness over a specified threshold, failure to pay certain judgments over a specified threshold and certain events of bankruptcy and insolvency. Generally, if an event of default occurs, the trustee under the indenture or holders of at least 25% of the aggregate principal amount of all then outstanding senior notes of the applicable series may declare the principal, premium, if any, interest and any other monetary obligations on all the then outstanding notes of such series to be due and payable immediately.

### Senior Credit Facilities

Prior to the separation and distribution, Fortive expects to enter into a credit agreement with a syndicate of banks providing for a [●]-year \$[●] million senior Term Loan Facility (the Term Loan Facility) and a [●]-year \$[●] billion senior Revolving Credit Facility (the Revolving Credit Facility and together with the Term Loan Facility, the Senior Credit Facilities). The Senior Credit Facilities will not be available for borrowings until the date on which certain conditions are satisfied. Fortive expects to use the Revolving Credit Facility to support Fortive's commercial paper program. Fortive cannot assure you that a commercial paper program will be established.

Fortive expects the Senior Credit Facilities to bear interest at a rate equal to an adjusted base rate or LIBOR, plus, in each case, an applicable margin. The applicable margin is expected to be based on Fortive's published credit rating. Fortive expects that interest on borrowings and the commitment fee will generally be payable quarterly in arrears or at the end of the interest period if such interest period is shorter than three months. Additionally, Fortive expects to pay a quarterly commitment fee based on the unused portion of the Revolving Credit Facility which will be determined by Fortive's credit rating.

Fortive expects the Term Loan Facility will be due at maturity. Fortive expects to be permitted to voluntarily prepay loans and/or reduce the commitment under the Senior Credit Facilities, in whole or in part, without penalty or premium subject to certain minimum amounts and increments and the payment of customary breakage costs. Fortive does not expect that mandatory prepayment will be required under the Revolving Credit Facility.

If the distribution has not been completed on or before December 31, 2016, or if prior to such date, Danaher has abandoned the distribution, then Fortive expects to be required to repay all loans outstanding under the Senior Credit Facilities together with all accrued and unpaid interest, and the commitments under the Revolving Credit Facility are expected to be terminated.

---

[Table of Contents](#)

Fortive expects the Revolving Credit Facility will contain a financial covenant requiring Fortive not to exceed a maximum total net leverage ratio and, unless certain investment grade ratings specified in the credit agreement are received, to maintain a minimum interest coverage ratio. In addition, the Senior Credit Facilities are expected to contain customary affirmative and negative covenants. The Senior Credit Facilities are also expected to contain customary events of default.

The foregoing summarizes some of the currently expected terms of Fortive's notes and Fortive's Senior Credit Facilities. However, the foregoing summary does not purport to be complete, and the terms of the notes and Senior Credit Facilities have not yet been finalized. There may be changes to the expected principal amount and terms of the Senior Credit Facilities, some of which may be material. Information regarding the final material terms of the notes and facilities described above, including the amount to be drawn under these facilities as of the distribution date, will be provided in a subsequent amendment to this information statement.

## DESCRIPTION OF FORTIVE'S CAPITAL STOCK

*Fortive's certificate of incorporation and bylaws will be amended and restated prior to the separation. The following is a summary of the material terms of Fortive's capital stock that will be contained in the amended and restated certificate of incorporation and bylaws. The summaries and descriptions below do not purport to be complete statements of the relevant provisions of the certificate of incorporation or of the bylaws to be in effect at the time of the distribution. The summary is qualified in its entirety by reference to these documents, which you must read (along with the applicable provisions of Delaware law) for complete information on Fortive's capital stock as of the time of the distribution. The certificate of incorporation and bylaws to be in effect at the time of the distribution will be included as exhibits to the registration statement of which this information statement forms a part.*

### General

Fortive's authorized capital stock consists of \_\_\_\_\_ shares of common stock, par value \$0.01 per share, and shares of preferred stock, with no par value, all of which shares of preferred stock are undesignated. The Board may establish the rights and preferences of the preferred stock from time to time. Immediately following the distribution, Fortive expects that approximately \_\_\_\_\_ shares of its common stock will be issued and outstanding and that no shares of preferred stock will be issued and outstanding.

As of the date of this information statement, there are no shares of common stock subject to options or warrants to purchase, or securities convertible into, common equity of Fortive, however, as described in the section entitled "Treatment of Outstanding Equity Awards at the Time of the Separation," Fortive intends to issue Fortive options and other equity-based awards upon the separation.

### Common Stock

Each holder of Fortive common stock will be entitled to one vote for each share on all matters to be voted upon by the common shareholders, and there will be no cumulative voting rights. The holders of Fortive's common stock entitled to cast a majority of votes at a shareholder meeting will constitute a quorum at such meeting. Subject to any preferential rights of any outstanding preferred stock, holders of Fortive common stock will be entitled to receive ratably the dividends, if any, as may be declared from time to time by the Board out of funds legally available for that purpose. If there is a liquidation, dissolution or winding up of Fortive, holders of its common stock would be entitled to ratably distribution of its assets remaining after the payment in full of liabilities and any preferential rights of any then-outstanding preferred stock.

Directors are generally elected by a majority of the votes cast by holders of Fortive's common stock. However, directors are elected by a plurality of the votes cast by holders of Fortive's common stock in the case of elections held at a stockholders' meeting for which (i) Fortive's corporate secretary has received a notice or otherwise has become aware, prior to such meeting, that a holder of Fortive's common stock has nominated a person for election to the Board and (ii) such nomination has not been withdrawn by such stockholder on or before the tenth day before Corporation first mails its notice of meeting for such meeting to the stockholders. A majority of the votes cast means that the number of votes cast "for" a director's election exceeds the number of votes cast "against" that director's election. Abstentions and broker non-votes are not counted as votes cast either "for" or "against" a director's election.

Holders of Fortive common stock will have no preemptive or conversion rights or other subscription rights, and there are no redemption or sinking fund provisions applicable to the common stock. After the distribution, all outstanding shares of Fortive common stock will be fully paid and non-assessable. The rights, preferences and privileges of the holders of Fortive common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of preferred stock that Fortive may designate and issue in the future.



---

## [Table of Contents](#)

### **Preferred Stock**

Under the terms of Fortive's amended and restated certificate of incorporation, the Board will be authorized, subject to limitations prescribed by the DGCL and by Fortive's amended and restated certificate of incorporation, to issue up to \_\_\_\_\_ shares of preferred stock in one or more series without further action by the holders of its common stock. The Board will have the discretion, subject to limitations prescribed by the DGCL and by Fortive's amended and restated certificate of incorporation, to determine the rights, preferences, privileges and restrictions, including voting rights, dividend rights, conversion rights, redemption privileges and liquidation preferences, of each series of preferred stock.

### **Anti-Takeover Effects of Various Provisions of Delaware Law and Fortive's Certificate of Incorporation and Bylaws**

Provisions of the DGCL and Fortive's amended and restated certificate of incorporation and bylaws could make it more difficult to acquire Fortive by means of a tender offer, a proxy contest or otherwise, or to remove incumbent officers and directors. These provisions, summarized below, are expected to discourage certain types of coercive takeover practices and takeover bids that the Board may consider inadequate and to encourage persons seeking to acquire control of Fortive to first negotiate with Board. Fortive believes that the benefits of increased protection of its ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure it outweigh the disadvantages of discouraging takeover or acquisition proposals because, among other things, negotiation of these proposals could result in an improvement of their terms.

*Delaware Anti-Takeover Statute.* Fortive will be subject to Section 203 of the DGCL, an anti-takeover statute. In general, Section 203 of the DGCL prohibits a publicly held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years following the time the person became an interested stockholder, unless (i) prior to such time, the board of directors of such corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder; (ii) upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of such corporation at the time the transaction commenced (excluding for purposes of determining the voting stock outstanding (but not the outstanding voting stock owned by the interested stockholder) the voting stock owned by directors who are also officers or held in employee benefit plans in which the employees do not have a confidential right to tender or vote stock held by the plan); or (iii) on or subsequent to such time the business combination is approved by the board of directors of such corporation and authorized at a meeting of shareholders by the affirmative vote of at least two-thirds of the outstanding voting stock of such corporation not owned by the interested stockholder. Generally, a "business combination" includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. Generally, an "interested stockholder" is a person who, together with affiliates and associates, owns (or within three years prior to the determination of interested stockholder status did own) 15% or more of a corporation's voting stock. The existence of this provision would be expected to have an anti-takeover effect with respect to transactions not approved in advance by the Board, including discouraging attempts that might result in a premium over the market price for the shares of common stock held by Fortive's shareholders.

*Classified Board.* Fortive's amended and restated certificate of incorporation and bylaws will provide that its Board will be divided into three classes. At the time of the separation, the Board will be divided into three classes, each comprised of two to three directors. The two directors designated as Class I directors will have terms expiring at the first annual meeting of shareholders following the distribution, which Fortive expects to be held in 2017. The two directors designated as Class II directors will have terms expiring at the following year's annual meeting of shareholders, which Fortive expects to be held in 2018, and the three directors designated as Class III directors will have terms expiring at the following year's annual meeting of shareholders, which Fortive expects to be held in 2019. Commencing with the first annual meeting of shareholders following the separation, directors for each class will be elected at the annual meeting of shareholders held in the year in which the term for that class expires and thereafter will serve for a term of three years. At any meeting of shareholders for the election of directors at which a quorum is present, the election will be determined by a majority of the votes cast

---

## Table of Contents

by the shareholders entitled to vote in the election, with directors not receiving a majority of the votes cast required to tender their resignations for consideration by the board, except that in the case of a contested election, the election will be determined by a plurality of the votes cast by the stockholders entitled to vote in the election. Under the classified board provisions, it would take at least two elections of directors for any individual or group to gain control of Fortive's board. Accordingly, these provisions could discourage a third party from initiating a proxy contest, making a tender offer or otherwise attempting to gain control of Fortive.

*Removal of Directors.* Fortive's amended and restated bylaws will provide that its shareholders may remove its directors only for cause, by an affirmative vote of holders of at least the majority of Fortive's voting stock then outstanding.

*Amendments to Certificate of Incorporation.* Fortive's amended and restated certificate of incorporation will provide that the affirmative vote of the holders of at least 80% of its voting stock then outstanding is required to amend certain provisions relating to the number, term, classification, removal and filling of vacancies with respect to the Board, the advance notice to be given for nominations for elections of directors, the calling of special meetings of shareholders, cumulative voting, shareholder action by written consent, the ability to amend the bylaws, the elimination of liability of directors to the extent permitted by Delaware law, director and officer indemnification and any provision relating to the amendment of any of these provisions.

*Amendments to Bylaws.* Fortive's amended and restated certificate of incorporation and bylaws will provide that the Fortive's amended and restated bylaws may be amended by the Board or by the affirmative vote of holders of at least 80% of Fortive's voting stock then outstanding.

*Size of Board and Vacancies.* Fortive's amended and restated bylaws will provide that the number of directors on the Board will be fixed exclusively by the Board. Any vacancies created in the Board resulting from any increase in the authorized number of directors or the death, resignation, retirement, disqualification, removal from office or other cause will be filled by a majority of the board of directors then in office, even if less than a quorum is present, or by a sole remaining director. Any director appointed to fill a vacancy on the Board will hold office until the earlier of the expiration of the term of office of the director whom he or she has replaced, a successor is duly elected and qualified or the earlier of such director's death, resignation or removal.

*Special Shareholder Meetings.* Fortive's amended and restated certificate of incorporation will provide that special meetings of stockholders may be called by the secretary upon a written request delivered to the secretary by (a) the Board pursuant to a resolution adopted by a majority of the entire Board, (b) the chairman of the Board or (c) the chief executive officer of the Corporation. Shareholders may not call special shareholder meetings.

*Shareholder Action by Written Consent.* Fortive's amended and restated certificate of incorporation will expressly eliminate the right of its shareholders to act by written consent effective as of the distribution. Shareholder action must take place at the annual or a special meeting of Fortive shareholders.

*Requirements for Advance Notification of Shareholder Nominations and Proposals.* Fortive's certificate of incorporation will mandate that shareholder nominations for the election of directors will be given in accordance with the bylaws. The amended and restated bylaws will establish advance notice procedures with respect to shareholder proposals and nomination of candidates for election as directors as well as minimum qualification requirements for shareholders making the proposals or nominations. Additionally, the bylaws will require that candidates for election as director disclose their qualifications and make certain representations.

*No Cumulative Voting.* The DGCL provides that shareholders are denied the right to cumulate votes in the election of directors unless the company's certificate of incorporation provides otherwise. Fortive's amended and restated certificate of incorporation will not provide for cumulative voting.

*Undesignated Preferred Stock.* The authority that the Board will possess to issue preferred stock could potentially be used to discourage attempts by third parties to obtain control of Fortive's company through a

---

## [Table of Contents](#)

merger, tender offer, proxy contest or otherwise by making such attempts more difficult or more costly. The Board may be able to issue preferred stock with voting rights or conversion rights that, if exercised, could adversely affect the voting power of the holders of common stock.

### **Limitations on Liability, Indemnification of Officers and Directors and Insurance**

The DGCL authorizes corporations to limit or eliminate the personal liability of directors to corporations and their shareholders for monetary damages for breaches of directors' fiduciary duties as directors, and Fortive's amended and restated certificate of incorporation will include such an exculpation provision. Fortive's amended and restated certificate of incorporation and bylaws will include provisions that indemnify, to the fullest extent allowable under the DGCL, the personal liability of directors or officers for monetary damages for actions taken as a director or officer of Fortive, or for serving at Fortive's request as a director or officer or another position at another corporation or enterprise, as the case may be. Fortive's amended and restated certificate of incorporation and bylaws will also provide that Fortive must indemnify and advance reasonable expenses to its directors and, subject to certain exceptions, officers, subject to its receipt of an undertaking from the indemnified party as may be required under the DGCL. Fortive's amended and restated certificate of incorporation will expressly authorize Fortive to carry directors' and officers' insurance to protect Fortive, its directors, officers and certain employees for some liabilities.

The limitation of liability and indemnification provisions that will be in Fortive's amended and restated certificate of incorporation and bylaws may discourage shareholders from bringing a lawsuit against directors for breach of their fiduciary duty. These provisions may also have the effect of reducing the likelihood of derivative litigation against Fortive's directors and officers, even though such an action, if successful, might otherwise benefit Fortive and its shareholders. However, these provisions will not limit or eliminate Fortive's rights, or those of any shareholder, to seek non-monetary relief such as injunction or rescission in the event of a breach of a director's duty of care. The provisions will not alter the liability of directors under the federal securities laws. In addition, your investment may be adversely affected to the extent that, in a class action or direct suit, Fortive pays the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions. There is currently no pending material litigation or proceeding against any Fortive directors, officers or employees for which indemnification is sought.

### **Exclusive Forum**

Unless Fortive otherwise consents in writing, the sole and exclusive forum for (1) any derivative action or proceeding brought on behalf of Fortive, (2) any action asserting a claim of breach of fiduciary duty owed by any director or officer of Fortive to Fortive or Fortive's shareholders, (3) any action asserting a claim against Fortive or any director or officer of Fortive arising pursuant to any provision of the DGCL, or (4) any action asserting a claim governed by the internal affairs doctrine shall be the Court of Chancery of the State of Delaware or, if the Court of Chancery of the State of Delaware does not have jurisdiction, another state or federal court located within the State of Delaware.

### **Authorized but Unissued Shares**

Fortive's authorized but unissued shares of common stock and preferred stock will be available for future issuance without your approval. Fortive may use additional shares for a variety of purposes, including future public offerings to raise additional capital, to fund acquisitions and as employee compensation. The existence of authorized but unissued shares of common stock and preferred stock could render more difficult or discourage an attempt to obtain control of Fortive by means of a proxy contest, tender offer, merger or otherwise.

### **Listing**

Fortive intends to apply to have its shares of common stock listed on the NYSE under the symbol "FTV."

---

[Table of Contents](#)

**Sale of Unregistered Securities**

On November 19, 2015, Fortive issued 100 shares of its common stock to Danaher pursuant to Section 4(2) of the Securities Act. Fortive did not register the issuance of the issued shares under the Securities Act because the issuance did not constitute a public offering.

**Transfer Agent and Registrar**

After the distribution, the transfer agent and registrar for Fortive's common stock will be Computershare Trust Company, N.A.

**WHERE YOU CAN FIND MORE INFORMATION**

Fortive has filed a registration statement on Form 10 with the SEC with respect to the shares of Fortive common stock being distributed as contemplated by this information statement. This information statement is a part of, and does not contain all of the information set forth in, the registration statement and the exhibits and schedules to the registration statement. For further information with respect to Fortive and its common stock, please refer to the registration statement, including its exhibits and schedules. Statements made in this information statement relating to any contract or other document are not necessarily complete, and you should refer to the exhibits attached to the registration statement for copies of the actual contract or document. You may review a copy of the registration statement, including its exhibits and schedules, at the SEC's public reference room, located at 100 F Street, NE, Washington, D.C. 20549, by calling the SEC at 1-800-SEC-0330, as well as on the Internet website maintained by the SEC at [www.sec.gov](http://www.sec.gov). Information contained on any website referenced in this information statement is not incorporated by reference in this information statement.

As a result of the distribution, Fortive will become subject to the information and reporting requirements of the Exchange Act and, in accordance with the Exchange Act, will file periodic reports, proxy statements and other information with the SEC.

Fortive intends to furnish holders of its common stock with annual reports containing combined financial statements prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and audited and reported on, with an opinion expressed, by an independent registered public accounting firm.

You should rely only on the information contained in this information statement or to which this information statement has referred you. Fortive has not authorized any person to provide you with different information or to make any representation not contained in this information statement.

---

[Table of Contents](#)

INDEX TO FINANCIAL STATEMENTS AND SCHEDULE

	<u>Page</u>
<b>Danaher NewCo Audited Annual Combined Financial Statements:</b>	
<a href="#">Report of Independent Registered Public Accounting Firm</a>	F-2
<a href="#">Combined Balance Sheets as of December 31, 2015 and 2014</a>	F-3
<a href="#">Combined Statements of Earnings for the years ended December 31, 2015, 2014 and 2013</a>	F-4
<a href="#">Combined Statements of Comprehensive Income for the years ended December 31, 2015, 2014 and 2013</a>	F-5
<a href="#">Combined Statements of Changes in Equity for the years ended December 31, 2015, 2014 and 2013</a>	F-6
<a href="#">Combined Statements of Cash Flows for the years ended December 31, 2015, 2014 and 2013</a>	F-7
<a href="#">Notes to Combined Financial Statements</a>	F-8
<a href="#">Financial Statement Schedule — Schedule II, Valuation and Qualifying Accounts</a>	F-37
<b>Fortive Corporation Audited Balance Sheet:</b>	
<a href="#">Report of Independent Registered Public Accounting Firm</a>	F-38
<a href="#">Balance Sheet as of December 31, 2015</a>	F-39
<a href="#">Note to the Financial Statement</a>	F-40

---

[Table of Contents](#)

**Report of Independent Registered Public Accounting Firm**

The Board of Directors and Stockholders of Danaher Corporation

We have audited the accompanying combined balance sheets of Danaher NewCo (the Company) as of December 31, 2015 and 2014, and the related combined statements of earnings, comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2015. Our audits also included the financial statement schedule listed in the Index at Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined financial position of Danaher NewCo at December 31, 2015 and 2014, and the combined results of their operations and their cash flows for each of the three years in the period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ Ernst & Young LLP

McLean, Virginia  
March 3, 2016

[Table of Contents](#)

**DANAHER NEWCO**  
**COMBINED BALANCE SHEETS**  
**(\$ in millions)**

	<b>As of December 31</b>	
	<b>2015</b>	<b>2014</b>
<b>ASSETS</b>		
Current assets:		
Trade accounts receivable, less allowance for doubtful accounts of \$45.6 and \$41.8, respectively	\$ 979.3	\$ 956.3
Inventories	522.9	511.2
Prepaid expenses and other current assets	91.9	215.9
Total current assets	1,594.1	1,683.4
Property, plant and equipment, net	514.8	480.8
Other assets	393.7	338.8
Goodwill	3,949.0	3,995.1
Other intangible assets, net	759.0	857.5
Total assets	<u>\$ 7,210.6</u>	<u>\$ 7,355.6</u>
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Trade accounts payable	\$ 657.1	\$ 623.4
Accrued expenses and other liabilities	666.4	661.6
Total current liabilities	1,323.5	1,285.0
Other long-term liabilities	704.6	838.1
Parent's equity:		
Net parent investment	5,193.9	5,129.8
Accumulated other comprehensive income (loss)	(14.4)	99.5
Total parent's equity	5,179.5	5,229.3
Noncontrolling interest	3.0	3.2
Total equity	<u>5,182.5</u>	<u>5,232.5</u>
Total liabilities and equity	<u>\$ 7,210.6</u>	<u>\$ 7,355.6</u>

See the accompanying Notes to the Combined Financial Statements.



[Table of Contents](#)

**DANAHER NEWCO**  
**COMBINED STATEMENTS OF EARNINGS**  
**(\$ in millions)**

	<b>Year Ended December 31</b>		
	<b>2015</b>	<b>2014</b>	<b>2013</b>
Sales	\$ 6,178.8	\$ 6,337.2	\$ 5,961.9
Cost of sales	(3,183.5)	(3,288.0)	(3,097.9)
Gross profit	2,995.3	3,049.2	2,864.0
Operating costs and other:			
Selling, general and administrative expenses	(1,347.9)	(1,416.3)	(1,342.5)
Research and development expenses	(377.7)	(387.6)	(378.3)
Operating profit	1,269.7	1,245.3	1,143.2
Nonoperating income:			
Gain on sale of product line	—	33.9	—
Earnings before income taxes	1,269.7	1,279.2	1,143.2
Income taxes	(405.9)	(395.8)	(312.3)
Net earnings	<u>\$ 863.8</u>	<u>\$ 883.4</u>	<u>\$ 830.9</u>

See the accompanying Notes to the Combined Financial Statements.

[Table of Contents](#)

**DANAHER NEWCO**  
**COMBINED STATEMENTS OF COMPREHENSIVE INCOME**  
**(\$ in millions)**

	<u>Year Ended December 31</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Net earnings	\$ 863.8	\$ 883.4	\$830.9
Other comprehensive income (loss), net of income taxes:			
Foreign currency translation adjustments	(131.7)	(154.4)	32.0
Pension plan adjustments	17.8	(18.9)	3.1
Total other comprehensive income (loss), net of income taxes	<u>(113.9)</u>	<u>(173.3)</u>	<u>35.1</u>
Comprehensive income	<u>\$ 749.9</u>	<u>\$ 710.1</u>	<u>\$866.0</u>

See the accompanying Notes to the Combined Financial Statements.

**DANAHER NEWCO**  
**COMBINED STATEMENTS OF CHANGES IN EQUITY**  
(\$ in millions)

	Net Parent Investment	Accumulated Other Comprehensive Income (Loss)	Total Parent Equity	Noncontrolling Interest
<b>Balance, January 1, 2013</b>	\$ 4,509.7	\$ 237.7	\$ 4,747.4	\$ 1.3
Net earnings for the year	830.9	—	830.9	—
Net transfers to Parent	(518.8)	—	(518.8)	—
Other comprehensive income	—	35.1	35.1	—
Parent common stock-based award activity	28.8	—	28.8	—
Changes in noncontrolling interest	—	—	—	0.4
<b>Balance, December 31, 2013</b>	4,850.6	272.8	5,123.4	1.7
Net earnings for the year	883.4	—	883.4	—
Net transfers to Parent	(635.0)	—	(635.0)	—
Other comprehensive loss	—	(173.3)	(173.3)	—
Parent common stock-based award activity	30.8	—	30.8	—
Changes in noncontrolling interest	—	—	—	1.5
<b>Balance, December 31, 2014</b>	5,129.8	99.5	5,229.3	3.2
Net earnings for the year	863.8	—	863.8	—
Net transfers to Parent	(834.9)	—	(834.9)	—
Other comprehensive loss	—	(113.9)	(113.9)	—
Parent common stock-based award activity	35.2	—	35.2	—
Changes in noncontrolling interest	—	—	—	(0.2)
<b>Balance, December 31, 2015</b>	<u>\$ 5,193.9</u>	<u>\$ (14.4)</u>	<u>\$ 5,179.5</u>	<u>\$ 3.0</u>

See the accompanying Notes to the Combined Financial Statements.

[Table of Contents](#)

**DANAHER NEWCO**  
**COMBINED STATEMENTS OF CASH FLOWS**  
**(\$ in millions)**

	Year Ended December 31		
	2015	2014	2013
Cash flows from operating activities:			
Net earnings	\$ 863.8	\$ 883.4	\$ 830.9
Noncash items:			
Depreciation	88.1	87.8	78.2
Amortization	88.8	90.2	81.5
Stock-based compensation expense	35.2	30.8	28.8
Impairment charge on intangible assets	12.0	—	—
Gain on sale of product line	—	(33.9)	—
Change in deferred income taxes	8.0	(10.8)	12.9
Change in trade accounts receivable, net	(51.8)	(74.0)	1.7
Change in inventories	(27.7)	(22.2)	(5.0)
Change in trade accounts payable	53.6	28.8	(7.9)
Change in prepaid expenses and other assets	(61.3)	(27.8)	(56.1)
Change in accrued expenses and other liabilities	0.3	(5.6)	65.2
Net cash provided by operating activities	<u>1,009.0</u>	<u>946.7</u>	<u>1,030.2</u>
Cash flows from investing activities:			
Cash paid for acquisitions	(37.1)	(289.0)	(433.8)
Payments for additions to property, plant and equipment	(120.1)	(102.6)	(81.1)
Proceeds from sale of product line	—	86.7	—
All other investing activities	(16.9)	13.8	3.5
Net cash used in investing activities	<u>(174.1)</u>	<u>(291.1)</u>	<u>(511.4)</u>
Cash flows from financing activities:			
Net transfers to Parent	(834.9)	(635.0)	(518.8)
All other financing activities	—	(20.6)	—
Net cash used in financing activities	<u>(834.9)</u>	<u>(655.6)</u>	<u>(518.8)</u>
Net change in cash and equivalents	—	—	—
Beginning balance of cash and equivalents	\$ —	\$ —	\$ —
Ending balance of cash and equivalents	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

See the accompanying Notes to the Combined Financial Statements.

**DANAHER NEWCO  
NOTES TO COMBINED FINANCIAL STATEMENTS**

**NOTE 1. BUSINESS AND BASIS OF PRESENTATION**

The accompanying combined financial statements present the historical financial position, results of operations, changes in Danaher Corporation's ("Danaher" or "Parent") equity and cash flows of the Test & Measurement segment, Industrial Technologies segment (other than its Product Identification platform) and Retail/Commercial Petroleum platform of Danaher ("Danaher NewCo" or the "Company") in accordance with accounting principles generally accepted in the United States of America ("GAAP") for the preparation of carved-out combined financial statements.

Danaher NewCo consists of certain operating units of Parent that are recognized leaders in attractive markets globally. The Company's businesses design, develop, manufacture and market professional and engineered products, software and services for a variety of end-markets, building upon leading brand names, innovative technology and significant market positions. The Company's research and development, manufacturing, sales, distribution, service and administrative facilities are located in more than 40 countries across North America, Asia Pacific, Europe and Latin America.

On May 13, 2015, Parent announced its intention to separate into two independent publicly traded companies (the "Separation"). Prior to the closing of the Separation, the Danaher NewCo businesses will be transferred to Fortive Corporation, a wholly-owned subsidiary of the Parent. The Separation will be in the form of a pro rata distribution of 100% of the outstanding shares of Fortive Corporation's common stock to the holders of shares of Danaher common stock held on the record date for the distribution. The Separation is expected to be completed in the third quarter of 2016.

The Company operates in two business segments: Professional Instrumentation and Industrial Technologies. The Company's Professional Instrumentation segment consists of the Company's Advanced Instrumentation & Solutions and Sensing Technologies businesses. The Advanced Instrumentation & Solutions business consists of field solutions products and product realization services and products. Field solutions include a variety of compact professional test tools, thermal imaging and calibration equipment for electrical, industrial, electronic and calibration applications, and online condition-based monitoring equipment for critical infrastructure in electrical utility and industrial applications. Product realization services and products help developers and engineers convert concepts into finished products and also include highly-engineered energetic materials components used in specialized vertical applications. The Sensing Technologies business offers devices that sense, monitor and control operational or manufacturing variables, such as temperature, pressure, level, flow, turbidity and conductivity.

The Company's Industrial Technologies segment consists of the Company's Transportation Technologies, Automation & Specialty Components and Franchise Distribution businesses. The Transportation Technologies 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. The Automation & Specialty Components business consists of automation and engine retarder products. The Franchise Distribution business manufactures and distributes professional tools and a full-line of wheel service equipment.

The Company has historically operated as part of Parent and not as a stand-alone company. The financial statements have been derived from Parent's historical accounting records and are presented on a carve-out basis. All revenues and costs as well as assets and liabilities directly associated with the business activity of the Company are included as a component of the financial statements. The financial statements also include allocations of certain general, administrative, sales and marketing expenses and cost of sales from Parent's corporate office and from other Parent businesses to the Company and allocations of related assets, liabilities, and Parent's investment, as applicable. The allocations have been determined on a reasonable basis; however, the

---

## [Table of Contents](#)

amounts are not necessarily representative of the amounts that would have been reflected in the financial statements had the Company been an entity that operated independently of Parent. Related party allocations are discussed further in Note 17.

As part of Parent, the Company is dependent upon Parent for all of its working capital and financing requirements as Parent uses a centralized approach to cash management and financing of its operations. Financial transactions relating to the Company are accounted for through the Parent investment account of the Company. Accordingly, none of Parent's cash, cash equivalents or debt at the corporate level has been assigned to the Company in these financial statements.

Net parent investment, which includes retained earnings, represents Parent's interest in the recorded net assets of the Company. All significant transactions between the Company and Parent have been included in the accompanying combined financial statements. Transactions with Parent are reflected in the accompanying Combined Statements of Changes in Equity as "Net transfers to parent" and in the accompanying Combined Balance Sheets within "Net parent investment."

All significant intercompany accounts and transactions between the businesses comprising the Company have been eliminated in the accompanying combined financial statements.

### **NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Use of Estimates**—The preparation of these financial statements in conformity with GAAP requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. The Company bases these estimates on historical experience, the current economic environment and on various other assumptions that are believed to be reasonable under the circumstances. However, uncertainties associated with these estimates exist and actual results may differ from these estimates.

**Accounts Receivable and Allowances for Doubtful Accounts**—All trade accounts are reported on the accompanying Combined Balance Sheets adjusted for any write-offs and net of allowances for doubtful accounts. The allowances for doubtful accounts represent management's best estimate of the credit losses expected from the Company's trade accounts, contract and finance receivable portfolios. Determination of the allowances requires management to exercise judgment about the timing, frequency and severity of credit losses that could materially affect the provision for credit losses and, therefore, net earnings. The Company regularly performs detailed reviews of its portfolios to determine if an impairment has occurred and evaluates the collectability of receivables based on a combination of financial and qualitative factors that may affect customers' ability to pay, including customers' financial condition, collateral, debt-servicing ability, past payment experience and credit bureau information. In circumstances where the Company is aware of a specific customer's inability to meet its financial obligations, a specific reserve is recorded against amounts due to reduce the recognized receivable to the amount reasonably expected to be collected. Additions to the allowances for doubtful accounts are charged to current period earnings, amounts determined to be uncollectible are charged directly against the allowances, while amounts recovered on previously written-off accounts increase the allowances. If the financial condition of the Company's customers were to deteriorate, resulting in an impairment of their ability to make payments, additional reserves would be required. The Company does not believe that accounts receivable represent significant concentrations of credit risk because of the diversified portfolio of individual customers and geographical areas. The Company recorded \$32 million, \$26 million and \$16 million of expense associated with doubtful accounts for the years ended December 31, 2015, 2014 and 2013, respectively.

As of December 31, 2015 and 2014 are \$188 million and \$150 million of net aggregate financing receivables, respectively, which is included within other assets on the Combined Balance Sheets. All financing receivables are evaluated collectively for impairment due to the homogeneous nature of the portfolio.

## Table of Contents

**Inventory Valuation**—Inventories include the costs of material, labor and overhead. Domestic inventories are stated at the lower of cost or market primarily using the first-in, first-out (“FIFO”) method with certain businesses applying the last-in, first-out method (“LIFO”) to value inventory. Inventories held outside the United States are stated at the lower of cost or market primarily using the FIFO method.

**Property, Plant and Equipment**—Property, plant and equipment are carried at cost. The provision for depreciation has been computed principally by the straight-line method based on the estimated useful lives of the depreciable assets as follows:

<u>Category</u>	<u>Useful Life</u>
Buildings	30 years
Leased assets and leasehold improvements	Amortized over the lesser of the economic life of the asset or the term of the lease
Machinery and equipment	3 – 10 years

Estimated useful lives are periodically reviewed and, when appropriate, changes to estimates are made prospectively.

**Other Assets**—Other assets principally include noncurrent financing receivables, noncurrent deferred tax assets and other investments.

**Fair Value of Financial Instruments**—The Company’s financial instruments consist primarily of trade accounts receivable and obligations under trade accounts payable. Due to their short-term nature, the carrying values for trade accounts receivable and trade accounts payable approximate fair value. Refer to Note 8 for the fair values of the Company’s other obligations.

**Goodwill and Other Intangible Assets**—Goodwill and other intangible assets result from the Company’s acquisition of existing businesses. In accordance with accounting standards related to business combinations, goodwill is not amortized, however, certain definite-lived identifiable intangible assets, primarily customer relationships and acquired technology, are amortized over their estimated useful lives. Intangible assets with indefinite lives are not amortized. In-process research and development (“IPR&D”) is initially capitalized at fair value and when the IPR&D project is complete, the asset is considered a finite-lived intangible asset and amortized over its estimated useful life. If an IPR&D project is abandoned, an impairment loss equal to the value of the intangible asset is recorded in the period of abandonment. The Company reviews identified intangible assets for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. The Company also tests intangible assets with indefinite lives at least annually for impairment. Refer to Notes 3 and 7 for additional information about the Company’s goodwill and other intangible assets.

**Revenue Recognition**—As described above, the Company derives revenues primarily from the sale of Professional Instrumentation and Industrial Technologies products and services. For revenue related to a product or service to qualify for recognition, there must be persuasive evidence of an arrangement with a customer, delivery must have occurred or the services must have been rendered, the price to the customer must be fixed and determinable and collectability of the associated fee must be reasonably assured. The Company’s principal terms of sale are FOB Shipping Point, or equivalent, and, as such, the Company primarily records revenue for product sales upon shipment. Sales arrangements entered with delivery terms that are not FOB Shipping Point are not recognized upon shipment and the delivery criteria for revenue recognition is evaluated based on the associated shipping terms and customer obligations. If any significant obligation to the customer with respect to a sales transaction remains to be fulfilled following shipment (typically installation or acceptance by the customer), revenue recognition is deferred until such obligations have been fulfilled. Returns for products sold are estimated and recorded as a reduction of revenue at the time of sale. Customer allowances and rebates, consisting primarily of volume discounts and other short-term incentive programs, are recorded as a reduction of revenue at the time

---

## Table of Contents

of sale because these allowances reflect a reduction in the purchase price. Product returns, customer allowances and rebates are estimated based on historical experience and known trends. Revenue related to separately priced extended warranty and product maintenance agreements is deferred when appropriate and recognized as revenue over the term of the agreement.

Revenues for contractual arrangements consisting of multiple elements (i.e., deliverables) are recognized for the separate elements when the product or services that are part of the multiple element arrangement have value on a stand-alone basis and, in arrangements that include a general right of refund relative to the delivered element, performance of the undelivered element is considered probable and substantially in the Company's control. Certain customer arrangements include multiple elements, typically hardware, installation, training, consulting, services and/or post contract support ("PCS"). Generally, these elements are delivered within the same reporting period, except PCS or other services, for which revenue is recognized over the service period. The Company allocates revenue to each element in the arrangement using the selling price hierarchy and based on each element's relative selling price. The selling price for a deliverable is based on its vendor-specific objective evidence ("VSOE") if available, third party evidence ("TPE") if VSOE is not available, or estimated selling price ("ESP") if neither VSOE or TPE is available. The Company considers relevant internal and external market factors in cases where the Company is required to estimate selling prices. Allocation of the consideration is determined at the arrangements' inception.

Shipping and Handling—Shipping and handling costs are included as a component of cost of sales. Revenue derived from shipping and handling costs billed to customers is included in sales.

Advertising—Advertising costs are expensed as incurred.

Research and Development—The Company conducts research and development activities for the purpose of developing new products, enhancing the functionality, effectiveness, ease of use and reliability of the Company's existing products and expanding the applications for which uses of the Company's products are appropriate. Research and development costs are expensed as incurred.

Income Taxes—The Company's domestic and foreign operating results are included in the income tax returns of Parent. The Company accounts for income taxes under the separate return method. Under this approach, the Company determines its deferred tax assets and liabilities and related tax expense as if it were filing separate tax returns. The accompanying Combined Balance Sheets do not contain a current taxes payable liability as it is deemed settled with Parent when due and therefore included in Parent's equity. Deferred tax liabilities and assets are determined based on the difference between the financial statement and tax basis of assets and liabilities using enacted rates expected to be in effect during the year in which the differences reverse. Deferred tax assets generally represent items that can be used as a tax deduction or credit in the Company's tax return in future years for which the tax benefit has already been reflected on the Company's Combined Statements of Earnings. The Company establishes valuation allowances for its deferred tax assets if it is more likely than not that some or all of the deferred tax asset will not be realized. Deferred tax liabilities generally represent items that have already been taken as a deduction on the Company's tax return but have not yet been recognized as an expense in the Company's Combined Statements of Earnings. The effect on deferred tax assets and liabilities due to a change in tax rates is recognized in income tax expense in the period that includes the enactment date. The Company provides for unrecognized tax benefits when, based upon the technical merits, it is "more-likely-than-not" that an uncertain tax position will not be sustained upon examination. Judgment is required in evaluating tax positions and determining income tax provisions. The Company re-evaluates the technical merits of its tax positions and may recognize an uncertain tax benefit in certain circumstances, including when: (i) a tax audit is completed; (ii) applicable tax laws change, including a tax case ruling or legislative guidance; or (iii) the applicable statute of limitations expires. The Company recognizes potential accrued interest and penalties associated with unrecognized tax positions in income tax expense. Refer to Note 11 for additional information.



---

## [Table of Contents](#)

Restructuring—The Company periodically initiates restructuring activities to appropriately position the Company’s cost base relative to prevailing economic conditions and associated customer demand as well as in connection with certain acquisitions. Costs associated with restructuring actions can include one-time termination benefits and related charges in addition to facility closure, contract termination and other related activities. The Company records the cost of the restructuring activities when the associated liability is incurred. Refer to Note 12 for additional information.

Foreign Currency Translation—Exchange rate adjustments resulting from foreign currency transactions are recognized in net earnings, whereas effects resulting from the translation of financial statements are reflected as a component of accumulated other comprehensive income (loss) within Parent’s equity. Assets and liabilities of subsidiaries operating outside the United States with a functional currency other than U.S. dollars are translated into U.S. dollars using year end exchange rates and income statement accounts are translated at weighted average exchange rates. Net foreign currency transaction gains or losses were not material in any of the years presented.

Accumulated Other Comprehensive Income (Loss)— Foreign currency translation adjustments are generally not adjusted for income taxes as they relate to indefinite investments in non-U.S. subsidiaries.

## Table of Contents

The changes in accumulated other comprehensive income (loss) by component are summarized below (\$ in millions).

	Foreign Currency Translation Adjustments	Pension Adjustments	Total
<b>Balance, January 1, 2013</b>	\$ 305.3	\$ (67.6)	\$ 237.7
Other comprehensive income (loss) before reclassifications:			
Increase (decrease)	32.0	(0.4)	31.6
Income tax impact	—	0.1	0.1
Other comprehensive income (loss) before reclassifications, net of income taxes	32.0	(0.3)	31.7
Amounts reclassified from accumulated other comprehensive income (loss):			
Increase (decrease)	—	4.7(1)	4.7
Income tax impact	—	(1.3)	(1.3)
Amounts reclassified from accumulated other comprehensive income (loss), net of income taxes	—	3.4	3.4
Net current period other comprehensive income (loss), net of income taxes	32.0	3.1	35.1
<b>Balance, December 31, 2013</b>	337.3	(64.5)	272.8
Other comprehensive income (loss) before reclassifications:			
Increase (decrease)	(154.4)	(30.4)	(184.8)
Income tax impact	—	8.1	8.1
Other comprehensive income (loss) before reclassifications, net of income taxes	(154.4)	(22.3)	(176.7)
Amounts reclassified from accumulated other comprehensive income (loss):			
Increase (decrease)	—	4.5(1)	4.5
Income tax impact	—	(1.1)	(1.1)
Amounts reclassified from accumulated other comprehensive income (loss), net of income taxes	—	3.4	3.4
Net current period other comprehensive income (loss), net of income taxes	(154.4)	(18.9)	(173.3)
<b>Balance, December 31, 2014</b>	182.9	(83.4)	99.5
Other comprehensive income (loss) before reclassifications:			
Increase (decrease)	(131.7)	17.6	(114.1)
Income tax impact	—	(5.0)	(5.0)
Other comprehensive income (loss) before reclassifications, net of income taxes	(131.7)	12.6	(119.1)
Amounts reclassified from accumulated other comprehensive income (loss):			
Increase (decrease)	—	6.9(1)	6.9
Income tax impact	—	(1.7)	(1.7)
Amounts reclassified from accumulated other comprehensive income (loss), net of income taxes	—	5.2	5.2
Net current period other comprehensive income (loss), net of income taxes	(131.7)	17.8	(113.9)
<b>Balance, December 31, 2015</b>	\$ 51.2	\$ (65.6)	\$ (14.4)

(1) This accumulated other comprehensive income (loss) component is included in the computation of net periodic pension cost (refer to Note 10 for additional details).

---

## [Table of Contents](#)

**Accounting for Stock-Based Compensation**—Certain employees of the Company participate in Parent’s shared-based compensation plans which include stock options, restricted stock units (“RSUs”) and performance stock units (“PSUs”). The Company accounts for stock-based compensation incurred by Parent by measuring the cost of employee services received in exchange for all equity awards granted based on the fair value of the award as of the grant date. Equity-based compensation expense is recognized net of an estimated forfeiture rate on a straight-line basis over the requisite service period of the award, except that in the case of RSUs, compensation expense is recognized using an accelerated attribution method and recorded within Net transfers to Parent. Refer to Note 15 for additional information on the stock-based compensation plans of the Parent that certain employees of the Company participate in.

**Pension**—The Company measures its pension assets and obligations that determine the funded status as of the end of the Company’s fiscal year, and recognizes an asset for an overfunded status or a liability for an underfunded status in its balance sheet. Changes in the funded status of the pension plans are recognized in the year in which the changes occur and reported in comprehensive income (loss). Refer to Note 10 for additional information on the Company’s pension plans.

**New Accounting Standards**—On February 25, 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-2, *Leases (Topic 842)*, which impacts all aspects of accounting for leasing activities both for lessors and lessees. The standard requires entities to recognize lease assets and liabilities on the balance sheet for leases with a lease term of more than 12 months and to disclose key information about leasing arrangements. The ASU is effective for public entities for fiscal years beginning after December 15, 2018, with early adoption permitted. Management has not yet completed its assessment of the impact of the new standard on the Company’s financial statements.

In December 2015, the FASB issued ASU No. 2015-17, *Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes* (“ASU 2015-17”). ASU 2015-17 simplifies the presentation of deferred income taxes by requiring that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position. The standard is effective for financial statements issued for annual periods beginning after December 15, 2016, and interim periods within those annual periods and may be applied either prospectively to all deferred tax liabilities and assets or retrospectively to all periods presented. The Company has chosen to early adopt this ASU prospectively, and therefore, the 2015 Combined Balance Sheet reflects the new disclosure requirements.

In September 2015, the FASB issued ASU No. 2015-16, *Simplifying the Accounting for Measurement-Period Adjustments (Topic 805)*, which eliminates the requirement for an acquirer in a business combination to account for measurement-period adjustments retrospectively. The new guidance requires that the cumulative impact of a measurement-period adjustment (including the impact on prior periods) be recognized in the reporting period in which the adjustment is identified—eliminating the requirement to restate prior period financial statements. The ASU requires disclosure of the nature and amount of measurement-period adjustments as well as information with respect to the portion of the adjustments recorded in current- period earnings that would have been recorded in previous reporting periods if the adjustments to provisional amounts had been recognized as of the acquisition date. The Company has chosen to early adopt this ASU and therefore, disclosures included within these combined financial statements have been updated to reflect the new disclosure requirements.

In July 2015, the FASB issued ASU No. 2015-11, *Simplifying the Measurement of Inventory (Topic 330)*, which modifies existing requirements regarding measuring inventory at the lower of cost or market. Under existing standards, the market amount requires consideration of replacement cost, net realizable value (“NRV”), and NRV less an approximately normal profit margin. The new ASU replaces market with NRV, defined as estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion,

---

## [Table of Contents](#)

disposal and transportation. This eliminates the need to determine and consider replacement cost or NRV less an approximately normal profit margin when measuring inventory. For the Company, this standard is effective prospectively beginning January 1, 2017, with early adoption permitted. Management has not yet completed its assessment of the impact of the new standard on the Company's financial statements.

In May 2015, the FASB issued ASU No. 2015-07, *Disclosures for Investments in Certain Entities that Calculate Net Asset Value Per Share (or its Equivalent)* ("ASU 2015-07"). ASU 2015-07 removes the requirement to categorize within the fair value hierarchy investments for which fair values are estimated using the net asset value ("NAV") practical expedient provided by Accounting Standards Codification 820, Fair Value Measurement. Disclosures about investments in certain entities that calculate NAV per share are limited under the new standard to those investments for which the Plan has elected to estimate the fair value using the NAV practical expedient. The ASU is effective for entities (other than public business entities) for fiscal years beginning after December 15, 2016, with retrospective application to all periods presented, with early adoption permitted. The Company has chosen to early adopt this ASU and therefore, disclosures included within these consolidated financial statements have been updated to reflect the new disclosure requirements.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which impacts virtually all aspects of an entity's revenue recognition. The core principle of the new standard is that revenue should be recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. On July 9, 2015, the FASB deferred the effective date of the standard by one year which results in the new standard being effective for the Company at the beginning of its first quarter of fiscal year 2018. The Company is currently assessing the impact that the adoption of the new standard will have on its financial statements and related disclosures, including possible transition alternatives.

### **NOTE 3. ACQUISITIONS**

The Company continually evaluates potential acquisitions that either strategically fit with the Company's existing portfolio or expand the Company's portfolio into a new and attractive business area. The Company has completed a number of acquisitions that have been accounted for as purchases and have resulted in the recognition of goodwill in the Company's financial statements. This goodwill arises because the purchase prices for these businesses reflect a number of factors including the future earnings and cash flow potential of these businesses, the multiple to earnings, cash flow and other factors at which similar businesses have been purchased by other acquirers, the competitive nature of the processes by which the Company acquired the businesses, the avoidance of the time and costs which would be required (and the associated risks that would be encountered) to enhance the Company's existing offerings to key target markets and develop new and profitable businesses, and the complementary strategic fit and resulting synergies these businesses bring to existing operations.

The Company makes an initial allocation of the purchase price at the date of acquisition based upon its understanding of the fair value of the acquired assets and assumed liabilities. The Company obtains this information during due diligence and through other sources. In the months after closing, as the Company obtains additional information about these assets and liabilities, including through tangible and intangible asset appraisals, and learns more about the newly acquired business, it is able to refine the estimates of fair value and more accurately allocate the purchase price. Only items identified as of the acquisition date are considered for subsequent adjustment. The accompanying financial statements reflect the impact of all adjustments to the initial purchase accounting as of the original acquisition dates.

The following briefly describes the Company's acquisition activity for the three years ended December 31, 2015.

During 2015, the Company acquired two businesses for total consideration of \$37 million in cash, net of cash acquired. The businesses acquired complement existing units of both segments. The aggregate annual sales

## [Table of Contents](#)

of these two businesses at the time of their respective acquisitions, in each case based on the acquired company's revenues for its last completed fiscal year prior to the acquisition, were approximately \$18 million. The Company recorded an aggregate of \$21 million of goodwill related to these acquisitions.

During 2014, the Company acquired six businesses for total consideration of \$289 million in cash, net of cash acquired. The businesses acquired complement existing units of both segments. The aggregate annual sales of these six businesses at the time of their respective acquisitions, in each case based on the acquired company's revenues for its last completed fiscal year prior to the acquisition, were approximately \$133 million. The Company recorded an aggregate of \$151 million of goodwill related to these acquisitions.

During 2013, the Company acquired five businesses for total consideration of \$434 million in cash, net of cash acquired. The businesses acquired complement existing units of both segments. The aggregate annual sales of these five businesses at the time of their respective acquisitions, in each case based on the acquired company's revenues for its last completed fiscal year prior to the acquisition, were approximately \$168 million. The Company recorded an aggregate of \$258 million of goodwill related to these acquisitions.

The following summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition for all businesses acquired in 2015, 2014 and 2013 as a group (\$ in millions):

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Trade accounts receivable	\$ 2.8	\$ 21.0	\$ 28.0
Inventories	3.1	30.5	13.8
Property, plant and equipment	1.0	8.5	20.0
Goodwill	21.2	151.1	257.7
Other intangible assets, primarily customer relationships, trade names and technology	13.0	113.8	168.8
Trade accounts payable	(0.9)	(8.0)	(19.0)
Other assets and liabilities, net	<u>(3.1)</u>	<u>(27.9)</u>	<u>(35.5)</u>
Net cash consideration	<u>\$37.1</u>	<u>\$289.0</u>	<u>\$433.8</u>

#### **NOTE 4. GAIN ON SALE OF PRODUCT LINE**

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 of revenue in 2013. Operating results of the product line were not significant to segment or overall Company reported results in 2014 or 2013. The Company recorded a pretax gain on the sale of the product line of \$34 million (\$26 million after-tax) which is included in the Combined Statements of Earnings. 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*, the divestiture of the EVS/hybrid product line has not been classified as a discontinued operation in these financial statements because the disposition does not represent a strategic shift that will have a major effect on the Company's operations and financial statements.

---

[Table of Contents](#)

**NOTE 5. INVENTORIES**

The classes of inventory as of December 31 are summarized as follows (\$ in millions):

	<u>2015</u>	<u>2014</u>
Finished goods	\$184.1	\$185.8
Work in process	77.1	63.7
Raw materials	261.7	261.7
Total	<u>\$522.9</u>	<u>\$511.2</u>

As of December 31, 2015 and 2014, the difference between inventories valued at LIFO and the value of that same inventory if the FIFO method had been used was not significant. The liquidation of LIFO inventory did not have a significant impact on the Company's results of operations in any period presented.

**NOTE 6. PROPERTY, PLANT AND EQUIPMENT**

The classes of property, plant and equipment as of December 31 are summarized as follows (\$ in millions):

	<u>2015</u>	<u>2014</u>
Land and improvements	\$ 66.0	\$ 61.6
Buildings and leasehold improvements	344.8	330.0
Machinery and equipment	1,080.8	1,027.8
Gross property, plant and equipment	1,491.6	1,419.4
Less accumulated depreciation	(976.8)	(938.6)
Property, plant and equipment, net	<u>\$ 514.8</u>	<u>\$ 480.8</u>

Total depreciation expense was \$88 million, \$88 million and \$78 million for the years ended December 31, 2015, 2014 and 2013, respectively. Capital expenditures totaled \$120 million, \$103 million and \$81 million for the years ended December 31, 2015, 2014 and 2013, respectively. There was no capitalized interest related to capitalized expenditures in any period.

**NOTE 7. GOODWILL AND OTHER INTANGIBLE ASSETS**

As discussed in Note 3, goodwill arises from the purchase price for acquired businesses exceeding the fair value of tangible and intangible assets acquired less assumed liabilities. Management assesses the goodwill of each of its reporting units for impairment at least annually as of the first day of the fourth quarter and as "triggering" events occur that indicate that it is more likely than not that an impairment exists. The Company elected to bypass the optional qualitative goodwill assessment allowed by applicable accounting standards and performed a quantitative impairment test for all reporting units as this was determined to be the most effective method to assess for impairment across a large spectrum of reporting units.

As of December 31, 2015, the Company had eleven reporting units for goodwill impairment testing. The carrying value of the goodwill included in each individual reporting unit ranges from \$7 million to approximately \$1.1 billion.

The Company estimates the fair value of its reporting units primarily using a market approach, based on current trading multiples of earnings before interest, taxes, depreciation and amortization ("EBITDA") for companies operating in businesses similar to each of the Company's reporting units, in addition to recent available market sale transactions of comparable businesses. In certain circumstances the Company also

## Table of Contents

estimates fair value utilizing a discounted cash flow analysis (i.e., an income approach) in order to validate the results of the market approach. If the estimated fair value of the reporting unit is less than its carrying value, the Company must perform additional analysis to determine if the reporting unit's goodwill has been impaired.

No goodwill impairment charges were recorded for the years ended December 31, 2015, 2014 and 2013 and no "triggering" events have occurred subsequent to the performance of the 2015 annual impairment test. The factors used by management in its impairment analysis are inherently subject to uncertainty. If actual results are not consistent with management's estimates and assumptions, goodwill and other intangible assets may be overstated and a charge would need to be taken against net earnings.

The following is a rollforward of the Company's goodwill by segment (\$ in millions):

	<u>Professional Instrumentation</u>	<u>Industrial Technologies</u>	<u>Total</u>
<b>Balance, January 1, 2014</b>	\$ 2,470.2	\$ 1,519.5	\$3,989.7
Attributable to 2014 acquisitions	55.4	95.7	151.1
Foreign currency translation & other	(105.8)	(39.9)	(145.7)
<b>Balance, December 31, 2014</b>	2,419.8	1,575.3	3,995.1
Attributable to 2015 acquisitions	21.2	—	21.2
Foreign currency translation & other	(40.4)	(26.9)	(67.3)
<b>Balance, December 31, 2015</b>	<u>\$ 2,400.6</u>	<u>\$ 1,548.4</u>	<u>\$3,949.0</u>

Finite-lived intangible assets are amortized over the shorter of their legal or estimated useful life. The following summarizes the gross carrying value and accumulated amortization for each major category of intangible asset as of December 31 (\$ in millions):

	<u>2015</u>		<u>2014</u>	
	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>
Finite-lived intangibles:				
Patents and technology	\$ 294.5	\$ (219.6)	\$ 301.7	\$ (198.1)
Customer relationships and other intangibles	623.5	(331.9)	626.3	(287.1)
Total finite-lived intangibles	918.0	(551.5)	928.0	(485.2)
Indefinite-lived intangibles:				
Trademarks and trade names	392.5	—	414.7	—
Total intangibles	<u>\$1,310.5</u>	<u>\$ (551.5)</u>	<u>\$1,342.7</u>	<u>\$ (485.2)</u>

During 2015 and 2014, the Company acquired finite-lived intangible assets, consisting primarily of customer relationships, with a weighted average life of 7 years and 11 years, respectively. Refer to Note 3 for additional information on the intangible assets acquired.

Total intangible amortization expense in 2015, 2014 and 2013 was \$89 million, \$90 million and \$82 million, respectively. Based on the intangible assets recorded as of December 31, 2015, amortization expense is estimated to be \$78 million during 2016, \$49 million during 2017, \$47 million during 2018, \$45 million during 2019 and \$39 million during 2020.

## NOTE 8. FAIR VALUE MEASUREMENTS

Accounting standards define fair value based on an exit price model, establish a framework for measuring fair value where the Company's assets and liabilities are required to be carried at fair value and provide for certain disclosures related to the valuation methods used within a valuation hierarchy as established within the

[Table of Contents](#)

accounting standards. This hierarchy prioritizes the inputs into three broad levels as follows. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets in markets that are not active, or other observable characteristics for the asset or liability, including interest rates, yield curves and credit risks, or inputs that are derived principally from, or corroborated by, observable market data through correlation. Level 3 inputs are unobservable inputs based on the Company's assumptions. A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

A summary of financial assets and liabilities that are measured at fair value on a recurring basis were as follows (\$ in millions):

	Quoted Prices in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
<b>December 31, 2015:</b>				
Deferred compensation plan liabilities	—	\$ 53.7	—	\$53.7
<b>December 31, 2014:</b>				
Deferred compensation plan liabilities	—	\$ 52.4	—	\$52.4

Certain management employees of the Company participate in Parent's nonqualified deferred compensation programs that permit such employees to defer a portion of their compensation, on a pretax basis, until after their termination of employment. All amounts deferred under this plan are unfunded, unsecured obligations of Parent and are presented as a component of the Company's compensation and postretirement benefits accrual included in accrued expenses in the accompanying Combined Balance Sheets (refer to Note 9). Participants may choose among alternative earnings rates for the amounts they defer, which are primarily based on investment options within the Parent's 401(k) program. Changes in the deferred compensation liability under these programs are recognized based on changes in the fair value of the participants' accounts, which are based on the applicable earnings rates on investment options within Parent's 401(k) except that the earnings rates for amounts contributed unilaterally by Parent are entirely based on changes in the value of Parent's common stock. For liabilities related to the Parent's common stock, the value of the liability is based solely on the market value of the Parent's common stock and is not adjusted for the par value of the common stock.

**NOTE 9. ACCRUED EXPENSES AND OTHER LIABILITIES**

Accrued expenses and other liabilities as of December 31 were as follows (\$ in millions):

	2015		2014	
	Current	Noncurrent	Current	Noncurrent
Compensation and postretirement benefits	\$196.6	\$ 87.4	\$192.6	\$ 94.0
Claims, including self-insurance and litigation	50.3	52.8	50.1	46.8
Pension benefit obligations	11.0	119.2	12.0	148.2
Taxes, income and other	36.1	335.0	35.3	419.4
Deferred revenue	177.3	83.9	165.3	98.8
Sales and product allowances	55.1	—	51.8	—
Warranty	59.2	1.8	62.7	1.8
Other	80.8	24.5	91.8	29.1
<b>Total</b>	<b>\$666.4</b>	<b>\$ 704.6</b>	<b>\$661.6</b>	<b>\$ 838.1</b>



[Table of Contents](#)

**NOTE 10. PENSION BENEFIT PLANS**

The Parent has noncontributory defined benefit pension plans which cover certain of the Company's U.S. employees. During 2012, all remaining benefit accruals under the U.S. plans ceased. The liability under the U.S. plans are an obligation of Parent and accordingly, are not reflected in the Company's combined financial statements. In addition, Parent administers and maintains a defined contribution plan ("401(k)") for the benefit of U.S. employees. Contributions are determined based on a percentage of compensation. The Company recognized compensation expense for the Company's participating U.S. employees in the 401(k) totaling \$26 million in 2015, \$24 million in 2014 and \$22 million in 2013.

Certain of the Company's non-U.S. employees participate in noncontributory defined benefit pension plans and under certain of these plans, benefit accruals continue. In general, the Company's policy is to fund these plans based on considerations relating to legal requirements, underlying asset returns, the plan's funded status, the anticipated deductibility of the contribution, local practices, market conditions, interest rates and other factors.

The following sets forth the funded status of the Company's non-U.S. plans as of the most recent actuarial valuations using measurement dates of December 31 (\$ in millions):

	<u>2015</u>	<u>2014</u>
Change in pension benefit obligation:		
Benefit obligation at beginning of year	\$ 375.1	\$ 347.6
Service cost	4.9	4.0
Interest cost	8.4	12.4
Employee contributions	1.1	1.6
Benefits paid and other	(10.4)	(13.3)
Plan combinations/acquisitions	—	2.8
Actuarial loss (gain)	(22.9)	60.0
Amendments, settlements and curtailments	(1.7)	(0.3)
Foreign exchange rate impact	(27.6)	(39.7)
Benefit obligation at end of year	<u>326.9</u>	<u>375.1</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	214.9	200.6
Actual return on plan assets	(0.4)	29.5
Employer contributions	10.8	15.6
Employee contributions	1.1	1.6
Amendments and settlements	(1.7)	(0.3)
Benefits paid and other	(10.4)	(13.3)
Plan combinations/acquisitions	—	2.3
Foreign exchange rate impact	(17.6)	(21.1)
Fair value of plan assets at end of year	<u>196.7</u>	<u>214.9</u>
Funded status	<u>\$ (130.2)</u>	<u>\$ (160.2)</u>

**Weighted average assumptions used to determine benefit obligations at date of measurement:**

	<u>2015</u>	<u>2014</u>
Discount rate	2.65%	2.46%
Rate of compensation increase	2.77%	2.90%

---

## [Table of Contents](#)

### Components of net periodic pension cost:

(\$ in millions)	2015	2014
Service cost	\$ 4.9	\$ 4.0
Interest cost	8.4	12.4
Expected return on plan assets	(8.6)	(9.9)
Amortization of prior service credit	—	(0.1)
Amortization of net loss	6.6	4.6
Net periodic pension cost	<u>\$11.3</u>	<u>\$11.0</u>

Net periodic pension costs are included in cost of sales and selling, general and administrative expenses in the accompanying Combined Statements of Earnings.

### Weighted average assumptions used to determine net periodic pension cost at date of measurement:

	2015	2014
Discount rate	2.41%	3.73%
Expected long-term return on plan assets	4.30%	5.08%
Rate of compensation increase	2.83%	2.91%

The discount rate reflects the market rate on December 31 for high-quality fixed-income investments with maturities corresponding to the Company's benefit obligations and is subject to change each year. The rates appropriate for each plan are determined based on investment grade instruments with maturities approximately equal to the average expected benefit payout under the plan. During 2014, the Company updated the mortality assumptions used to estimate the projected benefit obligation to reflect updated mortality tables which extend the life expectancy of the participants.

Effective December 31, 2015, the Company changed its estimate of the service and interest cost components of net periodic benefit cost for its non-U.S. pension plans. Previously, the Company estimated the service and interest cost components utilizing a single weighted-average discount rate derived from the yield curve used to measure the benefit obligation. The new estimate utilizes a full yield curve approach in the estimation of these components by applying the specific spot rates along the yield curve used in the determination of the benefit obligation to their underlying projected cash flows. The new estimate provides a more precise measurement of service and interest costs by improving the correlation between projected benefit cash flows and their corresponding spot rates. The change does not affect the measurement of the Company's non-U.S. pension benefit obligations and it is accounted for as a change in accounting estimate that is inseparable from a change in accounting principle, which is applied prospectively. For fiscal year 2016, the change in estimate is expected to reduce non-U.S. pension net periodic benefit plan cost by approximately \$1 million when compared to the prior methodology.

Included in accumulated other comprehensive income (loss) as of December 31, 2015 are the following amounts that have not yet been recognized in net periodic pension cost: unrecognized prior service credits of \$0.3 million (\$0.2 million, net of tax) and unrecognized actuarial losses of approximately \$87 million (\$66 million, net of tax). The unrecognized losses and prior service credits, net, is calculated as the difference between the actuarially determined projected benefit obligation and the value of the plan assets less accrued pension costs as of December 31, 2015. The prior service credits and actuarial losses included in accumulated other comprehensive income (loss) and expected to be recognized in net periodic pension costs during the year ending December 31, 2016 is \$0.1 million (\$0.1 million, net of tax) and \$5 million (\$4 million, net of tax), respectively. No plan assets are expected to be returned to the Company during the year ending December 31, 2016.

### Plan Assets

Plan assets are invested in various insurance contracts, equity and debt securities as determined by the administrator of each plan. The value of the plan assets directly affects the funded status of the Company's pension plans recorded in the financial statements.

## [Table of Contents](#)

The Company has some investments that are valued using the NAV as the practical expedient. In addition, some of the investments valued using NAV as the practical expedient have limits on their redemption to monthly, quarterly, semiannually or annually and require up to 90 days prior written notice. These investments valued using NAV consist of mutual funds and other private investments, which allow the Company to allocate investments across a broad array of types of funds and diversify the portfolio.

### Selection of Expected Rate of Return on Assets

The expected rate of return reflects the asset allocation of the plans, and is based primarily on broad, publicly traded equity and fixed-income indices and forward-looking estimates of active portfolio and investment management. Long-term rate of return on asset assumptions for the plans were determined on a plan-by-plan basis based on the composition of assets and ranged from 2.25% to 6.00% and 2.00% to 7.10% in 2015 and 2014, respectively, with a weighted average rate of return assumption of 4.30% and 5.08% in 2015 and 2014, respectively.

The fair values of the Company's pension plan assets as of December 31, 2015, by asset category were as follows (\$ in millions):

	Quoted Prices in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Cash and equivalents	\$ 2.9	\$ —	\$ —	\$ 2.9
Fixed income securities:				
Corporate bonds	—	(0.1)	—	(0.1)
Mutual funds	—	7.5	—	7.5
Insurance contracts	—	1.5	—	1.5
Total	\$ 2.9	\$ 8.9	\$ —	\$ 11.8
Investments measured at NAV(a):				
Mutual funds				179.6
Other private investments				5.3
Total assets at fair value				<u>\$196.7</u>

(a) The fair value amounts presented in the table above are intended to permit reconciliation of the fair value hierarchy to the total assets.

The fair values of the Company's pension plan assets as of December 31, 2014, by asset category were as follows (\$ in millions):

	Quoted Prices in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Cash and equivalents	\$ 6.8	\$ —	\$ —	\$ 6.8
Fixed income securities:				
Corporate bonds	—	—	—	—
Mutual funds	—	9.7	—	9.7
Insurance contracts	—	1.8	—	1.8
Total	\$ 6.8	\$ 11.5	\$ —	\$ 18.3
Investments measured at NAV(a):				
Mutual funds				177.1
Other private investments				19.5
Total assets at fair value				<u>\$214.9</u>

(a) The fair value amounts presented in the table above are intended to permit reconciliation of the fair value hierarchy to the total assets.

## [Table of Contents](#)

Certain mutual funds are valued at the quoted closing price reported on the active market on which the individual securities are traded. Common stock, corporate bonds and mutual funds that are not traded on an active market are valued at quoted prices reported by investment brokers and dealers based on the underlying terms of the security and comparison to similar securities traded on an active market.

Certain mutual funds and other private investments are valued using the NAV based on the information provided by the asset fund managers, which reflects the plan's share of the fair value of the net assets of the investment. Depending on the nature of the assets, the underlying investments are valued using a combination of either discounted cash flows, earnings and market multiples, third party appraisals or through reference to the quoted market prices of the underlying investments held by the venture, partnership or private entity where available. Valuation adjustments reflect changes in operating results, financial condition, or prospects of the applicable portfolio company.

The methods described above may produce a fair value estimate that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Company believes the valuation methods are appropriate and consistent with the methods used by other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

### Expected Contributions

During 2015, the Company contributed \$11 million to its non-U.S. defined benefit pension plans. During 2016, the Company's cash contribution requirements for its non-U.S. defined benefit pension plans are expected to be approximately \$11 million.

The following sets forth benefit payments to participants, which reflect expected future service, as appropriate, expected to be paid by the plans in the periods indicated (\$ in millions):

2016	\$12.4
2017	12.7
2018	12.9
2019	13.2
2020	13.5
2021-2025	72.6

### NOTE 11. INCOME TAXES

The operating results of the Company are included in the income tax returns of Parent. The Company accounts for income taxes under the separate return method. Under this approach, the Company allocates current and deferred taxes to each entity as if were a separate taxpayer. In that situation, the sum of the amounts allocated to individual entities may not equal the consolidated amount of the Parent. The Company's pretax operating results exclude any intercompany financing arrangements between entities and include any transactions with its Parent as if it were an unrelated party.

Earnings before income taxes for the years ended December 31 were as follows (\$ in millions):

	2015	2014	2013
United States	\$ 913.8	\$ 752.0	\$ 657.2
International	355.9	527.2	486.0
Total	<u>\$ 1,269.7</u>	<u>\$ 1,279.2</u>	<u>\$ 1,143.2</u>

[Table of Contents](#)

The provision for income taxes for the years ended December 31 were as follows (\$ in millions):

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Current:</b>			
Federal U.S.	\$310.8	\$243.8	\$181.6
Non-U.S.	54.3	134.4	96.3
State and local	32.8	28.4	21.5
<b>Deferred:</b>			
Federal U.S.	(4.0)	10.9	(4.7)
Non-U.S.	12.7	(22.3)	17.4
State and local	(0.7)	0.6	0.2
<b>Income tax provision</b>	<u>\$405.9</u>	<u>\$395.8</u>	<u>\$312.3</u>

As disclosed in Note 2, during 2015 the Company early adopted ASU 2015-17 on a prospective basis, therefore all deferred tax assets and liabilities have been classified as noncurrent in the accompanying 2015 Combined Balance Sheet. Noncurrent deferred tax assets and noncurrent deferred tax liabilities are included in other assets and other long-term liabilities, respectively, in the accompanying Combined Balance Sheets. Deferred income tax assets and liabilities as of December 31 were as follows (\$ in millions):

	<u>2015</u>	<u>2014</u>
<b>Deferred Tax Assets:</b>		
Allowance for doubtful accounts	\$ 26.9	\$ 25.1
Inventories	24.3	23.3
Pension benefits	60.6	70.3
Environmental and regulatory compliance	18.9	16.4
Other accruals and prepayments	35.4	24.9
Deferred service income	15.6	24.1
Warranty services	24.8	22.9
Stock compensation expense	30.3	29.5
Tax credit and loss carryforwards	79.9	124.8
Other	11.2	38.8
Valuation allowances	(18.6)	(38.9)
<b>Total deferred tax asset</b>	<u>309.3</u>	<u>361.2</u>
<b>Deferred Tax Liabilities:</b>		
Property, plant and equipment	(43.3)	(42.3)
Goodwill and other intangibles	(380.5)	(399.1)
<b>Total deferred tax liability</b>	<u>(423.8)</u>	<u>(441.4)</u>
<b>Net deferred tax liability</b>	<u>\$ (114.5)</u>	<u>\$ (80.2)</u>

The Company's deferred tax assets are reduced by a valuation allowance if, based on the weight of available evidence, it is more likely than not (a likelihood of more than 50 percent) that some portion or all of the deferred tax assets will not be realized.

## Table of Contents

Deferred taxes associated with U.S. entities consist of net deferred tax liabilities of approximately \$166 million and \$167 million inclusive of valuation allowances of \$3 million and \$20 million as of December 31, 2015 and December 31, 2014, respectively. Deferred taxes associated with non-U.S. entities consist of net deferred tax assets of \$51 million and \$87 million inclusive of valuation allowances of \$16 million and \$19 million as of December 31, 2015 and December 31, 2014, respectively. During 2015, the Company's valuation allowance decreased by \$20 million primarily due to write-offs of capital losses, certain foreign net operating losses and corresponding valuation allowances.

The effective income tax rate for the years ended December 31 varies from the U.S. statutory federal income tax rate as follows:

	Percentage of Pretax Earnings		
	2015	2014	2013
Statutory federal income tax rate	35.0%	35.0%	35.0%
Increase (decrease) in tax rate resulting from:			
State income taxes (net of federal income tax benefit)	1.8	1.5	1.4
Foreign income taxed at lower rate than U.S. statutory rate	(4.6)	(5.9)	(5.3)
Resolution and expiration of statutes of limitation of uncertain tax positions	—	—	(3.8)
Research and experimentation credits and other	(0.2)	0.3	—
Effective income tax rate	<u>32.0%</u>	<u>30.9%</u>	<u>27.3%</u>

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 U.S. that are indefinitely reinvested and taxed at rates lower than the U.S. federal statutory rate and from the reinstatement of certain tax benefits and credits resulting from the enactment of the Protecting Americans from Tax Hikes Act of 2015, the Tax Increase Prevention Act of 2014 and the America Tax Relief Act of 2012. In addition, the effective tax rate of 27.3% in 2013 includes tax benefits from the release of reserves resulting from the expiration of statutes of limitation.

The Company's income tax payable or receivable computed under the separate return method is adjusted to equity as it does not represent a liability or asset with the relevant taxing authorities since the Company is a part of the Parent's tax returns filed with the taxing authorities.

Current income tax payable to Parent has been reduced by \$33 million, \$29 million and \$25 million in 2015, 2014 and 2013, respectively, for tax deductions attributable to stock-based compensation, of which, the excess tax benefit over the amount recorded for financial reporting purposes was \$22 million, \$18 million and \$16 million, respectively, and has been recorded as an increase to Parent's equity.

Included in deferred income taxes as of December 31, 2015 are tax benefits for U.S. and non-U.S. net operating loss carryforwards totaling \$67 million (before applicable valuation allowances of \$14 million). Certain of the losses can be carried forward indefinitely and others can be carried forward to various dates from 2016 through 2035. In addition, the Company had general business tax credit carryforwards of \$13 million (before applicable valuation allowances of \$2 million) as of December 31, 2015, which can be carried forward to various dates from 2016 to 2025. As of December 31, 2015, the Company also had \$3 million of valuation allowances against other deferred tax asset balances that are not more likely than not of being realized.

As of December 31, 2015, gross unrecognized tax benefits totaled \$170 million (\$168 million, net of the impact of \$41 million of indirect tax benefits offset by \$39 million associated with interest and penalties). As of December 31, 2014, gross unrecognized tax benefits totaled \$167 million (\$155 million, net of the impact of \$50 million of indirect tax benefits offset by \$38 million associated with interest and penalties). The Company

## [Table of Contents](#)

recognized approximately \$8 million, \$8 million and \$11 million in potential interest and penalties associated with uncertain tax positions during 2015, 2014 and 2013, respectively. To the extent taxes are not assessed with respect to uncertain tax positions, substantially all amounts accrued (including interest and penalties and net of indirect offsets), will be reduced and reflected as a reduction of the overall income tax provision. Unrecognized tax benefits and associated accrued interest and penalties are included in the Company's income tax provision.

A reconciliation of the beginning and ending amount of unrecognized tax benefits, excluding amounts accrued for potential interest and penalties, is as follows (\$ in millions):

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Unrecognized tax benefits, beginning of year	\$167.2	\$146.8	\$162.1
Additions based on tax positions related to the current year	18.4	20.8	21.3
Additions for tax positions of prior years	9.7	11.8	18.1
Reductions for tax positions of prior years	(13.4)	(0.8)	(10.1)
Lapse of statute of limitations	(5.5)	(4.6)	(45.0)
Settlements	(1.5)	—	(1.1)
Effect of foreign currency translation	(5.0)	(6.8)	1.5
Unrecognized tax benefits, end of year	<u>\$169.9</u>	<u>\$167.2</u>	<u>\$146.8</u>

The Company conducts business globally, and the Parent files numerous income tax returns in the U.S. federal, state and foreign jurisdictions. The countries in which the Company has a significant presence that have lower statutory tax rates than the U.S. include China, Germany and the United Kingdom. The Company's ability to obtain a tax benefit from lower statutory tax rates outside of the U.S. is dependent on its levels of taxable income in these foreign 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 financial statements given the geographic dispersion of the Company's taxable income.

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

Management estimates that it is reasonably possible that the amount of unrecognized tax benefits may be reduced by approximately \$18 million within twelve months as a result of resolution of worldwide tax matters, payments of tax audit settlements and/or statute of limitations expirations.

The Company operates in various non-U.S. tax jurisdictions where "tax holiday" income tax incentives have been granted for a specific period. These tax benefits are not material to the Company's financial statements.

For most of its foreign operations, the Company makes an election regarding the amount of earnings intended for indefinite reinvestment, with the balance available to be repatriated to the U.S. No provisions for U.S. income taxes have been made with respect to earnings that are planned to be reinvested indefinitely outside the U.S., 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. As of December 31, 2015, the total amount of earnings planned to be reinvested indefinitely and the basis difference in investments outside of the U.S. for which deferred taxes have not been provided was approximately \$2.5 billion.

[Table of Contents](#)

**NOTE 12. RESTRUCTURING AND OTHER RELATED CHARGES**

During 2015, the Company recorded pretax restructuring and other related charges totaling \$24 million, including \$12 million relating to the impairment of a trade name within the Industrial Technologies segment. Substantially all restructuring activities initiated in 2015 were completed by December 31, 2015. The Company expects substantially all cash payments associated with remaining termination benefits will be paid during 2016. During 2014, the Company recorded pretax restructuring and other related charges totaling \$28 million. Substantially all planned restructuring activities related to the 2014 plans were completed by December 31, 2014 and all cash payments related to such activities have been paid. During 2013, the Company recorded pretax restructuring and other related charges totaling \$28 million. Substantially all planned restructuring activities related to the 2013 plans were completed by December 31, 2013 and all cash payments related to such activities have been paid.

The nature of the Company's restructuring and related activities initiated in 2015, 2014 and 2013 were broadly consistent throughout the Company's segments and focused on improvements in operational efficiency through targeted workforce reductions and facility consolidations and closures. These costs were incurred to position the Company to provide superior products and services to its customers in a cost efficient manner, and taking into consideration broad economic uncertainties.

In conjunction with the closing of facilities, certain inventory was written off as unusable in future operating locations. This inventory consisted primarily of component parts and raw materials, which were either redundant to inventory at the facilities being merged or were not economically feasible to relocate since the inventory was purchased to operate on equipment and tooling which was not being relocated. In addition, asset impairment charges have been recorded to reduce the carrying amounts of the long-lived assets that will be sold or disposed of to their estimated fair values. Charges for the asset impairment reduce the carrying amount of the long-lived assets to their estimated salvage value in connection with the decision to dispose of such assets.

Restructuring and other related charges recorded for the year ended December 31 by segment were as follows (\$ in millions):

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Professional Instrumentation	\$ 9.4	\$12.1	\$21.7
Industrial Technologies	14.9	15.9	6.6
<b>Total</b>	<u>\$24.3</u>	<u>\$28.0</u>	<u>\$28.3</u>

The table below summarizes the accrual balance and utilization by type of restructuring cost associated with the 2015 and 2014 actions (\$ in millions):

	<u>Balance as of January 1, 2014</u>	<u>Costs Incurred</u>	<u>Paid/ Settled</u>	<u>Balance as of December 31, 2014</u>	<u>Costs Incurred</u>	<u>Paid/ Settled</u>	<u>Balance as of December 31, 2015</u>
Employee severance and related	\$ 16.9	\$ 23.7	\$(20.0)	\$ 20.6	\$ 11.8	\$(21.8)	\$ 10.6
Facility exit and related	4.8	4.3	(6.4)	2.7	12.5	(14.3)	0.9
<b>Total</b>	<u>\$ 21.7</u>	<u>\$ 28.0</u>	<u>\$(26.4)</u>	<u>\$ 23.3</u>	<u>\$ 24.3</u>	<u>\$(36.1)</u>	<u>\$ 11.5</u>



## [Table of Contents](#)

The restructuring and other related charges incurred during 2015 include cash charges of \$12 million and \$12 million of noncash charges. The restructuring and other related charges incurred during 2014 and 2013 were all cash charges. These charges are reflected in the following captions in the accompanying Combined Statements of Earnings (\$ in millions):

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Cost of sales	\$ 5.9	\$ 5.8	\$10.1
Selling, general and administrative expenses	18.4	22.2	18.2
Total	<u>\$24.3</u>	<u>\$28.0</u>	<u>\$28.3</u>

### NOTE 13. LEASES AND COMMITMENTS

The Company's operating leases extend for varying periods of time up to twenty years and, in some cases, contain renewal options that would extend existing terms beyond twenty years. Future minimum rental payments for all operating leases having initial or remaining noncancelable lease terms in excess of one year are \$42 million in 2016, \$31 million in 2017, \$23 million in 2018, \$19 million in 2019, \$14 million in 2020 and \$21 million thereafter. Total rent expense for all operating leases was \$53 million, \$46 million and \$47 million for the years ended December 31, 2015, 2014 and 2013, respectively.

The Company generally accrues estimated warranty costs at the time of sale. In general, manufactured products are warranted against defects in material and workmanship when properly used for their intended purpose, installed correctly, and appropriately maintained. Warranty periods depend on the nature of the product and range from ninety days up to the life of the product. The amount of the accrued warranty liability is determined based on historical information such as past experience, product failure rates or number of units repaired, estimated cost of material and labor, and in certain instances estimated property damage. The accrued warranty liability is reviewed on at least a quarterly basis and may be adjusted as additional information regarding expected warranty costs becomes known.

The following is a rollforward of the Company's accrued warranty liability (\$ in millions):

<b>Balance, January 1, 2014</b>	\$ 61.8
Accruals for warranties issued during the year	69.9
Settlements made	(67.5)
Additions due to acquisitions	1.1
Effect of foreign currency translation	(0.8)
<b>Balance, December 31, 2014</b>	64.5
Accruals for warranties issued during the year	57.7
Settlements made	(61.1)
Effect of foreign currency translation	(0.1)
<b>Balance, December 31, 2015</b>	<u>\$ 61.0</u>

### NOTE 14. LITIGATION AND CONTINGENCIES

The Company is, from time to time, subject to a variety of litigation and other proceedings incidental to its business, including lawsuits involving claims for damages arising out of the use of the Company's products, software and services, claims relating to intellectual property matters, employment matters, commercial disputes, and personal injury as well as regulatory investigations or enforcement. The Company 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. Some of these lawsuits may include claims for punitive and consequential as well as compensatory damages. Based upon the Company's experience, current information and applicable law, it does not believe that these proceedings and claims will have a material adverse effect on its financial position, results of operations or cash flows.

---

## [Table of Contents](#)

While Parent maintains workers compensation, property, cargo, automobile, crime, fiduciary, product, general, and directors' and officers' liability insurance on behalf of the Company that cover a portion of these claims, this insurance may be insufficient or unavailable to cover such losses. In addition, while the Company believes it is entitled to indemnification from third parties for some of these claims, these rights may also be insufficient or unavailable to cover such losses. Parent maintains third party insurance policies on behalf of the Company up to certain limits to cover certain liability costs in excess of predetermined retained amounts. For most insured risks, Parent purchases outside insurance coverage only for severe losses (stop loss insurance) and reserves must be established and maintained with respect to amounts within the self-insured retention.

In accordance with accounting guidance, the Company records a liability in the combined financial statements for loss contingencies when a loss is known or considered probable and the amount can be reasonably estimated. If the reasonable estimate of a known or probable loss is a range, and no amount within the range is a better estimate than any other, the minimum amount of the range is accrued. If a loss does not meet the known or probable level but is reasonably possible and a loss or range of loss can be reasonably estimated, the estimated loss or range of loss is disclosed. These reserves consist of specific reserves for individual claims and additional amounts for anticipated developments of these claims as well as for incurred but not yet reported claims. The specific reserves for individual known claims are quantified with the assistance of legal counsel and outside risk insurance professionals where appropriate. In addition, outside risk insurance professionals assist in the determination of reserves for incurred but not yet reported claims through evaluation of the Company's specific loss history, actual claims reported, and industry trends among statistical and other factors. Reserve estimates are adjusted as additional information regarding a claim becomes known. While the Company actively pursues financial recoveries from insurance providers, it does not recognize any recoveries until realized or until such time as a sustained pattern of collections is established related to historical matters of a similar nature and magnitude. If the risk insurance reserves established with respect to the Company are inadequate, the Company would be required to incur an expense equal to the amount of the loss incurred in excess of the reserves, which would adversely affect the Company's net earnings.

In addition, the Company's operations, products and services are subject to environmental laws and regulations in various jurisdictions, which impose limitations on the discharge of pollutants into the environment and establish standards for the generation, use, treatment, storage and disposal of hazardous and non-hazardous wastes. A number of the Company's operations involve the handling, manufacturing, use or sale of substances that are or could be classified as hazardous materials within the meaning of applicable laws. The Company must also comply with various health and safety regulations in both the United States and abroad in connection with the Company's operations. Compliance with these laws and regulations has not had and, based on current information and the applicable laws and regulations currently in effect, is not expected to have a material effect on the Company's capital expenditures, earnings or competitive position, and the Company does not anticipate material capital expenditures for environmental control facilities.

In addition to environmental compliance costs, the Company from time to time incurs costs related to alleged damages associated with past or current waste disposal practices or other hazardous materials handling practices. For example, generators of hazardous substances found in disposal sites at which environmental problems are alleged to exist, as well as the current and former owners of those sites and certain other classes of persons, are subject to claims brought by state and federal regulatory agencies pursuant to statutory authority. The Company has received notification from the United States Environmental Protection Agency, and from state and non-U.S. environmental agencies, that conditions at certain sites where the Company and others previously disposed of hazardous wastes and/or are or were property owners require clean-up and other possible remedial action, including sites where the Company has been identified as a potentially responsible party under United States federal and state environmental laws. The Company has projects underway at a number of current and former facilities, in both the United States and abroad, to investigate and remediate environmental contamination resulting from past operations. Remediation activities generally relate to soil and/or groundwater contamination

---

## [Table of Contents](#)

and may include pre-remedial activities such as fact-finding and investigation, risk assessment, feasibility study and/or design, as well as remediation actions such as contaminant removal, monitoring and/or installation, operation and maintenance of longer-term remediation systems. The Company is 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.

The Company has recorded a provision for environmental investigation and remediation and environmental-related claims with respect to sites owned or formerly owned by the Company and its subsidiaries and third party sites where the Company has been determined to be a potentially responsible party. The Company generally makes an assessment of the costs involved for its remediation efforts based on environmental studies, as well as its prior experience with similar sites. The ultimate cost of site cleanup is difficult to predict given the uncertainties of the Company's involvement in certain sites, uncertainties regarding the extent of the required cleanup, the availability of alternative cleanup methods, variations in the interpretation of applicable laws and regulations, the possibility of insurance recoveries with respect to certain sites and the fact that imposition of joint and several liability with right of contribution is possible under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 and other environmental laws and regulations. If the Company determines that potential liability for a particular site or with respect to a personal injury claim is known or considered probable and reasonably estimable, the Company accrues the total estimated loss, including investigation and remediation costs, associated with the site or claim. As of December 31, 2015, the Company had a reserve of \$5 million included in accrued expenses and other liabilities on the Combined Balance Sheet for environmental matters which are known or considered probable and reasonably estimable, which reflects the Company's best estimate of the costs to be incurred with respect to such matters.

All reserves have been recorded without giving effect to any possible future third party recoveries. While the Company actively pursues insurance recoveries, as well as recoveries from other potentially responsible parties, it does not recognize any insurance recoveries for environmental liability claims until realized or until such time as a sustained pattern of collections is established related to historical matters of a similar nature and magnitude.

As of December 31, 2015 and 2014, Parent, on behalf of the Company, had approximately \$82 million and \$75 million, respectively, of guarantees consisting primarily of outstanding standby letters of credit, bank guarantees and performance and bid bonds. These guarantees have been provided in connection with certain arrangements with vendors, customers, financing counterparties and governmental entities to secure the Company's obligations and/or performance requirements related to specific transactions. The Company believes that if the obligations under these instruments were triggered, it would not have a material effect on its financial statements.

### **NOTE 15. STOCK TRANSACTIONS AND STOCK-BASED COMPENSATION**

The Company has no stock-based compensation plans; however certain employees of the Company participate in Parent's stock-based compensation plans, which provide for the grants of stock options, PSUs and RSUs among other types of awards. The expense associated with the Company's employees who participate in the Plans is allocated to the Company in the accompanying Combined Statements of Earnings.

All current grants of stock options, PSUs and RSUs are made under Parent's 2007 Stock Incentive Plan (the "2007 Plan"). The 2007 Plan provides for the grant of stock options, stock appreciation rights, RSUs, restricted stock, performance stock units or any other stock based award. Stock options have also been issued to Company employees under Parent's 1998 Stock Option Plan. In connection with the November 2007 Tektronix acquisition, Parent assumed the Tektronix 2005 Stock Incentive Plan and the Tektronix 2002 Stock Incentive Plan (the "Tektronix Plans") and assumed certain outstanding stock options that had been awarded to Tektronix employees under the plans. No further equity awards will be issued under the 1998 Stock Option Plan or the Tektronix Plans. The 1998 Stock Option Plan and the Tektronix Plans operate in a similar manner to Parent's 2007 Stock

## [Table of Contents](#)

Incentive Plan (collectively, the “Plans”). No more than 19 million of the 62 million authorized shares under the 2007 Plan may be granted in any form other than stock options or stock appreciation rights. As of December 31, 2015, approximately 22 million shares of Parent’s common stock were reserved for issuance under the 2007 Plan.

Stock options granted under the Plans generally vest pro-rata over a five year period and terminate ten years from the grant date, though the specific terms of each grant are determined by the Compensation Committee of Parent’s Board (the “Compensation Committee”). Certain other employees have been awarded options with different vesting criteria. Option exercise prices for options under these plans are equal to the closing price of Parent’s common stock on the date of grant.

RSUs issued under the Plans provide for the issuance of a share of Parent’s common stock at no cost to the holder and generally vest pro-rata over a five-year period, though the specific terms of each grant are determined by the Compensation Committee. Certain employees of the Company have been awarded RSUs with different vesting criteria.

In 2015, Danaher introduced into its executive equity compensation program PSUs that vest based on Danaher’s total shareholder return ranking relative to the S&P 500 Index over a three year performance period. The PSUs were issued under Danaher’s Stock Incentive Plan.

The equity awards generally vest only if the employee is employed by Parent on the vesting date or in other limited circumstances. Unvested stock options and RSUs held by associates who retire at or after age 55 with ten years of service with Parent continue to vest on a pro rata basis following retirement, and unvested stock options and RSUs held by associates who retire at or after age 65 continue to vest in full following retirement; in other circumstances unvested awards are forfeited upon retirement unless the Compensation Committee determines otherwise.

Parent accounts for stock-based compensation by measuring the cost of employee services received in exchange for all equity awards granted, including stock options, PSUs and RSUs, based on the fair value of the award as of the grant date. Parent recognizes the compensation expense over the requisite service period (which is generally the vesting period but may be shorter than the vesting period if the employee becomes retirement eligible before the end of the vesting period). The fair value for RSU awards was calculated using the closing price of Parent’s common stock on the date of grant, adjusted for the fact that RSUs do not accrue dividends. The fair value of the PSU awards was calculated using a Monte Carlo pricing model. The fair value of the options granted was calculated using a Black-Scholes Merton option pricing model (“Black-Scholes”).

The following summarizes the assumptions used in the Black-Scholes model to value options granted during the years ended December 31:

	2015	2014	2013
Risk-free interest rate	1.6 – 2.2%	1.7 – 2.4%	1.0 – 2.3%
Weighted average volatility	24.3%	22.4%	23.6%
Dividend yield	0.6%	0.5%	0.2%
Expected years until exercise	5.5 – 8.0	5.5 – 8.0	6.0 – 8.5

The Black-Scholes model incorporates assumptions to value stock-based awards. The risk-free rate of interest for periods within the contractual life of the option is based on a zero-coupon U.S. government instrument whose maturity period equals or approximates the option’s expected term. Expected volatility is based on implied volatility from traded options on Parent’s stock and historical volatility of Parent’s stock. The dividend yield is calculated by dividing Parent’s annual dividend, based on the most recent quarterly dividend rate, by the closing stock price on the grant date. To estimate the option exercise timing used in the valuation model, in addition to considering the vesting period and contractual term of the option, Parent analyzes and considers actual historical exercise experience for previously granted options. Parent stratifies its employee population into multiple groups for option valuation and attribution purposes based upon distinctive patterns of forfeiture rates and option holding periods.

[Table of Contents](#)

The amount of stock-based compensation expense recognized during a period is also based on the portion of the awards that are ultimately expected to vest. The Company estimates pre-vesting forfeitures at the time of grant by analyzing historical data and revises those estimates in subsequent periods if actual forfeitures differ from those estimates. Ultimately, the total expense recognized over the vesting period will equal the fair value of awards that actually vest.

The following summarizes the components of the Company's stock-based compensation expense for the years ended December 31 (\$ in millions):

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>RSUs/PSUs:</b>			
Pretax compensation expense	\$ 22.5	\$19.3	\$16.6
Income tax benefit	(7.5)	(6.1)	(5.2)
RSU/PSU expense, net of income taxes	<u>15.0</u>	<u>13.2</u>	<u>11.4</u>
<b>Stock options:</b>			
Pretax compensation expense	12.7	11.5	12.2
Income tax benefit	(4.3)	(3.8)	(3.9)
Stock option expense, net of income taxes	<u>8.4</u>	<u>7.7</u>	<u>8.3</u>
<b>Total stock-based compensation:</b>			
Pretax compensation expense	35.2	30.8	28.8
Income tax benefit	(11.8)	(9.9)	(9.1)
Total stock-based compensation expense, net of income taxes	<u>\$ 23.4</u>	<u>\$20.9</u>	<u>\$19.7</u>

Stock-based compensation has been recognized as a component of selling, general and administrative expenses in the accompanying Combined Statements of Earnings. As of December 31, 2015, \$42 million of total unrecognized compensation cost related to RSUs/PSUs is expected to be recognized over a weighted average period of approximately three years. As of December 31, 2015, \$35 million of total unrecognized compensation cost related to stock options is expected to be recognized over a weighted average period of approximately three years. Both amounts will be adjusted for any future changes in estimated forfeitures.

The following summarizes the Company's option activity under Parent's stock plans (in millions; except price per share and numbers of years):

	<u>Options</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Remaining Contractual Term (in years)</u>	<u>Aggregate Intrinsic Value</u>
<b>Outstanding as of January 1, 2013</b>	7.9	\$ 36.79		
Granted	0.9	65.20		
Exercised	(1.5)	29.54		
Cancelled/forfeited	(0.3)	46.49		
<b>Outstanding as of December 31, 2013</b>	<u>7.0</u>	<u>41.81</u>		
Granted	0.8	77.63		
Exercised	(1.3)	33.78		
Cancelled/forfeited	(0.2)	57.91		
<b>Outstanding as of December 31, 2014</b>	<u>6.3</u>	<u>47.66</u>		
Granted	0.9	87.96		
Exercised	(1.2)	35.28		
Cancelled/forfeited	(0.2)	58.77		
<b>Outstanding as of December 31, 2015</b>	<u>5.8</u>	<u>\$ 56.00</u>	<u>6</u>	<u>\$ 212.0</u>
<b>Vested and expected to vest as of December 31, 2015 <sup>(1)</sup></b>	<u>5.6</u>	<u>\$ 55.32</u>	<u>6</u>	<u>\$ 209.8</u>
<b>Vested as of December 31, 2015</b>	<u>3.2</u>	<u>\$ 42.18</u>	<u>4</u>	<u>\$ 162.2</u>

[Table of Contents](#)

(1) The “Expected to Vest” options are the net unvested options that remain after applying the forfeiture rate assumption to total unvested options.

The aggregate intrinsic value in the table above represents the total pretax intrinsic value (the difference between Parent’s closing stock price on the last trading day of 2015 and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders had all option holders exercised their options on December 31, 2015. The amount of aggregate intrinsic value will change based on the price of Parent’s common stock.

Options outstanding as of December 31, 2015 are summarized below (in millions; except price per share and numbers of years):

Exercise Price	Outstanding			Exercisable	
	Shares	Average Exercise Price	Average Remaining Life (in years)	Shares	Average Exercise Price
\$26.29 to \$37.74	1.4	\$ 33.02	3	1.4	\$ 33.03
\$37.75 to \$51.08	1.3	43.34	4	1.2	42.55
\$51.09 to \$67.16	1.0	54.98	7	0.4	53.67
\$67.17 to \$82.22	1.2	73.37	8	0.2	71.80
\$82.23 to \$93.54	0.9	87.73	9	—	82.23

The aggregate intrinsic value of options exercised during the years ended December 31, 2015, 2014 and 2013 was \$73 million, \$57 million and \$54 million, respectively. Exercise of options during the years ended December 31, 2015, 2014 and 2013 resulted in cash receipts of \$51 million, \$44 million and \$45 million, respectively. Upon exercise of the award by the employee, Parent derives a tax deduction measured by the excess of the market value over the grant price at the date of exercise. Parent realized a tax benefit of \$23 million, \$19 million and \$17 million in 2015, 2014 and 2013, respectively, related to the exercise of employee stock options. The net income tax benefit in excess of the expense recorded for financial reporting purposes (the “excess tax benefit”) has been recorded as an increase to net parent investment and is reflected as a financing cash inflow in the accompanying Combined Statements of Cash Flows.

The following summarizes information on unvested RSUs activity (in millions; except price per share):

	Number of RSUs	Weighted Average Grant-Date Fair Value
<b>Unvested as of January 1, 2013</b>	1.4	\$ 42.28
Granted	0.4	65.42
Vested	(0.4)	38.46
Forfeited	(0.1)	44.07
<b>Unvested as of December 31, 2013</b>	1.3	50.94
Granted	0.3	76.95
Vested	(0.4)	42.64
Forfeited	(0.1)	55.94
<b>Unvested as of December 31, 2014</b>	1.1	61.75
Granted	0.3	86.14
Vested	(0.2)	51.56
Forfeited	(0.1)	64.58
<b>Unvested as of December 31, 2015</b>	1.1	72.24

## [Table of Contents](#)

The Company realized a tax benefit of \$10 million, \$10 million and \$9 million and in the years ended December 31, 2015, 2014 and 2013, respectively, related to the vesting of RSUs. The excess tax benefit attributable to RSUs have been recorded as an increase to net parent investment and is reflected as a financing cash inflow in the accompanying Combined Statements of Cash Flows.

In connection with the exercise of certain stock options and the vesting of RSUs previously issued by Parent, a number of shares sufficient to fund statutory minimum tax withholding requirements has been withheld from the total shares issued or released to the award holder (though under the terms of the applicable plan, the shares are considered to have been issued and are not added back to the pool of shares available for grant). During the year ended December 31, 2015, 123 thousand shares with an aggregate value of \$11 million were withheld to satisfy the requirement. During the year ended December 31, 2014, 143 thousand shares with an aggregate value of \$11 million were withheld to satisfy the requirement. The withholding is treated as a reduction in net parent investment in the accompanying Combined Statements of Changes in Equity.

### NOTE 16. SEGMENT INFORMATION

The Company operates and reports its results in two separate business segments, the Professional Instrumentation and Industrial Technologies segments. Operating profit represents total revenues less operating expenses, excluding other income and income taxes. The identifiable assets by segment are those used in each segment's operations. Inter-segment amounts are not significant and are eliminated to arrive at combined totals.

Detailed segment data for the years ended December 31 is as follows (\$ in millions):

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Sales:</b>			
Professional Instrumentation	\$2,974.2	\$3,121.6	\$2,970.7
Industrial Technologies	3,204.6	3,215.6	2,991.2
Total	<u>\$6,178.8</u>	<u>\$6,337.2</u>	<u>\$5,961.9</u>
<b>Operating profit:</b>			
Professional Instrumentation	\$ 694.8	\$ 691.6	\$ 628.2
Industrial Technologies	617.2	597.0	552.5
Other	(42.3)	(43.3)	(37.5)
Total	<u>\$1,269.7</u>	<u>\$1,245.3</u>	<u>\$1,143.2</u>
<b>Identifiable assets:</b>			
Professional Instrumentation	\$3,894.0	\$4,124.6	\$4,181.8
Industrial Technologies	3,316.6	3,231.0	3,058.3
Total	<u>\$7,210.6</u>	<u>\$7,355.6</u>	<u>\$7,240.1</u>
<b>Depreciation and amortization:</b>			
Professional Instrumentation	\$ 103.5	\$ 107.4	\$ 109.0
Industrial Technologies	73.4	70.6	50.7
Total	<u>\$ 176.9</u>	<u>\$ 178.0</u>	<u>\$ 159.7</u>
<b>Capital expenditures, gross:</b>			
Professional Instrumentation	\$ 34.6	\$ 30.0	\$ 39.5
Industrial Technologies	85.5	72.6	41.6
Total	<u>\$ 120.1</u>	<u>\$ 102.6</u>	<u>\$ 81.1</u>

---

[Table of Contents](#)**Operations in Geographical Areas**  
**Year Ended December 31**

(\$ in millions)	2015	2014	2013
<b>Sales:</b>			
United States	\$ 3,415.8	\$ 3,289.5	\$ 2,970.4
China	501.4	498.2	442.6
Germany	268.2	321.5	303.7
All other (each country individually less than 5% of total sales)	1,993.4	2,228.0	2,245.2
Total	<u>\$ 6,178.8</u>	<u>\$ 6,337.2</u>	<u>\$ 5,961.9</u>
<b>Long-lived assets:</b>			
United States	\$ 4,333.9	\$ 4,273.3	\$ 4,079.5
United Kingdom	359.2	432.4	426.3
Germany	349.1	346.3	417.0
All other (each country individually less than 5% of total long-lived assets)	574.3	620.2	662.3
Total	<u>\$ 5,616.5</u>	<u>\$ 5,672.2</u>	<u>\$ 5,585.1</u>

**Sales by Major Product Group**  
**Year Ended December 31**

(\$ in millions)	2015	2014	2013
Professional tools and equipment	\$ 4,002.9	\$ 4,066.1	\$ 3,784.9
Industrial automation, controls and sensors	1,208.2	1,345.3	1,354.7
Franchise distribution	591.9	536.2	491.4
All other	375.8	389.6	330.9
Total	<u>\$ 6,178.8</u>	<u>\$ 6,337.2</u>	<u>\$ 5,961.9</u>

**NOTE 17. RELATED-PARTY TRANSACTIONS**

The Company has historically operated as part of Parent and not as a stand-alone company. Accordingly, Parent has allocated certain shared costs to the Company that are reflected as expenses in these financial statements. Management considers the allocation methodologies used by Parent to be reasonable and to appropriately reflect the related expenses attributable to the Company for purposes of the carve-out financial statements; however, the expenses reflected in these financial statements may not be indicative of the actual expenses that would have been incurred during the periods presented if the Company had operated as a separate stand-alone entity. In addition, the expenses reflected in the financial statements may not be indicative of expenses the Company will incur in the future.

**Corporate Expenses**

Certain corporate overhead and shared expenses incurred by Parent and its subsidiaries have been allocated to the Company and are reflected in the Combined Statements of Earnings. These amounts include, but are not limited to, items such as general management and executive oversight, costs to support Parent information technology infrastructure, facilities, compliance, human resources, marketing and legal functions and financial



## [Table of Contents](#)

management and transaction processing including public company reporting, consolidated tax filings and tax planning, Parent benefit plan administration, risk management and consolidated treasury services, certain employee benefits and incentives, and stock based compensation administration. These costs are allocated using methodologies that management believes are reasonable for the item being allocated. Allocation methodologies include the Company's relative share of revenues, headcount, or functional spend as a percentage of the total.

### **Insurance Programs Administered by Parent**

In addition to the corporate allocations discussed above, the Company was allocated expenses related to certain insurance programs Parent administers on behalf of the Company, including workers compensation, property, cargo, automobile, crime, fiduciary, product, general and directors' and officers' liability insurance. These amounts are allocated using various methodologies, as described below.

Included within the insurance cost allocation are allocations related to programs for which Parent is self-insured up to a certain amount. For the self-insured component, Parent allocated costs to the Company based on the Company's incurred claims. Parent has premium based policies which cover amounts in excess of the self-insured retentions. The Company is allocated a portion of the total insurance cost incurred by Parent based on its pro-rata portion of Parent's total underlying exposure base. An estimated liability relating to the Company's known and incurred but not reported claims has been allocated to the Company and reflected on the accompanying Combined Balance Sheets.

### **Medical Insurance Programs Administered by Parent**

In addition to the corporate allocations noted above, the Company was allocated expenses related to the medical insurance programs Parent administers on behalf of the Company. These amounts were allocated using actual medical claims incurred during the period for the associated employees attributable to the Company.

### **Deferred Compensation Program Administered by Parent**

Certain of the Company's management employees participate in Parent's nonqualified deferred compensation programs that permit participants to defer a portion of their compensation, on a pretax basis, until their termination of employment. Participants may choose among alternative earning rates for the amounts they defer, which are primarily based on investment options within Parent's 401(k) program (except that the earnings rates for amounts contributed unilaterally by Parent are entirely based on changes in the value of Parent's common stock). All amounts deferred under this plan are unfunded, unsecured obligations of Parent.

The amounts of related party expenses allocated to the Company from Parent and its subsidiaries for the years ended December 31, 2015, 2014 and 2013, were as follows (\$ in millions):

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Allocated corporate expenses	\$ 63.3	\$ 64.9	\$ 56.3
Directly Related Charges:			
Insurance programs expenses	6.9	8.4	8.7
Medical insurance programs expenses	126.7	119.4	110.8
Deferred compensation program expenses	4.2	4.1	3.9
Total related-party expenses	<u>\$201.1</u>	<u>\$196.8</u>	<u>\$179.7</u>

### **Revenue and other transactions entered into in the ordinary course of business**

Certain of the Company's revenue arrangements relate to contracts entered into in the ordinary course of business with Parent and Parent affiliates. The amount of related party revenue was approximately \$38 million, \$39 million and \$32 million for the years ended December 31, 2015, 2014 and 2013.

[Table of Contents](#)

**DANAHER NEWCO**  
**SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS**  
**(\$ in millions)**

<u>Classification</u>	<u>Balance at Beginning of Period(a)</u>	<u>Charged to Costs &amp; Expenses</u>	<u>Impact of Currency</u>	<u>Charged to Other Accounts(b)</u>	<u>Write Offs, Write Downs &amp; Deductions</u>	<u>Balance at End of Period(a)</u>
<b>Year Ended December 31, 2015:</b>						
Allowances deducted from asset account						
Allowance for doubtful accounts	\$ 71.4	\$ 31.6	\$ (0.9)	—	\$ (25.3)	\$ 76.8
<b>Year Ended December 31, 2014:</b>						
Allowances deducted from asset account						
Allowance for doubtful accounts	\$ 73.4	\$ 26.0	\$ (0.7)	\$ 0.9	\$ (28.2)	\$ 71.4
<b>Year Ended December 31, 2013:</b>						
Allowances deducted from asset account						
Allowance for doubtful accounts	\$ 71.1	\$ 15.6	\$ (0.4)	\$ 5.1	\$ (18.0)	\$ 73.4

## Notes:

- (a) Amounts include allowance for doubtful accounts classified as current and noncurrent.  
(b) Amounts related to businesses acquired, net of amounts related to businesses disposed.

---

[Table of Contents](#)

**Report of Independent Registered Public Accounting Firm**

The Board of Directors and Stockholders of Danaher Corporation

We have audited the accompanying balance sheet of Fortive Corporation (the Company), a wholly-owned subsidiary of Danaher Corporation, as of December 31, 2015. This balance sheet is the responsibility of the Company's management. Our responsibility is to express an opinion on this balance sheet based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the balance sheet referred to above presents fairly, in all material respects, the financial position of Fortive Corporation at December 31, 2015 in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

McLean, Virginia  
March 3, 2016

[Table of Contents](#)

**FORTIVE CORPORATION**  
**BALANCE SHEET**  
**As of December 31, 2015**  
**(in whole dollars)**

<b>ASSETS</b>	
Cash	\$—
Total assets	<u>\$—</u>
<b>LIABILITIES AND EQUITY</b>	
Total liabilities	\$—
Equity:	
Subscription receivable from Parent	(1)
Common stock—\$0.01 par value, 100 shares issued	<u>1</u>
Total equity	<u>—</u>
Total liabilities and equity	<u>\$—</u>

See the accompanying Note to the Financial Statement

**FORTIVE CORPORATION  
NOTE TO THE FINANCIAL STATEMENT**

**(1) BUSINESS OVERVIEW AND BASIS OF PRESENTATION**

On May 13, 2015, Danaher Corporation (“Danaher” or “Parent”) announced its intention to separate into two independent publicly traded companies (the “Separation”). Fortive Corporation (“Fortive”) is a Delaware corporation and a wholly owned subsidiary of Danaher. On November 10, 2015, Danaher caused Fortive to be formed in order to facilitate the separation of Danaher’s industrial growth businesses (which today constitute Danaher’s Test & Measurement segment, Industrial Technologies segment (other than its Product Identification platform) and Retail/Commercial Petroleum platform (“Danaher NewCo” or the “Company”)) from Danaher. On November 19, 2015, Danaher subscribed for 100 shares of common stock of Fortive. Fortive has engaged in no business operations to date and at December 31, 2015 it had no assets or liabilities. Prior to the closing of the Separation, the Danaher NewCo business will be transferred to Fortive. The Separation will be in the form of a pro rata distribution to Danaher shareholders of 100% of the outstanding shares of Fortive. The distribution, together with certain related transactions, are expected to qualify as tax-free transactions to Danaher and its shareholders for U.S. Federal income tax purposes except to the extent that cash is paid to Danaher stockholders in lieu of fractional shares. The Separation is expected to be completed in the third quarter of 2016.

The accompanying balance sheet presents the historical financial position of Fortive in accordance with accounting principles generally accepted in the United States of America (“GAAP”).