

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

FORM 8-K

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

October 1, 2018
Date of Report (Date of Earliest Event Reported)

Fortive Corporation
(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of Incorporation)

001-37654
(Commission File Number)

47-5654583
(IRS Employer Identification No.)

6920 Seaway Blvd
Everett, WA
(Address of Principal Executive Offices)

98203
(Zip Code)

(425) 446-5000
(Registrant's Telephone Number, Including Area Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Explanatory Note

On October 1, 2018, Fortive Corporation (“Fortive”) announced that it had consummated its previously announced combination of Fortive’s Automation & Specialty platform (excluding Fortive’s Hengstler and Dynapar businesses) (the “A&S Business”) with Altra Industrial Motion Corp. (“Altra”) (such transaction, the “Transaction”). The Transaction included a split-off exchange offer (the “Exchange Offer”) of shares of Stevens Holding Company, Inc. (“Newco”) to Fortive stockholders, immediately followed by a merger of Newco with a wholly owned subsidiary of Altra, with Newco surviving the merger as a wholly owned subsidiary of Altra (the “Merger”), and the transfers of certain non-U.S. assets, liabilities and entities of the A&S Business to certain subsidiaries of Altra (the “Direct Sales”).

The Exchange Offer and the Merger were consummated on October 1, 2018, in accordance with the Separation and Distribution Agreement (the “Separation Agreement”), dated as of March 7, 2018, by and among Fortive, Newco and Altra, and the Agreement and Plan of Merger and Reorganization (the “Merger Agreement”), dated as of March 7, 2018, by and among Fortive, Newco, Altra and McHale Acquisition Corp. (“Merger Sub”).

Item 1.01 Entry into a Material Definitive Agreement.

On October 1, 2018, in connection with the consummation of the Exchange Offer and the Merger, and in accordance with the Separation Agreement and the Merger Agreement:

Fortive, Newco and Altra entered into a Tax Matters Agreement (the “Tax Matters Agreement”), which will govern the parties’ respective rights, responsibilities, and obligations with respect to taxes, including taxes arising in the ordinary course of business, and taxes, if any, incurred as a result of any failure of the distribution of shares of Newco common stock to Fortive’s stockholders and certain related transactions to qualify for their intended tax treatment. The Tax Matters Agreement also sets forth the respective obligations of the parties with respect to the filing of tax returns, the administration of tax contests, and assistance and cooperation on tax matters.

Fortive and Altra (on behalf of itself and its subsidiaries including Newco) entered into an Intellectual Property Cross-License Agreement (the “IP License Agreement”), pursuant to which Fortive has granted Newco a perpetual and irrevocable, non-exclusive license to certain retained patents, copyrights and trade secrets owned by Fortive and used by Newco, and Newco has granted Fortive a perpetual and irrevocable, non-exclusive license to certain patents, copyrights and trade secrets owned by Newco and used by Fortive. The IP License Agreement also provides for applicable requirements and restrictions regarding use and sublicensing of the licensed intellectual property.

Fortive, Newco and Altra entered into a Transition Services Agreement (the “Transition Services Agreement”), pursuant to which Fortive and its affiliates will provide Newco and Newco and its affiliates will provide Fortive and its affiliates with specified support services and other assistance for a limited time following the closing of the Merger.

The foregoing description does not purport to be complete and is qualified in its entirety by reference to the Tax Matters Agreement, the Transition Services Agreement and the IP License Agreement, copies of which were filed by Altra as Exhibits 10.2, 10.3 and 10.4 to Altra’s Current Report on Form 8-K filed on October 1, 2018, each of which is incorporated herein by reference.

Item 2.01 Completion of Acquisition or Disposition of Assets.

The Exchange Offer expired at 8:00 a.m., New York City time, on September 26, 2018. Under the terms of the Exchange Offer, 35,000,000 shares of Newco common stock were exchanged for each share of Fortive common stock accepted in the Exchange Offer. Fortive accepted 15,824,931 shares of its common stock in exchange for the 35,000,000 shares of Newco common stock owned by Fortive after proration as described below.

Because the Exchange Offer was oversubscribed, Fortive accepted tendered shares of its common stock on a pro rata basis in proportion to the total number of shares validly tendered and accepted for exchange. Stockholders who owned fewer than 100 shares of Fortive common stock, or an “odd lot” of such shares, and who validly tendered all of their shares, were not subject to proration in accordance with the terms of the Exchange Offer. The final proration factor of approximately 11.6114% was applied to all other shares of Fortive common stock that were validly tendered and not validly withdrawn to determine the number of such shares that were accepted from each tendering stockholder.

Based on the final count by the exchange agent, Computershare Inc. and Computershare Trust Company, N.A., the final results of the Exchange Offer are as follows:

Total number of shares of Fortive common stock validly tendered and not validly withdrawn:	128,334,418
“Odd-lot” shares tendered that were not subject to proration:	1,044,789
Total number of shares of Fortive common stock accepted:	15,824,931

Immediately following the consummation of the Exchange Offer, the Merger closed effective as of October 1, 2018. In the Merger, each share of Newco common stock outstanding immediately following the Exchange Offer (except for shares of Newco common stock held by Fortive, Newco, Altra or Merger Sub, which shares were canceled and ceased to exist, and no consideration was delivered in exchange therefor) was converted into one share of Altra common stock (with stockholders entitled to cash in lieu of fractional shares). As of the completion of the Merger, holders of Fortive common stock who participated in the Exchange Offer owned approximately 54% of Altra’s outstanding common stock on a fully-diluted basis. As part of the Transaction, Fortive has also completed the Direct Sales and received approximately \$1.4 billion in cash proceeds and retirement of outstanding debt securities.

As a result of the Transaction, Fortive reduced its common stock outstanding by 15,824,931 shares of its common stock.

The information contained in Item 1.01 above is incorporated herein by reference. In addition, the foregoing description of the Transaction is qualified in its entirety by reference to the Merger Agreement and the Separation Agreement, copies of which were filed by Altra as Exhibits 2.1 and 10.1 to Altra’s Current Report on Form 8-K filed on March 9, 2018, each of which are incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(b) Pro Forma Financial Information.

The following unaudited pro forma financial information of Fortive is filed as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference:

Unaudited pro forma consolidated condensed balance sheet at June 29, 2018.

Unaudited pro forma consolidated condensed statements of earnings for the six months ended June 29, 2018 and the years ended December 31, 2017, December 31, 2016, and December 31, 2015.

Notes to the unaudited pro forma consolidated condensed financial statements.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Exhibit Description</u>
2.1	<u>Agreement and Plan of Merger and Reorganization, dated as of March 7, 2018, by and among Fortive Corporation, Stevens Holding Company, Inc., Altra Industrial Motion Corp. and Mchale Acquisition Corp. (incorporated by reference to Exhibit 2.1 of Altra Industrial Motion Corp.'s Current Report on Form 8-K filed on March 9, 2018 (File No. 001-33209))</u>
2.2	<u>Separation and Distribution Agreement, dated as of March 7, 2018, by and among Fortive Corporation, Stevens Holding Company Inc., and Altra Industrial Motion Corp. (incorporated by reference to Exhibit 10.1 of Altra Industrial Motion Corp.'s Current Report on Form 8-K filed on March 9, 2018 (File No. 001-33209))</u>
10.1	<u>Tax Matters Agreement, dated as of October 1, 2018, by and among Fortive Corporation, Stevens Holding Company, Inc. and Altra Industrial Motion Corp. (incorporated by reference to Exhibit 10.2 of Altra Industrial Motion Corp.'s Current Report on Form 8-K filed on October 1, 2018 (File No. 001-33209))</u>
10.2	<u>Transition Services Agreement, dated as of October 1, 2018, by and among Fortive Corporation, Stevens Holding Company, Inc. and Altra Industrial Motion Corp. (incorporated by reference to Exhibit 10.3 of Altra Industrial Motion Corp.'s Current Report on Form 8-K filed on October 1, 2018 (File No. 001-33209))</u>
10.3	<u>Intellectual Property Cross-License Agreement, dated as of October 1, 2018, by and between Fortive Corporation and Altra Industrial Motion Corp. (incorporated by reference to Exhibit 10.4 of Altra Industrial Motion Corp.'s Current Report on Form 8-K filed on October 1, 2018 (File No. 001-33209))</u>
99.1	<u>Fortive Corporation's Unaudited Pro Forma Consolidated Condensed Financial Statements</u>

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

FORTIVE CORPORATION

Date: October 4, 2018

By: /s/ Daniel B. Kim
Name: Daniel B. Kim
Title: Vice President - Associate General Counsel and Secretary

FORTIVE CORPORATION'S UNAUDITED PRO FORMA CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

OVERVIEW

On October 1, 2018, Fortive Corporation ("Fortive" or the "Company") completed the split-off of Stevens Holding Company, Inc. ("Stevens Holding") through an offer to exchange (the "Exchange Offer") all shares of common stock of Stevens Holding owned by Fortive for shares of common stock Fortive validly tendered and accepted in the Exchange Offer. Fortive accepted 15,824,931 shares of common stock of Fortive for 35,000,000 outstanding shares of common stock of Stevens Holding (the "Split-Off"). Concurrently with the settlement of the Exchange Offer and the consummation of the Split-Off, (i) Fortive consummated the direct sale of certain entities and assets and liabilities of the Automation & Specialty platform of Fortive, excluding Fortive's Hengstler and Dynapar businesses (such Automation & Specialty platform excluding the Hengstler and Dynapar businesses, the "A&S Business"), not otherwise held by Stevens Holding for a purchase price of \$1.0 billion (the "Direct Sale"), (ii) Stevens Holding issued to Fortive a cash dividend of \$150.0 million (the "Cash Dividend"), (iii) Stevens Holding issued to Fortive \$250.0 million in debt securities, which debt securities Fortive exchanged with a third party for \$244.7 million of outstanding debt securities of Fortive ("Debt Exchange"), and (iv) Stevens Holding was merged with a subsidiary of Altra Industrial Motion Corp. ("Altra"), with each outstanding share of common stock of Stevens Holding being converted into the right to receive one share of common stock of Altra and with Stevens Holding surviving as a wholly-owned subsidiary of Altra (the "Merger" and, together with the Split-Off, the Direct Sale, the Cash Dividend, and the Debt Exchange, the "Disposition").

BASIS OF PRESENTATION

The following unaudited pro forma consolidated condensed financial statements of Fortive were derived from its historical consolidated financial statements and are being presented to give effect to the following: (i) the separation of the historical A&S Business financial results prepared on a carve-out basis ("Separation"); (ii) adjustments to the A&S Business's carve-out financial statements to reflect the continuing operations of Fortive; and (iii) the components of the consideration received and the resulting gain on the Disposition.

The unaudited pro forma consolidated condensed financial statements of Fortive are based on currently available information and assumptions that Fortive's management believe are reasonable, that reflect the impact of events directly attributable to the Disposition that are factually supportable, and for purposes of the Unaudited Pro Forma Consolidated Condensed Statements of Earnings, that are expected to have a continuing impact on Fortive.

The Unaudited Pro Forma Consolidated Condensed Statements of Earnings for the six months ended June 29, 2018 and for the years ended December 31, 2017, 2016 and 2015 reflect Fortive's results as if the Disposition had occurred on January 1, 2015. The Unaudited Pro Forma Consolidated Condensed Balance Sheet as of June 29, 2018 gives effect to the Disposition as if it had occurred on that date.

As the Disposition occurred during the fourth quarter of 2018, Fortive will classify the A&S Business as discontinued operations, retrospectively, in its historical financial statements beginning in the fourth quarter of 2018.

The unaudited pro forma consolidated condensed financial statements are not intended to be a complete presentation of Fortive's financial position or results of operations had the Disposition occurred as of and for the periods indicated. In addition, the unaudited pro forma consolidated condensed financial statements are provided for illustrative and informational purposes only, and are not necessarily indicative of Fortive's historical or future results of operations or financial condition had the Disposition been completed on the dates assumed.

The unaudited pro forma consolidated condensed financial statements should be read in conjunction with:

- (i) Fortive's audited consolidated financial statements, the accompanying notes and Management's Discussion and Analysis of Financial Condition and Results of Operations included in Fortive's Annual Report on Form 10-K for the year ended December 31, 2017; and
- (ii) Fortive's unaudited consolidated condensed financial statements, the accompanying notes and Management's Discussion and Analysis of Financial Condition and Results of Operations included in Fortive's Quarterly Report on Form 10-Q for the six months ended June 29, 2018.

FORTIVE CORPORATION AND SUBSIDIARIES

UNAUDITED PRO FORMA CONSOLIDATED CONDENSED STATEMENT OF EARNINGS

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

	Six Months Ended June 29, 2018			
	Fortive Historical	Separation of A&S Business ^(a)	Disposition Adjustments	Pro Forma Fortive
Sales	\$ 3,596.7	\$ (506.8)	\$ 2.0 ^(c)	\$ 3,091.9
Cost of sales	(1,787.0)	294.4	(2.0) ^(c)	(1,494.6)
Gross profit	1,809.7	(212.4)	—	1,597.3
Operating costs:				
Selling, general and administrative expenses	(869.2)	76.8	(0.8) ^{(d), (e)}	(793.2)
Research and development expenses	(219.9)	18.1	—	(201.8)
Operating profit	720.6	(117.5)	(0.8)	602.3
Non-operating income (expense):				
Interest expense, net	(49.9)	0.3	2.3 ^(f)	(47.3)
Other non-operating expenses	(1.8)	—	—	(1.8)
Earnings before income taxes	668.9	(117.2)	1.5	553.2
Income taxes	(112.7)	22.2	1.4 ^(h)	(89.1)
Net earnings	556.2	(95.0)	2.9	464.1
Mandatory convertible preferred stock cumulative dividends	(0.2)	—	—	(0.2)
Net earnings attributable to common stockholders	<u>\$ 556.0</u>	<u>\$ (95.0)</u>	<u>\$ 2.9</u>	<u>\$ 463.9</u>
Net earnings per common share:				
Basic	\$ 1.59	—	—	\$ 1.39
Diluted	\$ 1.57	—	—	\$ 1.37
Average common stock and common equivalent shares outstanding:				
Basic	348.9	—	(15.8) ^(b)	333.1
Diluted	354.7	—	(15.8) ^(b)	338.9

See the accompanying Notes to the Unaudited Pro Forma Consolidated Condensed Financial Statements

FORTIVE CORPORATION AND SUBSIDIARIES

UNAUDITED PRO FORMA CONSOLIDATED CONDENSED STATEMENT OF EARNINGS

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

	Year Ended December 31, 2017				
	Fortive Historical	Separation of A&S Business ^(a)	Disposition Adjustments		Pro Forma Fortive
Sales	\$ 6,656.0	\$ (907.3)	\$ 2.9	(c)	\$ 5,751.6
Cost of sales	(3,357.5)	530.2	(2.9)	(c)	(2,830.2)
Gross profit	3,298.5	(377.1)	—		2,921.4
Operating costs:					
Selling, general and administrative expenses	(1,537.6)	147.3	(22.3)	(d), (e), (g)	(1,412.6)
Research and development expenses	(406.0)	36.6	—		(369.4)
Operating profit	1,354.9	(193.2)	(22.3)		1,139.4
Non-operating income (expense):					
Gain from acquisition	15.3	—	—		15.3
Interest expense and other	(86.0)	0.5	4.4	(f), (g)	(81.1)
Earnings before income taxes	1,284.2	(192.7)	(17.9)		1,073.6
Income taxes	(239.7)	41.0	9.4	(h)	(189.3)
Net earnings	\$ 1,044.5	\$ (151.7)	\$ (8.5)		\$ 884.3
Net earnings per common share:					
Basic	\$ 3.01	—	—		\$ 2.67
Diluted	\$ 2.96	—	—		\$ 2.63
Average common stock and common equivalent shares outstanding:					
Basic	347.5	—	(15.8)	(b)	331.7
Diluted	352.6	—	(15.8)	(b)	336.8

See the accompanying Notes to the Unaudited Pro Forma Consolidated Condensed Financial Statements

FORTIVE CORPORATION AND SUBSIDIARIES

UNAUDITED PRO FORMA CONSOLIDATED CONDENSED STATEMENT OF EARNINGS

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

	Year Ended December 31, 2016			
	Fortive Historical	Separation of the A&S Business ^(a)	Separation Adjustments	Pro Forma Fortive
Sales	\$ 6,224.3	\$ (852.6)	\$ 2.5 ^(c)	\$ 5,374.2
Cost of sales	(3,191.5)	503.7	(2.5) ^(c)	(2,690.3)
Gross profit	3,032.8	(348.9)	—	2,683.9
Operating costs:				
Selling, general and administrative expenses	(1,402.0)	148.4	(21.7) ^{(d), (g)}	(1,275.3)
Research and development expenses	(384.8)	33.8	—	(351.0)
Operating profit	1,246.0	(166.7)	(21.7)	1,057.6
Non-operating income (expense):				
Interest expense and other	(49.0)	0.5	1.4 ^{(f), (g)}	(47.1)
Earnings before income taxes	1,197.0	(166.2)	(20.3)	1,010.5
Income taxes	(324.7)	45.0	9.4 ^(h)	(270.3)
Net earnings	\$ 872.3	\$ (121.2)	\$ (10.9)	\$ 740.2
Net earnings per common share:				
Basic	\$ 2.52	—	—	\$ 2.24
Diluted	\$ 2.51	—	—	\$ 2.23
Average common stock and common equivalent shares outstanding:				
Basic	345.7	—	(15.8) ^(b)	329.9
Diluted	347.3	—	(15.8) ^(b)	331.5

See the accompanying Notes to the Unaudited Pro Forma Consolidated Condensed Financial Statements

FORTIVE CORPORATION AND SUBSIDIARIES

UNAUDITED PRO FORMA CONSOLIDATED CONDENSED STATEMENT OF EARNINGS

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

	Year Ended December 31, 2015			
	Fortive Historical	Separation of the A&S Business ^(a)	Separation Adjustments	Pro Forma Fortive
Sales	\$ 6,178.8	\$ (874.1)	\$ 2.5 ^(c)	\$ 5,307.2
Cost of sales	(3,178.8)	529.2	(2.5) ^(c)	(2,652.1)
Gross profit	3,000.0	(344.9)	—	2,655.1
Operating costs:				
Selling, general and administrative expenses	(1,352.6)	147.7	(22.8) ^{(d), (g)}	(1,227.7)
Research and development expenses	(377.7)	31.8	—	(345.9)
Operating profit	1,269.7	(165.4)	(22.8)	1,081.5
Non-operating income (expense):				
Interest expense and other	—	0.3	(0.3) ^(g)	—
Earnings before income taxes	1,269.7	(165.1)	(23.1)	1,081.5
Income taxes	(405.9)	55.0	7.0 ^(h)	(343.9)
Net earnings	\$ 863.8	\$ (110.1)	\$ (16.1)	\$ 737.6
Net earnings per common share:				
Basic	\$ 2.50	—	—	\$ 2.24
Diluted	\$ 2.50	—	—	\$ 2.24
Average common stock and common equivalent shares outstanding:				
Basic	345.2	—	(15.8) ^(b)	329.4
Diluted	345.2	—	(15.8) ^(b)	329.4

See the accompanying Notes to the Unaudited Pro Forma Consolidated Condensed Financial Statements

FORTIVE CORPORATION AND SUBSIDIARIES

UNAUDITED PRO FORMA CONSOLIDATED CONDENSED BALANCE SHEET

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

	As of June 29, 2018			
	Fortive Historical	Separation of A&S Business ^(a)	Disposition Adjustments	Pro Forma Fortive
ASSETS				
Current assets:				
Cash and equivalents	\$ 2,368.2	\$ —	\$ 1,150.0 ⁽ⁱ⁾	\$ 3,518.2
Accounts receivable, net	1,187.8	(139.1)	3.2 ^{(i) (p)}	1,051.9
Inventories:				
Finished goods	223.2	(16.1)	—	207.1
Work in process	107.9	(5.7)	—	102.2
Raw materials	311.2	(56.8)	—	254.4
Total inventories	642.3	(78.6)	—	563.7
Prepaid expenses and other current assets	305.1	(7.8)	—	297.3
Total current assets	4,503.4	(225.5)	1,153.2	5,431.1
Property, plant and equipment, net	690.4	(103.3)	—	587.1
Other assets	479.5	(8.1)	0.9 ^(l)	472.3
Goodwill	5,081.9	(535.1)	—	4,546.8
Other intangible assets, net	1,230.9	(19.3)	—	1,211.6
Total assets	<u>\$ 11,986.1</u>	<u>\$ (891.3)</u>	<u>\$ 1,154.1</u>	<u>\$ 12,248.9</u>
LIABILITIES AND EQUITY				
Current liabilities:				
Current portion of long-term debt	\$ 799.3	\$ —	\$ (244.7) ^(m)	\$ 554.6
Trade accounts payable	763.5	(107.2)	(0.6) ⁽ⁱ⁾	655.7
Accrued expenses and other current liabilities	735.9	(55.5)	147.1 ^(o)	827.5
Total current liabilities	2,298.7	(162.7)	(98.2)	2,037.8
Other long-term liabilities	1,118.1	(56.0)	(20.9) ^{(k), (l)}	1,041.2
Long-term debt	2,927.4	—	—	2,927.4
Equity:				
5.0% Mandatory convertible preferred stock, series A: \$0.01 par value, 15 million shares authorized; 1.4 million shares issued and outstanding at June 29, 2018	—	—	—	—
Common stock	3.5	—	—	3.5
Additional paid-in capital	3,836.8	—	(1,336.1) ^(b)	2,500.7
Retained earnings	1,853.9	(714.1)	2,609.0 ⁽ⁿ⁾	3,748.8
Accumulated other comprehensive loss	(69.6)	41.5	0.3 ^{(k), (l)}	(27.8)
Total Fortive stockholders' equity	5,624.6	(672.6)	1,273.2	6,225.2
Noncontrolling interests	17.3	—	—	17.3
Total stockholders' equity	5,641.9	(672.6)	1,273.2	6,242.5
Total liabilities and equity	<u>\$ 11,986.1</u>	<u>\$ (891.3)</u>	<u>\$ 1,154.1</u>	<u>\$ 12,248.9</u>

See the accompanying Notes to the Unaudited Pro Forma Consolidated Condensed Financial Statements

FORTIVE CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED PRO FORMA CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

For purposes of presenting the Pro Forma Fortive column on a continuing operations basis, the Unaudited Pro Forma Consolidated Condensed Statements of Earnings for the six months ended June 29, 2018 and for the years ended December 31, 2017, 2016 and 2015, and the Unaudited Pro Forma Consolidated Condensed Balance Sheet as of June 29, 2018 include the following pro forma adjustments:

- (a) Represents the operations, assets, liabilities and equity of the A&S Business derived from the historical combined financial statements of the A&S Business prepared on a “carve-out” basis of accounting.
- (b) These unaudited pro forma consolidated condensed financial statements reflect 15,824,931 shares of Fortive common stock tendered and exchanged for 35,000,000 shares of Stevens Holding common stock, reflecting an exchange ratio of 2.2117 shares of Stevens Holding for each share of Fortive common stock tendered and accepted that applied in the Exchange Offer.

Stevens Holding common stock owned by Fortive	35,000,000
Exchange Ratio	2.2117
Total shares of Fortive common stock accepted and retired	15,824,931

Approximately \$1,336.1 million in the corresponding value of Fortive common stock, based on the closing price of Fortive common stock on the NYSE on October 1, 2018 retired in the exchange offer has been reflected as an adjustment to Additional paid-in capital in the Unaudited Pro Forma Consolidated Condensed Balance Sheet. In addition, basic and diluted shares have been reduced by 15,824,931 shares in the Unaudited Pro Forma Consolidated Condensed Statement of Earnings for all periods presented.

Unaudited Pro Forma Consolidated Condensed Statements of Earnings

- (c) Represents adjustments for intercompany transactions that occurred prior to the Disposition, have been eliminated in consolidation and will no longer be eliminated subsequent to the Disposition.
- (d) Represents the inclusion of general corporate overhead costs which were allocated to the A&S Business as required by carve-out accounting principles, and will remain with Fortive as these costs will not be eliminated after the effect of the Disposition.
- (e) Represents the removal of all nonrecurring Disposition transaction costs which were incurred and are included in Fortive’s historical results of operations for the six months ended June 29, 2018 and the year ended December 31, 2017. These costs were primarily related to legal fees, third-party consulting and contractor fees, and other incremental costs directly related to Disposition activities that are not expected to have a continuing impact on Fortive’s results of operations following the Disposition.
- (f) Represents the removal of interest expense incurred on the portion of long-term debt that was retired with the Debt Exchange.
- (g) Represents the retrospective adoption of the new accounting standard ASU No. 2017-07, *Compensation-Retirement Benefits (Topic 715)*.
- (h) Represents the tax impact of the Disposition adjustments, as well as the adjustments needed to reflect Pro Forma Fortive Net earnings. In determining the tax rate to apply to the Disposition adjustments, Fortive used the applicable statutory rate based on the jurisdiction in which the adjustment relates.

Unaudited Pro Forma Consolidated Condensed Balance Sheet

- (i) Represents \$1.15 billion of cash Fortive received upon completion of the Disposition, which is comprised of the \$1.0 billion consideration from the Direct Sale and \$150 million from the Cash Dividend. Refer to footnote (n).

- (j) Represents adjustments for intercompany assets and liabilities as a result of the Disposition.
- (k) Represents the reclassifications of various pension and other postretirement employee benefit liabilities, and the related impact to Accumulated other comprehensive loss pursuant to the various agreements entered into as part of the Disposition, based on all the applicable factors as of June 29, 2018.
- (l) Represents the tax impact of the Disposition adjustments, as well as the adjustments needed to reflect Pro Forma Fortive assets and liabilities. In determining the tax rate to apply to the Disposition adjustments, Fortive used the applicable statutory rate based on the jurisdiction in which the adjustment relates.
- (m) Represents the retirement of \$244.7 million of Fortive long-term debt from the Debt Exchange, all of which is current.
- (n) The estimated net gain on Disposition to be recognized by Fortive is calculated as follows:

Fair value of Fortive common stock tendered (15,824,931 shares at the Fortive closing price of \$84.43 per share on October 1, 2018)	\$	1,336.1
Consideration from Direct Sale		1,000.0
Cash Dividend		150.0
Net value of Debt Exchange		248.5
Total consideration received		2,734.6
Less: Carrying Value of the A&S Business as of June 29, 2018 and estimated transaction-related costs		(742.6)
Estimated pre-tax gain on Disposition		1,992.0
Less: Estimated tax impact		(90.8)
Estimated net gain on Disposition	\$	1,901.2

The estimated gain on Disposition of \$1,901.2 million is reflected in the Retained earnings amount of \$2,609.0 million. The estimated net gain on Disposition has not been reflected in the Unaudited Pro Forma Consolidated Condensed Statements of Earnings.

The actual net gain on Disposition will be recorded during the fourth quarter of 2018.

- (o) The amount reflected in Accrued expenses and other current liabilities of \$147.1 million reflects the estimated tax liability on the Disposition and estimated costs to complete the Disposition.
- (p) Represents the portion of fees incurred on the Debt Exchange reimbursed by Altra to Fortive.