



October 23, 2020

Re: Conversion Rate Adjustment Notice Pursuant to Section 14.04(k) of that certain Indenture dated February 22, 2019 (the “Indenture”), among Fortive Corporation, as the issuer (the “Company”), Gilbarco, Inc., Veeder-Root Company, Pacific Scientific Energetic Materials Company (California) LLC and Industrial Scientific Corporation, each as a guarantor, and The Bank of New York Mellon Trust Company, N.A., as Trustee, for the Company’s 0.875% Convertible Senior Notes due 2022 (the “Notes”).

Dear Holder of Notes:

Notice is hereby provided that a Conversion Rate adjustment pursuant to Section 14.04(c) of the Indenture, as described more fully below, has been made with respect to the Notes. Capitalized terms used but not defined in this Notice shall have the same meanings ascribed thereto in the Indenture.

Background

The Conversion Rate adjustment was triggered by the successful completion of a Spin-Off of 80.1% of the outstanding common stock of Vontier Corporation (“Vontier”), pursuant to which shareholders of record of the Company’s common stock (“Common Stock”) as of the close of business on September 25, 2020, received a pro rata dividend on October 9, 2020 (the “Effective Distribution Date”), of two shares of Vontier common stock (“Vontier Stock”) for every five shares of Common Stock.

Adjustments

The following are the adjusted Conversion Rate, adjusted Initial Dividend Threshold, adjusted Stock Prices and adjusted “Make-Whole Fundamental Change Additional Shares Table” (as defined below), effective immediately at the close of business on October 22, 2020, the last Trading Day of the Valuation Period. The adjusted amounts were calculated in accordance with Sections 14.03, 14.04(c) and 14.04(d) of the Indenture, as described further below:

- a) The Conversion Rate in Section 14.01(a) of the Indenture of 9.3777 shares of Common Stock per \$1,000 principal amount of Notes is adjusted to 10.9568 shares of Common Stock per \$1,000 principal amount of Notes (which may be subject to future adjustments as provided in Article 14 of the Indenture).
- b) The Initial Dividend Threshold in Section 14.04(d) of the Indenture of \$0.07 per share is adjusted to \$0.0599 per share.



- c) The Stock Prices (in the column headings) and Additional Share amounts in the table set forth in Section 14.03(e) of the Indenture (the “Make-Whole Fundamental Change Additional Shares Table”) are adjusted as follows:

Effective Date	Stock Price									
	\$68.8812	\$77.0292	\$85.5880	\$91.2710	\$94.1468	\$106.9850	\$128.3820	\$149.7790	\$171.1760	\$235.3669
February 22, 2019	3.5609	2.5581	1.8125	1.4449	1.2888	0.7767	0.3358	0.1427	0.0567	0.0000
February 15, 2020	3.5609	2.4308	1.6402	1.2598	1.1012	0.6006	0.2124	0.0695	0.0174	0.0000
February 15, 2021	3.5609	2.2254	1.3546	0.9554	0.7958	0.3364	0.0674	0.0079	0.0000	0.0000
February 15, 2022	3.5609	2.0253	0.7271	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

- i. The maximum Stock Price of \$275.00 per share set forth in Section 14.03(e)(ii) of the Indenture is adjusted to \$235.3669 per share.
- ii. The minimum Stock Price of \$80.48 per share set forth in Section 14.03(e)(iii) of the Indenture is adjusted to \$68.8812 per share.
- iii. The maximum Conversion Rate of 12.4254 shares of Common Stock per \$1,000 principal amount of Notes set forth in the parallel text in Section 14.03(e) of the Indenture is adjusted to 14.5177 shares of Common Stock per \$1,000 principal amount of Notes.

Supporting Facts and Calculations

The Company calculated the adjusted Conversion Rate, adjusted Initial Dividend Threshold and adjusted Stock Prices based on the facts and calculations described below:

- a) The “FMV₀,” or the average of the Last Reported Sale Prices of the Vontier Stock applicable to one share of Common Stock (determined by reference to the definition of Last Reported Sale Price as set forth in Section 1.01 of the Indenture as if references therein to Common Stock were to Vontier Stock) over the Valuation Period, was \$11.2736, based on the relevant 10 consecutive Trading Day period ending on October 22, 2020. For this purpose, the average of the Last Reported Sale Prices of the Vontier Stock is multiplied by 0.4 to account for two shares of Vontier Stock for every five shares of Common Stock.
- b) The “MP₀,” or the average of the Last Reported Sale Prices of the Common Stock over the Valuation Period, was \$66.9500, based on the relevant 10 consecutive Trading Day period ending on October 22, 2020.
- c) As a result of the Vontier Spin and pursuant to Section 14.04(c) of the Indenture, the Conversion Rate in effect immediately before the end of the Valuation Period was multiplied by a fraction equal to 78.2236/66.9500 (the “Adjustment Fraction”), which Adjustment Fraction was calculated pursuant to Section 14.04(c) of the Indenture and was equal to (i) FMV₀ plus MP₀ divided by (ii) MP₀.




- d) In accordance with Section 14.04(d) of the Indenture, the Initial Dividend Threshold was divided by the Adjustment Fraction, resulting in an adjustment in a manner inversely proportional to adjustments to the Conversion Rate.
- e) In accordance with Section 14.03 of the Indenture, the Stock Prices set forth in the column headings of the Make-Whole Fundamental Change Additional Shares Table and in Sections 14.03(e)(ii) and 14.03(e)(iii) of the Indenture were calculated by multiplying (x) each Stock Price by (y) a fraction equal to (i) the Conversion Rate immediately prior to such adjustment divided by (ii) the adjusted Conversion Rate: (x) Stock Price times (y) (i) 9.3777 divided by (ii) 10.9568). In accordance with Section 14.03 of the Indenture, the Additional Share amounts in the Make-Whole Fundamental Change Additional Shares Table and the maximum Conversion Rate set forth in the parallel text in Section 14.03(e) of the Indenture were calculated in the same manner as the Conversion Rate pursuant to Section 14.04(c) of the Indenture, as described above.

Should you have any questions, please contact Rajesh Yadava, the Company's Vice President – Treasurer, at (425) 446-6517 or at rajesh.yadava@fortive.com.

Regards,

FORTIVE CORPORATION

By: 
Name: Rajesh Yadava
Title: Vice President – Treasurer