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

Adjusted Net Earnings, Adjusted Diluted Net Earnings per Share, Adjusted SG&A and Adjusted Operating Profit

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

- Excluding on a pretax basis amortization of acquisition-related intangible assets;
- Excluding the tax effect of the adjustment noted above as well as for the Separation Adjustments (described below); provided, however, that the tax effect of such adjustments was calculated: (a) with respect to the historical adjusted net earnings and adjusted diluted net earnings per share for the three and six month periods and year ended December 31, 2016 and the forecasted adjusted diluted net earnings per share, by applying our overall estimated effective tax rate to the pretax amount of each adjustment (unless the nature of the item and/or the tax jurisdiction in which the item has been recorded requires application of a specific tax rate or tax treatment, in which case the tax effect of such item is estimated by applying such specific tax rate or tax treatment); and (b) with respect to the adjusted net earnings for the three and six month periods and year ended December 31, 2015, by applying our statutory tax rate. We are applying the statutory tax rate for the periods ended December 31, 2015 because such tax rate was applied in our prior adjusted net earnings disclosed and applied in a manner consistent with Article 11 of Regulation S-X. We are applying the estimated effective tax rate to each adjustment for the periods ended December 31, 2016 and for the forecasted periods to facilitate comparisons in future periods. The tax effect of the adjustments to net earnings for the three and six month periods and year ended December 31, 2016 would have been \$6.9 million, \$15.4 million and \$16.3 million instead of \$5.3 million, \$11.6 million and \$12.3 million, respectively, had we applied the statutory tax rate instead of our overall estimated effective tax rate;
- With respect to the year ended December 31, 2016, excluding the tax effect of a discrete income tax charge recorded in the three months ended July 1, 2016 in connection with the final outcome of worldwide uncertain tax positions and increasing income taxes to exclude the portion of the tax benefit that was recorded in the three months ended September 30, 2016 related to the rate differential between the period before our separation from Danaher Corporation (the "Separation") and the post-Separation period ("Additional Income Tax Adjustments"). With respect to the six months ended December 31, 2016, increasing income taxes to exclude the portion of the tax benefit that was recorded in the three months ended September 30, 2016 related to the rate differential between the period before the Separation and the post-Separation period.

While we have a history of acquisition activity, we do not acquire businesses on a predictable cycle, and the amount of an acquisition's purchase price allocated to intangible assets and related amortization term are unique to each acquisition and can vary significantly from acquisition to acquisition. We believe however that it is important for investors to understand that such intangible assets contribute to revenue generation and that intangible assets related to past acquisitions will recur in future periods until such intangible assets have been fully amortized. Furthermore, the forecasted adjusted diluted net earnings per share does not reflect certain adjustments that are inherently difficult to predict or estimate due to their unknown timing, effect and/or significance.

In addition, because we were part of Danaher Corporation ("Danaher") for the three month period and year ended December 31, 2015, we are also making the following adjustments to the corresponding historical GAAP net earnings, GAAP selling, general and administrative expenses ("SG&A"), and GAAP operating profit as if the Separation had been effectuated at the beginning of the relevant period (the "Separation Adjustments"):

- Because the carved-out GAAP financial measures for the three-month period and year ended December 31, 2015 do not reflect the level of SG&A, including stock-based compensation, that would have been incurred as a stand-alone, publicly traded company ("Estimated SG&A Level"), adding on a pretax basis additional expenses necessary for such costs to equal the Estimated SG&A Level; and
- Adding interest expenses on a pretax basis (based on the assumed borrowing cost of approximately 2.8% per annum) as if the outstanding indebtedness incurred in connection with the Separation had been incurred at the beginning of such period ("Additional Interest Expense").

Management believes that the Separation Adjustments, when considered together with the corresponding carved-out GAAP financial measures, provide useful information to investors by helping to identify certain types or levels of additional expenses incurred as a stand-alone, publicly traded company after the Separation that may not have been allocated or reflected in the historical carved-out GAAP financial measures for periods in which we were part of Danaher. We believe that such adjustments, when presented with the corresponding carved-out GAAP measures, may assist in assessing the business trends and making comparisons of long-term performance before and after the Separation. We will not make the Separation Adjustments for any periods in which the Separation had been effectuated prior to the beginning of such period.

Management believes that these non-GAAP financial measures provide useful information to investors by reflecting additional ways of viewing aspects of our operations that, when reconciled to the corresponding GAAP measure, help our investors to understand the long-term profitability trends of our business, and facilitate comparisons of our profitability to prior and future periods and to our peers. The items described above have been excluded from, or added to, these measures because items of this nature and/or size occur with inconsistent frequency or occur for reasons that may be unrelated to our commercial performance during the period and/or because we believe the corresponding adjustments are useful in assessing our potential ongoing operating costs or gains in a given period.

We deem acquisition-related transaction costs incurred in a given period to be significant (generally relating to our larger acquisitions) if we determine that such costs exceed the range of our typical acquisition-related transaction costs in a given period.

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

Core Financial Measures

We use the term "core" in the context of a revenue measure or an operating profit measure when referring to a corresponding GAAP revenue measure or a corresponding non-GAAP adjusted operating profit measure (which, as noted above, adjusts for the Separation Adjustments from the corresponding GAAP operating profit measures), respectively, 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. These non-GAAP measures should be considered in addition to, and not as a replacement for or superior to, the comparable GAAP measures, and may not be comparable to similarly titled measures reported by other companies.

Management believes that these non-GAAP measures provide useful information to investors by helping identify underlying growth trends in our business and facilitating comparisons of our revenue performance with prior and future periods and to our peers. We exclude the effect of 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 management believes that excluding such impact may be useful to investors in assessing our operational performance independent of the impact of sales to Danaher resulting primarily from the Separation. We exclude the effect of currency translation from sales measures because currency translation is not under management's control and is subject to volatility. We believe that such exclusion, when presented with the corresponding GAAP measures, may assist in assessing the business trends and making comparisons of long-term performance.

Free Cash Flow

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

SECTION 1

Adjusted Net Earnings

($ in millions)	Three Months Ended December 31, 2016	Three Months Ended December 31, 2015	Year Ended December 31, 2016	Year Ended December 31, 2015
Net Earnings (GAAP)	**$ 224.5**	**$ 236.1**	**$ 872.3**	**$ 863.8**
Pretax amortization of acquisition-related intangible assets in the three months ($19 million pretax, $13 million after tax) and year ($86 million pretax, $62, million after tax) ended December 31, 2016, and in the three months ($22 million pretax, $14 million after tax) and year ($89 million pretax, $56, million after tax) ended December 31, 2015	18.5	22.3	85.7	88.8
Pretax additional interest expense in the year ($42 million pretax, $30 million after tax) ended December 31, 2016, and the three months ($23 million pretax, $14 million after tax) and year ($90 million pretax, $57 million after tax) ended December 31, 2015, related to the borrowings incurred in connection with the Separation	—	(22.5)	(42.3)	(90.0)
Pretax adjustments in the three months ($11 million pretax, $7 million after tax) and year ($39 million pretax, $24 million after tax) ended December 31, 2015, to increase SG&A expenses up to the Estimated SG&A Level	—	(10.6)	—	(38.8)
Tax effect of all adjustments reflected above	(5.3)	4.2	(12.3)	15.0
Additional Income Tax Adjustments in the year ended December 31, 2016 ($30 million after tax)	—	—	(29.8)	—
Adjusted Net Earnings (Non-GAAP)	**$ 237.7**	**$ 229.5**	**$ 873.6**	**$ 838.8**

Adjusted Diluted Net Earnings Per Share

	Three Months Ended December 31, 2016	Year Ended December 31, 2016
Diluted Net Earnings Per Share (GAAP)	**$ 0.64**	**$ 2.51**
Pretax amortization of acquisition-related intangible assets in the three months ($19 million pretax, $13 million after tax) and and year ($86 million pretax, $62 million after tax) ended December 31, 2016	0.05	0.25
Pretax additional interest expense in the year ended December 31, 2016 ($42 million pretax, $30 million after tax) related to the borrowings incurred in connection with the Separation	—	(0.12)
Tax effect of the adjustments reflected above	(0.01)	(0.03)
Additional Income Tax Adjustments in the year ended December 31, 2016 ($30 million after tax)	—	(0.09)
Adjusted Diluted Net Earnings Per Share (Non-GAAP)	**$ 0.68**	**$ 2.52**

SECTION 2

Adjusted Operating Profit

Total Fortive

($ in millions)	Three Months Ended December 31, 2016	Three Months Ended December 31, 2015
Operating Profit (GAAP)	**$ 337.7**	**$ 338.1**
Estimated SG&A Level adjustments	—	(10.6)
Adjusted Operating Profit (Non-GAAP)	**$ 337.7**	**$ 327.5**

Professional Instrumentation

($ in millions)	Three Months Ended December 31, 2016	Three Months Ended December 31, 2015
Operating Profit (GAAP)	**$ 172.4**	**$ 180.8**
Estimated SG&A Level adjustments	—	(2.1)
Adjusted Operating Profit (Non-GAAP)	**$ 172.4**	**$ 178.7**

Industrial Technologies

($ in millions)	Three Months Ended December 31, 2016	Three Months Ended December 31, 2015
Operating Profit (GAAP)	**$ 182.7**	**$ 167.8**
Estimated SG&A Level adjustments	—	(2.3)
Adjusted Operating Profit (Non-GAAP)	**$ 182.7**	**$ 165.5**

Other

($ in millions)	Three Months Ended December 31, 2016	Three Months Ended December 31, 2015
Operating Profit (GAAP)	**$ (17.4)**	**$ (10.5)**
Estimated SG&A Level adjustments	—	(6.2)
Adjusted Operating Profit (Non-GAAP)	**$ (17.4)**	**$ (16.7)**

SECTION 3

Adjusted Operating Profit Margins

Total Fortive	Three Months Ended	
	December 31, 2016	**December 31, 2015**
Operating Profit % (GAAP)	**20.8%**	**21.5 %**
Estimated SG&A Level adjustments	— %	(0.7)%
Adjusted Operating Profit as a % of Sales (Non-GAAP)	**20.8%**	**20.8 %**

Professional Instrumentation	Three Months Ended	
	December 31, 2016	**December 31, 2015**
Operating Profit % (GAAP)	**23.1%**	**24.3 %**
Estimated SG&A Level adjustments	— %	(0.3)%
Adjusted Operating Profit as a % of Sales (Non-GAAP)	**23.1%**	**24.0 %**

Industrial Technologies	Three Months Ended	
	December 31, 2016	**December 31, 2015**
Operating Profit % (GAAP)	**20.7%**	**20.2 %**
Estimated SG&A Level adjustments	— %	(0.3)%
Adjusted Operating Profit as a % of Sales (Non-GAAP)	**20.7%**	**19.9 %**

SECTION 4

Forecasted Adjusted Diluted Net Earnings Per Share

	Three Months Ending March 31, 2017		**Year Ending December 31, 2017**	
	Low End	**High End**	**Low End**	**High End**
Forecasted Diluted Net Earnings Per Share	**$ 0.51**	**$ 0.55**	**$ 2.48**	**$ 2.58**
Pretax amortization of acquisition-related intangible assets in the three months ending March 31, 2017 ($15 million pretax, $11 million after-tax) and for the year ending December 31, 2017 ($60 million pretax, $43 million after-tax)	0.04	0.04	0.17	0.17
Tax effect of the adjustment reflected above	(0.01)	(0.01)	(0.05)	(0.05)
Forecasted Adjusted Diluted Net Earnings Per Share	**$ 0.54**	**$ 0.58**	**$ 2.60**	**$ 2.70**

SECTION 5

Core Revenue Growth

Total Fortive **Components of Revenue Growth**	**Three Months Ended December 31, 2016 vs. Comparable 2015 Period**	**Year Ended December 31, 2016 vs. Comparable 2015 Period**
Core (Non-GAAP)	3.5 %	1.0 %
Acquisitions * (Non-GAAP)	0.9 %	0.7 %
Impact of currency translation (Non-GAAP)	(1.1)%	(1.0)%
Total Revenue Growth (GAAP)	3.3 %	0.7 %

* Includes the impact from both acquisitions and the Separation

Professional Instrumentation **Components of Revenue Growth**	**Three Months Ended December 31, 2016 vs. Comparable 2015 Period**	**Year Ended December 31, 2016 vs. Comparable 2015 Period**
Core (Non-GAAP)	1.2 %	(2.2)%
Acquisitions * (Non-GAAP)	0.4 %	0.4 %
Impact of currency translation (Non-GAAP)	(1.3)%	(1.0)%
Total Revenue Growth (GAAP)	0.3 %	(2.8)%

* Includes the impact from both acquisitions and the Separation

Industrial Technologies **Components of Revenue Growth**	**Three Months Ended December 31, 2016 vs. Comparable 2015 Period**	**Year Ended December 31, 2016 vs. Comparable 2015 Period**
Core (Non-GAAP)	5.6 %	4.1 %
Acquisitions * (Non-GAAP)	1.3 %	0.9 %
Impact of currency translation (Non-GAAP)	(1.0)%	(1.0)%
Total Revenue Growth (GAAP)	5.9 %	4.0 %

* Includes the impact from both acquisitions and the Separation

SECTION 6

Year-over-Year Operating Profit Margins

GAAP

		Segments	
	Total Fortive	Professional Instrumentation	Industrial Technologies
Three Month Period ended December 31, 2015 Operating Profit Margins (GAAP)	**21.5 %**	**24.3 %**	**20.2%**
Fourth quarter 2016 impact from operating profit margins of businesses that have been owned for less than one year (Non-GAAP)	(0.3)%	(0.6)%	— %
Year-over-year core operating margin changes for fourth quarter 2016 (defined as all year-over-year operating margin changes other than the changes identified in the line item above) (Non-GAAP)	(0.4)%	(0.6)%	0.5 %
Three Month Period ended December 31, 2016 Operating Profit Margins (GAAP)	**20.8 %**	**23.1 %**	**20.7%**

Non-GAAP

		Segments	
	Total Fortive	Professional Instrumentation	Industrial Technologies
Three Month Period ended December 31, 2015 Adjusted Operating Profit Margins (Non-GAAP)	**20.8 %**	**24.0 %**	**19.9%**
Fourth quarter 2016 impact from adjusted operating profit margins of businesses that have been owned for less than one year (Non-GAAP)	(0.2)%	(0.6)%	— %
Year-over-year core adjusted operating margin changes for fourth quarter 2016 (defined as all year-over-year adjusted operating margin changes other than the changes identified in the line item above) (Non-GAAP)	0.2 %	(0.3)%	0.8 %
Three Month Period ended December 31, 2016 Adjusted Operating Profit Margins (Non-GAAP)	**20.8 %**	**23.1 %**	**20.7%**

SECTION 7

Free Cash Flow

	Three Month Periods Ended								Year Ended	
	April 1, 2016	April 3, 2015	July 1, 2016	July 3, 2015	September 30, 2016	October 2, 2015	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Free Cash Flow ($ in millions):										
Cash Flows from Operations (GAAP)	$ 177.2	$ 94.6	$ 310.6	$ 290.2	$ 331.6	$ 236.3	$ 317.5	$ 387.9	$ 1,136.9	$ 1,009.0
Less: purchases of property, plant & equipment (capital expenditures) from operations (GAAP)	(28.4)	(24.1)	(33.0)	(28.3)	(28.6)	(34.6)	(39.6)	(33.1)	(129.6)	(120.1)
Free Cash Flow (Non-GAAP)	$ 148.8	$ 70.5	$ 277.6	$ 261.9	$ 303.0	$ 201.7	$ 277.9	$ 354.8	$ 1,007.3	$ 888.9
Ratio of Free Cash Flow to Net Earnings ($ in millions):										
Free Cash Flow from Above (Non-GAAP)	$ 148.8	$ 70.5	$ 277.6	$ 261.9	$ 303.0	$ 201.7	$ 277.9	$ 354.8	$ 1,007.3	$ 888.9
Net earnings (GAAP)	182.0	203.7	238.9	227.4	226.9	196.6	224.5	236.1	872.3	863.8
Free Cash Flow to Net Earnings Conversion Ratio (Non-GAAP)	82%	35%	116%	115%	134%	103%	124%	150%	115%	103%

SECTION 8

Adjusted SG&A

<u>**SG&A as a % of Revenue**</u>	**Three Months Ended**	
	December 31, 2016	**December 31, 2015**
SG&A as a % of revenue (GAAP)	**22.1%**	**20.8%**
Estimated SG&A Level adjustment (Non-GAAP)	—%	0.7%
Adjusted SG&A as a % of revenue (Non-GAAP)	**22.1%**	**21.5%**

SECTION 9

Second Half Measures

<u>**Adjusted Net Earnings**</u>

	Six Months Ended	
($ in millions)	**December 31, 2016**	**December 31, 2015**
Net Earnings (GAAP)	**$ 451.4**	**$ 432.7**
Pretax amortization of acquisition-related intangible assets in the six months ended December 31, 2016 ($41 million pretax, $29, million after tax) and December 31, 2015 ($44 million pretax, $28 million after tax)	41.0	44.2
Pretax additional interest expense in the six months ended December 31, 2015 ($45 million pretax, $28 million after tax) related to the borrowings incurred in connection with the Separation	—	(45.0)
Pretax adjustments in the six months ended December 31, 2015 ($19 million pretax, $12 million after tax) to increase SG&A expenses up to the Estimated SG&A Level	—	(19.4)
Tax effect of all adjustments reflected above	(11.6)	7.7
Adjustment for pre- and post-Separation period tax rate differential ($10 million after tax)	(10.0)	—
Adjusted Net Earnings (Non-GAAP)	**$ 470.8**	**$ 420.2**

<u>**Core Revenue Growth**</u>

Components of Revenue Growth	**Six Months Ended December 31, 2016 vs. Comparable 2015 Period**
Core (Non-GAAP)	3.1 %
Acquisitions * (Non-GAAP)	0.7 %
Impact of currency translation (Non-GAAP)	(0.8)%
Total Revenue Growth (GAAP)	3.0 %

* Includes the impact from both acquisitions and the Separation

Year-over-Year Operating Profit Margins

GAAP

Six Month Period ended December 31, 2015 Operating Profit Margins (GAAP)	**20.6 %**
Second half 2016 impact from operating profit margins of businesses that have been owned for less than one year (Non-GAAP)	(0.1)%
Year-over-year core operating margin changes for second half 2016 (defined as all year-over-year operating margin changes other than the changes identified in the line item above) (Non-GAAP)	0.2 %
Six Month Period ended December 31, 2016 Operating Profit Margins (GAAP)	**20.7 %**

Non-GAAP

Six Month Period ended December 31, 2015 Adjusted Operating Profit Margins (Non-GAAP)	**20.0 %**
Second half 2016 impact from adjusted operating profit margins of businesses that have been owned for less than one year (Non-GAAP)	(0.2)%
Year-over-year core adjusted operating margin changes for second half 2016 (defined as all year-over-year adjusted operating margin changes other than the changes identified in the line item above) (Non-GAAP)	0.9 %
Six Month Period ended December 31, 2016 Adjusted Operating Profit Margins (Non-GAAP)	**20.7 %**