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

Adjusted Net Earnings and Adjusted Diluted Net Earnings per Share

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; and
- Excluding the tax effect of the adjustment noted above as well as for the Additional Interest Expense (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 month period ended March 31, 2017 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-month period ended April 1, 2016, by applying our statutory tax rate. We are applying the statutory tax rate for the three-month period ended April 1, 2016 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 period ended March 31, 2017 and for the forecasted periods to facilitate comparisons in future periods. The tax effect of the adjustments to net earnings for the three month period ended March 31, 2017 would have been $5.0 million instead of $3.6 million had we applied the statutory tax rate instead of our overall estimated effective tax rate.

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 ended April 1, 2016, we are also making the following adjustment to the corresponding historical GAAP net earnings as if our separation from Danaher (the "Separation") had been effectuated at the beginning of the relevant period:

- 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 Additional Interest Expense, 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.

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 measure excluding (1) the impact from acquired businesses, (2) the impact from the Separation and (3) with respect to core revenue measures, 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. The impact from the Separation refer to the impact from 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 impact from acquired businesses or the Separation) and (b) the period-to-period change in sales (excluding sales impact 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 operational performance with prior and future periods and to our peers. We exclude the effect of acquisitions and divestiture related items because the nature, size and number of such transactions can vary dramatically from period to period and between us and our peers. 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 measures because currency translation is not under management’s control and is subject to volatility. We believe that such exclusions, when presented with the corresponding GAAP measures, may assist in assessing the business trends and making comparisons of long-term performance.

Free Cash Flow

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

SECTION 1

Adjusted Net Earnings

($ in millions)	Three Months Ended March 31, 2017	Three Months Ended April 1, 2016
Net Earnings (GAAP)	**$ 199.7**	**$ 182.0**
Pretax amortization of acquisition-related intangible assets in the three months ended March 31, 2017 ($13 million pretax, $9 million after tax), and in the three months ended April 1, 2016 ($22 million pretax, $14 million after tax)	13.3	22.4
Pretax additional interest expense in the three months ended April 1, 2016 ($22 million pretax, $14 million after tax) related to the borrowings incurred in connection with the Separation	—	(22.5)
Tax effect of all adjustments reflected above	(3.6)	—
Adjusted Net Earnings (Non-GAAP)	**$ 209.4**	**$ 181.9**

Adjusted Diluted Net Earnings Per Share

	Three Months Ended March 31, 2017
Diluted Net Earnings Per Share (GAAP)	**$ 0.57**
Pretax amortization of acquisition-related intangible assets ($13 million pretax, $9 million after tax)	0.04
Tax effect of the adjustments reflected above	(0.01)
Adjusted Diluted Net Earnings Per Share (Non-GAAP)	**$ 0.60**

SECTION 2

Forecasted Adjusted Diluted Net Earnings Per Share

	Three Months Ending June 30, 2017		Year Ending December 31, 2017	
	Low End	**High End**	**Low End**	**High End**
Forecasted Diluted Net Earnings Per Share	**$ 0.62**	**$ 0.66**	**$ 2.57**	**$ 2.67**
Pretax amortization of acquisition-related intangible assets in the three months ending June 30, 2017 ($13 million pretax, $10 million after-tax) and for the year ending December 31, 2017 ($53 million pretax, $39 million after-tax)	0.04	0.04	0.15	0.15
Tax effect of the adjustment reflected above	(0.01)	(0.01)	(0.04)	(0.04)
Forecasted Adjusted Diluted Net Earnings Per Share	**$ 0.65**	**$ 0.69**	**$ 2.68**	**$ 2.78**

SECTION 3

Core Revenue Growth

Components of Revenue Growth	**% Change Three Months Ended March 31, 2017 vs. Comparable 2016 Period**
Total Fortive	
Total Revenue Growth (GAAP)	**4.1 %**
Core (Non-GAAP)	4.9 %
Acquisitions * (Non-GAAP)	0.2 %
Impact of currency translation (Non-GAAP)	(1.0)%

Professional Instrumentation

Total Revenue Growth (GAAP)	**2.7 %**
Core (Non-GAAP)	4.6 %
Acquisitions * (Non-GAAP)	(0.7)%
Impact of currency translation (Non-GAAP)	(1.2)%

Industrial Technologies

Total Revenue Growth (GAAP)	**5.4 %**
Core (Non-GAAP)	5.1 %
Acquisitions * (Non-GAAP)	1.1 %
Impact of currency translation (Non-GAAP)	(0.8)%

* Includes the impact from both acquisitions and the Separation

SECTION 4

Year-over-Year Operating Profit Margins

		Segments	
	Total Fortive	**Professional Instrumentation**	**Industrial Technologies**
Three Month Period ended April 1, 2016 Operating Profit Margin (GAAP)	**17.8 %**	**20.9 %**	**16.8%**
First quarter 2017 impact from operating profit margin of businesses that have been owned for less than one year * (Non-GAAP)	(0.2)%	(0.4)%	— %
Year-over-year core operating margin changes for first quarter 2017 (defined as all year-over-year operating margin changes other than the changes identified in the line item above) (Non-GAAP)	1.6 %	1.6 %	1.8 %
Three Month Period ended March 31, 2017 Operating Profit Margin (GAAP)	**19.2 %**	**22.1 %**	**18.6%**

* Includes the impact from both acquisitions and the Separation

SECTION 5

Free Cash Flow

($ in millions)	Three Months Ended March 31, 2017	Three Months Ended April 1, 2016
Free Cash Flow:		
Cash Flows from Operations (GAAP)	$ 148.3	$ 177.2
Less: purchases of property, plant & equipment (capital expenditures) from operations (GAAP)	(26.8)	(28.4)
Free Cash Flow (Non-GAAP)	$ 121.5	$ 148.8
Ratio of Free Cash Flow to Net Earnings:		
Free Cash Flow from Above (Non-GAAP)	$ 121.5	$ 148.8
Net earnings (GAAP)	199.7	182.0
Free Cash Flow to Net Earnings Conversion Ratio (Non-GAAP)	61%	82%