



November 5, 2020

Re: Anti-Dilution Adjustment Notice Pursuant to Section 13(d)(ii) of Certificate of Designations (the “Certificate of Designations”) Filed with the Secretary of State of the State of Delaware on June 29, 2018, for Fortive Corporation’s (the “Company’s”) 5.00% Mandatory Convertible Preferred Stock, Series A, Par Value \$0.01 Per Share (the “Mandatory Convertible Preferred Stock”)

Dear Holder of Mandatory Convertible Preferred Stock:

Notice is hereby provided that an anti-dilution adjustment pursuant to Section 13(a)(iv)(B) and Section 13(a)(v) of the Certificate of Designations, as described more fully below, has been made with respect to the Mandatory Convertible Preferred Stock. Capitalized terms used but not defined in this Notice shall have the same meanings ascribed thereto in the Certificate of Designations.

Background

The anti-dilution adjustment was triggered by the successful completion of a Spin-Off (the “Vontier Spin”) 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 (the “Record Date”), 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. The anti-dilution adjustment described in this Notice also takes into account de minimis anti-dilution adjustments calculated in accordance with Section 13(a)(v) of the Certificate of Designations that did not previously trigger a notice pursuant to Section 13(c) of the Certificate of Designations.

Adjusted Conversion Rates and the Fundamental Change Conversion Rates

The following are the adjusted Fixed Conversion Rates, Share Prices and Fundamental Change Conversion Rates, effective immediately after the close of business on the Record Date. The adjusted amounts were calculated in accordance with Section 13(a)(iv)(B) and Section 13(c) of the Certificate of Designations, as described further below:

- a) **Maximum Conversion Rate**: 15.7246 shares of Common Stock per share of Mandatory Convertible Preferred Stock (which may be subject to future adjustments pursuant to Section 13 of the Certificate of Designations).
- b) **Minimum Conversion Rate**: 12.8364 shares of Common Stock per share of Mandatory Convertible Preferred Stock (which may be subject to future adjustments pursuant to Section 13 of the Certificate of Designations).



c) **Fundamental Change Conversion Rates:**

Effective Date	Share Price												
	<u>\$ 8.46</u>	<u>\$ 21.14</u>	<u>\$ 42.28</u>	<u>\$ 63.59</u>	<u>\$ 67.65</u>	<u>\$ 71.88</u>	<u>\$ 77.90</u>	<u>\$ 84.57</u>	<u>\$ 101.48</u>	<u>\$ 126.85</u>	<u>\$ 169.13</u>	<u>\$ 211.42</u>	<u>\$253.70</u>
June 29, 2018	31.8303	21.2664	17.2454	15.7246	15.5356	15.3597	15.1406	14.9325	14.5236	14.1124	13.7060	13.4689	13.3160
July 1, 2019	26.7172	19.5291	16.5038	15.2251	15.0609	14.9074	14.7153	14.5327	14.1744	13.8201	13.4836	13.2983	13.1846
July 1, 2020	21.3640	17.7832	15.9239	14.7887	14.6273	14.4750	14.2833	14.1021	13.7572	13.4463	13.1990	13.0890	13.0314
July 1, 2021	15.7246	15.7246	15.7246	15.7246	14.7811	13.9116	12.8364	12.8364	12.8364	12.8364	12.8364	12.8364	12.8364

- i. The maximum Share Price of \$300.00 per share set forth in paragraph (b) of the “Fundamental Change Conversion Rate” definition in Section 2 of the Certificate of Designations, which was previously adjusted to \$298.66 per share, is now further adjusted to \$253.70 per share.
- ii. The minimum Share Price of \$10.00 per share set forth in paragraph (c) of the “Fundamental Change Conversion Rate” definition in Section 2 of the Certificate of Designations, which was previously adjusted to \$9.96 per share, is now further adjusted to \$8.46 per share.

Supporting Facts and Calculations

The Company calculated the adjusted Fixed Conversion Rates and Fundamental Change Conversion Rates based on the facts and calculations described below:

- a) The Current Market Price of the Common Stock, for purposes of calculating the adjustment set forth in Section 13(a)(iv)(B) of the Certificate of Designations and as determined in accordance with clause (b) in the definition of “Current Market Price” included in Section 2 of the Certificate of Designations, was \$65.10, based on the relevant 10 consecutive Trading Day period from October 16, 2020 through October 29, 2020.
- b) The Current Market Price of the Vontier Stock, for purposes of calculating the adjustment set forth in Section 13(a)(iv)(B) of the Certificate of Designations and as determined in accordance with clause (b) in the definition of “Current Market Price” included in Section 2 of the Certificate of Designations, was \$28.83, based on the relevant 10 consecutive Trading Day period from October 16, 2020 through October 29, 2020.
- c) As a result of the Vontier Spin and in accordance with Section 13(a)(iv)(B) and Section 13(c) of the Certificate of Designations, the adjusted Fixed Conversion Rates were calculated as follows:
 - i. The Maximum Conversion Rate was calculated by multiplying 13.3575 (the Maximum Conversion Rate as stated in the Company’s Anti-Dilution Adjustment Notice to Holders dated October 17, 2018) by 1.17721289 (the “Adjustment Fraction”), which is equal to (A) ($\$76.6325/\$65.0994=1.17716139$), the fraction calculated pursuant to Section 13(a)(iv)(B) of the Certificate of Designations,



multiplied by (B) 1.00004375, which is the product of each of the fractions calculated pursuant to Section 13(a)(v) of the Certificate of Designations with respect to each of the regular quarterly cash dividends paid from September 26, 2018 through the date of this Notice, to all holders of Common Stock.

- ii. The Minimum Conversion Rate was calculated by multiplying 10.9041 (the Minimum Conversion Rate as stated in the Company's Anti-Dilution Adjustment Notice to Holders dated October 17, 2018) by the Adjustment Fraction.
- d) In accordance with Section 13(c)(iv) of the Certificate of Designations, the adjusted Fundamental Change Conversion Rate Share Price column headings and the Share Prices in the Fundamental Change Conversion Rate definition in Section 2 of the Certificate of Designations were calculated by multiplying (x) each Share Price included in the table set forth in the "Fundamental Change Conversion Rates" definition included in the Company's Anti-Dilution Adjustment Notice to Holders dated October 17, 2018 by (y) a fraction equal to (i) the Minimum Conversion Rate immediately prior to the adjustment divided by (ii) the adjusted Minimum Conversion Rate: (x) Share Price times (y) ((i) 10.9041 divided by (ii) 12.8364). The adjusted Fundamental Change Conversion Rates were calculated in the same manner as each Fixed Conversion Rate pursuant to Section 13(a)(iv)(B) and Section 13(c) of the Certificate of Designations, as described above.

Adjusted Price Amounts

In connection with the adjustments set forth above pursuant to Section 13(a) of the Certificate of Designations, an inversely proportional adjustment, effective immediately after the close of business on the Record Date, was also made to each of the Threshold Appreciation Price, Initial Price, Floor Price and Dividend Threshold in accordance with Section 13(c) and Section 13(a)(v) of the Certificate of Designations. Such adjusted amounts were calculated by dividing each of the Threshold Appreciation Price, Initial Price, Floor Price and Dividend Threshold by a fraction equal to (x) either Fixed Conversion Rate immediately after such adjustment pursuant to Section 13(a)(iv)(B) divided by (y) such Fixed Conversion Rate immediately before such adjustment. In accordance with Section 13(a)(v) of the Certificate of Designations, the adjustment to the Dividend Threshold does not reflect adjustments calculated pursuant to Section 13(a)(v) of the Certificate of Designations. Using the Maximum Conversion Rates for purposes of the calculation, the following table illustrates the calculation of the adjusted Threshold Appreciation Price, Initial Price, Floor Price and Dividend Threshold:

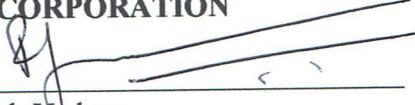
	Pre-adjustment (A)	Adjustment Multiplier (B)	Post-adjustment (A) ÷ (B)
Threshold Appreciation Price	\$91.71	15.7246/13.3575	\$77.90
Initial Price	\$74.86	15.7246/13.3575	\$63.59
Floor Price	\$26.20	15.7246/13.3575	\$22.26
Dividend Threshold	\$0.0697	15.7239/ 13.3575	\$0.0592



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: 
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Title: Vice President – Treasurer