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

Date of report (Date of earliest event reported): July 29, 2021

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

Delaware
(State or Other Jurisdiction of Incorporation)

001-37654	**47-5654583**
(Commission File Number)	**(IRS Employer Identification No.)**
6920 Seaway Blvd **Everett, WA**	**98203**
(Address of principal executive offices)	(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))

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

Title of each class	Trading symbol	Name of each exchange on which registered
Common stock, par value $0.01 per share	FTV	New York Stock Exchange

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. ☐

Item 2.02 Results of Operations and Financial Condition

On July 29, 2021, Fortive Corporation (the "Company") issued a press release announcing financial results for the quarter ended July 2, 2021. A copy of the release is furnished herewith as Exhibit 99.1 and incorporated by reference herein. The information set forth in this Item 2.02 of this Current Report on Form 8-K and the press release attached hereto as Exhibit 99.1 are being furnished pursuant to Item 2.02 of Form 8-K. This Item 2.02 of this Current Report on Form 8-K and the press release attached hereto as Exhibit 99.1 shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits:

Exhibit No.	Description
99.1	Press release dated July 29, 2021
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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:	July 29, 2021	By:	/s/ Daniel B. Kim
			Daniel B. Kim Vice President - Associate General Counsel and Secretary

Exhibit 99.1

Fortive Reports Strong Second Quarter 2021 Results

Raises 2021 Revenue, Operating Profit Margin and EPS Guidance

- **Strong revenue growth; total revenue up 26.7%, core revenue up 21.3%**
- **Broad-based strengthening across the portfolio, led by Fluke and Tektronix**
- **Software businesses delivered low double digit SaaS growth**
- **Revenue outperformance and strong core OMX drove excellent free cash flow**

EVERETT, WA, July 29, 2021 - Fortive Corporation ("Fortive") (NYSE: FTV) today announced results for the second quarter 2021.

For the second quarter ended July 2, 2021, net earnings from continuing operations were $182.0 million. For the same period, adjusted net earnings from continuing operations were $238.8 million. Diluted net earnings per share from continuing operations for the second quarter ended July 2, 2021 were $0.48. For the same period, adjusted diluted net earnings per share from continuing operations were $0.66.

For the second quarter of 2021, revenues from continuing operations increased 26.7% year-over-year to $1.3 billion, which reflected core revenue growth of 21.3%.

James A. Lico, President and Chief Executive Officer, stated, "Our results in the second quarter continued to demonstrate the success of our strategy, as highlighted at our investor conference in May, to build connected workflow solutions to meet the evolving needs of our customers. In the second quarter, we delivered core revenue growth and adjusted operating profit margin above the high-end of our guidance, and a 53% year-over-year increase in adjusted earnings per share. As the global economy continues to improve, we are successfully deploying the Fortive Business System to manage our supply chains to deliver for our customers and generate outstanding free cash flow."

For the third quarter of 2021, Fortive anticipates diluted net earnings per share from continuing operations to be in the range of $0.41 to $0.45 and adjusted diluted net earnings per share from continuing operations to be in the range of $0.62 to $0.66. For the full year 2021, Fortive anticipates diluted net earnings per share from continuing operations to be in the range of $1.70 to $1.80 and adjusted diluted net earnings per share from continuing operations to be in the range of $2.65 to $2.75.

Mr. Lico added, "We are excited about our recently announced acquisition of ServiceChannel. The transaction adds another differentiated, high-growth SaaS asset with an attractive runway to drive increasing profitability and free cash flow, and generate strong returns over the next five years. As we look ahead, we have significant capacity and opportunity for additional capital allocation which will continue to strengthen the portfolio and drive double-digit earnings and free cash flow growth over the long-term."

Fortive will discuss results and outlook during its quarterly investor conference call today starting at 5:30 p.m. ET. The call and an accompanying slide presentation will be webcast on the "Investors" section of Fortive's website, www.fortive.com, under "Events & Presentations." A replay of the webcast will be available at the same location shortly after the conclusion of the presentation and will remain available until the next quarterly earnings call.

The conference call can be accessed by dialing 833-900-2302 within the U.S. or by dialing 236-714-2716 outside the U.S. a few minutes before 5:30 p.m. ET and notifying the operator that you are dialing in for Fortive's earnings conference call (access code 3975045). A replay of the conference call will be available two hours after the completion of the call until Thursday, August 12, 2021. Once available, you can access the conference call replay by dialing 800-585-8367 within the U.S. or 416-621-4642 outside the U.S. (access code 3975045) or visit the "Investors" section of the website under "Events & Presentations."

ABOUT FORTIVE

Fortive is a provider of essential technologies for connected workflow solutions across a range of attractive end-markets. Fortive's strategic segments - Intelligent Operating Solutions, Precision Technologies, and Advanced Healthcare Solutions - include well-known brands with leading positions in their markets. The company's businesses design, develop, service, manufacture, and market professional and engineered products, software, and services, building upon leading brand names, innovative technologies, and significant market positions. Fortive is headquartered in Everett, Washington and employs a team of more than 17,000 research and development, manufacturing, sales, distribution, service and administrative employees in more than 50 countries around the world. With a culture rooted in continuous improvement, the core of our company's operating model is the Fortive Business System. For more information please visit: www.fortive.com.

VONTIER SEPARATION

On October 9, 2020 (the "Distribution Date"), Fortive completed the separation of its prior Industrial Technologies segment by distributing 80.1% of the outstanding shares of Vontier Corporation ("Vontier"), the entity incorporated to hold such businesses, to Fortive stockholders (the "Separation") on a pro rata basis.

As the Separation occurred during the fourth fiscal quarter of 2020, Fortive has classified Vontier as a discontinued operation in its financial statements for all periods.

NON-GAAP FINANCIAL MEASURES

In addition to the financial measures prepared in accordance with generally accepted accounting principles (GAAP), this earnings release also references "adjusted net earnings," "adjusted diluted net earnings per share," "free cash flow," and "core revenue growth," which are non-GAAP financial measures. The reasons why we believe these measures, when used in conjunction with the GAAP financial measures, provide useful information to investors, how management uses such non-GAAP financial measures, a reconciliation of these measures to the most directly comparable GAAP measures and other information relating to these measures are included in the supplemental reconciliation schedule attached. The non-GAAP financial measures should not be considered in isolation or as a substitute for the GAAP financial measures, but should instead be read in conjunction with the GAAP financial measures. The non-GAAP financial measures used by Fortive in this release may be different from similarly-titled non-GAAP measures used by other companies.

FORWARD-LOOKING STATEMENTS

Statements in this release that are not strictly historical, including statements regarding the impact of COVID-19 pandemic, business and acquisition opportunities, impact of acquisitions and dispositions, anticipated financial results, economic conditions, future prospects, shareholder value, and any other statements identified by their use of words like "anticipate," "expect," "believe," "outlook," "guidance," or "will" or other words of similar meaning are "forward-looking" statements within the meaning of the federal securities laws. These factors include, among other things: the duration and impact of the COVID-19 pandemic, deterioration of or instability in the economy, the markets we serve, international trade policies and the financial markets, changes in trade relations with China, contractions or lower growth rates and cyclicality of markets we serve, competition, changes in industry standards and governmental regulations, our ability to recruit and retain key employees, our ability to successfully identify, consummate, integrate and realize the anticipated value of appropriate acquisitions and successfully complete divestitures and other dispositions, our ability to realize the intended benefits of our separation of Vontier, our ability to develop and successfully market new products, software, and services and expand into new markets, the potential for improper conduct by our employees, agents or business partners, contingent liabilities relating to acquisitions and divestitures, impact of the phase out of LIBOR, impact of changes to tax laws, our compliance with applicable laws and regulations and changes in applicable laws and regulations, risks relating to international economic, political, legal, compliance and business factors, risks relating to potential impairment of goodwill and other intangible assets, currency exchange rates, tax audits and changes in our tax rate and income tax liabilities, the impact of our debt obligations on our operations, litigation and other contingent liabilities including intellectual property and environmental, health and safety matters, our ability to adequately protect our intellectual property rights, risks relating to product, service or software defects, product liability and recalls, risks relating to product manufacturing, our relationships with and the performance of our channel partners, commodity costs and surcharges, our ability to adjust purchases and manufacturing capacity to reflect market conditions, reliance on sole sources of supply, security breaches or other disruptions of our information technology systems, adverse effects of restructuring activities, risk related to tax treatment of our separation of Vontier, impact of our indemnification obligation to Vontier, impact of changes to U.S. GAAP, labor matters, and disruptions relating to man-made and natural disasters. Additional information regarding the factors that may cause actual results to differ materially from these forward-looking statements is available in our SEC filings, including our Annual Report on Form 10-K for the year ended December 31, 2020. These forward-looking statements speak only as of the date of this release, and Fortive does not assume any obligation to update or revise any forward-looking statement, whether as a result of new information, future events and developments or otherwise.

CONTACT

Griffin Whitney
Investor Relations
Fortive Corporation
6920 Seaway Boulevard
Everett, WA 98203
Telephone: (425) 446-5000

FORTIVE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
(unaudited)

($ and shares in millions, except per share amounts)	Three Months Ended		Six Months Ended	
	July 2, 2021	June 26, 2020	July 2, 2021	June 26, 2020
Sales	$ 1,319.7	$ 1,041.6	$ 2,578.9	$ 2,149.7
Cost of sales	(564.2)	(458.8)	(1,111.5)	(954.9)
Gross profit	755.5	582.8	1,467.4	1,194.8
Operating costs:				
Selling, general, and administrative expenses	(456.4)	(402.8)	(884.5)	(818.6)
Research and development expenses	(87.8)	(77.4)	(174.0)	(158.2)
Operating profit	211.3	102.6	408.9	218.0
Non-operating income (expense), net:				
Interest expense, net	(25.2)	(36.2)	(52.9)	(74.8)
Loss on extinguishment of debt	—	—	(104.9)	—
Gain on investment in Vontier Corporation	—	—	57.0	—
Gain on litigation dismissal	26.0	—	26.0	—
Other non-operating expense, net	(4.6)	5.6	(7.9)	1.1
Earnings from continuing operations before income taxes	207.5	72.0	326.2	144.3
Income taxes	(25.5)	(12.2)	(32.5)	(29.7)
Net earnings from continuing operations	182.0	59.8	293.7	114.6
Earnings (loss) from discontinued operations, net of income taxes	(1.1)	70.2	(2.6)	57.3
Net earnings	180.9	130.0	291.1	171.9
Mandatory convertible preferred dividends	(17.2)	(17.2)	(34.5)	(34.5)
Net earnings attributable to common stockholders	$ 163.7	$ 112.8	$ 256.6	$ 137.4
Net earnings per share from continuing operations:				
Basic	$ 0.49	$ 0.13	$ 0.76	$ 0.24
Diluted	$ 0.48	$ 0.13	$ 0.76	$ 0.24
Net earnings (loss) per share from discontinued operations:				
Basic	$ —	$ 0.21	$ (0.01)	$ 0.17
Diluted	$ —	$ 0.21	$ (0.01)	$ 0.17
Net earnings per share:				
Basic	$ 0.48	$ 0.33	$ 0.76	$ 0.41
Diluted	$ 0.48	$ 0.33	$ 0.75	$ 0.40
Average common stock and common equivalent shares outstanding:				
Basic	339.4	337.3	339.0	337.1
Diluted	342.4	339.7	342.1	339.9

The sum of net earnings per share amounts may not add due to rounding.

This information is presented for reference only. A complete copy of Fortive’s Form 10-Q financial statements is available on the Company’s website (www.fortive.com).

FORTIVE CORPORATION AND SUBSIDIARIES
SEGMENT INFORMATION
(unaudited)

($ in millions)	Three Months Ended		Six Months Ended	
	July 2, 2021	June 26, 2020	July 2, 2021	June 26, 2020
Sales:				
Intelligent Operating Solutions	$ 541.8	$ 413.0	$ 1,052.7	$ 879.7
Precision Technologies	471.9	377.3	919.3	768.6
Advanced Healthcare Solutions	306.0	251.3	606.9	501.4
Total	$ 1,319.7	$ 1,041.6	$ 2,578.9	$ 2,149.7
Operating Profit:				
Intelligent Operating Solutions	$ 115.3	$ 54.4	$ 223.4	$ 135.5
Precision Technologies	104.1	77.1	200.0	150.6
Advanced Healthcare Solutions	22.5	(1.9)	41.4	(17.7)
Other [a]	(30.6)	(27.0)	(55.9)	(50.4)
Total	$ 211.3	$ 102.6	$ 408.9	$ 218.0
Operating Margins:				
Intelligent Operating Solutions	21.3 %	13.2 %	21.2 %	15.4 %
Precision Technologies	22.1 %	20.4 %	21.8 %	19.6 %
Advanced Healthcare Solutions	7.4 %	(0.8)%	6.8 %	(3.5)%
Total	16.0 %	9.9 %	15.9 %	10.1 %

[a] Operating profit amounts in the Other category consist of unallocated corporate costs and other costs not considered part of our evaluation of reportable segment operating performance.

This information is presented for reference only. A complete copy of Fortive's Form 10-Q financial statements is available on the Company's website (www.fortive.com).

FORTIVE CORPORATION AND SUBSIDIARIES
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES
AND OTHER INFORMATION

Adjusted Net Earnings from Continuing Operations and Adjusted Diluted Net Earnings per Share from Continuing Operations

We disclose the non-GAAP measures of historical adjusted net earnings from continuing operations and historical and forecasted adjusted diluted net earnings per share from continuing operations, which to the extent applicable, make the following adjustments to GAAP net earnings from continuing operations and GAAP diluted net earnings per share from continuing operations:

- Excluding on a pretax basis amortization of acquisition-related intangible assets;
- Excluding on a pretax basis acquisition and other transaction costs deemed significant ("Transaction Costs");
- Excluding on a pretax basis the effect of deferred revenue and inventory fair value adjustments related to significant acquisitions;
- Excluding on a pretax basis the effect of earnings or loss from our equity method investments;
- Excluding the pretax loss on debt extinguishment, net of non-recurring gain on our investment in Vontier common stock;
- Excluding on a pretax basis the non-cash interest expense associated with our 0.875% convertible senior notes;
- Excluding on a pretax basis the non-recurring gain on the disposition of assets;
- Excluding on a pretax basis the gain on litigation dismissal;
- Excluding the tax effect (to the extent tax deductible) of the adjustments noted above. The tax effect of such adjustments was calculated by applying our overall estimated effective tax rate to the pretax amount of each adjustment (unless the nature of the item and/or the tax jurisdiction in which the item has been recorded requires application of a specific tax rate or tax treatment, in which case the tax effect of such item is estimated by applying such specific tax rate or tax treatment). We expect to apply our overall estimated effective tax rate to each adjustment going forward;
- Excluding the non-cash discrete tax expense resulting from the Separation of Vontier; and
- Including the impact of the assumed conversion of our Mandatory Convertible Preferred Stock at the beginning of the period.

Acquisition and Divestiture Related Items

While we have a history of acquisition and divestiture activity, we do not acquire and divest of businesses and assets on a predictable cycle. The amount of an acquisition's purchase price allocated to intangible assets and related amortization term and the deferred revenue and inventory fair value adjustments are unique to each acquisition and can vary significantly from acquisition to acquisition. In addition, the Transaction Costs and non-recurring gain on disposition of assets are unique to each transaction, are impacted from period to period depending on the number of acquisitions or divestitures evaluated, pending, or completed during such period, and the complexity of such transactions. We adjust for, and identify as significant, Transaction Costs, acquisition related fair value adjustments to deferred revenue and inventory, and corresponding restructuring charges primarily related to acquisitions, in each case, incurred in a given period, if we determine that such costs and adjustments exceed the range of our typical transaction costs and adjustments, respectively, in a given period. We believe, however, that it is important for investors to understand that such intangible assets contribute to revenue generation and that intangible assets and deferred revenue and inventory fair value adjustments related to past acquisitions will recur in future periods until such intangible assets and deferred revenue and inventory fair value adjustments, as applicable, have been fully amortized.

Equity Method Investments

We adjust for the effect of earnings from our equity method investments over which we do not exercise control over the operations or the resulting earnings. We believe that this adjustment provides our investors with additional insight into our operational performance. However, it should be noted that earnings from our equity method investments will recur in future periods while we maintain such investments.

Gain on Retained Investment in Vontier and Loss on Extinguishment of Debt

On October 9, 2020, we completed the Vontier separation and retained 19.9% of the shares of Vontier common stock immediately following the Separation ("Retained Vontier Shares"). We did not retain a controlling interest in Vontier and therefore the fair value of our Retained Vontier Shares was included in our assets of continuing operations as of December 31, 2020, and subsequent fair value changes are included in our results from continuing operations for the six month period ended July 2, 2021.

On January 19, 2021, we completed the Debt-for-Equity Exchange of 33.5 million shares of common stock of Vontier, representing all of the Retained Vontier Shares, for $1.1 billion in aggregate principal amount of indebtedness of the Company held by Goldman Sachs & Co., including (i) all $400.0 million of the 364-day delayed-draw term loan due March 22, 2021 and (ii) $683.2 million of the delayed-draw term loan due May 30, 2021. The change in fair value of the Retained Vontier Shares and the resulting gain of $57.0 million was recorded in the six month period ended July 2, 2021. We recorded a loss on extinguishment of the debt included in the Debt-for-Equity Exchange of $94.4 million in the six month period ended July 2, 2021.

Additionally, on February 9, 2021 we repurchased $281 million of the Convertible Notes at fair value using the remaining cash proceeds received from Vontier in the Separation and other cash on hand. In connection with the repurchase, we recorded a loss on debt extinguishment during the six month period ended July 2, 2021 of $10.5 million.

We adjust for the non-recurring effect of the gain on our investment in the Retained Vontier Shares and the corresponding loss on debt extinguishment because we believe that this adjustment facilitates comparison of our performance with prior and future periods and provides our investors with additional insight into our operational performance.

Mandatory Convertible Preferred Stock

In June 2018, we issued $1.38 billion in aggregate liquidation preference of shares of our 5.00% Mandatory Convertible Preferred Stock ("MCPS"). Dividends on the MCPS are payable on a cumulative basis at an annual rate of 5.00% on the liquidation preference of $1,000 per share. On July 1, 2021 each share of the MCPS then outstanding automatically converted into 14.0978 shares of the Company's common stock. The number of shares of our common stock issuable on conversion of the Mandatory Convertible Preferred Stock was determined based on the average volume weighted average price

("VWAP") per share of our common stock over the 20 consecutive trading day period beginning on and including the 22nd scheduled trading day immediately preceding July 1, 2021.

For the purposes of calculating adjusted earnings and adjusted earnings per share in periods when the MCPS are anti-dilutive, we have excluded the MCPS dividend and, for the purposes of calculating adjusted earnings per share, assumed the "if-converted" method of share dilution and assumed the shares were converted at the beginning of the period (the incremental shares of common stock deemed outstanding applying the "if-converted" method of share dilution, the "MCPS Converted Shares"). We believe that using the "if-converted" method provides additional insight to investors on the potential impact of the MCPS had they been converted at the beginning of the period. For periods where the MCPS are dilutive, no such adjustment is made, as the "if-converted" method is applied and the assumed conversion is already included.

Non-cash Interest Expense

On February 22, 2019, we issued $1.4 billion in aggregate principal amount of our 0.875% Convertible Senior Notes due 2022 (the "Convertible Notes"), including $187.5 million in aggregate principal amount resulting from an exercise in full of an over-allotment option. The Convertible Notes bear interest at a rate of 0.875% per year, payable semiannually in arrears on February 15 and August 15 of each year, beginning on August 15, 2019. The Notes mature on February 15, 2022, unless earlier repurchased or converted in accordance with their terms prior to such date.

Of the proceeds received from the issuance of the Convertible Notes, $1.3 billion was classified as debt and $102.2 million was classified as equity, using an assumed effective interest rate of 3.38%. We recognize interest expense using the 3.38% assumed rate, and pay interest to holders of the notes at a coupon rate of 0.875%. We believe that adjusting for the non-cash imputed interest expense between the assumed rate and coupon rate provides additional insight into our cash interest expense.

Gain on Litigation Dismissal

Prior to our acquisition of ASP, Johnson & Johnson received a Civil Investigative Demand ("CID") from the United States Department of Justice ("DOJ") regarding a False Claims Act investigation arising from a whistleblower lawsuit pertaining to the pricing, quality, marketing, and promotion of certain of ASP's products. Based on the totality of available information on April 1, 2019, the principal closing date of the acquisition, and throughout the applicable measurement period, management allocated $26 million of the $2.7 billion purchase price to a potential liability related to the aforementioned litigation.

Management has continually evaluated the likelihood and magnitude of the asserted claims based on new information that became available. In the second quarter of 2021, following the unsealing of the whistleblower lawsuit and DOJ's declination to intervene in the litigation, the plaintiff dismissed the lawsuit. Based on these developments, management derecognized the litigation liability from our Consolidated Condensed Balance Sheet and recorded the gain on litigation dismissal of $26 million within Non-operating income (expense), net in our Consolidated Condensed Statements of Earnings for the three and six month periods ended July 2, 2021.

We adjust for the non-recurring effect of the gain on litigation dismissal because we believe that this adjustment facilitates comparison of our performance with prior and future periods and provides our investors with additional insight into our operational performance.

Non-cash Discrete Tax Adjustments Resulting from the Separation of Vontier

We adjust for non-cash discrete tax expense items that resulted from the Separation of Vontier. These discrete items are non-recurring, non-cash expenses that resulted from the GAAP calculation of income taxes from continuing operations and do not reflect our current or future cash tax obligations.

Management believes that these non-GAAP financial measures provide useful information to investors by reflecting additional ways of viewing aspects of our operations that, when reconciled to the corresponding GAAP measure, help our investors to understand the long-term profitability trends of our business, and facilitate comparisons of our operational performance and profitability to prior and future periods and to our peers.

These non-GAAP measures should be considered in addition to, and not as a replacement for or superior to, the comparable GAAP measures, and may not be comparable to similarly titled measures reported by other companies.

Core Revenue Growth

We use the term "core revenue growth" when referring to a corresponding year-over-year GAAP revenue measure, excluding (1) the impact from acquired businesses and (2) the impact of currency translation. References to sales attributable to acquisitions or acquired businesses refer to GAAP sales from acquired businesses recorded prior to the first anniversary of the acquisition and the effect of purchase accounting adjustments, less the amount of sales attributable to certain divested businesses or product lines not considered discontinued operations prior to the first anniversary of the divestiture. The portion of sales attributable to the impact of currency translation is calculated as the difference between (a) the period-to-period change in sales (excluding sales impact from acquired businesses) and (b) the period-to-period change in sales (excluding sales impact from acquired businesses) after applying the current period foreign exchange rates to the prior year period. This non-GAAP measure should be considered in addition to, and not as a replacement for or superior to, the comparable GAAP measure, and may not be comparable to similarly titled measures reported by other companies.

Management believes that this non-GAAP measure provides useful information to investors by helping identify underlying growth trends in our business and facilitating comparisons of our revenue performance with prior and future periods and to our peers. We exclude the effect of acquisition and divestiture-related items because the nature, size and number of such transactions can vary dramatically from period to period and between us and our peers. We exclude the effect of currency translation from sales measures because currency translation is not under management's control and is subject to volatility. We believe that such exclusions, when presented with the corresponding GAAP measures, may assist in assessing the business trends and making comparisons of long-term performance.

Free Cash Flow

We use the term "free cash flow" when referring to cash provided by operating activities calculated according to GAAP less payments for additions to property, plant, and equipment.

Management believes that such non-GAAP measure provides useful information to investors in assessing our ability to generate cash without external financing, fund acquisitions and other investments and, in the absence of refinancing, repay our debt obligations. However, it should be noted that free cash flow as a liquidity measure has material limitations because it excludes certain expenditures that are required or that we have committed to, such as debt service requirements and other non-discretionary expenditures. Such non-GAAP measure should be considered in addition to, and not as a replacement for or superior to, the comparable GAAP measure, and may not be comparable to similarly titled measures reported by other companies.

Adjusted Net Earnings From Continuing Operations

($ in millions)	Three Months Ended July 2, 2021	Three Months Ended June 26, 2020	Six Months Ended July 2, 2021	Six Months Ended June 26, 2020
Net Earnings Attributable to Common Stockholders from Continuing Operations (GAAP) [a]	**$ 164.8**	**$ 42.6**	**$ 259.2**	**$ 80.1**
Dividends on the mandatory convertible preferred stock to apply if-converted method [a]	17.2	17.2	34.5	34.5
Net Earnings from Continuing Operations (GAAP)	**$ 182.0**	**$ 59.8**	**$ 293.7**	**$ 114.6**
Pretax amortization of acquisition-related intangible assets in the three months ($78 million pretax, $65 million after tax) and six months ($155 million pretax, $130 million after tax) ended July 2, 2021, and in the three months ($77 million pretax, $66 million after tax) and six months ($156 million pretax, $132 million after tax) ended June 26, 2020	77.5	77.4	155.0	155.6
Pretax acquisition and other transaction costs in the three months ($4 million pretax, $3 million after tax) and six months ($9 million pretax, $8 million after tax) ended July 2, 2021, and in the three months ($22 million pretax, $18 million after tax) and six months ($43 million pretax, $37 million after tax) ended June 26, 2020	3.6	22.3	9.4	43.0
Pretax acquisition-related fair value adjustments to deferred revenue and inventory related to significant acquisitions in the three months ($1 million pretax, $1 million after tax) and six months ($7 million pretax, $6 million after tax) ended July 2, 2021, and in the three months ($6 million pretax, $5 million after tax) and six months ($20 million pretax, $17 million after tax) ended June 26, 2020	1.2	5.7	6.7	19.7
Pretax (gains) losses from equity method investments in the three months ($4 million pretax, $3 million after tax) and six months ($7 million pretax, $6 million after tax) ended July 2, 2021, and in the three months ($-1 million pretax, $-1 million after tax) and six months ($3 million pretax, $2 million after tax) ended June 26, 2020	4.0	(0.9)	6.6	2.8
Pretax loss on debt extinguishment, net of gain on Vontier common stock in the six months ($48 million pretax, $34 million after tax) ended July 2, 2021	—	—	47.9	—
Pretax non-cash interest expense associated with our 0.875% convertible notes in the three months ($7 million pretax, $6 million after tax) and six months ($15 million pretax, $12 million after tax) ended July 2, 2021, and in the three months ($9 million pretax, $7 million after tax) and six months ($17 million pretax, $14 million after tax) ended June 26, 2020	7.1	8.5	14.8	16.9
Pretax gain on the disposition of assets in the three months ($5 million pretax, $5 million after tax) and six months ($5 million pretax, $5 million after tax) ended June 26, 2020	—	(5.3)	—	(5.3)
Pretax gain on litigation dismissal in the three months ($26 million pretax, $22 million after tax) and six months ($26 million pretax, $22 million after tax) ended July 2, 2021	(26.0)	—	(26.0)	—
Tax effect of the adjustments reflected above [b]	(10.6)	(16.3)	(40.2)	(35.1)
Non-cash discrete tax expense adjustment resulting from the Separation of Vontier	—	3.7	—	7.5
Adjusted Net Earnings from Continuing Operations (Non-GAAP)	**$ 238.8**	**$ 154.9**	**$ 467.9**	**$ 319.7**

(a) On July 1, 2021, all outstanding shares of our MCPS converted at a rate of 14.0978 common shares per share of preferred stock into an aggregate of approximately 19.4 million shares (net of fractional shares) of the Company's common stock. The MCPS were anti-dilutive prior to conversion for the three and six month periods ended July 2, 2021 and June 26, 2020, and as such GAAP net earnings per share was calculated using net earnings from continuing operations attributable to common stockholders.

(b) The dividend on the MCPS is not tax deductible and therefore the tax effect of the adjustments includes only the amortization of acquisition-related intangible assets, acquisition and other transaction costs, acquisition-related fair value adjustments to deferred revenue and inventory, gains and losses from equity method investments, the gain on disposition of assets, the loss on extinguishment of debt, the gain on litigation dismissal, and the non-cash interest expense associated with the 0.875% convertible notes. The gain on the fair value change in Vontier common stock had no tax effect.

Adjusted Diluted Net Earnings Per Share from Continuing Operations

	Three Months Ended[a]		Six Months Ended[a]	
	July 2, 2021	June 26, 2020	July 2, 2021	June 26, 2020
Diluted Net Earnings Per Share from Continuing Operations (GAAP) [b]	**$ 0.48**	**$ 0.13**	**$ 0.76**	**$ 0.24**
Dividends on the mandatory convertible preferred stock to apply if-converted method [b]	0.05	0.05	0.10	0.10
Assumed dilutive impact on the Diluted Net Earnings Per Share Attributable to Common Stockholders if the MCPS Converted Shares had been outstanding [b]	(0.03)	(0.01)	(0.05)	(0.02)
Pretax amortization of acquisition-related intangible assets in the three months ($78 million pretax, $65 million after tax) and six months ($155 million pretax, $130 million after tax) ended July 2, 2021, and in the three months ($77 million pretax, $66 million after tax) and six months ($156 million pretax, $132 million after tax) ended June 26, 2020	0.21	0.22	0.43	0.43
Pretax acquisition and other transaction costs in the three months ($4 million pretax, $3 million after tax) and six months ($9 million pretax, $8 million after tax) ended July 2, 2021, and in the three months ($22 million pretax, $18 million after tax) and six months ($43 million pretax, $37 million after tax) ended June 26, 2020	0.01	0.06	0.03	0.12
Pretax acquisition-related fair value adjustments to deferred revenue and inventory related to significant acquisitions in the three months ($1 million pretax, $1 million after tax) and six months ($7 million pretax, $6 million after tax) ended July 2, 2021, and in the three months ($6 million pretax, $5 million after tax) and six months ($20 million pretax, $17 million after tax) ended June 26, 2020	—	0.02	0.02	0.05
Pretax (gains) losses from equity method investments in the three months ($4 million pretax, $3 million after tax) and six months ($7 million pretax, $6 million after tax) ended July 2, 2021, and in the three months ($-1 million pretax, $-1 million after tax) and six months ($3 million pretax, $2 million after tax) ended June 26, 2020	0.01	—	0.02	0.01
Pretax loss on debt extinguishment, net of gain on Vontier common stock in the six months ($48 million pretax, $34 million after tax) ended July 2, 2021	—	—	0.13	—
Pretax non-cash interest expense associated with our 0.875% convertible notes in the three months ($7 million pretax, $6 million after tax) and six months ($15 million pretax, $12 million after tax) ended July 2, 2021, and in the three months ($9 million pretax, $7 million after tax) and six months ($17 million pretax, $14 million after tax) ended June 26, 2020	0.02	0.02	0.04	0.05
Pretax gain on the disposition of assets in the three months ($5 million pretax, $5 million after tax) and six months ($5 million pretax, $5 million after tax) ended June 26, 2020	—	(0.01)	—	(0.01)
Pretax gain on litigation dismissal in the three months ($26 million pretax, $22 million after tax) and six months ($26 million pretax, $22 million after tax) ended July 2, 2021	(0.07)	—	(0.07)	—
Tax effect of the adjustments reflected above [c]	(0.03)	(0.05)	(0.11)	(0.10)
Non-cash discrete tax expense adjustment resulting from the Separation of Vontier	—	0.01	—	0.02
Adjusted Diluted Net Earnings Per Share from Continuing Operations (Non-GAAP)	**$ 0.66**	**$ 0.43**	**$ 1.30**	**$ 0.89**

(a) Each of the per share adjustments below was calculated assuming the MCPS Converted Shares had converted at the beginning of the period. The 0.875% convertible notes did not have an impact on the adjusted diluted shares outstanding.

(b) The MCPS were anti-dilutive for the three and six month periods ended July 2, 2021 and June 26, 2020, and as such GAAP net earnings per share was calculated using net earnings from continuing operations attributable to common stockholders.

(c) The dividend on the MCPS is not tax deductible and therefore the tax effect of the adjustments includes only the amortization of acquisition-related intangible assets, acquisition and other transaction costs, acquisition-related fair value adjustments to deferred revenue and inventory, gains and losses from equity method investments, the gain on the disposition of assets, the loss on extinguishment of debt, the gain on litigation dismissal, and the non-cash interest expense associated with the 0.875% convertible notes. The gain on the fair value change in Vontier common stock had no tax effect.

The sum of the components of adjusted diluted net earnings per share from continuing operations may not equal due to rounding.

Adjusted Diluted Shares Outstanding

(shares in millions)	Three Months Ended July 2, 2021	Three Months Ended June 26, 2020	Six Months Ended July 2, 2021	Six Months Ended June 26, 2020
Average common diluted stock outstanding	342.4	339.7	342.1	339.9
MCPS Converted Shares [(a)]	19.2	18.4	19.2	18.4
Adjusted average common stock and common equivalent shares outstanding	361.6	358.1	361.3	358.3

(a) The MCPS were anti-dilutive during the three and six month periods ended July 2, 2021 prior to their conversion on July 1, 2021 and were anti-dilutive during the three and six month periods ended June 26, 2020. The number of MCPS Converted Shares for the three and six month periods ended July 2, 2021 assumes the conversion of all 1.38 million shares at the conversion rate of 14.0978 at the beginning of the period. The number of MCPS Converted Shares for the three and six month periods ended June 26, 2020 was calculated by applying the "if-converted" method and using an average 20-day VWAP of $66.88 as of June 26, 2020. The 0.875% convertible notes did not have an impact on the adjusted diluted shares outstanding.

Core Revenue Growth

	% Change Three Months Ended July 2, 2021 vs. Comparable 2020 Period	% Change Six Months Ended July 2, 2021 vs. Comparable 2020 Period
Total Revenue Growth (GAAP)	**26.7 %**	**20.0 %**
Core (Non-GAAP)	21.3 %	15.0 %
Acquisitions (Non-GAAP)	2.1 %	2.1 %
Impact of currency translation (Non-GAAP)	3.3 %	2.9 %

Forecasted Adjusted Diluted Net Earnings Per Share from Continuing Operations

	Three Months Ending October 1, 2021 [a]		Year Ending December 31, 2021 [a]	
	Low End	High End	Low End	High End
Forecasted Diluted Net Earnings Per Share from Continuing Operations Attributable to Common Stockholders	**$ 0.41**	**$ 0.45**	**$ 1.70**	**$ 1.80**
Anticipated dividends on mandatory convertible preferred stock in the year ending December 31, 2021 ($35 million)	—	—	0.10	0.10
Anticipated dilutive impact on Forecasted Diluted Net Earnings Per Share from Continuing Operations of the MCPS Converted Shares (9.6 million shares in the year ending December 31, 2021)	—	—	(0.05)	(0.05)
Anticipated pretax amortization of acquisition-related intangible assets in the three months ending October 1, 2021 ($77 million pretax (or $0.21 per share), $65 million after tax (or $0.18 per share)) and year ending December 31, 2021 ($310 million pretax (or $0.86 per share), $261 million after tax (or $0.72 per share))	0.21	0.21	0.86	0.86
Anticipated pretax significant acquisition and other transaction costs in the three months ending October 1, 2021 ($3 million pretax (or $0.01 per share), $3 million after tax (or $0.01 per share)) and year ending December 31, 2021 ($15 million pretax (or $0.04 per share), $13 million after tax (or $0.03 per share))	0.01	0.01	0.04	0.04
Anticipated pretax fair value adjustments to deferred revenue and inventory related to significant acquisitions in the three months ending October 1, 2021 ($0 million pretax (or $0.00 per share), $0 million after tax (or $0.00 per share)) and year ending December 31, 2021 ($7 million pretax (or $0.02 per share), $6 million after tax (or $0.02 per share))	—	—	0.02	0.02
Anticipated pretax losses from equity method investments in the three months ending October 1, 2021 ($2 million pretax (or $0.01 per share), $2 million after tax (or $0.01 per share)) and year ending December 31, 2021 ($11 million pretax (or $0.03 per share), $9 million after tax (or $0.03 share))	0.01	0.01	0.03	0.03
Anticipated pretax non-cash interest from 0.875% convertible notes in the three months ending October 1, 2021 ($7 million pretax (or $0.02 per share), $6 million after tax (or $0.02 per share)) and the year ending December 31, 2021 ($29 million pretax (or $0.08 per share), $24 million after tax (or $0.07 per share))	0.02	0.02	0.08	0.08
Anticipated pretax loss on debt extinguishment, net of gain on Vontier common stock in the year ending December 31, 2021 ($48 million pretax (or $0.13 per share), $35 million after tax (or $0.10 per share))	—	—	0.13	0.13
Anticipated pretax gain on litigation dismissal in the year ending December 31, 2021 ($26 million pretax (or $0.07 per share), $22 million after tax (or $0.06 per share))	—	—	(0.07)	(0.07)
Tax effect of the adjustments reflected above [b]	(0.04)	(0.04)	(0.19)	(0.19)
Forecasted Adjusted Diluted Net Earnings Per Share from Continuing Operations	**$ 0.62**	**$ 0.66**	**$ 2.65**	**$ 2.75**

(a) Each of the per share adjustments for the three month period ending October 1, 2021 reflect the conversion of the MCPS on July 1, 2021. Each of the per share adjustments for the year ending December 31, 2021 assume the conversion of all 1.38 million MCPS shares at the conversion rate of 14.0978 at the beginning of the period.

(b) The MCPS are not tax deductible and therefore the tax effect of the adjustments includes only the amortization of acquisition-related intangible assets, acquisition and other transaction costs, acquisition-related fair value adjustments to deferred revenue and inventory, losses from equity method investments, non-cash interest from 0.875% convertible notes, the loss on debt extinguishment and the gain on litigation dismissal. The gain on the fair value change in Vontier common stock had no tax effect.

The sum of the components of forecasted adjusted diluted net earnings per share from continuing operations may not equal due to rounding.