FORM 10-K

Fortive Corp - FTV

Filed: February 28, 2018 (period: December 31, 2017)

Annual report with a comprehensive overview of the company

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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2017

OR

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

For the transition period from to

Commission File Number 1-37654

FORTIVE CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**47-5654583**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification Number)**
6920 Seaway Blvd Everett, WA	**98203**
(Address of Principal Executive Offices)	**(Zip Code)**

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

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class	**Name of Each Exchange On Which Registered**
Common Stock $.01 par value	New York Stock Exchange

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

NONE

(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer as defined in Rule 405 of the Securities Act.

Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒		Accelerated filer ☐
Non-accelerated filer	☐	(Do not check if a smaller reporting company)	Smaller reporting company ☐
			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. ☐

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

As of February 21, 2018 there were 348,031,654 shares of Registrant's common stock outstanding. The aggregate market value of common stock held by non-affiliates of the Registrant as of June 30, 2017 was $19.4 billion, based upon the closing price of the Registrant's common stock on the New York Stock Exchange.

DOCUMENTS INCORPORATED BY REFERENCE

Part III incorporates certain information by reference from the Registrant's proxy statement for its 2018 annual meeting of stockholders to be filed pursuant to Regulation 14A within 120 days after Registrant's fiscal year-end. With the exception of the sections of the 2018 Proxy Statement specifically incorporated herein by reference, the 2018 Proxy Statement is not deemed to be filed as part of this Form 10-K.

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INFORMATION RELATING TO FORWARD-LOOKING STATEMENTS

Certain statements included or incorporated by reference in this Annual Report, in other documents we file with or furnish to the Securities and Exchange Commission ("SEC"), in our press releases, webcasts, conference calls, materials delivered to 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, our liquidity position or other financial measures; 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, strategic opportunities, securities offerings, stock repurchases, dividends and executive compensation; growth, declines and other trends in markets we sell 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; impact on changes to tax laws; 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 we intend or believe will or may occur in the future. Terminology such as "believe," "anticipate," "should," "could," "intend," "will," "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 our 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 "Item 1A. Risk Factors" in this Annual Report.

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 report, document, press release, webcast, call, materials or other communication in which they are made. We do 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.

PART I

ITEM 1. BUSINESS

General

Fortive Corporation is a diversified industrial growth company encompassing businesses that are recognized leaders in attractive markets. Our well-known brands hold leading positions in advanced instrumentation and solutions, transportation technology, sensing, automation and specialty, and franchise distribution markets. Our businesses design, develop, service, 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. Our research and development, manufacturing, sales, distribution, service and administrative facilities are located in more than 50 countries across North America, Asia Pacific, Europe and Latin America.

We are guided by our shared purpose to deliver essential technology for the people who accelerate progress, and we are united by our culture of continuous improvement and bias for action that embody the Fortive Business System ("FBS"). Through rigorous application of our proprietary FBS set of growth, lean, and leadership tools and processes, we continuously improve business performance in the critical areas of innovation, product development and commercialization, global supply chain, sales and marketing and leadership development. Our commitment to FBS and goal of creating long-term shareholder value have enabled us to drive customer satisfaction and profitability; significant improvements in innovation, growth and operating margins; and disciplined acquisitions to execute strategy and expand our portfolio into new and attractive markets.

Our 2017 sales by geographic destination (geographic destination refers to the geographic area where the final sale to our customer is made) were: North America, 58% (including 55% in the United States); Europe, 19%; Asia Pacific, 19%, and all other regions, 4%. For additional information regarding sales by geography, please refer to Note 17 to the Consolidated and Combined Financial Statements included in this Annual Report.

Fortive Corporation is a Delaware corporation and was incorporated in 2015 in connection with the separation of Fortive from Danaher Corporation ("Danaher" or "Former Parent") on July 2, 2016 as an independent, publicly-traded company, listed on

the New York Stock Exchange (the "Separation"). The Separation was effectuated through a pro-rata dividend distribution on July 2, 2016 of all of the then-outstanding shares of common stock of Fortive Corporation to the holders of common stock of Danaher as of June 15, 2016. In this Annual Report, the terms "Fortive" or the "Company" refer to either Fortive Corporation or to Fortive Corporation and its consolidated subsidiaries, as the context requires.

Reportable Segments

The table below describes the percentage of sales attributable to each of our two segments over each of the last three years ended December 31, 2017. For additional information regarding sales, operating profit and identifiable assets by segment, please refer to Note 17 to the Consolidated and Combined Financial Statements included in this Annual Report.

	2017	2016	2015
Professional Instrumentation	47%	46%	48%
Industrial Technologies	53%	54%	52%

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, temperature, radiation, and hazardous gases. Customers for these products and services include industrial service, installation and maintenance professionals, designers and manufacturers of electronic devices and instruments, medical technicians, safety professionals and other customers for whom precision, reliability and safety are critical in their specific applications. 2017 sales for this segment by geographic destination were: North America, 50%; Europe, 18%; Asia Pacific, 26%, and all other regions, 6%.

Our Professional Instrumentation segment consists of our Advanced Instrumentation & Solutions and Sensing Technologies businesses. Our Advanced Instrumentation & Solutions business was primarily established through the acquisitions of Qualitrol in the 1980s, Fluke Corporation in 1998, Pacific Scientific Company in 1998, Tektronix in 2007, Invetech in 2007, Keithley Instruments in 2010, eMaint in 2016, Industrial Scientific in 2017, Landauer in 2017 and numerous bolt-on acquisitions.

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, online condition-based monitoring equipment; portable gas detection equipment, consumables, and software as a service (SaaS) offerings including safety/user behavior, asset management, and compliance monitoring; subscription-based technical, analytical, and compliance services to determine occupational and environmental radiation exposure; and computerized maintenance management software for critical infrastructure in utility, industrial, energy, construction, public safety, mining, and healthcare applications. These products and associated software solutions measure voltage, current, resistance, power quality, frequency, pressure, temperature, radiation, hazardous gas and air quality, among other parameters. Typical users of these products and software include electrical engineers, electricians, electronic technicians, safety professionals, medical technicians, network technicians, first-responders, and industrial service, installation and maintenance professionals. The business also makes and sells instruments, controls and monitoring and maintenance systems used by maintenance departments in utilities and industrial facilities to monitor assets, including transformers, generators, motors and switchgear. Products are marketed under a variety of brands, including FLUKE, FLUKE BIOMEDICAL, FLUKE NETWORKS, INDUSTRIAL SCIENTIFIC, LANDAUER and QUALITROL.

Product Realization Our product realization services and products help developers and engineers across the end-to-end product creation cycle from concepts to 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, PACIFIC SCIENTIFIC ENERGETIC MATERIALS COMPANY, SONIX and TEKTRONIX.

Competition in the Advanced Instrumentation & Solutions 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 marketed under a variety of brands, including ANDERSON-NEGELE, GEMS 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, environmental, field payment, vehicle tracking and fleet management solutions that are used in retail, 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 retail and commercial fueling operators, fleet owners, industrial machine original equipment manufacturers ("OEMs"), commercial auto-repair businesses and other industrial customers. 2017 sales for this segment by geographic destination were: North America, 63%; Europe, 19%; Asia Pacific, 13%, and all other regions, 5%.

Our Industrial Technologies segment consists of our Transportation Technologies, Automation & Specialty Components and Franchise Distribution businesses. Our Transportation Technologies business originated with the acquisition of Veeder-Root in the 1980s and subsequently expanded through additional acquisitions, including the acquisitions of Gilbarco in 2002, Navman Wireless in 2012, Teletrac in 2013, ANGI Energy Systems in 2014, Global Traffic Technologies in 2016, Orpak Systems in 2017 and numerous bolt-on acquisitions. Our Automation & Specialty Components business was primarily established through the acquisitions of Kollmorgen Corporation in 2000 and Thomson Industries in 2002, as well as numerous other acquisitions. Our Franchise Distribution business was established through the acquisitions of Matco Tools and Hennessy Industries in 1986.

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, and traffic management. This business consists of:

Retail/Commercial Fueling Our retail/commercial petroleum products include environmental monitoring and leak detection systems; vapor recovery equipment; fuel dispenser systems for petroleum and compressed natural gas; point-of-sale and secure and automated electronic payment technologies for retail petroleum stations; submersible turbine pumps; and remote monitoring and outsourced fuel management software as a service ("SaaS") offerings, including compliance services, fuel system maintenance, fleet management software solutions, 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, GASBOY, GILBARCO, GILBARCO AUTOTANK, ORPAK and VEEDER-ROOT.

Telematics Our telematics products include vehicle tracking and fleet management hardware and software solutions offered as SaaS 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 TELETRAC NAVMAN.

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 OEMs 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 ability to rapidly develop custom solutions for complex customer requirements, 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 OEMs 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 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 and software 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."

Wheel Service Equipment We produce a full-line of wheel service equipment including brake lathes, tire changers, wheel balancers, and wheel weights under various brands including the COATS brands. Typical users of these products are automotive tire and repair shops. Sales are generally made through 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.

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The following discussion includes information common to both of our segments.

Materials

Our manufacturing operations employ a wide variety of raw materials, including electronic components, steel, plastics and other petroleum-based products, cast iron, aluminum and copper. Prices of oil and gas 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 2017 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 "Item 1A. Risk Factors."

Intellectual Property

We own numerous patents, trademarks, copyrights and 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 "Item 1A. Risk Factors." All capitalized brands and product names throughout this document are trademarks owned by, or licensed to, Fortive.

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 most 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 "Item 1A. Risk Factors."

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):

	2017	2016
Professional Instrumentation	$ 662	$ 566
Industrial Technologies	671	632
Total	$ 1,333	$ 1,198

We expect that a majority of the unfilled orders as of December 31, 2017 will be 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, 2017, we employed approximately 26,000 persons, of whom approximately 13,000 were employed in the United States and approximately 13,000 were employed outside of the United States. Of our United States employees, approximately 1,500 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. The Company believes that its relationship with employees is good.

Research and Development ("R&D")

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 R&D 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 R&D efforts include internal initiatives and those that use licensed or acquired technology. We expect to continue investing in R&D at a rate consistent with our historical trends, with the goal of maintaining or improving our competitive position, and entering new markets. The following sets forth our R&D expenditures over each of the last three years ended December 31, by segment and in the aggregate ($ in millions):

	2017	2016	2015
Professional Instrumentation	$ 238	$ 229	$ 232
Industrial Technologies	168	156	146
Total	$ 406	$ 385	$ 378

We generally conduct R&D 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 R&D 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 "Item 1A. Risk Factors." Customer-sponsored R&D was not material in 2017, 2016 or 2015.

Government Contracts

Although the substantial majority of our revenue in 2017 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 and government-owned entities. For a discussion of risks related to government contracting requirements, please refer to "Item 1A. Risk Factors."

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 the risks related to the regulations that our businesses are subject to, please refer to "Item 1A. Risk Factors."

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 to the Consolidated and Combined Financial Statements included in this Annual Report. 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 "Item 1A. Risk Factors."

Export/Import Compliance

We are required to comply with various U.S. export/import control and economic sanctions laws, such as:

- the International Traffic in Arms Regulations administered by the U.S. Department of State, Directorate of Defense Trade Controls, which, among other things, impose license requirements on the export from the United States of defense articles and defense services 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, in-country transfer and re-export of certain dual-use goods, technology and software (which are items that have both commercial and military or proliferation 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 regulations administered by U.S. Customs and Border Protection.

Other nations' governments have implemented similar export/import control and economic sanction 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 "Item 1A. Risk Factors."

International Operations

Our products and services are available in markets 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 sales for the year ended December 31, by segment and in the aggregate, based on geographic destination:

	2017	2016	2015
Professional Instrumentation	52%	52%	51%
Industrial Technologies	39%	37%	39%
Total	45%	44%	45%

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):

	2017	2016	2015
Professional Instrumentation	16%	21%	21%
Industrial Technologies	32%	22%	25%
Total	22%	21%	23%

For additional information related to revenues and long-lived assets by country, please refer to Note 17 to the Consolidated and Combined Financial Statements and for information regarding deferred taxes by geography, please refer to Note 11 to the Consolidated and Combined Financial Statements.

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 United States, though we also sell directly from the United States 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 17 to the Consolidated and Combined Financial Statements and information about the effects of foreign currency fluctuations on our business is set forth in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations." For a discussion of risks related to our non-U.S. operations and foreign currency exchange, please refer to "Item 1A. Risk Factors."

Major Customers

No customer accounted for more than 10% of consolidated sales in 2017, 2016 or 2015.

Available Information

We maintain an internet website at www.fortive.com. We make available free of charge on the website our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K and amendments to those reports, filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after filing such material with, or furnishing such material to, the SEC. Our internet site and the information contained on or connected to that site are not incorporated by reference into this Form 10-K.

ITEM 1A. RISK FACTORS

You should carefully consider the risks and uncertainties described below, together with the information included elsewhere in this Annual Report on Form 10-K and other documents we file with the SEC. 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, economic conditions, geopolitical events, changes in laws, regulations or accounting rules, fluctuations in interest rates, terrorism, wars or conflicts, major health concerns, natural disasters or other disruptions of expected 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 Our Business

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, changes in global trade policies, volatility in the currency and credit markets, high levels of unemployment and underemployment, reduced levels of capital expenditures, changes in government fiscal and monetary policies, government deficit reduction and budget negotiation dynamics, sequestration, other austerity measures, political and social instability, natural disasters, terrorist attacks, and other challenges that affect the global economy adversely affect us and our distributors, customers and suppliers, including having the effect of:

- reducing demand for our products, 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.

In addition, adverse general economic conditions may lead to instability in U.S. and global capital and credit markets, including market disruptions, limited liquidity and interest rate volatility. If we are unable to access capital and credit markets on terms that are acceptable to us or our lenders are unable to provide financing in accordance with their contractual obligations, we may not be able to make certain investments or acquisitions or fully execute our business plans and strategies. Furthermore, our suppliers and customers are also dependent upon the capital and credit markets. Limitations on the ability of customers, suppliers or financial counterparties to access credit at interest rates and on terms that are acceptable to them could lead to insolvencies of key suppliers and customers, limit or prevent customers from obtaining credit to finance purchases of our products and services and cause delays in the delivery of key products from suppliers.

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, if there is instability in global capital and credit markets, or if improvements in the global economy do not 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 cyclicality.

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 services, which could 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.

Many of our businesses operate in industries that are intensely competitive and have been subject to 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 or enhanced 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.

Changes in industry standards and 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, and market standardizations, such as the Europay, MasterCard and Visa ("EMV") global standard. We develop, configure and market our products and services to meet customer needs created by these regulations and standards. These regulations and standards are complex, change frequently, have tended to become more stringent over time and may be inconsistent across jurisdictions. Any significant change or delay in implementation in any of these regulations or standards (or in the interpretation, application or enforcement thereof) could reduce or delay demand for our products and services, 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 introduction of new regulations or implementation of industry standards on the timeline we expect. In these markets, the delay or failure of governmental and other entities to adopt or enforce new regulations or industry standards, or the adoption of new regulations or industry standards which our products and services are not positioned to address, could adversely affect demand. In addition, regulatory deadlines or industry standard implementation timelines may result in substantially different levels of demand for our products and services from period to period.

Any inability to consummate acquisitions at our anticipated 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 anticipated 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 anticipated, 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 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.

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 United States 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.

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 "Management's Discussion and Analysis of Financial Condition and Results of Operations" ("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;
- 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 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 our 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. In addition, some of our operations require the controlled use of hazardous or energetic materials in the development, manufacturing or servicing of our products. We cannot assure 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. Moreover, any accident that results in significant personal injury or property damage, whether occurring during development, manufacturing, servicing, use, or storage of our products, may result in significant production interruption, delays or claims for substantial damages caused by personal injuries or property damage, harm to our reputation, and reduction in morale among our employees, any of which may adversely and materially affect our results of operations.

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 Consolidated and Combined Financial Statements. 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.

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;

- 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; and

- we are also required to comply with increasingly complex and changing data privacy regulations in multiple jurisdictions that regulate the collection, use, protection and transfer of personal data, including the transfer of personal data between or among countries. Many of these foreign data privacy regulations (including the General Data Protection Regulation effective in the European Union in May 2018) are more stringent than those in the U.S. We may also face audits or investigations by one or more domestic or foreign government agencies relating to our compliance with these regulations. An adverse outcome under any such investigation or audit could subject us to fines or other penalties. That or other circumstances related to our collection, use and transfer of personal data could cause a loss of reputation in the market and/or adversely affect our business and financial position.

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 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 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.”

International economic, political, legal, compliance and business factors could negatively affect our financial statements.

In 2017, approximately 45% of our sales were derived from customers outside the United States. In addition, many of our manufacturing operations, suppliers and employees are located outside the United States. Since our growth strategy depends in part on our ability to further penetrate markets outside the United States and increase the localization of our products and services, we expect to continue to increase our sales and presence outside the United States, particularly in 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, including changes in relationship with the United States;
- 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.

We may be required to recognize impairment charges for our goodwill and other intangible assets.

As of December 31, 2017, the net carrying value of our goodwill and other intangible assets totaled approximately $6.4 billion. In accordance with generally accepted accounting principles in the United States of America ("GAAP"), 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 transact in a currency other than the business' functional currency, and movements in the transaction currency relative to the functional currency could also result in unfavorable exchange rate effects. We also face exchange rate risk from our investments in subsidiaries owned and operated in foreign countries.

Changes in our effective 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 and transaction taxes in the United States and in multiple foreign jurisdictions. Because we have a wide range of statutory tax rates in the multiple jurisdictions in which we operate, any changes in our geographical source of earnings could materially impact our consolidated effective tax rate. Furthermore, a change in the tax laws of the jurisdictions where we operate could result in a material increase in our tax expense. In addition, foreign remittance taxes have not been provided for on undistributed earnings of certain of our non-U.S. subsidiaries to the extent such earnings are considered to be indefinitely reinvested in the operations of those subsidiaries. If our intentions regarding reinvestment of such earnings change, then our income tax expense could increase. On December 22, 2017, the U.S. enacted comprehensive tax reform commonly referred to as the Tax Cut and Jobs Act ("TCJA"). The TCJA represents one of the most significant overhauls to the US federal tax code since 1986 according to the SEC. The TCJA includes numerous provisions that affect businesses and introduces changes that impact U.S. corporate tax rates, business-related exclusions, deductions, and credits. In addition, pursuant to the interpretive guidance in Staff Accounting Bulletin No. 118, we prepared and recorded tax accounting for the year ended

December 31, 2017 applying tax laws in effect prior to the application of the provisions of the TCJA and recorded provisional estimates for all the effects of the TCJA. As a result of any further guidance and regulations pertaining to TCJA, and as we complete our analysis, the provisional estimates may be subject to adjustments, which adjustments may have a material adverse effect on our financial results during the period in which such adjustments are determined.

Further changes in the tax laws of foreign jurisdictions could arise as a result of the base erosion and profit shifting project undertaken by the Organisation for Economic Co-operation and Development ("OECD"), which represents a coalition of member countries. The OECD has issued a series of reports recommending changes to numerous long-standing tax principles, many of which are being adopted by various countries in which we do business. Changes in relation to international tax reform could increase uncertainty in the corporate tax area and may adversely affect our provision for income taxes. 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.

We have incurred a significant amount of debt, and our debt will increase further if we incur additional debt and do not retire existing debt.

As of December 31, 2017, we had approximately $4.1 billion of long-term debt on a consolidated basis. We may also obtain additional long-term debt and lines of credit to meet future financing needs. Our debt level and related debt service obligations could have negative consequences, including:

- requiring us to dedicate significant cash flow from operations to the payment of principal and interest on our debt, which would reduce the funds we have available for other purposes, such as acquisitions;
- making it more difficult for us to satisfy our obligations with respect to our debt;
- placing us at a competitive disadvantage compared to our competitors that are not as highly leveraged;
- limiting our ability to borrow additional funds;
- reducing our flexibility in planning for or reacting to changes in our business and market conditions;
- exposing us to interest rate risk since a portion of our debt obligations are at variable rates; and
- resulting in an event of default if we fail to satisfy our obligations under our debt or fail to comply with the financial or restrictive covenants contained in our debt instruments, which event of default could result in all of our debt becoming immediately due and payable and could permit certain of our lenders to foreclose on our assets securing such debt.

Our ability to satisfy our obligations depends on our future operating performance and on economic, financial, competitive and other factors beyond our control. Our business may not generate sufficient cash flow to meet these obligations. If we are unable to service our debt or obtain additional financing, we may be forced to delay strategic acquisitions, capital expenditures or research and development expenditures. We may not be able to obtain additional financing on terms acceptable to us or at all.

Additionally, the agreements governing our debt require that we maintain certain financial ratios, and contain affirmative and negative covenants that restrict our activities by, among other limitations, limiting our ability to incur additional indebtedness, make investments, create liens, sell assets and enter into transactions with affiliates. The covenants in our credit agreement include a debt-to-EBITDA ratio. Specifically, the credit agreement requires us to maintain as of the end of any fiscal quarter a consolidated net leverage ratio of debt to consolidated EBITDA (as defined in the credit agreement) of less than 3.50 to 1.00 or, for four consecutive quarters immediately following the consummation of any qualified acquisition, less than 3.75 to 1.00. In addition, the credit agreement requires us to maintain a consolidated interest coverage ratio of consolidated EBITDA to interest expense of greater than 3.50 to 1.00 as of the end of any fiscal quarter.

Our ability to comply with these restrictions and covenants may be affected by events beyond our control. Our failure to comply with any of these restrictions or covenants may result in an event of default under the applicable debt instrument, which could permit acceleration of the debt under that instrument and require us to prepay that debt before its scheduled due date. Also, an acceleration of the debt under one of our debt instruments would trigger an event of default under other of our debt instruments.

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 that we were previously unable to estimate 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.

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 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.

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 and some of which are managed on a decentralized, independent basis by our operating companies, 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, nation states, cyber-criminals, 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 incidents 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.

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 impacting safety, cybersecurity or quality issues (or the perception of such issues) for our products and services can lead to personal injury, death, property damage, data loss or other damages. These events could lead to recalls or safety or other public alerts, result in product or service downtime or the temporary or permanent removal of a product or service from the market and result in product liability or similar claims being brought against us. Recalls, downtime, 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.

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.

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.

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.

Certain provisions in our amended and restated certificate of incorporation and bylaws, and of Delaware law, may prevent or delay an acquisition of our company, which could decrease the trading price of our common stock.

Our amended and restated certificate of incorporation ("Restated Certificate of Incorporation") and amended and restated bylaws ("Amended and Restated Bylaws") 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 of Directors (the "Board") rather than to attempt an unsolicited takeover not approved by the Board. These provisions include, among others:

- the inability of our shareholders to call a special meeting;
- the inability of our 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 ability of our 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 our voting stock is required to amend our amended and restated bylaws and certain provisions in our amended and restated certificate of incorporation.

In addition, because we have 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 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.

We believe these provisions will protect our 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 our company 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 our company and our shareholders. These provisions may also prevent or discourage attempts to remove and replace incumbent directors.

Changes in U.S. GAAP could adversely affect our reported financial results and may require significant changes to our internal accounting systems and processes.

We prepare our consolidated financial statements in conformity with U.S. GAAP. These principles are subject to interpretation by the Financial Accounting Standards Board ("FASB"), the SEC and various bodies formed to interpret and create appropriate accounting principles and guidance. The FASB issued new accounting standards for revenue recognition and accounting for leases. These and other such standards may result in different accounting principles, which may significantly impact our reported results or could result in volatility of our financial results.

Our amended and restated certificate of incorporation designates 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 our shareholders, which could discourage lawsuits against us and our directors and officers.

Our amended and restated certificate of incorporation provides that unless the Board 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 our company, any action asserting a claim of breach of a fiduciary duty owed by any of our directors or officers to our company or our shareholders, any action asserting a claim against our company or any of our directors or officers arising pursuant to any provision of the DGCL or our amended and restated certificate of incorporation or bylaws, or any action asserting a claim against our company or any of our directors or officers governed by the internal affairs doctrine. This exclusive forum provision may limit the ability of our shareholders to bring a claim in a judicial forum that such shareholders find favorable for disputes with our company or our directors or officers, which may discourage such lawsuits against our company and our directors and officers.

Risks Related to the Separation

Potential indemnification liabilities to Danaher pursuant to our separation agreement with Danaher could materially and adversely affect our businesses, financial condition, results of operations and cash flows.

Our separation agreement with Danaher, among other things, provides for indemnification obligations (for uncapped amounts) designed to make us financially responsible for substantially all liabilities that may exist relating to our business activities, whether incurred prior to or after the Separation. If we are required to indemnify Danaher under the circumstances set forth in the separation agreement, we may be subject to substantial liabilities.

In connection with the Separation, Danaher has indemnified us for certain liabilities. However, there can be no assurance that the indemnity will be sufficient to insure us 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 has agreed to indemnify us for certain liabilities. However, third parties could also seek to hold us 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 us 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 us for liabilities associated with certain occurrences of indemnified liabilities prior to the Separation. Moreover, even if we ultimately succeed in recovering from Danaher or such insurance providers any amounts for which we may be held liable, we may be temporarily required to bear these losses. Each of these risks could negatively affect our businesses, financial position, results of operations and cash flows.

There could be significant liability if the Separation fails to qualify as a tax-free transaction for U.S. federal income tax purposes.

It was a condition to the distribution of all of our shares of common stock to the holders of Danaher common stock in connection with the Separation 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 relied on certain facts, assumptions, representations and undertakings from Danaher and us, 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 Internal Revenue Service ("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.

Under the tax matters agreement between Danaher and us, we are required to indemnify Danaher against taxes incurred by Danaher that arise as a result of our 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 us, we may also be required to indemnify Danaher for other contingent tax liabilities, which could materially adversely affect our financial position. Even if we are not responsible for tax liabilities of Danaher under the tax matters agreement, we nonetheless could be liable under applicable tax law for such liabilities if Danaher were to fail to pay them. If we are required to pay any liabilities under the circumstances set forth in the tax matters agreement or pursuant to applicable tax law, the amounts may be significant.

We 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, under the tax matters agreement that we entered into with Danaher, we are restricted from taking any action that prevents the distribution from being tax-free for U.S. federal income tax purposes. Under the tax matters agreement, until July 2, 2018, we are subject to specific restrictions on our ability to enter into acquisition, merger, liquidation, sale and stock redemption transactions with respect to our stock. These restrictions may limit our ability to pursue certain strategic transactions or other transactions that we may believe to be in the best interests of our shareholders or that might increase the value of our business. These restrictions do not limit the acquisition of other businesses by us for cash consideration. In addition, under the tax matters agreement, we may be required to indemnify Danaher against any such tax liabilities as a result of the acquisition of our stock or assets, even if it does not participate in or otherwise facilitate the acquisition.

Certain of our 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 our executive officers and directors own equity interests in Danaher. In addition, certain of our directors are currently serving on the Danaher board of directors. Continuing ownership of shares of 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 we and Danaher face decisions that could have implications for both Danaher and us.

Potential liabilities may arise due to fraudulent transfer considerations, which would adversely affect our financial condition and our results of operations.

In connection with the Separation, Danaher undertook several corporate restructuring transactions which, together with the Separation, 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, any entity involved in these restructuring transactions or the Separation:

- was insolvent;
- was rendered insolvent by reason of the Separation;
- 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, in whole or in part, as a fraudulent conveyance or transfer. The court could then require our shareholders to return to Danaher some or all of the shares of our common stock issued in the distribution, or require Danaher or us, 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 fair value of its liabilities or if it incurred debt beyond its ability to repay the debt as that debt matures.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

Our corporate headquarters is located in Everett, Washington in a facility that we own. As of December 31, 2017, our facilities included approximately 110 significant facilities, which are used for manufacturing, distribution, warehousing, research and development, general administrative and/or sales functions. Approximately 58 of these facilities are located in the United States in over 20 states and approximately 52 are located outside the United States in over 20 countries, including Canada and countries in Asia Pacific, Europe and Latin America. These facilities cover approximately 11 million square feet, of which approximately 7 million square feet are owned and approximately 4 million square feet are leased. Particularly outside the United States, facilities may 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, 54; and Industrial Technologies, 56.

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 to the Consolidated and Combined Financial Statements for additional information with respect to our lease commitments.

ITEM 3. 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.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

EXECUTIVE OFFICERS OF THE REGISTRANT

Set forth below are the names, ages, positions and experience of our executive officers as of February 27, 2018. All of our executive officers hold office at the pleasure of our Board.

Name	Age	Position	Officer Since
James A. Lico	52	President and Chief Executive Officer	2016
Patrick J. Byrne	57	Senior Vice President	2016
Martin Gafinowitz	59	Senior Vice President	2016
Barbara B. Hulit	51	Senior Vice President	2016
Charles E. McLaughlin	56	Senior Vice President – Chief Financial Officer	2016
Patrick K. Murphy	56	Senior Vice President	2016
William W. Pringle	50	Senior Vice President	2016
Raj Ratnakar	50	Vice President – Strategic Development	2016
Jonathan L. Schwarz	46	Vice President – Corporate Development	2016
Peter C. Underwood	48	Senior Vice President – General Counsel and Secretary	2016
Stacey A. Walker	47	Senior Vice President – Human Resources	2016
Emily A. Weaver	46	Vice President – Chief Accounting Officer	2016

James A. Lico has served as Chief Executive Officer and President, as well as a member of the Board since July 2016. Prior to July 2016, Mr. Lico served in leadership positions in a variety of different functions and businesses at Danaher after joining Danaher in 1996, including as Executive Vice President from 2005 to 2016.

Patrick J. Byrne has served as a Senior Vice President of Fortive since July 2016. Prior to July 2016, Mr. Byrne served as President of Danaher's Tektronix business from July 2014 to July 2016, after serving as Chief Technology Officer and Vice President-Strategy and Business Development for Danaher's Test and Measurement segment from 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 2012.

Martin Gafinowitz has served as a Senior Vice President of Fortive since July 2016. Prior to July 2016, Mr. Gafinowitz served as Senior Vice President-Group Executive of Danaher from March 2014 to July 2016 after serving as Vice President-Group Executive of Danaher from 2005 to March 2014.

Barbara B. Hulit has served as a Senior Vice President since July 2016. Prior to July 2016, Ms. Hulit served as Senior Vice President - Danaher Business System Office for Danaher from January 2013 to July 2016 and as President of Fluke Corporation from May 2005 to January 2013.

Charles E. McLaughlin has served as Senior Vice President, Chief Financial Officer since July 2016. Prior to July 2016, Mr. McLaughlin served as Senior Vice President-Diagnostics Group CFO for Danaher's Diagnostics business from May 2012 to July 2016, and as Senior Vice President-Chief Financial Officer of Danaher's Beckman Coulter business from July 2011 to July 2016.

Patrick K. Murphy has served as Senior Vice President of Fortive since July 2016. Prior to July 2016, Mr. Murphy served as a Group President of Danaher after joining Danaher in March 2014 until July 2016. 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 has served as a Senior Vice President of Fortive since July 2016. Prior to July 2016, Mr. Pringle served as Senior Vice President-Fluke and Qualitrol for Danaher from October 2015 to July 2016 and as President of Danaher's Fluke business from July 2013 to July 2016, 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 has served as Vice President, Strategic Development of Fortive since July 2016. Prior to July 2016, Mr. Ratnakar served as a Vice President-Strategic Development of Danaher from August 2012 to July 2016. 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 has served as Vice President, Corporate Development of Fortive since July 2016. Prior to July 2016, Mr. Schwarz served as Vice President-Corporate Development of Danaher from 2010 to July 2016.

Peter C. Underwood has served as Senior Vice President, General Counsel and Secretary of Fortive since May 2016. Prior to joining Fortive, Mr. Underwood served as Vice President, General Counsel and Secretary of Regal Beloit Corporation, a manufacturer of electric motors, from 2010 through May 2016.

Stacey A. Walker has served as a Senior Vice President, Human Resources of Fortive since July 2016. Prior to July 2016, Ms. Walker served as Vice President-Talent Management of Danaher from January 2014 to July 2016 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 has served as Vice President, Chief Accounting Officer of Fortive since July 2016. Prior to July 2016, Ms. Weaver served as Vice President-Finance of Danaher from April 2013 to July 2016. Prior to joining Danaher, she served as Deputy Controller of GE Transportation, a unit of General Electric, a global manufacturing company, from 2010 until March 2013.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock has been traded on the New York Stock Exchange under the symbol FTV since July 2, 2016. As of February 21, 2018, there were approximately 2,500 holders of record of our common stock. The high and low common stock prices per share as reported on the New York Stock Exchange, and the dividends declared per share, in each case for the periods described below, were as follows:

	2017		
	High	Low	Dividends Per Share
First quarter	$ 60.41	$ 52.99	$ 0.07
Second quarter	$ 65.21	$ 59.54	$ 0.07
Third quarter	$ 71.07	$ 62.05	$ 0.07
Fourth quarter	$ 75.69	$ 70.01	$ 0.07

	2016		
	High	Low	Dividends Per Share
Third quarter	$ 54.34	$ 46.29	$ 0.07
Fourth quarter	$ 56.24	$ 46.81	$ 0.07

Our payment of dividends in the future will be determined by our Board and will depend on business conditions, our earnings and other factors.

Issuer Purchases of Equity Securities

Neither the Company nor any "affiliated purchaser" repurchased any shares of Fortive common stock during the fourth quarter of fiscal year ended December 31, 2017.

Recent Issuances of Unregistered Securities

None

ITEM 6. SELECTED FINANCIAL DATA
($ in millions, except per share information)

	As of and for the Year Ended December 31				
	2017	2016	2015	2014	2013
Sales	$ 6,656.0	$ 6,224.3	$ 6,178.8	$ 6,337.2	$ 5,961.9
Operating profit	1,354.9	1,246.0	1,269.7	1,245.3	1,143.2
Earnings before income taxes	1,284.2	1,197.0	1,269.7	1,279.2 [a]	1,143.2
Net earnings	1,044.5	872.3	863.8	883.4 [a]	830.9
Net earnings per share:					
Basic	3.01	2.52	2.50	2.56	2.41
Diluted	2.96	2.51	2.50	2.56	2.41
Dividends declared and paid per share	0.28	0.14	—	—	—
Total assets	10,500.6	8,189.8	7,210.6	7,355.6	7,240.1
Total long-term debt	$ 4,056.2	$ 3,358.0	$ —	$ —	$ —

[a] Includes $34 million ($26 million after-tax or $0.08 per diluted share) gain on sale of our electric vehicle systems ("EVS")/hybrid product line.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Fortive is a diversified industrial growth company comprised of Professional Instrumentation and Industrial Technologies segments and encompassing businesses that are recognized leaders in attractive markets. Our well-known brands hold leading positions in advanced instrumentation and solutions, transportation technology, sensing, automation and specialty, and franchise distribution markets. Our businesses design, develop, service, 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. Our research and development, manufacturing, sales, distribution, service and administrative facilities are located in more than 50 countries across North America, Asia Pacific, Europe and Latin America.

This MD&A is designed to provide a reader of our financial statements with a narrative from the perspective of management. Our MD&A is divided into seven sections:

- Basis of Presentation
- Overview
- Results of Operations
- Financial Instruments and Risk Management
- Liquidity and Capital Resources
- Critical Accounting Estimates
- New Accounting Standards

BASIS OF PRESENTATION

We completed the Separation from Danaher Corporation on July 2, 2016, the first day of our fiscal third quarter of 2016. Before that date, Fortive was a wholly-owned subsidiary of Danaher and our businesses were comprised of certain Danaher operating units. Danaher transfered these businesses to us prior to the Separation. The Separation was completed in the form of a pro rata distribution by Danaher to its stockholders of record on June 15, 2016, of all of the outstanding shares of Fortive held by Danaher. Fortive was incorporated in the state of Delaware on November 10, 2015 in order to facilitate the Separation.

In connection with the Separation, on July 1, 2016, we entered into agreements that govern the Separation and the relationships between the parties following the Separation, including an employee matters agreement, a tax matters agreement, an intellectual property matters agreement, a Danaher Business System license agreement and a transition services agreement (collectively the "Agreements").

The accompanying consolidated and combined financial statements present our historical financial position, results of operations, changes in equity and cash flows in accordance with GAAP. The combined financial statements for periods prior to the Separation were derived from Danaher's consolidated financial statements and accounting records and prepared in accordance with GAAP for the preparation of carved-out combined financial statements. Through the date of the Separation, all revenues and costs as well as assets and liabilities directly associated with Fortive have been included in the combined financial statements. Prior to the Separation, the combined financial statements also included 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 the Former Parent's investment, as applicable. The allocations were 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 during the applicable periods. Related party allocations prior to the Separation, including the method for such allocation, are discussed further in Note 18 to the Consolidated and Combined Financial Statements.

Following the Separation, the consolidated financial statements include the accounts of Fortive and those of our wholly-owned subsidiaries and no longer include any allocations from Danaher.

Prior to the Separation, these consolidated and combined financial statements may not be indicative of our results had we been a separate stand-alone entity throughout the periods presented, nor are the results stated herein indicative of what our financial position, results of operations and cash flows may be in the future.

OVERVIEW

General

Please see "Item 1. Business – General" included in this Annual Report for a discussion of the Company's strategies for delivering long-term shareholder value. Fortive is a multinational business with global operations. During 2017, approximately 45% of our sales were derived from customers outside the United States. As a diversified industrial growth company with global operations, our businesses are affected by worldwide, regional and industry-specific economic and political factors. Our geographic and industry diversity, as well as the range of our products, software and services, typically help limit the impact of any one industry or the economy of any single country (except for the United States) on our operating results. Given the broad range of products manufactured, software and services provided and geographies served, we do not use any indices other than general economic trends to predict the overall outlook for the Company. Our 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 our geographic and industry diversity, we face a variety of opportunities and challenges, including technological development in most of the markets we serve, the expansion and evolution of opportunities in high-growth markets, trends and costs associated with a global labor force and consolidation of our competitors. We define 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. We operate in a highly competitive business environment in most markets, and our long-term growth and profitability will depend in particular on our ability to expand our 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 our sales force and continue to reduce costs and improve operating efficiency and quality, and effectively address the demands of an increasingly regulated environment. We are making significant investments, organically and through acquisitions, to address technological change in the markets we serve and to improve our manufacturing, research and development and customer-facing resources in order to be responsive to our 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 impacts from acquired businesses, (2) sales impacts from the Separation and (3) 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 less the amount of sales or operating profit, as applicable, attributable to certain divested businesses or product lines not considered discontinued operations prior to the first anniversary of the divestiture. Sales impacts from the Separation refer to sales to or from Danaher made under agreements entered into, or terminated, in connection with the Separation prior to the first anniversary of the Separation. 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 from acquired businesses or the Separation) and (b) the period-to-period change in sales (excluding sales from acquired businesses or the Separation) after applying the 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 sales performance with our performance in prior and future periods and to our peers. We exclude the effect of acquisitions and divestiture related items (including the impact of agreements with Danaher that were entered into or terminated in connection with the Separation) because the nature, size and number of such transactions can vary dramatically from period to period and between us and our peers. In addition, we exclude the impact of agreements that were terminated, or entered into, in connection with the Separation because we believe that excluding such impact may be useful to investors in assessing our operational performance independent of the impact on sales to or from Danaher resulting primarily from the Separation. We exclude the effect of currency translation from sales from existing businesses because currency translation is not under management's control and is subject to volatility. Management believes the exclusion of the effect of acquisition and divestiture (including Separation-related items) and currency translation may facilitate assessment of underlying business trends and may assist in comparisons of long-term performance. References to sales volume refer to the impact of both price and unit sales.

Business Performance and Outlook

While differences exist among our businesses, on an overall basis, demand for our hardware and software products, and services increased during 2017 as compared to 2016 resulting in aggregate year-over-year sales growth of 6.9% and sales growth from existing businesses of 4.5%. Our continued investments in sales growth initiatives and new product introductions, as well as increased demand in high-growth markets and stabilization of market conditions in developed markets and other business-specific factors discussed below contributed to overall sales growth from existing businesses across the majority of our businesses in the period. On a year-over-year basis, sales growth from existing businesses in the Professional Instrumentation segment was driven by strong demand in the businesses within both Advanced Instrumentation & Solutions and Sensing Technologies. Year-over-year sales growth from existing businesses in the Industrial Technologies segment was led by increased demand in Automation & Specialty Components and Transportation Technologies businesses driven by demand for industrial automation solutions and demand for dispensers and payment systems in the United States and Europe. The Europay, Mastercard and Visa ("EMV") global standards are expected to continue to drive demand for dispensers and payment systems over the next several years, however, we do not expect it to be a significant component of year-over-year growth during the first half of 2018; we will continue to closely monitor this market dynamic and customer behavior.

Geographically, sales from existing businesses grew at a low-single digit rate in developed markets and at a low-double digit rate in high-growth markets during 2017 as compared to 2016. Year-over-year sales from existing businesses grew at a rate in the mid-teens in China, at a mid-single digit rate in Western Europe and at a low-single digit rate in North America. We expect overall sales from existing businesses to grow on a year-over-year basis during 2018 but remain cautious about challenges due to macro-economic and geopolitical uncertainties, including global uncertainties related to monetary, fiscal and trade policies, as well as other factors identified in "Item 1A. Risk Factors."

Acquisitions

On October 19, 2017, by a merger of Fern Merger Sub Inc., a Delaware corporation and an indirect wholly owned subsidiary of Fortive, into Landauer, Inc., a Delaware corporation ("Landauer"), we acquired all of the outstanding shares of common stock for $67.25 per share in cash, for a total purchase price of approximately $770 million, net of acquired cash (the "Landauer Acquisition"). Landauer is a leading global provider of subscription-based technical and analytical readers to determine occupational and environmental radiation exposure, as well as a leading domestic provider of outsourced medical physics services. Landauer is headquartered in Glenwood, Illinois, and is now part of the Professional Instrumentation segment. Landauer generated annual revenues of approximately $143 million in 2016. We financed the Landauer Acquisition with available cash and proceeds from the issuance of U.S. dollar and euro-denominated commercial paper. We preliminarily recorded approximately $514 million of goodwill related to the Landauer Acquisition.

In addition to the Landauer Acquisition, during 2017, we acquired all the outstanding shares of common stock of Industrial Scientific Corporation ("ISC") on August 25, 2017 and the remaining 80% of Orpak Systems Limited ("Orpak") on August 31, 2017, in which we previously had an ownership interest, for total consideration of $800 million in cash, net of cash acquired. The acquisition of the remaining 80% interest also resulted in the revaluation of our prior interest, and we recorded a gain from acquisition of $15.3 million. The businesses acquired complement existing units of both our segments. The aggregate annual sales of these businesses at the time of their respective acquisitions, in each case based on the company's revenues for its last completed fiscal year prior to the acquisition, were approximately $246 million. We preliminarily recorded an aggregate of $521 million of goodwill related to these acquisitions.

Our 2017 earnings reflect the impact of additional pretax charges of approximately $12 million associated with fair value adjustments to acquired inventory, equipment, and deferred revenue related to the acquisitions.

During 2016, we acquired three businesses for total consideration of $190 million in cash, net of cash acquired. The businesses acquired complement existing units of both our segments. The aggregate annual sales of these 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 $47 million. We recorded an aggregate of $113 million of goodwill related to these acquisitions.

During 2015, we acquired two businesses for total consideration of $37 million in cash, net of cash acquired. The businesses acquired complement existing units of both our segments. The aggregate annual sales of these 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. We recorded an aggregate of $21 million of goodwill related to these acquisitions.

RESULTS OF OPERATIONS

Components of Sales Growth

	2017 vs. 2016	2016 vs. 2015
Total revenue growth (GAAP)	**6.9%**	**0.7 %**
Existing businesses (Non-GAAP)	4.5%	1.0 %
Acquisitions [(a)] (Non-GAAP)	2.1%	0.7 %
Currency exchange rates (Non-GAAP)	0.3%	(1.0)%

[(a)] Includes the impact from both acquisitions and the Separation

Refer to —Professional Instrumentation and —Industrial Technologies sections below for further discussion of year-over-year sales growth.

Operating Profit Margins

Operating profit margins were 20.4% for the year ended December 31, 2017, an increase of 40 basis points as compared to 20.0% in 2016. Year-over-year operating profit margin comparisons were favorably impacted by:

- Higher 2017 sales volumes, incremental year-over-year cost savings associated with restructuring and productivity improvement initiatives, lower year-over-year intangible asset amortization due to certain intangible assets, primarily in our Professional Instrumentation segment, being fully amortized, costs associated with various growth investments made in 2016 and changes in currency exchange rates, net of the incremental year-over-year costs associated with various product development and sales and marketing growth investments and increased general and administrative costs required to operate as a stand-alone public company: 110 basis points

Year-over-year operating profit margin comparisons were unfavorably impacted by:

- Acquisition-related transaction costs and acquisition-related restructuring: 30 basis points
- The incremental year-over-year net dilutive effect of acquired businesses: 40 basis points

Operating profit margins were 20.0% for the year ended December 31, 2016, a decrease of 50 basis points as compared to 20.5% in 2015. Year-over-year operating profit margin comparisons were unfavorably impacted by:

- The incremental year-over-year costs associated with various product development, sales and marketing growth investments and increased general and administrative costs required to operate as a stand-alone public company and higher year-over-year costs associated with restructuring actions and changes in currency exchange rates, net of higher 2016 sales volumes, the incremental year-over-year cost savings associated with the restructuring actions and continuing productivity improvement initiatives taken in 2015 and 2016, and the incrementally favorable impact of the impairment of certain trade names used in the Industrial Technologies segment in 2015 and 2016: 40 basis points
- The incremental net dilutive effect of acquired businesses: 10 basis points.

Business Segments

Sales by business segment for the year ended December 31 are as follows ($ in millions):

	2017	2016	2015
Professional Instrumentation	$ 3,139.1	$ 2,891.6	$ 2,974.2
Industrial Technologies	3,516.9	3,332.7	3,204.6
Total	$ 6,656.0	$ 6,224.3	$ 6,178.8

PROFESSIONAL INSTRUMENTATION

The Professional Instrumentation segment consists of our Advanced Instrumentation & Solutions and Sensing Technologies businesses. The Advanced Instrumentation & Solutions businesses provide product realization and field solutions 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, online condition-based monitoring equipment; portable gas detection equipment, consumables, and software as a service (SaaS) offerings including safety/user behavior, asset management, and compliance monitoring; subscription-based technical, analytical, and compliance services to determine occupational and environmental radiation exposure; and computerized maintenance management software for critical infrastructure in utility, industrial, energy, construction, public safety, mining, and healthcare applications. Product realization services and products help developers and engineers across the end-to-end product creation cycle from concepts to finished products and also include highly-engineered energetic materials components in specialized vertical applications. Our Sensing Technologies business offers devices that sense, monitor and control operational or manufacturing variables, such as temperature, pressure, level, flow, turbidity and conductivity.

Professional Instrumentation Selected Financial Data

	For the Year Ended December 31		
($ in millions)	2017	2016	2015
Sales	$ 3,139.1	$ 2,891.6	$ 2,974.2
Operating profit	709.7	642.3	694.8
Depreciation	41.9	35.6	35.2
Amortization	40.1	63.8	68.3
Operating profit as a % of sales	22.6%	22.2%	23.4%
Depreciation as a % of sales	1.3%	1.2%	1.2%
Amortization as a % of sales	1.3%	2.2%	2.3%

Components of Sales Growth

	2017 vs. 2016	2016 vs. 2015
Total revenue growth (GAAP)	**8.6%**	**(2.8)%**
Existing businesses (Non-GAAP)	5.5%	(2.2)%
Acquisitions [(a)] (Non-GAAP)	3.0%	0.4 %
Currency exchange rates (Non-GAAP)	0.1%	(1.0)%

[(a)] Includes the impact from both acquisitions and the Separation

2017 COMPARED TO 2016

Year-over-year price increases in the segment contributed 0.6% to sales growth during 2017 as compared to 2016 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 mid-single digit rate during 2017 as compared to 2016. Year-over-year sales from existing businesses of field solutions products and services grew at a mid-single digit rate during 2017 as compared to 2016 due to increased demand for industrial test equipment, network tools and online condition-based monitoring equipment. Year-over-year sales from existing businesses of product realization solutions grew at a high-single digit rate during 2017 driven primarily by continued growth in the semiconductor and consumer electronics end markets as well as increased demand for oscilloscopes and new product introductions but were partly offset by

a decline in demand for design, engineering and manufacturing services. Sales in the segment's energetic materials business also contributed to growth during 2017. Geographically, demand from existing businesses increased on a year-over-year basis in Asia, driving strong growth in high-growth markets, as well as in Western Europe and North America.

Sales from existing businesses in the segment's Sensing Technologies businesses grew at a mid-single digit rate during 2017 as compared to 2016. Increased year-over-year demand in the industrial end market was partly offset by lower demand in the medical end market. Geographically, increases in demand on a year-over-year basis were driven by growth in Asia, North America and Western Europe.

Operating profit margin increased 40 basis points during 2017 as compared to 2016. Year-over-year operating profit margin comparisons were favorably impacted by:

- Higher 2017 sales volumes, incremental year-over-year cost savings associated with restructuring and productivity improvement initiatives, lower year-over-year intangible asset amortization due to certain intangible assets being fully amortized and changes in currency exchange rates, net of incremental year-over-year costs associated with various product development and sales and marketing growth investments, the positive impact in 2016 of a transition services agreement related to a disposition made by Danaher prior to the Separation and incremental year-over-year bad debt charges: 190 basis points

Year-over-year operating profit margin comparisons were unfavorably impacted by:

- Acquisition-related transaction costs and acquisition-related restructuring: 70 basis points
- The incremental year-over-year net dilutive effect of acquired businesses: 80 basis points

2016 COMPARED TO 2015

Year-over-year price increases in the segment contributed 0.5% to sales growth during 2016 as compared to 2015 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 declined at a low-single digit rate during 2016 as compared to 2015. The business continued to experience stabilization in demand during the second half of 2016 as compared to the first half 2016, and reported increased demand from existing businesses in the second half of 2016 as compared to the comparable prior year period. Geographically, sales from existing businesses declined in the United States and Latin America, partly offset by increases in China and Western Europe. Demand for field solutions products and services declined at a low-single digit rate during 2016 as compared to 2015 with year-over-year sales declines during the first half of the year partly offset by year-over-year sales growth during the second half of 2016. During 2016, year-over-year demand increased for online condition-based monitoring equipment and network tools as well as for thermography equipment in China, while demand decreased for calibration and biomedical equipment. On a year-over-year basis, industrial product sales for field solutions products and services declined during 2016 but grew during the second half of 2016 compared to the comparable period in 2015, reflecting a stabilization in end customer demand. Year-over-year sales of product realization services and products declined at a mid-single digit rate during 2016 as compared to 2015. Declines in some major product realization product lines were partly offset by growth in education and defense-related end markets and semiconductor and communications end markets in China as well as increased demand for precision electrical measurement products and video network monitoring products. Demand for design, engineering and manufacturing services increased on a year-over-year basis but slowed during the second half of 2016.

Sales from existing businesses in the segment's Sensing Technologies businesses declined at a low-single digit rate during 2016 as compared to 2015. Demand in these businesses continued to stabilize throughout the year and delivered high-single digit growth on a year-over-year basis during the fourth quarter of 2016. Sales declines during 2016 for control products were partially offset by increased sales of sensing products primarily in the food and beverage, medical equipment and heating and air conditioning end-markets. Geographically, sales from existing businesses decreased on a year-over-year basis in North America, partly offset by improved demand in Asia.

Operating profit margins decreased 120 basis points during 2016 as compared to 2015. The following factors unfavorably impacted year-over-year operating profit margin comparisons:

- Lower 2016 sales volumes (offset by price increases), increased costs associated with various product development and sales and marketing growth investments and changes in currency exchange rates, net of incremental year-over-year cost savings associated with restructuring and productivity improvement initiatives and the impact of lower amortization related to acquired intangible assets: 90 basis points

- The incremental net dilutive effect in 2016 of acquired businesses: 30 basis points.

INDUSTRIAL TECHNOLOGIES

The Industrial Technologies segment consists of our Transportation Technologies, Automation & Specialty Components and Franchise Distribution businesses. 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, and traffic management. The Automation & Specialty Components business provides a wide range of electromechanical and electronic motion control products and mechanical components, as well as supplemental braking systems for commercial vehicles. Our Franchise Distribution business manufactures and distributes professional tools and a full-line of wheel service equipment.

Industrial Technologies Selected Financial Data

	For the Year Ended December 31		
($ in millions)	2017	2016	2015
Sales	$ 3,516.9	$ 3,332.7	$ 3,204.6
Operating profit	718.7	667.4	617.2
Depreciation	60.9	53.8	52.9
Amortization	25.2	21.9	20.5
Operating profit as a % of sales	20.4%	20.0%	19.3%
Depreciation as a % of sales	1.7%	1.6%	1.7%
Amortization as a % of sales	0.7%	0.7%	0.6%

Components of Sales Growth

	2017 vs. 2016	2016 vs. 2015
Total revenue growth (GAAP)	**5.5%**	**4.0 %**
Existing businesses (Non-GAAP)	3.6%	4.1 %
Acquisitions [(a)] (Non-GAAP)	1.5%	0.9 %
Currency exchange rates (Non-GAAP)	0.4%	(1.0)%

[(a)] Includes the impact from acquisitions, divestitures, and the Separation

2017 COMPARED TO 2016

Year-over-year price increases in the segment contributed 0.2% to sales growth during 2017 as compared to 2016 and are reflected as a component of the change in sales from existing businesses.

Sales from existing businesses in the segment's Transportation Technologies businesses grew at a low-single digit rate during 2017 as compared to 2016 due primarily to strong demand for dispensers and payment systems in both the United States and Europe partly offset by decreased year-over-year EMV-related demand for indoor point-of-sale systems in the United States as customers had largely upgraded to products that support indoor EMV requirements in the prior year in response to the indoor liability shift. We expect EMV deadlines to continue to drive demand for the next several years, however, we do not expect this to be a significant component of year-over-year growth during the first half of 2018; we will continue to closely monitor this market dynamic and customer behavior. Geographically, sales from existing businesses increased on a year-over-year basis in Europe, Latin America and the United States, partially offset by declines in the Asia-Pacific region.

Sales from existing businesses in the segment's Automation & Specialty Components businesses grew at a mid-single digit rate during 2017 as compared to 2016 due primarily to increased year-over-year demand in industrial and robotics end markets in China, Western Europe and the United States. Year-over-year demand for engine retarder products was strong in China, and demand in the United States improved sequentially throughout the year.

Sales from existing businesses in the segment's Franchise Distribution businesses grew at a low-single digit rate during 2017 as compared to 2016. Increased year-over-year demand for hardline and diagnostic tools was partially offset by a decline in demand for powered and tool storage products.

Operating profit margin increased 40 basis points during 2017 as compared to 2016. Year-over-year operating profit margin comparisons were favorably impacted by:

- Higher 2017 sales volumes, incremental year-over-year cost savings associated with restructuring and productivity improvement initiatives, costs associated with various growth investments made in 2016 and changes in currency exchange rates, partially offset by incremental year-over-year costs associated with various product development and sales and marketing growth investments: 60 basis points

Year-over-year operating profit margin comparisons were unfavorably impacted by:

- The incremental year-over-year net dilutive effect of acquired businesses: 20 basis points

2016 COMPARED TO 2015

Year-over-year price increases in the segment contributed 0.3% to sales growth during 2016 as compared to 2015 and are reflected as a component of the change in sales from existing businesses.

Sales from existing businesses in the segment's Transportation Technologies businesses grew at a high-single digit rate during 2016 as compared to 2015, due primarily to strong demand for dispenser, payment and point-of-sale systems, environmental compliance products as well as vehicle and fleet management products, partly offset by weaker year-over-year demand for compressed natural gas products. As expected, beginning in the second half of 2016, the business began to experience reduced EMV-related demand for indoor point-of-sale solutions, as customers had largely upgraded to products that support indoor EMV requirements in the prior year in response to the indoor liability shift. However, demand increased on a year-over-year basis for dispensers and payment systems as customers in the United States continued to upgrade equipment driven primarily by the EMV deadlines related to outdoor payment systems. Geographically, sales from existing businesses continued to increase on a year-over-year basis in the United States and to a lesser extent in Asia and Western Europe.

Sales from existing businesses in the segment's Automation & Specialty Components business declined at a low-single digit rate during 2016 as compared to 2015. The businesses experienced sequential year-over-year improvement in demand during the second half of 2016 as compared to the first half of 2016. During 2016, year-over-year demand declined for engine retarder products due primarily to weakness in the North American heavy-truck market, partly offset by strong growth in China and Europe. In addition, year-over-year demand declined in certain medical and defense related end markets which were partly offset by increased year-over-year demand for industrial automation products particularly in China. Geographically, sales from existing businesses in the segment's Automation & Specialty Components businesses declined in North America, partly offset by growth in Western Europe and China.

Sales from existing businesses in the segment's Franchise Distribution business grew at a mid-single digit rate during 2016, as compared to 2015, due primarily to continued net increases in franchisees as well as continued growth in demand for professional tool products and tool storage products, primarily in the United States. This growth was partly offset by year-over-year declines in wheel service equipment sales during 2016.

Operating profit margins increased 70 basis points during 2016 as compared to 2015. The following factors favorably impacted year-over-year operating profit margin comparisons:

- Higher 2016 sales volumes, pricing improvements, incremental year-over-year cost savings associated with restructuring and productivity improvement initiatives and the incrementally favorable impact of the impairment of certain tradenames used in the segment in 2015 and 2016, net of costs associated with various growth investments, product development and sales and marketing growth investments, higher year-over-year costs associated with restructuring actions and changes in currency exchange rates: 65 basis points
- The incremental net accretive effect in 2016 of acquired businesses: 5 basis points

COST OF SALES AND GROSS PROFIT

	For the Year Ended December 31		
($ in millions)	2017	2016	2015
Sales	$ 6,656.0	$ 6,224.3	$ 6,178.8
Cost of sales	(3,357.5)	(3,191.5)	(3,178.8)
Gross profit	3,298.5	3,032.8	3,000.0
Gross profit margin	49.6%	48.7%	48.6%

The year-over-year increase in cost of sales during 2017 as compared to 2016 is due primarily to the impact of higher year-over-year sales volumes and changes in currency exchange rates partly offset by incremental year-over-year cost savings

associated with restructuring and productivity improvement initiatives, material cost and supply chain improvement actions, and costs associated with various growth investments made in 2016.

The year-over-year increase in cost of sales during 2016 as compared to 2015 is due primarily to the impact of higher year-over-year sales volumes, incremental year-over-year costs associated with various growth investments and restructuring actions, partly offset by the effect of a strong U.S. dollar and the incremental year-over-year cost savings associated with restructuring and continued productivity, material cost and supply chain improvement actions.

The year-over-year increase in gross profit (and the related 90 basis point increase in gross profit margin) during 2017 as compared to 2016 is due primarily to the favorable impact of pricing improvements and higher year-over-year sales volumes, incremental year-over-year cost savings associated with restructuring and productivity improvement initiatives, material cost and supply chain improvement actions and costs associated with various growth investments made in 2016, and changes in currency exchange rates.

The year-over year increase in gross profit (and the related 10 basis point increase in gross profit margin) during 2016 as compared to 2015 is due primarily to the favorable impact of pricing improvements and higher year-over-year sales volumes, incremental year-over-year cost savings associated with restructuring actions, continued productivity and material cost and supply chain improvement actions, partly offset by incremental year-over-year costs associated with various growth investments and higher year-over-year costs associated with restructuring actions.

OPERATING EXPENSES

	For the Year Ended December 31		
($ in millions)	2017	2016	2015
Sales	$ 6,656.0	$ 6,224.3	$ 6,178.8
Sales, general and administrative ("SG&A") expenses	1,537.6	1,402.0	1,352.6
Research and development ("R&D") expenses	406.0	384.8	377.7
SG&A as a % of sales	23.1%	22.5%	21.9%
R&D as a % of sales	6.1%	6.2%	6.1%

SG&A expenses increased during 2017 as compared to 2016 due primarily to continued investments in our sales and marketing growth initiatives, increased acquisition-related transaction costs and increased general and administrative costs required to operate as a stand-alone public company as compared to the allocations derived from Danaher in periods prior to the Separation, which primarily impacted the first half of 2017 as compared to the first half of 2016. These increases were partly offset by incremental year-over-year cost savings associated with restructuring and productivity improvement initiatives and lower year-over-year intangible asset amortization due to certain intangible assets, primarily in our Professional Instrumentation segment, being fully amortized. SG&A expenses as a percentage of sales increased 60 basis points in 2017 as compared to 2016.

SG&A expenses increased during 2016 as compared to 2015 due primarily to the increased general and administrative costs required to operate as a stand-alone public company as compared to the allocations derived from Danaher in periods prior to the Separation, continued investments in sales and marketing growth initiatives and incremental year-over-year costs associated with restructuring actions, partly offset by incremental year-over-year cost savings associated with restructuring and productivity improvement initiatives and the incrementally favorable impact of year-over-year impairment charges recorded during 2016 and 2015 related to certain tradenames used in the Industrial Technologies segment. SG&A expense as a percentage of sales increased 60 basis points in 2016 as compared to 2015.

R&D expenses (consisting principally of internal and contract engineering personnel costs) increased during 2017 as compared to 2016 due to incremental year-over-year investments in our product development initiatives. On a year-over-year basis, R&D expenses as a percentage of sales decreased 10 basis points due primarily to the impact of sales growing at a faster rate than R&D expenses during the period. R&D expenses as a percentage of sales increased 10 basis points on a year-over-year basis in 2016 as compared to 2015. Incremental year-over-year increases in investments in our product development initiatives were the primary contributors to this increase.

INTEREST COSTS

For a discussion of our outstanding indebtedness, refer to Note 9 to the Consolidated and Combined Financial Statements.

Interest expense of $94 million was recorded during 2017 compared to $49 million during 2016. Before the Separation, we depended on Danaher for all of our working capital and financing requirements under Danaher's centralized approach to cash

management and financing of operations of its subsidiaries, and, as such, did not have any outstanding debt prior to June 20, 2016. As a result, with the exception of cash, cash equivalents and borrowings clearly associated with Fortive and related to the Separation, we recorded no interest expense in our combined condensed financial statements for periods prior to the Separation. In the event that additional liquidity is required, particularly in connection with acquisitions, we may enter into additional borrowings under our commercial paper programs or credit facilities and/or access the capital markets. If we enter into such additional financing transactions, the amount of annual interest expense will increase.

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 our financial statements. We record the tax effect of discrete items and items that are reported net of their tax effects in the period in which they occur.

On December 22, 2017, the U.S. enacted comprehensive tax reform commonly referred to as the Tax Cut and Jobs Act (the "TCJA"). The TCJA represents a significant overhaul to the U.S. federal tax code. The TCJA impacts, among other things, U.S. corporate tax rates, business-related exclusions, deductions, and credits. The TCJA is expected to have a favorable impact on our financial statements for the foreseeable future. In addition, we expect the TCJA to have a favorable impact in our future ability to engage in acquisition activities.

Our effective tax rate can be affected by, among others, 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 ("OECD") initiative on Base Erosion and Profit Shifting.

The OECD has issued significant global tax policy changes that include both expanded reporting as well as technical global tax policy changes. Many countries in which we operate have implemented tax law and administrative changes that align with many aspects of the OECD policy guidelines. A number of the expanded reporting requirements were initially due in 2017, based upon 2016 results and we have taken comprehensive measures to address the requirements of these changes in global tax policy. We do not expect these global tax policy changes to have a significant impact on our results of operations or cash flows. The majority of our operations are located in the U.S.

We conduct business globally, and, as part of our global business, we file numerous income tax returns in the U.S. federal, state and foreign jurisdictions. The countries in which we have a significant presence that have had lower statutory tax rates than the United States include China, Germany and the United Kingdom. Our ability to obtain a tax benefit from lower statutory tax rates outside of the United States is dependent on our levels of taxable income in these foreign countries and under current U.S. tax law. We believe that a change in the statutory tax rate of any individual foreign country would not have a material effect on our financial statements given the geographic dispersion of our taxable income.

The amount of income taxes we pay is subject to audit by federal, state and foreign tax authorities, which may result in proposed assessments. We review our 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 "Item 1A. Risk Factors."

We are routinely examined by various domestic and international taxing authorities. In connection with the Separation, we entered into the Agreements with Danaher, including a tax matters agreement. The tax matters agreement distinguishes between the treatment of tax matters for "Joint" filings compared to "Separate" filings prior to the Separation. "Joint" filings involve legal entities, such as those in the United States, that include operations from both Danaher and the Company. By contrast, "Separate" filings involve certain entities (primarily outside of the United States), that exclusively include either Danaher's or the Company's operations, respectively. In accordance with the tax matters agreement, Danaher is liable for and has indemnified Fortive against all income tax liabilities involving "Joint" filings for periods prior to the Separation. The Company remains liable for certain pre-Separation income tax liabilities including those related to the Company's "Separate" filings.

Pursuant to U.S. tax law, the Company's initial U.S. federal income tax return was filed during October 2017 for the short taxable year July 2, 2016 through December 31, 2016. We expect to file our first full year U.S. federal income tax return for

2017 with the IRS during October 2018. The IRS has not yet begun an examination of the Company. Our operations in certain foreign jurisdictions remain subject to routine examination for tax years 2008 to 2017.

Comparison of the Years Ended December 31, 2017, 2016 and 2015

Our effective tax rate for the years ended December 31, 2017, 2016 and 2015 was 18.7%, 27.1% and 32.0%, respectively.

Our estimated effective tax rate including provisional estimates of the TCJA for 2017 differs from the U.S. federal statutory rate of 35.0% due primarily to net favorable impacts associated with the TCJA, our earnings outside the United States that are indefinitely reinvested and taxed at rates lower than the U.S. federal statutory rate, the impact of credits and deductions provided by law, state tax impacts, and favorable adjustments related to differences between estimates included in the 2016 provision and amounts calculated on the 2016 U.S. income tax return filed in October 2017.

Our effective tax rates for 2016 and 2015 differ from the U.S. federal statutory rate of 35.0% due primarily to our earnings outside the United States that are indefinitely reinvested and taxed at rates lower than the U.S. federal statutory rate, and the impact of credits and deductions provided by law. The effective tax rate for 2016 includes benefits from the release of reserves resulting from expirations of statutes of limitations, primarily from periods prior to the Separation.

For periods prior to the Separation, current income tax liabilities related to entities which filed jointly with Danaher are assumed to be immediately settled with Danaher and are relieved through Former Parent's investment. Income tax expense and other income tax related information contained in the consolidated and combined financial statements are presented as if we filed a separate tax return. The separate tax return method applies the accounting guidance for income taxes to the standalone financial statements as if we were a standalone taxpayer for the periods prior to the Separation. The calculation of our income taxes on a separate income tax return basis requires considerable judgment, estimates and allocations.

COMPREHENSIVE INCOME

Comprehensive income increased by $442 million in 2017 as compared to 2016, due primarily to favorable changes in foreign currency translation adjustments of $260 million and net earnings that were higher by $172 million. In addition, we recorded favorable pension benefit adjustments of $2 million in 2017 compared to unfavorable adjustments of $8 million in 2016.

Comprehensive income decreased by $9 million in 2016 as compared to 2015, due primarily to unfavorable pension benefit adjustments of $8 million in 2016 compared to favorable pension benefit adjustments of $18 million in 2015, partially offset by net earnings that were higher by $9 million and favorable changes in foreign currency translation adjustments of $8 million.

INFLATION

The effect of inflation on our revenues and net earnings was not significant in any of the years ended December 31, 2017, 2016 or 2015.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

We are exposed to market risk from changes in interest rates, foreign currency exchange rates, credit risk and commodity prices, each of which could impact our financial statements. We generally address our exposure to these risks through our normal operating and financing activities. In addition, our broad-based business activities help to reduce the impact that volatility in any particular area or related areas may have on our operating profit as a whole.

Interest Rate Risk

We manage interest cost using a mixture of fixed-rate and variable-rate debt. A change in interest rates on long-term debt impacts the fair value of our fixed-rate long-term debt but not our earnings or cash flows because the interest on such debt is fixed. Generally, the fair market value of fixed-rate debt will increase as interest rates fall and decrease as interest rates rise. As of December 31, 2017, an increase of 100 basis points in interest rates would have decreased the fair value of our fixed-rate long-term debt by approximately $176 million.

As of December 31, 2017, our variable-rate debt obligations consisted primarily of U.S. dollar and Euro-denominated commercial paper and term loan borrowings (refer to Note 9 to the Consolidated and Combined Financial Statements for information regarding our outstanding indebtedness as of December 31, 2017). As a result, our primary interest rate exposure results from changes in short-term interest rates. As these shorter duration obligations mature, we anticipate issuing additional short-term commercial paper obligations and term loans to refinance all or part of these borrowings. The annual effective rate associated with outstanding U.S. dollar term loan borrowings and U.S. dollar and Euro-denominated commercial paper for the year ended December 31, 2017 was approximately 2.24%, 1.47% and (0.06)%, respectively. For the period during which the

Yen term loan borrowings were outstanding during 2017 the annual effective rate was approximately 0.50%. In addition, we recorded interest expense of $15.7 million on these variable-rate obligations. A hypothetical 15 basis points increase in market interest rates as of December 31, 2017 on our variable-rate debt obligations would have increased our interest expense by $5.3 million in 2017.

Foreign Currency Exchange Rate Risk

We face transactional exchange rate risk from transactions with customers in countries outside of 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 our functional currency or the functional currency of an applicable subsidiary. We also face translational exchange rate risk related to the translation of financial statements of our foreign operations into U.S. dollars, our 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, we are exposed to movements in the exchange rates of various currencies against the U.S. dollar. The effect of a change in currency exchange rates on our net investment in international subsidiaries is reflected in the accumulated other comprehensive income (loss) component of equity. A 10% depreciation in major currencies relative to the U.S. dollar as of December 31, 2017 would have resulted in a reduction of stockholders's equity of approximately $204 million.

Currency exchange rates positively impacted 2017 reported sales by 0.3% as compared to 2016, as the U.S. dollar was, on average, stronger against most major currencies during 2017 as compared to exchange rate levels during 2016. If the exchange rates in effect as of December 31, 2017 were to prevail throughout 2018, currency exchange rates would positively impact 2018 estimated sales by approximately 1.4% relative to our performance in 2017. In general, additional weakening of the U.S. dollar against other major currencies would further positively impact our sales and results of operations on an overall basis and any strengthening of the U.S. dollar against other major currencies would adversely impact our sales and results of operations.

We have 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 our consolidated and combined financial statements.

Credit Risk

We are exposed to potential credit losses in the event of nonperformance by counterparties to our financial instruments. Financial instruments that potentially subject us to credit risk consist of cash and temporary investments, and receivables from customers. We place cash and temporary investments with various high-quality financial institutions throughout the world and exposure is limited at any one institution. Although we typically do not obtain collateral or other security to secure these obligations, we regularly monitor the third party depository institutions that hold our cash and cash equivalents. We emphasize safety and liquidity of principal over yield on those funds.

In addition, concentrations of credit risk arising from receivables from customers are limited due to the diversity of our customers. Our 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 "Item 1A. Risk Factors."

LIQUIDITY AND CAPITAL RESOURCES

We assess our liquidity in terms of our ability to generate cash to fund our operating, investing and financing activities. We generate substantial cash from operating activities and believe that our operating cash flow and other sources of liquidity will be sufficient to allow us to continue to invest in existing businesses, consummate strategic acquisitions, make interest payments on our outstanding indebtedness, and manage our capital structure on a short and long-term basis.

Yen Variable Interest Rate Term Loan

On August 24, 2017, we entered into a term loan agreement that provides for a five-year ¥13.8 billion senior unsecured term facility ("Yen Term Loan") that expires on August 24, 2022. We borrowed the entire ¥13.8 billion available under this facility on August 28, 2017, which yielded net proceeds of approximately $126 million. The Yen Term Loan bears interest at a rate equal to LIBOR plus 50 basis points, provided however that LIBOR may not be less than zero for the purposes of the Yen Term Loan. As of December 31, 2017, borrowings under the Yen Term Loan bear an interest rate of 0.50% per annum. During the period of 2017 in which the Yen Term Loan was outstanding, the annual effective rate was approximately 0.50%. The Yen Term Loan is pre-payable at our option, and re-borrowing is not permitted once the term loan is repaid.

The terms and conditions, including covenants, applicable to the the Yen Term Loan are substantially similar to those applicable to the senior unsecured revolving credit facility established in 2016 (the "Revolving Credit Facility") as described in Note 9 of the Consolidated and Combined Financial Statements.

Shelf Registration Statement

On June 12, 2017, we filed a shelf registration statement on Form S-3 with the SEC (the "Shelf Registration Statement") that registers an indeterminate amount of debt securities, common stock, preferred stock, warrants, depositary shares, purchase contracts and units that may be issued in the future in one or more offerings. Unless otherwise specified in the corresponding prospectus supplement, we expect to use net proceeds realized from future securities issuances off the Shelf Registration Statement for general corporate purposes, including without limitation repayment or refinancing of debt or other corporate obligations, acquisitions, capital expenditures, dividends and working capital.

2016 Financing Transactions

During 2016, we completed the following financing transactions:

- Entered into a credit agreement with a syndicate of banks providing for a three-year $500 million senior term facility that expires on June 16, 2019 (the "Term Facility") and a five-year $1.5 billion Revolving Credit Facility that expires on June 16, 2021. We borrowed the entire $500 million of loans under the Term Facility;
- Completed the private placement of $2.5 billion of senior unsecured notes in multiple series with maturity dates ranging from June 15, 2019 to June 15, 2046 (collectively, the "Private Notes"); and
- Established U.S. dollar and Euro-denominated commercial paper programs (collectively the "Commercial Paper Programs") supported by the Revolving Credit Facility.

Approximately $3.0 billion of the net proceeds of these financings activities was paid to Danaher in June 2016 as a cash dividend in connection with the Separation. Refer to Note 9 of the Consolidated and Combined Financial Statements for more information related to our long-term indebtedness.

Registration Rights Agreement

In connection with the issuance of the Private Notes, we entered into a registration rights agreement, pursuant to which we were obligated to use commercially reasonable efforts to file with the SEC, and cause to be declared effective, a registration statement with respect to an offer to exchange each series of Private Notes for registered notes ("Registered Notes") with substantially identical terms ("Exchange Offer"). Accordingly, on May 5, 2017 we filed a Form S-4 with the SEC (the "Registration Statement"), which Registration Statement was declared effective on May 17, 2017. On May 17, 2017, we launched the Exchange Offer, which expired on June 14, 2017. All Private Notes were tendered and exchanged for Registered Notes in the Exchange Offer.

Other

Prior to the Separation, we were dependent upon Danaher for all of our working capital and financing requirements under Danaher's centralized approach to cash management and financing of operations of its subsidiaries. With the exception of cash, cash equivalents and borrowings clearly associated with Fortive and related to the Separation, including the financial transactions described above, financial transactions relating to our business operations during the period prior to the Separation were accounted for through the Former Parent's investment, net ("Former Parent's Investment") account. Accordingly, none of our Former Parent's cash, cash equivalents or debt at the corporate level was assigned to us in the financial statements for the periods prior to the Separation. As a result of the Separation, we no longer participate in Danaher's cash management and financing operations.

Overview of Cash Flows and Liquidity

Following is an overview of our cash flows and liquidity:

($ in millions)	Year Ended December 31, 2017	2016	2015
Net cash provided by operating activities	$ 1,176.4	$ 1,136.9	$ 1,009.0
Cash paid for acquisitions	$ (1,556.6)	$ (190.1)	$ (37.1)
Payments for additions to property, plant and equipment	(136.1)	(129.6)	(120.1)
Proceeds from sale of real property	21.5	9.0	2.3
All other investing activities	1.5	(0.1)	(19.2)
Net cash used in investing activities	$ (1,669.7)	$ (310.8)	$ (174.1)
Net proceeds from borrowings (maturities of 90 days or less)	$ 557.6	$ 375.2	$ —
Proceeds from borrowings (maturities longer than 90 days)	125.9	2,978.1	—
Payment of dividends	(97.2)	(48.4)	—
Cash dividend paid to Former Parent	—	(3,000.0)	—
Net transfers to Former Parent	—	(301.4)	(834.9)
All other financing activities	13.4	0.3	—
Net cash provided by (used in) financing activities	$ 599.7	$ 3.8	$ (834.9)

Operating Activities

Cash flows from operating activities can fluctuate significantly from period-to-period as working capital needs and the timing of payments for income taxes, restructuring activities, pension funding and other items impact reported cash flows.

Cash flows from operations were approximately $1,176 million in 2017, an increase of $40 million, or approximately 3%, as compared to 2016. This year-over-year change in operating cash flows was primarily attributable to the following factors:

- 2017 operating cash flows benefited from higher net earnings as compared to 2016. Net earnings for 2017 benefited from a year-over-year increase in operating profits of $109 million, a $15 million non-cash gain from acquisition and an $8 million gain on the sale of property. These were partially offset by a year-over-year increase in interest expense and other of $37 million primarily associated with debt issued in June 2016 in connection with the Separation. The year-over-year increase in operating profit was not significantly impacted by changes in depreciation and amortization, which are noncash expenses that decrease earnings without a corresponding impact to operating cash flows.
- The aggregate of accounts receivable, inventories and trade accounts payable used $26 million of operating cash flows during 2017 compared to providing $13 million of cash during 2016. The amount of cash flow generated from or used by the aggregate of accounts receivable, inventories and trade accounts payable depends upon how effectively we manage the cash conversion cycle, which effectively represents the number of days that elapse from the day we pay for the purchase of raw materials and components to the collection of cash from our customers and can be significantly impacted by the timing of collections and payments in a period.
- Net earnings includes a benefit of $70 million representing our provisional estimate of the impacts of the TCJA. This benefit did not impact cash flows in 2017. In addition, we have provisionally estimated $135 million for the one-time transition tax on cumulative foreign earnings. Under the provisions of the TCJA, companies are permitted to elect to pay this transition tax over an eight-year period without interest. We expect to make that election, which payment will impact our cash flow in the applicable periods. For a discussion of the estimated impact of TCJA to 2017 results, see "—Income Taxes."

Cash flows from operations increased $128 million during 2016 as compared to 2015. This year-over-year change in operating cash flows was primarily attributable to the following factors:

- 2016 operating cash flows benefited from higher net earnings as compared to 2015.
- The aggregate of accounts receivable, inventories and trade accounts payable generated $13 million of operating cash flows during 2016, compared to the $26 million used in operations during 2015.
- The aggregate of prepaid expenses and other assets and accrued expenses and other liabilities provided $35 million of operating cash flows during 2016, compared to the $61 million used in operations during 2015. The timing of cash payments for income taxes and various employee related liabilities drove the majority of this change.

Investing Activities

Cash flows relating to investing activities consist primarily of cash used for acquisitions and capital expenditures. Net cash used in investing activities was approximately $1,670 million during 2017 compared to approximately $311 million and $174 million of net cash used in 2016 and 2015, respectively. For a discussion of our acquisitions refer to "—Overview."

Capital expenditures are made primarily for increasing capacity, replacing equipment, supporting product development initiatives, improving information technology systems and purchase of equipment that is used in operating-type lease arrangements with customers. Capital expenditures totaled $136 million in 2017, $130 million in 2016 and $120 million in 2015. The change in capital expenditures is due primarily to timing of investments and, in 2017, increased year-over-year expenditures on equipment leased to customers under operating-type leases, which contribute to our recurring revenue base. In 2018, we expect capital spending to be between approximately $125 million and $135 million, though actual expenditures will ultimately depend on business conditions.

Financing Activities and Indebtedness

Cash flows from financing activities consist primarily of cash flows associated with the issuance and repayments of commercial paper and other debt, payments of quarterly cash dividends to shareholders and, prior to the Separation, net payments and transfers to Former Parent. Financing activities generated cash of $600 million in 2017 compared to approximately $4 million of cash provided in 2016. In 2017, we received net proceeds from the issuance of commercial paper under the Commercial Paper Programs of $558 million, received proceeds from borrowings of $126 million and paid $97 million of cash dividends to shareholders. In 2016, we incurred approximately $3.4 billion of indebtedness offset by $3.3 billion of payments and net transfers to Former Parent. We no longer make any net transfers to Former Parent as a result of the Separation.

We generally expect to satisfy any short-term liquidity needs that are not met through operating cash flows and available cash primarily through issuances of commercial paper under the Commercial Paper Programs. Credit support for the Commercial Paper Programs is provided by the Revolving Credit Facility. We classified our borrowings outstanding under the Commercial Paper Programs as long-term debt in the accompanying Consolidated Balance Sheet as of December 31, 2017, as we have the intent and ability, as supported by availability under the Revolving Credit Facility, to refinance these borrowings for at least one year from the balance sheet date. As commercial paper obligations mature, we may issue additional short-term commercial paper obligations to refinance all or part of these borrowings.

The carrying value of total debt outstanding as of December 31, 2017 was approximately $4.1 billion. We had $1.5 billion available under the Revolving Credit Facility as of December 31, 2017. Of this amount, approximately $948 million was being used to backstop outstanding U.S. and Euro commercial paper balances. Accordingly, we had the ability to incur an additional $551 million of indebtedness under the Revolving Credit Facility as of December 31, 2017. Refer to Note 9 to the Consolidated and Combined Financial Statements for information regarding our financing activities and indebtedness.

The availability of the Revolving Credit Facility as a standby liquidity facility to repay maturing commercial paper is an important factor in maintaining the existing credit ratings of the Commercial Paper Programs. We expect to limit any borrowings under the Revolving Credit Facility to amounts that would leave sufficient credit available under the facility to allow us to borrow, if needed, to repay all of the outstanding commercial paper as it matures.

As of December 31, 2017, commercial paper outstanding under the U.S. dollar-denominated commercial paper program had an annual effective rate of 1.74% and a weighted average remaining maturity of approximately 23 days. As of December 31, 2017, commercial paper outstanding under the Euro-denominated commercial paper program had an annual effective rate of (0.08)% and a weighted average remaining maturity of approximately 32 days.

Net cash provided by financing activities was $4 million in 2016 as compared to using $835 million in 2015, due primarily to our incurrence of approximately $3.4 billion of indebtedness in 2016, as described above, offset by the $3.0 billion dividend paid to Danaher in connection with the Separation. In addition, year-over-year net transfers to Former Parent decreased by approximately $534 million.

Dividends

On November 2, 2017, we declared a regular quarterly dividend of $0.07 per share paid on December 29, 2017 to holders of record on November 24, 2017. Aggregate cash payments for the dividends paid to shareholders during the year ended December 31, 2017 were $97.2 million and were recorded as dividends to shareholders in the Consolidated and Combined Statements of Changes in Equity and the Consolidated and Combined Statements of Cash Flows.

On January 23, 2018, we declared a regular quarterly dividend of $0.07 per share payable on March 29, 2018 to holders of record on February 23, 2018.

Cash and Cash Requirements

As of December 31, 2017, we held approximately $962.1 million of cash and cash equivalents that were invested in highly liquid investment-grade instruments with a maturity of 90 days or less with an annual effective rate of less than 1.0%. Substantially all of the cash was held outside of the United States.

We have cash requirements to support working capital needs, capital expenditures and acquisitions, pay interest and service debt, pay taxes and any related interest or penalties, fund our restructuring activities and pension plans as required, pay dividends to shareholders and support other business needs or objectives. With respect to our cash requirements, we generally intend to use available cash and internally generated funds to meet these cash requirements, but in the event that additional liquidity is required, particularly in connection with acquisitions, we may also borrow under our commercial paper programs or credit facilities, enter into new credit facilities and either borrow directly thereunder or use such credit facilities to backstop additional borrowing capacity under our commercial paper programs and/or access the capital markets. We also may from time to time access the capital markets, including to take advantage of favorable interest rate environments or other market conditions.

The TCJA that was enacted in December 2017 is expected to materially improve our U.S. liquidity through lower corporate tax rates and enhanced cash repatriation. The TCJA eliminated the U.S. tax cost for qualified repatriation beginning in 2018. Pre-2018 foreign cumulative earnings remain subject to foreign remittance taxes. As a result of the TCJA, we expect to repatriate an estimated $275 million subject to an estimated $6 million in foreign remittance taxes. This excludes foreign earnings: 1) required as working capital for local operating needs, 2) subject to local law restrictions, 3) subject to high foreign remittance tax costs, 4) previously invested in physical assets or acquisitions, or 5) intended for future acquisitions/growth. We expect to apply this same approach to post-TCJA incremental foreign cash balances beginning in 2018.

As of December 31, 2017, we recorded a current liability for the funds we have or intend to repatriate under the TCJA final transition tax. Conversely, we have made an election regarding the amount of earnings that we do not intend to repatriate due to local working capital needs, local law restrictions, high foreign remittance costs, previous investments in physical assets and acquisitions, or future growth needs. Such earnings are intended for indefinite foreign reinvestment and no provision for non-U.S. income taxes has been made. The amount of income taxes that may be applicable to such earnings is not readily determinable given the unknown duration of local law restrictions as applicable to such earnings, unknown changes in foreign tax law that may occur during the restriction periods, and the various alternatives we could employ if we repatriated these earnings. The cash that our foreign subsidiaries hold for indefinite reinvestment is generally used to finance foreign operations and investments, including acquisitions. We expect the TCJA to have a favorable impact in our future ability to engage in acquisition activities.

As of December 31, 2017, we believe that we have sufficient liquidity to satisfy our cash needs, including our cash needs in the United States.

During 2017, we contributed $11 million to our non-U.S. defined benefit pension plans. During 2018, our cash contribution requirements for our non-U.S. defined benefit pension plans are expected to be approximately $10 million. We do not expect to make contributions to the U.S. plan during 2018. The ultimate amounts to be contributed depend upon, among other things, legal requirements, underlying asset returns, the plan's funded status the anticipated tax deductibility of the contribution, local practices, market conditions, interest rates and other factors.

Until the Separation, we were dependent upon Danaher for all of our working capital and financing requirements under Danaher's centralized approach to cash management and financing of operations of its subsidiaries. Because we were part of

Danaher for the periods prior to Separation, no cash, cash equivalents and borrowings were included in the consolidated and combined financial statements at December 31, 2015. For all periods prior to the Separation, other financial transactions relating to our business operations were accounted for through the Former Parent's Investment account.

Contractual Obligations

The following table sets forth, by period due or year of expected expiration, as applicable, a summary of our contractual obligations as of December 31, 2017 under (1) long-term debt obligations, (2) leases, (3) purchase obligations and (4) other long-term liabilities reflected on our balance sheet under GAAP. Certain of our acquisitions may 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)	Total	Less than one year	1-3 years	3-5 years	More than 5 years
Debt and leases:					
Long-term debt obligations [a][b]	$ 4,071.0	$ —	$ 800.0	$ 1,821.0	$ 1,450.0
Capital lease obligations[b]	3.4	0.1	0.8	0.6	1.9
Total long-term debt	4,074.4	0.1	800.8	1,821.6	1,451.9
Interest payments on long-term debt and capital lease obligations [c]	982.4	75.2	142.0	112.3	652.9
Operating lease obligations [d]	152.1	43.2	63.0	25.9	20.0
Other:					
Purchase obligations [e]	351.8	332.0	19.5	0.2	0.1
Other long-term liabilities reflected on the balance sheet under GAAP [f][g]	1,033.9	—	119.8	82.5	831.6
Total	$ 6,594.6	$ 450.5	$ 1,145.1	$ 2,042.5	$ 2,956.5

[a] As described in Note 9 to the Consolidated and Combined Financial Statements.

[b] Amounts do not include interest payments. Interest on long-term debt and capital lease obligations is reflected in a separate line in the table.

[c] Interest payments on long-term debt are projected for future periods using the interest rates in effect as of December 31, 2017. Certain of these projected interest payments may differ in the future based on changes in market interest rates.

[d] Includes future minimum lease payments for operating leases having initial or remaining noncancelable lease terms in excess of one year. Certain leases require us 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.

[e] Consist of agreements to purchase goods or services that are enforceable and legally binding on us 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.

[f] 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, net 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.

[g] Includes non-contractual obligations of $71 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. Also includes our provisional estimate of our obligation under the TCJA for the transition tax on cumulative foreign earnings and profits, which we expect to pay over eight years. Refer to Note 11 to the Consolidated and Combined Financial Statements for additional information on unrecognized tax benefits.

Off-Balance Sheet Arrangements

The following table sets forth, by period due or year of expected expiration, as applicable, a summary of our off-balance sheet commitments as of December 31, 2017:

	Amount of Commitment Expiration per Period				
($ in millions)	Total	Less Than One Year	1-3 Years	4-5 Years	More Than 5 Years
Guarantees	$ 146.0	$ 82.2	$ 31.9	$ 4.4	$ 27.5

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 our obligations and/or performance requirements related to specific transactions.

Other Off-Balance Sheet Arrangements

We have, from time to time, divested certain of our businesses and assets. In connection with these divestitures, we often provide 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. We have not included any such items in the contractual obligations table above because they relate to unknown conditions and we cannot reasonably estimate the potential liabilities from such matters, but we do not believe it is reasonably possible that any such liability will have a material effect on our financial statements. In addition, as a result of these divestitures, as well as restructuring activities, certain properties leased by us have been sublet to third parties. In the event any of these third parties vacate any of these premises, we would be legally obligated under master lease arrangements. We believe the financial risk of default by such sub-lessors is individually and in the aggregate not material to our financial statements.

In the normal course of business, we periodically enter into agreements that require us to indemnify customers, suppliers or other business partners for specific risks, such as claims for injury or property damage arising out of our products or services or claims alleging that our products, services or software infringe third party intellectual property. We have not included any such indemnification provisions in the contractual obligations table above. Historically, we have not experienced significant losses on these types of indemnification obligations.

Our Restated Certificate of Incorporation requires us 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 the Company, or by reason of serving at the request of the Company as a director or officer of any other entity, subject to limited exceptions. Our Amended and Restated Bylaws provide for similar indemnification rights. In addition, we have executed with each of our directors and executive officers an indemnification agreement which provides for substantially similar indemnification rights and under which we have agreed to pay expenses in advance of the final disposition of any such indemnifiable proceeding. While we maintain insurance for this type of liability, a significant deductible applies to this coverage and any such liability could exceed the amount of the insurance coverage.

Legal Proceedings

Please refer to Note 14 to the Consolidated and Combined Financial Statements for information regarding legal proceedings and contingencies, and for a discussion of risks related to legal proceedings and contingencies, please refer to “Item 1A. Risk Factor”

CRITICAL ACCOUNTING ESTIMATES

Management’s discussion and analysis of our financial condition and results of operations is based upon our consolidated and 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. We base 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.

We believe the following accounting estimates are most critical to an understanding of our 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 to the Consolidated and Combined Financial Statements.

Accounts Receivable: We maintain allowances for doubtful accounts to reflect probable credit losses inherent in our portfolio of receivables. Determination of the allowances requires us 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 our trade accounts, contract and financing 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. We regularly perform detailed reviews of our accounts receivable portfolio to determine if an impairment has occurred and to assess the adequacy of the allowances. If the financial condition of our customers were to deteriorate with a severity, frequency and/or timing different from our assumptions, additional allowances would be required and our financial statements would be adversely impacted.

Inventories: We record inventory at the lower of cost or net realizable value, which is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. We estimate the net realizable value of our inventory based on assumptions of future demand and related pricing. Estimating the net realizable value of inventory is inherently uncertain because levels of demand, technological advances and pricing competition in many of our markets can fluctuate significantly from period to period due to circumstances beyond our control. If actual market conditions are less favorable than those we projected, we could be required to reduce the value of our inventory, which would adversely impact our financial statements. Refer to Note 4 to the Consolidated and Combined Financial Statements.

Acquired Intangibles: Our business acquisitions typically result in the recognition of goodwill, in-process R&D and other intangible assets, which affect the amount of future period amortization expense and possible impairment charges that we may incur. Refer to Notes 2, 3 and 6 to the Consolidated and Combined Financial Statements for a description of our policies relating to goodwill, acquired intangibles and acquisitions.

In performing our goodwill impairment testing, we estimate the fair value of our reporting units primarily using a market based approach. We estimate 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 our reporting units, in addition to recent market available sale transactions of comparable businesses. In evaluating the estimates derived by the market based approach, we make judgments about the relevance and reliability of the multiples by considering factors unique to our 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 we also evaluate other factors including results of the estimated fair value utilizing a discounted cash flow analysis (i.e., an income approach), market positions of the businesses, comparability of market sales transactions and financial and operating performance 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.

In 2017, we had thirteen reporting units for goodwill impairment testing. Reporting units resulting from recent acquisitions generally present the highest risk of impairment. We believe the impairment risk associated with these reporting units generally decreases as we integrate these businesses and better position them 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. Our annual goodwill impairment analysis in 2017 indicated that in all instances, the fair values of our 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 our reporting units as of the annual testing date ranged from approximately 0% to approximately 1200%. In order to evaluate the sensitivity of the fair value calculations used in the goodwill impairment test, we 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 our reporting units ranged from approximately -10% to approximately 1060%. After applying the hypothetical 10% decrease, only one reporting unit's hypothetical fair value was below its carrying value. We evaluated other factors relating to the fair value of this reporting unit including, as applicable, results of the estimated fair value using an income approach, market positions of the businesses, comparability of market sales transactions and financial and operating performance, and we concluded no impairment charge was required.

We review identified intangible assets for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. 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. We also test intangible assets with indefinite lives at least annually for impairment. These analyses require management to make judgments and estimates about future revenues, expenses, market conditions and discount rates related to these assets.

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 our financial statements.

Contingent Liabilities: As discussed in Note 14 to the Consolidated and Combined Financial Statements, we are, from time to time, subject to a variety of litigation and similar contingent liabilities incidental to our business (or the business operations of previously owned entities). We recognize 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 Consolidated and Combined Financial Statements. If the reserves we established with respect to these contingent liabilities are inadequate, we would be required to incur an expense equal to the amount of the loss incurred in excess of the reserves, which would adversely affect our financial statements.

Revenue Recognition: We derive revenues from the sale of products and services. Refer to Note 2 to the Consolidated and Combined Financial Statements for a description of our revenue recognition policies.

Although most of our 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. We allocate revenue to each element in the contractual arrangement based on the selling price hierarchy that, in some instances, may require us to estimate the selling price of certain deliverables that are not sold separately or where third party evidence of pricing is not observable. Our estimate of selling price impacts the amount and timing of revenue recognized in multiple element arrangements.

On January 1, 2018, we adopted Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which supersedes nearly all existing revenue recognition guidance. Refer to 'New Accounting Standards' in Note 2 to the Consolidated and Combined Financial Statements for additional information on our adoption of this ASU.

If our judgments regarding revenue recognition prove incorrect, our reported revenues in particular periods may be adversely affected. Historically, our estimates of revenue have been materially correct.

Corporate Allocations: Prior to the Separation we operated as part of Danaher and not as a stand-alone company. Accordingly, we had been allocated certain shared costs which are reflected as expenses in the combined financial statements for the periods prior to the Separation. We consider the allocation methodologies used to be reasonable and appropriate reflections of the related expenses attributable to the Company for purposes of the combined financial statements. Refer to Note 18 to the Consolidated and Combined Financial Statements for a description of the pre-Separation allocations from Danaher and related party transactions.

Stock-Based Compensation: For a description of our stock-based compensation accounting practices, refer to Note 15 to our Consolidated and 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. Given our limited trading history following the Separation, stock price volatility used to calculate the fair value of stock-based payment awards in the post-Separation period was estimated based on an average historical stock price volatility of a group of peer companies. The assumptions used in calculating the fair value of stock-based payment awards represent our best estimates, but these estimates involve inherent uncertainties and the application of judgment. If actual results are not consistent with our assumptions and estimates, our equity-based compensation expense could be materially different in the future.

Pension: For a description of our pension accounting practices, refer to Note 10 to the Consolidated and Combined Financial Statements. Certain of our non-U.S. employees participate in noncontributory defined benefit pension plans. 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), our financial statements could be materially affected. A 50 basis point reduction in the

discount rates used for the plans during 2017 would have increased the net obligation by $27 million ($21 million on an after tax basis) from the amounts recorded in the financial statements as of December 31, 2017.

Our 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 1.8% to 6.0%. If the expected long-term rate of return on plan assets during 2017 was reduced by 50 basis points, pension expense in 2017 would have increased by $1.0 million ($0.8 million on an after-tax basis).

Income Taxes: For a description of our income tax accounting policies, refer to Notes 2 and 11 to the Consolidated and Combined Financial Statements.

On December 22, 2017, the SEC issued Staff Accounting Bulletin No. 118 ("SAB 118") that provides guidance on the financial statement implications of the TCJA. Pursuant to SAB 118 interpretive guidance, we prepared and recorded tax accounting for the year ended December 31, 2017 applying tax laws in effect prior to the application of the provisions of the TCJA; and we also recorded provisional estimates (as defined in SAB 118) for all the effects of the TCJA. Elections have been made on accounting policies and practices related to the TCJA, except that we are evaluating the accounting treatment related to the new TCJA global intangible low-taxed income ("GILTI") rules in our financial statements and have not yet made a policy decision regarding whether to record deferred taxes. SAB 118 provides for a one-year measurement period and we intend to complete the accounting for the TCJA impacts within that time frame. As of December 31, 2017, we have not recorded any measurement period adjustments.

We establish valuation allowances for our deferred tax assets if it is more likely than not that some or all of the deferred tax asset will not be realized. As such, we 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 our financial statements.

We recognize tax benefits from uncertain tax positions only if, in our assessment, it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such positions are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. Judgment is required in evaluating tax positions and determining income tax provisions. We re-evaluate the technical merits of our 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 our tax returns are currently subject to review by tax authorities (see "—Results of Operations – Income Taxes" and Note 11 to the Consolidated and Combined Financial Statements). We believe 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 us being required to record charges for prior year tax obligations which could have a material adverse impact on our financial statements, including our effective tax rate.

An increase in our 2017 effective tax rate of 1.0% would have resulted in an additional income tax provision for the fiscal year ended December 31, 2017 of $13 million.

NEW ACCOUNTING STANDARDS

For a discussion of new accounting standards relevant to our businesses, refer to Note 2 to the Consolidated and Combined Financial Statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information required by this item is included under "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations."

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Management on Fortive Corporation's Internal Control Over Financial Reporting

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Internal control over financial reporting is defined in Rules 13a-15(f) and 15d-15(f) promulgated under the Securities Exchange Act of 1934.

The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2017. In making this assessment, the Company's management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in "Internal Control-Integrated Framework" (2013 framework). Based on this assessment, management concluded that, as of December 31, 2017, the Company's internal control over financial reporting is effective.

The Company completed the acquisitions of Industrial Scientific Corporation ("ISC") on August 25, 2017, Orpak Systems Limited ("Orpak") on August 31, 2017, and Landauer Incorporated ("Landauer") on October 19, 2017. Since the Company has not yet fully incorporated the internal controls and procedures of ISC, Orpak, or Landauer into the Company's internal control over financial reporting, management excluded ISC, Orpak, and Landauer from its assessment of the effectiveness of the Company's internal control over financial reporting as of and for the year ended December 31, 2017. Collectively, ISC, Orpak, and Landauer constituted less than 20% of the Company's total assets as of December 31, 2017 and less than 5% of the Company's total revenues for the year ended December 31, 2017.

The Company's independent registered public accounting firm has issued an audit report on the effectiveness of the Company's internal control over financial reporting. This report dated February 27, 2018 appears on page 46 of this Form 10-K.

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Fortive Corporation

Opinion on Internal Control over Financial Reporting

We have audited Fortive Corporation and subsidiaries' internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), as applicable (the COSO criteria). In our opinion, Fortive Corporation and subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on the COSO criteria.

As indicated in the accompanying Report of Management on Fortive Corporation's Internal Control Over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Industrial Scientific Corporation ("ISC"), Orpak Systems Limited ("Orpak"), and Landauer Incorporated ("Landauer"), which are included in the 2017 consolidated and combined financial statements of the Company. Collectively, ISC, Orpak, and Landauer constituted less than 20% of the Company's total assets as of December 31, 2017 and less than 5% of the Company's total revenues for the year ended December 31, 2017. Our audit of internal control over financial reporting of the Company also did not include an evaluation of the internal control over financial reporting of ISC, Orpak, and Landauer.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of Fortive Corporation and subsidiaries as of December 31, 2017 and 2016, the related consolidated and combined statements of earnings, comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2017, and the related notes and financial statement schedule listed in the Index at Item 15(a)(2) and our report dated February 27, 2018 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Report of Management on Fortive Corporation's Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP
Seattle, Washington

February 27, 2018

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Fortive Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Fortive Corporation and subsidiaries (the Company) as of December 31, 2017 and 2016, the related consolidated and combined statements of earnings, comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2017, and the related notes and financial statement schedule listed in the Index at Item 15(a)(2) (collectively referred to as the "consolidated and combined financial statements"). In our opinion, the consolidated and combined financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2017, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 27, 2018 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2015.

Seattle, Washington

February 27, 2018

FORTIVE CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
($ and shares in millions, except per share amounts)

	As of December 31	
	2017	2016
ASSETS		
Current assets:		
Cash and equivalents	$ 962.1	$ 803.2
Accounts receivable less allowance for doubtful accounts of $44.1 million and $47.8 million at December 31, 2017 and December 31, 2016, respectively	1,143.6	945.4
Inventories	580.6	544.6
Prepaid expenses and other current assets	250.5	195.5
Total current assets	2,936.8	2,488.7
Property, plant and equipment, net	712.5	547.6
Other assets	476.8	427.2
Goodwill	5,098.5	3,979.0
Other intangible assets, net	1,276.0	747.3
Total assets	$ 10,500.6	$ 8,189.8
LIABILITIES AND EQUITY		
Current liabilities:		
Trade accounts payable	$ 727.5	$ 666.2
Accrued expenses and other current liabilities	874.8	800.3
Total current liabilities	1,602.3	1,466.5
Other long-term liabilities	1,033.9	674.3
Long-term debt	4,056.2	3,358.0
Equity:		
Preferred stock: $0.01 par value, 15 million shares authorized; no shares issued or outstanding	—	—
Common stock: $0.01 par value, 2.0 billion shares authorized; 348.2 million and 346.0 million issued; 347.8 million and 345.9 million outstanding at December 31, 2017 and December 31, 2016, respectively	3.5	3.5
Additional paid-in capital	2,444.1	2,427.2
Retained earnings	1,350.3	403.0
Accumulated other comprehensive income (loss)	(7.6)	(145.8)
Total Fortive stockholders' equity	3,790.3	2,687.9
Noncontrolling interests	17.9	3.1
Total stockholders' equity	3,808.2	2,691.0
Total liabilities and equity	$ 10,500.6	$ 8,189.8

See the accompanying Notes to the Consolidated and Combined Financial Statements.

FORTIVE CORPORATION AND SUBSIDIARIES
CONSOLIDATED AND COMBINED STATEMENTS OF EARNINGS
($ and shares in millions, except per share amounts)

	Year Ended December 31		
	2017	2016	2015
Sales	$ 6,656.0	$ 6,224.3	$ 6,178.8
Cost of sales	(3,357.5)	(3,191.5)	(3,178.8)
Gross profit	3,298.5	3,032.8	3,000.0
Operating costs:			
Selling, general and administrative expenses	(1,537.6)	(1,402.0)	(1,352.6)
Research and development expenses	(406.0)	(384.8)	(377.7)
Operating profit	1,354.9	1,246.0	1,269.7
Non-operating income (expense):			
Gain from acquisition	15.3	—	—
Interest expense and other	(86.0)	(49.0)	—
Earnings before income taxes	1,284.2	1,197.0	1,269.7
Income taxes	(239.7)	(324.7)	(405.9)
Net earnings	$ 1,044.5	$ 872.3	$ 863.8
Net earnings per share:			
Basic	$ 3.01	$ 2.52	$ 2.50
Diluted	$ 2.96	$ 2.51	$ 2.50
Average common stock and common equivalent shares outstanding:			
Basic	347.5	345.7	345.2
Diluted	352.6	347.3	345.2

See the accompanying Notes to the Consolidated and Combined Financial Statements.

FORTIVE CORPORATION AND SUBSIDIARIES
CONSOLIDATED AND COMBINED STATEMENTS OF COMPREHENSIVE INCOME
($ in millions)

	Year Ended December 31		
	2017	2016	2015
Net earnings	$ 1,044.5	$ 872.3	$ 863.8
Other comprehensive income (loss), net of income taxes:			
Foreign currency translation adjustments	136.6	(123.8)	(131.7)
Pension adjustments	1.6	(7.6)	17.8
Total other comprehensive income (loss), net of income taxes	138.2	(131.4)	(113.9)
Comprehensive income	$ 1,182.7	$ 740.9	$ 749.9

See the accompanying Notes to the Consolidated and Combined Financial Statements.

FORTIVE CORPORATION AND SUBSIDIARIES
CONSOLIDATED AND COMBINED STATEMENTS OF CHANGES IN EQUITY
($ and shares in millions)

	Common Stock		Additional Paid-In Capital	Retained Earnings	Former Parent's Investment, Net	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests
	Shares	Amount					
Balance, January 1, 2015	—	—	—	—	5,129.8	99.5	3.2
Net earnings for the year	—	—	—	—	863.8	—	—
Net transfers to Former Parent	—	—	—	—	(834.9)	—	—
Other comprehensive loss	—	—	—	—	—	(113.9)	—
Former Parent common stock-based award activity	—	—	—	—	35.2	—	—
Changes in noncontrolling interest	—	—	—	—	—	—	(0.2)
Balance, December 31, 2015	—	—	—	—	5,193.9	(14.4)	3.0
Net earnings for the year	—	—	—	451.4	420.9	—	—
Recapitalization	345.2	3.5	—	—	(3.5)	—	—
Cash dividend paid to Former Parent	—	—	—	—	(3,000.0)	—	—
Dividends to shareholders	—	—	—	(48.4)	—	—	—
Net transfers to Former Parent	—	—	—	—	(301.4)	—	—
Noncash adjustments to Former Parent's investment, net	—	—	2,381.3	—	(2,332.3)	—	—
Other comprehensive loss	—	—	—	—	—	(131.4)	—
Former Parent common stock-based award activity	—	—	—	—	22.4	—	—
Fortive common stock-based award activity	0.7	—	45.9	—	—	—	—
Changes in noncontrolling interests	—	—	—	—	—	—	0.1
Balance, December 31, 2016	345.9	3.5	2,427.2	403.0	—	(145.8)	3.1
Net earnings for the year	—	—	—	1,044.5	—	—	—
Dividends to shareholders	—	—	—	(97.2)	—	—	—
Separation related adjustments	—	—	(50.2)	—	—	—	—
Other comprehensive loss	—	—	—	—	—	138.2	—
Fortive common stock-based award activity	1.9	—	67.1	—	—	—	—
Changes in noncontrolling interests	—	—	—	—	—	—	14.8
Balance, December 31, 2017	347.8	$ 3.5	$ 2,444.1	$ 1,350.3	$ —	$ (7.6)	$ 17.9

See the accompanying Notes to the Consolidated and Combined Financial Statements.

FORTIVE CORPORATION AND SUBSIDIARIES
CONSOLIDATED AND COMBINED STATEMENTS OF CASH FLOWS
($ in millions)

	Year Ended December 31		
	2017	2016	2015
Cash flows from operating activities:			
Net earnings	$ 1,044.5	$ 872.3	$ 863.8
Noncash items:			
Depreciation	108.8	90.7	88.1
Amortization	65.3	85.7	88.8
Stock-based compensation expense	48.6	45.3	35.2
Gain from acquisition	(15.3)	—	—
Gain on sale of real property	(8.0)	—	—
Impairment charge on intangible assets	2.3	4.8	12.0
Change in deferred income taxes	(78.2)	(10.0)	8.0
Change in accounts receivable, net	(65.4)	24.8	(51.8)
Change in inventories	14.3	(28.7)	(27.7)
Change in trade accounts payable	24.9	17.2	53.6
Change in prepaid expenses and other assets	(100.4)	(16.3)	(61.3)
Change in accrued expenses and other liabilities	135.0	51.1	0.3
Net cash provided by operating activities	1,176.4	1,136.9	1,009.0
Cash flows from investing activities:			
Cash paid for acquisitions	(1,556.6)	(190.1)	(37.1)
Payments for additions to property, plant and equipment	(136.1)	(129.6)	(120.1)
Proceeds from sale of real property	21.5	9.0	2.3
All other investing activities	1.5	(0.1)	(19.2)
Net cash used in investing activities	(1,669.7)	(310.8)	(174.1)
Cash flows from financing activities:			
Net proceeds from borrowings (maturities of 90 days or less)	557.6	375.2	—
Proceeds from borrowings (maturities longer than 90 days)	125.9	2,978.1	—
Payment of dividends	(97.2)	(48.4)	—
Cash dividend paid to Former Parent	—	(3,000.0)	—
Net transfers to Former Parent	—	(301.4)	(834.9)
All other financing activities	13.4	0.3	—
Net cash provided by (used in) financing activities	599.7	3.8	(834.9)
Effect of exchange rate changes on cash and equivalents	52.5	(26.7)	—
Net change in cash and equivalents	158.9	803.2	—
Beginning balance of cash and equivalents	$ 803.2	$ —	$ —
Ending balance of cash and equivalents	$ 962.1	$ 803.2	$ —

See the accompanying Notes to the Consolidated and Combined Financial Statements.

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

NOTE 1. BUSINESS OVERVIEW AND BASIS OF PRESENTATION

Fortive Corporation ("Fortive" or "the Company") is a diversified industrial growth company encompassing businesses that are recognized leaders in attractive markets. Our well-known brands hold leading positions in advanced instrumentation and solutions, transportation technology, sensing, automation and specialty, and franchise distribution markets. Our businesses design, develop, service, 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.

Our research and development, manufacturing, sales, distribution, service and administrative facilities are located in more than 50 countries.

We report our results in two separate business segments consisting of Professional Instrumentation and Industrial Technologies. The Professional Instrumentation segment consists of our Advanced Instrumentation & Solutions and Sensing Technologies businesses. The Advanced Instrumentation & Solutions businesses provide product realization and field solutions 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, online condition-based monitoring equipment; portable gas detection equipment, consumables, and software as a service (SaaS) offerings including safety/user behavior, asset management, and compliance monitoring; subscription-based technical, analytical, and compliance services to determine occupational and environmental radiation exposure; and computerized maintenance management software for critical infrastructure in utility, industrial, energy, construction, public safety, mining, and healthcare applications. Product realization services and products help developers and engineers across the end-to-end product creation cycle from concepts to finished products and also include highly-engineered energetic materials components in specialized vertical applications. Our Sensing Technologies business offers devices that sense, monitor and control operational or manufacturing variables, such as temperature, pressure, level, flow, turbidity and conductivity.

The Industrial Technologies segment consists of our Transportation Technologies, Automation & Specialty Components and Franchise Distribution businesses. 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, and traffic management. The Automation & Specialty Components business provides a wide range of electromechanical and electronic motion control products and mechanical components, as well as supplemental braking systems for commercial vehicles. Our Franchise Distribution business manufactures and distributes professional tools and a full line of wheel service equipment.

Basis of Presentation

Prior to our separation from Danaher Corporation ("Danaher" or "Former Parent") on July 2, 2016 (the "Separation"), our businesses were comprised of certain Danaher operating units (the "Fortive Businesses"). On July 1, 2016, Danaher contributed the net assets of the Fortive Businesses to Fortive Corporation, formerly a wholly-owned subsidiary of Danaher. In addition, in connection with the Separation, we paid a cash dividend to Danaher in the amount of $3.0 billion and the 100 shares of our common stock held by Danaher were recapitalized into 345,237,561 shares of Fortive common stock. On July 2, 2016, all of these shares were distributed to Danaher stockholders. Following the Separation, Danaher no longer owned any of our shares. Common stock outstanding used to compute per share amounts in the Consolidated and Combined Statements of Earnings for periods prior to July 1, 2016 have been retroactively adjusted to give effect to this recapitalization. Fortive Corporation was incorporated on November 10, 2015, accordingly, we had no shares or common equivalent shares outstanding prior to that date. The total number of shares outstanding immediately after the recapitalization described above was 345.2 million and is utilized for the calculation of both basic and diluted net earnings per share ("EPS") for all periods prior to the Separation.

In connection with the Separation, on July 1, 2016, we entered into a separation and distribution agreement with Danaher as well as various other related agreements (collectively the "Agreements") that govern the Separation and the relationships between the parties following the Separation, including an employee matters agreement, a tax matters agreement, an intellectual property matters agreement, a Danaher Business System ("DBS") license agreement and a transition services agreement ("TSA").

Prior to the Separation, we were dependent upon Danaher for all of our working capital and financing requirements under Danaher's centralized approach to cash management and financing of operations of its subsidiaries. With the exception of cash, cash equivalents and borrowings clearly associated with Fortive and related to the Separation, including the financial transactions described below, financial transactions relating to our business operations during the periods prior to the Separation were accounted for through our Former Parent's investment, net ("Former Parent's Investment") account.

Accordingly, none of the Former Parent's cash, cash equivalents or debt at the corporate level was assigned to us in the financial statements for the periods prior to the Separation.

The accompanying consolidated and combined financial statements present our historical financial position, results of operations, changes in equity and cash flows in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Certain reclassifications have been made to prior year financial information to conform to the current period presentation. The combined financial statements for periods prior to the Separation were derived from Danaher's consolidated financial statements and accounting records and prepared in accordance with GAAP for the preparation of carved-out combined financial statements. Through the date of the Separation, all revenues and costs as well as assets and liabilities directly associated with Fortive have been included in the combined financial statements. Prior to the Separation, the combined financial statements also included 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 the Former Parent's investment, as applicable. The allocations were 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 during the applicable periods. Related party allocations prior to the Separation, including the method for such allocation, are discussed further in Note 18.

Following the Separation, the consolidated financial statements include the accounts of Fortive and those of our wholly-owned subsidiaries and no longer include any allocations from Danaher. Accordingly:

- The Consolidated Balance Sheets at December 31, 2017 and December 31, 2016 consist of our consolidated balances.
- The Consolidated Statement of Earnings, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended December 31, 2017 consist of our consolidated results.
- The Consolidated and Combined Statement of Earnings, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended December 31, 2016 consist of our consolidated results for the six months ended December 31, 2016 and the combined results of the Fortive Businesses for the six months ended July 1, 2016.
- The Consolidated and Combined Statement of Earnings, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended December 31, 2015 consist of the combined activity of the Fortive Businesses.

Our consolidated and combined financial statements may not be indicative of our results had we been a separate stand-alone entity throughout the periods presented, nor are the results stated herein indicative of what our financial position, results of operations and cash flows may be in the future.

All significant transactions between the Company and Danaher have been included in the accompanying consolidated and combined financial statements for all periods presented. Cash transactions with Danaher prior to the Separation are reflected in the accompanying Consolidated and Combined Statements of Changes in Equity as "Net transfers to Former Parent" and "Cash dividend paid to Former Parent." In addition, the accumulated net effect of intercompany transactions between us and Danaher or Danaher affiliates for periods prior to the Separation are included in "Noncash adjustments to Former Parent's investment, net."

On July 2, 2016, in connection with the Separation, Former Parent's Investment was redesignated within stockholders' equity and allocated between common stock and additional paid-in capital based on the number of our common shares outstanding at the distribution date. The Agreements include a "Wrong-Pockets Provision" that allows the parties to make adjustments to ensure the Separation-related transactions were executed in accordance with the Agreements. In periods subsequent to the Separation, we may have made and may continue to make adjustments to balances transferred at the Separation date in accordance with the Wrong-Pockets Provision. Any such adjustments are recorded through stockholders' equity.

The financial statements include our accounts and the accounts of our subsidiaries. All intercompany balances and transactions have been eliminated upon consolidation. The consolidated and combined financial statements also reflect the impact of non-controlling interests. Noncontrolling interests do not have a significant impact on our consolidated and combined results of operations, therefore net earnings and net earnings per share attributable to noncontrolling interests are not presented separately in our Consolidated and Combined Statements of Earnings. Net earnings attributable to noncontrolling interests have been reflected in selling, general and administrative expenses ("SG&A") and were insignificant in all periods presented.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates—The preparation of 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. We base 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.

Cash and Equivalents—We consider all highly liquid investments with a maturity of three months or less at the date of purchase to be cash equivalents.

Accounts Receivable and Allowances for Doubtful Accounts—All trade accounts are reported on the accompanying Consolidated 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 our trade accounts, contract and financing 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. We regularly perform detailed reviews of our portfolios to determine if an impairment has occurred and evaluate 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 we are 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 our customers were to deteriorate, resulting in an impairment of their ability to make payments, additional reserves would be required. We do not believe that accounts receivable represent significant concentrations of credit risk because of the diversified portfolio of individual customers and geographical areas. We recorded $38 million, $31 million and $32 million of expense associated with doubtful accounts for the years ended December 31, 2017, 2016 and 2015, respectively.

Included in other assets on the Consolidated Balance Sheets as of December 31, 2017 and 2016 are $248 million and $214 million of net aggregate financing receivables, respectively. Financing receivables are evaluated for impairment collectively in broad groupings that represent homogeneous portfolios based on the underlying nature and risks.

Inventory Valuation—Inventories include the costs of material, labor and overhead. Domestic inventories are stated at the lower of cost or net realizable value 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 net realizable value 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:

Category	Useful Life
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. Amortization of capital lease assets is included in depreciation expense as a component of SG&A.

Other Assets—Other assets principally include noncurrent financing receivables, deferred tax assets and other investments.

Fair Value of Financial Instruments—Our financial instruments consist primarily of accounts receivable and obligations under trade accounts payable and short and long-term debt. Due to their short-term nature, the carrying values for accounts receivable, trade accounts payable and short-term debt approximate fair value. Refer to Note 7 for the fair values of our other obligations.

Goodwill and Other Intangible Assets—Goodwill and other intangible assets result from our 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. We review identified intangible assets for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. We also test intangible assets with indefinite lives at least annually for impairment. Refer to Note 3 and Note 6 for additional information about our goodwill and other intangible assets.

Revenue Recognition—As described above, we derive 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. Our principal terms of sale are FOB Shipping Point, or equivalent, and, as such, we primarily record 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 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 our 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. We allocate 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 if neither VSOE or TPE is available. We consider relevant internal and external market factors in cases where we are 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—We conduct research and development activities for the purpose of developing new products, enhancing the functionality, effectiveness, ease of use and reliability of our existing products and expanding the applications for which uses of our products are appropriate. Research and development costs are expensed as incurred.

Restructuring—We periodically initiate restructuring activities to appropriately position our 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. We record the cost of the restructuring activities when the associated liability is incurred. Refer to Note 12 for additional information.

Foreign Currency Translation and Transactions—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 stockholders' 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. The changes in accumulated other comprehensive income (loss) by component are summarized below ($ in millions):

	Foreign currency translation adjustments	Pension & post-retirement plan benefit adjustments [b]	Total
Balance, January 1, 2015	$ 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 [a]	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):	(131.7)	17.8	(113.9)
Balance, December 31, 2015	51.2	(65.6)	(14.4)
Other comprehensive income (loss) before reclassifications:			
Increase (decrease)	(123.8)	(13.8)	(137.6)
Income tax impact	—	2.0	2.0
Other comprehensive income (loss) before reclassifications, net of income taxes	(123.8)	(11.8)	(135.6)
Amounts reclassified from accumulated other comprehensive income (loss):			
Increase (decrease)	—	5.5 [a]	5.5
Income tax impact	—	(1.3)	(1.3)
Amounts reclassified from accumulated other comprehensive income (loss), net of income taxes	—	4.2	4.2
Net current period other comprehensive income (loss)	(123.8)	(7.6)	(131.4)
Balance, December 31, 2016	(72.6)	(73.2)	(145.8)
Other comprehensive income (loss) before reclassifications:			
Increase (decrease)	136.6	(3.5)	133.1
Income tax impact	—	0.9	0.9
Other comprehensive income (loss) before reclassifications, net of income taxes	136.6	(2.6)	134.0
Amounts reclassified from accumulated other comprehensive income (loss):			
Increase (decrease)	—	5.5 [a]	5.5
Income tax impact	—	(1.3)	(1.3)
Amounts reclassified from accumulated other comprehensive income (loss), net of income taxes:	—	4.2	4.2
Net current period other comprehensive income (loss):	136.6	1.6	138.2
Balance, December 31, 2017	$ 64.0	$ (71.6)	$ (7.6)

[a] This accumulated other comprehensive income (loss) component is included in the computation of net periodic pension cost (refer to Note 10 for additional details).

[b] Includes balances relating to non-U.S. employee defined benefit plans, supplemental executive retirement plans and other postretirement employee benefit plans.

Accounting for Stock-Based Compensation—We account for stock-based compensation by measuring the cost of employee services received in exchange for all equity awards granted, including stock options, restricted stock units ("RSUs") and performance stock units ("PSUs"), based on the fair value of the award as of the grant date. We had no stock-based compensation plans prior to the Separation; however certain of our employees had participated in Danaher's stock-based compensation plans ("Danaher Plans"). The expense associated with our employees who participated in the Danaher Plans was allocated to us in the accompanying Consolidated and Combined Statements of Earnings for the associated periods prior to the Separation. 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. Refer to Note 15 for additional information on the stock-based compensation plans.

Pension—We measure our pension assets and obligations to determine the funded status as of year end, and recognize an asset for an overfunded status or a liability for an underfunded status on our balance sheet. Changes in the funded status of the pension plans are recognized in the year in which the changes occur and are reported in other comprehensive income (loss). Refer to Note 10 for additional information on our pension plans including a discussion of actuarial assumptions, our policy for recognizing associated gains and losses and the method used to estimate service and interest cost components.

Income Taxes—As discussed in Note 11, for periods prior to the Separation, current income tax liabilities are assumed to be immediately settled with Danaher and are relieved through Former Parent's Investment. Income tax expense and other income tax related information contained in the consolidated and combined financial statements are presented as if we filed a separate tax return. The separate tax return method applies the accounting guidance for income taxes to the standalone financial statements as if we had been a standalone taxpayer for the periods prior to the Separation. The calculation of our income taxes on a separate income tax return basis requires considerable judgment, estimates, and allocations.

In accordance with GAAP, deferred tax assets and liabilities 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 our tax return in future years for which the tax benefit has already been reflected on our Consolidated and Combined Statements of Earnings. We establish valuation allowances for our deferred tax assets if, in our assessment, 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 our tax return but have not yet been recognized as an expense in our Consolidated and 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 Tax Cuts and Jobs Act (the "TCJA"), enacted in December 2017, reduced the U.S. Corporate tax rate from 35% to 21%, has resulted in a material reduction in our net deferred tax liabilities. We recognize tax benefit from uncertain tax positions only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated and combined financial statements from such positions are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. Judgment is required in evaluating tax positions and determining income tax provisions. We reevaluate the technical merits of our tax positions and may recognize an uncertain tax benefit in certain circumstances, including when: (1) a tax audit is completed; (2) applicable tax laws change, including a tax case ruling or legislative guidance; or (3) the applicable statute of limitations expires. We recognize potential accrued interest and penalties associated with unrecognized tax positions in income tax expense. Refer to Note 11 for additional information.

New Accounting Standards

In May 2017, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2017-09, *Compensation—Stock Compensation (Topic 718): Scope of Modification Accounting*, which provided clarity on which changes to the terms or conditions of share-based payment awards require an entity to apply the modification accounting provisions required in Topic 718. This standard is effective for us beginning January 1, 2018. We do not expect the adoption of this standard will have a material impact on our financial statements.

In March 2017, the FASB issued ASU No. 2017-07, *Compensation—Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*, which aims to improve the presentation of net periodic pension cost. Under current accounting standards, all components of net periodic pension costs are aggregated and reported in cost of sales or selling, general and administrative expenses in the financial statements. Under the new standard we will be required to report only the service cost component in cost of sales or selling, general and administrative expenses; the other components of net periodic pension costs (which include interest costs, expected return on plan assets and amortization of net gain or loss) will be required to be presented in non-operating expenses. The presentation requirement of this standard is effective for us beginning January 1, 2018 using a retrospective transition approach and provides for certain practical expedients. We do not expect the adoption of this standard will have a material impact to our financial statements.

In January 2017, the FASB issued ASU No. 2017-04, *Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*, which aims to simplify the subsequent measurement of goodwill by removing Step 2 of the current goodwill impairment test, which requires a hypothetical purchase price allocation. Under the new standard, an impairment loss will be recognized in the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. This standard is effective for us prospectively beginning January 1, 2020, with early adoption permitted. We are currently evaluating the impact of this standard on our financial statements.

In October 2016, the FASB issued ASU No. 2016-16, *Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory,* which aims to improve the accounting for the income tax consequences of intra-entity transfers of assets other than inventory. Current guidance prohibits the recognition of current and deferred income taxes for an intra-entity asset transfer until the asset has been sold to an outside party. ASU 2016-16 provides that an entity should recognize both the current and deferred income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. This standard is effective for us beginning January 1, 2018 using a modified retrospective transition approach through a cumulative-effect adjustment directly to retained earnings as of the beginning of the period of adoption. We do not expect the adoption of this standard will have a material impact to our financial statements.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*, which clarifies the classification and presentation of eight specific cash flow issues in the statement of cash flows. In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash,* which clarifies that restricted cash and restricted cash equivalents should be included in cash and cash equivalents in the statement of cash flows. These standards are effective for us beginning January 1, 2018 (with early adoption permitted) using a retrospective transition approach, unless impracticable. Although the assessment of the impact of the new standards has not yet completed, we do not anticipate the adoption of these standards to have a material impact on our financial statements.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which amends the impairment model by requiring entities to use a forward-looking approach, based on expected losses, to estimate credit losses on certain types of financial instruments, including trade receivables. This standard is effective for us beginning January 1, 2020, with early adoption permitted. We are currently evaluating the impact of this standard on our financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which will require, among other items, lessees to recognize a right-of-use asset and a lease liability for most leases. The standard also requires disclosures by lessees and lessors about the amount, timing and uncertainty of cash flows arising from leases. The accounting applied by a lessor is largely unchanged from that applied under the current standard. This standard is effective for us beginning January 1, 2019 (with early adoption permitted) using a modified retrospective transition approach and provides for certain practical expedients. In September 2017, the FASB issued ASU No. 2017-13, *Revenue Recognition (Topic 605), Revenue from Contracts with Customers (Topic 606), Leases (Topic 840), and Leases (Topic 842)*, which provided additional implementation guidance on the previously issued ASUs. We are currently evaluating the impact of this standard on our financial statements.

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. During 2016 and 2017, the FASB issued several amendments to the standard, including clarification to the guidance on reporting revenues as a principal versus an agent, identifying performance obligations, accounting for intellectual property licenses, assessing collectability, presentation of sales taxes, impairment testing for contract costs, disclosure of performance obligations and provided additional implementation guidance. We adopted this standard beginning January 1, 2018 using the modified retrospective method. The new standard will also require additional disclosures intended to provide users of financial statements comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows from customer contracts, including judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract.

We have completed our assessment and quantified the impact of the new revenue standard on our financial statements and related disclosures. The recognition of revenue for the majority of customer contracts remained substantially unchanged, and for the customer contracts that changed we determined the impact to the financial statements to be immaterial. We have identified and implemented appropriate changes to our processes, systems and controls to support recognition and disclosure under the new standard. Furthermore, our disclosures will be expanded to meet the new standard's disclosure objectives.

NOTE 3. ACQUISITIONS

We continually evaluate potential acquisitions that either strategically fit with our existing portfolio or expand our portfolio into a new and attractive business area. We have completed a number of acquisitions that have been accounted for as purchases and have resulted in the recognition of goodwill in our 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 we acquired the businesses, the avoidance of the time and costs which would be required (and the associated risks that would be encountered) to enhance our 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.

We make an initial allocation of the purchase price at the date of acquisition based upon our understanding of the fair value of the acquired assets and assumed liabilities. We obtain this information during due diligence and through other sources. In the months after closing, as we obtain additional information about these assets and liabilities, including through tangible and intangible asset appraisals, and learn more about the newly acquired business, we are 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. We are in the process of obtaining valuations of certain acquired assets and evaluating the tax impact in connection with certain acquisitions. We make appropriate adjustments to purchase price allocations prior to completion of the applicable measurement period, as required.

The following briefly describes our acquisition activity for the three years ended December 31, 2017.

On October 19, 2017, by a merger of Fern Merger Sub Inc., a Delaware corporation and an indirect wholly owned subsidiary of Fortive, into Landauer, Inc., a Delaware corporation ("Landauer"), we acquired all of the outstanding shares of common stock for $67.25 per share in cash, for a total purchase price of approximately $760 million, net of acquired cash (the "Landauer Acquisition"). Landauer is a leading global provider of subscription-based technical and analytical readers to determine occupational and environmental radiation exposure, as well as a leading domestic provider of outsourced medical physics services. Landauer is headquartered in Glenwood, Illinois, and is now part of the Professional Instrumentation segment. Landauer generated annual revenues of approximately $143 million in 2016. We financed the Landauer Acquisition with available cash and proceeds from the issuance of U.S. dollar and euro-denominated commercial paper. We preliminarily recorded approximately $514 million of goodwill related to the Landauer Acquisition.

In addition to the Landauer Acquisition, during 2017, we acquired all the outstanding shares of common stock of Industrial Scientific Corporation ("ISC") on August 25, 2017 and the remaining 80% of Orpak Systems Limited ("Orpak") on August 31, 2017, in which we previously had an ownership interest, for total consideration of $800 million in cash, net of cash acquired. The acquisition of the remaining 80% interest also resulted in the revaluation of our prior interest, and we recorded a gain from acquisition of $15.3 million. The businesses acquired complement existing units of both our segments. The aggregate annual sales of these businesses at the time of their respective acquisitions, in each case based on the company's revenues for its last completed fiscal year prior to the acquisition, were approximately $246 million. We preliminarily recorded an aggregate of $521 million of goodwill related to these acquisitions.

During 2016, we acquired three businesses for total consideration of $190 million in cash, net of cash acquired. The businesses acquired complement existing units of both our segments. The aggregate annual sales of these 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 $47 million. We recorded an aggregate of $113 million of goodwill related to these acquisitions.

During 2015, we acquired two businesses for total consideration of $37 million in cash, net of cash acquired. The businesses acquired complement existing units of both our segments. The aggregate annual sales of these 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. We recorded an aggregate of $21 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 acquisitions consummated during the years ended December 31 ($ in millions):

	2017	2016	2015
Accounts receivable	$ 103.7	$ 5.2	$ 2.8
Inventories	37.3	2.2	3.1
Property, plant and equipment	137.1	0.6	1.0
Goodwill	1,035.2	113.2	21.2
Other intangible assets, primarily customer relationships, trade names and technology	587.8	82.7	13.0
Trade accounts payable	(18.7)	(1.5)	(0.9)
Other assets and liabilities, net	(289.0)	(12.3)	(3.1)
Previously held investment	(36.8)	—	—
Net cash consideration	$ 1,556.6	$ 190.1	$ 37.1

The following summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition for the individually significant acquisitions in 2017 discussed above, and all of the other 2017 acquisitions as a group ($ in millions):

	Landauer	Others	Total
Accounts receivable	$ 31.2	$ 72.5	$ 103.7
Inventories	5.0	32.3	37.3
Property, plant and equipment	23.1	114.0	137.1
Goodwill	514.4	520.8	1,035.2
Other intangible assets, primarily customer relationships, trade names and technology	293.0	294.8	587.8
Trade accounts payable	(3.1)	(15.6)	(18.7)
Other assets and liabilities, net	(106.9)	(182.1)	(289.0)
Previously held investment	—	(36.8)	(36.8)
Net cash consideration	$ 756.7	$ 799.9	$ 1,556.6

During 2017, related to these three acquisitions, we incurred approximately $19 million of pretax transaction-related costs, primarily banking fees, legal fees, amounts paid to other third-party advisers, and other change in control costs. These amounts are recorded in SG&A. We recorded certain adjustments to the preliminary purchase price allocations during 2017 resulting in a net decrease of $56 million to goodwill. Revenue and operating profit attributable to the acquisitions was immaterial for the year ended December 31, 2017.

Transaction-related costs and acquisition-related fair value adjustments were not material to earnings in 2016 or 2015.

Pro Forma Financial Information (Unaudited)

The unaudited pro forma information for the periods set forth below gives effect to the 2017 and 2016 acquisitions as if they had occurred as of January 1, 2016. The pro forma information is presented for informational purposes only and is not necessarily indicative of the results of operations that actually would have been achieved had the acquisitions been consummated as of that time ($ in millions except per share amounts):

	2017	2016
Sales	$ 6,928.2	$ 6,636.8
Net earnings	$ 1,022.2	$ 845.4
Diluted net earnings per share	$ 2.90	$ 2.43

NOTE 4. INVENTORIES

The classes of inventory as of December 31 are summarized as follows ($ in millions):

	2017	2016
Finished goods	$ 217.2	$ 198.3
Work in process	78.9	79.3
Raw materials	284.5	267.0
Total	$ 580.6	$ 544.6

As of December 31, 2017 and 2016, 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 our results of operations in any period presented.

NOTE 5. PROPERTY, PLANT AND EQUIPMENT

The classes of property, plant and equipment as of December 31 are summarized as follows ($ in millions):

	2017	2016
Land and improvements	$ 67.8	$ 63.5
Buildings and leasehold improvements	389.7	340.8
Machinery and equipment	1,341.8	1,147.5
Gross property, plant and equipment	1,799.3	1,551.8
Less: accumulated depreciation	(1,086.8)	(1,004.2)
Property, plant and equipment, net	$ 712.5	$ 547.6

Total depreciation expense was $109 million, $91 million and $88 million for the years ended December 31, 2017, 2016 and 2015, respectively. Capital expenditures totaled $136 million, $130 million and $120 million for the years ended December 31, 2017, 2016 and 2015, respectively. There was no capitalized interest related to capitalized expenditures in any period.

NOTE 6. 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. We assess the goodwill of each of our 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. We 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.

We estimate the fair value of our reporting units primarily using a market approach, 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 our reporting units, in addition to recent market available sale transactions of comparable businesses. In certain circumstances we also evaluate other factors including results of the estimated fair value utilizing a discounted cash flow analysis (i.e., an income approach), market positions of the businesses, comparability of market sales transactions and financial and operating performance 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, we must perform additional analysis to determine if the reporting unit's goodwill has been impaired.

In 2017, we had thirteen 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. No goodwill impairment charges were recorded for the years ended December 31, 2017, 2016 and 2015 and no "triggering" events have occurred subsequent to the performance of the 2017 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 our goodwill by segment ($ in millions):

	Professional Instrumentation	Industrial Technologies	Total
Balance, January 1, 2016	$ 2,400.6	$ 1,548.4	$ 3,949.0
Attributable to 2016 acquisitions	61.3	51.9	113.2
Foreign currency translation & other	(38.2)	(45.0)	(83.2)
Balance, December 31, 2016	2,423.7	1,555.3	3,979.0
Attributable to 2017 acquisitions	851.8	183.4	1,035.2
Foreign currency translation & other	55.5	28.8	84.3
Balance, December 31, 2017	$ 3,331.0	$ 1,767.5	$ 5,098.5

Finite-lived intangible assets are amortized over the shorter of their legal or estimated useful lives. The following summarizes the gross carrying value and accumulated amortization for each major category of intangible asset as of December 31 ($ in millions):

	2017		2016	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Finite-lived intangibles:				
Patents and technology	$ 376.6	$ (255.0)	$ 301.0	$ (240.1)
Customer relationships and other intangibles	1,221.9	(502.1)	734.9	(438.1)
Total finite-lived intangibles	1,598.5	(757.1)	1,035.9	(678.2)
Indefinite-lived intangibles:				
Trademarks and trade names	434.6	—	389.6	—
Total intangibles	$ 2,033.1	$ (757.1)	$ 1,425.5	$ (678.2)

During 2017 and 2016, we acquired finite-lived intangible assets, consisting primarily of customer relationships, with a weighted average life of 13 years and 14 years, respectively. Refer to Note 3 for additional information on the intangible assets acquired.

Total intangible amortization expense in 2017, 2016 and 2015 was $65 million, $86 million and $89 million, respectively. Based on the intangible assets recorded as of December 31, 2017, amortization expense is estimated to be $97 million during 2018, $93 million during 2019, $88 million during 2020, $85 million during 2021 and $81 million during 2022.

NOTE 7. FAIR VALUE MEASUREMENTS

Accounting standards define fair value based on an exit price model, establish a framework for measuring fair value where our 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 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 our 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.

Financial 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
December 31, 2017				
Deferred compensation liabilities	—	$ 20.9	—	$ 20.9
December 31, 2016				
Deferred compensation liabilities	—	$ 14.8	—	$ 14.8

Certain of our management employees participate in our 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 such plans are unfunded, unsecured obligations and are presented as a component of our compensation and benefits accrual included in other long-term liabilities in the accompanying Consolidated Balance Sheets. Participants may choose among alternative earning rates for the amounts they defer, which are primarily based on investment options within our defined contribution plans for the benefit of U.S. employees ("401(k) Programs") (except that the earnings rates for amounts contributed unilaterally by the Company are entirely based on changes in the value of Fortive common stock). 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.

Fair Value of Financial Instruments

The carrying amounts and fair values of financial instruments as of December 31 were as follows ($ in millions):

	2017		2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term borrowings	$ 4,056.2	$ 4,051.8	$ 3,358.0	$ 3,321.4

As of December 31, 2017 and December 31, 2016, long-term borrowings were categorized as Level 1.

The fair value of long-term borrowings was based on quoted market prices. The difference between the fair value and the carrying amounts of long-term borrowings may be attributable to changes in market interest rates and/or our credit ratings subsequent to the incurrence of the borrowing. The fair values of cash and cash equivalents, trade accounts receivable, net and trade accounts payable approximate their carrying amounts due to the short-term maturities of these instruments.

Refer to Note 10 for information related to the fair value of the Company-sponsored defined benefit pension plan assets.

NOTE 8. ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses and other liabilities as of December 31 were as follows ($ in millions):

	2017		2016	
	Current	Long-term	Current	Long-term
Compensation and post retirement benefits	$ 269.8	$ 65.2	$ 202.4	$ 49.8
Claims, including self-insurance and litigation	20.6	70.9	30.2	52.6
Pension benefit obligations	10.3	137.3	9.9	127.4
Taxes, income and other	87.1	616.3	63.5	344.0
Deferred revenue	213.4	86.9	204.6	80.1
Sales and product allowances	40.7	—	45.7	—
Warranty	68.0	1.4	63.1	1.9
Other	164.9	55.9	180.9	18.5
Total	$ 874.8	$ 1,033.9	$ 800.3	$ 674.3

NOTE 9. FINANCING

The carrying value of the components of our debt as of December 31 were as follows ($ in millions):

	2017	2016
U.S. dollar-denominated commercial paper	$ 665.1	$ 347.9
Euro-denominated commercial paper	282.7	26.8
U.S. dollar variable interest rate term loan due 2019	500.0	500.0
Yen variable interest rate term loan due 2022	122.4	—
1.80% senior unsecured notes due 2019	298.9	298.3
2.35% senior unsecured notes due 2021	745.9	744.8
3.15% senior unsecured notes due 2026	891.0	890.1
4.30% senior unsecured notes due 2046	546.8	546.8
Other	3.4	3.3
Long-term debt	$ 4,056.2	$ 3,358.0

Debt discounts, premiums and issuance costs of $18.2 million and $20.1 million as of December 31, 2017 and December 31, 2016, respectively, have been netted against the aggregate principal amounts of the components of debt table above.

Yen Variable Interest Rate Term Loan

On August 24, 2017, we entered into a new term loan agreement that provides for a five-year ¥13.8 billion senior unsecured term facility ("Yen Term Loan") that expires on August 24, 2022. We borrowed the entire ¥13.8 billion available under this facility on August 28, 2017, which yielded net proceeds of approximately $126 million. The Yen Term Loan bears interest at a rate equal to LIBOR plus 50 basis points, provided however that LIBOR may not be less than zero for the purposes of the Yen Term Loan. As of December 31, 2017, borrowings under the Yen Term Loan bear an interest rate of 0.50% per annum. During the period of 2017 in which the Yen Term Loan was outstanding, the annual effective rate was approximately 0.50%. The Yen Term Loan is pre-payable at our option, and re-borrowing is not permitted once the term loan is repaid.

The terms and conditions, including covenants, applicable to the the Yen Term Loan are substantially similar to those applicable to the senior unsecured revolving credit facility established in 2016 (the "Revolving Credit Facility") as described below.

Shelf Registration Statement

On June 12, 2017, we filed a shelf registration statement on Form S-3 with the SEC (the "Shelf Registration Statement") that registers an indeterminate amount of debt securities, common stock, preferred stock, warrants, depositary shares, purchase contracts and units that may be issued in the future in one or more offerings. Unless otherwise specified in the corresponding prospectus supplement, we expect to use net proceeds realized from future securities issuances off the Shelf Registration Statement for general corporate purposes, including without limitation repayment or refinancing of debt or other corporate obligations, acquisitions, capital expenditures and dividends, and working capital.

Credit Facilities

On June 16, 2016, we entered into a credit agreement with a syndicate of banks that provides for a three-year $500 million senior term facility that expires on June 16, 2019 (the "Term Facility") and a a five-year $1.5 billion Revolving Credit Facility that expires on June 16, 2021 (together with the Term Facility, the "Credit Agreement"). We borrowed the entire $500 million of loans under the Term Facility.

The Revolving Credit Facility is subject to a one year extension option at our request and with the consent of the lenders. The Credit Agreement also contains an option permitting us to request an increase in the amounts available under the Credit Agreement of up to an aggregate additional $500 million.

Borrowings under the Credit Agreement (other than bid loans under the Revolving Credit Facility) bear interest at a rate equal (at our option) to either (1) a LIBOR-based rate (the "LIBOR-Based Rate"), or (2) the highest of (a) the Federal funds rate plus 1/2 of 1%, (b) the prime rate and (c) the LIBOR-Based Rate plus 1%, plus in each case a margin that varies according to our long-term debt credit rating. We are obligated to pay an annual facility fee for the Revolving Credit Facility of between 9.0 and 25.0 basis points varying according to our long-term debt credit rating.

The Credit Agreement requires us to maintain a consolidated net leverage ratio of debt to Consolidated EBITDA (as defined in the Credit Agreement) of less than 3.50 to 1.00 and a consolidated interest coverage ratio of Consolidated EBITDA (as defined in the Credit Agreement) to interest expense of greater than 3.50 to 1.00 as of the end of any fiscal quarter. The Credit Agreement also contains customary representations, warranties, conditions precedent, events of default, indemnities and affirmative and negative covenants. As of December 31, 2017, we were in compliance with all covenants under the Credit Agreement and had no borrowings outstanding under the Revolving Credit Facility.

We borrowed the entire $500 million of variable rate loans under the Term Facility. As of December 31, 2017 borrowings under the Term Facility bear an interest rate of 2.69% per annum. The annual effective rate of the Term Facility during 2017 was 2.24%. The term loan is pre-payable at our option, and re-borrowing is not permitted once the term loan is repaid.

Commercial Paper Programs

We generally satisfy any short-term liquidity needs that are not met through operating cash flows and available cash primarily through issuances of commercial paper under our U.S. dollar and Euro-denominated commercial paper programs. Under these programs, we may issue unsecured promissory notes with maturities not exceeding 397 and 183 days, respectively. Interest expense on the notes is paid at maturity and is generally based on our credit ratings at the time of issuance and prevailing short-term interest rates.

The details of our Commercial Paper Programs as of December 31, 2017 were as follows ($ in millions):

		Carrying Value	Annual effective rate	Weighted average remaining maturity (in days)
U.S. dollar-denominated	$	665.1	1.74 %	23
Euro-denominated	$	282.7	(0.08)%	32

Credit support for the Commercial Paper Programs is provided by the Revolving Credit Facility. The availability of the Revolving Credit Facility as a standby liquidity facility to repay maturing commercial paper is an important factor in maintaining the Commercial Paper Programs' existing credit ratings. We expect to limit any borrowings under the Revolving Credit Facility to amounts that would leave sufficient credit available under the facility to allow us to borrow, if needed, to repay all of the outstanding commercial paper as it matures.

Our ability to access the commercial paper market, and the related costs of these borrowings, is affected by the strength of our credit rating and market conditions. Any downgrade in our credit rating would increase the cost of borrowing under our commercial paper programs and the Credit Agreement, and could limit or preclude our ability to issue commercial paper. If our access to the commercial paper market is adversely affected due to a downgrade, change in market conditions or otherwise, we would expect to rely on a combination of available cash, operating cash flow and the Revolving Credit Facility to provide short-term funding. In such event, the cost of borrowings under the Revolving Credit Facility could be higher than the historic cost of commercial paper borrowings.

We classified our borrowings outstanding under the Commercial Paper Programs as of December 31, 2017 as long-term debt in the accompanying Consolidated Balance Sheets as we had the intent and ability, as supported by availability under the Revolving Credit Facility referenced above, to refinance these borrowings for at least one year from the balance sheet date.

Proceeds from borrowings under the commercial paper programs are typically available for general corporate purposes, including acquisitions. However, proceeds from our initial issuances of U.S. dollar-denominated commercial paper were used to pay fees and expenses related to the financing activities described below.

Long-Term Indebtedness

On June 20, 2016, we completed the private placement of each of the following series of senior unsecured notes (the "Private Notes") to qualified institutional buyers under Rule 144A of the Securities Act of 1933, as amended (the "Securities Act") and outside the United States to non-U.S. persons in compliance with Regulation S under the Securities Act:

- $300 million aggregate principal amount of senior notes due June 15, 2019 (the "2019 Notes") issued at 99.893% of their principal amount and bearing interest at the rate of 1.80% per year.
- $750 million aggregate principal amount of senior notes due June 15, 2021 issued at 99.977% of their principal amount and bearing interest at the rate of 2.35% per year.

- $900 million aggregate principal amount of senior notes due June 15, 2026 issued at 99.644% of their principal amount and bearing interest at the rate of 3.15% per year.
- $350 million and $200 million aggregate principal amounts of senior notes due June 15, 2046 issued at 99.783% and 101.564%, respectively, of their principal amounts and bearing interest at the rate of 4.30% per year.

Interest on the Private Notes is payable semi-annually in arrears on June 15 and December 15 of each year.

We received net proceeds, after underwriting discounts and arrangement fees from the issuance of the Private Notes and Term Facility, of approximately $3.0 billion and used these funds to make a $3.0 billion cash dividend payment to Danaher in connection with the Separation.

In connection with the issuance of the Private Notes, we entered into a registration rights agreement, pursuant to which we were obligated to use commercially reasonable efforts to file with the U.S. Securities and Exchange Commission, and cause to be declared effective, a registration statement with respect to an offer to exchange each series of Private Notes for registered notes ("Registered Notes") with substantially identical terms ("Exchange Offer"). Accordingly, on May 5, 2017 we filed a Form S-4 with the SEC (the "Registration Statement"), which Registration Statement was declared effective on May 17, 2017. On May 17, 2017, we launched the Exchange Offer, which expired on June 14, 2017. All Private Notes were tendered and exchanged for Registered Notes in the Exchange Offer.

Covenants and Redemption Provisions Applicable to Registered Notes

We may redeem the Registered Notes of the applicable series, in whole or in part, at any time prior to the dates specified in the Registered Notes indenture (the "Call Dates") by paying the principal amount and the "make-whole" premium specified in the Registered Notes indenture, plus accrued and unpaid interest. Additionally, with the exception of the 2019 Notes, which have Call Dates equal to the contractual maturity of the note, we may redeem all or any part of the Registered Notes of the applicable series on or after the Call Dates without paying the "make-whole" premium specified in the Registered Notes indenture.

Registered Notes Series	Call Dates
1.80% senior unsecured notes due 2019	June 15, 2019
2.35% senior unsecured notes due 2021	May 15, 2021
3.15% senior unsecured notes due 2026	March 15, 2026
4.30% senior unsecured notes due 2046	December 15, 2045

If a change of control triggering event occurs, we will, in certain circumstances, be required to make an offer to repurchase the Registered Notes at a purchase price equal to 101% of the principal amount, plus accrued and unpaid interest. A change of control triggering event is defined as the occurrence of both a change of control and a rating event, each as defined in the Registered Notes indenture. Except in connection with a change of control triggering event, the Registered Notes do not have any credit rating downgrade triggers that would accelerate the maturity of the Registered Notes.

The Registered Notes contain customary covenants, including limits on the incurrence of certain secured debt and sale/leaseback transactions. None of these covenants are considered restrictive to our operations and as of December 31, 2017, we were in compliance with all of our covenants.

Other

We made interest payments of $92 million during 2017 compared to $44 million during 2016.

There are no minimum principal payments due under our total long-term debt during 2018. The future minimum principal payments due are presented in the following table:

	Term Loan	Registered Notes	Total
2019	$ 500.0	$ 300.0	$ 800.0
2020	—	—	—
2021	—	750.0	750.0
Thereafter	122.4	1,450.0	1,572.4
Total principal payments [a]	$ 622.4	$ 2,500.0	$ 3,122.4

(a) Not included in the table above are net discounts, premiums and issuance costs associated with the Private Notes, the Registered Notes and the Commercial Paper Programs, which totaled $18.2 million as of December 31, 2017, and have been recorded as an offset to the carrying amount of the related debt in the accompanying Consolidated Balance Sheet as of December 31, 2017. In addition, the table above does not include principal balances of $948.6 million under the Commercial Paper Programs and other financing balances of $3.4 million.

Prior to the Separation, we were dependent on Danaher for all of our working capital and financing requirements under Danaher's centralized approach to cash management and financing of operations of its subsidiaries. Financing transactions related to our business operations during the period prior to the Separation were accounted for through the Former Parent's Investment account. Accordingly, none of Danaher's debt at the corporate level was assigned to us as of July 2, 2016.

NOTE 10. PENSION PLANS

Certain of our non-U.S. employees participate in noncontributory defined benefit pension plans. In general, our 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. During 2017, we completed the acquisition of a company with a frozen U.S. pension plan, and, as such, there are no ongoing benefit accruals associated with the acquired U.S. pension plan. Prior to the completed acquisition we did not have any U.S. noncontributory defined benefit pension plans.

The following sets forth the funded status of our plans as of the most recent actuarial valuations using measurement dates of December 31 ($ in millions):

	U.S. Pension Benefits	Non-U.S. Pension Benefits	
	2017	2017	2016
Change in pension benefit obligation:			
Benefit obligation at beginning of year	$ —	$ 335.4	$ 326.9
Service cost	—	4.0	3.5
Interest cost	0.3	5.9	7.4
Employee contributions	—	1.5	1.5
Benefits paid and other	(0.2)	(11.1)	(12.8)
Plan combinations/acquisitions	33.1	1.5	2.8
Actuarial loss (gain)	0.5	(10.7)	32.2
Amendments, settlements and curtailments	—	(17.6)	(1.6)
Foreign exchange rate impact	—	36.0	(24.5)
Benefit obligation at end of year	33.7	344.9	335.4
Change in plan assets:			
Fair value of plan assets at beginning of year	—	198.1	196.7
Actual return on plan assets	0.5	(9.4)	17.9
Employer contributions	—	10.6	10.7
Employee contributions	—	1.5	1.5
Amendments and settlements	—	(5.1)	(0.5)
Benefits paid and other	(0.2)	(11.1)	(12.8)
Plan combinations/acquisitions	25.5	0.9	1.8
Foreign exchange rate impact	—	19.7	(17.2)
Fair value of plan assets at end of year	25.8	205.2	198.1
Funded status	$ (7.9)	$ (139.7)	$ (137.3)

The difference between the accumulated benefit obligation and the projected benefit obligation as of December 31, 2017 and 2016 is immaterial.

Weighted average assumptions used to determine benefit obligations at date of measurement

	U.S. Pension Plans	Non-U.S. Pension Plans	
	2017	2017	2016
Discount rate	3.73%	1.96%	1.91%
Rate of compensation increase	N/A	2.31%	2.89%

Components of net periodic pension cost

($ in millions)	U.S. Pension Benefits 2017	Non-U.S. Pension Benefits 2017	Non-U.S. Pension Benefits 2016
Service cost	$ —	$ 4.0	$ 3.5
Interest cost	0.3	5.9	7.4
Expected return on plan assets	(0.3)	(7.4)	(8.1)
Amortization of net loss	—	4.6	5.3
Net curtailment and settlement loss recognized	—	0.9	0.2
Net periodic pension cost	$ —	$ 8.0	$ 8.3

Net periodic pension costs are included in cost of sales and SG&A in the accompanying Consolidated and Combined Statements of Earnings according to the classification of the participant's compensation.

Included in accumulated other comprehensive income (loss) as of December 31, 2017 are the following amounts that have not yet been recognized in net periodic pension cost: unrecognized prior service cost of $0.1 million ($0.1 million, net of tax) and unrecognized actuarial losses of approximately $95 million ($73 million, net of tax). The unrecognized prior service cost included in accumulated other comprehensive income (loss) and expected to be recognized in net periodic pension cost during the year ending December 31, 2018 is immaterial. The actuarial losses included in accumulated other comprehensive income (loss) and expected to be recognized in net periodic pension cost during the year ending December 31, 2018 is $4 million ($3 million, net of tax). The unrecognized losses are calculated as the difference between the actuarially determined projected benefit obligation, the value of the plan assets and the accumulated contributions in excess of net periodic pension cost as of December 31, 2017. No plan assets are expected to be returned to us during the year ending December 31, 2018.

Weighted average assumptions used to determine net periodic pension cost at date of measurement

	U.S. Pension Plans 2017	Non-U.S. Pension Plans 2017	Non-U.S. Pension Plans 2016
Discount rate	3.83%	1.91%	2.63%
Expected return on plan assets	5.75%	3.58%	4.19%
Rate of compensation increase	N/A	2.89%	2.77%

The discount rates reflect the market rate on December 31 for high-quality fixed-income investments with maturities corresponding to our benefit obligations and is subject to change each year. For non-U.S. plans 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.

The expected rates of return reflects the asset allocation of the plans. This rate is based primarily on broad publicly-traded-equity and fixed-income indices and forward-looking estimates of active portfolio and investment management. The expected rates of return on asset assumptions for the non-U.S. plans were determined on a plan-by-plan basis based on the composition of assets and ranged from 1.75% to 6.00% in both 2017 and 2016.

Plan Assets

Plan assets are invested in various insurance contracts and equity and debt securities as determined by the administrator of each plan. Some of these investments, consisting of mutual funds and other private investments, are valued using the net asset value ("NAV") method as a practical expedient. The investments valued using the NAV method are allocated across a broad array of funds and diversify the portfolio. The value of the plan assets directly affects the funded status of our pension plans recorded in the financial statements.

The fair values of our pension plan assets as of December 31, 2017, 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	$ 5.6	$ —	$ —	$ 5.6
Fixed income securities:				
Corporate bonds	—	0.3	—	0.3
Mutual funds	—	9.7	—	9.7
Insurance contracts	—	1.8	—	1.8
Total	$ 5.6	$ 11.8	$ —	$ 17.4
Investments measured at NAV[(a)]:				
Mutual funds				211.7
Other private investments				1.9
Total assets at fair value				$ 231.0

[(a)] The fair value amounts presented in the table above are intended to permit reconciliation of the fair value hierarchy to the total fair value of plan assets.

The fair values of our pension plan assets as of December 31, 2016, 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	$ 4.4	$ —	$ —	$ 4.4
Fixed income securities:				
Corporate bonds	—	0.3	—	0.3
Mutual funds	—	7.7	—	7.7
Insurance contracts	—	1.4	—	1.4
Total	$ 4.4	$ 9.4	$ —	$ 13.8
Investments measured at NAV[(a)]:				
Mutual funds				179.8
Other private investments				4.5
Total assets at fair value				$ 198.1

[(a)] The fair value amounts presented in the table above are intended to permit reconciliation of the fair value hierarchy to the total fair value of plan assets.

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 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. In addition, some of these investments have limits on their redemption to monthly, quarterly, semiannually or annually and may require up to 90 days prior written notice. 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 we believe 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 2017, we contributed $11 million to our non-U.S. defined benefit pension plans. During 2018, our cash contribution requirements for our non-U.S. defined benefit pension plans are expected to be approximately $10 million. We do not expect to make contributions to the U.S. plan during 2018.

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):

	U.S. Pension Plans	Non-U.S. Pension Plans	All Pension Plans
2018	$ 1.1	$ 13.2	$ 14.3
2019	1.3	13.1	14.4
2020	1.3	14.0	15.3
2021	1.5	13.9	15.4
2022	1.6	15.7	17.3
2023-2027	9.0	73.5	82.5

Defined Contribution Plans

We administer and maintain 401(k) Programs. Contributions are determined based on a percentage of compensation. We recognized compensation expense for our participating U.S. employees in the 401(k) Programs totaling $52 million in 2017, $50 million in 2016 and $26 million in 2015.

NOTE 11. INCOME TAXES

Tax Cuts and Jobs Act

On December 22, 2017, the SEC issued Staff Accounting Bulletin No. 118 ("SAB 118") that provides guidance on the financial statement implications of the TCJA. Pursuant to SAB 118 interpretive guidance, we prepared and recorded tax accounting for the year ended December 31, 2017 applying tax laws in effect prior to the application of the provisions of the TCJA; and we also recorded provisional estimates (as defined in SAB 118) for all the effects of the TCJA. Elections have been made on accounting policies and practices related to the TCJA, except as noted below. SAB 118 requires that we disclose the following:

- We have recorded provisional estimates in these financial statements to account for the impact of the TCJA on deferred tax balances (the "Deferred Tax Revaluation") as described below, the transition tax on cumulative foreign earnings and profits (the "Transition Tax"), and the international aspects, including revised foreign tax credit computational requirements (the "International Impacts"). Provisional estimates have been presented in accordance with SAB 118 because the timeframe between passage of the TCJA and the filing deadlines was insufficient to complete the tax accounting adjustments for our over 300 legal entities. The tax accounting adjustments involve a highly complex analysis of the TCJA legislation and Conference Committee legislative history. The TCJA has wide-ranging international and domestic tax impacts.

- Further, the International Impacts and the corporate tax rate reduction net of base broadening provisions, is expected to increase our U.S. liquidity. We are evaluating the accounting treatment related to the new TCJA global intangible low-taxed income ("GILTI") rules in our financial statements and have not yet made a policy decision regarding whether to record deferred taxes.

- The additional information needed to complete the accounting requirements under the TCJA includes interpretive guidance from the IRS for clarification of terminology, guidance for the numerous inconsistencies between the new statute, Conference Agreement, and prior law, as well as the interaction between numerous international tax law changes. After reasonable interpretative guidance has been developed, we expect to gather and interpret additional factual information specific to our businesses.

- SAB 118 provides for a one-year measurement period and we intend to complete the accounting for the TCJA impacts within that time frame. As of December 31, 2017, we have not recorded any measurement period adjustments.

- We have separately presented our provisional estimates in the tables below, including existing current and deferred tax amounts.

Earnings and Income Taxes

Earnings before income taxes for the years ended December 31 were as follows ($ in millions):

	2017	2016	2015
United States	$ 816.7	$ 812.9	$ 913.8
International	467.5	384.1	355.9
Total	$ 1,284.2	$ 1,197.0	$ 1,269.7

The provision for income taxes for the years ended December 31 were as follows ($ in millions):

	2017	2016	2015
Current:			
Federal U.S.	$ 215.9	$ 227.4	$ 310.8
Non-U.S.	88.7	74.6	54.3
State and local	13.3	32.7	32.8
Deferred:			
Federal U.S.	(79.5)	(4.6)	(4.0)
Non-U.S.	(2.2)	(3.0)	12.7
State and local	3.5	(2.4)	(0.7)
Income tax provision	$ 239.7	$ 324.7	$ 405.9

The 2017 current federal provision for income taxes above includes provisional estimates related to one-time amount payable to the U.S. for the Transition Tax of $135 million. Under the provisions of the TCJA, a company is permitted to elect to pay this liability over an eight-year period without interest. We expect to make that election.

We recorded provisional estimates of the Deferred Tax Revaluation which was recorded to reflect the reduction in the U.S. corporate income tax rate from 35 percent to 21 percent. In accordance with accounting guidance, we measure deferred tax assets and liabilities using enacted tax rates that will apply in the years in which the temporary differences are expected to be recovered or paid. Our 2017 deferred federal and state income tax provisions include a provisionally estimated tax benefit of $205 million related to the Deferred Tax Revaluation. This amount also includes provisional estimates of deferred tax expense related to the acceleration of depreciation for certain assets placed into service after September 27, 2017.

Deferred Tax Assets and Liabilities

All deferred tax assets and liabilities have been classified as noncurrent deferred tax liabilities and are included in other assets and other long-term liabilities in the accompanying Consolidated Balance Sheets. Deferred income tax assets and liabilities as of December 31 were as follows ($ in millions):

	2017	2016
Deferred Tax Assets:		
Allowance for doubtful accounts	$ 22.0	$ 28.5
Inventories	31.3	33.0
Pension benefits	41.2	49.1
Environmental and regulatory compliance	17.7	18.9
Other accruals and prepayments	35.2	44.2
Deferred service income	14.5	10.5
Warranty services	29.0	27.1
Stock compensation expense	36.4	31.7
Tax credit and loss carryforwards	61.4	74.0
Other	7.3	8.0
Valuation allowances	(27.7)	(26.7)
Total deferred tax assets	268.3	298.3
Deferred Tax Liabilities:		
Property, plant and equipment	(79.9)	(33.2)
Insurance, including self-insurance	(138.7)	(85.2)
Goodwill and other intangibles	(607.6)	(416.5)
Other	(20.0)	(10.0)
Total deferred tax liabilities	(846.2)	(544.9)
Provisional estimate of the deferred tax asset revaluation	(54.5)	—
Provisional estimate of the deferred tax liability revaluation	274.0	—
Net deferred tax liability	$ (358.4)	$ (246.6)

Our 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. We evaluate the realizability of deferred income tax assets for each of the jurisdictions in which we operate. If we experience cumulative pretax income in a particular jurisdiction in the three-year period including the current and prior two years, we normally conclude that the deferred income tax assets will more likely than not be realizable and no valuation allowance is recognized, unless known or planned operating developments would lead management to conclude otherwise. However, if we experience cumulative pretax losses in a particular jurisdiction in the three-year period including the current and prior two years, we then consider a series of factors in the determination of whether the deferred income tax assets can be realized. These factors include historical operating results, known or planned operating developments, the period of time over which certain temporary differences will reverse, consideration of the utilization of certain deferred income tax liabilities, tax law carryback capability in the particular country, and prudent and feasible tax planning strategies. After evaluation of these factors, if the deferred income tax assets are expected to be realized within the tax carryforward period allowed for that specific country, we would conclude that no valuation allowance would be required. To the extent that the deferred income tax assets exceed the amount that is expected to be realized within the tax carryforward period for a particular jurisdiction, we established a valuation allowance.

Applying the above methodology, valuation allowances have been established for certain deferred income tax assets to the extent they are not expected to be realized within the particular tax carryforward period.

Deferred taxes associated with U.S. entities consist of net deferred tax liabilities of approximately $375 million and $293 million inclusive of valuation allowances of $12 million and $16 million as of December 31, 2017 and December 31, 2016, respectively. Deferred taxes associated with non-U.S. entities consist of net deferred tax assets of $17 million and $46 million inclusive of valuation allowances of $16 million and $11 million as of December 31, 2017 and December 31, 2016,

respectively. During 2017, our valuation allowance increased by $1 million primarily due to valuation allowances related to foreign net operating losses.

As of December 31, 2017, our U.S. and non-U.S. net operating loss carryforwards totaled $226 million, of which $78 million is related to federal net operating loss carryforwards, $40 million is related to state net operating loss carryforwards, and $108 million is related to non-U.S. net operating loss carryforwards. Included in deferred tax assets as of December 31, 2017 are tax benefits for U.S. and non-U.S. net operating loss carryforwards totaling $44 million, before applicable valuation allowances of $16 million. Certain of these losses can be carried forward indefinitely and others can be carried forward to various dates from 2018 through 2037. Recognition of some of these loss carryforwards is subject to an annual limit, which may cause them to expire before they are used.

As of December 31, 2017, our U.S. and non-U.S. tax credit carryforwards totaled $17 million of which is primarily related to U.S. tax credit carryforwards. A valuation allowance was also established as of December 31, 2017 for $12 million of certain tax credit carryforwards from the Separation.

Effective Income Tax Rate

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		
	2017	**2016**	**2015**
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)	0.7 %	1.7 %	1.8 %
Foreign income taxed at lower rate than U.S. statutory rate	(5.0)%	(4.7)%	(4.6)%
Separation related adjustments for final resolution of uncertain tax positions	— %	(1.9)%	— %
Research and experimentation credits and federal domestic production deduction	(2.9)%	(2.5)%	(2.1)%
Other	(3.6)%	(0.5)%	1.9 %
Effective income tax rate prior to the impact of the TCJA	24.2 %	27.1 %	32.0 %
Deferred Tax Revaluation	(16.0)%	— %	— %
Transition Tax	10.5 %	— %	— %
Total provisional estimates related to the TCJA	(5.5)%	— %	— %
Estimated effective income tax rate including provisional estimates of the TCJA	**18.7 %**	**27.1 %**	**32.0 %**

Our estimated effective tax rate including provisional estimates of the TCJA for 2017 differs from the U.S. federal statutory rate of 35.0% due primarily to net favorable impacts associated with the TCJA, our earnings outside the United States that are indefinitely reinvested and taxed at rates lower than the U.S. federal statutory rate, the impact of credits and deductions provided by law, state tax impacts, and favorable adjustments related to differences between estimates included in the 2016 provision and amounts calculated on the 2016 U.S. income tax return filed in October 2017.

Our effective tax rates for 2016 and 2015 differ from the U.S. federal statutory rate of 35.0% due primarily to our earnings outside the United States that are indefinitely reinvested and taxed at rates lower than the U.S. federal statutory rate, and the impact of credits and deductions provided by law. The effective tax rate for 2016 includes benefits from the release of reserves resulting from expirations of statutes of limitations, primarily from periods prior to the Separation.

We conduct business globally, and, as part of our global business, we file numerous income tax returns in the U.S. federal, state and foreign jurisdictions. The countries in which we have a significant presence that have had lower statutory tax rates than the United States include China, Germany and the United Kingdom. Our ability to obtain a tax benefit from lower statutory tax rates outside of the United States is dependent on our levels of taxable income in these foreign countries and under current U.S. tax law. We believe that a change in the statutory tax rate of any individual foreign country would not have a material effect on our financial statements given the geographic dispersion of our taxable income.

We made income tax payments of $253 million and $149 million during the years ended December 31, 2017 and December 31, 2016, respectively.

Unrecognized Tax Benefits

As of December 31, 2017, gross unrecognized tax benefits totaled $59 million ($69 million, net of the impact of $4 million of indirect tax benefits offset by $14 million associated with interest and penalties). As of December 31, 2016, gross unrecognized tax benefits totaled $29 million ($35 million, net of the impact of $7 million of indirect tax benefits offset by $13 million associated with interest and penalties). We recognized approximately $2 million in potential interest and penalties associated with uncertain tax positions during 2017, and this amount was not significant during 2016. We recognized $8 million in potential interest and penalties associated with uncertain tax positions during 2015. 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 our 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):

	2017	2016	2015
Unrecognized tax benefits, beginning of year	$ 28.6	$ 169.9	$ 167.2
Additions based on tax positions related to the current year	25.3	6.0	18.4
Additions for tax positions of prior years	7.8	0.4	9.7
Reductions for tax positions of prior years	(1.9)	(1.2)	(13.4)
Lapse of statute of limitations	(3.3)	(1.3)	(5.5)
Settlements	(0.6)	(0.6)	(1.5)
Effect of foreign currency translation	1.9	(0.4)	(5.0)
Separation related adjustments [(a)]	1.2	(144.2)	—
Unrecognized tax benefits, end of year	$ 59.0	$ 28.6	$ 169.9

[(a)] Unrecognized tax benefits were reduced by $144 million in 2016 related to positions taken prior to the Separation for which Danaher, as the Former Parent, is the primary obligor and is responsible for settlement and payment of the tax expenses.

We are routinely examined by various domestic and international taxing authorities. In connection with the Separation, we entered into the Agreements with Danaher, including a tax matters agreement. The tax matters agreement distinguishes between the treatment of tax matters for "Joint" filings compared to "Separate" filings prior to the Separation. "Joint" filings involve legal entities, such as those in the United States, that include operations from both Danaher and the Company. By contrast, "Separate" filings involve certain entities (primarily outside of the United States), that exclusively include either Danaher's or the Company's operations, respectively. In accordance with the tax matters agreement, Danaher is liable for and has indemnified Fortive against all income tax liabilities involving "Joint" filings for periods prior to the Separation. The Company remains liable for certain pre-Separation income tax liabilities including those related to the Company's "Separate" filings.

Pursuant to U.S. tax law, the Company's initial U.S. federal income tax return was filed during October 2017 for the short taxable year July 2, 2016 through December 31, 2016. We expect to file our first full year U.S. federal income tax return for 2017 with the Internal Revenue Service ("IRS") during 2018. The IRS has not yet begun an examination of the Company. Our operations in certain foreign jurisdictions remain subject to routine examination for tax years 2008 to 2017.

Repatriation and Unremitted Earnings

The TCJA eliminated the U.S. tax cost for qualified repatriation beginning in 2018. Pre-2018 foreign cumulative earnings remain subject to foreign remittance taxes. As a result of the TCJA, we expect to repatriate an estimated $275 million subject to an estimated $6 million in foreign remittance taxes. This excludes foreign earnings: 1) required as working capital for local operating needs, 2) subject to local law restrictions, 3) subject to high foreign remittance tax costs, 4) previously invested in physical assets or acquisitions, or 5) intended for future acquisitions/growth. For most of our foreign operations, we make an assertion regarding the amount of earnings in excess of intended repatriation that are expected to be held for indefinite reinvestment. No provisions for foreign remittance taxes have been made with respect to earnings that are planned to be reinvested indefinitely. The amount of foreign remittance taxes that may be applicable to such earnings is not readily determinable given local law restrictions that may apply to a portion of such earnings, unknown changes in foreign tax law that may occur during the restriction period, and the various tax planning alternatives we could employ if we repatriated these earnings. As of December 31, 2017, the basis difference based upon earnings that we plan to reinvest indefinitely outside of the United States for which foreign deferred taxes have not been provided was estimated at $1,225 million.

The TCJA imposed a final U.S. tax on cumulative earnings from our foreign operations that we have previously made an assertion regarding the amount of such earnings intended for indefinite reinvestment. Therefore, as of December 31, 2017, the basis difference for which U.S. deferred taxes have not been provided is $0. Beginning in 2018, the basis difference will begin to grow again to the extent we make the assertion. However, the TCJA expansion of the U.S. worldwide tax system is expected to significantly reduce future annual increases to the assertion.

Separation from Danaher

Prior to the Separation, our operating results were included in Danaher's various consolidated U.S. federal and certain state income tax returns, as well as certain non-U.S. returns. For periods prior to the Separation, our combined financial statements reflect income tax expense and deferred tax balances as if we had filed tax returns on a standalone basis separate from Danaher. The separate return method applies the accounting guidance for income taxes to the standalone financial statements as if we were a separate taxpayer and a standalone enterprise for the first half of 2016 and for prior periods. For periods prior to the Separation, our pretax operating results exclude any intercompany financing arrangements between entities and include any transactions with Danaher as if it were an unrelated party.

NOTE 12. RESTRUCTURING AND OTHER RELATED CHARGES

Restructuring and other related charges for the years ended December 31 were as follows ($ in millions):

	2017	2016	2015
Employee severance related	$ 14.2	$ 14.7	$ 11.8
Facility exit and other related	2.5	2.6	0.5
Impairment charges	2.3	4.8	12.0
Total restructuring and other related charges	$ 19.0	$ 22.1	$ 24.3

Substantially all restructuring activities initiated in 2017 were completed by December 31, 2017. We expect substantially all cash payments associated with remaining termination benefits recorded in 2017 will be paid during 2018. Substantially all planned restructuring activities related to the 2016 and 2015 plans have been completed. Impairment charges in 2017, 2016 and 2015 related to certain trade names used in the Industrial Technologies segment.

The nature of our restructuring and related activities initiated in 2017, 2016 and 2015 were broadly consistent throughout our segments and focused on improvements in operational efficiency through targeted workforce reductions and facility consolidations and closures. We incurred these costs to position ourselves to provide superior products and services to our customers in a cost efficient manner, and taking into consideration broad economic uncertainties.

Restructuring and other related charges recorded for the years ended December 31 by segment were as follows ($ in millions):

	2017	2016	2015
Professional Instrumentation	$ 12.8	$ 6.8	$ 9.4
Industrial Technologies	6.2	15.3	14.9
Total	$ 19.0	$ 22.1	$ 24.3

The table below summarizes the accrual balance and utilization by type of restructuring cost associated with our 2017 and 2016 restructuring actions ($ in millions):

	Balance as of January 1, 2016	Costs Incurred	Paid/ Settled	Balance as of December 31, 2016	Costs Incurred	Paid/ Settled	Balance as of December 31, 2017
Employee severance and related	$ 10.6	$ 14.7	$ (15.7)	$ 9.6	$ 14.2	$ (13.8)	$ 10.0
Facility exit and other related	0.9	7.4	(7.2)	1.1	4.8	(5.1)	0.8
Total	$ 11.5	$ 22.1	$ (22.9)	$ 10.7	$ 19.0	$ (18.9)	$ 10.8

The restructuring and other related charges incurred during 2017 include cash charges of $17 million and $2 million of noncash charges. The restructuring and other related charges incurred during 2016 included cash charges of $17 million and and $5 million of noncash charges. The restructuring and other related charges incurred during 2015 included $12 million each of cash and noncash charges. These charges are reflected in the following captions in the accompanying Consolidated and Combined Statements of Earnings ($ in millions):

	2017	2016	2015
Cost of sales	$ 2.0	$ 8.1	$ 5.9
Selling, general and administrative expenses	17.0	14.0	18.4
Total	$ 19.0	$ 22.1	$ 24.3

NOTE 13. LEASES AND COMMITMENTS

Our 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 $43 million in 2018, $37 million in 2019, $26 million in 2020, $15 million in 2021, $11 million in 2022 and $20 million thereafter. Total rent expense for all operating leases was $53 million, $52 million and $53 million for the years ended December 31, 2017, 2016 and 2015, respectively.

We generally accrue 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 period terms 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 a quarterly basis and may be adjusted as additional information regarding expected warranty costs becomes known.

The following is a rollforward of our accrued warranty liability ($ in millions):

Balance, January 1, 2016	$ 61.0
Accruals for warranties issued during the year	59.6
Settlements made	(56.0)
Additions due to acquisitions	0.5
Effect of foreign currency translation	(0.1)
Balance, December 31, 2016	$ 65.0
Accruals for warranties issued during the year	75.0
Settlements made	(72.3)
Additions due to acquisitions	1.6
Effect of foreign currency translation	0.1
Balance, December 31, 2017	$ 69.4

NOTE 14. LITIGATION AND CONTINGENCIES

We are, from time to time, subject to a variety of litigation and other proceedings incidental to our business, including lawsuits involving claims for damages arising out of the use of our products, software and services, claims relating to intellectual property matters, employment matters, commercial disputes, and personal injury 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. Some of these lawsuits may include claims for punitive and consequential as well as compensatory damages. Based upon our experience, current information and applicable law, we do not believe that these proceedings and claims will have a material adverse effect on our financial position, results of operations or cash flows.

While we maintain workers compensation, property, cargo, automobile, crime, fiduciary, product, general, and directors' and officers' liability insurance (and have acquired rights under similar policies in connection with certain acquisitions) that cover a portion of these claims, this insurance may be insufficient or unavailable to cover such losses. In addition, while we believe we are entitled to indemnification from third parties for some of these claims, these rights may also be insufficient or unavailable

to cover such losses. We maintain third party insurance policies up to certain limits to cover certain liability costs in excess of predetermined retained amounts. For most insured risks, we purchase 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, we record a liability in the consolidated and 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 may assist in the determination of reserves for incurred but not yet reported claims through evaluation of our 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 we actively pursue financial recoveries from insurance providers, we do 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 risk insurance reserves we have established are inadequate, we would be required to incur an expense equal to the amount of the loss incurred in excess of the reserves, which would adversely affect our net earnings. Refer to Note 8 for information about the amount of our accruals for self-insurance and litigation liability.

In addition, our 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 our 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. We must also comply with various health and safety regulations in both the United States and abroad in connection with our 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 our capital expenditures, earnings or competitive position, and we do not anticipate material capital expenditures for environmental control facilities.

In addition to environmental compliance costs, from time to time, we incur 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. We have received notification from the United States Environmental Protection Agency, and from state and non-U.S. environmental agencies, that conditions at certain sites where we 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 we have been identified as a potentially responsible party under United States federal and state environmental laws. We have 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 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. From time to time we are also party to personal injury or other claims brought by private parties alleging injury due to the presence of, or exposure to, hazardous substances.

We have recorded a provision for environmental investigation and remediation and environmental-related claims with respect to sites we and our subsidiaries owned or formerly owned and third party sites where we have been determined to be a potentially responsible party. We generally make an assessment of the costs involved for our remediation efforts based on environmental studies, as well as our prior experience with similar sites. The ultimate cost of site cleanup is difficult to predict given the uncertainties of our 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 we determine that potential liability for a particular site or with respect to a personal injury claim is known or considered probable and reasonably estimable, we accrue the total estimated loss, including investigation and remediation costs, associated with the site or claim. As of December 31, 2017, we had a reserve of $8 million included in accrued expenses and other liabilities on the Consolidated Balance Sheets for environmental matters that are known or considered probable and reasonably estimable, which reflects our 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 we actively pursue insurance recoveries, as well as recoveries from other potentially responsible parties, we do 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, 2017 and 2016, we had approximately $146 million and $111 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 our obligations and/or performance requirements related to specific transactions. We believe that if the obligations under these instruments were triggered, they would not have a material effect on our financial statements.

NOTE 15. STOCK BASED COMPENSATION

In connection with the Separation and the employee matters agreement, the Company adopted the 2016 Stock Incentive Plan (the "Stock Plan") that became effective upon the Separation. Outstanding equity awards of Danaher held by our employees at the Separation date (the "Converted Awards") were converted into or replaced with Fortive equity awards (the "Conversion Awards") under the Stock Plan based on the "concentration method," and were adjusted to maintain the economic value immediately before and after the distribution date using the relative fair market value of Danaher and Fortive common stock based on their respective closing prices as of July 1, 2016. There was no incremental stock-based compensation expense recorded as a result of this equity award conversion.

The Stock Plan provides for the grant of stock appreciation rights, RSUs, PSUs, performance-based restricted stock awards ("RSAs") and performance stock awards ("PSAs") (collectively, "Stock Awards"), stock options or any other stock-based award. A total of 23 million shares of our common stock have been authorized for issuance under the Stock Plan. As of December 31, 2017, approximately 8 million shares of our common stock remain available for issuance under the Stock Plan. Stock options under the Stock Plan generally vest pro rata over a five-year period and terminate 10 years from the grant date, though the specific terms of each grant are determined by the Compensation Committee of our Board of Directors. Our executive officers and certain other employees may be awarded stock options with different vesting criteria and stock options granted to non-employee directors are fully vested as of the grant date. Exercise prices for stock options granted under the Stock Plan were equal to the closing price of Fortive's common stock on the NYSE on the date of grant, while stock options issued as Conversion Awards were priced to maintain the economic value before and after the Separation.

RSUs and RSAs issued under the Stock Plan provide for the issuance of common stock at no cost to the holder. RSUs granted to employees under the Stock Plan generally provide for time-based vesting over a five year period, although certain employees may be awarded RSUs with different time-based vesting criteria, and RSAs granted to members of our senior management are also subject to performance-based vesting criteria. RSUs granted to non-employee directors under the Stock Plan vest on the earlier of the first anniversary of the grant date or the date of, and immediately prior to, the next annual meeting of our shareholders following the grant date. However, 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 of Directors (the "Board"). Prior to vesting, RSUs granted under the Stock Plan do not have dividend equivalent rights, do not have voting rights and the shares underlying the RSUs are not considered issued or outstanding. RSAs granted under the Stock Plan have all of the same dividend, voting and other rights corresponding to all other common stock, provided, however, that the dividends payable on the RSAs will accrue and be delivered at the time of delivery of the shares upon vesting of the RSA.

During 2016, PSAs were granted under the Stock Plan as Conversion Awards that vest based on our total shareholder return ranking relative to the S&P 500 Index over the performance period remaining on the corresponding Converted Awards, as well as Danaher's total shareholder return prior to the Separation.

The equity compensation awards generally vest only if the employee is employed by us (or in the case of directors, the director continues to serve on the Board) on the vesting date or in other limited circumstances. To cover the exercise of stock options, vesting of RSUs and PSUs and issuances of RSAs and PSAs, we generally issue shares authorized but previously unissued, although we may instead issue treasury shares; provided, however, that, either type of issuance would equally reduce the number of shares available under our Stock Plan.

We account for stock-based compensation 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. We recognize the compensation expense over the requisite service period (which is generally the vesting period but may be shorter than the vesting period, for example, if the employee becomes retirement eligible before the end of the vesting period). The fair value of RSUs is calculated using the closing price of Fortive common stock on the date of grant, adjusted for the impact of RSUs not having dividend rights prior to vesting. The fair value of RSAs is calculated using the closing price of Fortive common stock on the date of grant. The fair

value of the PSUs and PSAs is calculated using a Monte Carlo pricing model. The fair value of the stock options granted is calculated using a Black-Scholes Merton ("Black-Scholes") option pricing model.

In connection with the exercise of certain stock options and the vesting of Stock Awards issued under the Stock Plan, a number of our shares sufficient to fund statutory minimum tax withholding requirements have been withheld from the total shares issued or released to the award holder (though under the terms of the Stock 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, 2017, approximately 243 thousand shares of Fortive common stock with an aggregate value of approximately $15 million, were withheld to satisfy this requirement. The tax withholding is treated as a reduction in additional paid-in capital in the accompanying Consolidated and Combined Statement of Changes in Equity.

We had no stock-based compensation plans prior to the Separation; however certain of our employees participated in the Danaher Plans, which provided for the grants of stock options, PSUs, and RSUs among other types of awards. Prior to the Separation, Danaher allocated stock-based compensation expense to the Company based on Fortive employees participating in the Danaher Plans. This is reflected in the accompanying Consolidated and Combined Statements of Earnings for periods prior to the Separation.

Outstanding performance-based RSUs and PSUs of Danaher held by our employees with pending performance goals of Danaher at the Separation date were canceled and replaced with Fortive RSAs and PSAs with comparable value, performance goals and vesting requirements. All other terms of these equity awards continued unchanged following the conversion or replacement.

Stock-based Compensation Expense

Stock-based compensation has been recognized as a component of SG&A in the accompanying Consolidated and Combined Statements of Earnings. Prior to the Separation, Danaher allocated stock-based compensation expense to the Company based on Fortive employees participating in the Danaher Plans. Following the Separation, the amount of stock-based compensation expense recognized during a period is based on the portion of the awards that are ultimately expected to vest. We estimate pre-vesting forfeitures at the time of grant by analyzing historical data and revise 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. Accordingly, the amounts presented for the years ended December 31, 2017, 2016 and 2015 may not be indicative of our results had we been a separate stand-alone entity throughout the periods presented.

The following summarizes the components of our stock-based compensation expense under the Stock Plan and the Danaher Plans for the years ended December 31 ($ in millions):

	2017	2016	2015
Stock Awards:			
Pretax compensation expense	$ 29.4	$ 28.1	$ 22.5
Income tax benefit	(9.6)	(9.3)	(7.5)
Stock Award expense, net of income taxes	19.8	18.8	15.0
Stock options:			
Pretax compensation expense	19.2	17.2	12.7
Income tax benefit	(6.4)	(5.8)	(4.3)
Stock option expense, net of income taxes	12.8	11.4	8.4
Total stock-based compensation:			
Pretax compensation expense	48.6	45.3	35.2
Income tax benefit	(16.0)	(15.1)	(11.8)
Total stock-based compensation expense, net of income taxes	$ 32.6	$ 30.2	$ 23.4

When stock options are exercised by the employee or Stock Awards vest, we derive a tax deduction measured by the excess of the market value on such date over the grant date price. As of January 1, 2017, we prospectively adopted ASU No. 2016-09, *Compensation—Stock Compensation (Topic 718).* During the year ended December 31, 2017, we realized a tax benefit of $32 million related to stock options that were exercised and Stock Awards that vested. Accordingly, we recorded the excess of the tax benefit related to the exercise of stock options and vesting of Stock Awards over the expense recorded for financial statement reporting purposes (the "Excess Tax Benefit") as a component of income tax expense and as an operating cash inflow in the accompanying consolidated and combined financial statements. During the year ended December 31, 2017, such Excess Tax Benefit was $20 million related to stock options that were exercised and Stock Awards that vested.

Prior to the adoption of ASU No. 2016-09, we realized a tax benefit of $36 million and $33 million during the years ended December 31, 2016 and 2015, respectively, related to stock options that were exercised and Stock Awards that vested. The Excess Tax Benefit was recorded as a component of equity in the consolidated and combined financial statements. For the six months ended December 31, 2016, the Excess Tax Benefit was recorded as an increase to additional paid-in capital and is reflected as a financing cash inflow in the accompanying Consolidated and Combined Statements of Cash Flows. Prior to the Separation, the Excess Tax Benefit was recorded as an increase to Former Parent's Investment.

The following summarizes the unrecognized compensation cost for the Stock Plan awards as of December 31, 2017. This compensation cost is expected to be recognized over a weighted average period of approximately three years, representing the remaining service period related to the awards. Future compensation amounts will be adjusted for any changes in estimated forfeitures ($ in millions):

Stock Awards	$	39.5
Stock options		40.4
Total unrecognized compensation cost	$	79.9

Stock Options

The following summarizes the assumptions used in the Black-Scholes model to value stock options granted under the Stock Plan and the Danaher Plans during the years ended December 31:

	2017	2016	2015
Risk-free interest rate	1.90% - 2.26%	1.21% - 1.77%	1.6% - 2.2%
Volatility [(a)]	20.9%	24.3%	24.3%
Dividend yield [(b)]	0.5%	0.6%	0.6%
Expected years until exercise	5.5 - 8.0	5.5 - 8.0	5.5 - 8.0

[(a)] Weighted average volatility post-Separation was estimated based on an average historical stock price volatility of a group of peer companies given our limited trading history. Weighted average volatility for periods prior to the Separation was based on implied volatility from traded options on Danaher's stock and the historical volatility of Danaher's stock.

[(b)] The dividend yield post-Separation is calculated by dividing our annual dividend, based on the most recent quarterly dividend rate, by Fortive's closing stock price on the grant date. The dividend yields for periods prior to the Separation were calculated by dividing Danaher's annual dividend, based on the most recent quarterly dividend rate, by the closing stock price on the grant date.

The following summarizes option activity under the Stock Plan and the Danaher Plans for the years ended December 31, 2017, 2016 and 2015 (in millions, except price per share and numbers of years):

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value
Outstanding as of January 1, 2015	6.3	$ 47.66		
Granted	0.9	87.96		
Exercised	(1.2)	35.28		
Canceled/forfeited	(0.2)	58.77		
Outstanding as of December 31, 2015	5.8	56.00		
Granted	1.8			
Exercised	(1.6)			
Canceled/forfeited	(0.8)			
Aggregate impact of conversion related to the Separation [(a)]	5.5			
Outstanding as of December 31, 2016	10.7	33.23		
Granted	1.9	58.07		
Exercised	(1.2)	24.77		
Canceled/forfeited	(0.5)	45.12		
Outstanding as of December 31, 2017	10.9	$ 38.09	6.3	$ 372.8
Vested and expected to vest as of December 31, 2017 [(b)]	10.6	$ 37.66	6.2	$ 365.3
Vested as of December 31, 2017	5.2	$ 28.64	4.5	$ 228.5

[(a)] The "Aggregate impact of conversion related to the Separation" represents the additional stock options issued as a result of the Separation by applying the "concentration method" to convert employee options based on the ratio of the fair value of Danaher and Fortive common stock calculated using the closing prices as of July 1, 2016.

[(b)] The "expected to vest" options are the net unvested options that remain after applying the forfeiture rate assumption to total unvested options.

The weighted average exercise price of stock options granted, exercised, and canceled/forfeited is not included in the table above for the full year ended December 31, 2016 as activity during this period included the Conversion Awards. The weighted average exercise price of Fortive stock options granted, exercised, and canceled/forfeited during the six months ended December 31, 2016 was $51.84, $26.13, and $40.57, respectively.

The aggregate intrinsic values in the table above represent the total pretax intrinsic value (the difference between the closing stock price of Fortive common stock on the last trading day of 2017 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, 2017. The amount of aggregate intrinsic value will change based on the price of Fortive's common stock.

Options outstanding as of December 31, 2017 are summarized below (in millions; except price per share and numbers of years):

	Outstanding			Vested	
Exercise Price	Shares	Average Exercise Price	Average Remaining Life (in years)	Shares	Average Exercise Price
$12.83 - $23.78	1.4	$ 17.11	2	1.4	$ 17.11
$23.79 - $29.75	1.6	25.00	4	1.6	25.00
$29.76 - $42.17	2.4	34.77	6	1.4	34.26
$42.18 - $57.25	3.7	43.73	8	0.8	43.77
$57.26 - $71.85	1.8	$ 58.11	9	—	$ —
Total shares	10.9			5.2	

The following summarizes aggregate intrinsic value and cash receipts related to stock option exercise activity under the Stock Plan and the Danaher Plans for the years ended December 31 (in millions):

	2017	2016	2015
Aggregate intrinsic value of stock options exercised	$ 50.3	$ 77.5	$ 73.4
Cash receipts from stock options exercised[(a)]	$ 31.2	$ 59.9	$ 51.2

[(a)] Cash receipts prior to the Separation were recorded as an increase to Former Parent's Investment. These amounts were $53.3 million in 2016 and $51.2 million in 2015.

Stock Awards

The following summarizes information related to Stock Award activity under the Stock Plan and the Danaher Plans for the years ended December 31, 2017, 2016 and 2015 (in millions; except price per share):

	Number of Stock Awards	Weighted Average Grant-Date Fair Value
Unvested as of January 1, 2015	1.1	$ 61.75
Granted	0.3	86.14
Vested	(0.2)	51.56
Forfeited	(0.1)	64.58
Unvested as of December 31, 2015	1.1	72.24
Granted	0.6	
Vested	(0.4)	
Forfeited	(0.3)	
Aggregate impact of conversion related to the Separation [(a)]	1.2	
Unvested as of December 31, 2016	2.2	39.20
Granted	0.6	57.79
Vested	(0.7)	35.96
Forfeited	(0.1)	43.94
Unvested as of December 31, 2017	2.0	$ 45.92

[(a)] The “Aggregate impact of conversion related to the Separation” represents the additional Stock Awards issued as a result of the Separation by applying the “concentration method” to convert Stock Awards based on the ratio of the fair value of Danaher and Fortive common stock calculated using the closing prices as of July 1, 2016.

The weighted average grant date fair value of Stock Awards granted, vested, and forfeited is not included in the table above for the full year ended December 31, 2016 as activity during this period included the conversion of Stock Awards under the Danaher Plans into awards under the Stock Plan. The weighted average grant date fair value of Stock Awards granted, vested, and forfeited during the six months ended December 31, 2016 was $46.25, $33.01, and $39.59, respectively.

NOTE 16. CAPITAL STOCK AND EARNINGS PER SHARE

Capital Stock

Under our amended and restated certificate of incorporation, as of July 1, 2016, our authorized capital stock consists of 2.0 billion common shares with a par value of $0.01 per share and 15 million preferred shares with a par value of $0.01 per share. As of December 31, 2015, Danaher owned all 100 shares of Fortive common stock that were issued and outstanding. On July 1, 2016, the 100 outstanding shares of Fortive common stock held by Danaher were recapitalized into 345,237,561 shares of Fortive common stock held by Danaher. On July 2, 2016, Danaher distributed 100 percent of Fortive outstanding common stock to its stockholders. No preferred shares were issued or outstanding on December 31, 2017.

Each share of our common stock entitles the holder to one vote on all matters to be voted upon by common stockholders. Our Board is authorized to issue shares of preferred stock in one or more series and has discretion 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. The Board’s authority 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, could potentially discourage attempts by third parties to obtain control of the Company through certain types of takeover practices.

On November 2, 2017, we declared a regular quarterly dividend of $0.07 per share paid on December 29, 2017 to holders of record on November 24, 2017. Aggregate cash payments for the dividends paid to shareholders during the year ended December 31, 2017 were $97.2 million and were recorded as dividends to shareholders in the Consolidated and Combined Statements of Changes in Equity and the Consolidated and Combined Statements of Cash Flows.

On January 23, 2018, we declared a regular quarterly dividend of $0.07 per share payable on March 29, 2018 to holders of record on February 23, 2018.

Net earnings per share

Basic EPS is calculated by dividing net earnings by the weighted average number of shares of common stock outstanding for the applicable period. Diluted EPS is similarly calculated, except that the calculation includes the dilutive effect of the assumed issuance of shares under stock-based compensation plans except where the inclusion of such shares would have an anti-dilutive impact. For the year ended December 31, 2017 the anti-dilutive options to purchase shares excluded from the diluted EPS calculation were immaterial.

We were incorporated on November 10, 2015, accordingly, we had no shares or common equivalent shares outstanding prior to that date. The total number of shares outstanding immediately after the recapitalization described above was 345.2 million and is utilized for the calculation of both basic and diluted EPS for all periods prior to the Separation.

Information related to the calculation of net earnings per share of common stock is summarized as follows ($ and shares in millions, except per share amounts):

	Net Earnings (Numerator)	Shares (Denominator)	Per Share Amount
For the Year Ended December 31, 2017:			
Basic EPS	$ 1,044.5	347.5	$ 3.01
Incremental shares from assumed exercise of dilutive options and vesting of dilutive Stock Awards	—	5.1	
Diluted EPS	$ 1,044.5	352.6	$ 2.96
For the Year Ended December 31, 2016:			
Basic EPS	$ 872.3	345.7	$ 2.52
Incremental shares from assumed issuance of shares under stock-based compensation plans	—	1.6	
Diluted EPS	$ 872.3	347.3	$ 2.51
For the Year Ended December 31, 2015:			
Basic and diluted EPS	$ 863.8	345.2	$ 2.50

NOTE 17. SEGMENT INFORMATION

We report our results in two separate business segments consisting of Professional Instrumentation and Industrial Technologies. When determining the reportable segments, we aggregated operating segments based on their similar economic and operating characteristics. Operating profit represents total revenues less operating expenses, excluding other income/expense, interest 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. 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.

Segment results are shown below ($ in millions):

	For The Year Ended December 31		
	2017	2016	2015
Sales:			
Professional Instrumentation	$ 3,139.1	$ 2,891.6	$ 2,974.2
Industrial Technologies	3,516.9	3,332.7	3,204.6
Total	$ 6,656.0	$ 6,224.3	$ 6,178.8
Operating Profit:			
Professional Instrumentation	$ 709.7	$ 642.3	$ 694.8
Industrial Technologies	718.7	667.4	617.2
Other	(73.5)	(63.7)	(42.3)
Total	$ 1,354.9	$ 1,246.0	$ 1,269.7
Identifiable assets:			
Professional Instrumentation	$ 5,588.1	$ 3,905.2	$ 3,894.0
Industrial Technologies	3,773.7	3,294.8	3,316.6
Other	1,138.8	989.8	—
Total	$ 10,500.6	$ 8,189.8	$ 7,210.6
Depreciation and amortization:			
Professional Instrumentation	$ 82.0	$ 99.4	$ 103.5
Industrial Technologies	86.1	75.7	73.4
Other	6.0	1.3	—
Total	$ 174.1	$ 176.4	$ 176.9
Capital expenditures, gross:			
Professional Instrumentation	$ 37.0	$ 36.2	$ 34.6
Industrial Technologies	96.8	84.4	85.5
Other	2.3	9.0	—
Total	$ 136.1	$ 129.6	$ 120.1

Operations in Geographical Areas:

($ in millions)	For The Year Ended December 31 2017	2016	2015
Sales:			
United States	$ 3,636.1	$ 3,471.2	$ 3,415.8
China	612.1	536.0	501.4
Germany	307.7	268.1	268.2
All other (each country individually less than 5% of total sales)	2,100.1	1,949.0	1,993.4
Total	$ 6,656.0	$ 6,224.3	$ 6,178.8
Long-lived assets:			
United States	$ 5,931.2	$ 4,480.7	$ 4,333.9
United Kingdom	405.8	353.4	359.2
Germany	295.9	262.7	349.1
All other (each country individually less than 5% of total long-lived assets)	930.9	604.3	574.3
Total	$ 7,563.8	$ 5,701.1	$ 5,616.5

Sales by Major Product Group:

($ in millions)	For The Year Ended December 31 2017	2016	2015
Professional tools and equipment	$ 4,352.5	$ 4,005.9	$ 3,959.7
Industrial automation, controls and sensors	1,207.7	1,138.2	1,170.5
Franchise distribution	626.2	618.1	590.4
All other	469.6	462.1	458.2
Total	$ 6,656.0	$ 6,224.3	$ 6,178.8

NOTE 18. RELATED-PARTY TRANSACTIONS

Prior to the Separation, our transactions with Danaher were considered related party transactions. In connection with the Separation, on July 1, 2016, we entered into the Agreements with Danaher, which govern the Separation and provide a framework for the relationship between the parties going forward, including an employee matters agreement, tax matters agreement, an intellectual property matters agreement, a DBS license agreement and a TSA.

Employee Matters Agreement

The employee matters agreement sets forth, among other things, the allocation of assets, liabilities and responsibilities relating to employee compensation and benefit plans and programs and other related matters in connection with the Separation, including the treatment of outstanding equity and other incentive awards and certain retirement and welfare benefit obligations. Refer to Note 15 for further discussion regarding the employee matters agreement.

Tax Matters Agreement

The tax matters agreement governs the respective rights, responsibilities and obligations of both Danaher and Fortive after the Separation 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. Refer to Note 11 and “Item 1A. Risk Factors” for further discussion regarding the tax matters agreement.

Intellectual Property Matters Agreement

The intellectual property matters agreement sets forth the terms and conditions pursuant to which Danaher and Fortive have mutually granted certain personal, generally irrevocable, non-exclusive, worldwide, and royalty-free rights to use certain intellectual property. Both parties are able to sublicense their rights in connection with activities relating to the their businesses, but not for independent use by third parties.

DBS License Agreement

The DBS license agreement sets forth the terms and conditions pursuant to which Danaher has granted a non-exclusive, worldwide, non-transferable, perpetual license to us to use DBS solely in support of our businesses. We are able to sublicense such license solely to direct and indirect wholly-owned subsidiaries. In addition, both parties have licensed to each other improvements made by such party to DBS during the first two years of the term of the DBS license agreement.

Transition Services Agreement

The TSA sets forth the terms and conditions pursuant to which Fortive and our subsidiaries and Danaher and its subsidiaries will provide to each other various services after the Separation. 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.

TSA Payments

In accordance with the TSA, net receipts from Danaher were immaterial during the year ended December 31, 2017. During the six months ended December 31, 2016, we made net payments to Danaher of approximately $13 million.

Revenue and Other Transactions Entered Into In the Ordinary Course of Business

Prior to the Separation, we operated as part of Danaher and not as a stand-alone company and certain of our revenue arrangements related to contracts entered into in the ordinary course of business with Danaher and its affiliates. Following the Separation, we continue to enter into arms-length revenue arrangements in the ordinary course of business with Danaher and its affiliates, although certain agreements were entered into or terminated as a result of the Separation.

We recorded sales of approximately $17 million, $31 million and $38 million to Danaher and its subsidiaries during the years ended December 31, 2017, 2016 and 2015, respectively. Purchases from Danaher and its subsidiaries were approximately $13 million and $10 million during the year ended December 31, 2017 and six months ended December 31, 2016, respectively.

Allocation of Expenses Prior to the Separation

Prior to the Separation, we operated as part of Danaher and not as a stand-alone company. Accordingly, certain shared costs for management and support functions which were provided on a centralized basis within Danaher were allocated to us and are reflected as expenses in these financial statements prior to the Separation date. We consider the allocation methodologies used to be reasonable and appropriate reflections of the related expenses attributable to us for purposes of the carved-out financial statements; however, the expenses reflected in these financial statements for periods prior to the Separation date may not be indicative of the actual expenses that would have been incurred during the periods presented if we had operated as a separate stand-alone entity. In addition, the expenses reflected in the financial statements may not be indicative of expenses that we will incur in the future.

Expenses allocated to us from Danaher and its subsidiaries for the six months ended July 1, 2016 and the year ended December 31, 2015 were $117 million and $201 million, respectively. Following the Separation, we independently incur expenses as a stand-alone company and no expenses are allocated by Danaher.

Corporate Expenses

Certain corporate overhead and shared expenses incurred by Danaher and its subsidiaries prior to the Separation were allocated to us and are reflected in the Consolidated and Combined Statements of Earnings. These amounts include, but are not limited to, items such as general management and executive oversight, costs to support Danaher's information technology infrastructure, facilities, compliance, human resources, marketing and legal functions and financial management and transaction processing including public company reporting, consolidated tax filings and tax planning, Danaher benefit plan administration, risk management and consolidated treasury services, certain employee benefits and incentives, and stock based compensation administration. These costs were allocated using methodologies that we believe are reasonable for the item being allocated. Allocation methodologies included our relative share of revenues, headcount, or functional spend as a percentage of the total. Following the Separation, we independently incur corporate overhead costs and no corporate overhead costs are allocated by Danaher.

Insurance Programs Administered by Danaher

In addition to the corporate allocations discussed above, prior to the Separation we were allocated expenses related to certain insurance programs Danaher administered on our behalf, including workers compensation, property, cargo, automobile, crime, fiduciary, product, general and directors' and officers' liability insurance. These amounts were allocated using various methodologies, as described below. Included within the insurance cost allocation are allocations related to programs for which Danaher was self-insured up to a certain amount. For the self-insured component, costs were allocated to us based on our incurred claims. Danaher had premium based policies which covered amounts in excess of the self-insured retentions. We were allocated a portion of the total insurance cost incurred by Danaher based on our pro-rata portion of Danaher's total underlying exposure base.

In connection with the Separation, we established similar independent self-insurance programs to support any outstanding claims going forward.

Medical Insurance Programs Administered by Danaher

In addition to the corporate allocations discussed above, prior to the Separation we were allocated expenses related to the medical insurance programs Danaher administered on our behalf prior to the Separation. These amounts were allocated based on actual medical claims incurred by our employees during the period. In connection with the Separation, we established independent medical insurance programs similar those previously provided by Danaher.

Deferred Compensation Program Administered by Danaher

Refer to Note 7 for information regarding our deferred compensation program. In connection with the Separation, we established a similar independent, nonqualified deferred compensation program.

NOTE 19. QUARTERLY DATA - UNAUDITED

($ in millions, except per share data)	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2017:				
Sales	$ 1,535.2	$ 1,628.8	$ 1,685.3	$ 1,806.7
Gross profit	744.0	805.1	839.4	910.0
Operating profit	294.9	348.3	355.9	355.8
Net earnings	199.7	240.1	267.8	336.9
Net earnings per share:				
Basic	$ 0.58	$ 0.69	$ 0.77	$ 0.97
Diluted	$ 0.57	$ 0.68	$ 0.76	$ 0.95
2016:				
Sales	$ 1,474.7	$ 1,555.1	$ 1,567.4	$ 1,627.1
Gross profit	695.2	768.1	772.9	796.6
Operating profit	263.0	322.1	323.2	337.7
Net earnings	182.0	238.9	226.9	224.5
Net earnings per share:				
Basic	$ 0.53	$ 0.69	$ 0.66	$ 0.65
Diluted	$ 0.53	$ 0.69	$ 0.65	$ 0.64

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

Our management, with the participation of the President and Chief Executive Officer, and Senior Vice President and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report. Based on such evaluation, the President and Chief Executive Officer, and Senior Vice President and Chief Financial Officer, have concluded that, as of the end of such period, these disclosure controls and procedures were effective.

Management's annual report on its internal control over financial reporting (as such term is defined in Rules 13a-15(f) under the Exchange Act) and the independent registered public accounting firm's audit report on the effectiveness of the Company's internal control over financial reporting are included in the Company's financial statements for the year ended December 31, 2017 included in Item 8 of this Annual Report on Form 10-K, under the headings "Report of Management on Fortive Corporation's Internal Control Over Financial Reporting" and "Report of Independent Registered Public Accounting Firm," respectively, and are incorporated herein by reference.

The Company completed the acquisitions of Industrial Scientific Corporation ("ISC") on August 25, 2017, Orpak Systems Limited ("Orpak") on August 31, 2017, and Landauer Incorporated ("Landauer") on October 19, 2017. Since the Company has not yet fully incorporated the internal controls and procedures of ISC, Orpak, or Landauer into the Company's internal control over financial reporting, management excluded ISC, Orpak, and Landauer from its assessment of the effectiveness of the Company's internal control over financial reporting as of and for the year ended December 31, 2017. Collectively, ISC, Orpak, and Landauer constituted less than 20% of the Company's total assets as of December 31, 2017 and less than 5% of the Company's total revenues for the year ended December 31, 2017.

There have been no changes in our internal control over financial reporting that occurred during the most recent completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Other than the information below, the information required by this Item is incorporated by reference from the sections entitled ***Election of Directors of Fortive***, ***Corporate Governance*** and ***Section 16(a) Beneficial Ownership Reporting Compliance*** in the Proxy Statement for our 2018 annual meeting and to the information under the caption "Executive Officers of the Registrant" in Part I hereof. No nominee for director was selected pursuant to any arrangement or understanding between the nominee and any person other than the Company pursuant to which such person is or was to be selected as a director or nominee.

Code of Ethics

We have adopted a code of business conduct and ethics for directors, officers (including Fortive's principal executive officer, principal financial officer and principal accounting officer) and employees, known as the Standards of Conduct. The Standards of Conduct are available in the "Investors - Corporate Governance" section of our website at www.fortive.com.

We 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 director, principal executive officer, principal financial officer, principal accounting officer, or any of our other executive officers, in the "Investors - Corporate Governance" section of our website, at www.fortive.com, within four business days following the date of such amendment or waiver.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is incorporated by reference from the sections entitled ***Compensation Discussion and Analysis, Compensation Committee Report, Executive Compensation, Tables, Pay Ratio*** and ***Director Compensation*** in the Proxy Statement for our 2018 annual meeting (other than the Compensation Committee Report, which shall not be deemed to be "filed").

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this Item is incorporated by reference from the sections entitled ***Beneficial Ownership of Fortive Common Stock by Directors, Officers and Principal Shareholders*** and ***Approval of Amendments to the Fortive Corporation 2016 Stock Incentive Plan—Equity Compensation Plan Information*** in the Proxy Statement for our 2018 annual meeting.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item is incorporated by reference from the sections entitled ***Corporate Governance*** and ***Certain Relationships and Related Transactions*** in the Proxy Statement for our 2018 annual meeting.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this Item is incorporated by reference from the section entitled ***Ratification of Independent Registered Public Accounting Firm*** in the Proxy Statement for our 2018 annual meeting.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

a) The following documents are filed as part of this report.

(1) Financial Statements. The financial statements are set forth under "Item 8. Financial Statements and Supplementary Data" of this Annual Report on Form 10-K.

(2) Schedules. An index of Exhibits and Schedules is on page 93 of this report. Schedules other than those listed below have been omitted from this Annual Report on Form 10-K because they are not required, are not applicable or the required information is included in the financial statements or the notes thereto.

(3) Exhibits. The exhibits listed in the accompanying Exhibit Index are filed or incorporated by reference as part of this Annual Report on Form 10-K.

ITEM 16. FORM 10-K SUMMARY

Not applicable.

FORTIVE CORPORATION
INDEX TO FINANCIAL STATEMENTS, SUPPLEMENTARY DATA AND FINANCIAL STATEMENT SCHEDULE

EXHIBIT INDEX

Exhibit Number	Description	
2.1	Separation and Distribution Agreement, dated as of July 1, 2016, by and between Fortive Corporation and Danaher Corporation	Incorporated by reference from Exhibit 2.1 to Amendment No. 1 to Fortive Corporation's Registration Statement on Form 10, filed on March 3, 2016 (Commission File Number: 1-37654)
3.1	Amended and Restated Certificate of Incorporation of Fortive Corporation	Incorporated by reference from Exhibit 3.1 to Fortive Corporation's Current Report on Form 8-K filed on June 9, 2017 (Commission File Number: 1-37654)
3.2	Amended and Restated Bylaws of Fortive Corporation	Incorporated by reference from Exhibit 3.2 to Fortive Corporation's Current Report on Form 8-K filed on June 9, 2017 (Commission File Number: 1-37654)
4.1	Indenture, dated as of June 20, 2016, between Fortive Corporation, as issuer, and The Bank of New York Mellon Trust Company, N.A., as trustee	Incorporated by reference from Exhibit 4.1 to Fortive Corporation's Current Report on Form 8-K filed on June 21, 2016 (Commission File Number: 1-37654)
4.2	Registration Rights Agreement, dated as of June 20, 2016, by and among Fortive Corporation and Barclays Capital Inc., Goldman, Sachs & Co. and Morgan Stanley & Co. LLC, as representatives of the initial purchasers	Incorporated by reference from Exhibit 4.2 to Fortive Corporation's Current Report on Form 8-K filed on June 21, 2016 (Commission File Number: 1-37654)

10.1	Employee Matters Agreement, dated as of July 1, 2016, by and between Fortive Corporation and Danaher Corporation	Incorporated by reference from Exhibit 10.2 to Amendment No. 1 to Fortive Corporation's Registration Statement on Form 10, filed on March 3, 2016 (Commission File Number: 1-37654)
10.2	Tax Matters Agreement, dated as of July 1, 2016, by and between Fortive Corporation and Danaher Corporation	Incorporated by reference from Exhibit 10.3 to Amendment No. 1 to Fortive Corporation's Registration Statement on Form 10, filed on March 3, 2016 (Commission File Number: 1-37654)
10.3	Transition Services Agreement, dated as of July 1, 2016, by and between Fortive Corporation and Danaher Corporation	Incorporated by reference from Exhibit 10.1 to Amendment No. 1 to Fortive Corporation's Registration Statement on Form 10, filed on March 3, 2016 (Commission File Number: 1-37654)
10.4	Intellectual Property Matters Agreement, dated as of July 1, 2016, by and between Fortive Corporation and Danaher Corporation	Incorporated by reference from Exhibit 10.4 to Amendment No. 1 to Fortive Corporation's Registration Statement on Form 10, filed on March 3, 2016 (Commission File Number: 1-37654)
10.5	DBS License Agreement, dated as of July 1, 2016, by and between Fortive Corporation and Danaher Corporation	Incorporated by reference from Exhibit 10.5 to Amendment No. 1 to Fortive Corporation's Registration Statement on Form 10, filed on March 3, 2016 (Commission File Number: 1-37654)
10.6	Credit Agreement, dated as of June 16, 2016, among Fortive Corporation and certain of its subsidiaries party thereto, Danaher Corporation, Bank of America, N.A., as Administrative Agent and a Swing Line Lender, and the lenders referred to therein	Incorporated by reference from Exhibit 10.1 to Fortive Corporation's Current Report on Form 8-K filed on June 21, 2016 (Commission File Number: 1-37654)
10.7	Fortive Corporation 2016 Stock Incentive Plan*	Incorporated by reference from Exhibit 10.1 to Fortive Corporation's Current Report on Form 8-K filed on June 1, 2016 (Commission File Number: 1-37654)
10.8	Form of Fortive Corporation Performance Stock Unit Agreement*	
10.9	Form of Fortive Corporation Non-Employee Directors Restricted Stock Unit Agreement *	
10.10	Form of Fortive Corporation Restricted Stock Grant Agreement*	Incorporated by reference from Exhibit 10.13 to Amendment No. 2 to Fortive Corporation's Registration Statement on Form 10, filed on April 7, 2016 (Commission File Number: 1-37654)
10.11	Form of Fortive Corporation Restricted Stock Unit Agreement*	
10.12	Form of Fortive Corporation Non-Employee Directors Stock Option Agreement*	

10.13	Form of Fortive Corporation Stock Option Agreement*	
10.14	Fortive Corporation 2016 Executive Incentive Compensation Plan*	Incorporated by reference from Exhibit 10.8 to Fortive Corporation's Current Report on Form 8-K filed on June 1, 2016 (Commission File Number: 1-37654)
10.15	Fortive Corporation Severance and Change in Control Plan for Officers*	Incorporated by reference from Exhibit 10.1 to Fortive Corporation's Current Report on Form 8-K, filed on March 31, 2017 (Commission File Number: 1-37654)
10.16	Fortive Executive Deferred Incentive Program*	Incorporated by reference from Exhibit 10.10 to Fortive Corporation's Current Report on Form 8-K filed on June 1, 2016 (Commission File Number: 1-37654)
10.17	Form of D&O Indemnification Agreement*	Incorporated by reference from Exhibit 10.10 to Amendment No. 2 to Fortive Corporation's Registration Statement on Form 10, filed on April 7, 2016 (Commission File Number: 1-37654)
10.18	Aircraft Time Sharing Agreement, dated July 18, 2016, between Fortive Corporation and James Lico*	
10.19	Aircraft Time Sharing Agreement, dated July 18, 2016, between Fortive Corporation and Charles McLaughlin*	
10.20	Description of compensation arrangements for non-management directors*	Incorporated by reference from Exhibit 10.1 to Fortive Corporation's Quarterly Report on Form 10-Q for the quarter ended September 29, 2017 (Commission File Number: 1-37654)
10.21	Fortive Corporation Non-Employee Directors' Deferred Compensation Plan	Incorporated by reference from Exhibit 10.2 to Fortive Corporation's Quarterly Report on Form 10-Q for the quarter ended September 29, 2017 (Commission File Number: 1-37654)
10.22	Fortive Corporation Non-Employee Directors' Deferred Compensation Plan Election Form	Incorporated by reference from Exhibit 10.3 to Fortive Corporation's Quarterly Report on Form 10-Q for the quarter ended September 29, 2017 (Commission File Number: 1-37654)
10.23	Offer of Employment Letter, dated November 16, 2015, between TGA Employment Services LLC and Chuck McLaughlin*	Incorporated by reference from Exhibit 10.6 to Amendment No. 1 to Fortive Corporation's Registration Statement on Form 10, filed on March 3, 2016 (Commission File Number: 1-37654)
10.24	Offer of Employment Letter, dated February 1, 2016, between TGA Employment Services LLC and Barbara Hulit*	Incorporated by reference from Exhibit 10.22 to Fortive Corporation's Annual Report on Form 10-K for the year ended December 31, 2016 (Commission File Number: 1-37654)

10.25	Offer of Employment Letter, dated November 11, 2015 between TGA Employment Services LLC and William W. Pringle*	
10.26	Offer of Employment Letter, dated February 10, 2016, between TGA Employment Services LLC and Martin Gafinowitz*	Incorporated by reference from Exhibit 10.9 to Amendment No. 1 to Fortive Corporation's Registration Statement on Form 10, filed on March 3, 2016 (Commission File Number: 1-37654)
10.27	Form A of Danaher Corporation and its Affiliated Entities Agreement Regarding Competition and Protection of Proprietary Interests* (1)	Incorporated by reference from Exhibit 10.17 to Amendment No. 3 to Fortive Corporation's Registration Statement on Form 10, filed on May 5, 2016 (Commission File Number: 1-37654)
10.28	Form B of Danaher Corporation and its Affiliated Entities Agreement Regarding Competition and Protection of Proprietary Interests* (1)	Incorporated by reference from Exhibit 10.18 to Amendment No. 3 to Fortive Corporation's Registration Statement on Form 10, filed on May 5, 2016 (Commission File Number: 1-37654)
11.1	Computation of per-share earnings (2)	
12.1	Computation of earnings to fixed charges	
21.1	Subsidiaries of Registrant	
23.1	Consent of Independent Registered Public Accounting Firm	
31.1	Certification of Chief Executive Officer Pursuant to Item 601(b)(31) of Regulation S-K, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	
31.2	Certification of Chief Financial Officer Pursuant to Item 601(b)(31) of Regulation S-K, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	
32.1	Certification of Chief Executive Officer, Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	
32.2	Certification of Chief Financial Officer, Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	
101.INS	XBRL Instance Document (3)	
101.SCH	XBRL Taxonomy Extension Schema Document (3)	
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document (3)	
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document (3)	

101.LAB	XBRL Taxonomy Extension Label Linkbase Document (3)
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document (3)

* Indicates management contract or compensatory plan, contract or arrangement.

(1) Assigned by Danaher Corporation to Fortive Corporation in connection with the separation.

(2) See Note 17, "Capital Stock and Earnings Per Share," to our Consolidated and Combined Financial Statements.

(3) Attached as Exhibit 101 to this report are the following documents formatted in XBRL (Extensible Business Reporting Language): (i) Consolidated Balance Sheets as of December 31, 2017 and 2016, (ii) Consolidated and Combined Statements of Earnings for the years ended December 31, 2017, 2016 and 2015, (iii) Consolidated and Combined Statements of Comprehensive Income for the years ended December 31, 2017, 2016 and 2015, (iv) Consolidated and Combined Statements of Changes in Equity for the years ended December 31, 2017, 2016 and 2015, (v) Consolidated and Combined Statements of Cash Flows for the years ended December 31, 2017, 2016 and 2015 and (vi) Notes to Consolidated and Combined Financial Statements.

The registrant agrees to furnish to the Commission supplementally upon request a copy of (1) any instrument with respect to long-term debt not filed herewith as to which the total amount of securities authorized thereunder does not exceed 10% of the total assets of the registrant and its subsidiaries on a consolidated basis and (ii) schedules or exhibits omitted pursuant to Item 601(b)(2) of Regulation S-K of any material plan of acquisition, disposition or reorganization set forth above.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FORTIVE CORPORATION

Date: February 27, 2018

By: /s/ JAMES A. LICO
James A. Lico
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this annual report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated:

Name, Title and Signature	Date
/s/ ALAN G. SPOON Alan G. Spoon Chairman of the Board	February 27, 2018
/s/ FEROZ DEWAN Feroz Dewan Director	February 27, 2018
/s/ JAMES A. LICO James A. Lico President, Chief Executive Officer and Director	February 27, 2018
/s/ KATE D. MITCHELL Kate D. Mitchell Director	February 27, 2018
/s/ MITCHELL P. RALES Mitchell P. Rales Director	February 27, 2018
/s/ STEVEN M. RALES Steven M. Rales Director	February 27, 2018
/s/ ISRAEL RUIZ Israel Ruiz Director	February 27, 2018

/s/ CHARLES E. MCLAUGHLIN	February 27, 2018
Charles E. McLaughlin Senior Vice President and Chief Financial Officer	
/s/ EMILY A. WEAVER	February 27, 2018
Emily A. Weaver Chief Accounting Officer	

FORTIVE CORPORATION AND SUBSIDIARIES
SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS
($ in millions)

Classification	Balance at Beginning of Period[a]	Charged to Costs & Expenses	Impact of Currency	Charged to Other Accounts[b]	Write Offs, Write Downs & Deductions	Balance at End of Period[a]
Year Ended December 31, 2017:						
Allowances deducted from asset accounts						
Allowance for doubtful accounts	$ 81.9	$ 37.7	$ 1.0	$ 2.1	$ (55.3)	$ 67.4
Year Ended December 31, 2016:						
Allowances deducted from asset accounts						
Allowance for doubtful accounts	$ 76.8	$ 31.0	$ (0.7)	$ 0.1	$ (25.3)	$ 81.9
Year Ended December 31, 2015:						
Allowances deducted from asset accounts						
Allowance for doubtful accounts	$ 71.4	$ 31.6	$ (0.9)	$ —	$ (25.3)	$ 76.8

[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.

Exhibit 10.8

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 the 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, Enhanced Retirement or Full 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 the 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 the 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. 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 the 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) the Participant's death, and (ii) the Certification End Date.

(iii) For avoidance of doubt, in all other situations, if the 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 the 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.

(i) *Early 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 Early Retirement, then 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) 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. "Early Retirement" shall mean the Participant's voluntary termination of employment on or after attainment of age fifty-five (55) at a time when the Participant's age plus years of service with the Company or an Eligible Subsidiary is greater than or equal to sixty-five (65).

(ii) *Enhanced 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 Enhanced Retirement, then 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 the completion of the Performance Period) by (2) the Retirement Proration Quotient assuming for purposes of such formula that the Termination Date occurred on the one year anniversary of the Participant's actual Termination Date, provided that the Retirement Proration Quotient shall never be greater than 1.0. "Enhanced Retirement" shall mean the Participant's voluntary termination of employment on or after attainment of age sixty (60) at a time when the sum of the Participant's age plus years of service with the Company or an Eligible Subsidiary is greater than or equal to seventy (70).

(iii) *Full Retirement.* In the event the Particitpant'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 Full Retirement, then the Participant will become vested in the total number of PSUs actually earned pursuant to the Vesting Conditions (which shall be determined following the completion of the Performance Period) as if the Participant had continued to be actively employed through the Certification Date. "Full Retirement" shall mean the Participant's voluntary termination of employment, either (1) on or after attainment of age sixty-two (62)

at a time when the sum of the Participant's age plus years of service with the Company or an Eligible Subsidiary is greater than or equal to eighty (80) or (2) Normal Retirement.

(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 the Participant with respect to the subject matter hereof. The 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 the 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 the Participant is subject to tax in more than one jurisdiction, the 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, the 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. The 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 the 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 the 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 the 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 the 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. The 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 the 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. This Section 12 provides important information about the Company's use of personal information about the Participant. For the purposes of applicable data privacy laws the data controller is Fortive Corporation with registered offices at 6920 Seaway Blvd, Everett, Washington 98203. Participants should read the information below carefully:***

(a) ***Uses of Data and Legal Basis. In order to implement, administer and manage the Participant's participation in the Plan it will be necessary for the Company to collect, use and transfer, in electronic or other form, the Participant's Data, (as defined below) by and among, as applicable, the Employer, the Company and its Subsidiaries. . The use of the Participant's Data for these purposes is necessary for the performance of the Plan and for the Company to fulfil its contractual commitments to the Participant. The Participant's refusal to provide the Data set out in subsection (b) below may affect the Participant's ability to participate in the Plan.***

(b) Categories of Data. In order to implement, administer and manage the Participant's participation in the Plan Company and the Employer may hold certain personal information about the Participant, including, but not limited to, the Participant's name, home address, email address and telephone number, date of birth, social insurance number, passport or other identification number (e.g., resident registration number), salary, nationality, and job title, any shares of stock or directorships held in the Company, details of the PSUs or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Participant's favor ("Data").

(c) Sharing and Transferring Data. In order to implement, administer and manage the Participant's participation in the Plan, the Participant's Data may be transferred to Fidelity Stock Plan Services and its affiliated companies, or such other stock plan service provider or any other third party (as may be selected by the Company in the future) which is assisting the Company with the implementation, administration and management of the Plan. Data may also be shared with a broker or other third party with whom the Participant may elect to deposit any Shares acquired upon vesting of the PSUs. The recipients of the Data may be located in the Participant's country or elsewhere, and the recipient's country (e.g., the United States) may have different data privacy laws and protections than the Participant's country. Where this is the case, the Company will take steps to put in place appropriate safeguards in respect of the Participant's Data. Under the data privacy laws of certain countries, the Participant 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.

(d) Retention and Legal Rights. Data will be held only as long as is necessary to implement, administer and manage the Participant's participation in the Plan. Under the data privacy laws of certain counrties the Participant may , request access to and receive a copy of Data, request additional information about the storage and processing of Data, require any necessary amendments to Data in any case without cost, by contacting in writing his or her local human resources representative. The Company will handle such requests in accordance with applicable law and there may therefore be legal reasons why the Company cannot grant the Participant's request.

For more information, the Participant 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 the 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, the 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) the 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 the 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 the Participant may provide as a director of any Subsidiary;

(g) the award of PSUs and the 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 the 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 the Participant is employed or the terms of the Participant's employment agreement, if any, and whether or not later found to be invalid) and in consideration of the grant of the Award, the 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, the Participant shall be deemed irrevocably to have waived the 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 the Participant's participation in the Plan or the Participant's acquisition or sale of the underlying Shares; and

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

17. Language. If the 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. The 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 the Participant or any other participant.

20. Insider Trading/Market Abuse Laws. The Participant acknowledges that, depending on the Participant's country, the 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 the Participant is considered to have "inside information" regarding the Company (as defined by the laws in the 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. The Participant acknowledges that it is his or her responsibility to comply with any applicable restrictions, and the 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 the Participant's country of residence. Moreover, if the Participant relocates to one of the countries included in the Addendum B, the special terms and conditions for such country will apply to the 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 the 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 the 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 the Participant of the vesting or expiration date of certain awards. The 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 the 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 the Participant's failure to receive any such notices.

24. **Consent and Agreement With Respect to Plan. The Participant (1) acknowledges that the Plan and the prospectus relating thereto are available to the 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 the 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

Exhibit 10.9

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. This Section 13 provides important information about the Company's use of personal information about the Participant. For the purposes of applicable data privacy laws the data controller is Fortive Corporation with registered offices at 6920 Seaway Blvd, Everett, Washington 98203. Participants should read the information below carefully:***

(a) ***Uses of Data and Legal Basis. In order to implement, administer and manage the Participant's participation in the Plan it will be necessary for the Company to collect, use and transfer, in electronic or other form, the Participant's Data, (as defined below) by and among, as applicable, the Employer, the Company and its Subsidiaries. . The use of the Participant's Data for these purposes is necessary for the performance of the Plan and for the Company to fulfil its contractual commitments to the Participant. The Participant's refusal to provide the Data set out in subsection (b) below may affect the Participant's ability to participate in the Plan.***

(b) Categories of Data. In order to implement, administer and manage the Participant's participation in the Plan Company and the Employer may hold certain personal information about the Participant, including, but not limited to, the Participant's name, home address, email address and telephone number, date of birth, social insurance number, passport or other identification number (e.g., resident registration number), salary, nationality, and job title, any shares of stock or directorships held in the Company, details of the RSUs or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Participant's favor ("Data").

(c) Sharing and Transferring Data. In order to implement, administer and manage the Participant's participation in the Plan, the Participant's Data may be transferred to Fidelity Stock Plan Services and its affiliated

companies, or such other stock plan service provider or any other third party (as may be selected by the Company in the future) which is assisting the Company with the implementation, administration and management of the Plan. Data may also be shared with a broker or other third party with whom the Participant may elect to deposit any Shares acquired upon vesting of the RSUs. The recipients of the Data may be located in the Participant's country or elsewhere, and the recipient's country (e.g., the United States) may have different data privacy laws and protections than the Participant's country. Where this is the case, the Company will take steps to put in place appropriate safeguards in respect of the Participant's Data. Under the data privacy laws of certain countries, the Participant 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.

(d) Retention and Legal Rights. Data will be held only as long as is necessary to implement, administer and manage the Participant's participation in the Plan. Under the data privacy laws of certain counrties the Participant may , request access to and receive a copy of Data, request additional information about the storage and processing of Data, require any necessary amendments to Data in any case without cost, by contacting in writing his or her local human resources representative. The Company will handle such requests in accordance with applicable law and there may therefore be legal reasons why the Company cannot grant the Participant's request.

For more information, the Participant 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. The Participant acknowledges that, depending on the Participant's or the Participant's broker's country of residence or where the Company Shares are listed, the Participant may be subject to insider trading restrictions and/or market abuse laws, which may affect his or her ability to accept, acquire, sell or otherwise dispose of Company Shares, rights to the Shares (e.g., RSUs) or rights linked to the value of the Shares (*e.g.,* phantom awards, futures) during such times as the Participant is considered to have "inside information" regarding the Company as defined by the laws or regulations in the Participant's country. Local insider trading laws and regulations may prohibit the cancellation or amendment or orders the Participant placed before the Participant possessed inside information. Furthermore, the Participant could be prohibited from (i) disclosing the inside information to any third party (other than on a "need to know" basis) and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. 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. The Participant acknowledges that it is his or her responsibility to comply with any applicable restrictions, and the Participant should 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*

Title

Residence Address

Exhibit 10.11

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:

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

Date of Grant: __

Target RSUs: __

Performance Kicker RSUs: Maximum of _____ RSUs

Vesting Schedule:

Time-Based Vesting Criteria:

Performance Objectives: Set forth on Addendum A

II. AGREEMENT

1. Grant of Restricted Stock Units. Fortive Corporation (the "Company") hereby grants to the Participant named in this Notice of Grant (the "Participant") an Award of Target RSUs and Performance Kicker RSUs (together, the "RSUs"), subject to the terms and conditions of the 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 the Agreement, the terms and conditions of the Plan shall prevail.

2. Vesting.

(a) Vesting Schedule. Except as may otherwise be set forth in the Agreement or in the Plan:

(i) The Target RSUs shall vest if the Participant continues to be actively employed with, or actively providing services to, the Company or an Eligible Subsidiary for the period required to satisfy the Time-Based Vesting Criteria applicable to such RSUs and the applicable Performance Objective, if any, has been satified.

(ii) The number of Performance Kicker RSUs that vest, if any, shall be determined pursuant to the terms of Addendum A, provided that (except as set forth in Section 4) the Participant must continue to be actively employed with, or actively providing services to, the Company or an

Eligible Subsidiary for the period of time required to satisfy the Time-Based Vesting Criteria applicable to such Performance Kicker RSUs.

The Time-Based Vesting Criteria and Performance Objective applicable to an RSU 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 the Target RSUs and Performance Kicker RSUs 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 RSUawards. 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, and if applicable, to what extent, the Performance Objective(s) applicable to the Target RSUs and Performance Kicker RSUs have been met and the number of RSUs that shall vest, if any, and such determination shall be final and conclusive. Until the Committee has made such a determination, the Performance Objective(s) may not be considered to have been satisfied. Notwithstanding any determination by the Committee that the Performance Objective(s) have been attained, an RSU shall not be considered to have vested unless and until the Participant has satisfied the Time-Based Vesting Criteria applicable to such RSU.

(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) Addendum. The provisions of Addendum A are incorporated by reference herein and made a part of the Agreement, and to the extent any provision in Addendum A conflicts with any provision set forth elsewhere in the Agreement (including without limitation any provisions relating to Retirement), the provision set forth in Addendum A 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, the 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 the Agreement, any RSU 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 such RSU. 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 RSUs 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, Enhanced Retirement or Full Retirement), all RSUs that are unvested as of termination shall automatically terminate as of the date of termination and the Participant's right to receive further RSUs under the Plan shall also terminate as of the date of termination. For purposes of the RSUs, the Participant's employment will be considered terminated as of the date the Participant is no longer actively providing services to the Company or an Eligible Subsidiary (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment or service agreement, if any). 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 any contractual notice period, a period of "garden leave", paid administrative leave or similar period mandated under employment laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment or service agreement, if any). Unless the Committee provides otherwise (1) termination of the Participant's employment will include instances in which the 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 the Participant's death, a pro rata amount of each unvested Tranche (a "Tranche" consistsof all RSUs as to which the Time-Based Vesting Criteria are scheduled to be satisfied on the same date) of the Target RSUs and Performance Kicker RSUs 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 the 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) *Early Retirement.* If the Participant's active employment or other active service-providing relationship with the Company or Eligible Subsidiary terminates as a result of Early Retirement, then, unless contrary to applicable law, with respect to each Tranche of Target RSUs and Performance Kicker RSUs that is unvested as of the Early Retirement date, a pro-rata portion of such Tranche shall remain outstanding and will vest as of the Time-Based Vesting Date for such Tranche, but only to the extent the Performance Objective(s) (if any) are satisfied on or prior to the Time-Based Vesting Date according to Addendum A. The pro-rata portion of each unvested Tranch of Target RSUs and Performance Kicker RSUs that shall continue vesting shall be determined by multiplying (1) the total number of RSUs in such Tranche by (2) the quotient of (A) the number of full or partial months worked by the Participant from the Date of Grant to the Early Retirement date, divided by (B) the total number of months in the original time-based vesting schedule of the Tranche (the "Retirement Proration Quotient"), provided that the Retirement Proration Quoitent shall never be greater than 1.0. "Early Retirement" shall mean the Participant's voluntary termination of employment on or after attainment of age fifty-five (55) at a time when the Participant's age plus years of service with the Company or an Eligible Subsidiary is greater than or equal to sixty-five (65).

(ii) *Enhanced Retirement.* In the event the Participant's active employment or other active service-providing relationship with the Company or Eligible Subsidiary terminates as a result of Enhanced Retirement, then, unless contrary to applicable law, the Participant shall become vested in a pro-rata portion of each Tranche of Target RSUs and Performance Kicker RSUs that is unvested as of the Enhanced Retirement date, but

only to the extent the Performance Objective(s) (if any) are satisfied on or prior to such Time-Based Vesting Date according to Addendum A. Such pro-rata protion of each Tranche that shall continue vesting shall be determined by multiplying (1) the total number of RSUs in such Tranche by (2) the Retirement Proration Quotient assuming for purposes of such formula that the Participant's termination of employment occurred on the one year anniversary of the Participant's Enhanced Retirement date, provided that the Retirement Proration Quotient shall never be greater than 1.0. "Enhanced Retirement" shall mean the Participant's voluntary termination of employment on or after attainment of age sixty (60) at a time when the sum of the Participant's age plus years of service with the Company or an Eligible Subsidiary is greater than or equal to seventy (70).

(iii) *Full Retirement.* Upon termination of employment by reason of the Participant's Full Retirement, unless contrary to applicable law, with respect to each Tranche of Target RSUs and Performance Kicker RSUs that is unvested as of the Full Retirement date, such Tranche will vest in full as of the Time-Based Vesting Date for such Tranche, but only to the extent the Performance Objective(s) (if any) are satisfied on or prior to such Time-Based Vesting Date according to Addendum A. "Full Retirement" shall mean the Participant's voluntary termination of employment, either (1) on or after attainment of age sixty-two (62) at a time when the sum of the Participant's age plus years of service with the Company or an Eligible Subsidiary is greater than or equal to eighty (80) or (2) Normal Retirement.

(d) Gross Misconduct. If the Participant's employment with the Company or an Eligible Subsidiary is terminated for Gross Misconduct, all 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 the 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 the 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 the 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 the Participant with respect to the subject matter hereof. The Participant expressly warrants that he or she is not accepting the Agreement in reliance on any promises, representations, or inducements other than those contained herein. The Board may amend, modify or terminate the Plan or any award in any respect at any time; provided, however, that modifications to the 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 the Agreement, the Company reserves the right to revise the

Agreement and the 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, fringe benefits 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 may exceed the amount actually withheld by the Company or the Employer 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; 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 the Participant is subject to tax in more than one jurisdiction, the 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.

(b) Prior to the relevant taxable event, the Participant shall pay or make adequate arrangements satisfactory to the Company and/or the Employer 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 their respective agents, at their discretion, to satisfy the obligations with regard to all Tax Related Items legally payable by the Participant (with respect to the RSUs 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 of the RSUs (on the Participant's behalf and at the 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; (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; or (vi) any method determined by the Committee to be in compliance with applicable laws.

Depending on the withholding method, the Company and/or Employer may withhold or account for Tax Related Items by considering applicable minimum statutory withholding rates or other applicable withholding rates, including maximum applicable rates, in which case the Participant may receive a refund of any over-withheld amount in cash and will have no entitlement to the Share equivalent. If the obligation for Tax Related Items is satisfied by withholding in Shares, for tax purposes, the Participant is deemed to have been issued the full number of Shares subject to the vested RSUs, notwithstanding that a number of Shares are held back solely for purposes of paying the Tax Related Items.

Finally, the Participant agrees to pay to the Company or the Employer any amount Tax Related Items that the Company and/or the Employer may be required to withhold or account for as a result of the Participant's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to

issue or deliver to the Participant any Shares or proceeds from the sale of Shares if the Participant fails to comply with the Participant's obligations in connection with the Tax Related Items.

(c) Code Section 409A. The intent of the parties is that payments and benefits under the Agreement comply with Section 409A of Code to the extent subject thereto, and, accordingly, to the maximum extent permitted, the 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 the Agreement and no payment shall be due to the Participant under the 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 the 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 the 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 the 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 the 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 Participant shall be solely responsible for the payment of any taxes and penalties incurred under Section 409A.

For purposes of making a payment under the 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. Nature of Grant. In accepting the RSUs, the Participant acknowledges and agrees that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(b) 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;

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

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

(e) 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;

(f) the award of RSUs and Shares subject to the RSUs, and the income and value of same, are not intended to replace any pension rights or compensation;

(g) 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;

(h) 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 the Participant may provide as a director of any Subsidiary;

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

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

(k) 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 RSUs or Shares upon vesting of the RSUs resulting from termination of the 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 the Participant is employed or the terms of the Participant's employment agreement, if any);

(l) neither the Company, the Employer nor any other Subsidiary shall be liable for any foreign exchange rate fluctuation between the Participant's local currency and the United States Dollar that may affect the value of the RSUs or of any amounts due to the Participant pursuant to the settlement of the RSUs or the subsequent sale of any Shares acquired upon vesting;

(m) 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 the Participant's acquisition or sale of the underlying Shares; and

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

9. Rights as Shareholder. Until all requirements for vesting of the RSUs pursuant to the terms of the 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.

10. No Employment Contract. Nothing in the Plan or the Agreement constitutes an employment contract between the Company and the Participant and the 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 the 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).

11. Board Authority. The Board and/or the Committee shall have the power to interpret the 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 the 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 the Agreement.

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

13. Electronic Delivery.

(a) If the Participant executes the Agreement electronically, for the avoidance of doubt, the Participant acknowledges and agrees that his or her execution of the 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 the Agreement in paper form. The Participant acknowledges that upon request of the Company he or she shall also provide an executed paper form of the Agreement.

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

14. ***Data Privacy. This Section 14 provides important information about the Company's use of personal information about the Participant. For the purposes of applicable data privacy laws the data controller is Fortive Corporation with registered offices at 6920 Seaway Blvd, Everett, Washington 98203. Participants should read the information below carefully:***

(a) ***Uses of Data and Legal Basis. In order to implement, administer and manage the Participant's participation in the Plan it will be necessary for the Company to collect, use and transfer, in electronic or other form, the Participant's Data, (as defined below) by and among, as applicable, the Employer, the Company and its Subsidiaries. . The use of the Participant's Data for these purposes is necessary for the performance of the Plan and for the Company to fulfil its contractual commitments to the Participant. The Participant's refusal to provide the Data set out in subsection (b) below may affect the Participant's ability to participate in the Plan.***

(b) Categories of Data. In order to implement, administer and manage the Participant's participation in the Plan Company and the Employer may hold certain personal information about the Participant, including, but not limited to, the Participant's name, home address, email address and telephone number, date of birth, social insurance number, passport or other identification number (e.g., resident registration number), salary, nationality, and job title, any shares of stock or directorships held in the Company, details of the PSUs or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Participant's favor ("Data").

(c) Sharing and Transferring Data. In order to implement, administer and manage the Participant's participation in the Plan, the Participant's Data may be transferred to Fidelity Stock Plan Services and its affiliated

companies, or such other stock plan service provider or any other third party (as may be selected by the Company in the future) which is assisting the Company with the implementation, administration and management of the Plan. Data may also be shared with a broker or other third party with whom the Participant may elect to deposit any Shares acquired upon vesting of the PSUs. The recipients of the Data may be located in the Participant's country or elsewhere, and the recipient's country (e.g., the United States) may have different data privacy laws and protections than the Participant's country. Where this is the case, the Company will take steps to put in place appropriate safeguards in respect of the Participant's Data. Under the data privacy laws of certain countries, the Participant 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.

(d) Retention and Legal Rights. Data will be held only as long as is necessary to implement, administer and manage the Participant's participation in the Plan. Under the data privacy laws of certain counrties the Participant may , request access to and receive a copy of Data, request additional information about the storage and processing of Data, require any necessary amendments to Data in any case without cost, by contacting in writing his or her local human resources representative. The Company will handle such requests in accordance with applicable law and there may therefore be legal reasons why the Company cannot grant the Participant's request.

For more information, the Participant 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 RSUs or hereunder, or the rights, duties or liabilities created hereby.

16. Agreement Severable. In the event that any provision of the 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 the Agreement.

17. Governing Law and Venue. The laws of the State of Delaware (other than its choice of law provisions) shall govern the Agreement and its interpretation. For purposes of litigating any dispute that arises with respect to the RSUs, the 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, the Agreement or any award must be commenced by the 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.

18. Language. If the Participant has received the Plan, the 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 the 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 the Agreement shall not operate or be construed as a waiver of any other provision of the Agreement, or of any subsequent breach by the Participant or any other participant.

21. Insider Trading/Market Abuse Laws. The Participant acknowledges that, depending on the Participant's country, the 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 the

Participant is considered to have "inside information" regarding the Company (as defined by the laws in the 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. The Participant acknowledges that it is his or her responsibility to comply with any applicable restrictions, and the Participant is advised to consult with his or her own personal legal and financial advisors on this matter.

22. Foreign Asset/Account Reporting Requirements and Exchange Controls. The Participant's country may have certain foreign asset and/or foreign account reporting requirements and exchange controls which may affect the Participant's ability to acquire or hold Shares under the Plan or cash received from participating in the Plan (including any dividends paid on Shares, sale proceeds resulting from the sale of Shares acquired under the Plan) in a brokerage or bank account outside the Participant's country. The Participant may be required to report such accounts, assets, or transactions to the tax or other authorities in the Participant's country. The Participant may be required to repatriate sale proceeds or other funds received as a result of the Participant's participation in the Plan to the Participant's country through a designated bank or broker within a certain time after receipt. The Participant acknowledges that it is the Participant's responsibility to be compliant with such regulations and the Participant should consult his or her personal legal advisor for any details.

23. Imposition of Other Requirements. The Company reserves the right to impose other requirements on the Participant's participation in the Plan, on the RSUs and on any Shares subject to the RSUs, to the extent the Company determines it is necessary or advisable for legal or administrative reasons and provided the imposition of the term or condition will not result in any adverse accounting expense to the Company, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

24. Recoupment. The RSUs granted pursuant to the 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.

25. Notices. The Company may, directly or through its third party stock plan administrator, endeavor to provide certain notices to the 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 the Participant of the vesting or expiration date of certain awards. The Participant acknowledges and agrees that (1) the Company has no obligation (whether pursuant to the Agreement or otherwise) to provide any such notices; (2) to the extent the Company does provide any such notices to the Participant the Company does not thereby assume any obligation to provide any such notices or other notices; and (3) the Company, its Subsidiaries and the third party stock plan administrator have no liability for, and the Participant has no right whatsoever (whether pursuant to the Agreement or otherwise) to make any claim against the Company, any of its Subsidiaries 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 the Participant's failure to receive any such notices.

26. **Consent and Agreement With Respect to Plan. The Participant (1) acknowledges that the Plan and the prospectus relating thereto are available to the 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 the 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 the Agreement), and consents and agrees that all options and restricted stock units, if any, held by the 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 the 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 the Agreement.

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

PARTICIPANT

Electronic Signature
Signature

Participant Name

ADDENDUM A

12

Exhibit 10.12

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 or 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, 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. This Section 13 provides important information about the Company's use of personal information about the Optionee. For the purposes of applicable data privacy laws the data controller is Fortive Corporation with registered offices at 6920 Seaway Blvd, Everett, Washington 98203. Optionees should read the information below carefully:***

(a) ***Uses of Data and Legal Basis. In order to implement, administer and manage the Optionee's participation in the Plan it will be necessary for the Company to collect, use and transfer, in electronic or other form, the Optionee's Data, (as defined below) by and among, as applicable, the Employer, the Company and its Subsidiaries. . The use of the Optionee's Data for these purposes is necessary for the performance of the Plan and for the Company to fulfil its contractual commitments to the Optionee. The Optionee's refusal to provide the Data set out in subsection (b) below may affect the Optionee's ability to participate in the Plan.***

(b) Categories of Data. In order to implement, administer and manage the Optionee's participation in the Plan Company and the Employer may hold certain personal information about the Optionee, including, but not limited to, the Optionee's name, home address, email address and telephone number, date of birth, social insurance number, passport or other identification number (e.g., resident registration number), salary, nationality, and job title, any shares of stock or directorships held in the Company, details of the Option or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Optionee's favor ("Data").

(c) Sharing and Transferring Data. In order to implement, administer and manage the Optionee's participation in the Plan, the Optionee's Data may be transferred to Fidelity Stock Plan Services and its affiliated companies, or such other stock plan service provider or any other third party (as may be selected by the Company in the future) which is assisting the Company with the implementation, administration and management of the Plan. Data may also be shared with a broker or other third party with whom the Optionee may elect to deposit any Shares acquired upon exercise of the Option. The recipients of the Data may be located in the Optionee's country or elsewhere, and the recipient's country (e.g., the United States) may have different data privacy laws and protections than the Optionee's country. Where this is the case, the Company will take steps to put in place appropriate safeguards in respect of the Optionee's Data. Under the data privacy laws of certain countries, the Optionee 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.

(d) Retention and Legal Rights. Data will be held only as long as is necessary to implement, administer and manage the Optionee's participation in the Plan. Under the data privacy laws of certain counrties the Optionee may , request access to and receive a copy of Data, request additional information about the storage and processing of Data, require any necessary amendments to Data in any case without cost, by contacting in writing his or her local human resources representative. The Company will handle such requests in accordance with applicable law and there may therefore be legal reasons why the Company cannot grant the Optionee's request.

For more information, the Optionee 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 **FORTIVE CORPORATION**

Signature *Signature*

Print Name *Print Name*

Title

Residence Address

Exhibit 10.13

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, including any special terms and conditions for the Optionee's country set forth in the addendum attached thereto as Addendum A (the "Addendum") (collectively, the "Agreement").

I.NOTICE OF STOCK OPTION GRANT

Name:

Optionee 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 the 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

II. AGREEMENT

1. Grant of Option. Fortive Corporation (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 of Common Stock (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 the 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 the Agreement, the terms and conditions of the Plan shall prevail.

2. Vesting.

(a) Vesting Schedule. Except as may otherwise be set forth in the Agreement or in the Plan, Options awarded to the 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 the 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 the Agreement, and to the extent any provision in Addendum A conflicts with any provision set forth elsewhere in the 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 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 the Agreement.

(b) Method and Time of Exercise. This Option shall be exercisable by any method permitted by the Plan and the 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 Option 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 the 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 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"), the 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 issued to the Optionee upon such automatic exercise of the Auto-Exercise Eligible Option in an amount necessary to satisfy (1) the 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 contribution 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 Shares as of the close of trading on the date of exercise. The Optionee may notify the Plan record-keeper in writing in advance that the 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 Full Retirement) 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. For purposes of this Option, the Optionee's employment will be considered terminated as of the date the Optionee is no longer actively providing services to the Company or an Eligible Subsidiary (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Optionee is employed or the terms of the Optionee's employment or service agreement, if any). 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 any contractual notice period, a period of "garden leave", paid administrative leave or similar period mandated under employment laws in the jurisdiction where the Optionee is employed or the terms of the Optionee's employment or service agreement, if any) 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 employment laws in the jurisdiction where the Optionee is employed or terms of the Optionee's employment or service agreement, if any. 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 active employment or other active service-providing relationship with the Company or an Eligible Subsidiary terminates for any reason (other than death, Disability, Early Retirement, Enhanced Retirement, Full 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 the 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 would subject the Optionee 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 the 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 active employment or other active service-providing relationship 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's active employment or other active service-providing relationship with the Company or Eligible Subsidiary terminates 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, then the Optionee shall continue to vest in a pro-rata portion of each Tranche (a "Tranche" consisting of all portions of the Option as to which the Time-Based Vesting Criteria are scheduled to be satisfied on the same date) that is unvested as of the date of the Optionee's Early Retirement, 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). Such pro-rata portion of each Tranche that shall continue vesting shall be determined by multiplying (1) the total number of Options in such Tranche by (2) the quotient of (A) the number of full or partial months worked by the Optionee from the Date of Grant to the Early Retirement date, divided by (B) the total number of months in the original time-based vesting schedule of the Tranche (the "Retirement Proration Quotient"), provided that the Retirement Proration Quoitent shall never be greater than 1.0. 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. “Early Retirement” shall mean the Optionee’s voluntary termination of employment on or after attainment of age fifty-five (55) at a time when the Optionee’s age plus years of service with the Company or an Eligible Subsidiary is greater than or equal to sixty-five (65).

(f) Enhanced Retirement. In the event the Optionee’s active employment or other active service-providing relationship with the Company or Eligible Subsidiary terminates as a result of Enhanced Retirement, and the Date of Grant of this Option precedes the Optionee’s Enhanced Retirement date by at least six (6) months, then the Optionee shall become vested in a pro-rata portion of each Tranche that is unvested as of the Enhanced Retirement date . Such pro-rata protion of each Tranche that shall continue vesting shall be determined by multiplying (1) the total number of Options in such Tranche by (2) the Retirement Proration Quotient assuming for purposes of such formula that the Optionee’s termination of employment occurred on the one year anniversary of the Optionee’s Enhanced Retirement date, provided that the Retirement Proration Quotient shall never be greater than 1.0. “Enhanced Retirement” shall mean the Optionee’s voluntary termination of employment on or after attainment of age sixty (60) at a time when the sum of the Optionee’s age plus years of service with the Company or an Eligible Subsidiary is greater than or equal to seventy (70).

(g) Full Retirement. In the event the Optionee’s active employment or other active service-providing relationship with the Company or Eligible Subsidiary terminates as a result of Full Retirement, and the Date of Grant of this Option precedes the Optionee’s Full Retirement date by at least six (6) months, then the Optionee’s unvested Options will continue to vest and such Options together with any Options that are vested as of the Optionee’s Full Retirement date shall remain outstanding and (once vested) may be exercised until the fifth anniversary of the Full 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 Full 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. “Full Retirement” shall mean the Optionee’s voluntary termination of employment, either (1) on or after attainment of age sixty-two (62) at a time when the sum of the Optionee’s age plus years of service with the Company or an Eligible Subsidiary is greater than or equal to eighty (80) or (2) Normal Retirement.

(h) 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.

(i) Violation of Post-Employment Covenant. To the extent that any of the Optionee’s Options remain outstanding under the terms of the Plan or the 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.

(j) 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 the Optionee only by the Optionee and/or by his or her duly appointed guardian. The

terms of the Plan and the Agreement shall be binding upon the executors, administrators, heirs and permitted successors and assigns of the Optionee.

(b) Notwithstanding any other term in the Agreement, the 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 the Agreement.

7. Amendment of Option or Plan.

(a) The Plan and the 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. The Optionee expressly warrants that he or she is not accepting the Agreement in reliance on any promises, representations, or inducements other than those contained herein. The Board may amend, modify or terminate the Plan or any Option in any respect at any time; provided, however, that modifications to the 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 the Agreement, the Company reserves the right to revise the Agreement and the 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, fringe benefits 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 may exceed the amount actually withheld by the Company or the Employer 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; 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 the Optionee is subject to tax in more than one jurisdiction, the 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, the Optionee shall pay or make adequate arrangements satisfactory to the Company and/or the Employer 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 their respective agents, at their 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; (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; or (vi) any method determined by the Committee to be in compliance with applicable laws.

Depending on the withholding method, the Company and/or the Employer may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates, including maximum applicable rates, in which case the Optionee may receive a refund of any over-withheld amount in cash and will have no entitlement to the Share equivalent. If the obligation for Tax Related Items is satisfied by withholding in Shares, for tax purposes, the Optionee is deemed to have been issued the full member of Shares issued upon exercise of the Option, notwithstanding that a member of the Shares are held back solely for the purpose of paying the Tax Related Items.

Finally, the Optionee agrees to pay to the Company or the Employer any amount of Tax Related Items that the Company or the Employer may be required to withhold or account for as a result of the Optionee's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver to the Optionee any Shares or proceeds from the sale of Shares, if the Optionee fails to comply with his or her obligations in connection with the Tax Related Items.

(b) Code Section 409A. The intent of the parties is that payments and benefits under the Agreement comply with Section 409A of Code to the extent subject thereto, and, accordingly, to the maximum extent permitted, the 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 Optionee shall not be considered to have separated from service with the Company for purposes of the Agreement and no payment shall be due to the Optionee under the Agreement on account of a separation from service until the Optionee 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 the 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 the 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 the 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 Optionee shall be solely responsible for the payment of any taxes and penalties incurred under Section 409A.

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

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(b) the award of the Option is exceptional, 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;

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

(d) the Optionee's participation in the Plan is voluntary;

(e) the Option and any Shares acquired under the Plan, 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 the Optionee's employment or service contract, if any;

(f) the Option and any Shares acquired under the Plan, and the income and value of same, are not intended to replace any pension rights or compensation;

(g) the Option and any Shares acquired under the Plan, 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, holiday pay, 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;

(h) unless otherwise agreed with the Company, the Option and any Shares acquired under the Plan, 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;

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

(j) if the Shares do not increase in value, the Option will have no value;

(k) if the 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;

(l) in consideration of the award of the Option, no claim or entitlement to compensation or damages shall arise from forfeiture of the Option resulting from termination of the Optionee's employment or continuous service by the Company or any Subsidiary (for any reason whatsoever and whether or not later to found to be invalid or in breach of employment laws in the jurisdiction where the Optionee is employed or the terms of the Optionee's employment or service agreement, if any);

(m) neither the Company, the Employer nor any other Subsidiary shall be liable for any foreign exchange rate fluctuation between the Optionee's local currency and the U.S. Dollar that may affect the value of this Option or of any amounts due to the Optionee pursuant to the exercise of the Option or the subsequent sale of any Shares acquired upon exercise;

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

(o) the Optionee should consult with the Optionee's own personal tax, legal and financial advisors regarding the Optionee's participation in the Plan before taking any action related to the Plan.

10. Rights as Shareholder. Until all requirements for exercise of the Option pursuant to the terms of the 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.

11. No Employment Contract. Nothing in the Plan or the Agreement constitutes an employment contract between the Company and the Optionee and the 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 the 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 the Optionee may otherwise have with the Company or a Subsidiary thereof and/or applicable law).

12. Board Authority. The Board and/or the Committee shall have the power to interpret the 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 the 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 the Agreement.

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

14. Electronic Delivery.

(a) If the Optionee executes the Agreement electronically, for the avoidance of doubt, the Optionee acknowledges and agrees that his or her execution of the 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. The Optionee acknowledges that upon request of the Company he or she shall also provide an executed paper form of the Agreement.

(b) If the Optionee executes the 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 the Optionee executes the Agreement multiple times (for example, if the Optionee first executes the 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, the 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) the Agreement shall be effective as of the earliest execution of the 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 the 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 the 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.***

15. ***Data Privacy. This Section 15 provides important information about the Company's use of personal information about the Optionee. For the purposes of applicable data privacy laws the data controller is Fortive Corporation with registered offices at 6920 Seaway Blvd, Everett, Washington 98203. Optionees should read the information below carefully:***

(a) ***Uses of Data and Legal Basis. In order to implement, administer and manage the Optionee's participation in the Plan it will be necessary for the Company to collect, use and transfer, in electronic or other form, the Optionee's Data, (as defined below) by and among, as applicable, the Employer, the Company and its Subsidiaries. . The use of the Optionee's Data for these purposes is necessary for the performance of the Plan and***

for the Company to fulfil its contractual commitments to the Optionee. The Optionee's refusal to provide the Data set out in subsection (b) below may affect the Optionee's ability to participate in the Plan.

(b) Categories of Data. In order to implement, administer and manage the Optionee's participation in the Plan Company and the Employer may hold certain personal information about the Optionee, including, but not limited to, the Optionee's name, home address, email address and telephone number, date of birth, social insurance number, passport or other identification number (e.g., resident registration number), salary, nationality, and job title, any shares of stock or directorships held in the Company, details of the Option or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Optionee's favor ("Data").

(c) Sharing and Transferring Data. In order to implement, administer and manage the Optionee's participation in the Plan, the Optionee's Data may be transferred to Fidelity Stock Plan Services and its affiliated companies, or such other stock plan service provider or any other third party (as may be selected by the Company in the future) which is assisting the Company with the implementation, administration and management of the Plan. Data may also be shared with a broker or other third party with whom the Optionee may elect to deposit any Shares acquired upon exercise of the Option. The recipients of the Data may be located in the Optionee's country or elsewhere, and the recipient's country (e.g., the United States) may have different data privacy laws and protections than the Optionee's country. Where this is the case, the Company will take steps to put in place appropriate safeguards in respect of the Optionee's Data. Under the data privacy laws of certain countries, the Optionee 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.

(d) Retention and Legal Rights. Data will be held only as long as is necessary to implement, administer and manage the Optionee's participation in the Plan. Under the data privacy laws of certain counrties the Optionee may , request access to and receive a copy of Data, request additional information about the storage and processing of Data, require any necessary amendments to Data in any case without cost, by contacting in writing his or her local human resources representative. The Company will handle such requests in accordance with applicable law and there may therefore be legal reasons why the Company cannot grant the Optionee's request.

For more information, the Optionee may contact his or her local human resources representative.

16. 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.

17. Agreement Severable. In the event that any provision of the 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 the Agreement.

18. Governing Law and Venue. The laws of the State of Delaware (other than its choice of law provisions) shall govern the Agreement and its interpretation. For purposes of litigating any dispute that arises with respect to the Option, the 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, the Agreement or the Option must be commenced by the Optionee within twelve (12) months of the earliest date on which the Optionee's claim first arises, or the Optionee's cause of action accrues, or such claim will be deemed waived by the Optionee.

19. Language. If the Optionee has received the 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 the 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. The Optionee acknowledges that a waiver by the Company of breach of any provision of the Agreement shall not operate or be construed as a waiver of any other provision of the Agreement, or of any subsequent breach by the Optionee or any other participant.

22. Insider Trading/Market Abuse Laws. The Optionee acknowledges that, depending on the Optionee's or the Optionee's broker's country of residence or where the Company Shares are listed, the Optionee may be subject to insider trading restrictions and/or market abuse laws, which may affect his or her ability to accept, acquire, sell or otherwise dispose of Company Shares or exercise Options or rights linked to the value of the Shares (e.g., phantom awards, futures) during such times as the Optionee is considered to have "inside information" regarding the Company as defined by the laws or regulations in the Optionee's country. Local insider trading laws and regulations may prohibit the cancellation or amendment or orders the Optionee placed before the Optionee possessed inside information. Furthermore, the Optionee could be prohibited from (i) disclosing the inside information to any third party (other than on a "need to know" basis) and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. 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. The Optionee acknowledges that it is his or her responsibility to comply with any applicable restrictions, and the Optionee should consult with his or her own personal legal and financial advisors on this matter.

23. Foreign Asset/Account Reporting and Exchange Controls: The Optionee's country may have certain exchange controls and/or foreign asset/account reporting requirements which may affect the Optionee's ability to acquire or hold Shares under the Plan or cash received from participating in the Plan (including from any dividends paid on the Shares or sale proceeds resulting from the sale of Shares) in a brokerage or bank account outside the Optionee's country. The Optionee may be required to report such accounts, assets or transactions to the tax or other authorities in his or her country. The Optionee may be required to repatriate sale proceeds or other funds received as a result of the Optionee's participation in the Plan to the Optionee's country through a designated bank or broker within a certain time after receipt. The Optionee acknowledges that it is his or her responsibility to comply with any applicable regulations, and that the Optionee should speak to his or her personal advisor on this matter.

24. Addendum. Notwithstanding any provisions of the Agreement, the Option and any Shares acquired under the Plan shall be subject to any special terms and conditions for the Optionee's country of employment and country of residence, if different, as set forth in Addendum A. Moreover, if the Optionee relocates to one of the countries included in the Addendum, the special terms and conditions for such country will apply to the Optionee, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons and provided the imposition of the term or condition will not result in any adverse accounting expense with respect to the Option (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate the Participant's transfer). The Addendum constitutes part of the Agreement.

25. Imposition of Other Requirements. The Company reserves the right to impose other requirements on the Optionee's participation in the Plan, on the Option and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons and provided the imposition of the term or condition will not result in adverse accounting expense to the Company, and to require the Optionee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

26. Recoupment. The Options granted pursuant to the 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. For purposes of the foregoing, the Optionee expressly and explicitly authorize the Company to issue instructions, on the Optionee's behalf, to any

brokerage firm and/or third party administrator engaged by the Company to hold the Optionee's Shares and other amounts acquired pursuant to the Optionee's Options, to re-convey, transfer or otherwise return such Shares and/or other amounts to the Company upon the Company's enforcement of the Policy. To the extent that the Agreement and the Policy conflict, the terms of the Policy shall prevail.

27. Notices. The Company may, directly or through its third party stock plan administrator, endeavor to provide certain notices to the 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 the Optionee of the vesting or expiration date of certain awards. The Optionee acknowledges and agrees that (1) the Company has no obligation (whether pursuant to the Agreement or otherwise) to provide any such notices; (2) to the extent the Company does provide any such notices to the Optionee the Company does not thereby assume any obligation to provide any such notices or other notices; and (3) the Company, its Subsidiaries and the third party stock plan administrator have no liability for, and the Optionee has no right whatsoever (whether pursuant to the Agreement or otherwise) to make any claim against the Company, any of its Subsidiaries 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 the Optionee's failure to receive any such notices.

28. Consent and Agreement With Respect to Plan. The Optionee (1) acknowledges that the Plan and the prospectus relating thereto are available to the 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 the 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 the Agreement), and consents and agrees that all options and restricted stock units, if any, held by the 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 the 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 the Agreement.

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

OPTIONEE

Electronic Signature
Signature

Participant Name
Print Name

ADDENDUM A

This Addendum includes special terms and conditions that govern the Option granted to the Optionee if the Optionee resides and/or works in one of the countries listed below. 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 also incldues information regarding securities, exchange control, tax and certain other issues of which the Optionee should be aware with respect to the Optionee's participation in the Plan. The information is based on the securities, exchange control, tax and other laws in effect as of February 2018. Such laws are often complex and change frequently. As a result, the Company strongly recommends that the Optionee not rely on the information contained herein as the only source of information relating to the consequences of the Optionee's participation in the Plan because the information may be out of date at the time the Optionee exercises the Option or sellsShares acquired under the Plan.

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

If the Optionee is a citizen or resident (or is considered as such for local tax purposes) of a country other than the one in which the Optionee is currently residing and/or working, or if the Optionee transfers employment and/or residency to another country after the grant of the Option, the information contained herein may not be applicable to the 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 the Agreement, (Early Retirement, Enhanced Retirement and Full 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, Enhanced Retirement and Full Retirement to the contrary.

OPTIONEES IN AUSTRIA, BELGIUM, DENMARK, FRANCE, ITALY, THE NETHERLANDS, SPAIN AND SWEDEN

Section 5(e) of the 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, France, Italy, the Netherlands, 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 the 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 the Optionee the retirement provisions of the Agreement that are applicable in such other jurisdiction.

OPTIONEES IN CHINA AND ITALY

Method of Exercise

The Optionee acknowledges that due to regulatory requirements, and notwithstanding any terms or conditions of the Plan or the Agreement to the contrary, the 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, the Optionee understands that the 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 the 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 exercises, cashless sell-to-cover exercises or any other method of exercise and payment deemed appropriate by the Company.

OPTIONEES IN ARGENTINA

Securities Law Notice

The 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 and the underlying Shares are not listed on any stock exchange in Argentina. As such, the offering is not subject to the supervision of any Argentine governmental authority.

Exchange Control Notice

Depending upon the method of exercise chosen for the Option, the Optionee may be subject to restrictions with respect to the purchase and/or transfer of U.S. dollars pursuant to Argentine currency exchange regulations. The Company reserves the right to restrict the methods of exercise if required under Argentine laws.

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 sale proceeds into Argentina (e.g., evidence of the sale, or dividend payment and proof that the Optionee acquired the Shares in compliance with Argentine exchange control regulations). Argentine residents are solely responsible for complying with applicable Argentine exchange control rules that may apply in connection with their participation in the Plan and/or the transfer of cash proceeds into Argentina. Prior to transferring cash proceeds into Argentina, Argentine residents should consult with their local bank and/or exchange control advisor to confirm what will be required by the bank because interpretations of the applicable Central Bank regulations vary by bank and exchange control rules and regulations are subject to change without notice.

Foreign Asset/Account Reporting Information

If the Optionee holds Shares as of December 31 of any year, the Optionee is required to report the holding of Shares on his or her personal tax return for the relevant year.

OPTIONEES IN AUSTRALIA

Tax Information

The Plan is a plan to which Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) (the "Act") applies (subject to the conditions in that Act).

Compliance with Australia Securities Laws

The offer of the Option is intended to comply with the provisions of the Corporations Act 2001, Australian Securities and Investments Commission ("ASIC") Regulatory Guide 49 and ASIC Class Order 14/1000. Additional details are set forth in the Offer Document for the offer of the Option to Australian Resident Employees incorporated herein.

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OFFER DOCUMENT

FORTIVE CORPORATION

2016 STOCK INCENTIVE PLAN

OFFER OF STOCK OPTIONS

TO AUSTRALIAN RESIDENT EMPLOYEES

Investment in Shares (as defined herein) and rights to receive Shares involves a degree of risk. Employees who participate in the Plan (as defined herein) should monitor their participation and consider all risk factors relevant to the acquisition of Shares and rights to receive Shares under the Plan as set out in this Offer Document and the Additional Documents (as defined herein).

The information or advice contained in this Offer Document and the Additional Documents is general information. It is not information or advice specific to your particular circumstances and does not take into account your objectives, financial situation or needs.

Employees should consider obtaining their own financial product advice from an independent person who is licensed by the Australian Securities and Investments Commission ("ASIC") (or equivalent regulatory body in your jurisdiction) to give advice about participation in the Plan.

OFFER OF STOCK OPTIONS TO AUSTRALIAN RESIDENT EMPLOYEES

FORTIVE CORPORATION

2016 STOCK INCENTIVE PLAN

We are pleased to provide you with this offer to participate in the Fortive Corporation 2016 Stock Incentive Plan, as amended from time to time (the **"Plan"**). This Offer Document sets forth information about the grant of Stock Options (**"Options"**) under the Plan over shares of Common Stock ("**Shares**") of Fortive Corporation (the **"Company"**) for Australian resident employees of the Company and any Subsidiaries.

The Company has adopted the Plan to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentives to Employees, Directors, and Consultants, and to promote the success of the Company's business.

Any capitalized term used but not defined herein shall have the meaning given to such term in the Plan.

1. OFFER OF OPTIONS

This is an offer made by the Company under the Plan to selected eligible employees of the Company's Australian Subsidiary(ies) to receive Options, as may be granted from time to time under the Plan.

2. TERMS OF GRANT

The specific terms of your Option are set forth in your Stock Option Agreement (**"Grant Agreement"**) and incorporates the rules of the Plan. By accepting a grant of Options you will be bound by the rules of the Grant Agreement and the Plan.

3. ADDITIONAL DOCUMENTS

In addition to the information set out in this Offer Document, you are being provided with copies of the following documents:

(a) the Plan;

(b) the Grant Agreement; and

(c) the 2016 Stock Incentive Plan Prospectus

(collectively, the "**Additional Documents**").

The Plan and the Grant Agreement set out, among other details, key features of the Option and the consequences of a change in the nature or status of your employment.

The Additional Documents provide further information to assist you in making informed investment decisions in relation to your participation in the Plan. Neither the Plan nor the Grant Agreement is a prospectus for the purposes of the Corporations Act 2001.

4. RELIANCE ON STATEMENTS

You should not rely upon any oral statements made to you in relation to this offer. You should rely only upon the statements contained in this Offer Document and the Additional Documents when considering your participation in the Plan.

5. ELIGIBILITY

You are eligible to participate under the Plan if, at the time of the offer, you are an Australian resident employee of the Company or any Australian Subsidiary and meet the eligibility requirements established under the Plan.

6. ACCEPTANCE AN AWARD

The Grant Agreement sets forth additional terms and conditions of the Options and what, if anything you must do to accept the Options.

7. WHAT IS AN OPTION?

An Option granted pursuant to the Plan gives its holder the right (but not the obligation) to purchase a specified number of the Company's Shares at a price fixed on the Date of Grant.

8. DO I HAVE TO PAY ANY MONEY TO RECEIVE THE OPTIONS?

You pay no monetary consideration to receive the Options. However, you will have to pay an exercise price to receive Shares upon exercise of your Options.

9. WHEN CAN I EXERCISE MY OPTION?

Subject to the limitations specified in the Plan, your Grant Agreement will set forth the vesting provisions applicable to your Option. Once you become vested in your Option, you may exercise it and purchase Shares in accordance with the terms of your Grant Agreement and the Plan.

10. WHAT IS THE EXERCISE PRICE OF MY OPTIONS?

The exercise price for your Options is set out on the Grant Agreement. The exercise price is denominated in U.S. dollars and must be paid in U.S. dollars. The Australian dollar amount required to exercise your Options and acquire Shares will be that amount which, when converted into U.S. dollars on the date of exercise, equals the exercise price. The Australian dollar equivalent of the exercise price will change with fluctuations in the U.S./Australian dollar exchange rate.

11. DO I HAVE RIGHTS AS A SHAREHOLDER OF THE COMPANY AS A RESULT OF AN OPTION GRANT?

No. You will not have the right to dividends or to vote the Shares underlying the grant of the Option until you satisfy the terms and conditions of your Grant Agreement and you receive Shares as a result of exercising the Option. In this regard, you are not recorded as the owner of the Shares prior to exercise. You also should refer to the Grant Agreement for details of the consequence of a change in the nature of your employment.

12. CAN I TRANSFER THE OPTION TO SOMEONE ELSE?

The Options may not be sold, pledged, assigned, hypothecated, transferred or disposed of in any manner other than by will or by the laws of descent or distribution, unless otherwise provided in your Grant Agreement or by the Committee. However, once you exercise the Option and hold the Shares, you will be able to freely trade your Shares (subject to the Company's policies and applicable laws, including those regarding insider trading).

13. WHAT IS A SHARE OF COMMON STOCK IN THE COMPANY?

A share of common stock of a U.S. corporation is analogous to an ordinary share of an Australian corporation. Each holder of a share of common stock is entitled to one vote for every Share held in the Company.

Dividends may be paid on the Shares out of any funds of the Company legally available for dividends at the discretion of the Company.

The Shares are listed on the New York Stock Exchange ("**NYSE**") in the United States of America under the symbol "FTV."

The Shares are not liable to any further calls for payment of capital or for other assessment by the Company and have no sinking fund provisions, pre-emptive rights, conversion rights or redemption provisions.

14. HOW CAN I OBTAIN INDICATIVE EXAMPLES OF THE CURRENT MARKET PRICE IN AUSTRALIAN DOLLARS?

You may ascertain the current market price of the Shares as traded on the NYSE at http://www.nyse.com under the symbol "FTV." The Australian dollar equivalent of that price will be calculated using the U.S. dollar exchange rate, which can be obtained at: http://www.rba.gov.au/statistics/frequency/exchange-rates.html.

This is not a prediction of what the market price of the Shares will be on any applicable vesting date or of the applicable exchange rate at such time.

15. WHAT ADDITIONAL RISK FACTORS APPLY TO AUSTRALIAN RESIDENTS' PARTICIPATION IN THE PLAN?

You should have regard to risk factors relevant to investment in securities generally and, in particular, to the holding of the Shares.

For example, the price at which the Shares are quoted on the NYSE may increase or decrease due to a number of factors. There is no guarantee that the price of the Shares will increase. Factors which may affect the price of the Shares include fluctuations in the domestic and international market for listed stocks, general economic conditions, including interest rates, inflation rates, commodity prices, changes to government fiscal, monetary or regulatory policies, legislation or regulation, the nature of the markets in which the Company operates and general operational and business risks.

More information about potential factors that could affect the Company's business and financial results is included in the Company's most recent filings with the U.S. Securities and Exchange Commission ("SEC"), including the Company's Quarterly Reports on Form 10-Q and, following the close of the Company's fiscal year, the Company's Annual Report on Form 10-K. Copies of these reports are available at www.sec.gov or on the Company's Investor Relations website at http://investors.fortive.com/

1. CAN THE BE MODIFIED OR TERMINATED?

The Committee may at any time amend, alter, suspend or terminate the Plan, in accordance with the Plan. The Company will obtain stockholder approval of any Plan amendment to the extent necessary and desirable to comply with applicable laws. No such amendment, alteration, suspension or termination of the Plan shall impair your rights with respect to any outstanding Options, except with your written consent.

2. WHAT ARE THE U.S. TAXATION CONSEQUENCES OF PARTICIPATION IN THE PLAN?

Employees will not be subject to U.S. tax by reason only of the grant of Options, the acquisition of Shares and/or the sale of Shares. However, liability for U.S. taxes may accrue if an employee is otherwise subject to U.S. taxes.

The above is an indication only of the likely U.S. taxation consequences for Australian resident employees who accept Options granted under the Plan. Employees should seek their own advice as to the U.S. taxation consequences of participation.

3. WHAT ARE THE AUSTRALIAN TAXATION CONSEQUENCES OF PARTICIPATION IN THE PLAN?

The following is a summary of the taxation consequences for an Australian resident employee who is granted an Option under the Plan as of February 2018. The summary is necessarily general in nature and does not purport to be taxation advice in relation to an actual or potential recipient of an Option

You should not rely on this summary as anything other than a broad guide, and you should obtain independent taxation advice to your particular circumstances before making the decision to accept the Option. If you are a citizen or resident of another country for local tax law purposes, transfer employment to another country after the Option grant, or are considered a tax resident of another country, the information contained in this summary may not be applicable to you in the same manner. You should seek appropriate professional advice as to how the tax or other laws in your country apply to your specific situation.

a. What is the effect of the grant of the Options?

The Australian tax legislation contains specific rules, in Division 83A of the Income Tax Assessment Act 1997, governing the taxation of shares and rights (called **"ESS interests"**) acquired by employees under employee share schemes. The Options issued under the Plan should be regarded as a right to acquire shares and accordingly, an ESS interest for these purposes.

Your assessable income includes the ESS interest at grant, unless the ESS interest is either subject to a "real risk of forfeiture" or you are genuinely restricted from immediately disposing of the ESS interest and there is a statement in the grant documents that deferral is to apply, in which case you will be subject to deferred taxation.

The terms of your Option grant are set out in the Grant Agreement. It is generally understood that your Options will satisfy the real risk of forfeiture test. In addition, the Options are non-transferrable and the Grant Agreement contains a statement that Subdivision 83A-C of the Income Tax Assessment Act 1997 applies to the Plan, which means a tax deferral is to apply to the Options. However, whether or not there is a real risk of forfeiture may depend upon your individual circumstances. Accordingly, you should seek your own personal advice in relation to your particular circumstances. The following summary assumes that your Options are subject to a real risk of forfeiture.

b. **When will my Options be taxed?**

You will be required to include an amount in your assessable income for the income year (i.e., the financial year ending 30 June) in which the earliest of the following events occurs in relation to the Options (the "**ESS deferred taxing point**").

Your ESS deferred taxing point will be the earliest of the following:

(i) there are no longer any genuine restrictions on the exercise of the Options or the underlying Shares being disposed of, and there is no real risk of you forfeiting the Options or the underlying Shares; or

(ii) you cease relevant employment (*i.e.* You are no longer employed by your employer or by the company within the Company group), if you do not forfeit the Options upon such cessation of employment; or

(iii) 15 years from when the Options were granted.

Generally, this means that you will be subject to tax when you exercise your Options. However, the ESS deferred taxing point for your Options will be moved to the time you sell the underlying Shares if you sell the underlying Shares within 30 days of the original ESS deferred taxing point. In other words, the income must be reported in the income year in which the sale occurs and not when the ESS deferred taxing point occurs if you sell the underlying Shares in an arm's length transaction within 30 days of the ESS deferred taxing point.

c. **What is the amount to be included in your assessable income if an ESS deferred taxing point occurs?**

The amount you must include in your assessable income in the income year in which the ESS deferred taxing point occurs in relation to your Options will be the difference between the "**market value**" of the Options or the underlying Shares, as applicable, and the cost base of the Options (which should generally include the exercise price).

If, however, you sell Shares within 30 days of the ESS deferred taxing point, the amount to be included in your assessable income in the income year in which the sale occurs will be equal to the difference between the sale proceeds and the cost base of the Options (which should include the exercise price).

You will be subject to income tax at your marginal tax rate on the assessable amount. In addition, the assessable amount will be subject to Medicare Levy and, if applicable, surcharge.

d. **What is the market value of the Options and underlying Shares?**

The "**market value**" of the underlying Shares, as applicable, at the ESS deferred taxing point is determined according to the ordinary meaning of "market value," expressed in Australian currency. The Company will determine the market value in accordance with guidelines prepared by the Australia Tax Office ("ATO").

The Company has the obligation to provide you with certain information about your participation in the Plan at certain times, including after the end of the income year in which the ESS deferred taxing point occurs. This may assist you in determining the market value of the Options or underlying Shares, as the case requires, at the ESS deferred taxing point. However, this estimate may not be correct if you sell the Shares within 30 days of the original ESS deferred taxing point, in which case it is your responsibility to report and pay the appropriate amount of tax is based on the sales proceeds.

e. **What happens if I cease employment before I exercise my Options?**

If you cease employment prior to the vesting date of some or all of your Options and the Options do not vest upon termination of employment (*i.e.*, they are forfeited), you may be treated as having never acquired the Options in which case, no amount will be included in your assessable income.

If you cease employment prior to exercise and retain your Options, those Options generally will be subject to tax on the date you cease employment.

f. **What tax consequences will arise when I sell my Shares?**

If you sell the Shares acquired upon exercise of your Options within 30 days of the original ESS deferred taxing point, your tax consequences will be as described above.

If you sell the Shares acquired upon exercise of your Options more than 30 days after the original ESS deferred taxing point, you will be subject to capital gains tax to the extent that the sales proceeds exceed your cost basis in the Shares sold, assuming that the sale of the Shares occurs in an arm's-length transaction (as generally will be the case provided the shares are sold through the New York Stock Exchange). Your cost basis in the Shares generally will be equal to the market value of the Shares at the ESS deferred taxing point plus any incremental costs you incur in connection with the sale (e.g., brokers fees).

The amount of any capital gain you realize must be included in your assessable income for the year in which the Shares are sold. However, if you hold the Shares for at least one year prior to selling (excluding the dates you acquired and sold the Shares), you may be able to apply a discount to the amount of capital gain that you are required to include in your assessable income. If this discount is available, you may calculate the amount of capital gain to be included in your assessable income by first subtracting all available capital losses from your capital gains and then multiplying each capital gain by the discount percentage of 50%.

You are responsible for reporting any income you realize from the sale of the Shares acquired exercise of your Options and paying any applicable taxes due on such income.

If your sales proceeds are lower than your cost basis in the Shares sold (assuming the sale occurred in an arm's-length transaction), you will realize a capital loss. Capital losses may be used to offset capital gains realized in the current tax year or in any subsequent tax year, but may not be used to offset other types of income (e.g., salary or wage income).

g. **What are the taxation consequences if a dividend is paid?**

If you exercise the Options and become a Company shareholder, you may be entitled to receive dividends paid on the Shares obtained from exercise of your Options, if the Committee, in its discretion, declares a dividend. Any dividends paid on the Shares will be subject to income tax in Australia in the income year they are paid. The dividends are also subject to U.S. federal withholding tax. You may be entitled to a foreign income tax offset, whereby the U.S. federal withholding tax is offset against the Australian tax payable on the dividend.

h. **What are the tax withholding and reporting obligations in relation to any income that I may realize pursuant to participation in the Plan?**

You will be responsible for reporting on your tax return and paying any tax liability in relation to the Options and any Shares issued to you at Option exercise. It is also your responsibility to report and pay any tax liability on capital gains or any dividends received.

Your employer will be required to withhold tax due on the Options only if you have not provided your Tax File Number ("TFN") or Australian Business Number ("ABN") (as applicable) to your employer.

However, the Company of the Options must provide you (no later than 14 July after the end of the financial year) and the Commissioner of Taxation (no later than 14 August after the end of the financial year) with a statement containing certain information about your participation in the Plan in the income year when the ESS deferred taxing point occurs (typically the year of exercise of Options) (including the provider's calculation of the market value of the Options or Shares at the ESS deferred taxing point). Please note, however, that if you sell the Shares within 30 days of the ESS deferred taxing point, your taxing point will not be at the ESS deferred taxing point, but will be the date of sale; as such, the amount reported by your employer may differ from your actual taxable amount (which would be based on the value of the Shares less the cost base when sold, rather than at the ESS deferred taxing point). You will be responsible for determining this amount and calculating your tax accordingly.

* * * * *

We urge you to carefully review the information contained in this Offer Document, your individual Grant Agreement and all of the Additional Documents.

OPTIONEES IN AUSTRIA

Exchange Control Notice

If the Optionee holds the Shares acquired under the Plan outside of Austria, the Optionee must 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 deadline for filing the quarterly report is the 15th day of the month following the end of the respective quarter. The deadline for filing the annual report is January 31 of the following year of the respective quarter.

When the Optionee sells the Shares acquired under the Plan or receives a dividend payment, the Optionee may be required to comply with certain exchange control obligations if the cash proceeds are held outside of Austria. If the transaction volume of all accounts abroad exceeds €10,000,000, the movements and balances of all accounts must be reported monthly, as of the last day of the month, on or before the 15th day of the following month on the prescribed form (*Meldungen SI-Forderungen und/oder SI-Verpflichtungen*).

OPTIONEES IN BELGIUM

Terms and Conditions

Options granted to the Optionee in Belgium shall not be accepted by the Optionee earlier than the 61st day following the Offer Date. The Offer Date is the date on which the Company notifies the Optionee of the material terms and conditions of the Option grant. Any acceptance given by the Optionee before the 61st day following the grant date shall be null and void.

Foreign Asset/Account Reporting Information

Belgian residents are required to report any security (*e.g.*, the Shares acquired under the Plan) or bank accounts (including brokerage accounts) opened and maintained outside Belgium on their annual tax return. The Optionee will also be required to complete a separate report providing the National Bank of Belgium with details regarding any such account (including the account number, the name of the bank in which such account is held and the country in which such account is located). 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, under Kredietcentrales / Centrales des crédits caption.

Stock Exchange Tax

From January 1, 2017, a stock exchange tax applies to transactions executed by a Belgium resident through a non-Belgian financial intermediary. The stock exchange tax likely will apply when the Shares are sold. *The Optionee should consult with his or her personal tax advisor for additional details on the Optionee's obligations with respect to the stock exchange tax.*

OPTIONEES IN BRAZIL

Labor Law Policy and Acknowledgement

This provision supplements Section 9 of the Agreement:

By accepting the Option, the Optionee agrees that he or she is (i) making an investment decision, (ii) that the Option will be exercisable by the Optionee only if the Vesting Conditions are met and any necessary services are rendered by Optionee during the vesting period set forth in the Vesting Schedule, and (iii) the value of the underlying Shares is not fixed and may increase or decrease in value over the vesting period without compensation to the Optionee.

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 the Shares acquired under the Plan.

Securities Law Notice

The Options and the securities granted under the Plan have not 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 granted under 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.

Foreign Asset/Account Reporting Information

If the Optionee is a resident or domiciled in Brazil and holds assets and rights outside Brazil with an aggregate value exceeding US$100,000, but less than US$100,000,000 the Optionee will be required to prepare submit to the Central Bank of Brazil an annual declaration of such assets and rights. If the aggregate value of the assets and rights outside Brazil exceeds $100,000,000, a declaration must be submitted quarterly. Assets and rights that must be reported include the Shares acquired under the Plan. Please note that foreign individuals holding Brazilian visas are considered Brazilian residents for purposes of this reporting requirement and must declare at least the assets held abroad that were acquired subsequent to the date of admittance as a resident of Brazil. Individuals holding assets and rights outside Brazil valued at less than US$100,000 are not required to submit a declaration. Please note that the US$100,000 threshold may be changed annually.

Tax on Financial Transactions (IOF)

Payments to foreign countries and repatriation of funds into Brazil, and the conversion between BRL and USD associated with such fund transfers, may be subject to the Tax on Financial Transaction. It is the Participant's responsibility to comply with any applicable Tax on Financial Transaction arising from participation in the Plan. *The Optionee should consult with his or her personal tax advisor for additional details*.

OPTIONEES IN CANADA

Method of Payment and Tax Obligations

This provision supplements Sections 4 and 8(a) of the Agreement:

Notwithstanding any discretion in the Plan, if the Optionee is a resident of Canada, the Optionee is prohibited from paying the Exercise Price by the method set forth in Section 4(c), or for paying any Tax Related Items by the delivery of (i) unencumbered Shares, or (ii) withholding in Shares otherwise issuable to the Optionee at exercise, as set forth in Section 8(a).

The following two provisions apply if the Optionee is a resident of Quebec:

Consent to Receive Information in English

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 ou procédures judiciaires intentées, en vertu du, ou liés directement ou indirectement au, présent Contrat.

Data Privacy

This provision supplements Section 15 of the Agreement:

The 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. The Optionee further authorizes the Company and its Subsidiaries, and any designated broker that may be selected by the Company, to assist with the Plan to disclose and discuss the Plan with their respective advisors. The Optionee further authorizes the Company and its Subsidiaries to record such information and to keep such information in his or her employee file.

Securities Law Notice

The Optionee is permitted to sell the 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 the 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, the 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 the Optionee holds other foreign property. When the 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 the Optionee owns other shares of the same company, this ACB may need to be averaged with the ACB of the other shares. The 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 Date of Grant (as defined in the Agreement), and this offer conforms to General Ruling No. 336 of the Chilean Commission for the Financial Market ("CMF");

b) The offer deals with securities not registered in the Registry of Securities or in the Registry of Foreign Securities of the Chilean CMF, 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 CMF; 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 Comision para el Mercado Financiero ("CMF");

b) La oferta versa sobre valores no inscritos en el Registro de Valores o en el Registro de Valores Extranjeros que lleva la CMF, 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

Chilean residents are not required to repatriate proceeds obtained from the sale of Shares or from dividends to Chile; however, if the Optionee decides to repatriate proceeds from the sale of Shares and/or dividends and the amount exceeds US$10,000, the Optionee acknowledges that he or she must effect such repatriation through the Formal Exchange Market (*i.e.,* commercial bank or registered foreign exchange office in Chile). If the Optionee does not repatriate the proceeds and uses such proceeds for the payment of other obligations contemplated under a different Chapter of the Foreign Exchange Regulations, the Optionee must sign Annex 1 of the Manual of Chapter XII of the Foreign Exchange Regulations and file it directly with the Central Bank within the first ten (10) days of the month immediately following the transaction.

If the Optionee exercises the Option using a cashless exercise method implemented by the Company in connection with the Plan, and the aggregate Exercise Price exceeds US$10,000, the Optionee must sign Annex 1 of the Manual of Chapter XII of the Foreign Exchange Regulations and file it directly with the Central Bank within the first ten(10) days of the month following the Exercise Date.

If the Optionee's aggregate investments held outside of Chile exceed US$5,000,000 (including the value of the Shares acquired 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.

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

Foreign Asset/Account Reporting Information

The Chilean Internal Revenue Service ("CIRS") requires all taxpayers to provide information annually regarding (i) any taxes paid abroad which taxpayers will use as a credit against Chilean income tax, and (ii) the results of investments held abroad. The sworn statements disclosing this (or *Formularios*) must be submitted electronically through the CIRS website at www.sii.cl, using Form 1929, which is due on June 30 each year.

OPTIONEES IN CHINA

Exchange Control Restrictions Applicable to Optionees who are PRC Nationals

The Optionee agrees and acknowledges 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, the Optionee understands and agrees that, pursuant to local exchange control requirements, the Optionee is required to repatriate the cash proceeds from the cashless sell-all method of exercise of the Options, (i.e., the sale proceeds less the Exercise Price and any administrative fees). The Optionee agrees that the Company is authorized to instruct its designated broker to assist with the immediate sale of such Shares (on the Optionee's behalf pursuant to this authorization), and the Optionee expressly authorizes such broker to complete the sale of such Shares. The 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, the 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. The 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 the 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 the Optionee. The proceeds, net of Tax Related Items, may be paid to the Optionee in U.S. Dollars or local currency at the Company's discretion. In the event the proceeds are paid to the Optionee in U.S. Dollars, the 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, the Optionee understands and agrees that Optionee will be responsible for converting the proceeds into Renminbi Yuan at the Optionee's expense.

If the proceeds are paid to the Optionee in local currency, the 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 People's Republic of China ("PRC")

The Optionee understands that exchange control restrictions may limit the Optionee's ability to access and/or convert funds received under the Plan. The Optionee should confirm the procedures and requirements for withdrawals and conversions of foreign currency with his or her local bank prior to the Option exercise. The 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/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. The Optionee may be subject to reporting obligations for the Shares or awards acquired under the Plan and Plan-related transactions. It is the Optionee's responsibility to comply with this reporting obligation and the Optionee should consult his/her personal tax advisor in this regard.

OPTIONEES IN COLOMBIA

Labor Law Acknowledgement

The following provision supplements Section 9 of the Agreement:

The Optionee acknowledges that pursuant to Article 128 of the Colombian Labor Code, amended by Article 15 Law 50, 1990, 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 the Optionee's "salary" for any legal 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.

Securities Law Notice

The Shares are not and will not be registered with the Colombian registry of publicly traded securities (*Registro Nacional de Valores y Emisores*) and therefore the Shares may not be offered to the public in Colombia. Nothing in the Plan, the Agreement (including this Addendum) or any other document evidencing the grant of the Options shall be construed as making a public offer of securities in Colombia.

Exchange Control Notice

The Optionee is responsible for complying with any and all Colombian foreign exchange restrictions, approvals and reporting requirements in connection with the Options and the Shares he or she acquires or funds received under the Plan. This may include reporting obligations to the Central Bank (*Banco de la República*). If applicable, the Optionee must determine whether he or she will treat the Optionee's investments (*e.g.,* the Shares) as (a) permanent investment or (b) a temporary investment as follows:

a) Permanent investment: If the Optionee determines that his or her investment will be permanent (*i.e.,* because the Optionee wishes to remain a stockholder), the Optionee will be required to register such investment with the Central Bank, regardless of its value. For this purpose, the Participant must file the Central Bank's Form No. 11.

b) Temporary / financial investment: If, on the other hand, the Optionee determines that his or her investment will be temporary (and therefore considered a "financial investment" under applicable regulations), the Optionee will be required to register such investment with the Central Bank only if the aggregate value of the investment (as of December 31 for each year) is equal to or greater than US$500,000.

In either case, the Optionee must file the Central Bank's Form 11. Colombian law does not provide specific criteria to differentiate between treatment as a permanent investment or temporary / financial investment.

OPTIONEES IN CZECH REPUBLIC

Exchange Control Notice

Upon request of the Czech National Bank (the "CNB"), the Optionee may need to report the following to the CNB: foreign direct investments, financial credits from abroad, investment in foreign securities and associated collection

and payments (the Shares and proceeds from the sale of the Shares may be included in this reporting requirement). Even in the absence of a request from the CNB the Optionee may need to report foreign direct investments with a value of CZK 2,500,000 or more in the aggregate and/or other foreign financial assets with a value of CZK 200,000,000 or more.

Because exchange control regulations change frequently and without notice, the Optionee should consult his or her personal legal advisor prior to the exercise of the Option and the subsequent sale of the Shares to ensure compliance with current regulations. It is the Optionee's responsibility to comply with Czech exchange control laws, and neither the Company nor any Subsidiary will be liable for any resulting fines or penalties.

OPTIONEES IN DENMARK

Danish Stock Option Act

By accepting the Option, the Optionee acknowledges that he or she has received a Danish translation of an Employer Statement (attached at the end of this section), which is being provided to comply with the Danish Stock Option Act.

Foreign Asset/Account Reporting Information

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 reporting obligations described below.)

Securities Reporting Notice

If the Optionee holds Shares acquired under the Plan in a brokerage account with a broker or bank outside Denmark, the Optionee is required to inform the Danish Tax Administration about the account. For this purpose, the Optionee must file a Form V (Erklaering V) with the Danish Tax Administration. Both the Optionee and the bank/broker must sign the Form V. By signing the Form 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, the 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, the 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.

In addition, if the Optionee opens a brokerage account (or a deposit account with a U.S. bank) for the purpose of holding cash outside Denmark, the Optionee is also required to inform the Danish Tax Administration about this account. To do so, the Optionee must also file a Form K (Erklaering K) with the Danish Tax Administration. The Form K must be signed both by the 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, the 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 the Optionee's annual income tax return. By signing the Form K, the 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.

FORTIVE CORPORATION
2016 STOCK INCENTIVE PLAN

EMPLOYER INFORMATION STATEMENT – DENMARK
STOCK OPTION AND / OR RESTRICTED STOCK UNIT GRANT ON
Grant Date

Pursuant to section 3(1) of the Danish Act on the Use of Rights to Purchase or Subscribe for Shares etc. in Employment Relationships (the "Stock Option Act"), Fortive Corporation (the "Company") is providing you with the following information regarding the Company's grant of a stock option ("Stock Option") and / or restricted stock units ("RSUs") (each an "Award") in a separate written statement. This statement contains only the information mentioned in the Stock Option Act, while the other terms and conditions of your Award(s) are described in detail in the Fortive Corporation 2016 Stock Incentive Plan (the "Plan"), the Fortive Stock Option Agreement and / or the Fortive Restricted Stock Unit Agreement (each an "Agreement") and the Addendum to the Agreement(s) (which form part of the Agreement(s)), all of which have been given to you.

It is stated in section 1 of the Stock Option Act that the Stock Option Act only applies to employees. "Employees" are defined in section 2 of the Stock Option Act as persons who receive remuneration for their personal services in an employment relationship. Persons, including managers, who are not regarded as employees under the Stock Option Act, will not be subject to the Stock Option Act. If you are not an employee within the meaning of the Stock Option Act, the Company therefore has no obligation to issue an Employer Information Statement to you and you will not be able to rely on this Employer Information Statement for legal purposes.

1. Date of Grant

The date of grant for the Award(s) is Grant Date.

2. Terms and Conditions of the Grants

The grant of the Award(s) is made at the sole discretion of the Board or the appropriate Committee of the Board. In its assessment, the Board (or the appropriate Committee of the Board) considered a number of factors, including (but not limited to) the Company's performance, the projected impact of the grant on the Company's earnings, and the value of the grants as compared to those of the Company's comparator group of companies. The Company may decide, in its sole discretion, not to make any grants of Stock Options and / or RSUs to you in the future. Under the terms of the Plan and the Agreement(s), you have no entitlement or claim to receive future grants of Stock Options and / or RSUs.

3. Vesting Dates

Stock Option

The Stock Option will vest in accordance with the terms of the Plan and the Agreement. Under the terms of the Agreement, the Stock Option generally will vest and become exercisable 20% per year on each anniversary of the date of grant.

RSUs

The RSUs will vest in accordance with the terms of the Plan and the Agreement. Under the terms of the Agreement, the RSUs generally will vest 20% per year on each anniversary of the date of grant.

4. Exercise Price

Stock Option

During the Stock Option exercise period, the Stock Option can be exercised to purchase shares of the Company's common stock at a price corresponding to the fair market value of the stock at the time of grant, as determined by the Company. For this Stock Option grant, the exercise price of the Stock Option is USD Grant Price.

RSUs

Because each RSU entitles you to receive one share of the Company's common stock on the date of vesting without any cost to you or other payment required from you, there is no exercise price associated with the RSUs.

5. Your Rights upon Termination

The treatment of the Award(s) upon termination of employment will be determined under Sections 4 and 5 of the Stock Option Act unless the terms contained in the Agreement(s) and in the Plan are more favorable to you than Sections 4 and 5 of the Stock Option Act.

Under the Stock Option Act, the Award(s) will survive and will not be forfeited if you are terminated by your employer for any reason other than misconduct (as determined under Danish law and the Stock Option Act) or summary dismissal. This means that you may be entitled to continue to vest in the Award(s) as if you were still an employee in accordance with your Agreement(s) and the Plan. Also, you may be entitled to receive an additional grant, proportionate to the length of your employment in the accounting year in which you are terminated, to which you would have been entitled according to agreement or custom had you still been employed at the end of the accounting year (the calculation will be in accordance with Section 5 of the Stock Options Act). This provision will not apply if the termination is due to your breach of your employment contract (misconduct or summary dismissal), in which case the Award(s) will lapse to the extent the Award(s) have not vested on the effective date of termination of your employment. Such lapse will take place automatically without notice on the effective date of termination of your employment.

If you resign from your employment due to your employer's gross misconduct (as determined under Danish law), or if your employment terminates because you reach the age of retirement

for employees in your employer company or because you are entitled to receive old-age pension from the Danish state or your employer, the Award(s) shall continue on unchanged terms as if you had still been employed. Also, you may be entitled to receive an additional grant, proportionate to the length of your employment in the accounting year in which you are terminated, to which you would have been entitled according to agreement or custom had you still been employed at the end of the accounting year (the calculation will be in accordance with Section 5 of the Stock Options Act).

If you resign from your employment for other reasons, the forfeiture of your Award(s) will be determined in accordance with the terms of the Agreement(s). In addition, you will be ineligible to receive any additional grants after your resignation.

6. Financial Aspects of Participating in the Plan

The grant of the Award(s) has no immediate financial consequences for you. The value of the Award(s) is not taken into account when calculating holiday allowances, pension contributions or other statutory consideration calculated on the basis of salary. The tax treatment of the Award(s) depends on a number of aspects and thus, you are encouraged to seek independent advice regarding your tax position.

Shares of stock are financial instruments and investing in stock will always have financial risk. The possibility of profit at the time you receive shares of stock may not only be dependent on the Company's financial development, but inter alia also on the general development of the stock market. In addition, before or after you receive shares, the shares of Company stock could decrease in value even below the price of such stock on the date of grant.

7. Other Issues

Apart from Clause 5 in this Statement (regarding your rights upon termination of employment), this Statement does not intend to alter any provisions of the Plan or the Agreement(s) (or any related document), and the Plan and the Agreement(s) (and any related document) shall prevail in case of any ambiguities. However, your mandatory rights under the Stock Option Act shall prevail in case of any ambiguities.

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Fortive Corporation

FORTIVE CORPORATION
2016 STOCK INCENTIVE PLAN

ARBEJDSGIVERERKLÆRING - DANMARK
TILDELING AF AKTIEOPTIONER OG/ELLER BETINGEDE AKTIER DEN
Grant Date

I henhold til § 3, stk. 1, i lov om brug af køberet eller tegningsret m.v. i ansættelsesforhold ("Aktieoptionsloven") skal Fortive Corporation ("Selskabet") i en særskilt skriftlig erklæring give dig følgende oplysninger om Selskabets tildeling af en aktieoption ("Aktieoption") og/eller betingede aktier ("Betingede Aktier") (hver især benævnt en "Tildeling"). Denne erklæring indeholder kun de oplysninger, der er nævnt i Aktieoptionsloven, hvorimod de øvrige vilkår og betingelser for din(e) Tildeling(er) er nærmere beskrevet i *Fortive Corporation 2016 Stock Incentive Plan* ("Planen"), *Fortive Stock Option Agreement* og/eller *Fortive Restricted Stock Unit Agreement* (hver især benævnt en "Aftale") og i Tillægget til Aftalen/Aftalerne (som udgør en del af Aftalen/Aftalerne). Disse dokumenter er alle blevet udleveret til dig.

Det fremgår af Aktieoptionslovens § 1, at loven kun gælder for lønmodtagere. "Lønmodtagere" er defineret i Aktieoptionslovens § 2 som personer, der modtager vederlag for personligt arbejde i tjenesteforhold. Personer, herunder ledere, som ikke anses for at være lønmodtagere i Aktieoptionslovens forstand, er ikke omfattet af Aktieoptionsloven. Hvis du ikke er lønmodtager i Aktieoptionslovens forstand, er Selskabet derfor ikke forpligtet til at udstede en arbejdsgivererklæring til dig, og du vil ikke i juridisk henseende kunne henholde dig til denne arbejdsgivererklæring.

1. Tildelingstidspunkt

Tidspunktet for din modtagelse af Tildeling(er) er Grant Date.

2. Vilkår og betingelser for din(e) Tildeling(er):

Din(e) Tildeling(er) uddeles efter bestyrelsens eller det relevante bestyrelsesudvalgs eget skøn. Bestyrelsen (eller det relevante bestyrelsesudvalg) har i sin vurdering inddraget en række faktorer, herunder (men ikke begrænset til) Selskabets resultat, Tildelingernes forventede indvirkning på Selskabets indtjening og Tildelingernes værdi sammenlignet med tildelinger i sammenlignelige selskaber. Selskabet kan frit vælge fremover ikke at tildele dig nogen Aktieoptioner og/eller Betingede Aktier. I henhold til bestemmelserne i Planen og Aftalen har du ikke hverken ret til eller krav på fremover at få tildelt Aktieoptioner og/eller Betingede Aktier.

3. Modningsdatoer

Aktieoption

Aktieoptionen modnes i overensstemmelse med vilkårene i Planen og i Aftalen. I henhold til Aftalen modnes Aktieoptionen generelt med 20% pr. år på hver årsdag for tildelingstidspunktet.

Betingede Aktier

Dine Betingede Aktier modnes i overensstemmelse med vilkårene i Planen og i Aftalen. I henhold til Aftalen modnes de Betingede Aktier generelt med 20% pr. år på hver årsdag for tildelingstidspunktet.

4. Udnyttelseskurs

Aktieoption

I udnyttelsesperioden kan Aktieoptionen udnyttes til køb af ordinære aktier i Selskabet til en kurs, der svarer til aktiernes markedskurs på tildelingstidspunktet som fastsat af Selskabet. For denne Tildeling er Aktieoptionens udnyttelseskurs USD Grant Price.

Betingede Aktier

Da hver Betinget Aktie giver dig ret til at modtage én ordinær aktie i Selskabet på modningstidspunktet uden omkostninger for dig eller anden betaling fra din side, er der ingen udnyttelseskurs forbundet med de Betingede Aktier.

5. Din retsstilling i forbindelse med fratræden

Din(e) Tildeling(er) vil i tilfælde af din fratræden blive behandlet i overensstemmelse med Aktieoptionslovens §§ 4 og 5, medmindre bestemmelserne i Aftalen/Aftalerne og Planen er mere fordelagtige for dig end Aktieoptionslovens §§ 4 og 5.

I henhold til Aktieoptionsloven bortfalder din(e) Tildeling(er) ikke, hvis dit ansættelsesforhold opsiges af din arbejdsgiver, medmindre der er tale om misligholdelse fra din side (som defineret i dansk ret og Aktieoptionsloven) eller bortvisning. Dette betyder, at din(e) Tildeling(er) fortsat vil kunne modnes i henhold til Aftalen/Aftalerne og Planen, som om du stadig var ansat. Endvidere er du måske berettiget til at modtage yderligere Tildeling(er), som beregnes forholdsmæssigt i forhold til, hvor længe du er ansat i det regnskabsår, hvori du fratræder, og som du ville have været berettiget til i henhold til aftale eller sædvane, såfremt du stadig havde været ansat ved udgangen af regnskabsåret (beregningen sker i overensstemmelse med Aktieoptionslovens § 5). Denne bestemmelse gælder ikke, såfremt opsigelsen skyldes din misligholdelse af ansættelsesforholdet (pligtforsømmelse eller bortvisning). I så fald bortfalder din(e) Tildeling(er), i det omfang din(e) Tildeling(er) ikke allerede er modnet ved ansættelsesforholdets ophør. Bortfaldelsen sker automatisk uden varsel ved ansættelsesforholdets ophør.

Hvis du fratræder din stilling som følge af væsentlig misligholdelse fra din arbejdsgivers side (som defineret i dansk ret), eller hvis dit ansættelsesforhold ophører, fordi du når den pensionsalder, der er fastsat for medarbejdere hos din arbejdsgiver, eller fordi du har ret til at modtage alderspension fra den danske stat eller din arbejdsgiver, bevarer du din(e)

Tildeling(er) på uændrede vilkår, som om du stadig var ansat. Endvidere er du måske berettiget til at modtage yderligere Tildeling(er), som beregnes forholdsmæssigt i forhold til, hvor længe du er ansat i det regnskabsår, hvori du fratræder, og som du ville have været berettiget til i henhold til aftale eller sædvane, såfremt du stadig havde været ansat ved udgangen af regnskabsåret (beregningen sker i overensstemmelse med Aktieoptionslovens § 5).

Hvis du fratræder din stilling af andre årsager, vil spørgsmålet om fortabelse af din(e) Tildeling(er) blive afgjort i overensstemmelse med vilkårene i Aftalen/Aftalerne. Derudover vil du ikke være berettiget til at modtage yderligere Tildeling(er) efter din fratræden.

6. Økonomiske aspekter af deltagelse i Planen

Din(e) Tildeling(er) har ingen umiddelbare økonomiske konsekvenser for dig. Værdien af din(e) Tildeling(er) indgår ikke i beregningen af feriepenge, pensionsbidrag eller andre lovpligtige, vederlagsafhængige ydelser. Den skattemæssige behandling af din(e) Tildeling(er) afhænger af flere forhold, og du opfordres derfor til at søge uafhængig rådgivning vedrørende din skattemæssige situation.

Aktier er finansielle instrumenter, og investering i aktier vil altid være forbundet med en økonomisk risiko. Muligheden for en gevinst på det tidspunkt, hvor du modtager aktier, afhænger ikke kun af Selskabets økonomiske udvikling, men også bl.a. af den generelle udvikling på aktiemarkedet. Derudover kan Selskabets aktier - både før og efter tidspunktet for din modtagelse af aktier - falde til en værdi, der måske endda ligger under kursen for aktierne på tildelingstidspunktet.

7. Øvrige oplysninger

Med undtagelse af pkt. 5 i denne erklæring (vedrørende din retsstilling i forbindelse med fratræden) har denne erklæring ikke til formål at ændre bestemmelserne i Planen eller Aftalen/Aftalerne (eller i tilhørende dokumenter), og Planen og Aftalen/Aftalerne (og eventuelle tilhørende dokumenter) har forrang i tilfælde af uoverensstemmelser. Dine lovfæstede rettigheder i henhold til Aktieoptionsloven har dog forrang i tilfælde af uoverensstemmelser.

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Fortive Corporation

OPTIONEES IN FRANCE

Consent to Receive Information in English

By accepting the Options, the 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. The 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 avoir lu et compris le Plan, la Notification d'Attribution, le Contrat et la présente Annexe, en ce compris tous les termes et conditions y relatifs, qui ont été fournis en langue anglaise. Le Bénéficiaire accepte les dispositions de ces documents en connaissance de cause.

Forgien Asset/Account Reporting Information. The Optionee may hold any Shares acquired under the Plan, any sales proceeds resulting from the sale of the Shares or any dividends paid on such Shares outside of France, provided the Optionee declares all foreign accounts, whether open, current, or closed, in his or her income tax return.

OPTIONEES IN GERMANY

Exchange Control Notice

The Optionee must report any cross-boarder payments in excess of €12,500 must be reported monthly to the German Federal Bank (Bundesbank). In case of payments in connection with securities (including proceeds realized upon the sale of Shares or the receipt of dividends), the report must be made by the 5th day of the month following the month in which the payment was received. The form must be filed electronically and the form of report ("Allgemeine Meldeportal Statistik") can be accessed via the Bundesbank's website (www.bundesbank.de) and is available in both German and English. The Optionee is responsible for complying with applicable reporting requirements.

OPTIONEES IN HONG KONG

Sale Restriction

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.

Nature of Scheme

The Company specifically intends that the Plan will not be an occupational retirement scheme for purposes of the Occupational Retirement Schemes Ordinance ("ORSO").

Securities Law Notice

WARNING: The contents of this document have not been reviewed by any regulatory authority in Hong Kong. The Optionee is advised to exercise caution in relation to the offer. If the Optionee is in any doubt about any of the contents of this document, the 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 HUNGARY

There are no country specific provisions.

OPTIONEES IN INDIA

Exchange Control Notice

The 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 from the time of receipt (90 days for sale proceeds and 180 days for dividend payments, or in each case within such other period of time as may be required under applicable regulations). The Optionee will receive a foreign inward remittance certificate ("FIRC") from the bank where Optionee deposits the foreign currency. The 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. It is the 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 the Optionee's failure to comply with applicable local laws.

Foreign Assets 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 IRELAND

There are no country-specific provisions.

OPTIONEES IN ISRAEL

Trust Arrangement

The Optionee understands and agrees that the Options awarded under the Agreement are awarded subject to and in accordance with the terms and conditions of the Plan, the Israeli Sub-Plan (the "Sub-Plan"), the Trust Agreement (the "Trust Agreement") between the Company and the Company's trustee appointed by the Company or its Subsidiary in Israel (the "Trustee"), or any successor trustee. In the event of any inconsistencies between the Sub-Plan, the Agreement and/or the Plan, the Sub-Plan will govern.

Type of Grant

The Options are intended to qualify for favorable tax treatment in Israel as a "102 Capital Gains Track Grant" (as defined in the Sub-Plan) subject to the terms and conditions of "Section 102" (as defined in the Sub-Plan) and the rules promulgated thereunder. Notwithstanding the foregoing, by accepting the Options, the Optionee acknowledges that the Company cannot guarantee or represent that the favorable tax treatment under Section 102 will apply to the Options.

By accepting the Options, the Optionee: (a) acknowledges receipt of and represents that the Optionee has read and is familiar with the terms and provisions of Section 102, the Plan, the Sub-Plan, the Trust Agreement and the Agreement; (b) accepts the Options subject to all of the terms and conditions of the Agreement, the Plan, the Sub-Plan, the Trust Agreement and Section 102 and the rules promulgated thereunder; and (c) agrees that the Options and/or any Shares issued in connection therewith, will be registered for the benefit of the Optionee in the name of the Trustee as required to qualify under Section 102.

The Optionee hereby undertakes to release the Trustee from any liability in respect of any action or decision duly taken and bona fide executed in relation to the Plan, or any Options or the Shares granted thereunder. The Optionee agrees to execute any and all documents which the Company or the Trustee may reasonably determine to be necessary in order to comply with Section 102 and the Income Tax Ordinance (New Version) – 1961 ("ITO").

Electronic Delivery

The following provision supplements Section 14 of the Agreement:

To the extent required pursuant to Israeli tax law and/or by the Trustee, the Optionee consents and agrees to deliver hard-copy written notices and/or actual copies of any notices or confirmations provided by the Optionee related to his or her participation in the Plan.

Data Privacy

The following provision supplements Section 15 of the Agreement:

Without derogating from the scope of Section 15 of the Agreement, the Optionee hereby explicitly consents to the transfer of Data between the Company, the Trustee, and/or a designated Plan broker, including any requisite transfer of such Data outside of the Optionee's country and further transfers thereafter as may be required to a broker or other third party.

Securities Law Notice

The grant of the Option does not constitute a public offering under the Securities Law, 1968.

OPTIONEES IN ITALY

Data Privacy: ***The following provision replaces Section 15 of the Agreement:***

Pursuant to Section 13 of the Legislative Decree no. 196/2003 the Optionee understands that the Company, the Employer, and any Subsidiary, may hold certain personal information about the Optionee, including, but not limited to, the Optionee's name, home address, email address and telephone number, date of birth, social insurance number, or other identification number, salary, nationality, and job title, any Shares of stock or directorships held in the Company or any Subsidiary, details of all awards or any other entitlement to Shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Optionee's favor ("Data") for the exclusive purpose of managing and administering the Plan and in compliance with applicable laws and regulations

The Optionee also understands that providing the Company with Data is necessary for the performance of the Plan and that the Optionee's refusal to provide such Data would make it impossible for the Company to perform its contractual obligations which may affect the Optionee's ability to participate in the Plan. The Controller of personal data processing is Fortive Corporation, with registered offices at 6920 Seaway Blvd, Everett, Washington 98203, and its representative in Italy for data privacy purposes is Kollmorgen S.r.l., with registered offices at Largo Brughetti 1, 20813, Bovisio-Masciago, Italy.

The Optionee understands that Data will not be publicized, but it may be accessible by the Optionee's Employer and within the Employer and its internal and external personnel in charge of processing of such Data and by the data processor (the "Processor"), if any. An updated list of Processors and other transferees of Data is available upon request from the Employer. Furthermore, Data may be transferred to Fidelity Stock Plan Services and its affiliated companies, any banks, other financial institutions or brokers involved in the management and administration of the Plan. The Optionee understands that Data may also be transferred to the independent registered public accounting firm engaged by the Company. Where required under applicable law, Data may also be disclosed to certain securities or other regulatory authorities where the Company's securities are listed or traded or regulatory filings are made. The Optionee further understands that the Company and/or any Subsidiary may each further transfer Data to third parties assisting the Company in the implementation, administration and management of the Plan, including any requisite transfer of Data to a broker or other third party with whom he or she may elect to

deposit any Shares or cash acquired under the Plan. Such recipients may receive, possess, use, retain and transfer Data in electronic or other form, for the sole purpose of implementing, administering and managing the Optionee's participation in the Plan. The Optionee understands that these recipients may be acting as controllers, Processors or persons in charge of processing, as the case may be, in accordance with local law and may be located in or outside the European Economic Area, in countries such as in the United States that might not provide the same level of protection as intended under Italian data privacy laws. Should the Company exercise its discretion in suspending all necessary legal obligations connected with the management and administration of the Plan, it will delete Data as soon as it has completed all the necessary legal obligations connected with the management and administration of the Plan.

The Optionee understands that 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 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 Data abroad, including outside of the European Economic Area, as specified herein and pursuant to applicable laws and regulations, does not require the Optionee's consent thereto as it is necessary to the performance of law and contractual obligations related to implementation, administration and management of the Plan, which represents the legal basis for the processing. The Optionee understands that, pursuant to section 7 of the Legislative Decree no. 196/2003, the Optionee has the right to, including but not limited to access, delete, update, correct, or terminate, for legitimate reason, the Data processing. The Optionee should contact the Employer in this regard. The Optionee also understands that the Optionee has the right to data portability and to lodge a complaint with the Italian supervisory authority.

Furthermore, the Optionee is aware that Data will not be used for direct marketing purposes. In addition, Data provided can be reviewed and questions or complaints can be addressed by contacting the Optionee's Employer human resources department.

Plan Document Acknowledgement

In accepting the Option, the 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).

The Optionee further acknowledges that he or she has read and specifically and expressly approves the following paragraphs of the Agreement: Section 8: Tax Obligations; Section 9: Nature of Grant; Section 18: Governing Law and Venue; Section 24: Addendum; Section 25: Imposition of Other Requirements; Section 26: Recoupment; and the Data Privacy section above.

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 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) to the extent such assets have a total net fair market value exceeding ¥50,000,000. Such report will be due by March 15 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

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). The Optionee should consult with the Optionee's personal tax advisor for additional information about this reporting obligation.

OPTIONEES IN MEXICO

Labor Law Acknowledgement

This provision supplements Section 9 of the Agreement:

By accepting the Options, the 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 the 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 grant of the Option 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. Participation in the Plan and the acquisition of Shares under the Plan does not in any way establish an employment relationship between the Optionee and the Company since the Optionee is participating in the Plan on a wholly commercial basis and the sole employer is the Subsidiary employing the Optionee, as applicable, nor does it establish any rights between the Optionee and the Employer.

Plan Document Acknowledgment

By participating in the Plan, the Optionee acknowledges that he or she has received copies of the Plan and the Agreement, has reviewed the Plan and the Agreement in their entirety and fully understands and accept all provisions of the Plan and the Agreement.

In addition, by participating in the Plan, the Optionee further acknowledges that he or she has read and specifically and expressly approves the terms and conditions in Section 9 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, the 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

Esta disposición complementa la Sección 9 del Contrato:

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

El otorgamiento de la Opción 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,Estados Unidos de América, es la única responsable de la administración del Plan. La participación en el Plan y, 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 participación en el Plan, el que tiene la opción reconoce que ha recibido copias del Plan y del Contrato, que el Plan y el Contrato han sido revisados en su totalidad y que completamente entiende y acepta las disposiciones contenidas en el Plan y en el Contrato.

Adicionalmente, al participar en el Plan, el que tiene la opción reconoce que ha leído, y que aprueba específica y expresamente los términos y condiciones contenidos en la Sección 9 del Contrato 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

There are no country-specific terms or conditions.

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 of Options 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 Optionee may request copies of the documents described above by contacting the Company's corporate legal department using the contact details provided on 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

The Optionee is being offered an Option to purchase Shares in the Company. Exercise of the Option will give the Optionee a stake in the ownership of the Company. The Optionee may receive a return if dividends are paid.

If the Company runs into financial difficulties and is wound up, the Optionee will be paid only after all creditors (and holders of preference shares) have been paid. The 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, the Optionee may not be given all of the information usually required. The 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 on the New York Stock Exchange. This means that if the Optionee acquires Shares under the Plan, the Optionee may be able to sell the Shares on the New York Stock Exchange if there are interested buyers. The Optionee may get less than he or she invested. The price will depend on the demand for the Shares.

OPTIONEES IN RUSSIA

Securities Law Notice

The Optionee acknowledges that the Agreement, the grant of the Option, the Plan and all other materials the Optionee may receive regarding participation in the Plan do not constitute advertising or an offering of securities in Russia. The Shares to be issued under the Plan have not and will not be registered in Russia, nor will they be admitted for listing on any Russian exchange for trading within Russia. Thus, 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 under the Plan be delivered to the Optionee in Russia. All Shares acquired under the Plan will be maintained on behalf of the Optionee outside of Russia. The Optionee will not be permitted to sell or otherwise transfer Shares directly to a Russian legal entity or resident.

Exchange Control Notification

Under current exchange control regulations in Russia, the Optionee is required to repatriate certain cash amounts received with respect to the Option to Russia as soon as the Optionee intends to use those cash amounts for any purpose, including reinvestment. Such funds must initially be credited to the 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. As an express statutory exception to the above-mentioned repatriation rule, cash dividends paid on the Shares can be paid directly to a foreign bank or brokerage account opened with a bank located in an OECD (Organization for Economic Co-operation and Development) or FATE (Financial Action Task Force) country. Also, as of January 1, 2018, cash proceeds from the sale of Shares listed on one of the foreign stock exchanges on the list provided for by the Russian Federal law "On the Securities Market" can also be paid directly to a foreign bank or brokerage account opened with a bank located in an OECD or FATF country. Other statutory exemptions may apply, and the Optionee should consult with his or her personal legal advisory in this regard.

Foreign Asset/Account Reporting Information

The Optionee is required to report the opening, closing or change of details of any foreign bank account to Russian tax authorities within one month of opening, closing or change of details of such account. The Optionee is also required to report (i) the beginning and ending balances in such a foreign bank account each year and (ii) transactions related to such a foreign account during the year to the Russian tax authorities, on or before June 1 of the following year. For example, for the relevant form for the reporting year 2016 is due on or before June 1, 2017. The tax authorities may require supporting documents related to transactions in such foreign bank accounts. The Optionee should consult his or her personal tax advisor to determine and ensure compliance with his or her foreign asset/account reporting obligations.

Anti-Corruption Information

Anti-corruption laws prohibit certain public servants, their spouses and their dependent children from owning any foreign source financial instruments (*e.g.,* Shares of foreign companies such as the Company). Accordingly, the Optionee should inform the Company if he or she is covered by these laws because the Optionee should not hold Shares acquired under the Plan.

Data Privacy. ***This data privacy consent replaces Section 15 of the Agreement:***

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

2. The Optionee hereby grants consent to processing of the personal data listed below	**2 . Субъект персональных данных настоящим дает согласие на обработку перечисленных ниже персональных данных**
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;	**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;
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;	**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;
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.;	**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.;
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.;	**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.;
2.5. Information on work time, including hours scheduled for work per week and hours actually worked;	**2.5.** Сведения о рабочем времени, включая нормальную продолжительность рабочего времени в неделю и количество фактически отработанного рабочего времени;
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;	**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;
2.7. Information on the Optionee's tax status (exempt, tax resident status, etc.);	**2.7.** Информация о налоговом статусе Субъекта персональных данных (освобождение от уплаты налогов, является ли налоговым резидентом и т.д.);
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;	**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.

2.9. Any other information, which may become necessary to the Company in connection with the purposes specified in Clause 3 above.

the "**Personal Data**"

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 îperators 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.

2.9. Любые иные данные, которые могут потребоваться Операторам в связи с осуществлением целей, указанных в п. 3 выше.

далее – «**Персональные данные**»

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. 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.	**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. 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 SAINT KITTS AND NEVIS

There are no country-specific provisions.

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 the 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. The Optionee should note that the Options are subject to section 257 of the SFA and the Optionee should not make (i) any subsequent sale of Shares in Singapore or (ii) any offer of such subsequent sale of 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. The Company's Common Stock is traded on the New York Stock Exchange, which is located outside of Singapore, under the ticker symbol "FTV" and Shares acquired under the Plan may be sold through this exchange.

Chief Executive Officer and Director Notification Requirement

If the Optionee is the Chief Executive Officer (the "CEO"), or a director (including an alternate, substitute, or shadow director) of a Singapore Subsidiary of the Company, the Optionee is subject to certain notification requirements under the Singapore Companies Act. Among these requirements is an obligation to notify the Singapore Subsidiary in writing when the Optionee receives an interest (*e.g.*, Options, Shares, etc.) in the Company or any related company. In addition, the Optionee must notify the Singapore Subsidiary when the Optionee sells Shares of the Company or any related company (including when the Optionee sells Shares acquired under the Plan). These notifications must be made within

two (2) business days of (i) its acquisition or disposal, (ii) any change in a previously-disclosed interest (*e.g.*, exercise of the Options or when Shares acquired under the Plan are subsequently sold), or (iii) becoming the CEO or a director.

OPTIONEES IN SLOVAK REPUBLIC

There are no country-specific provisions.

OPTIONEES IN SOUTH AFRICA

Tax Obligations

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 of tax withheld by the Company or Employer.

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

Because no transfer of funds from South Africa is required under the Option, no filing or reporting requirements should apply when the Option is granted or when Shares are issued upon exercise of the Option. However, because exchange control regulations are subject to change, the Optionee should consult with his or her personal advisor to ensure compliance with current regulations. The Optionee responsible for ensuring compliance with all exchange control laws in South Africa.

OPTIONEES IN SPAIN

Nature of Grant

This provision supplements Section 9 of the Agreement:

In accepting the grant of the Options, the Optionee acknowledges that he or she consents to participation in the Plan and has received a copy of the Plan.

Further, the Optionee understands that the Company, has unilaterally, gratuitously, and discretionally 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 bind the Company or any Subsidiary other than to the extent set forth in the Agreement. Consequently, the 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 any Subsidiary) and shall not be considered a mandatory benefit or salary for any purposes (including severance compensation) or any other right whatsoever. In addition, the Optionee understands that the Option would not be granted but for the assumptions and conditions referred to above; thus, the 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 grant of Options shall be null and void.

Further, the Optionee understands and agrees that, unless otherwise expressly provided for by the Company or set forth in the Agreement, the Option will be cancelled without entitlement to any Shares if the Optionee's employment is terminated for any reason, including, but not limited to: death, disability, resignation, retirement, disciplinary dismissal adjudged to be with cause, disciplinary dismissal adjudged or recognized to be without good cause (*i.e.*, subject to a "despido improcedente"), 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, or under Article 10.3 of Royal Decree 1382/1985. The Committee, in its sole discretion, shall determine the date when the Optionee's employment has terminated for purposes of the Option.

The Optionee understands that this Option grant would not be made to the Optionee but for the assumptions and conditions referred to above; thus, the 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 grant of, or right to, the Option shall be null and void.

Exchange Control Notice

The Optionee must declare the acquisition, ownership and disposition of Shares to the *Dirección General de Comercio e Inversiones* (the *"DGCI"*), the Bureau for Commerce and Investments, which is a department of the Ministry of Economy and Competitiveness, for statistical purposes. Generally, the declaration must be filed in January for Shares acquired or sold during (or owned as of December 31 of the prior year; however, if the value of the Shares acquired or sold during (or owned as of December 31 of the prior year; however, if the value of Shares acquired under the Plan or the amount of the sale exceeds €1,502,530, the declaration must be filed within one month of the acquisition or sale, as applicable.

In addition, the 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.

Securities Law Notice

No "offer of securities to the public," as defined under Spanish law, has taken place or will take place in the Spanish territory in connection with the Options. The Plan, the Agreement (including this Addendum) and any other documents evidencing the grant of the Options have not, nor will they be, registered with the *Comisión Nacional del Mercado de Valores* , and none of those documents constitutes a public offering prospectus.

Foreign Asset/Account Reporting Information

To the extent the 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 the Optionee sells or disposes of such right or asset), the 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.

OPTIONEES IN SWEDEN

There are no country-specific provisions.

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 (i) constitute a prospectus as such term is understood pursuant to the Swiss Code of Obligations, (ii) may be publicly distributed nor otherwise made publicly available in Switzerland, or (iii) has been or will be filed with, approved or supervised by any Swiss regulatory authority (in particular, the Swiss Financial Supervisory authority ("FINMA")).

OPTIONEES IN TAIWAN

Securities Law Notice

The offer of participation in the Plan is available only for employees of the Company and its Subsidiaries. The offer of participation in the Plan is not a public offer of securities by a Taiwanese company.

Exchange Control Notice

If the Optionee is a resident of Taiwan, he or she may acquire foreign currency and remit the same out of or into Taiwan up to US $5,000,000 per year without justification. If the transaction amount is TWD $500,000 or more in a single transaction, the Optionee 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, the Optionee also must provide supporting documentation to the satisfaction of the remitting bank.

OPTIONEES IN TURKEY

Securities Law Notice

The Option is made available only to employees of, and the offer of the Company, and the offer of participation in the Plan is a private offering. The Optionee is not permitted to publicly offer any Shares acquired under the Plan in Turkey unless such public offering is approved by the Turkish Capital Markets Board in accordance with Turkish laws. The Shares are currently traded on the New York Stock Exchange, under the ticket symbol "FTV" and the Shares may be sold through this exchange.

Exchange Control Notice

If the Optionee remit funds out of Turkey in order to exercise the Options, the Optionee must remit such funds through a licensed financial intermediary institution in Turkey.

In certain circumstances, Turkish residents are permitted to sell Shares traded on a non-Turkish stock exchange only through a financial intermediary licensed in Turkey. Therefore, Turkish residents may be required to appoint a Turkish broker to assist with the sale of the Shares acquired under the Plan. The Optionee should consult his or her personal legal advisor before selling any Shares acquired under the Plan to confirm the applicability of this requirement.

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 Emirates Securities and Commodities Authority has no responsibility

for reviewing or verifying any documents in connection with this statement, including the Plan, the Agreement or any other incidental communication materials distributed in connection with the Option. Further, neither the Ministry of Economy nor the Dubai Department of Economic Development have approved this statement or taken steps to verify the information set out in it and have no responsibility for it. If the Optionee has any questions regarding the context of the Agreement, including this Addendum, or the Plan, the Optionee should obtain independent professional advice.

OPTIONEES IN THE UNITED KINGDOM

Tax Obligations

This provision supplements Section 8 of the Agreement:

Without limitation to Section 8 of the Agreement, the Optionee hereby agrees that the Optionee is liable for all Tax Related Items and hereby covenants to pay all such Tax Related Items, as and when requested by the Company, or the Employer, or by Her Majesty's Revenue & Customs ("HRMC") (or any other tax authority or any other relevant authority). The Optionee also hereby agrees to indemnify and keep indemnified the Company and, if different, the Employer, against any Tax Related Items that they are required to pay or withhold or have paid or will pay to HMRC (or any other tax authority or any other relevant authority) on the Optionee's behalf.

Exhibit 10.18

AIRCRAFT TIME SHARING AGREEMENT

THIS AIRCRAFT TIME SHARING AGREEMENT (this "Agreement") is entered into as of July 18, 2016 by and between Fortive Corporation ("Owner"), a Delaware corporation, with principal offices at 6920 Seaway Blvd, Everett, WA 98203 and James Lico ("Lessee").

BACKGROUND:

A. Owner or its subsidiary owns or leases and operates certain civil aircraft identified on Exhibit A to this Agreement (the "Aircraft").

B. Owner or its subsidiary employs fully qualified flight crews to operate the Aircraft; and

C. From time to time, Lessee may desire to lease the Aircraft with a flight crew from Owner for Lessee's personal travel at Lessee's discretion on a non-exclusive time sharing basis as defined in Section 91.501(c)(1) of the Federal Aviation Regulations ("FAR").

NOW, THEREFORE, Owner and Lessee agree as follows:

1. This Agreement shall govern personal use of the Aircraft by Lessee or by family members or guests of Lessee as and to the extent set forth in such policy or policies as the Board of Directors of Owner, or the Compensation Committee thereof, shall adopt from time to time. Subject to the terms and conditions of this Agreement, Owner agrees to lease, from time to time on a non-exclusive and non-continuous basis, the Aircraft to Lessee for Lessee's personal travel at Lessee's discretion pursuant to the provisions of FAR Sections 91.501(b)(6), 91.501(c)(1) and 91.501(d) and to provide a fully qualified flight crew for all operations for flights scheduled in accordance with the terms of this Agreement during the period commencing on the date of this Agreement and terminating on the earlier of (a) the termination of this Agreement by consent of Owner and Lessee, (b) the date of Lessee's termination of employment with Owner and (c) the date of Lessee's death. Owner shall have the right to add or substitute aircraft of similar type, quality, and equipment, and to remove aircraft from the fleet, from time to time during the term of this Agreement. Owner shall send Lessee a revised Exhibit A upon each such change in the Aircraft.

2. For each flight conducted under this Agreement and subject to the Owner's Policy on Use of Company Aircraft that may be in effect from time to time, Lessee shall pay Owner the actual, incremental cost to the Owner of such flight but only to the extent authorized by FAR Section 91.501(d) as in effect from time to time. As of the effective date of this Agreement, such payment from Lessee to Owner for any specific flight shall not exceed:

(a) fuel, oil, lubricants and other additives;

(b) travel expenses of the crew, including food, lodging and ground transportation;

(c) hangar and tie down costs away from the Aircraft's base of operation;

(d) insurance obtained for the specific flight;

(e) landing fees, airport taxes and similar assessments;

(f) customs, foreign permit and similar fees directly related to the flight;

(g) in-flight food and beverages;

(h) passenger ground transportation;

(i) flight planning and weather contract services;

(j) an additional charge equal to one hundred percent (100%) of the expenses listed in clause (a) above.

3. Subject to the Owner's Policy on Use of Company Aircraft that may be in effect from time to time, Owner will pay all expenses related to the operation of each Aircraft when incurred and will provide quarterly invoices to Lessee for the expenses enumerated in Section 2 above. The Owner and Lessee acknowledge that, with the exception of the expenses for in-flight food and beverages and passenger ground transportation, the payment of these expenses are subject to the federal excise tax imposed under Section 4261 of the Internal Revenue Code. Lessee shall reimburse Owner for the expenses authorized by FAR Section 91.501(d) plus applicable federal excise taxes within thirty (30) calendar days after receipt of the related invoice. Owner agrees to collect and remit to the Internal Revenue Service for the benefit of Lessee all such federal excise taxes.

4. In the event that Lessee desires to use the Aircraft pursuant to this Agreement, Lessee will so notify Owner and will provide Owner with requests for flight time and proposed flight schedules as far as possible in advance of any given flight. Requests for flight time shall be in a form, whether oral or written, mutually convenient to and agreed upon by Owner and Lessee. In addition to proposed schedules and flight times, Lessee shall provide at least the following information for each proposed flight at some time prior to scheduled departure as required by Owner or Owner's flight crew:

(a) departure point;

(b) destinations;

(c) date and time of flight;

(d) the identity of each anticipated passenger;

(e) the nature and extent of luggage or cargo to be carried;

(f) the date and time of a return flight, if any; and

(g) any other information concerning the proposed flight that may be pertinent or required by Owner or Owner's flight crew.

5. Owner shall have sole and exclusive authority over the scheduling of the Aircraft, including which Aircraft is used for any particular flight. Lessee's use of the Aircraft shall be on a non-exclusive and non-continuous basis and as needed and as available. Owner shall have the right to cancel Lessee's proposed use of the Aircraft by telephonic or other notice to Lessee at any time prior to the departure of the Aircraft. Owner retains the right, during the Term, (a) to use and operate the Aircraft under FAR Part 91 and (b) to the extent permitted by the FARs, to lease and/or furnish (under separate time sharing or interchange agreements) the Aircraft to one or more third parties who may also use and/or operate the Aircraft under FAR Part 91.

6. Owner shall be solely responsible for securing maintenance, preventive maintenance, and required or otherwise necessary inspections on the Aircraft and shall take such requirements into account in scheduling flights

of the various Aircraft. No period of maintenance, preventive maintenance, or inspection shall be delayed or postponed for the purpose of scheduling the Aircraft, unless such maintenance or inspection can be safely conducted at a later time in compliance with all applicable laws and regulations, and within the sound discretion of the pilot-in-command. The pilot-in-command shall have final and complete authority to cancel any flight for any reason or condition that in his or her judgment would compromise the safety of the flight.

7. Owner shall be responsible for the physical and technical operation of the Aircraft and the safe performance of all flights and shall retain full authority and control, including exclusive operational control, and possession of the Aircraft at all times during the term of this Agreement. Without limiting the generality of the foregoing, Owner shall exercise exclusive authority over initiating, conducting or terminating any flight undertaken under this Agreement. Owner shall employ, pay for, and provide to Lessee a qualified flight crew for each flight undertaken under this Agreement. In accordance with applicable FAR, the qualified flight crew provided by Owner will exercise all required and/or appropriate duties and responsibilities with respect to the safety of each flight conducted under this Agreement. The pilot-in-command shall have absolute discretion in all matters concerning the preparation of the Aircraft for flight and the flight itself, the load carried and its distribution, the decision whether or not a flight shall be undertaken, the route to be flown, the place where landings shall be made and all other matters relating to operation of the Aircraft. Lessee specifically agrees that the flight crew shall have final and complete authority to delay or cancel any flight for any reason or condition which, in the sole judgment of the pilot-in-command, could compromise the safety of the flight and to take any other action which, in the sole judgment of the pilot in command, is necessitated by considerations of safety. Without limiting the generality of Section 8, no such action of the pilot-in-command shall create or support any liability for loss, injury, damage, or delay to Lessee or any other person.

8. The Owner and Lessee agree that Owner shall not be liable to Lessee or any other person for loss, injury, or damage occasioned by the delay or failure to furnish the Aircraft and crew pursuant to this Agreement for any reason.

9. The risk of loss during the period when any Aircraft is operated on behalf of Lessee under this Agreement shall remain with Owner, and Owner will retain all rights and benefits with respect to the proceeds payable under policies of hull insurance maintained by Owner that may be payable as a result of any incident or occurrence while an Aircraft is being operated on behalf of Lessee under this Agreement. Lessee shall be named as an additional insured on aviation liability insurance policies maintained by Owner on the Aircraft with respect to flights conducted pursuant to this Agreement. The liability insurance policies on which Lessee is named an additional insured shall provide that as to Lessee coverage shall not be invalidated or adversely affected by any action or inaction, omission or misrepresentation by Owner or any other person (other than Lessee). Any insurance policies maintained by Owner on any Aircraft used by Lessee under this Agreement shall include a waiver of any rights of subrogation of the insurers against Lessee and shall be primary without any right of contribution from any other insurance available to any other insureds or additional insureds.

10. A copy of this Agreement shall be carried in the Aircraft and available for review upon the request of the FAA on all flights conducted pursuant to this Agreement.

11. Lessee represents, warrants and covenants to Owner that:

(a) he will use each Aircraft for and on his own account only and will not use any Aircraft for the purposes of providing transportation of passengers or cargo in air commerce for compensation or hire;

(b) he shall refrain from incurring any mechanics or other lien in connection with inspection, preventative maintenance, maintenance or storage of the Aircraft, whether permissible or impermissible under this Agreement, and he shall not attempt to convey, mortgage, assign, lease or any way alienate the Aircraft or create any kind of lien or security interest involving the Aircraft or do anything or take any action that might mature into such a lien;

(c) during the term of this Agreement, he will abide by and conform to all such laws, governmental, and airport orders, rules, and regulations as shall from time to time be in effect relating in any way to the operation and use of the Aircraft by a time-sharing lessee.

12. For purposes of this Agreement, the permanent base of operation of the Aircraft shall be Snomish County Airport at Paine Field, 9724nd place West, Everett, Washington 98204, unless changed by Owner, in which event Owner shall notify Lessee of the new permanent base of operation of the Aircraft.

13. Owner and Lessee agree that the insurance specified in Section 9 shall provide the sole recourse to Lessee, his family members or guests on the Aircraft, their personal representatives and any person claiming by, through, or under them (collectively, the "Lessee Parties") for all claims, losses, liabilities, obligations, demands, suits, judgments or causes of action, penalties, fines, costs and expenses of any nature whatsoever, including attorneys' fees and expenses (each, a "Claim" and collectively, the "Claims") for or on account of, or arising out of, or in any way connected with Owner's breach of this Agreement or possession, maintenance, storage, use or operation of the Aircraft, including injury to or death of any persons, which may result from, arise out of, or is in any way connected with the possession, maintenance, storage, use or operation of the Aircraft during the term of this Agreement. WITHOUT LIMITING THE FOREGOING, IN NO EVENT SHALL OWNER OR ANY OF ITS AFFILIATES OR THEIR RESPECTIVE DIRECTORS, OFFICERS, MEMBERS, MANAGERS, EMPLOYEES OR AGENTS BE LIABLE TO ANY OF THE LESSEE PARTIES OR ANY OTHER THIRD PARTIES, AS THE CASE MAY BE, FOR (i) ANY CLAIMS IN EXCESS OF THE AMOUNT PAID TO ANY OF THE LESSEE PARTIES OR ANY OTHER THIRD PARTIES, AS APPLICABLE, BY OWNER'S INSURANCE CARRIER, OR (ii) ANY INDIRECT, SPECIAL, CONSEQUENTIAL AND/OR PUNITIVE DAMAGES OF ANY KIND OR NATURE UNDER ANY CIRCUMSTANCES OR FOR ANY REASONINCLUDING ANY DELAY OR FAILURE TO FURNISH ANY OF THE AIRCRAFT OR CAUSED OR OCCASIONED BY THE PERFORMANCE OR NON-PERFORMANCE OF ANY SERVICES COVERED BY THIS AGREEMENT.

14. Neither this Agreement nor any party's interest in this Agreement shall be assignable to any other person or entity. This Agreement shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective successors and personal representatives. Nothing in this Agreement, express or implied, is intended to confer on any person or entity, other than the parties and their respective successors and personal representatives, any rights, remedies, benefits, obligations or liabilities hereunder, except as specifically provided herein or otherwise specifically agreed to in writing by the parties.

15. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware (excluding the conflicts of law rules thereof).

16. This Agreement constitutes the entire understanding between Owner and Lessee with respect to its subject matter, and there are no representations, warranties, conditions, covenants, or agreements other than as set forth expressly herein. Any amendments, waivers or modifications of or to this Agreement shall be in writing and signed by authorized representatives of both parties. This Agreement may be executed in counterparts, which shall, singly or in the aggregate, constitute a fully executed and binding agreement.

17. Any notice, request, or other communication to any party by the other party under this Agreement shall be conveyed in writing and shall be deemed given on the earlier of the date (i) notice is personally delivered with receipt acknowledged, (ii) a facsimile notice is transmitted, or (iii) three (3) calendar days after notice is mailed by certified mail, return receipt requested, postage paid, and addressed to the party at the address set forth below. The address of a party to which notices or copies of notice are to be given may be changed from time to time by such party by written notice to the other party.

If to Owner:

Fortive Corporation
6920 Seaway Blvd
Everett, WA 98203
Attention: General Counsel
Fax: 425-446-6716

If to Lessee:

James Lico
Fortive Corporation
6920 Seaway Blvd
Everett, WA 98203
Fax: 425-446-6716

18. If any one or more of the provisions of the Agreement shall be held invalid, illegal, or unenforceable, the remaining provisions of this Agreement shall be unimpaired, and the invalid, illegal, or unenforceable provision shall be replaced by a mutually acceptable provision, which, being valid, legal, and enforceable, comes closest to the intention of the parties underlying the invalid, illegal, or unenforceable provision. To the extent permitted by applicable law, the parties hereby waive any provision of law, which renders any provision of this Agreement prohibited or unenforceable in any respect. The failure or delay on the part of any party hereto to insist upon or enforce strict performance of any provision of this Agreement by any other party hereto, or to exercise any right, power or remedy under this Agreement, shall not be deemed or construed as a waiver thereof. A waiver by any party hereto of any provision of this Agreement or of any breach thereof shall not be deemed or construed as a general waiver thereof or of any other provision or rights thereunder.

19. THE AIRCRAFT SHALL BE LEASED TO LESSEE HEREUNDER IN AN "AS IS, WHERE IS" CONDITION. NEITHER OWNER (NOR ITS AFFILIATES) MAKES, HAS MADE OR SHALL BE DEEMED TO MAKE OR HAVE MADE, AND OWNER (FOR ITSELF AND ITS AFFILIATES) HEREBY DISCLAIMS, ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, WRITTEN OR ORAL, WITH RESPECT TO ANY AIRCRAFT TO BE USED HEREUNDER OR ANY ENGINE OR COMPONENT THEREOF INCLUDING, WITHOUT LIMITATION, ANY WARRANTY AS TO DESIGN, COMPLIANCE WITH SPECIFICATIONS, QUALITY OF MATERIALS OR WORKMANSHIP, MERCHANTABILITY, FITNESS FOR ANY PURPOSE, USE OR OPERATION, AIRWORTHINESS, SAFETY, PATENT, TRADEMARK OR COPYRIGHT INFRINGEMENT OR TITLE. .

20. The limitations of liability, disclaimers and exculpations set forth in this Agreement shall survive the termination of this Agreement, whether by its terms, by operation of law or otherwise.

21. With respect to the Truth in leasing requirements of FAR Section 91.23:

(a) Owner will provide a copy of this Agreement to the Federal Aviation Administration, Aircraft Registration Branch, Technical Section, in Oklahoma City, Oklahoma within twenty-four hours of its execution. In addition, Owner will notify the FAA flight standards district office nearest the airport where the first flight under this Agreement will originate and provide it with a copy of this Agreement at least forty-eight (48) hours before takeoff of such flight, informing the FAA of (i) the location of the airport of departure; (ii) the departure time; and (iii) the registration number of the aircraft involved;

(b) Truth in leasing statement under FAR Section 91.23:

(i) OWNER HEREBY CERTIFIES THAT EACH AIRCRAFT HAS BEEN INSPECTED AND MAINTAINED WITHIN THE TWELVE (12) MONTH PERIOD PRECEDING THE EXECUTION OF THIS AGREEMENT, EXCEPT TO THE EXTENT THE AIRCRAFT IS LESS THAN TWELVE (12) MONTHS OLD, IN ACCORDANCE WITH THE PROVISIONS OF FAR PART 91. EACH OF OWNER AND LESSEE CERTIFIES THAT THE AIRCRAFT WILL BE MAINTAINED AND INSPECTED IN COMPLIANCE WITH THE APPLICABLE MAINTENANCE AND INSPECTION REQUIREMENTS OF FAR PART 91 FOR ALL OPERATIONS TO BE CONDUCTED DURING THE TERM OF THIS AGREEMENT.

(ii) OWNER, WHOSE NAME AND ADDRESS ARE SET FORTH ABOVE, SHALL BE SOLELY RESPONSIBLE FOR OPERATIONAL CONTROL OF THE AIRCRAFT DURING THE TERM OF THIS AGREEMENT.

(iii) EACH OF OWNER AND LESSEE CERTIFIES THAT IT UNDERSTANDS ITS RESPONSIBILITIES FOR COMPLIANCE WITH APPLICABLE FEDERAL AVIATION REGULATIONS.

(iv) AN EXPLANATION OF FACTORS BEARING ON OPERATIONAL CONTROL AND PERTINENT FARS CAN BE OBTAINED FROM THE NEAREST FAA FLIGHT STANDARDS DISTRICT OFFICE, GENERAL AVIATION DISTRICT OFFICE, OR AIR CARRIER DISTRICT OFFICE.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Owner and Lessee have caused the signatures of their authorized representatives to be affixed below on the day and year first above written.

FORTIVE CORPORATION

By: /s/ Peter Underwood
Name: Peter Underwood
Title: SVP, General Counsel

/s/ James Lico
James Lico

Exhibit A

United States Registration Number	Aircraft Type	Manufacturer's Serial Number
N909PM	Dassault Falcon 900B	176
N716TV	Bombardier Global 6000	9784

Exhibit 10.19

AIRCRAFT TIME SHARING AGREEMENT

THIS AIRCRAFT TIME SHARING AGREEMENT (this "Agreement") is entered into as of July 18, 2016 by and between Fortive Corporation ("Owner"), a Delaware corporation, with principal offices at 6920 Seaway Blvd, Everett, WA 98203 and Charles McLaughlin ("Lessee").

BACKGROUND:

A. Owner or its subsidiary owns or leases and operates certain civil aircraft identified on Exhibit A to this Agreement (the "Aircraft").

B. Owner or its subsidiary employs fully qualified flight crews to operate the Aircraft; and

C. From time to time, Lessee may desire to lease the Aircraft with a flight crew from Owner for Lessee's personal travel at Lessee's discretion on a non-exclusive time sharing basis as defined in Section 91.501(c)(1) of the Federal Aviation Regulations ("FAR").

NOW, THEREFORE, Owner and Lessee agree as follows:

1. This Agreement shall govern personal use of the Aircraft by Lessee or by family members or guests of Lessee as and to the extent set forth in such policy or policies as the Board of Directors of Owner, or the Compensation Committee thereof, shall adopt from time to time. Subject to the terms and conditions of this Agreement, Owner agrees to lease, from time to time on a non-exclusive and non-continuous basis, the Aircraft to Lessee for Lessee's personal travel at Lessee's discretion pursuant to the provisions of FAR Sections 91.501(b)(6), 91.501(c)(1) and 91.501(d) and to provide a fully qualified flight crew for all operations for flights scheduled in accordance with the terms of this Agreement during the period commencing on the date of this Agreement and terminating on the earlier of (a) the termination of this Agreement by consent of Owner and Lessee, (b) the date of Lessee's termination of employment with Owner and (c) the date of Lessee's death. Owner shall have the right to add or substitute aircraft of similar type, quality, and equipment, and to remove aircraft from the fleet, from time to time during the term of this Agreement. Owner shall send Lessee a revised Exhibit A upon each such change in the Aircraft.

2. For each flight conducted under this Agreement and subject to the Owner's Policy on Use of Company Aircraft that may be in effect from time to time, Lessee shall pay Owner the actual, incremental cost to the Owner of such flight but only to the extent authorized by FAR Section 91.501(d) as in effect from time to time. As of the effective date of this Agreement, such payment from Lessee to Owner for any specific flight shall not exceed:

(a) fuel, oil, lubricants and other additives;

(b) travel expenses of the crew, including food, lodging and ground transportation;

(c) hangar and tie down costs away from the Aircraft's base of operation;

(d) insurance obtained for the specific flight;

(e) landing fees, airport taxes and similar assessments;

(f) customs, foreign permit and similar fees directly related to the flight;

(g) in-flight food and beverages;

(h) passenger ground transportation;

(i) flight planning and weather contract services;

(j) an additional charge equal to one hundred percent (100%) of the expenses listed in clause (a) above.

3. Subject to the Owner's Policy on Use of Company Aircraft that may be in effect from time to time, Owner will pay all expenses related to the operation of each Aircraft when incurred and will provide quarterly invoices to Lessee for the expenses enumerated in Section 2 above. The Owner and Lessee acknowledge that, with the exception of the expenses for in-flight food and beverages and passenger ground transportation, the payment of these expenses are subject to the federal excise tax imposed under Section 4261 of the Internal Revenue Code. Lessee shall reimburse Owner for the expenses authorized by FAR Section 91.501(d) plus applicable federal excise taxes within thirty (30) calendar days after receipt of the related invoice. Owner agrees to collect and remit to the Internal Revenue Service for the benefit of Lessee all such federal excise taxes.

4. In the event that Lessee desires to use the Aircraft pursuant to this Agreement, Lessee will so notify Owner and will provide Owner with requests for flight time and proposed flight schedules as far as possible in advance of any given flight. Requests for flight time shall be in a form, whether oral or written, mutually convenient to and agreed upon by Owner and Lessee. In addition to proposed schedules and flight times, Lessee shall provide at least the following information for each proposed flight at some time prior to scheduled departure as required by Owner or Owner's flight crew:

(a) departure point;

(b) destinations;

(c) date and time of flight;

(d) the identity of each anticipated passenger;

(e) the nature and extent of luggage or cargo to be carried;

(f) the date and time of a return flight, if any; and

(g) any other information concerning the proposed flight that may be pertinent or required by Owner or Owner's flight crew.

5. Owner shall have sole and exclusive authority over the scheduling of the Aircraft, including which Aircraft is used for any particular flight. Lessee's use of the Aircraft shall be on a non-exclusive and non-continuous basis and as needed and as available. Owner shall have the right to cancel Lessee's proposed use of the Aircraft by telephonic or other notice to Lessee at any time prior to the departure of the Aircraft. Owner retains the right, during the Term, (a) to use and operate the Aircraft under FAR Part 91 and (b) to the extent permitted by the FARs, to lease and/or furnish (under separate time sharing or interchange agreements) the Aircraft to one or more third parties who may also use and/or operate the Aircraft under FAR Part 91.

6. Owner shall be solely responsible for securing maintenance, preventive maintenance, and required or otherwise necessary inspections on the Aircraft and shall take such requirements into account in scheduling flights

of the various Aircraft. No period of maintenance, preventive maintenance, or inspection shall be delayed or postponed for the purpose of scheduling the Aircraft, unless such maintenance or inspection can be safely conducted at a later time in compliance with all applicable laws and regulations, and within the sound discretion of the pilot-in-command. The pilot-in-command shall have final and complete authority to cancel any flight for any reason or condition that in his or her judgment would compromise the safety of the flight.

7. Owner shall be responsible for the physical and technical operation of the Aircraft and the safe performance of all flights and shall retain full authority and control, including exclusive operational control, and possession of the Aircraft at all times during the term of this Agreement. Without limiting the generality of the foregoing, Owner shall exercise exclusive authority over initiating, conducting or terminating any flight undertaken under this Agreement. Owner shall employ, pay for, and provide to Lessee a qualified flight crew for each flight undertaken under this Agreement. In accordance with applicable FAR, the qualified flight crew provided by Owner will exercise all required and/or appropriate duties and responsibilities with respect to the safety of each flight conducted under this Agreement. The pilot-in-command shall have absolute discretion in all matters concerning the preparation of the Aircraft for flight and the flight itself, the load carried and its distribution, the decision whether or not a flight shall be undertaken, the route to be flown, the place where landings shall be made and all other matters relating to operation of the Aircraft. Lessee specifically agrees that the flight crew shall have final and complete authority to delay or cancel any flight for any reason or condition which, in the sole judgment of the pilot-in-command, could compromise the safety of the flight and to take any other action which, in the sole judgment of the pilot in command, is necessitated by considerations of safety. Without limiting the generality of Section 8, no such action of the pilot-in-command shall create or support any liability for loss, injury, damage, or delay to Lessee or any other person.

8. The Owner and Lessee agree that Owner shall not be liable to Lessee or any other person for loss, injury, or damage occasioned by the delay or failure to furnish the Aircraft and crew pursuant to this Agreement for any reason.

9. The risk of loss during the period when any Aircraft is operated on behalf of Lessee under this Agreement shall remain with Owner, and Owner will retain all rights and benefits with respect to the proceeds payable under policies of hull insurance maintained by Owner that may be payable as a result of any incident or occurrence while an Aircraft is being operated on behalf of Lessee under this Agreement. Lessee shall be named as an additional insured on aviation liability insurance policies maintained by Owner on the Aircraft with respect to flights conducted pursuant to this Agreement. The liability insurance policies on which Lessee is named an additional insured shall provide that as to Lessee coverage shall not be invalidated or adversely affected by any action or inaction, omission or misrepresentation by Owner or any other person (other than Lessee). Any insurance policies maintained by Owner on any Aircraft used by Lessee under this Agreement shall include a waiver of any rights of subrogation of the insurers against Lessee and shall be primary without any right of contribution from any other insurance available to any other insureds or additional insureds.

10. A copy of this Agreement shall be carried in the Aircraft and available for review upon the request of the FAA on all flights conducted pursuant to this Agreement.

11. Lessee represents, warrants and covenants to Owner that:

(a) he will use each Aircraft for and on his own account only and will not use any Aircraft for the purposes of providing transportation of passengers or cargo in air commerce for compensation or hire;

(b) he shall refrain from incurring any mechanics or other lien in connection with inspection, preventative maintenance, maintenance or storage of the Aircraft, whether permissible or impermissible under this Agreement, and he shall not attempt to convey, mortgage, assign, lease or any way alienate the Aircraft or create any kind of lien or security interest involving the Aircraft or do anything or take any action that might mature into such a lien;

(c) during the term of this Agreement, he will abide by and conform to all such laws, governmental, and airport orders, rules, and regulations as shall from time to time be in effect relating in any way to the operation and use of the Aircraft by a time-sharing lessee.

12. For purposes of this Agreement, the permanent base of operation of the Aircraft shall be Snomish County Airport at Paine Field, 9724nd place West, Everett, Washington 98204, unless changed by Owner, in which event Owner shall notify Lessee of the new permanent base of operation of the Aircraft.

13. Owner and Lessee agree that the insurance specified in Section 9 shall provide the sole recourse to Lessee, his family members or guests on the Aircraft, their personal representatives and any person claiming by, through, or under them (collectively, the "Lessee Parties") for all claims, losses, liabilities, obligations, demands, suits, judgments or causes of action, penalties, fines, costs and expenses of any nature whatsoever, including attorneys' fees and expenses (each, a "Claim" and collectively, the "Claims") for or on account of, or arising out of, or in any way connected with Owner's breach of this Agreement or possession, maintenance, storage, use or operation of the Aircraft, including injury to or death of any persons, which may result from, arise out of, or is in any way connected with the possession, maintenance, storage, use or operation of the Aircraft during the term of this Agreement. WITHOUT LIMITING THE FOREGOING, IN NO EVENT SHALL OWNER OR ANY OF ITS AFFILIATES OR THEIR RESPECTIVE DIRECTORS, OFFICERS, MEMBERS, MANAGERS, EMPLOYEES OR AGENTS BE LIABLE TO ANY OF THE LESSEE PARTIES OR ANY OTHER THIRD PARTIES, AS THE CASE MAY BE, FOR (i) ANY CLAIMS IN EXCESS OF THE AMOUNT PAID TO ANY OF THE LESSEE PARTIES OR ANY OTHER THIRD PARTIES, AS APPLICABLE, BY OWNER'S INSURANCE CARRIER, OR (ii) ANY INDIRECT, SPECIAL, CONSEQUENTIAL AND/OR PUNITIVE DAMAGES OF ANY KIND OR NATURE UNDER ANY CIRCUMSTANCES OR FOR ANY REASONINCLUDING ANY DELAY OR FAILURE TO FURNISH ANY OF THE AIRCRAFT OR CAUSED OR OCCASIONED BY THE PERFORMANCE OR NON-PERFORMANCE OF ANY SERVICES COVERED BY THIS AGREEMENT.

14. Neither this Agreement nor any party's interest in this Agreement shall be assignable to any other person or entity. This Agreement shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective successors and personal representatives. Nothing in this Agreement, express or implied, is intended to confer on any person or entity, other than the parties and their respective successors and personal representatives, any rights, remedies, benefits, obligations or liabilities hereunder, except as specifically provided herein or otherwise specifically agreed to in writing by the parties.

15. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware (excluding the conflicts of law rules thereof).

16. This Agreement constitutes the entire understanding between Owner and Lessee with respect to its subject matter, and there are no representations, warranties, conditions, covenants, or agreements other than as set forth expressly herein. Any amendments, waivers or modifications of or to this Agreement shall be in writing and signed by authorized representatives of both parties. This Agreement may be executed in counterparts, which shall, singly or in the aggregate, constitute a fully executed and binding agreement.

17. Any notice, request, or other communication to any party by the other party under this Agreement shall be conveyed in writing and shall be deemed given on the earlier of the date (i) notice is personally delivered with receipt acknowledged, (ii) a facsimile notice is transmitted, or (iii) three (3) calendar days after notice is mailed by certified mail, return receipt requested, postage paid, and addressed to the party at the address set forth below. The address of a party to which notices or copies of notice are to be given may be changed from time to time by such party by written notice to the other party.

If to Owner:

Fortive Corporation
6920 Seaway Blvd
Everett, WA 98203
Attention: General Counsel
Fax: 425-446-6716

If to Lessee:

Charles McLaughlin
Fortive Corporation
6920 Seaway Blvd
Everett, WA 98203
Fax: 425-446-6716

18. If any one or more of the provisions of the Agreement shall be held invalid, illegal, or unenforceable, the remaining provisions of this Agreement shall be unimpaired, and the invalid, illegal, or unenforceable provision shall be replaced by a mutually acceptable provision, which, being valid, legal, and enforceable, comes closest to the intention of the parties underlying the invalid, illegal, or unenforceable provision. To the extent permitted by applicable law, the parties hereby waive any provision of law, which renders any provision of this Agreement prohibited or unenforceable in any respect. The failure or delay on the part of any party hereto to insist upon or enforce strict performance of any provision of this Agreement by any other party hereto, or to exercise any right, power or remedy under this Agreement, shall not be deemed or construed as a waiver thereof. A waiver by any party hereto of any provision of this Agreement or of any breach thereof shall not be deemed or construed as a general waiver thereof or of any other provision or rights thereunder.

19. THE AIRCRAFT SHALL BE LEASED TO LESSEE HEREUNDER IN AN "AS IS, WHERE IS" CONDITION. NEITHER OWNER (NOR ITS AFFILIATES) MAKES, HAS MADE OR SHALL BE DEEMED TO MAKE OR HAVE MADE, AND OWNER (FOR ITSELF AND ITS AFFILIATES) HEREBY DISCLAIMS, ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, WRITTEN OR ORAL, WITH RESPECT TO ANY AIRCRAFT TO BE USED HEREUNDER OR ANY ENGINE OR COMPONENT THEREOF INCLUDING, WITHOUT LIMITATION, ANY WARRANTY AS TO DESIGN, COMPLIANCE WITH SPECIFICATIONS, QUALITY OF MATERIALS OR WORKMANSHIP, MERCHANTABILITY, FITNESS FOR ANY PURPOSE, USE OR OPERATION, AIRWORTHINESS, SAFETY, PATENT, TRADEMARK OR COPYRIGHT INFRINGEMENT OR TITLE. .

20. The limitations of liability, disclaimers and exculpations set forth in this Agreement shall survive the termination of this Agreement, whether by its terms, by operation of law or otherwise.

21. With respect to the Truth in leasing requirements of FAR Section 91.23:

(a) Owner will provide a copy of this Agreement to the Federal Aviation Administration, Aircraft Registration Branch, Technical Section, in Oklahoma City, Oklahoma within twenty-four hours of its execution. In addition, Owner will notify the FAA flight standards district office nearest the airport where the first flight under this Agreement will originate and provide it with a copy of this Agreement at least forty-eight (48) hours before takeoff of such flight, informing the FAA of (i) the location of the airport of departure; (ii) the departure time; and (iii) the registration number of the aircraft involved;

(b) Truth in leasing statement under FAR Section 91.23:

(i) OWNER HEREBY CERTIFIES THAT EACH AIRCRAFT HAS BEEN INSPECTED AND MAINTAINED WITHIN THE TWELVE (12) MONTH PERIOD PRECEDING THE EXECUTION OF THIS AGREEMENT, EXCEPT TO THE EXTENT THE AIRCRAFT IS LESS THAN TWELVE (12) MONTHS OLD, IN ACCORDANCE WITH THE PROVISIONS OF FAR PART 91. EACH OF OWNER AND LESSEE CERTIFIES THAT THE AIRCRAFT WILL BE MAINTAINED AND INSPECTED IN COMPLIANCE WITH THE APPLICABLE MAINTENANCE AND INSPECTION REQUIREMENTS OF FAR PART 91 FOR ALL OPERATIONS TO BE CONDUCTED DURING THE TERM OF THIS AGREEMENT.

(ii) OWNER, WHOSE NAME AND ADDRESS ARE SET FORTH ABOVE, SHALL BE SOLELY RESPONSIBLE FOR OPERATIONAL CONTROL OF THE AIRCRAFT DURING THE TERM OF THIS AGREEMENT.

(iii) EACH OF OWNER AND LESSEE CERTIFIES THAT IT UNDERSTANDS ITS RESPONSIBILITIES FOR COMPLIANCE WITH APPLICABLE FEDERAL AVIATION REGULATIONS.

(iv) AN EXPLANATION OF FACTORS BEARING ON OPERATIONAL CONTROL AND PERTINENT FARS CAN BE OBTAINED FROM THE NEAREST FAA FLIGHT STANDARDS DISTRICT OFFICE, GENERAL AVIATION DISTRICT OFFICE, OR AIR CARRIER DISTRICT OFFICE.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Owner and Lessee have caused the signatures of their authorized representatives to be affixed below on the day and year first above written.

FORTIVE CORPORATION

By: /s/ Peter Underwood
Name: Peter Underwood
Title: SVP, General Counsel

/s/ Charles McLaughlin
Charles McLaughlin

Exhibit A

United States Registration Number	Aircraft Type	Manufacturer's Serial Number
N909PM	Dassault Falcon 900B	176
N716TV	Bombardier Global 6000	9784

Exhibit 10.25

TGA Employment Services LLC
c/o 2200 Pennsylvania Avenue, NW
Suite 800
Washington, D.C. 20037

November 11, 2015

Wes Pringle
13228 211th Way, NE
Woodinville, WA 98077

Dear Wes,

I am delighted to offer you employment with TGA Employment Services LLC (the "Company"). The Company is a newly created subsidiary of Danaher Corporation ("Danaher"). As you know, Danaher has announced that it will separate into two independent publicly traded companies. Upon this separation, the Company will become part of a newly created diversified industrial growth company, referred to currently as "NewCo." Current Danaher operating companies in test and measurement, retail fueling, telematics and automation will be organized under NewCo. This is a very exciting time, and we are confident that your background and experience will allow you to make major contributions to Danaher and to NewCo, upon the separation.

As we discussed, your position will be Senior Vice President based in Everett, WA, reporting to Jim Lico, subject to periodic review.

Please allow this letter to serve as documentation of the offer extended to you.

Start Date: Your start date with the Company will be: January 1, 2016

Base Salary: Your base salary will be paid at the annual rate of $523,200, subject to periodic review, and payable in accordance with the Company's usual payroll practices.

Incentive Compensation: You will be eligible to participate in the Danaher Incentive Compensation Plan (ICP) with a target bonus of 50% of your annual base salary, subject to periodic review. Normally, ICP payments are made during the first quarter of the following calendar year. This bonus is based on a Company Financial Factor and a Personal Performance Factor which are determined each year. The ICP bonus payment will be pro-rated for any initial partial year of eligibility as applicable. Upon the Separation, your target incentive compensation opportunity will be increased to 70% of your then applicable annual base salary although the terms of the incentive compensation plan will be determined by NewCo.

Benefits: You will continue to be eligible to participate in any associate benefit plans that you currently participate in and that the Company has adopted or may adopt, maintain, or contribute to for the benefit of its regular exempt employees generally, subject to satisfying any applicable eligibility requirements. You will continue to be eligible to participate in the Danaher 401(k) retirement plan subject to the applicable plan. Upon the Separation, NewCo will adopt its own health, insurance and retirement benefit plans. Upon the Separation, your service date as recognized by the Company would be recognized by NewCo for purposes of service-based benefits except as advised otherwise.

Vacation: You will be eligible for annual vacation benefits pursuant to the Company's vacation policy. Your accrued, unused vacation with your current Danaher or Danaher subsidiary will be recognized by the Company.

Equity Compensation:

A recommendation will be made to the Compensation Committee of Danaher's Board of Directors to grant you a special equity award at its regularly scheduled meeting in February 2016 at which equity awards are considered. The target award value of this sign-on grant would be $500,000.

A recommendation will be made to the Compensation Committee of Danaher's Board of Directors to grant you an equity award as part of Danaher's equity compensation program at its regularly scheduled meeting in February 2016 at which equity awards are considered. The target award value of this grant would be $1,000,000.

Any equity awards would vest 20% on each of the first five anniversaries of the grant date, and will be solely governed by the terms and conditions set forth in Danaher's 2007 Stock Incentive Plan and in the particular form of award agreement required to be signed with respect to each award.

- The target award value of any grant(s) will be split evenly between stock options and RSUs.
- The target award value attributable to stock options will be converted into a specific number of options (rounded up to the nearest ten) based on an assumed value per option equal to 33% of Danaher's "average closing price". Danaher's "average closing price" means the average closing price of Danaher's common stock over a 20-day trading period up to and including the date of the grant.
- The target award value attributable to RSUs will be converted into a specific number of RSUs (rounded up to the nearest five) using the same "average closing price."

While historically Danaher's share price has increased over time, Danaher cannot guarantee that any RSUs or stock options granted to you will ultimately have any particular value or any value.

Upon the separation, NewCo will adopt its own equity compensation program and existing Danaher equity awards held by NewCo associates will be converted 100% to NewCo equity awards. The value of the converted awards will equal the value of the related Danaher equity awards as of immediately prior to the separation. The vesting schedules and term of the equity awards will remain unchanged.

EDIP Program: You will continue to be included in a select group of executives who participate in the Executive Deferred Incentive Program (EDIP), an exclusive, non-qualified executive benefit designed to supplement retirement benefits that otherwise are limited by IRS regulations; and provide the opportunity for you to defer taxation on a portion of your current income (base salary or bonus or both). Initially, the Company will contribute an amount equal to 6% of your total target cash compensation into your EDIP account annually (pro-rated for any initial partial year of eligibility as applicable). Vesting requirements and your participation in the EDIP are subject to all of the terms and conditions set forth in such plan. Additional information on the EDIP will be provided to you by a member of the Corporate Benefits team before your EDIP eligibility date. Upon the separation, NewCo will adopt its own non-qualified executive deferred income plan.

Assignment of Proprietary Interests Agreement: You agree that (i) the Agreement Regarding Competition and Protection of Proprietary Interests by and between you and Danaher Corporation and its affiliates, as in effect immediately prior to the separation (the "**Proprietary Interest Agreement**"), will be assigned to NewCo, effective as of the completion of the separation, but (ii) Danaher and its affiliates will retain a third-party beneficiary interest in the Proprietary Interests Agreement after the separation and will thereafter continue to be able to enforce it as if it had not been so assigned to NewCo. Your Proprietary Interests Agreement is attached as Exhibit B hereto for your convenience.

At-Will Employment: Nothing in this offer letter shall be construed as any agreement, express or implied, to employ you for any stated term. Your employment with the Company will be on an at-will basis, which means that either you or the Company can terminate the employment relationship at any time and for any reason (or no reason), with or without notice.

This is a tremendously exciting time for Danaher and NewCo. We're confident that you will continue to make a very strong contribution to the success of the Company and NewCo and believe this is an excellent professional opportunity for you.

I realize that a career decision such as this has a major impact on you and your family. If there is anything we can do, please do not hesitate to contact me at 202 738-3623.

Sincerely yours,

/s/ Stacey Walker

Stacey Walker

TGA Employment Services LLC

Acknowledgement

Please acknowledge that you have read, understood and accept this offer of at will employment by signing and returning it to me, along with the above-referenced signed documents no later than November 30, 2015, and in no event after your employment start date.

Signature /s/ Wes Pringle Date: 11/30/2015

Exhibit 12.1

FORTIVE CORPORATION
STATEMENT REGARDING COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
($ in millions, except ratio data)

The following table reflects the computation of the ratio of earnings to fixed charges for the periods presented (in millions, except ratio data):

	Year Ended December 31,				
	2017	2016	2015	2014	2013
Fixed Charges:					
Gross Interest Expense	$ 94.0	$ 49.0	$ —	$ —	$ —
Interest Element of Rental Expense	3.0	3.6	3.6	3.1	3.3
Interest on Unrecognized Tax Benefits	—	—	—	—	—
Total Fixed Charges	$ 97.0	$ 52.6	$ 3.6	$ 3.1	$ 3.3
Earnings Available for Fixed Charges:					
Earnings Before Income Taxes	$ 1,284.2	$ 1,197.0	$ 1,269.7	$ 1,279.2	$ 1,143.2
Add Fixed Charges	97.0	52.6	3.6	3.1	3.3
Interest on Unrecognized Tax Benefits	—	—	—	—	—
Total Earnings Available for Fixed Charges	$ 1,381.2	$ 1,249.6	$ 1,273.3	$ 1,282.3	$ 1,146.5
Ratio of Earnings to Fixed Charges [(1)]	14.2	23.8	353.7	413.6	347.4

(1) The ratios of earnings to fixed charges were computed by dividing earnings by fixed charges for the periods indicated, where (1) "earnings" consist of earnings before income taxes plus fixed charges, and (2) "fixed charges" consist of (A) interest, whether expensed or capitalized, on all indebtedness, (B) amortization of premiums, discounts and capitalized expenses related to indebtedness, and (C) an interest component representing the estimated portion of rental expense that management believes is attributable to interest. Interest on unrecognized tax benefits is included in the tax provision and is excluded from the computation of fixed charges.

Exhibit 21.1

The Registrant's principal subsidiaries as of December 31, 2017 are listed below. All other subisidiaries of the Registrants, if considered in the aggregate as a single affiliate, would not constitute a significant subsidiary of the Registrant.

Fortive Corporation

Subsidiaries of the Registrant

Company Name	Jurisdiction of Formation
AFS Forecourt Solutions Proprietary Limited	South Africa
AKM Asia Pte Ltd	Singapore
American Precision Industries Inc.	Delaware
Anderson Instrument Co., Inc.	New York
ANGI Energy Systems, LLC	Indiana
Anhui Shifu Instruments Co., Ltd.	China
Ball Screws and Actuators Co., Inc.	California
Beaverton LLC	Delaware
DATAPAQ Limited	England
DH SOUTH AFRICA TRUST SUBSIDIARY PROPRIETARY	South Africa
Diagnostic Monitoring Systems Limited	United Kingdom
DOMS Metrology ApS	Denmark
Dynapar Corporation	Illinois
eMaint Enterprises, LLC	New Jersey
Fafnir Gmbh	Germany
Fluke CIS LLC	Russian Federation
Fluke Corporation	Washington
Fluke Deutschland GmbH	Germany
Fluke Electronics Corporation	Delaware
Fluke Europe B.V.	Netherlands
Fluke Precision Measurement Limited	England
Fluke Process Instruments GmbH	Germany
Fluke Testing Instruments (Shanghai) Co., Ltd.	China
Fortive Insurance Company	Vermont
Fortive Setra-ICG (Tianjin) Co. Ltd.	China
FTV Business Services, LLC	Delaware
FTV Japan Finance Corporation	Japan
FTV Surety LLC	Delaware
Gems Sensors Inc.	Delaware
Gems Sensors Pension Trustees Limited	England and Wales
Gilbarco Australia Pty Ltd	Australia
Gilbarco China Co. Ltd	China
Gilbarco GmbH	Germany
Gilbarco Inc.	Delaware
Gilbarco S.r.l.	Italy
Gilbarco Veeder Root India Private Limited	India
Gilbarco Veeder Root Nigeria Limited	Nigeria
Gilbarco Veeder-Root Soluções Industria e Comercio Ltda.	Brazil
Global Traffic Technologies, Inc.	Delaware
GVR Finland Oy	Finland
Hengstler GmbH	Germany
Hennessy Industries, LLC	Delaware
Industrial Scientific Canada ULC	Alberta

Induatrial Scientific Corporation	Pennsylvania
Infrared Integrated Systems Limited	England and Wales
Iris Power LP	Ontario
Jacobs (Suzhou) Vehicle Systems Co., Ltd	China
Jacobs Vehicle Systems, Inc.	Delaware
Janos Technology LLC	Delaware
Joust Capital, LLC	Maryland
Keithley Instruments, LLC	Ohio
Kollmorgen Automation AB	Sweden
Kollmorgen Corporation	New York
KOLLMORGEN Europe GmbH	Germany
Kollmorgen S.r.l.	Italy
Kollmorgen s.r.o.	Czech Republic
Landauer, Inc.	Delaware
Matco Tools Corporation	Delaware
Maxtek Components Corporation	Delaware
Metron U.S., Inc.	Michigan
Mixed Signals, Inc.	Delaware
Motion Engineering Incorporated	California
Navman Wireless Australia Pty Ltd	Australia
Navman Wireless General Partner LLC	Delaware
Navman Wireless New Zealand	New Zealand
Neoptix Canada LP	Ontario
Orpak Systems Ltd	Israel
Pacific Scientific Energetic Materials Company (California) LLC	California
PacSci Motion Control, Inc.	Massachusetts
Portescap India Private Limited	India
Portescap Singapore Pte. Ltd.	Singapore
Qualitrol Company LLC	Delaware
Serveron Corporation	Delaware
Setra Systems, Inc.	Massachusetts
Sonix, Inc.	Virginia
Superior Electric Holding Group LLC	Delaware
Tektronix (China) Co., Limited	China
Tektronix China Trading	Cayman Islands
Tektronix Foundation	Oregon
Tektronix GmbH	Germany
Tektronix International Sales GmbH	Switzerland
Tektronix, Inc.	Oregon
Teletrac Navman (UK) Ltd.	England and Wales
Teletrac Navman US Ltd.	Delaware
Teletrac, Inc.	Delaware
TFF Corporation	Japan
TGA Industries Limited	England and Wales
Thomson Industries, Inc.	New York
Thomson Linear LLC	Delaware
Transit Solutions Proprietary Limited	South Africa
Unfors RaySafe AB	Sweden
Veeder-Root Company	Delaware
Veeder-Root Petroleum Equipment (Shanghai) Co., Ltd.	China
Venture Measurement Company LLC	Delaware

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements:

Registration Statements on Form S-3

Registration Number	Date Filed
333-218676	June 12, 2017

Registration Statements on Form S-8

Pertaining to	Registration Number	Date Filed
Fortive Corporation 2016 Stock Incentive Plan	333-212349	June 30, 2016
Fortive Corporation Retirement Savings Plan; Fortive Corporation Union Retirement Savings Plan	333-212348	June 30, 2016
Fortive Corporation Executive Deferred Incentive Plan	333-212350	June 30, 2016

of our reports dated February 27, 2018, with respect to the consolidated financial statements and schedule of Fortive Corporation and subsidiaries and the effectiveness of internal control over financial reporting of Fortive Corporation and subsidiaries included in this Annual Report (Form 10-K) of Fortive Corporation for the year ended December 31, 2017.

/s/ Ernst & Young LLP

Seattle, Washington
February 27, 2018

Exhibit 31.1

Certification

I, James A. Lico, certify that:

1. I have reviewed this Annual Report on Form 10-K of Fortive Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 27, 2018

By: /s/ James A. Lico

James A. Lico

President and Chief Executive Officer

Exhibit 31.2

Certification

I, Charles E. McLaughlin, certify that:

1. I have reviewed this Annual Report on Form 10-K of Fortive Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 27, 2018

By: /s/ Charles E. McLaughlin

Charles E. McLaughlin

Senior Vice President and Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, James A. Lico, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge, Fortive Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 2017 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Annual Report on Form 10-K fairly presents in all material respects the financial condition and results of operations of Fortive Corporation.

Date: February 27, 2018

By: /s/ James A. Lico
James A. Lico
President and Chief Executive Officer

This certification accompanies the Annual Report on Form 10-K pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section. This certification shall not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that Fortive Corporation specifically incorporates it by reference.

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Charles E. McLaughlin, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge, Fortive Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 2017 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Annual Report on Form 10-K fairly presents in all material respects the financial condition and results of operations of Fortive Corporation.

Date: February 27, 2018

By: /s/ Charles E. McLaughlin
Charles E. McLaughlin
Senior Vice President and Chief Financial Officer

This certification accompanies the Annual Report on Form 10-K pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section. This certification shall not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that Fortive Corporation specifically incorporates it by reference.